2013 REGISTRATION DOCUMENT

_ ANNUAL FINANCIAL REPORT

IMERYS
TRANSFORM TO PERFORM

SUMMARY

2013 Registration Document

including the Annual Financial Report

IMERYS

French Limited Liability Company (Société Anonyme)
with a share capital of €152,476,528

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AUTORITÉ DES MARCHÉS FINANCIERS

The original document was filed with the AMF (French Securities Regulator) on March 20, 2014, in accordance with article 212-13 of the general regulations of the AMF. As such, it may be used to support a fi nancial transaction if accompanied by a prospectus duly approved by the AMF. This document was drawn up by the issuer and is binding on its signatories. It includes all information comprising the Annual Financial Report.

This document is a free translation into English of the French Registration Document for convenience purposes only. In case of discrepancies between both versions, the French one shall prevail.

PRESENTATION OF THE GROUP 1

1.1 MAIN KEY FIGURES

(€ millions)	2013	2012[(2)]	2011	2010[(1)]	2009
Consolidated results					
Sales	3,697.6	3,884.8	3,674.8	3,346.7	2,773.7
Change at comparable Group structure and exchange rates	*- 1.3%*	*- 2.1%*	*+ 8.1%*	*+ 15.0%*	*- 19.9%*
Current operating income	477.0	488.1	487.0	421.5	248.9
Change at comparable Group structure and exchange rates	*- 1.2%*	*- 7.8%*	*+ 13.7%*	*+ 69.5%*	*- 41.0%*
Net income from current operations, Group's share	304.2	300.7	303.1	242.0	119.3
Net income, Group's share	242.0	291.3	282.0	243.7	41.3
Average weighted number of outstanding shares during the year *(thousands)*	75,551	75,166	75,273	75,400	72,054
Net income from current operations per share *(€)*	4.03	4.00	4.03	3.21	1.66
Dividend per share *(€)*	1.60[(6)]	1.55	1.50	1.20	1.00
Consolidated balance sheet					
Shareholders' equity	2,271.7	2,261.0	2,210.9	2,131.8	1,855.8
Gross financial debt	1,307.1	1,173.9	1,449.0	1,226.2	1,222.4
Cash	421.7	299.1	417.9	353.4	258.1
Net financial debt	885.4	874.8	1,031.1	872.8	964.3
Financing					
EBITDA	650.4	662.5	686.0	621.0	416.6
Capital expenditure[(3)]	253.1	257.1	227.4	154.9	132.1
Acquisitions[(4)]	202.1	49.1	246.9	68.5	11.0
Financial resources	2,458.1	2,788.4	2,759.2	2,231.7	2,345.3
Average maturity of financial resources as of December 31 *(years)*	3.9	2.9	3.8	3.8	4.5
Net financial debt/EBITDA	1.4	1.3	1.5	1.4	2.3
Net financial debt/shareholders' equity *(%)*	39.0%	38.7%	46.6%	40.9%	52.0%
ROCE[(5)]	13.0%	13.0%	14.0%	13.1%	7.6%
Market capitalization as of December 31	**4,819**	**3,632**	**2,674**	**3,765**	**3,166**
Employees as of December 31	**15,805**	**16,026**	**16,187**	**15,090**	**14,592**

(1) 2010 results were restated following a change in accounting method for personnel benefits applied as of January 1, 2011, details of which are given in note 2.2 to the consolidated financial statements in the 2011 Registration Document.

(2) 2012 data was restated following the application, as of January 1, 2013, of the revised IAS 19 standard (see note 1.2 to the consolidated financial statements) for the sake of data comparability.

(3) Paid capital expenditure, net of divestments and subsidies.

(4) Paid acquisitions excluding divestments.

(5) Current operating income divided by average invested capital. Average invested capital for a given financial year corresponds to the average between capital invested as at the end of the period and the capital invested at the close of the previous period. In 2011, invested capital was calculated on the basis of a quarterly average in order to take into account the acquisition of the Luzenac Group, which was completed on August 1.

(6) Dividend proposed at the Shareholders' General Meeting of April 29, 2014.

Details and comments on changes in the main financial aggregates (particularly at comparable Group structure and exchange rates) are given in the Board of Directors' Management Report *(see chapter 2, section 2.1 of the Registration Document).*

1.2 THE GROUP'S BUSINESS AND STRATEGY

1.2.1 IMERYS' BUSINESS

The world leader in mineral-based specialties for industry, Imerys designs high value-added products from minerals that it mines and converts using sophisticated technical processes. These specialties add essential features to its customers' products and manufacturing processes. The Group's strengths deliver operating profitability and a competitive advantage over the long term.

IMERYS' PRODUCTS

A benchmark industrial player in mineral-based specialty products, Imerys designs solutions that correspond to four types of use:

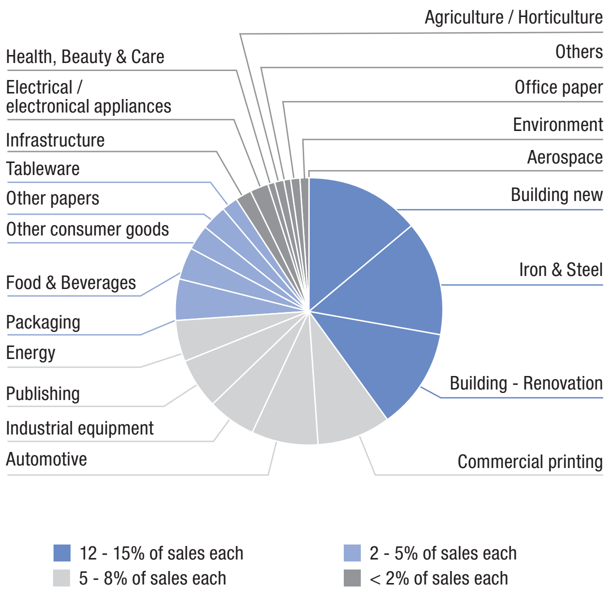
- mineral components: Imerys' products are an essential constituent in the formulation of the customer's product (e.g. clay, kaolin, feldspar are majority components in ceramic sanitaryware);
- functional additives: Imerys' specialties are ingredients added to the mineral formulation of customers' products to improve their properties (e.g. kaolin, mica, talc and feldspar contribute opacity and matting effect to decorative and industrial paint) but constitute a minor part of the finished product);
- process enablers: Imerys' products are used in customers' manufacturing processes but are not present in the end product (e.g. monolithic refractories protect industrial facilities such as blast furnaces from heat but are not present in the manufactured steel);
- finished products: Imerys' products are used as such, with no subsequent processing by the customer (e.g. clay roof tiles).

1.2.2 DIVERSITY OF APPLICATIONS AND MARKETS SERVED

Imerys' mineral specialties are used in a great number of applications, for example:

- refractory minerals and solutions for high-temperature industrial processes;
- corundum powders for abrasives;
- filtration agents for edible liquid;
- components for plastics and polymers;
- specialty graphites for mobile energy and precision industries (lithium-ion batteries, brake pads, etc.);
- ceramic proppants for oil and gas fields;
- high-purity quartz for semi-conductors;
- components for technical or conventional ceramics;
- fillers and coatings for paper;
- tiles for roof construction and renovation.

These applications are themselves intended for a great variety of end markets, none of which represents more than 15% of the Group's sales, as illustrated below:



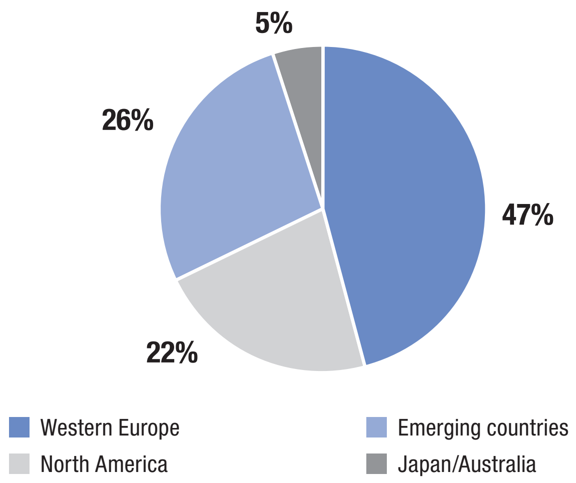
Source: Imerys estimates based on 2012 pro forma revenue (inc. divestment of Imerys Structure and 4 Carbonates sites).

Imerys' sales are balanced between consumer goods (food, agriculture, packaging, magazines, health-beauty-care, advertising, tableware, etc.), household durables (housing, automotive, electrical appliances, environment, etc.) and capital expenditure by businesses and authorities (infrastructure, buildings, industrial equipment, etc.).

GLOBAL PRESENCE

Active in almost 50 countries with 245 industrial sites, Imerys achieves more than one quarter of its sales in emerging countries, with Western Europe now representing less than half of its geographic exposure.

2013 Group's consolidated sales by geography



Geographic bases

Imerys operates in the following countries:

- **North America:** Canada, the United States;
- **South America:** Argentina, Brazil, Chile, Mexico, Peru;
- **Europe:** Austria, Belgium, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Italy, Luxembourg, the Netherlands, Poland, Portugal, Romania, Russia, Slovenia, Spain, Sweden, Switzerland, Ukraine, the United Kingdom;
- **Africa:** Algeria, Egypt, South Africa, Tunisia, Zimbabwe;
- **Middle East:** Bahrain, Turkey, United Arab Emirates;
- **Asia & Oceania:** Australia, China, India, Indonesia, Japan, Malaysia, New Zealand, Singapore, South Korea, Taiwan, Thailand, Vietnam.

The breakdown of industrial sites by geographic zone is as follows:

Geographic zone	Number of sites
Europe and Middle East	124
North and South America	67
Asia-Pacific and Africa	54

1.2.3 STRATEGY

Imerys intends to develop through a policy of organic growth based on innovation together with the extension of its geographic footprint, and by external growth operations. These developments come under a framework of strict financial discipline that creates long-term value.

THE GROUP'S STRENGTHS

Imerys has a number of key strengths that enable it to achieve its strategic ambitions:

- high value-added positioning: Imerys' specialties are formulated to meet technical specifications that are defined for each customer and application, unlike standardized commodities. Imerys prices, therefore, are set in two-way negotiations, based on the functions and services provided;
- high-quality, long-term mineral assets: whenever relevant, upstream integration of a mineral resource enables the Group to secure supply quality and to guarantee prices. Imerys has a broad range of minerals, is constantly enhancing its resources and holds on average 20 years' reserves to safeguard its long-term future;
- operational excellence and technological know-how: Imerys has industrial assets and manufacturing techniques that are designed in-house in many cases and optimized with reference to performance indicators;
- broad, diverse presence by both geography and sector: Imerys has bases in almost 50 countries on five continents. It serves a wide range of geographic and sectorial markets, which reduces its exposure to economic cycles;
- reactive, decentralized organization: this enables Imerys to be flexible and to adapt swiftly to changes in market conditions.

DEVELOPMENT ORIENTATIONS

The strategic orientations that the Group has defined for the 2012-2016 period are intended to step up the pace of growth by enhancing internal developments. Furthermore, the Group will continue the selective acquisitions policy that has enabled it to gain world leadership of its sector in a dozen years.

Boosting internal growth

The Group focuses on three strategic orientations: stepping up R&D and innovation, expanding in emerging countries and increasing presence in high-potential markets.

Stepping up R&D efforts

Imerys' Innovation Department coordinates business groups' research efforts and runs some significant, transversal projects. The resources allocated to R&D have been gradually increased with tangible results. Several disruptive innovations have now been marketed (e.g. ceramics proppants for oilfields, carbon for lithium-ion batteries). This trend continued in 2013 as more than 65 new products were launched and almost €60 million (+ 7%) given over to R&D and innovation.

For more information on innovations, *see chapter 1, section 1.8 of the Registration Document.*

Targeted expansion in emerging countries

Imerys is continuing its development in emerging countries, where the Group has increased its presence substantially in the past 12 years. From 6% of sales in 2001, emerging countries accounted for 26% of revenue in 2013, i.e. almost €1 billion.

The countries where Imerys has already achieved a very significant foothold (Brazil, India South Africa and China) will play a driving role in its geographic expansion strategy, combining internal growth, acquisitions and partnerships. In each of these countries, a geographic manager is tasked with coordinating business groups' development initiatives and speeding up the Group's growth. This organization has proved effective in Brazil since 2012, as it has led to the acquisitions of Itatex, a company specializing in kaolin and clay for the paint, polymer and rubber markets, and of a refractory bauxite deposit. Imerys has also built a production unit for a new range of lime-based products, which started up in 2013.

The Group also intends to expand its presence in a certain number of targeted countries where it already operates through mining, industrial and/or commercial assets. Imerys' goal is to reach critical size in these countries and build regional platforms. In 2013, the Group also expanded its business in Indonesia with the acquisition of a 70% stake in Indoporlen, a local leader in the manufacture and installation of a full range of refractory products (bricks, monolithics, pre-cast shapes) that has strong positions in the metal processing and steel segments.

Making high-growth potential markets the company's priority

To improve its growth profile, Imerys has identified a certain number of attractive end markets, including the automotive sector, packaging, energy, electronics, semiconductors, the environment, health, beauty & care, agriculture and aerospace. Imerys now achieves more than one quarter of its sales in these sectors and the Group's exposure to them has more than doubled in the past eight years. The Group will continue to increase the resources allocated to these markets through innovation and possibly acquisitions.

TARGETED CAPITAL EXPENDITURE POLICY

In addition to the capital expenditure needed to keep its production assets in optimal working order and operate its mining assets, the Group improves the industrial efficiency of its processes, supports market growth and broadens its offering of mineral-based specialty solutions.

From 2000 to 2008, Imerys invested significant resources to ensure its industrial facilities meet world-class technological standards, improve their efficiency and extend capacity. Since then, Imerys has committed new capital expenditure with the caution and selectiveness called for in an uncertain economic environment. While maintaining its industrial assets, which now represent approximately 50-60% of annual depreciation expense, the Group has focused its development capital expenditure on a limited number of promising projects. Nevertheless, total annual capital expenditure remains between 80% and 130% of annual depreciation expense.

Following a five-year research program, in 2011 Imerys built a production plant for ceramic proppants in Andersonville (Georgia, USA) to serve the growing unconventional oil and gas field market. In 2013, Imerys enhanced its industrial assets in Oilfield Solutions in the United States with the acquisition of PyraMax Ceramics, LLC, which holds a ceramic proppant production unit and mineral reserves of the refractory kaolin needed to make proppants. Construction of the plant, located in Wrens (Georgia, USA) with forecast capacity 225,000 tons, was completed in 2013 and it should ramp up in 2014. Capital expenditure totaled USD 235 million.

In 2013, the Group kept up a high level of capital expenditure with the continuation of the projects launched the year before.

Thus, three new units were commissioned towards the end of 2013:

- doubling of capacity at the Willebroek (Belgium, Graphite & Carbon activity) carbon black plant;
- lime production plant in Brazil (Carbonates activity);
- fused alumina production plant in Bahrain (Fused Minerals activity).

These new plants will ramp up gradually in 2014 and contribute to the Group's revenue from them on.

For more information *see chapter 2, section 2.1 of the Registration Document.*

SELECTIVE ACQUISITION POLICY

Over the past 13 years, Imerys has implemented a very active acquisition policy, the primary source of expansion for its portfolio of activities:

- in abrasive applications and fused minerals with Treibacher (2000-2002);
- in a new market related to fast-moving consumer goods through edible liquid filtration (World Minerals, 2005);
- in Monolithic Refractories through the integration of a preexisting activity (Plibrico) with Lafarge Réfractaires (2005) then ACE Refractories (2007);
- by broadening its functional minerals offering with the acquisition of the Luzenac Group, the world leader in talc (2011).

Almost 80 external growth operations have been completed since 2000 for a total amount of more than €2 billion. In 2013:

- the Monolithic Refractories activity consolidated its geographic positioning with the acquisitions of Arefcon b.v., a Dutch refractories installer serving the petrochemicals industry, of a 70% stake in Indoporlen, the Indonesian leader in refractory product manufacture and installation (revenue approximately €15 million in 2012) and of Tokai Ceramics, a Japanese monolithic refractories producer (revenue approximately €7 million in 2012);
- Goonvean's specialty kaolin activities (Cornwall, UK), which mostly serve the ceramics and performance minerals markets, were definitively consolidated following the approval of British competition authorities, which was notified in October 2013.

On February 11, Imerys signed a merger agreement to acquire AMCOL International Corporation, an American company listed on the New York Stock Exchange that specializes in bentonite, an industrial mineral with many applications. With revenue over US$1 billion in 2013, AMCOL is a global specialty minerals and materials player with presence in 26 countries and a strong US footprint. This acquisition was expected to enhance Imerys' global range of mineral-based specialty solutions in diversified attractive markets. Imerys tender offer valued AMCOL at approximately US$1.7 billion, including AMCOL's net financial debt. Following a period of several weeks, Imerys decided, on March 10, 2014 not to outbid a competing proposal and to withdraw its offer, to meet its long-term value creation objectives. Through this project, which obtained the unanimous support of its Board of Directors, Imerys demonstrated its ability to swiftly mobilize resources around an ambitious external growth project, relevant from an industrial standpoint.

Imerys will continue broadening its scope through a selective acquisition policy consistent with its core business. These developments will continue to come under a framework of strict financial discipline, based on return on capital employed above 15%.

STRONGER FINANCIAL STRUCTURE

Imerys intends to deliver a return on capital employed (ROCE)[(1)] that is higher than the average weighted cost of its capital, in order to create maximum long-term value. In 2013 ROCE was 13.0% (before tax) while the average cost of capital employed (after-tax rate) was estimated at 8.5%.

Improvement in ROCE, together with operating margins and cash generation, is one of the financial criteria for variable compensation in the Group. Internal and external development projects are also appraised and selected according to this indicator. Imerys targets an internal rate of return in excess of 15%, which ensures high cash generation and a sound financial structure.

After the payout of €119.2 million in dividends, the purchase of PyraMax Ceramics, LLC (€178.9 million paid in 2013), the three acquisitions completed by Calderys and the divestment of Imerys Structure, consolidated net debt was stable as of December 31, 2013 (€885.4 million compared with €874.8 million one year earlier). The Group's development was therefore self-funded. Imerys' financial debt ratios remain sound, with net debt representing 39.0% of shareholders' equity and 1.4x EBITDA.

In November 2013, Imerys completed a €300 million bond issue, maturing in November 2020, with an annual 2.5% coupon. The offer was oversubscribed more than five times. This issue enabled Imerys to extend the average maturity of its debt and refinance its next bond repayment ahead of schedule (April 2014) while benefiting from highly favorable market terms.

As of December 31, 2013, Imerys' financial resources totaled €2.5 billion. Taking into account net financial debt at €885.4 million, the available (non-cash) part amounts to €1.4 billion with an average maturity of 3.9 years.

On March 14, 2014, Moody's confirmed the long-term credit rating (unsecured senior debt) it had given Imerys in 2011, Baa2 with a stable outlook. The short-term rating of P-2 was also renewed, again with a stable outlook.

Imerys therefore has a sound financial structure to carry out its development plan.

At the Shareholders' General Meeting on April 29, 2014 the Board of Directors will propose payment of a €1.60 dividend per share, i.e. a total amount of €122.0 million, which represents 40% of net income from current operations, Group's share. This proposal is in line with the Group's historical average distribution. Payout would take place from May 13, 2014.

(1) ROCE: Current operating income divided by average invested capital.

1.2.4 THE GROUP’S GENERAL STRUCTURE

MANAGEMENT

Chaired by Gilles Michel, the Chief Executive Officer of Imerys and comprised of the Group’s main line and support managers, the Executive Committee implements the Group’s strategy as defined by the Board of Directors. The Executive Committee draws up major policies, sets the Group’s performance improvement goals, decides on the action plans to be set up by operating activities and monitors their implementation.

The role of business group and operating activity leaders is to act in line with the Group’s strategic orientations. These are centered on a multi-year plan that includes internal and external growth objectives.

For more details on the missions, composition and workings of the Executive Committee, see chapter 3, section 3.2.3 of the Registration Document.

ORGANIZATION

The Group is organized into operating activities that are centered on clearly identified markets. Beyond legal structures, this favors a market and business-focused rationale. This customer-oriented organization fosters the implementation of consistent policies within each activity, while promoting a principle of decentralized management.

In July 2013, Imerys strengthened its operating organization around four new business groups in order to draw full benefit from development opportunities in a changing environment. This configuration enables the Group to create new synergies in terms of technical or industrial areas, mining resource management, business logic or geographic development.

The Group’s four business groups are described below.

IMERYS
TRANSFORM TO PERFORM

Solutions for Energy & Specialties business group €1,248.2 million, i.e. 34% of 2013 consolidated revenue (section 1.3) **Managed by Olivier Hautin**	Carbonates Monolithic Refractories Graphite & Carbon Oilfield Solutions
Filtration & Performance Additives business group €1,132.2 million, i.e. 30% of 2013 consolidated revenue (section 1.4) **Managed by Dan Moncino**	Performance & Filtration Minerals Kaolin
Ceramic Materials business group €702.6 million, i.e. 19% of 2013 consolidated revenue (section 1.5) **Managed by Frédéric Beucher**	Building Materials Minerals for Ceramics Kiln Furniture
High Resistance Minerals business group €653.8 million, i.e. 17% of 2013 consolidated revenue (section 1.6) **Managed by Alessandro Dazza**	Refractory Minerals Fused Minerals

In parallel to market-based organizations, the Group has appointed country managers for Brazil, China, India and South Africa. Their mission is to coordinate local development efforts for all business groups and accelerate Imerys’ growth.

The presentation of the four business groups is consistent with the sector-based information given in the Group’s consolidated financial statements *in chapter 6 of the Registration Document.*

1.3 ENERGY SOLUTIONS & SPECIALTIES

The Energy Solutions & Specialties business group is a global business structured around the following four activities:

- Carbonates;
- Monolithic Refractories (Calderys);
- Graphite & Carbon;
- Oilfield Solutions.

The business group manufactures and sells high-performance mineral solutions for various demanding industries: the consumer goods and paper sectors with **Carbonates**, high-temperature industries (steel, power generation, incineration, foundry, cement, petrochemicals, etc.) served by **Monolithic Refractories** and some **Graphite & Carbon** applications, mobile energy and oil and gas exploration.

Each activity is detailed in the following pages.

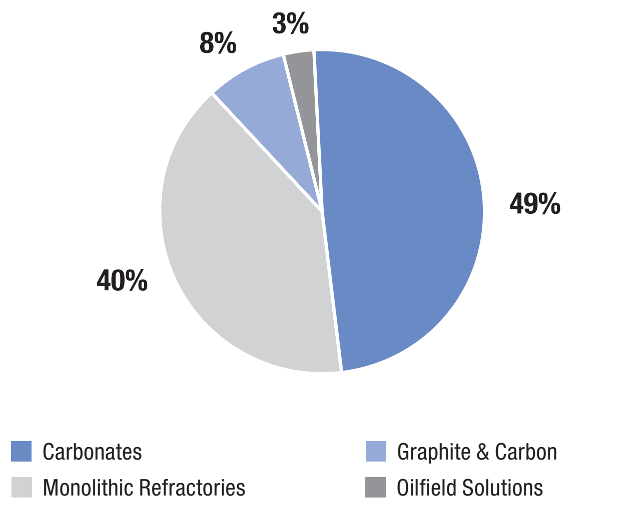
2013 KEY FACTS

- the Energy Solutions & Specialties business group has completed the construction of a lime production facility, with the view to leverage some of Imerys' calcium carbonate reserves in Brazil (Doresópolis, Minas Geiras). The plant should reach its full capacity in 2014;
- the divestment of four carbonates industrial sites to Omya, a project announced in September 2013, was completed and became effective on January 31, 2014;
- in Asia, Imerys completed two acquisitions (Indoporlen and Tokai Ceramics) that will enable the Monolithic Refractories activity to extend its international network in Indonesia and Japan, and benefit from local presence;
- the Graphite & Carbon activity has doubled the production capacity of its Willebroek carbon black plant in Belgium in response to the rise in demand from the mobile energy and conductive polymers segments; this production site is operational since the end of 2013;
- Imerys has significantly enhanced its development in the US market of non-conventional oil and gas extraction, with the purchase of PyraMax Ceramics LLC, an industrial complex, the construction of which was completed in 2013, that manufactures ceramic proppants. Based in Wrens (Georgia), this plant with two production lines should be gradually ramped up during 2014 to reach its total annual capacity of approximately 225,000 tons.

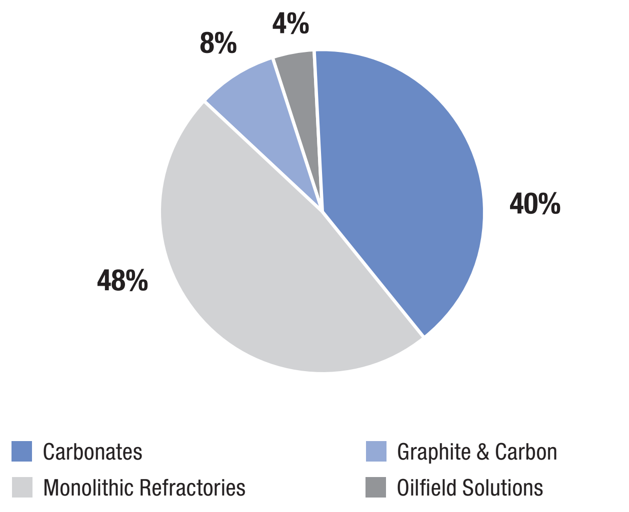
Energy Solutions & Specialties revenue for the year ending December 31, 2013 amounted to €1,248.2 million, representing 34% of Imerys' consolidated revenue.

The business group includes 75 industrial sites in 28 countries.

2013 revenue: €1,248 million



5,199 employees as of December 31, 2013



(€ millions)	2013	2012	2011
Revenue	1,248.2	1,287.9	1,240.4
Current operating income	129.4	143.5	145.7
Current operating margin	10.4%	11.1%	11.7%
Booked capital expenditure	75.3	89.0	46.9

For more information, *see chapter 2, section 2.1.3 of the Registration Document.*

1.3.1 BUSINESS GROUP OVERVIEW

BUSINESS	Markets	Market positions(1)	Main applications	Products
CARBONATES	Agriculture Food Health & Personal care Consumer Goods & Packaging Automotive Construction Industrial equipment Paper **Board & Packaging** - Container board - Carton board - Specialty paper	**World #1** in minerals for breathable polymer films **World #2** in carbonates for paper	Fillers, Coatings **(functional additives)** and **Process enablers** **Functional additives for:** Sealants Adhesives Paints Coatings & Construction materials Polymer & Films Catalyst substrates Rubber Paper Plastics Personal Care	Ground Calcium Carbonate (GCC) Precipitated Calcium Carbonate (PCC) Lime
MONOLITHIC REFRACTORIES (CALDERYS)	Iron & steel Foundry Aluminum Cement Waste-to-energy Power generation Petrochemicals Furnace construction & repairs	**World #1** in alumino-silicate monolithic refractories	**Monolithic refractories (process enablers)** **Prefabricated shapes**	**Monolithic refractories** Cast/vibrated castables QD™ (quick Dry) castables Gunning materials Ramming mix Dry mix Taphole clays **Full project management services for refractory** (design and installation) **Prefabricated shapes**
GRAPHITE & CARBON	Mobile energy Electronical & electrical appliances Automotive & Transport Industrial equipment Oil & Gas Iron & Steel	**World #1** in graphite for alkaline batteries **World #1** in conductive additives for Li-ion batteries **World #1** in lubricants for seamless tube protection **World #1** in large flake natural graphite	**Functional additives for:** Alkaline and Li-ion batteries Hot metal forming Friction and thermally and electrically conductive polymers	Carbon black Cokes Natural graphite Silicon carbide Synthetic graphite
OILFIELD SOLUTIONS	Non-conventional oil and gas exploration		**Process enablers for:** Oilfield drilling fluids Oilfield cementing Oilfield well stimulation	Bentonite Calcium carbonate Diatomite Graphite Metakaolin Mica Perlite Ceramic proppants

(1) Imerys estimates.

1.3.2 CARBONATES

The Carbonates activity produces precipitated calcium carbonate (PCC) and ground calcium carbonate (GCC), including marble, limestone and chalk – to address, in the local markets, the paper and packaging industries, as well as performance mineral applications (polymers, rubber, health, beauty & personal care, construction, etc.). Mineral reserves are located worldwide.

Launched in 2012, the construction of a lime production facility in Brazil (Doresópolis, Minas Geiras) was completed in October 2013, with the view to leverage some of Imerys' calcium carbonate reserves, and serve the Brazilian markets. Lime is a mineral product used in various forms in the steel, paper, chemicals, environment, agriculture and construction sectors. The plant should reach its full capacity in 2014.

During 2013, Imerys sold its stake in Dalian Jinsheng Chemical Industry to its JV partner in China; the Group also sold its Brazilian Maua site to its local customer, but will continue to deliver raw materials to the site as before.

The divestment of four industrial sites to Omya, a project announced in September 2013, was completed and became effective on January 31, 2014. Dedicated to the paper market, these plants are located in France (Sainte-Croix de Mareuil), Sweden (Köping), Italy (Massa) and the United States (Kimberly) and totaled revenue of approximately €75 million in 2012. Valuation criteria are comparable with those applied to recent operations completed by Imerys.

PRODUCTS

The Carbonates activity offers a broad range of ground calcium carbonates (GCC) and precipitated calcium carbonates (PCC) to be used as functional additives in filling and coating applications or as process enablers:

- **Ground calcium carbonate (GCC)** is produced from chalk, limestone or marble. GCC is obtained by grinding calcium carbonate materials mined from open cast quarries or underground mines. With further processing applied, certain properties are developed to improve the physical characteristics of end products. GCC is renowned for its whiteness and alkaline properties. GCC is used mainly as a filler or coating pigment in the paper industry. It also has applications in performance mineral applications, such as paints and coatings, plastics, sealants, air purification and the environment. The Group's extensive calcium carbonate reserves are located in Brazil, China, France, Greece, Italy, Malaysia, Mexico, North America (Alabama, Maryland and Arizona), Tunisia, Turkey, United Kingdom and Vietnam;
- **Precipitated calcium carbonate (PCC)** is produced chemically during a batch process in fully integrated on-customer-site processing units from natural limestone, which is burnt to form lime, hydrated and then re-precipitated by adding carbon dioxide. This controlled process delivers a pigment with well-defined shape and size parameters and excellent optical properties. PCC is mainly used in the paper industry (filling and coating applications) as well as in performance minerals applications such as paint, coatings and plastics. Imerys produces PCC-based filler and coating pigments from sourced burnt lime in its plants in Argentina, Brazil, China, India, Indonesia, the United States and Sweden. The Imerys processing units produce very pure calcium carbonate crystals which can be tailored to a variety of different shapes and sizes, to adapt to the specific functionality required;
- **Lime** is produced chemically from natural limestone, which is burnt. Its main applications are the steel industry, water treatment, the sugar industry, flue gas desulfurization, the building industry and the production of PCC. Imerys produces lime in Brazil using a very pure limestone of a remarkable brightness and in Mexico using high-quality deposits with low heavy metal content allowing it to target pharmaceutical and food applications.

APPLICATIONS

Carbonates are processed and marketed worldwide. They are added to intermediary or finished products to deliver higher functionality and processability, and to reduce total raw material costs.

There are multiple applications:

- **Paper:**
  - calcium carbonates are added as **fillers** at the beginning of the paper and board-making process, just prior to the formation of the paper web. They are designed to impart texture, opacity, whiteness and printability. They raise mill productivity through faster dewatering rates and lower drying requirements, thereby generating machine speed and energy gains. As opposed to traditional cellulose fiber, retention aids or sizing agent chemicals, filler additives constitute a cost-effective alternative to improve base paper quality. GCC and PCC fillers are used more extensively in high-brightness applications such as uncoated wood free paper, which is used in office paper, for fine writing and printing, archival copying or offset printing,
  - as **coating products,** calcium carbonates are used in sophisticated formulations containing different pigments, binders and chemical additives to give a smooth paper surface which can deliver superior gloss and print quality compared to uncoated paper grades. Coating formulations are applied to the paper surface at high speed to give a thin, even layer. The rheological performance, brightness and physical characteristics of the pigments used in coating address the printability in single coated paper applications used for magazines and higher quality advertising items such as inserts, coupon printing or other low lifetime, high resolution print products. In multilayer coating paper, used for commercial printing applications such as company brochures, Annual Reports and other higher quality advertising, coverage and performance is built up in layers taking advantage of the numerous pigment functionalities,

- as **process enablers,** carbonates are increasingly popular processing aids in the wood-pulp, paper and board industries where they typically function as retention aids and sizing agents thanks to their positive environmental impact and beneficial performance-cost ratio. These properties are increasingly used in recycled paper production;

- **Paints & coatings:** Imerys has a range of calcium carbonates which are used as extenders to improve paint and film quality, opacity, matting, anti-cracking and anti-corrosive properties;
- **Plastics, films and polymer packaging:** the development of more and more sophisticated applications means that increasingly demanding requirements are placed on functional fillers and the specific properties they impart. Imerys has an excellent range of high-quality mineral extenders at its disposal including calcium carbonates;
- **Rubber:** calcium carbonates are used in many rubber applications. Imerys' range of white minerals delivers good processability, permeability, chemical resistance and barrier properties, in addition to good whiteness and rubber mechanical properties;
- **Sealants & adhesives:** finely ground calcium carbonates are used in a wide range of sealants and adhesive applications to improve rheological properties and reduce the water or volatile content of the compound. Some products are made hydrophobic with stearate coating to reduce moisture pick-up, make handling easier and improve dispersion;
- **Health & beauty:** calcium carbonates are used in a large range of personal care products, such as toothpaste and soap;
- **Other niche applications:** Imerys offers a wide range of minerals that enhance the properties of products that are used every day in construction, landscaping, drilling muds and personal care products. These include: white marble aggregates used in coatings for swimming pools and limestone products for lawn care. Calcium carbonates are used in water treatment systems, air purification and the energy sector.

For more information regarding innovation, *see chapter 1, section 1.8 of the Registration Document.*

MARKETS

Market trends

In 2013, the Carbonates activity benefited from a resilient consumer goods sector and from the upturn in construction in North America. In this area, greater stability was observed in Europe. Production of printing and writing paper (- 1.3% globally – RISI and Imerys estimates) continued to grow in emerging markets, but at a more moderate rate (+ 1.2%), and to shrink in mature markets (- 3.3%). Business held out better in North America than in Europe, where further capacity rationalization programs were initiated. The specialty paper and packaging application segments were healthy overall.

Main competitors

- **GCC:** Omya (Switzerland) and various local competitors;
- **PCC:** Omya (Switzerland); SMI (United States);
- **Lime:** Carmeuse (Belgium).

INDUSTRIAL FACILITIES, QUALITY AND SALES ORGANIZATION

Industrial facilities

Carbonates has 47 industrial facilities in 19 countries.

	Europe & Middle-East	Americas	Asia-Pacific
GCC	13	9	13
PCC	1	8	2
Lime		1	

Quality

The Carbonates activity is committed to quality certification with 28 plants ISO 9001 certified.

Sales organization

Carbonates' products are marketed through the activity's own highly dedicated expert sales force.

1.3.3 MONOLITHIC REFRACTORIES

Calderys develops and sells monolithic refractories: these products are used for building and repairing refractory linings and can withstand high temperatures and severe operating conditions. Monolithic refractories are semi-finished formulated products that consist of aggregates, binder and additives. As such, they need to be mixed with water to be installed and take their final shape in the furnace on site.

Monolithics substitute shaped refractory bricks and account for 45% of the total refractory market in developed economies due to their ease and speed of installation, their jointless lining, their capacity to adapt to any furnace shape and even complex ones, and, finally, their short production cycle. To meet the needs of its customers, Calderys has developed a highly technical expertise in the development, production, and installation of refractory solutions and management projects.

Calderys' growth is fuelled by three key elements:

- regional expansion:
  - in emerging economies, sales represented around 50% of Calderys' activity in 2013. The activity secured a foothold in the growing Indonesian market and also continued to develop in India through the expansion of its tap-hole clay production capacity,
  - in Asia with a stronger market position in Japan through the acquisition of Tokai Ceramics (see below);
- the projects business, with the expansion from the formulation of refractory products to a complete solution provider: not only does Calderys sell refractories, but it is also able to manage a whole project from the design of the refractory lay-out to its installation and maintenance;
- innovation, which is key to adapting to local practices and new market requirements. Calderys thus constantly upgrades and adapts its solutions.

Calderys' innovation efforts are focused on improving performance, making its products easier to use and reducing their environmental impact. In 2013, Calderys continued to develop its successful Quick Dry (QD™) range – launched in 2009 – to meet customer needs for greater equipment availability and cost reduction through faster installation. The Quick Dry materials have been sold to nearly 380 customers in 43 countries worldwide since their launch.

Calderys has delivered major projects in 2013 with full customer satisfaction both in terms of solution performance and implementation timing, including the complete lining of a Ferro Chrome Coreless Induction Furnace in the world's largest Stainless Steel Plant in Taiyuan, China. This especially demonstrates that Calderys is a trusted partner for the most complex and demanding projects in high growth areas worldwide.

In 2013, Calderys also pursued its sector and regional development with the following acquisitions:

- Arefcon b.v., a Dutch refractory installer serving the petrochemicals industry;
- a 70% stake in Indoporlen, the leading Indonesian manufacturer and installer of a full range of refractory products (bricks, monolithics, prefabricated shapes). This transaction was completed for €15 million. With revenue close to €15 million in 2012, the company has strong positions in the metal conversion and steel segments. Indoporlen can draw on Calderys' know-how and offering to diversify its presence in new growth sectors, such as petrochemicals;
- Tokai Ceramics, a renowned Japanese producer of monolithic refractories with 2012 revenue of approximately €7 million. Tokai Ceramics' products are intended for the foundry, reheating furnace and electric arc furnace industries, a positioning that is a good fit with that of Calderys Japan. This operation will enable the new business combination to broaden its customer base and optimize its supply conditions.

For more information on R&D and innovation, *see chapter 1, section 1.8 of the Registration Document.*

PRODUCTS AND SERVICES

Calderys' products are formulated with natural and/or synthetic mineral raw materials, including chamottes, andalusite, mullite, bauxite, tabular or fused alumina (alumino-silicate monolithics or "acid monolithics") and spinel, magnesia and dolomite ("basic monolithics"). Refractory cements, clays and chemicals are incorporated as binders. Monolithics can be installed through various techniques and mainly by casting, gunning or ramming. Calderys also offers a full service for projects, from the design of the solution to installation and maintenance.

APPLICATIONS

Calderys' monolithic refractories are specialties found in all industries where high temperatures are necessary, such as iron & steel, ferrous and non-ferrous foundries (including aluminum), power plants, incinerators, biomass boilers, as well as cement and petrochemical plants.

Calderys is particularly well positioned on sensitive process steps, as for example on blast furnaces and runners in the iron & steel industry, cyclones and burning zone in cement or sulphur recovery units in petrochemicals, and on fast growing markets like the waste to energy segment. In addition to the monolithic refractories produced by Calderys, solutions may include ready-to-use shapes, insulating products, anchor systems and other accessories. Calderys also offers services such as design, engineering and supervision of product installation as well as training on request for installers and customers and can cover the full refractory project scope, be it greenfield (new installation), brownfield (revamping an existing installation) or maintenance.

MARKETS

Market trends

The high-temperature industries (steel, power generation, incineration, foundry, cement, petrochemicals etc.), served by Monolithic Refractories were affected, in the first half of 2013, by the slump in European industrial production and by the strong decrease in European industrial production and by the significant slowdown in new investment projects. A relative improvement was observed in these industries in the second part of the year.

Main competitors

RHI (Austria); Vesuvius (Belgium); Krosaki Harima (India, Japan).

INDUSTRIAL FACILITIES, QUALITY AND SALES ORGANIZATION

Industrial facilities

Monolithic Refractories has 18 industrial sites in 16 countries.

Europe	Asia-Pacific & Africa
10	8

In 2013, Calderys acquired two new plants: one in Indonesia (Jakarta area) through its joint venture with Indoporlen and another in Japan (Toyota City) from Tokai Ceramics. Calderys also closed its plant in Venezuela.

Quality

Calderys works to deliver the same manufactured quality everywhere in the world. To do so, the activity uses a benchmarking system and a scientific database that enables it to select local raw materials that are compliant with the required quality level. 15 Calderys facilities are ISO 9001 certified.

Sales organization

In order to guarantee a market-oriented approach and offer its customers complete refractory solutions, the activity has sales offices or subsidiaries in all its major markets, i.e. more than 30 countries.

1.3.4 GRAPHITE & CARBON

Thanks to its large regional presence in North America, Europe, Asia, Imerys' Graphite & Carbon business (Timcal) is a world leader in technical applications for high-performance graphite powders and carbon black, providing its global customers with a full range of carbon powder-based solutions and related services.

This activity produces and markets a large variety of synthetic graphite powders, conductive carbon blacks and water-based dispersions of consistent high quality. It also benefits from high quality reserves of natural graphite in Canada with cutting-edge high temperature processes (synthesis, crystallization) for close control of physical properties: purity, crystalline structure, particle size and shape, specific surface, etc. through the development of a range of specialties.

In 2012, the Graphite & Carbon activity launched the capacity doubling project at the Willebroek carbon plant (Belgium) to support growing demand for mobile energy and conductive polymers. It was commissioned by the end of 2013 and production will ramp up gradually in 2014.

In fast moving and high-tech markets, the activity's Research & Development effort, with the R&D center in Bodio (Switzerland), provides customers with new innovative solutions. It has been particularly active in Li-ion batteries for electric cars and electronics. In 2013, the activity improved the sieving of carbon black, in order to reduce impurities for the Li-ion applications.

For more information, *see chapter 1, section 1.8 of the Registration Document.*

PRODUCTS

Graphite & Carbon's main product families are:

- **synthetic graphite**, produced in Switzerland through a complex process of baking petroleum coke at very high temperatures;
- **conductive carbon black**, sold as powder or granules;
- **natural graphite flakes**, produced in Lac-des-Îles (province of Quebec, Canada), the largest graphite mine in North America;
- **processed natural graphite**, graphite dispersions, sold in various forms such as additives, powders, blends or aqueous dispersions;
- **silicon carbide**.

For a detailed presentation of these minerals and derived mineral products, please *see chapter 1, section 1.7 of the Registration Document.*

APPLICATIONS

Graphite & Carbon products are tailored to customers' needs, supplying high-quality products and services in every application field.

- **Mobile energy:** in the highly dynamic portable energy market, Graphite & Carbon is the world leader due to the variety of its functional additives, which range from graphite and carbon black powders to conductor coatings for battery cans. Graphite is used in alkaline batteries (as a multifunctional additive), Zn-C batteries, lithium-ion rechargeable batteries (for mobile electronic devices and electric and hybrid electric vehicles), fuel cells (systems for converting chemical energy into electricity through a continuous fuel supply), super-capacitors and can coatings;
- **Engineering materials:** by combining synthetic and natural graphite, the activity offers tailor-made solutions that deliver precise physical and chemical characteristics needed by various industries. For instance, in the automotive industry, outlets for the activity's products are mineral components used in friction pads, clutch facings, seals, iron powder metallurgy and carbon brushes. Other applications include foils (heat exchange), sintered ceramics, hard metals, pencil leads, powders for lubricants, catalysts and synthetic diamonds;
- **Additives for polymers:** with the highly conductive carbon black and synthetic graphite product families, the activity addresses the niche market of conductive polymers with applications in conductive coatings, resins and plastics (for electronic packaging, safety, automotive, and energy supply applications);
- **Hot metal forming:** in a sector that is heavily dependent on the oil drilling business, Graphite & Carbon's know-how is based on its extensive knowledge of graphite dispersions for hot metal forming (mandrel bar lubrication), descaling agents, casting and related application systems;
- **Refractories and metallurgy:** a significant outlet in volume terms for the Graphite & Carbon activity, in particular for bricks, monolithics, carbon raisers and hot metal topping.

MARKETS

Market trends

In 2013, sales shrank in traditional end market and showed resilience in higher value segments with regional contrasts:

- in **North America**, volumes declined in Metallurgy and Electronics end markets while they showed resilience in Oil & Gas;
- in **Europe**, volumes grew in Electronics and Automotive end markets and declined in Refractories & Metallurgy applications;
- in **Asia**, volumes keep growing in "Premium" markets such as Li-ion, Carbon Brushes and Friction. In Japan, volumes were stable in all applications but were adversely impacted by a weak Japanese Yen.

Graphite & Carbon applications related to mobile energy held out well overall.

Main competitors

Cabot (Belgium); Nacional de Grafite (Brazil); Kropfmühl, Orion (Germany); Chuetsu, Denka, KBIC and Nippon Kokuen (Japan); Asbury, Superior Graphite (United States) and many Chinese producers.

INDUSTRIAL FACILITIES, QUALITY AND SALES ORGANIZATION

Industrial facilities

The Graphite & Carbon activity has eight industrial facilities in six countries.

Europe	North America	Asia-Pacific
2	3	3

Quality

Six industrial sites are ISO 9001 certified.

Sales organization

Graphite & Carbon is well represented around the world by its own experienced sales and technical teams, which are organized by region. This global representation provides customers with constant support, ensuring that adequate product solutions can be found quickly to meet their needs.

1.3.5 OILFIELD SOLUTIONS

Since 2010, Imerys has been developing its proppants and mineral drilling additives sales in Oilfield Solutions following an internal innovation program which resulted in the filing of several industrial patents.

Further to the commissioning in 2012 of its first ceramic proppant production line in Andersonville (Georgia, USA), Imerys is significantly enhancing its development in this sector to serve the US market of non-conventional oil and gas extraction, with the purchase of PyraMax Ceramics LLC, an industrial complex, the construction of which was completed in 2013, for manufacturing ceramic proppants. Based in Wrens (Georgia, USA), this industrial complex has two production lines that should be gradually ramped up in the course of 2014 for a total annual capacity of approximately 225,000 tons. Investment totals US$235 million, to be potentially increased by the end of 2014 with additional amounts not to exceed US$100 million, subject to certain industrial and commercial performance criteria being met.

PRODUCTS

The products made by Oilfield Solutions are used for their mechanical and chemical resistance and for their thermal properties by the oil and gas industry.

The activity's main product lines are:

- **Ceramic proppants:** a ceramic-based spherical pellet manufactured in Georgia (United States) from bauxitic kaolin; these products are mostly used in non-conventional oil and gas production to keep the fractures generated through hydraulic fracking opened;
- **Mineral-based solutions to the oil & gas industry:** the activity supports and supplies mineral products used in diverse drilling applications:
  - Calcium carbonates are used as a weighting and bridging agent to reduce filtration loss in drilling fluids formulations,
  - Perlite and diatomaceous earths are used in water filtration and drilling fluids,
  - Perlites, diatomites and metakaolins can also be used as additives in cementing applications;
- **Propynite™:** a high-performance rod shape proppant manufactured in Italy, providing flowback control properties with enhanced conductivity.

For a detailed presentation of these minerals, *see chapter 1, section 1.7 of the Registration Document.*

APPLICATIONS

The main applications served by the Oilfield Solutions activity are:

- **Well stimulation** for the oil and gas industry. The proppants manufactured by Imerys are high-tech ceramic beads essential in the production of non-conventional oil and gas, which requires hydraulic fracturing. Fracturing is the process of pumping water underground to open fractures in the reservoir formation to allow more oil and/or gas to permeate through the open surface area. The proppants keep fractures open, combining great mechanical strength with low density. The proppants used in the industry are naturally occurring (sand) or man-made (ceramic). Ceramic proppants provide superior pressure resistance and a better profitability of deposits;
- **Drilling muds:** the activity also sells all specialty products used in well cementing, drilling muds and waste treatment processes.

MARKETS

Market trends

Development of non-conventional oil continued in the United States with healthy demand in Oilfield Solutions, particularly ceramic proppants. The overall well count increased by 4% in the main oil-rich producing basins of the Bakken, the Permian and the Eagle Ford.

Main competitors

Carboceramics (United States).

INDUSTRIAL FACILITIES, QUALITY AND SALES ORGANIZATION

Industrial facilities

The Oilfield Solutions activity has two industrial facilities in Georgia (United States).

Quality

Imerys is firmly committed to quality improvement and works to deliver the same manufactured products' quality everywhere in the world.

Sales organization

In the last three years, the activity established a sales team dedicated to the oilfield markets, serving the industry globally with presence in the United States and Europe. These teams also market the products manufactured by other Imerys entities used in the oilfield industry.

1.4 FILTRATION & PERFORMANCE ADDITIVES

The Filtration & Performance Additives business group comprises two main businesses:

- Performance & Filtration Minerals;
- Kaolin.

Based on the transformation of a large range of extensive, high-quality mineral reserves (talc, mica, diatomite, perlite, vermiculite and kaolin), as well as expertise in all the techniques needed for processing, this business group is a supplier to the agriculture and food industry, and to a large number of intermediate industries (plastics, paint, rubber, catalysts, paper, health, beauty & personal care, etc.). Its activity is driven by trends in current consumer sectors (beverages, food, magazines, etc.), as well as by demand for capital goods (particularly automotive) and construction (new buildings and renovation).

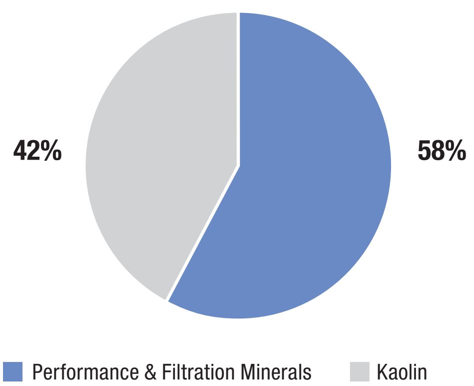
The Filtration & Performance Additives business group provides customers with tailor-made solutions in technical fields where chemical composition, morphology, mechanical properties, thermal and chemical resistance, as well as food and pharmaceutical grade processing are key requirements. Working alongside its customers for the long-term is also essential for the business group.

On October 10, 2013, the British competition authorities notified their agreement for Imerys' acquisition of Goonvean's kaolin activities, subject to a minor commitment on price evolutions for certain products sold in the United Kingdom. With greater access to high-quality reserves, the Group strengthens its ability to grow its sales of specialty products mainly in the performance minerals and ceramics markets.

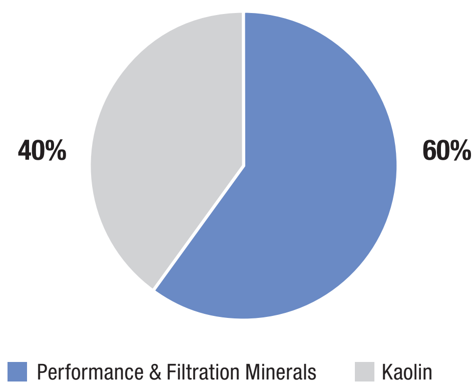
Filtration & Performance Additives' revenue for the year ending December 31, 2013 totaled €1,132.2 million, which represents 30% of Imerys' consolidated revenue.

The business group has 64 industrial sites in 17 countries.

2013 revenue: €1,132 million



4,243 employees as of December 31, 2013



(€ millions)	2013	2012	2011
Revenue	1,132.2	1,145.8	932.1
Current operating income	159.1	136.2	110.9
Current operating margin	14.1%	11.9%	11.9%
Booked capital expenditure	73.4	81.5	72.0

For more information, *see chapter 2, section 2.1.3 of the Registration Document.*

1.4.1 BUSINESS GROUP OVERVIEW

Business	Markets	Market positions[1]	Main applications	Products
PERFORMANCE & FILTRATION MINERALS				
PERFORMANCE MINERALS	Agriculture Food Health & Personal care Consumer Goods & Packaging Automotive Construction Industrial equipment Paper	**World #1** in talc for plastics, paints, paper, ceramics, health & beauty **World #1** in mica **World #1** in mica for engineered plastics and high-performance coatings	**Functional additives for:** Sealants Adhesives Paints Coatings & Construction materials Polymer & Films Catalyst substrates Rubber Paint Ceramics Paper Personal Care	Mica Talc
MINERALS FOR FILTRATION	Food & Beverages Pharmaceuticals & Chemicals Agriculture Construction Automotive	**World #1** in diatomite-based products	**Process enablers for filtration of:** Beer, Fruit juice Edible oils Food Industrial chemicals Pharmaceuticals Sweeteners Water, Wine	Diatomite Expanded perlite & Perlite ore Structured alumino-silicate Vermiculite
		World #1 in diatomite-based products and perlite-based products for filtration	**Functional additives for:** Agriculture Polymers Rubber, Polishes Paint, Composites Cosmetics Catalysts Insulation, Cryogenic insulation and Soundproofing Roofing Refractories Brake linings Paper Polymer films	
KAOLIN				
	Paper Construction Packaging Wire & Cable Decorative and Industrial Coatings	**World #1** in kaolin for paper	**Functional additives and Process enablers for:** Printing & Writing Graphic paper – Commercial printing – Publishing Business paper Board and Packaging Specialty Paper Paints and Coatings Plastics and Rubber Adhesives and Sealants	Kaolin

(1) Imerys estimates.

1.4.2 PERFORMANCE & FILTRATION MINERALS

Thanks to a broad portfolio of raw materials providing a comprehensive range of properties, the **Performance Minerals** activity addresses fast growing niche markets in which additional performance is key. In-depth formulating know-how and Research & Development capabilities allow for the development of mineral solutions bringing value to customers and a reduced environmental footprint of their own products. For more information on R&D and innovation, *see chapter 1, section 1.8 of the Registration Document.*

The **Minerals for Filtration** activity is the world's leading supplier of diatomite and expanded perlite-based products for filtration. It also integrates the Imerys Vermiculite production which is a supplier of vermiculite ore. Its main deposits are located in Zimbabwe.

Through the often complementary properties of minerals from both activities, the business group is well poised to serve its common customers. Collaboration and resource-sharing take place across these activities on a case-by-case basis, leveraging synergies to deliver unique product offerings to the following final markets:

- **Fast-moving and durable consumer goods and packaging:** food & beverage, cosmetics, pharmaceutical & nutraceuticals, personal care products such as toothpaste, soap, household appliances, etc.;
- **Automotive:** plastic parts such as car bumpers, dashboards, under the hood parts, interior and exterior trims, tire and rubber compounds etc.;
- **Industrial products:** high-technical plastics, painting for large equipment or spare parts, etc.;
- **Construction:** home or commercial buildings use materials such as decorative or insulating paints, fencing, electrical cables made of plastic, rubber carpet backings, adhesives, sealants whereas infrastructure construction use road paints, etc.

Performance & Filtration Minerals activity growth is based on three levers:

- enhancing product offering and developing new applications by leveraging on innovation. The two activities rely on their R&D network composed of three R&D centers based in Toulouse (France), San Jose (California, United States) and Cornwall (United Kingdom). In addition, two regional laboratories are located in Sandersville (Georgia, United States) and Campinas (Brazil);
- growth in emerging markets, with targeted development in Brazil, Eastern Europe, the Middle East, Africa and Asia (India);
- continuous improvement of operational efficiency.

The Performance & Filtration Minerals activity is constantly developing its range of high-quality minerals and industrial footprint around the world through acquisitions and internal development.

PRODUCTS

Performance Minerals

The characteristics of minerals vary in terms of chemical composition, particle shape and size distribution. They impart exceptional properties in the end use such as outstanding whiteness, high mechanical strength and excellent rheology. Based on in-depth knowledge of the industrial minerals' properties, production processes are adapted to the requirements of specific applications in order to satisfy the ever-changing needs of the customers.

The Performance Minerals activity makes its products from mica and talc. For a detailed presentation, *see chapter 1, section 1.7 of the Registration Document.*

Minerals for Filtration

The main products produced by the Minerals for Filtration activity are diatomite, perlite and vermiculite. It also supplies other products such as calcium silicate-based and magnesium silicate-based products for specialty applications.

Diatomite and perlite are naturally occurring minerals that have exceptional properties such as low density, chemical inertness, high-contact surface area and high porosity. Minerals for Filtration's products are sought after in many applications, particularly as filtration aids and functional fillers. Vermiculite's properties are a good fit with Minerals for Filtration products in some construction, agricultural and insulation and fire retardant applications.

For a detailed presentation of these minerals, *see chapter 1, section 1.7 of the Registration Document.*

APPLICATIONS

Performance Minerals

Performance Minerals are processed and marketed worldwide. They are used as functional additives added to intermediary or finished products to deliver higher functionality and processability and to reduce total raw material costs.

Applications include:

- **Paints & coatings:** an extensive range of mica and talc are used as extenders to improve paint and film quality, opacity, matting, anti-cracking and anti-corrosive properties;
- **Plastics, films & packaging:** the development of more and more sophisticated applications means that increasingly demanding requirements are placed on functional fillers and the specific properties they impart. Imerys has an excellent

range of high-quality mineral extenders at its disposal including mica and talc. Talc improves stiffness, impact resistance and the dimensional stability of thermoplastic automotive parts and plastics for consumer goods (household appliances, flexible and rigid packaging etc.). Talc and mica reinforced polymers are increasingly used in automotive parts to help reduce the weight of vehicles;

- **Rubber:** talc is used in many rubber applications. Imerys' range of white minerals delivers good processability, permeability, chemical resistance and barrier properties, in addition to good whiteness and rubber mechanical properties. In particular, talc is used in seals, hoses, membranes, cables, tires and other mechanical rubber goods to improve processing, permeability, electrical properties, fire resistance and mechanical properties such as tear resistance for automotive parts, tires, pharmaceutical closures, industrial goods etc.;
- **Health & beauty:** talc is used to bring softness to body powders, silkiness to make-up and to enhance softness and lather of soaps while reducing formulation costs. Thanks to its inertness, talc is an excellent pharmaceutical excipient and carrier for medicated powders. Talc also acts as glidants and lubricants for tableting and many other pharmaceuticals applications;
- **Paper & packaging:** talc is used as filler and as a process enabler for adsorption of organic impurities (pitch control) of papers in order to bring quality and whiteness, notably for recycled paper. It can substitute water chemicals as an alternative environmentally friendly solution in paper processing operations;
- **Ceramics:** talc is used in cordierite honeycomb bodies, which is a key piece of ceramic technology that is now standard equipment in the exhaust systems of cars, trucks, buses, as well as off-road mobile mining, farming and construction equipment worldwide;
- **Other niche applications:** a wide range of minerals that enhance the properties of products are used every day in construction, landscaping, drilling muds and personal care products.

Minerals for Filtration

- **Food & beverage filtration:** diatomite and expanded perlite have ideal particle size, shape, structure and density to be used as process enablers for the filtration of beer, sweeteners, water, wine, green tea and edible oils;
- **Pharmaceutical and industrial chemicals:** in these two applications, diatomite consists as a functional additive or a process enabler: it is used for its intrinsic qualities in filtration processes and as a functional filler in cosmetics, pharmaceuticals and industrial chemicals. Diatomite is also a key component of blood fractionation processing worldwide. Perlite is used as filler and abrasive in dentistry. Diatomite and expanded perlite are both used as filtration aids in biodiesel refining;
- **Building materials:** perlite and expanded perlite products provide several unique properties. Used as functional additives, they are suitable for heat and cryogenic insulation, soundproofing, building materials, coatings and roofing. Vermiculite is sold to the insulation, soundproofing, fire protection and construction industries for its light weight, heat resistance, high absorption and low density properties;
- **Other niche products:** diatomite is used as a functional additive in the paint, plastic film, agriculture, polishes and rubber sectors. Perlite and expanded perlite are suitable for horticulture and lightweight refractories. Calcium silicate-based and magnesium silicate-based products are used in rubber processing and pesticide formulations.

MARKETS

Market trends

Performance Minerals

Performance Minerals markets, led by the construction and automotive industry, and to a lesser extent by general consumption, experienced the following regional trends:

- **Europe:** the Performance Minerals business in Europe is linked mainly to activity in the construction and automotive markets which, following a downturn in 2012, stabilized overall at a low level at end-2013. In the automotive market, light vehicle production volumes are currently at 12 million units, still some 17% below pre-crisis levels. The trend is still towards weight savings for vehicles and decreasing their carbon footprint is driving the increased penetration of talc-filled polypropylene, which supports the resilience of the activity's products. The personal care segment held steady through the crisis;
- **North America:** the construction market has been moving in a positive direction with a rebound in housing starts. Remodeling spending was however still weak. The automotive market increased sharply in 2013 with significant growth in talc due to a + 6% increase in polypropylene compounds use;
- **South America:** activity in Brazil (mostly paints and construction related) continued to be solid in 2013 and should benefit from the development of Itatex as the platform for specialty products;
- **Asia Pacific:** strong positions in polymers and specialty rubber applications have provided growth in Asia.

Global market demand for cosmetics and organic personal care products presents significant opportunities for Performance Minerals.

Minerals for Filtration

Minerals for Filtration are sold worldwide to a wide range of global and local customers. In 2013, activity varied by segment and region. Growth in western economies has been mainly driven by innovation while market growth was more limited:

- filter aid as well as personal care products followed general consumption trends. Growth was realized following large-scale consolidation in the beer sector in emerging markets in 2012;
- the European beer market was however down in 2013 (the lowest in 20 years in Germany), offset by a growth in the Middle East and Africa, whereas wine production grew by 11% returning to pre-crisis levels;
- US beer production remained flat but was offset by the fast growing wine and spirits segments;
- activity in Asian corn, sugar and vegetable oil production has seen healthy gains of 7-10% in 2013 and the Japanese filtration market has increased sharply;
- for construction in North America, sharp growth in housing starts was positive for perlite ore for joint compound and lightweight fillers while decorative coatings was still mainly driven by the remodeling activity. Recovery is slow in Europe.

Main competitors

- **Performance Minerals:** Sibelco (Belgium); BASF (Germany); IMI Fabi (Italy); Mondo Minerals (Netherlands); JM Huber, Specialty Minerals (United States);
- **Minerals for Filtration:** CECA (France); S&B Minerals (Greece); Showa (Japan); Palabora (South Africa); Eagle Picher Minerals, Grefco (United States).

INDUSTRIAL FACILITIES, QUALITY AND SALES ORGANIZATION

Industrial facilities

Performance & Filtration Minerals has 44 industrial sites in 17 countries.

	Europe	Americas	Asia-Pacific & Africa
Talc	5	6	2
Mica		2	
Diatomite	2	5	2
Perlite	3	13	
Vermiculite			1
Kaolin	1	1	1

Quality

The Performance & Filtration Minerals activity is firmly committed to quality improvement with all plants ISO 9001 certified.

Sales organization

Performance & Filtration Minerals products are generally marketed by dedicated teams at the regional activities level or by networks of independent agents or distributors; with some exceptions for some new products, applications and services. This regional organization provides customers with the highest level of services. Global and regional marketing professionals provide further technical and strategic support for the sales organization.

1.4.3 KAOLIN

The Kaolin activity extracts minerals from its extensive high quality worldwide reserves. It manufactures kaolin products and innovative solutions for the paper and packaging industries, as well as for construction (paints, plastics and polymers), rubber, sealants, adhesives and ceramics.

Kaolin products are used as filler additives, coating pigments and process enablers for cellulose fiber-based paper and board production. These products can enhance the properties of paper and board, improve paper production processes and also contribute to more sustainable production. The end use products are graphic papers (used for publishing and commercial printing), business paper, specialty paper and board (used for packaging).

Kaolin is also a key component of many ceramic formulations, essentially sanitaryware and tableware, and a functional additive in others, like glazed ceramic tiles. It is also widely used in the Fiberglass industry, providing a very pure alumina source. Kaolin is used as a filler or functional additive in a variety of board applications such as plastics, rubbers, adhesives and sealants and paints and coatings.

The activity is highly focused on improving its operational excellence and on sustained growth through innovation. Working with its customers for the long-term, the business group allocates crucial resources to research and development in order to penetrate new markets and promote minerals as a natural substitute to wood fiber and chemicals in cellulose fiber-based applications. The board and packaging segment illustrates this strategy and already represents 12% of the activity's revenue. It constitutes a key driver for future growth and requires substantial development investment in terms of marketing, sales and technology.

On October 10, 2013, the British competition authorities notified their agreement for Imerys' acquisition of Goonvean's kaolin activities, subject to a minor commitment on price evolutions for certain products sold in the United Kingdom. The integration of these activities will reinforce the Group's access to high-quality reserves for performance and ceramics applications.

PRODUCTS

The Kaolin activity offers a broad range of hydrous and calcined kaolin for cellulose fiber-based materials and performance and ceramics applications.

Kaolin is purified, refined and ground to yield the desired product properties, engendering a mineral that imparts different qualities to its end applications in particular whiteness, opacity, gloss, smoothness and printability. Imerys is the world's largest producer of kaolin for paper and packaging, and also the only supplier that sources globally, from its own extensive high-quality reserves in Brazil, the United States and the United Kingdom. Each site offers unique geological characteristics permitting blends to be made to fit specific customer requirements;

For a detailed presentation of this mineral, *see chapter 1, section 1.7 of the Registration Document.*

APPLICATIONS

- **Paper & Packaging**: kaolins are used as functional additives in filling and coating applications or as process enablers. They are differentiated mostly by their chemical composition, particle size distribution, whiteness or viscosity. The products provide properties that enable paper and board manufacturers to optimize their production processes and deliver consistent savings.
  - **Fillers** are added at the beginning of the paper and board making process, just prior to the formation of the paper web. Mineral fillers are designed to impart texture, opacity, whiteness and printability. They raise mill productivity through faster dewatering rates and lower drying requirements, thereby generating machine speed and energy gains. As opposed to traditional cellulose fiber, retention aids or sizing agent chemicals, filler additives constitute a cost-effective alternative to improve base paper quality. Kaolin provides fillers that are especially suited to supercalendered paper, typically used for magazines, catalogues or directories;
  - **Coating products** are used in sophisticated formulations containing different pigments, binders and chemical additives to give a smooth paper surface which can deliver superior gloss and print quality compared to uncoated paper grades. Coating formulations are applied to the paper surface at high speed to give a thin even layer. The rheological performance, brightness and physical characteristics of the kaolins used in coating address the printability in single coated paper applications used for magazines and higher quality advertising items such as inserts, coupon printing or other low lifetime, high-resolution print products. In multilayer coating paper, used for commercial printing applications such as company brochures, Annual Reports and other higher quality advertising, coverage and performance is built up in layers taking advantage of the numerous pigment functionalities;
  - **Process enablers:** specialty minerals are increasingly popular processing aids in the wood-pulp, paper and board industries where they typically function as retention aids and sizing agents thanks to their positive environmental impact and beneficial performance-cost ratio. These properties are increasingly used in recycled paper production.

- **Paints & Coatings:** an extensive range of kaolins are used as extenders to improve paint and film quality, in particular opacity, matting, anti-cracking and anti-corrosive properties. Applications include water based and solvent based decorative paints and primers, finishes and primers for metal, wood and coil coatings;
- **Plastics, Films & Polymer packaging:** the development of more sophisticated applications means that increasingly demanding requirements are placed on functional fillers and the inherent properties they impart. Imerys has a wide range of high-quality mineral extenders at its disposal including kaolins. Hydrous kaolins are used to improve mechanical and barrier properties while calcined and surface treated calcined kaolins improve mechanical, barrier, thermal and electrical (insulation) properties as well as aiding in the processing and handling of plastic products. Applications include PVC sheets, piping and profiles, PVC cables and flooring, polyolefin films and engineering thermoplastic molded parts;
- **Rubber:** kaolins provide good processability, permeability, chemical resistance and barrier properties, in addition to good whiteness and rubber mechanical properties. Applications include cable insulations and sheaths, foodware, flooring, pharmaceutical rubber, seals, gaskets and tires;
- **Sealants & Adhesives:** kaolins impart good barrier effects and rheology control to adhesives and sealants. The low surface hydroxyl content of kaolins leads to low moisture pick-up, resulting in excellent performance in moisture-sensitive sealant applications. Kaolins are effective as structure-building elements.

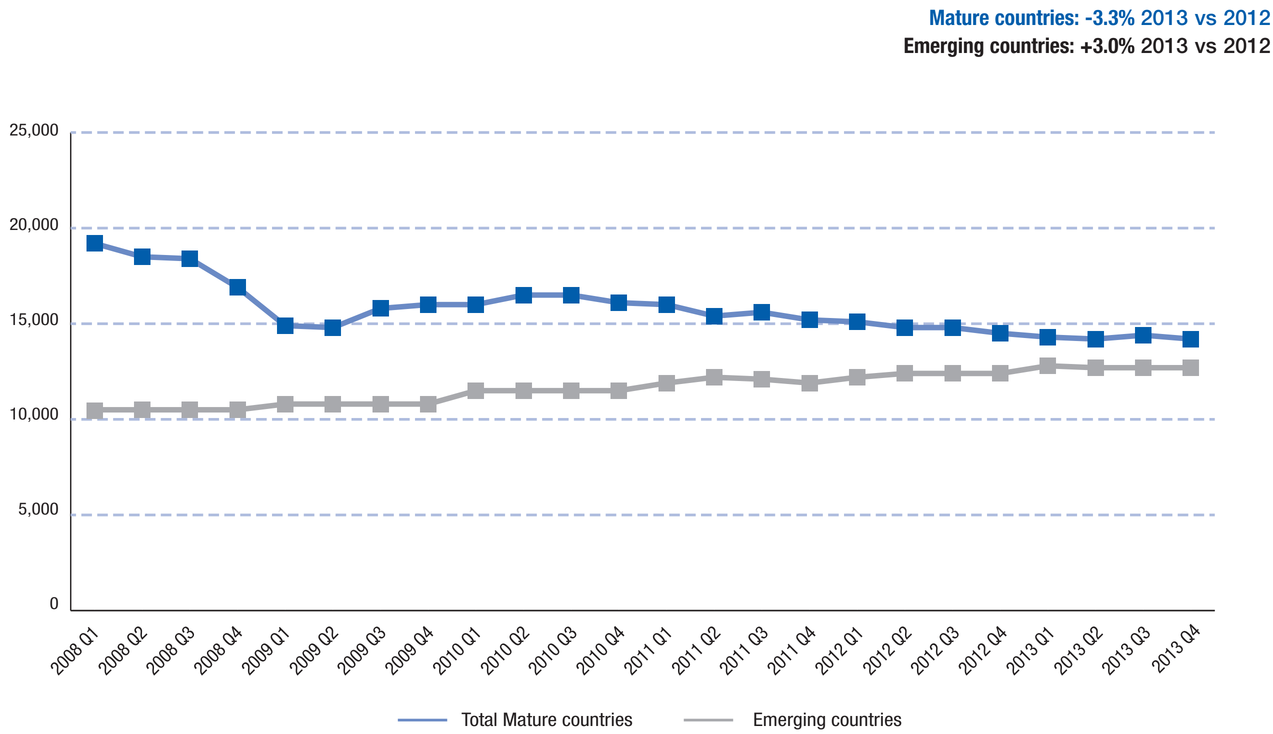
For more information regarding innovation, *see chapter 1, section 1.8 of the Registration Document.*

MARKETS

In 2013, printing and writing paper production (down 1.3% globally – RISI and Imerys estimates) continued to grow in emerging markets, but at a more moderate rate (+ 1.2%), and to shrink in mature markets (- 3.3%). Business held out better in North America than in Europe, where further capacity rationalization programs were launched. The specialty paper and packaging application segments were healthy overall.

Global printing & writing paper production[(1)]

(in millions of tons)



(1) Source: RISI (Resources Information System, Inc.) and Imerys estimates

Main competitors

KaMin (Brazil and United States); AKW (Germany); BASF, Thiele (United States).

INDUSTRIAL FACILITIES, QUALITY AND SALES ORGANIZATION

Industrial facilities

The Kaolin activity has 20 industrial facilities in three countries.

Europe	Americas
16	4

Quality

The Kaolin activity is firmly committed to quality improvement with all plants ISO 9001 certified.

Sales organization

Kaolin products are marketed through the activity's own highly dedicated expert sales force specialized in performance, ceramics, paper and packaging applications, with regional attributions for Europe, Northern America, Asia Pacific and Latin America.

1

1.5 CERAMIC MATERIALS

The Ceramic Materials business group is organized around the following three activities:

- Building Materials;
- Minerals for Ceramics;
- Kiln Furniture.

With high-quality deposits and an efficient production process, the Building Materials activity is France's largest producer of clay roof tiles. Imerys also contributes to the development of renewable energies in the solar roof tile sector. The activity produces natural slates too, mainly used to cover the roofs of historical monuments or single-family housing.

After focusing its efforts on improving the productivity of its industrial assets and refocusing its network on the French market, the Building Materials activity gradually adapted its production to the slowdown of the construction market, which began in 2008. The situation improved in 2010 and 2011 without, however, returning to the housing start levels of 2007. In 2013, the market was again affected by the decrease in construction starts, which was intensified in particular by the end of certain incentives for real estate development.

The Minerals for Ceramics activity designs, produces and markets high-performance mineral solutions, mainly for the ceramic and glass industries. Its skills also allow the development of industrial markets such as electrometallurgy or energy. In 2013, the activity held out well, thanks to its diversification and its geographic deployment with new facilities opening in Egypt and Asia.

The Kiln Furniture activity offers a full range of kiln furniture for high-temperature furnaces, mainly for the ceramic and clay roof tile markets, as well as silicon carbide, mullite or cordierite products for various industries.

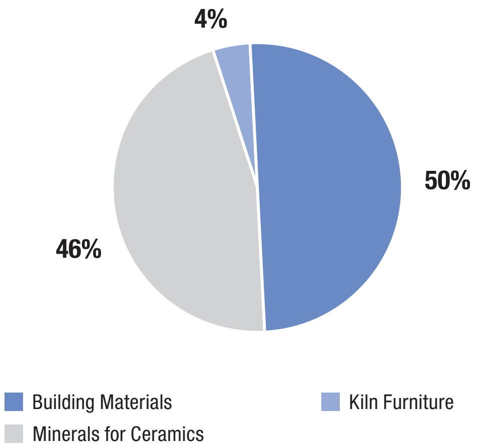
2013 KEY FACTS

- the divestment of the Imerys Structure activity (wall and partition bricks, chimney blocks) to the Bouyer-Leroux group, announced in December 2012, was completed on September 30, 2013;
- on November 25, 2013, Imerys announced plans to shut down activities at Ardoisières d'Angers (Trélazé, France), its subsidiary that mines, produces and markets natural slate. This project is subject to consulting the employee representative body as well as the requested administrative validation, and could be completed in the first half of 2014.

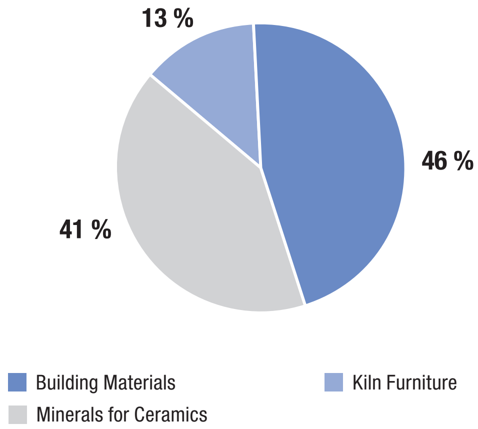
The Ceramic Materials business group's revenue for 2013 totaled €702.6 million, representing 19% of the Group's consolidated revenue.

The business group has 71 industrial sites in 18 countries.

2013 revenue: €703 million



2,854 employees as of December 31, 2013



(€ millions)	2013	2012	2011
Revenue	702.6	761.6	788.2
Current operating income	160.0	163.3	168.9
Current operating margin	22.8%	21.4%	21.4%
Booked capital expenditure	33.2	36.5	37.9

For more information, *see chapter 2, section 2.1.3 of the Registration Document.*

1.5.1 BUSINESS GROUP OVERVIEW

Activities	Markets	Market positions[(1)]	Applications	Products
BUILDING MATERIALS				
CLAY ROOF TILES	New housing Roofing renovation	**French #1** for clay roof tiles	Roofing	**Roof tiles and accessories** (finished products)
SLATES	Construction and renovation of housing, historical monuments and public tertiary buildings	**French #1** for natural slates	Roofing	**Natural slates** (finished products)
MINERALS FOR CERAMICS				
	Construction (new & renovation) Tableware Energy Semi-conductors Automotive Electronics & Electrical appliances Electro-metallurgy	**World #1** In raw materials & ceramic bodies for sanitaryware **World #2** In kaolins for fiberglass **European #1** In raw materials and ceramic bodies for porcelain tableware **European #2** In raw materials for floor tiles	**Mineral components for:** Sanitaryware Tableware Floor & wall tiles Technical ceramics Flat & container glasses Aggregates and thermal insulation Fiberglass Cement Automotive catalyst support Crucible for photovoltaïc cells	Chamottes Ball clay Talc Feldspar Ground silica Halloysite Kaolin Pegmatite Prepared bodies & glazes Quartz Mica
KILN FURNITURE				
		World #1 in kiln furniture for roof tiles	Roof tiles Fine ceramics Floor tiles Thermal applications Kiln construction Technical ceramics	Kiln furniture & components

(1) Imerys estimates.

1.5.2 BUILDING MATERIALS

The Building Materials activity provides the French construction industry with clay roof tiles (Imerys TC) and natural slates (Ardoisières d'Angers). These products are mostly intended for the building and renovation of single-family housing. The activity's customers and partners are mainly French building material traders.

The Imerys TC operating excellence is reflected in the extensive automation of its plants, enabling it to produce high value-added products on a large scale. Operations are supplied from dedicated, high-quality and long-term mineral deposits equivalent to up 50 years' reserves.

Finally, Imerys TC develops innovative products that enable it to meet users' new expectations in terms of heat, sound, insulation as well as ease and speed of installation.

The divestment of the Imerys Structure activity (wall and partition bricks, chimney blocks) to the Bouyer-Leroux group, announced on December 12, 2012, was completed on September 30, 2013. Concluded for an enterprise value of €75 million, corresponding to the revenue forecast for 2013, it has a retroactive effect as of May 1, 2013.

On November 25, 2013, Imerys announced plans to shut down activities at Ardoisières d'Angers (Trélazé, France), its subsidiary that mines, produces and markets natural slate. This project is subject to a consultation process with employee representatives as well as the requested administrative approval, and could be completed in the first half of 2014.

PRODUCTS

Clay reserves are a source of high-quality minerals located in France, near its clay product processing plants. To ensure durable operations, Imerys TC strives to develop its reserves, particularly through land purchases and exchanges, and plans future site restoration and remediation. Ardoisières d'Angers operates an underground slate quarry in Trélazé (Maine et Loire, France).

For more information about clay and slate reserves, *see chapter 1, section 1.7 of the Registration Document*.

APPLICATIONS

Clay roof tiles

Imerys TC specializes in the design, production and sale of clay roof tiles and accessories to cover the roofs of single-family housing.

The benefits of clay products were confirmed by the findings of the Grenelle de l'Environnement[(1)] on housing: natural, healthy, durable and maintenance-free. Furthermore, photovoltaic tiles contribute directly to RT 2012[(2)] regulation (heating), in particular the Evolu'Kit offering (self-sufficient photovoltaic tile kit which enables it to save up to 12 kWh/m²/year of primary energy while benefiting from the Imerys tiles anti-leakage and sustainability guarantees).

In 2013, the Building Materials activity continued its innovation effort with products adapted to the changes in construction techniques (Bardage range) and thanks to new valuable services (Depann'Express commits to deliver customers with the missing accessories within 48 to 72 hours). For more information on innovation, *see chapter 1, section 1.8 of the Registration Document.*

The umbrella brand Imerys Toiture™ covers the entire product range, comprised of flat tiles, Roman tiles and large and small interlocking tiles. The brand now offers 70 models of **clay roof tiles** in more than 100 colors that meet local traditions and specificities. Eight regional labels with high customer awareness distinguish between tile models: Gélis™, Huguenot™, Jacob™, Phalempin™, Poudenx™, Sans™, Ste Foy™ and Doyet™. Imerys Toiture™ has also developed roofing accessories that help to free the roofer from finishing work as they can be fitted without mortar or sealant. With **thermal and photovoltaic tiles**, Imerys Toiture™ has a comprehensive, integrated roof offering that is sound, visually appealing and energy-efficient.

Slates

In 2013, Ardoisières d'Angers continued to develop its landscaping products.

MARKETS

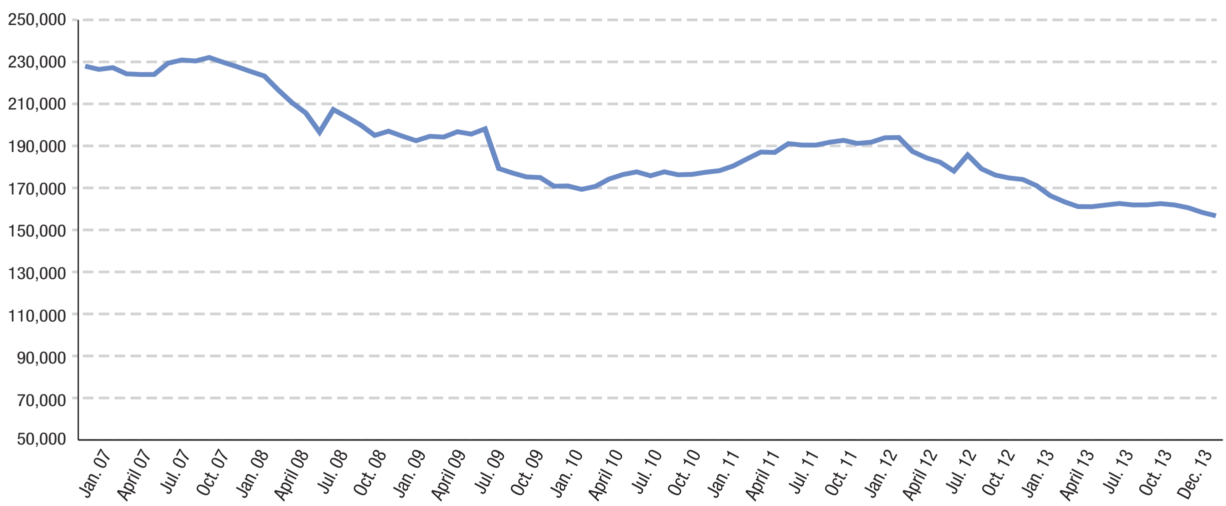
Market trends

A key characteristic of the Building Materials market is a difference in demand according to regional specificities. Activity is linked to the development of renovation (clay roof tiles) market which accounts for nearly two thirds of sales, and of the single-family housing construction (clay roof tiles) in France, which particularly suffered during the last few years. The renovation segment has traditionally held out better during cycle troughs.

Single family housing starts in France *(3)*

(12 rolling months)

- 5.7% 2013 vs 2012



(1) Grenelle de l'Environnement: National Meeting held on October 24 and 25, 2007 wich brought together members of the French state and non-governmental representatives to develop concrete measures to tackle environmental issues and encourage energy savings.

(2) RT 2012: French thermal regulations 2012 set a limit on new buildings' maximum electricity consumption for heating, ventilation, air conditioning, domestic hot water production and lighting.

(3) Source: French Ministry of Ecology, Sustainable Development and Energy, as at end December 2013; Imerys estimates.

Clay roof tiles

The sound performance of the renovation segment partially offset another drop in new housing. The sustained decline in sales of new individual housing over the last 12 months continues to be reflected by a drop of -5.7% in construction of new single-family housing (approximately 156,700 units begun in 2013 according to the French Ministry of Ecology, Sustainable Development and Energy). Good weather conditions at the end of the year supported the activity in the second half. In this context, sales of clay roof tiles recorded a slight drop of -3% in 2013 (source: estimate by FFTB, French roof tiles & bricks Federation).

In 2013, Imerys maintained its French market leadership in clay roof tiles and bricks.

Slates

The French slate roofing market has been in a slump since 2009. This decrease accelerated in 2013 because of Spanish competition.

Main competitors

- **Clay roof tiles:** Monier, Terreal and Koramic (France);
- **Slates:** Glendyne (Canada), Rathscheck (Germany) and CupaPizarras (Spain).

INDUSTRIAL FACILITIES, QUALITY AND SALES ORGANIZATION

Industrial facilities

Given the essentially local nature of its markets, the Building Materials activity's industrial and commercial network ensures that it has optimum coverage of the French market. The activity has 14 manufacturing sites:

Clay roof tiles	13
Slates	1

Quality

The Quality process has been a core concern of the Building Materials activity for several years.

As of November 2004, all clay roof tiles are ISO 9001 certified and all manufactured products comply with the relevant standard (NF) for their category. Certification concerns the product's main characteristics, particularly geometrical, size, physical (compression resistance), thermal and hygrometric (dilation when damp) aspects. Imerys TC was the first manufacturer to certify a range of tiles under the "NF Montagne" (NF Mountain) standard, which is more stringent than NF for frost resistance.

Sales organization

Clay roof tiles

Imerys TC is structured into sales regions for each product range for optimum responsiveness.

Every customer has a single sales contact in charge of all processes from ordering through to delivery. In parallel, Imerys TC offers a set of related services for its customers and end users and implements a sharply-focused communication strategy through the Roof Tile Encyclopedia and specific websites: *www.imerys-toiture.com* (roofing), as well as a website for solar products, *www.imerys-solaire.com*, and a roofing portal *www.e-toiture.com.*

Imerys TC provides essential training in five dedicated centers to develop roofing trades using clay products. Building professionals are trained every year in tile fitting techniques and the installation of photovoltaic roofing systems thanks to Quali PV Bat qualification programs. In 2013, two additional training sessions, "Bardage" and "Evolu'PV", have been implemented in partnership with AFPA[1].

Furthermore, Imerys TC supports good citizenship initiatives through its partnership with Architectes de l'Urgence (emergency architects).

Slates

Ardoisières d'Angers' sales and marketing organization is based on five regional sectors and promotional actions close for prescribers.

(1) AFPA: Association Nationale pour la Formation Professionnelle des Adultes (French association for vocational training for adults).

1.5.3 MINERALS FOR CERAMICS

The Minerals for Ceramics activity (or Imerys Ceramics), is a world leading supplier of industrial mineral solutions, from minerals to full prepared bodies for the sanitaryware, tile and tableware industries, together with a competitive offering for technical ceramics applications and the glass industry including fiber glass. The activity also addresses electrometallurgy, energy and some building applications.

Imerys Ceramics' unique product range is based on:

- high-quality reserves of minerals in Europe, the Middle East, Asia and the Americas;
- strong processing skills and application know-how, supported by a network of competitive industrial facilities;
- innovation and technical support based on a global network of R&D centers and regional laboratories;
- key brands with worldwide recognition in the industry for their product quality and production processes.

In 2013, the activity continued to accelerate its geographic expansion through a series of developments:

- a new multi-mineral formulation and refining platform in Egypt was unveiled. This platform started operating in November and mainly addresses the local sanitaryware and floor tiles markets with specific references and blends;
- in India (Gujarat), the Nadiad platform developed new blends for the floor tiles market. This product range, named "Certiwhite" is already enjoying considerable success;
- in Thailand, Imerys Ceramics has confirmed the increase in its business, mainly with the construction of a multi-mineral platform which serves the ceramic industries located in the Saraburi area;
- in Europe, Imerys Ceramics expanded its grinding and milling activity. The kaolin milling site which is based in Antwerp (Belgium), will enable the European reinforcement fiberglass producers to benefit from tailor-made solutions and logistics;
- in Brazil, Imerys Ceramics developed the Capim CR kaolin range using the kaolin reserves exploited by the Kaolin activity (Filtration & Performance Additives business group) in the Amazon delta to chiefly address the floor tiles market and is studying the possibility to also serve the sanitaryware industry.

PRODUCTS

As a market reference, Imerys Ceramics is a global supplier of mineral specialties proposing the widest range of minerals for the ceramic industries worldwide. The activity processes a large range of minerals (of which ball clay, feldspar, kaolin, halloysite, talc, mica, pegmatite and quartz) and sells comprehensive mineral solutions in different forms tailored to its customers' needs: granulates, slurries, specialized tableware or sanitaryware bodies, engobe pre-blends, steatite or cordierite bodies, high alumina bodies, micronized alumina, glaze formulations etc.

For a detailed presentation of those minerals and products, *see chapter 1, section 1.7 of the Registration Document*.

APPLICATIONS

The Minerals for Ceramics activity provides premium quality minerals and ceramic bodies for traditional and technical ceramic applications. Sustained by extensive R&D programs and highly-knowledgeable sales forces, Imerys Ceramics' business has started exploring new areas beyond the traditional ceramics markets. A number of developments are on-going in technical ceramics (automotive industry, electro-porcelain, photovoltaic applications for solar energy), glass, reinforcement fiberglass and building related industries. In 2013, the Minerals for Ceramics activity launched Keraviva™, a ceramic coating for cement. For more information about R&D and innovation, *see chapter 1, section 1.8 of the Registration Document.*

Traditional ceramics

Floor and wall tiles

Imerys Ceramics offers a large range of high quality minerals solutions for tiles bodies, frits[(1)], glazes and engobes – from the conversion of ball clays, talc, feldspars, sands, feldspathic sands and white kaolins used to manufacture floor or wall tile bodies. The Zirex product range enables the partial substitution of zirconium silicate in formulations and consequently to reduce the production costs of some floor tiles.

Sanitaryware

With the largest product portfolio on the market (ball clay, chamotte, kaolin, feldspar and prepared bodies), Imerys Ceramics is the world leader in minerals for sanitaryware manufacturing. The range includes the traditional vitreous china, but also specific solutions for fire clay products, such as the newly developed Super Fine Fire Clay body for high-end sanitaryware applications.

Tableware

Imerys Ceramics provides a comprehensive range of minerals, ceramic bodies and glazes suitable for all types of high-quality white wares. The activity is the European leader for prepared bodies for porcelain tableware and a world leader in high-end tableware minerals, including halloysite used in fine porcelain.

(1) Frits: a ceramic composition that has been fused, quenched to form a glass and granulated. The heat welds the grains together, making the part cohesive.

Technical ceramics

Automotive industry

With high-quality kaolin and talc deposits on several continents, Imerys Ceramics sells a unique range of high-quality minerals to the global ceramic automotive catalyst support and diesel particle filter industry. At the same time, Imerys Ceramics provides a comprehensive range of full prepared bodies, steatite, cordierite or high alumina designed for the demanding needs of a diversity of applications.

Electrical porcelain

Imerys Ceramics manufactures highly consistent mineral solutions, specifically tailored to match the highest expectations of the electro porcelain insulator manufacturers, which are a key advantage for this technically demanding industry.

Photovoltaic applications for solar energy

Within the framework of the Quartz Corp joint venture, Imerys quartz is transformed into a high-purity product. This material is required for manufacturing high-purity crucibles essential to the production of silicon used in photovoltaic cells for solar panels and electronic components.

Other markets

Electrometallurgy

Imerys Ceramics mines and processes quartz pebbles mainly used in the production of ferroalloys and ferro-silicon, for special steel alloys and silicon production.

Thermal power plant boiler additives

Imerys Ceramics has developed a combustion enhancing solution for increased heat and power boiler efficiency, marketed under the Aurora™ brand.

Construction

The product range is composed of granulates for construction and public works, and specialties made of feldspar and kaolin for the cement industry as well as clays for making sealing and containment barriers.

Glass and related markets

Imerys Ceramics products are made of feldspar for flat and container glass, as well as for insulation fibers.

Reinforcement fiberglass

Imerys Ceramics has developed a specific offering of kaolins for the reinforcement fiberglass industry, more particularly in the American continent (Brazil), Europe and Asia.

Processing solutions

Imerys Ceramics also provides a variety of solutions to process hard or soft industrial minerals at French and Spanish production sites. In 2012, part of its assets in Southern France were converted to alumina micronizing, where Imerys Ceramics now has one of the largest production units in Europe for all kind of alumina processing.

MARKETS

Market trends

The performance of the ceramic, sanitaryware and tiles markets, mostly construction related, has been contrasted since 2011: dynamic in emerging countries, markets improved progressively in North America including Mexico, while it has remained weak in most Western European countries. Imerys Ceramics nonetheless improved its sales thanks to increased efforts in areas such as South America, India and Southeast Asia. Those regions registered strong growth in 2013, demonstrating the validity of the geographic expansion strategy implemented by the activity over the last couple of years.

In 2013, the tableware industry confirmed the upturn already experienced in 2011, with strong markets in Europe and the Mediterranean, thanks to the sector's creativeness and the slowdown of Chinese imports.

Trends were positive in technical ceramics and other markets, except in solar applications where markets have been extremely slow, notably in China.

Imerys Ceramics performed relatively well in the difficult flat glass market and has accelerated the launch of new products: a feldspar production unit came on stream in Turkey at the end of 2013 to serve this market.

In 2013, Imerys Ceramics has developed new kaolin references for reinforcement fiberglass. Used in the aerospace, automotive and construction industries, reinforcement fiberglass represents a growing international market.

Main competitors

Sibelco group (Belgium); Lasselsberger and Sedlecky Kaolin (Czech Republic); Soka (France); Quarzwerke Group, Stephan Schmidt (Germany); Gruppo Minerali Maffei (Italy); Mota (Portugal); Burella and Ecesa (Spain); Unimin, Active Minerals and Spinks (United States) and various local feldspar (Turkey) or clay (Ukraine) producers.

INDUSTRIAL FACILITIES, QUALITY AND SALES ORGANIZATION

Industrial facilities

Minerals for Ceramics has 54 industrial facilities in 17 countries:

	Europe	MENA(1)	Americas	Asia-Pacific
Kaolin	5		3	2
Clays	9		2	1
Ceramic bodies	8		1	
Feldspar & feldspathic sands	6	1		3
Mica	2			
Quartz	3			
Milling & blending plants	6	1		1

(1) Middle East and North Africa.

Quality

Imerys Ceramics is firmly committed to improving quality: 27 industrial sites are ISO 9001 certified.

Sales organization

Imerys Ceramics has strategic sales bases worldwide and its products are marketed by its own sales teams and by its networks of independent agents and distributors.

1.5.4 KILN FURNITURE

The Kiln Furniture activity develops, designs, produces and globally markets:

- firing supports (shaped parts designed to support the end product during firing);
- components for industrial kilns (refractory protections for kiln car walls and structures) for the ceramics industries.

It has recently developed activities in technical ceramic segments and offers all types of tailor-made ceramic pieces in cordierite, high alumina porcelain, mullite and silicium carbide (N SIC, R SIC, SISIC) thanks to its expertise in manufacturing processes, its design offices in Hungary and Spain, and its cutting-edge knowledge of the various ceramic materials.

Kiln furniture is made of refractory materials (cordierite, mullite, silicon carbide) with the following characteristics:

- resistance to mechanical and thermal impact and creep, in order to protect the end product (roof tiles, ceramic parts) from any distortions or contact reactions and extend the furniture's lifespan;
- light weight, to optimize available firing capacity and reduce energy consumption during the firing process.

APPLICATIONS

The very broad product range covers the specificities required by industrial customers in terms of shape and usage conditions, i.e. temperature, firing cycles, loading and handling systems. The design unit has a CAD system that simulates the furniture's thermal and mechanical performance, behavior and mechanical shock and vibration resistance. This crucial stage in the development process enables the activity to meet the most demanding customers' needs:

- for the roof tile industry: "H" and "U" type firing supports are manufactured and placed on kiln cars to support roof tiles during the long firing period whether carried out in conventional tunnel kilns or intermittent ones. The activity also produces and markets extremely flexible and very lightweight superstructures and construction parts for firing tray systems. After their launch in 2012, the three strengthened and lightweight innovative materials (ZSAII™, Greenlite™ and Versa Tile™) have been adopted by the majority of European tiles producers;
- for the fine ceramics markets: pressed, cast or extruded, individual or stackable furniture are designed for tableware and sanitaryware firing; the activity is market leader for advanced solutions combining several materials (cordierite and silicon carbide for example);
- technical ceramics: extruded or pressed parts for various markets such as environment, petro chemical, grinding media or automotive.

MARKETS

Market trends

The environment for the Kiln Furniture activity, which mainly concerns the European, Asian, Middle Eastern and North African roof tiles and fine ceramics production markets, has been highly competitive in recent years:

- in Western Europe, after a significant decrease in 2012 in the renewal and new projects of kiln furniture for roof tiles, 2013 benefited from a slight recovery of the building market and investments (complete renovation of production lines or new lines). The year 2013 has grown in kiln furniture for tableware, benefiting from transfers of production from the Far East to South Europe;
- in emerging countries, replacement business was stable in 2013 and has not benefited from investments in new production lines (tiles and fine ceramics) because of the weakness of final demand on these markets.

Main competitors

Beijing Trend (China); Saint-Gobain (Germany); Burton (Germany and Hungary); HK-Ceram LTD (Hungary), Icra (Italy).

INDUSTRIAL FACILITIES, QUALITY AND SALES ORGANIZATION

Industrial facilities

The Kiln Furniture activity has three industrial facilities in three countries:

Europe	Asia-Pacific
2	1

Quality

All Kiln Furniture units are ISO 9001 certified.

Sales organization

Imerys Kiln Furniture products are sold using direct sales forces located in its main regions and strengthened, where necessary, by an international network of agents and distributors.

1.6 HIGH RESISTANCE MINERALS

The High Resistance Minerals business group is a global business structured around the following two activities:

- Refractory Minerals;
- Fused Minerals.

The business group leverages on high quality mineral reserves and on sophisticated manufacturing processes for high-temperature operations, to offer mineral based specialties with key functionalities: refractoriness, abrasiveness, mechanical resistance, purity, conductivity etc.

The High Resistance Minerals business group is positioned upstream of the industrial equipment chain (steel production, industrial and automotive sectors).

The business group continues to invest in R&D to increase its exposure to growth markets, by relying namely on the Center for Abrasives and Refractories Research and Development (C.A.R.R.D, Austria).

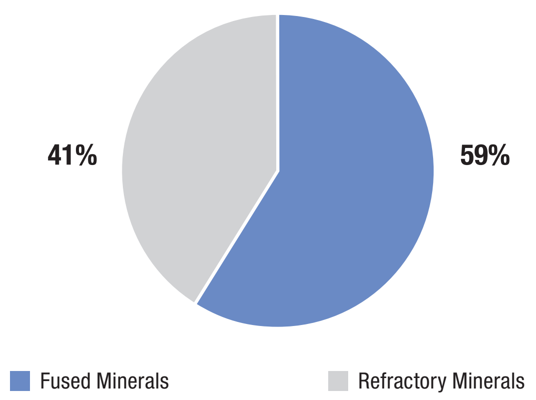
For more information about R&D and innovation, *see chapter 1, section 1.8 of the Registration Document.*

In 2013, the Fused Minerals activity completed the building of a white-fused aluminum oxide production plant in Bahrain, through a joint venture that is majority-owned by Imerys alongside the Al Zayani Investments group. This project is Imerys' first industrial base in the Middle-East.

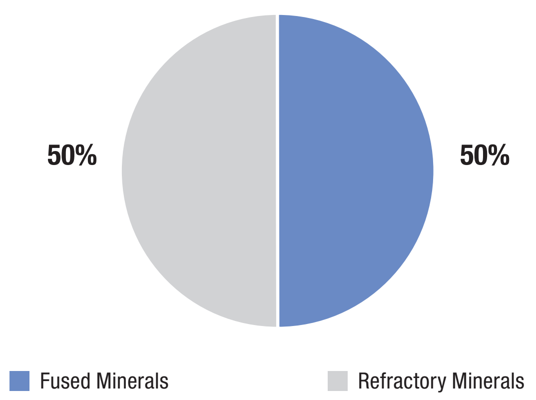
High Resistance Minerals revenue for the year ending December 31, 2013 amounted to €653.8 million, representing 17% of Imerys' consolidated revenue.

The business group includes 34 industrial sites in 12 countries.

2013 revenue: €654 million



3,210 employees as of December 31, 2013



(€ millions)	**2013**	**2012**	**2011**
Revenue	653.8	743.8	768.1
Current operating income	70.1	95.3	107.7
Current operating margin	10.7%	12.8%	14.0%
Booked capital expenditure	61.1	49.6	67.6

For more information, *see chapter 2, section 2.1.3 of the Registration Document.*

1.6.1 BUSINESS GROUP OVERVIEW

Business	Markets	Market positions[1]	Main applications	Products
REFRACTORY MINERALS	Steel Aluminium Construction Cement Glass Aerospace Automotive	**World #1** in alumino-silicate minerals for refractories	**Mineral components for:** Refractory materials Refractory binders **Process enablers for:** Foundry Investment casting	Fused aluminas (white & brown) Andalusite Ball clay Bauxite Bentonite Chamottes/Mullite Metakaolin Fused Silica
FUSED MINERALS	Automotive Energy Aerospace Construction Iron & Steel Foundry Electronical & electrical appliances	**World #1** in fused minerals for abrasives **World #1** in fused zirconia	**Mineral components for:** Surface treatment Sand blasting Refractories Advanced ceramics (oxygen sensors) Heating elements & friction Ceramics Foundry	Fused mullites Fused spinels Fused aluminum oxides Fused magnesium oxides Fused zirconia Silicon carbide Zirconia chemicals Zircon flour Zircon opacifier

(1) Imerys estimates.

1.6.2 REFRACTORY MINERALS

Through its global footprint, unique and extensive raw materials base and well-mastered processing technologies, the Refractory Minerals activity holds a unique and leading global position in the production of minerals for alumino-silicate based refractory solutions in demanding high-temperature acidic and neutral environments.

With its well established and universally recognized products and brands, the activity continues to supply to leading refractory companies in Europe and the United States, where its high product consistency and reliable supply are particularly valued, while growing its presence in other parts of the world.

The activity's broad product portfolio enables it to offer several combinations of functional properties which support the industry's thirst for constant performance enhancement in terms of: refractoriness, thermal conductivity, resistance to various chemical attacks, creep resistance, corrosion resistance, etc.

C.A.R.R.D. center based in Austria, which is shared with the Fused Minerals activity, provides its refractory and investment casting customers with innovative solutions.

For more information about R&D and innovation, *see chapter 1, section 1.8 of the Registration Document.*

The last few years have brought a further expansion of the asset base and commercial presence in the Ukraine, Brazil and China. In this last country, 2011 marked the first full year of production for the Andalusite plant, supported by a dedicated Chinese commercial team. Thanks to the setup of its own sales and technical support teams in the Ukraine, the activity supplies local refractory needs.

To diversify its mineral range, Imerys purchased, in the fourth quarter of 2012, a refractory bauxite deposit in Brazil (State of Pará) from the Vale Group. This mineral is essential to several refractory and abrasive applications.

Since September 2013, the companies DAMREC, C-E Minerals, AGS-Mineraux, IML-Molochite and Vatutinsky Kombinat Vognetryviv (VKV), all subsidiaries of Imerys, operate under one combined brand called Imerys Refractory Minerals in North America and Europe.

This change is designed to improve Imerys customer relationships by better matching the needs of our international customer base with our extensive range of alumino-silicate mineral solutions serving the refractory, foundry, investment casting and other ceramic industries.

PRODUCTS

The products made by Refractory Minerals (manufactured from processed alumino-silicate minerals) are used for their mechanical and chemical resistance and for their thermal properties in various industries in high-temperature applications and processes.

The Refractory Minerals activity's main product lines are:

- **Sintered mullite**, selectively mined and processed in Georgia and Alabama (United States) and marketed globally under the Mulcoa™ brand;
- **Clays and metakaolins** produced in Clérac (France), South Africa as well as Georgia and Alabama (United States);

- **Chamottes** mined and processed in Georgia and Alabama (United States), Clérac (France), South Africa and Vatutinsky (Ukraine);
- **Molochite™** mined and processed in Cornwall (United Kingdom);
- **Andalusite** mined and processed in Brittany (France), South Africa and China; Imerys also owns andalusite reserves in Peru;
- **Alpha Star**™, a high-alumina and high density refractory bauxite produced in China;
- **Fused silica** processed and sized in Tennessee (United States).

Refractory Minerals also supports and supplies (from minerals mined and processed by other Imerys activities or purchased from third parties) several other products used in high-temperature applications and processes, such as foundry and investment casting industries. These include calcium carbonate, diatomite, perlite, graphite, mica, bentonite, ball clays, fused alumina, tabular alumina, fused zirconia and refractory bauxite.

For a detailed presentation of these minerals, *see chapter 1, section 1.7 of the Registration Document.*

APPLICATIONS

The main applications served by the Refractory Minerals activity are:

- **Refractory linings and insulations** for equipment protection in high-temperature industries, such as steel, aluminium, cement, glass, incineration and petrochemicals: Imerys manufactures aggregates used in acidic and neutral refractory materials, both as bricks and monolithics, which will in turn be installed in kilns, furnaces, boilers and incinerators to contain extremely hot substances and resist corrosion, abrasion and other forms of attack. Imerys is the world leader due to the variety and consistency of its products and the global reach of its supply chain;
- **Investment casting:** the activity offers a unique range of products and innovative solutions for foundry, including investment casting and sand casting. The minerals manufactured by the Group are tailored to the specific needs of its customers in terms of purity, particle size distribution and blends;
- **Kiln furniture and sanitaryware:** Imerys refractory materials are not only used in linings but also for the production of refractory shaped products, including kiln furniture for high-temperature processes. In addition, in sanitaryware, the chamottes manufactured by Imerys in Europe allow for the manufacturing of so-called “fine fire clay”, a high-end ceramic material fit for more sophisticated forms than vitreous ceramics. This technique is well established and enjoys growing popularity in Western Europe, particularly in Italy, but is also taking hold in the fast growing Mena (Middle East and North Africa) production centers.

MARKETS

Market trends

In 2013, steel production went through a downturn in many mature markets, with the recessionary environment in Europe weighing on the industrial and automotive sectors in particular. In China, despite higher steel production than in 2012, demand for refractories fell because of the market concentration of major players using lower-consumption technologies. The Indian activity also decreased in certain markets.

On the sanitaryware market, demand for refractories was slightly lower, particularly in Western Europe. Refractories for the aluminum market slumped heavily compared with 2012.

Main competitors

Kaolin AD (Bulgaria); Cluz (Czech Republic); Andalucita (Peru); Andalusite Resources (South Africa); Minco (United States); various Chinese producers and several local competitors in all regions.

INDUSTRIAL FACILITIES, QUALITY AND SALES ORGANIZATION

Industrial facilities

The Refractory Minerals business has 19 industrial facilities in six countries.

	Europe	Americas	Asia-Pacific & Africa
Fused silica		1	
Refractory materials sizing (bauxite & fused white alumina)		1	1
Andalusite	1		6
Bentonite			2
Refractory clays & Chamottes	3		2
Mullite		1	
Molochite™	1		

Quality

14 plants are ISO 9001 certified.

Sales organization

The Refractory Minerals activity is well represented around the globe by its own refractory sales, logistics and technical teams, which are organized by region. In 2012, the in-house Chinese, Brazilian and Ukrainian sales networks were reinforced in order to better serve these growing markets.

1.6.3 FUSED MINERALS

The Fused Minerals activity results from the acquisitions of Treibacher Schleifmittel in 2000, UCM in 2007 and Astron China in 2008. With a strong industrial footprint (China, Europe and Americas) producing a wide range of high-performance products (fused alumina, fused zirconia and fused magnesia), Imerys' Fused Minerals business is the worldwide leader in specialty applications such as abrasives, refractories, technical ceramics, heating elements for the iron & steel, automotive, industrial equipment and construction markets.

The Fused Minerals activity benefits from a unique fusion technology and know-how, which are key to control critical functional properties of its minerals, such as abrasive efficiency, durability, heat dissipation, opacity, color, etc.

The know-how and Research & Development capabilities, within C.A.R.R.D., allow for the development of new mineral solutions and innovations such as sintered rods, a shaped abrasive with increased grinding performance.

For more information regarding R&D and innovation, *see chapter 1, section 1.8 of the Registration Document.*

In 2013, the Fused Minerals activity completed the building of a white-fused aluminum oxide production plant in Bahrain. This project is Imerys' first industrial base in the Middle-East. Capital expenditure for the project, carried out through a joint venture that is majority-owned by Imerys alongside the Al Zayani Investments group, totals some US$30 million. The ramp-up phase is planned throughout 2014.

Since October 2013, Treibacher Schleifmittel Group and UCM Group have unified the name of all of their companies to be named Imerys Fused Minerals. This step to a common brand will increase the visibility of Imerys and will also improve the co-operation and communication with our customers and suppliers.

PRODUCTS

Minerals such as bauxite, alumina, zircon sand and magnesia are sourced outside the Group. They are fused in electric-arc furnaces and then processed into the following main product families:

- **Fused aluminum oxide grains**, also known as corundum, are produced by fusing alumina or calcined bauxite and sold either in macro or micro grains (> or < 70 microns) as an abrasive or refractory mineral due to its superior hardness, mechanical and chemical strength and thermal stability;
- **Fused zirconia**, sold in sized grains or very fine powders (less than one micron), has excellent thermal shock resistance and in its fine form is largely used in pigments;
- **Zircon sand**, milled and processed into flour and opacifiers for the ceramic industry;
- **Zirconium chemicals**, only produced in China through a complex chemical process;
- **Fused magnesia grains** for high-end specialty applications.

For a detailed presentation of these minerals and derived mineral products, *see chapter 1, section 1.7 of the Registration Document.*

APPLICATIONS

The Fused Minerals activity provides its customers high-quality products for various applications:

- **Abrasives:** thanks to their wear resistance and thermal properties, fused aluminum oxides are widely used as abrasives, mainly coming as bonded (abrasive material contained within a matrix, or binder such as grinding and cutting wheels, honing stones, etc.) or coated abrasives (abrasive fixed to a backing materials such as paper, cloth, rubber, etc.). Abrasives are widely used in all industries. Imerys' Fused Minerals activity is the world leader in this application, thanks to a large range of products and their strong functional properties;
- **Refractories:** resisting extreme temperatures (>1,800°C) under harsh physical and chemical conditions, the activity provides various types of refractory minerals, alumina-, zirconia- or magnesia-based showing strong thermal resistance and chemical inertia. These specialty minerals are used for the lining of furnaces in steel, glass and aluminum industries, investment casting, etc.;
- **Technical ceramics** are industrial applications for the ceramic industry. Sophisticated grades of fused alumina and zirconia are used as ceramics components because of their crystalline structure and mechanical strength. These products typically address high value markets and applications such as oxygen sensors, solid oxide fuel cells, etc.;
- **Friction compounds:** micron-sized zirconia and magnesia are used as additives to brake pads in the automotive industry. These products help to modify friction characteristics and reduce brake pad and rotor wear;

- **Heating elements:** electrical grade fused magnesia, thanks to its electrical and thermal properties, is widely used in the production of both heating elements for domestic appliances (cookers, dishwashers, etc.) and industrial applications (galley products, railway heating, industrial boilers, etc.);
- **Other industries:** Imerys Fused Minerals has also developed chemicals (zirconium basic carbonate) for a wide range of applications such as antiperspirants, paint driers, coatings and catalysts.

MARKETS

Market trends

In 2013, the activity was affected by the slowdown on most of its markets. In many mature markets, steel manufacturing was down over the first three quarters compared with the same period in 2012: the recession in Europe hit the industrial and automotive sectors particularly hard. The recent stabilization of the economic environment in Europe was, however, reflected by stronger levels of business at the end of the year, as witnessed by vehicle registrations in this zone in the fourth quarter of 2013 which, for the first time, were up on the previous year. The Fused Zirconia activity continued to be particularly affected by the volatility of zircon sand prices, which reached a price level less than half of the year before. Sales volumes in the United States remained strong for all minerals and applications enjoying the recovery of the domestic market.

Main competitors

- **Fused aluminum oxide (fused alumina, bauxite and magnesia):** Almatis (Europe, United States); 3M (Europe, United States); ALTEO (France); Motim (Hungary); CUMI (India); Tateho (Japan); Penoles (Mexico); Boxitogorsk (Russia); Washington Mills (United States) and various Chinese producers.
- **Fused zirconia and zirconia related products:** Doral (Australia); Asia Zirconium (China); Saint-Gobain (China, France and United States); Tosoh (Japan); Foskor (South Africa); MEL (United Kingdom and United States) and various Chinese producers.

INDUSTRIAL FACILITIES, QUALITY AND SALES ORGANIZATION

Industrial facilities

Fused Minerals has 15 industrial facilities in nine countries.

	Europe & Middle East	Americas	Asia-Pacific
Fused Aluminum Oxide	8	2	1
Fused Zirconia	1	1	2

The UCM Magnesia site based in Alabama (United States) was closed in June 2013. Production was transferred to the Hull site (United Kingdom) to improve industrial efficiency.

Quality

13 industrial sites are ISO 9001 certified, as well as the Centre for Abrasives and Refractories Research and Development (C.A.R.R.D.). The C.A.R.R.D. is a high-technology certified center in Austria.

Sales organization

The activity's products are marketed through its own network of distribution units (including direct sales, as well as agents and distributors) located and focused on each of its main markets.

1.7 MINERALS

In order to supply its processing plants with the broad range of raw materials required to meet its customers' requirements, Imerys operates 115 active mines in numerous countries around the world. The Group actively pursues the replacement and growth of its mineral reserves and resources and continuously works to strengthen its technical expertise in geology, mine planning and mining through training, sharing of expertise and "best practices" across a network of 140 geologists and mining engineers. In 2013 Imerys continued to grow its reserve base in excess of the year's depletion through mining. Notable increases were recorded in the Kaolin operations in Brazil and Carbonates' operations in the United States and Europe. For more information, *see chapter 1, sections 1.4 and 1.3.3 of the Registration Document.*

Since the implementation of **Mineral Reserves and Resources Reporting** in 2002 and the first external audit conducted in 2004 (fair value measurement of minerals reserves and resources as part of the first time adoption of IFRS standards), the policies and procedures in force have been regularly updated. In line with Imerys' internal policy, mineral reserves and resources are audited by internal and external auditors on a regular basis. The ongoing program of geological audits continues to show improvement in mineral reserve management processes and accuracy of reporting. The mineral reserves and resources published in this Registration Document are prepared in line with internationally accepted standards of reporting. They are prepared and subject to verification, taking into consideration the relevant framework in each reporting entity.

1.7.1 IMERYS MINERALS

MINERALS MINED BY IMERYS

When identified as an important advantage to Imerys, mine development and integration into production is implemented. The geological origins, specific properties, final applications and ore body locations of each mineral mined or processed by Imerys are presented below.

Andalusite is a naturally occurring alumino-silicate mineral containing up to 60% alumina that transforms into mullite when heated to 1,350°C. Imerys mines high-quality andalusite deposits are located in China, France, Peru and South Africa. This refractory mineral offers properties such as high resistance to degradation in extreme temperatures and harsh operating conditions, as well as resistance to mechanical failure and corrosion. It is used for the processing of high-quality acid refractory products with high-alumina content.

Ball clays are very fine-grained sedimentary clays with high plasticity properties used in ceramic applications. After extraction, the clay materials are selected, processed and blended to provide the desired performances. The specific properties of these materials include good rheological stability for casting applications for sanitaryware, high plasticity and strength for tableware, tiles and electrical porcelain applications. Ball clays are also used in the rubber industry and in refractory sectors. Imerys' main ball clay mines are found in France at numerous locations (Charentes, Indre, Allier and Provins basins), in the United Kingdom (Devon and Dorset), the United States (Kentucky, Mississippi and Tennessee) and in Thailand (Lampang Province).

Bauxite and **bauxitic kaolin** are minerals found in sedimentary deposits. Imerys products have the unique characteristic of being low in iron content. They are used in a wide range of refractory products. Group deposits are located in Brazil (State of Pará) and the United States (Alabama and Georgia). Those refractory minerals offer specific properties, such as high resistance to degradation in extreme temperatures and harsh operating conditions, as well as resistance to mechanical failure and corrosion.

Bentonite is an alumino-silicate sedimentary clay with high rheological and absorbent properties. After processing, bentonite finds applications in foundry sands, oil well drilling, ore pelletizing as well as in sealants, adhesives, ceramic bodies and cosmetics. The Group's bentonite mines are located in South Africa.

Diatomite is a special sedimentary silica mineral resulting from the accumulation of skeletal remains of microscopic freshwater or marine plants called diatoms. Diatomite is a naturally occurring raw material with exceptional qualities: low density, high surface area and high porosity. The unique properties of these Imerys products are sought after in many applications, particularly as filtration aids and as functional additives in performance minerals applications, such as paint. Imerys' diatomaceous earth mines are located in Chile, China, France, Mexico, Peru, Spain, and the United States (California, Washington, Nevada).

Feldspar is a group of naturally occurring alumino-silicate minerals containing varying amounts of potassium, sodium, calcium and/or lithium. These minerals are known for their fluxing properties and application in ceramic bodies and in the glass industry. Feldspars of different mineralogical and chemical compositions impart specific properties to a wide range of final products. In powder form, feldspar also serves as a hardening agent in plastic applications and is also used in paints, coatings and rubbers. The Group's main feldspar operations are in France (Burgundy, Allier, Pyrénées-Orientales), Germany (Bavaria), India (Andrah Pradesh), Portugal, Spain (Caceres – Estremadura, Salamanca and Valencia regions), and Turkey.

Ground calcium carbonate (GCC) is produced from chalk, limestone or marble. GCC is obtained by grinding calcium carbonate materials mined from open cast quarries or underground mines. With further processing applied, certain properties are developed to improve the physical characteristics of end products. GCC is renowned for its whiteness and alkaline properties. GCC is used mainly as a filler or coating pigment in the paper industry. It also has applications in performance mineral applications, such as paints and coatings, plastics, sealants, air purification and the environment. The Group's extensive calcium carbonate reserves are located in Brazil, China, France, Greece, Italy, Malaysia, Mexico, North America (Alabama, Maryland and Arizona), Tunisia, Turkey, the United Kingdom and Vietnam.

Graphite is one of the crystalline forms of carbon, with a micaceous aspect. Natural graphite is produced by Imerys from the Lac-des-Îles mine in Canada (Quebec Province) – the largest graphite mine in North America. Customers are supplied worldwide in the mobile energy, engineering materials, additives for polymers, lubricants, refractories and metallurgy sectors.

Kaolin is predominantly composed of kaolinite, a white hydrated alumino-silicate clay mineral, which is derived from the geologic alteration of granite or similar rock types. It is mined from either primary deposits such as in Cornwall (United Kingdom) or in secondary or sedimentary deposits such as in Sandersville area, Georgia (USA) and in Brazil (State of Pará). Also known as china clay, kaolin is mined in open cast mines or quarries.

Specific processes impart kaolin targeted properties for a variety of end uses. These include paper where whiteness and opacity as well as gloss, smoothness and printability are sought-after properties. Kaolins are also used in performance minerals applications (paint, rubber, plastics and sealants). Finally, kaolins find applications in a wide range of ceramics: super-white tableware, sanitaryware and floor tiles, fiberglass and automotive catalyst support. For a number of applications, kaolin is calcined and then processed further. Calcination transforms kaolin at high temperature (700-1,200°C) into a whiter and inert mineral (metakaolin) for end use in performance minerals, refractories and ceramics applications. **Halloysite** is a high-quality kaolin type very white clay mineral, especially sought-after by tableware producers worldwide for its translucent effect for their fine porcelain range.

Mines are located in various regions around the world and Imerys is the only producer that is active in all three major high-quality kaolin for paper producing areas. Each location offers its own unique and specific characteristics: the United Kingdom (Cornwall) for filler kaolins; the United States (Georgia) for paper and board coating applications and opacifying effects; and Brazil (the Amazon Basin) for coating applications due to its fine, steep particle size distribution.

For performance minerals and ceramics, Imerys mines outstanding kaolin reserves located in Australia (Victoria), France (Brittany and Allier), Thailand (Ranong Province), Ukraine (Donetsk), the United Kingdom (Cornwall) and the United States (South Carolina and Georgia). The Group exploits Halloysite deposits in New Zealand.

Mica (Muscovite and Phlogopite mica): the term "mica" covers a group of alumino-silicate platey minerals, each with its own physical and chemical characteristics. They are distinguished from other minerals by their insulation and elasticity properties. Mica imparts thermal stability, resistance to heat, moisture and light transmission in coatings, while offering decorative effects. Mica also increases durability characteristics of plastic composites used in automotive applications. Imerys produces mica from its mines in Canada (Quebec Province) and in the United States (North Carolina) and as a by-product of kaolin and feldspar mining in France (Brittany and Burgundy).

Perlite is a specific type of volcanic rock, containing between 2% and 5% of natural combined water. When processed and subsequently heated, the water converts instantaneously to steam and the perlite explodes like popcorn, expanding up to 20 times its original volume and creating a multi-cellular material with large surface area and corresponding low density. Perlite is a naturally occurring raw material with exceptional qualities: low density, high surface area and high porosity. The unique properties are sought after in many applications, including process aids in filtration applications and functional additives in performance minerals applications, such as paint. Perlite mines are located in Argentina, Chile, Turkey and the United States (New Mexico, Arizona and Utah).

Quartz is the most common mineral on earth and present in almost all mineral environments as an essential component of many rock types. Imerys mines high-purity quartz (>99.8% silica) in two forms: block (quartz boulders) and gravels; both offer similar properties: strength, refractoriness, wear resistance required in tile making and ornaments. Silicon and ferro silicon, for which quartz is the basic raw material, are used in special steel alloys. Quartz is also the basic raw material for silicone and silane based chemicals. Imerys produces quartz from pure quartz deposits in France (Lot, Dordogne) and Sweden, or as a by-product of kaolin. Quartz is also available in a range of colors to supply a variety of markets as decorative stones and in the building industry.

Red clays are composed of assemblages of clay minerals and oxides of sedimentary origin which develop a red color when fired. They are used to make building materials (roof tiles and accessories) and meet specific requirements in terms of particle size distribution, plasticity and extrusion properties before firing, as well as good performance during drying and firing. Extensive reserves of clay with sought-after properties are located close to the Building Materials' production facilities in France.

Refractory clay occurs as hard to soft and often carbon-rich fine kaolin that produces upon processing and calcination, a high-density refractory material commonly called "chamotte" which has specialized refractory and ceramic applications. Imerys' refractory clay deposits are located in France, South Africa, the Ukraine and the United States (Georgia). Refractory clay properties include high resistance to degradation in extreme temperatures and harsh operating conditions, as well as resistance to mechanical failure and corrosion.

Slates are extracted by Imerys from an underground mine in France (Angers). This operation is highly specialized in the extraction and processing of natural high quality slate, which is prized for roofing of prestigious buildings.

Talc is a hydrated magnesium silicate. It is mostly produced in open cast mines. The ore is mined selectively and beneficiated by manual, optical or friction sorting at lump or chip size or by froth flotation after milling. Almost every talc deposit is unique in terms of its crystal and morphological structure, surface chemistry, accessory minerals and brightness; this results in different deposits being more suited for specific application and Imerys has developed special processing techniques and product formats to suit those various end uses. The major uses are in polymers (mainly polypropylene) for reinforcing automotive parts; in industrial paint for corrosion resistance and rheology; and in paper as a coating or filler pigment and in pulp for pitch control. In cosmetics, talc is used as a body powder. Finally, talc is a fluxing and conditioning agent for ceramics. Imerys mines talc in Australia, Austria, Canada, France, Italy and the United States (Montana, Vermont).

Vermiculite is a hydrated micaceous mineral, which expands considerably when heated. Applications are essentially in horticulture and heat insulation. Vermiculite is produced from the Group's mine located in Zimbabwe (Shawa).

OTHER MINERALS PROCESSED BY IMERYS AND DERIVED MINERAL PRODUCTS

In addition to minerals that Imerys mines from its own mineral reserves, the Group sources raw materials that it processes to provide the following specialties:

Bauxite and **alumina** are transformed by fusion in electric arc furnaces into various **synthetic corundum** products for the production of powders for abrasive applications. Plants are located in China, Europe, North and South America.

Carbon black, an ultra-fine carbon powder, is produced in Belgium from selected, very high-quality, externally sourced natural carbon raw materials. It is used as a conductive additive in lithium-ion batteries.

Lime is produced chemically from natural limestone, which is burnt. Lime's main applications are steel industry, water treatment, sugar industry, flue gas desulfurization, building industry and PCC production. Imerys produces lime from Brazil with a very pure limestone of a remarkable brightness and from Mexico with a very good deposit with low heavy metal content aimed at pharmaceutical and food applications.

Magnesite after calcination in suppliers' transformation plants produces dead burnt magnesite, which is a high performance refractory material in basic refractory applications. Dead burnt magnesite finds application in basic refractory mixes and mortars specially prepared for incorporation in monolithic refractory products and applications. **Electrical grade magnesia** is produced from externally purchased highest quality dead burned magnesite and has high electrical resistance properties. As a result of the high temperature of calcination and its poor heat conductivity it is ideally suited for the preparation of insulation materials in the manufacture of domestic and industrial sheathed heating elements. Transformation plants are located in the United Kingdom and the United States.

Precipitated calcium carbonate (PCC) is produced chemically from natural limestone, which is burnt to form lime, hydrated and then re-precipitated by adding carbon dioxide. This controlled process delivers a pigment with well-defined shape and size parameters and excellent optical properties. PCC is mainly used in the paper industry (filling and coating applications) as well as in performance minerals applications such as paint, coatings and plastics. Imerys produces PCC-based filler and coating pigments from sourced burnt lime in its plants in Argentina, Brazil, China, India, Indonesia, the United States and Sweden.

Silicon carbide is a by-product of graphite production with high wear resistance and refractory properties. Imerys' production facilities are in Switzerland.

Imerys produces a range of high-quality **synthetic graphite** through a complex process of heat treatment of petroleum coke at very high temperatures. The plant is located in Switzerland.

Zircon is one of the minerals found in heavy mineral sand sedimentary deposits derived from the alteration of granitic or alkaline rocks. Zircon's main characteristics are its opacifying properties in ceramics, a very high fusion temperature (above 1,800°C) and its hardness.

Zircon is sourced from various sources and is finely milled in Imerys' facilities and sold as various grades of zircon flour. After transformation in electric arc furnaces, followed by grinding and classification, it is sold in various zircon-based product and zirconium silicate, used in high-temperature industries such as casting, refractories, and ceramics. Fused and chemical zirconias are specialty products with applications in the ceramics, refractories, electronics, paper, leather and paint industries, as well as in chemical catalysts, vehicle exhausts, catalytic converters, heat-resistant and abrasive coatings and advanced ceramics. Zircon sand is processed in China, Germany and the United States.

Minerals purchased outside the Group are not part of mineral reporting presented in *sections 1.7.2. and 1.7.3. below*.

1.7.2 MINERAL REPORTING PRINCIPLES APPLIED BY IMERYS

IMERYS MINING ORGANIZATION AND REGULATORY FRAMEWORK

Imerys' team of geologists ensures long-term access to quality deposits by conducting the necessary exploration work on deposits owned by Imerys or secured under long-term leases in order to establish a long-term vision at each operation.

Imerys' reporting on mineral reserves and resources is conducted by "Competent Persons" who are duly appointed and responsible for reporting in compliance with the PERC Reporting Standard (2013)[(1)].

Applicable since January 1, 2009 to companies based in mainland Europe, the United Kingdom and Ireland, the PERC Reporting Standard replaces the 2001 Reporting Code[(2)]. The PERC Reporting Standard factors in the recent improvements made to Australian, South African, Canadian and other countries' reporting codes and forms the new international benchmark. In particular, reporting rules have been reviewed and adapted to incorporate a section on the reporting specificities of industrial minerals, thereby establishing a reference framework for this sector.

Similar codes, including JORC (Australia), Samrec[(3)] (South Africa), SME Industry Guide 7 (United States), the Canadian Institute of Mining's definitions as required under N143-101, the Certification Code (Chile), NAEN Code (Russia) and specific Codes for Peru and the Philippines, all in compliance with CRIRSCO's[(4)] International Reporting Template, form best practices and have been adopted as reporting standards by the mining industry in the Western world.

A central register of "Competent Persons" is kept at the Group level. Each "Competent Person" has signed a declaration authorizing the compilation of the estimates reported in public reports. A copy of the signed declarations is kept in the "Competent Persons" register.

DEFINITIONS

Minerals, when discovered, become a Mineral Resource if they have the potential to be eventually exploited economically. Resources can be inferred, indicated or measured, depending on the knowledge level of the deposit. When all conditions are met for that Resource to be economically mined, it becomes a Mineral Reserve (Probable or Proved Mineral Reserve, according to the level of geological confidence).

Mineral Resources

A **Mineral Resource** is a concentration or occurrence of material of economic interest in or on the Earth's crust in such form, quality and quantity that there are reasonable prospects for eventual economic extraction. The location, grade, continuity and other geological characteristics are known, estimated or interpreted from specific geological evidence and knowledge. Mineral Resources are subdivided in order of increasing geological confidence into Inferred, Indicated and Measured.

An **Inferred Mineral Resource** is the part of a Mineral Resource for which quantity and grade can be estimated with a low level of confidence. It is inferred from geological evidence and assumed but not verified to confirm geological and/or grade continuity. It is based on information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes which is limited or of uncertain quality and reliability.

An **Indicated Mineral Resource** is the part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a reasonable level of confidence. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are too widely or inappropriately spaced to confirm geological and/or grade continuity but are spaced closely enough for continuity to be assumed.

A **Measured Mineral Resource** is that part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a high level of confidence. It is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are spaced closely enough to confirm geological and grade continuity.

Mineral Reserves

The **Mineral Reserve** is the economically exploitable part of an ore deposit previously defined as a Measured or Indicated Resource under realistically assumed present and forecast economic, market, legal, environmental, social and government factors. These assessments demonstrate at the time of reporting that exploitation is justified. Mineral Reserves are sub-divided in order of increasing confidence into Probable Mineral Reserves and Proven Mineral Reserves.

(1) The Pan-European Standard for Reporting Exploration Results, Resources and Reserves is referred to as the "PERC Reporting Standard" and is published by the Pan-European Reserves and Resources Committee (PERC).
(2) 2001 Reporting Code: Code for reporting of Mineral Exploration Results, Mineral Resources and Mineral Reserves.
(3) Samrec: South African Code for Reporting of Exploration Results, Mineral Resources and Mineral Reserves.
(4) CRIRSCO: Committee for Mineral Reserves International Reporting Standards.

A **Probable Mineral Reserve** is the economically mineable part of an Indicated and in some circumstances a Measured Mineral Resource, whereas a Proven Mineral Reserve is the economically mineable part of a Measured Mineral Resource.

Proved Mineral Reserves represent the highest confidence level of the estimates.

MINE PLANNING/MINING

Once all the factors necessary to establish a mine are taken into consideration in a feasibility study, a mining project is developed to supply ore to processing plants. Those plants beneficiate and transform these materials into final products tailored to the needs of the Group's customers. Imerys products are produced either from mines, where mineral rights are owned directly by the Group, or through long-term leases, notably in countries where the rights to minerals are vested in the states. A 20-year vision of reserves and supporting resources has been established within the Group for all operations to ensure the continuity of supply of materials to processing plants. This forward vision provides sufficient lead time to establish new or alternate sources of supply of processable ore. This mine planning ensures long-term continuity in the products supplied and provides a sound base for new product development.

AUDIT

In order to ensure Group-wide consistency and compliance with reserves and resources reporting requirements, internal and external audits are conducted on a three to five year basis. Internal audits are carried out by an experienced Group geologist having no subordination connection to the audited sites. They are designed to ensure compliance with the PERC Reporting Standard and Group policy and also to provide best practices for continuous improvement in the management and operation of the Groups' mineral deposits. Lastly, the Audit Committee examines the results of Imerys' reporting on mineral reserves and resources.

RISKS AND UNCERTAINTIES

Mineral reserves and resources are estimates of the size and quality of ore deposits based on currently available technical, economic, market and other parameters. Due to unforeseen changes in these parameters and the uncertainty inherently associated with resource evaluation, no assurance can be given that the estimates of mineral reserves and resources shown in the table below will be recovered as anticipated by the Group.

With continued geological exploration and evaluation, mineral reserves and resources may change significantly, either positively or negatively.

To date, there are no known environmental, authorization, legal, ownership, political or other relevant issues that could materially adversely affect the estimates in these tables.

Please refer to *chapter 4, section 4.1.1 of the Registration Document.*

1.7.3 MINERAL RESERVES

In line with the special conditions relating to the "Reporting of industrial minerals, dimension stone and aggregates" in the PERC Reporting Standard, categories of mineral types have been grouped together to protect commercially sensitive information for the purpose of Imerys' public reporting of its mineral reserves and resources.

Due to aggregation, it is not possible to give the lifespan of each mine. However, based on the geological work done and modifying factors applied, the Group foresees that its mineral reserves and resources will be adequate to sustain the long-term operation of its activities at the current annual production rate, using existing technology and under present and forecast market and economic conditions.

Reserves are quoted in addition to resources as on December 31, 2013 and are stated on the basis of thousands of metric tons of dry, sellable product. Estimates for 2012 are shown for the sake of comparison.

Ongoing exploration work, geological assessments and mining activities, as well as changes in ownership of certain mineral rights due to acquisitions or sales, are reflected in the movements of the estimates reported for 2013 against those reported for 2012.

Mining assets amount to €428.2 million as of December 31, 2013 (€493.4 million as of December 31, 2012). In accordance with accounting rules, mineral reserves assets are accounted for at historical cost. They are measured initially at acquisition cost and subsequently at cost decreased by accumulated depreciation and impairment losses. Depreciation is estimated on the basis of actual extraction.

For more information, see notes 4.11, 17 and 18 to the consolidated financial statements.

MINERAL RESERVES ESTIMATES (AS OF 12/31/2013 VS. 12/31/2012)

Product	Region	Proved	Probable	Total	Proved	Probable	Total
		2013 *(kt)*			2012 *(kt)*		
Ball clays	Asia/Pacific	877	-	877	899	-	899
	Europe incl. Africa	8,665	4,273	12,938	8,304	4,415	12,719
	North America	4,387	787	5,174	4,687	1,695	6,382
	Total	**13,929**	**5,060**	**18,989**	**13,890**	**6,110**	**20,000**
Carbonates (calcite, marble, chalk, limestone, dolomite & dimension stone)	Asia/Pacific	999	38,448	39,447	1,589	37,426	39,015
	Europe incl. Africa	5,243	28,778	34,021	5,824	24,278	30,102
	North America	114,059	52,425	166,484	116,482	41,686	158,168
	South America	117	8,230	8,347	610	6,800	7,410
	Total	**120,418**	**127,881**	**248,299**	**124,505**	**110,190**	**234,695**
Clays (roof tile raw materials)	Europe	17,576	36,259	53,835	85,343	1,959	87,302
	Total	**17,576**	**36,259**	**53,835**	**85,343**	**1,959**	**87,302**
Feldspar, feldspathic sand & pegmatite	Asia/Pacific	-	30	30	99	59	158
	Europe	19,165	8,970	28,135	17,122	9,469	26,591
	North America	-	-	-	25	-	25
	Total	**19,165**	**9,000**	**28,165**	**17,246**	**9,528**	**26,774**
Kaolin	Asia/Pacific	90	2,305	2,395	95	2,400	2,495
	Europe	2,969	18,658	21,627	6,732	17,447	24,179
	North America	26,755	12,798	39,553	26,695	12,040	38,735
	South America	20,892	21,616	42,508	22,769	14,865	37,634
	Total	**50,706**	**55,377**	**106,083**	**56,291**	**46,752**	**103,043**
Minerals for Filtration (perlite & diatomite)	Asia/Pacific	-	25	25	-	51	51
	Europe	203	480	683	251	486	737
	North America	35,411	8,825	44,236	30,955	9,595	40,550
	South America	779	783	1,562	801	808	1,609
	Total	**36,393**	**10,113**	**46,506**	**32,007**	**10,940**	**42,947**
Refractory Minerals (andalusite, quartzite, bauxite, bauxitic kaolin, refractory clays & kaolin)	Asia/Pacific	-	446	446	-	691	691
	Europe incl. Africa	3,838	2,058	5,896	4,170	1,964	6,134
	North America	2,422	1,747	4,169	5,301	-	5,301
	South America	0	1,601	1,601	-	1,601	1,601
	Total	**6,260**	**5,852**	**12,112**	**9,471**	**4,256**	**13,727**
Talc	Asia/Pacific	2,771	464	3,235	3,092	497	3,589
	Europe	7,566	2,888	10,454	8,139	2,620	10,759
	North America	15,936	4,830	20,766	14,799	5,671	20,470
	Total	**26,273**	**8,182**	**34,455**	**26,030**	**8,788**	**34,818**
Other minerals (bentonite, vermiculite, quartz, slate, graphite)	**Total**	**2,801**	**852**	**3,653**	**2,685**	**682**	**3,367**

In addition to the normal activities of production, exploration, transfers from resources and reassessments, changes occurred due to the sale of the Imerys Structure sites in Europe (clays), reassessments at sites in the United States and Europe (Carbonates and Feldspar) and a significant transfer from resources at two sites in South America (Kaolin).

MINERAL RESOURCES ESTIMATES (AS OF 12/31/2013 VS. 12/31/2012)

Product	Region	Measured	Indicated	Inferred	Total	Measured	Indicated	Inferred	Total
		2013 *(kt)*				2012 *(kt)*			
Ball clays	Asia/Pacific	61	-	-	61	61	-	-	61
	Europe incl. Africa	10,328	2,207	306	12,841	9,113	2,336	270	11,719
	North America	7,458	11,505	12,067	31,030	8,743	11,775	11,932	32,450
	Total	**17,847**	**13,712**	**12,373**	**43,932**	**17,917**	**14,111**	**12,202**	**44,230**
Carbonates (calcite, marble, chalk, limestone, dolomite & dimension stone)	Asia/Pacific	-	29,051	11,101	40,152	-	30,451	11,101	41,552
	Europe incl. Africa	2,226	4,803	50,701	57,730	2,226	3,518	57,213	62,957
	North America	57,183	135,432	92,732	285,347	57,036	122,409	92,732	272,177
	South America	2,120	9,495	8,520	20,135	-	12,855	4,800	17,655
	Total	**61,529**	**178,781**	**163,054**	**403,364**	**59,262**	**169,233**	**165,846**	**394,341**
Clays (roof tile raw materials)	Europe	15,795	22,225	6,037	44,057	24,521	25,265	-	49,786
	Total	**15,795**	**22,225**	**6,037**	**44,057**	**24,521**	**25,265**	**-**	**49,786**
Feldspar, feldspathic sand & pegmatite	Asia/Pacific	-	80	-	80	-	80	-	80
	Europe	7,165	21,207	21,451	49,823	8,233	21,207	21,451	50,891
	North America	-	230	105	335	-	236	105	341
	Total	**7,165**	**21,517**	**21,556**	**50,238**	**8,233**	**21,523**	**21,556**	**51,312**
Kaolin	Asia/Pacific	81	5,123	2,962	8,166	-	5,162	2,960	8,122
	Europe	296	4,943	7,736	12,975	5,904	7,225	29,400	42,529
	North America	19,755	24,264	30,918	74,937	19,953	22,175	28,297	70,425
	South America	28,380	24,829	21,757	74,966	14,128	54,688	151,163	219,979
	Total	**48,512**	**59,159**	**63,373**	**171,044**	**39,985**	**89,250**	**211,820**	**341,055**
Minerals for Filtration (perlite & diatomite)	Asia/Pacific	90	-	-	90	90	-	-	90
	Europe	63	3,073	7,048	10,184	29	3,896	3,885	7,810
	North America	21,210	29,948	32,392	83,550	20,319	31,302	32,754	84,375
	South America	-	1,021	75,307	76,328	-	1,021	75,307	76,328
	Total	**21,363**	**34,042**	**114,747**	**170,152**	**20,438**	**36,219**	**111,946**	**168,603**
Refractory Minerals (andalusite, quartzite, bauxite, bauxitic kaolin, refractory clays & kaolin)	Asia/Pacific	-	258	-	258	-	52	-	52
	Europe incl. Africa	2,896	1,371	2,294	6,561	3,233	1,371	2,294	6,898
	North America	3,604	8,433	137	12,174	11,174	246	137	11,557
	South America	-	2,097	-	2,097	-	2,097	-	2,097
	Total	**6,500**	**12,159**	**2,431**	**21,090**	**14,407**	**3,766**	**2,431**	**20,604**
Talc	Asia/Pacific	2,481	1,236	4,333	8,050	2,662	1,324	4,292	8,278
	Europe	10,249	9,411	4,006	23,666	10,851	9,798	3,962	24,611
	North America	-	-	3,604	3,604	-	-	5,336	5,336
	Total	**12,730**	**10,647**	**11,943**	**35,320**	**13,513**	**11,122**	**13,590**	**38,225**
Other minerals (bentonite, vermiculite, quartz, slate, graphite)	**Total**	**880**	**5,427**	**4,252**	**10,559**	**1,256**	**5,761**	**4,104**	**11,121**

In addition to the normal activities of exploration, transfers to reserves and reassessments, changes occurred due to the sale of Imerys Structure sites in France (clays) and significant reassessment at sites in Europe and the United States (Kaolin and Carbonates). A significant reduction in inferred resources in South America (Kaolin) was due to a realignment of the resources to the site's strategic objectives.

1.8 INNOVATION

1.8.1 RESEARCH, TECHNOLOGY & INNOVATION

A MARKET-BASED INNOVATION STRATEGY

Imerys is striving to increase its sales on growth markets and is aligning its research and innovation portfolio accordingly.

Generating internal growth through innovation is the role assigned to the Research & Development (R&D) teams who design new processes, technologies and products, and the Marketing teams who constantly analyze markets, their growth and the opportunities for the Group's minerals. The starting point for the Imerys Group's innovation approach is to understand our customers' businesses and solve their technical problems as well as, meeting their expectations and anticipating their needs.

The minerals used by the Group deliver crucial functions to the products made by Imerys' customers through their mechanical (wear and traction resistance, density, rheology), thermal (refractoriness, temperature resistance, fireproof qualities and flame retardant), optical (whiteness, opacity, color, mat or gloss effect), chemical (purity, conductivity) or absorbent/adsorbent and filtration properties. The Group obtains these properties through a series of conversions that call on a number of processes, each of which requires a technological platform: grinding, grading, drying, calcining, sintering, melting, bleaching, surface chemistry, magnetic purification, flotation, as well as shaping processes such as pressing, extrusion, granulation and casting. Constantly improving these properties to help the Group's customers meet new challenges is the goal of Imerys' innovation strategy.

INNOVATING TO SUPPORT THE GROUP'S COMPETITIVENESS

Year after year, Imerys markets new products. Beyond "continuity" innovations resulting from improvements to the existing range, "disruptive" innovations are based on the development of new concepts. Together they enable the Group to enhance its product offering and, as a result, its competitiveness. For example, the following innovations, all launched in the past ten years, can mostly be considered disruptive:

2003 New anti-blocking agents for plastic film and C-NERGY™, a conductive carbon black additive for lithium-ion batteries;

2004 Graphite for fuel cells and filler for silicon seals;

2005 Mineral filler for latex gloves with Carbital range;

2006 Carbonate for wood and resin fiber composites and new Alodur Rod™ abrasives;

2007 Astrafil K™, a new filler for paper and calcium carbonates for unwoven fibers;

2008 Natural diatomite for laminates and Barrisurf™, a platy "barrier effect" kaolin;

2009 A new carbon black for the C-THERM range conductive plastics and ImerCure™, a new nanometric product for ultraviolet-hardened coatings;

2010 Celite Cynergy™ an additive that combines filtration and stabilizing functionalities for beer;

2011 Extension of the "Quick Dry™" monolithic refractories range for safer linings (no hydrogen given off during drying) and significantly shorter installation times (faster drying);

2012 Argical Pro, a natural product to protect olives against insect attacks;

2013 ImerPlast™, a mineral solution with calcium carbonates enabling the recycling of polyolefins in extruded products.

Imerys intends to increase the share of new products in its revenue.

In 2013, the Group thus estimates that approximately €333 million in revenue was generated with products created in the previous five years. This is an increase of +33% compared to 2012.

INNOVATION TO ACCELERATE INTERNAL GROWTH

In recent years Imerys' scientists have also developed innovations that help to drive the Group's development, particularly in high-potential markets. These include:

- proppants;
- carbons for lithium-ion batteries;
- a mineral solution for recycling plastics;
- a composite of micro fibrillated cellulose and mineral.

Proppants for non-conventional oil and gas drilling and exploration

Proppants are agents that keep rock fractures open to make non-conventional oil and gas field exploitation possible. They are widely used to drill for shale gas in North America. The spread of horizontal drilling and multiple fracturing, in addition to the growth in energy needs, is resulting in high demand for proppants. This market is expected to grow sharply, at approximately +8% per year (+3% of ceramic proppants growth in 2013).

Imerys identified the potential of this market several years ago and has allocated substantial research efforts. The Group has filed 14 patents in this area, and in 2008, launched a small unit of a highly innovative proppant, Propynite®, the rod shape of which helps to increase the productivity of wells without the need to use polluting additives. In 2011, Imerys launched the construction of a production unit for ceramic proppants, which was commissioned at the end of the year.

With the purchase of PyraMax Ceramics LLC in April 2013, Imerys acquired ownership of an industrial complex based in Wrens (Georgia, USA) dedicated to manufacturing ceramic proppants from bauxitic kaolins. Construction of this plant with forecast capacity of 225,000 tons was completed at the end of 2013 and its ramp-up is planned for 2014. With this development, Imerys is tripling its proppants production capacity and enhancing its local reserves of bauxitic kaolin.

Carbon for Li-ion batteries

A Li-ion battery stores energy through the reversible exchange of lithium ions between a negative electrode comprised of specific carbon products such as graphite, and a positive electrode made from various metallic oxides and conductive additives such as carbon black.

Imerys Graphite & Carbon activity is the world leader in carbon black, which represents a market of approximately 2,500 tons per year. Reversible ion storage in the negative electrode is made possible by a special carbon for which the market is ten times larger in volume terms than that of carbon black in the positive pole. The most common technical solution consists of natural graphite that is made spherical by an energy-intensive mechanical process with a low material yield and is then coated and impregnated with asphalt. As these products are considered harmful, the industry is developing alternatives. In 2005, the Graphite & Carbon activity offered a solution that, in an improved form, led to the introduction of a new product in 2011.

Launched in 2012, C-NERGY™ ACTILION-1 is an active graphite product used for the negative electrode of Li-ion batteries. The market has considerable potential as electronic products are likely to grow + 7% per year, while the Li-ion battery carbon market could grow by 30-40% per year in volume terms, according to several studies.

In 2013, the Graphite & Carbon activity doubled production capacity of its Willebroek (Belgium) carbon black plant in response to the rise in demand from mobile energy and conductive polymers segments; this production facility has been operating since the end of 2013 and should progressively ramp-up in 2014.

ImerPlast™ fosters plastic recycling

Only six of the 25 million tons of plastic wastes produced in Europe are currently recycled. Because of the incompatibility between polyethylene and polypropylene, producing miscible blends of the two materials was previously rather difficult. Thanks to a research program started in 2010, Imerys has developed and marketed ImerPlast™, a mineral solution that makes polyethylene/polypropylene blends compatible using an active mineral agent. This innovation opens up new possibilities in applications for recycled plastics (pipes, cable sheaths, sewerage systems, geomembranes, insulation, etc.). It was developed in Europe and will now be launched on other geographic markets where the Group is active.

FiberLean™, a composite of Micro Fibrillated Cellulose and mineral

FiberLean™ is a composite of Micro Fibrillated Cellulose (MFC) and mineral. Imerys' patented MFC production process has been launched commercially in 2013. FiberLean™ allows paper and packaging producers to increase the filler loading in the sheet and achieve cost savings, productivity gains and improved product properties. Imerys has over 3000 dry metric tons of MFC capacity installed in Europe and North America with one commercial and one pilot plant running. FiberLean™ offers paper makers the opportunity to develop new differentiated products and be more cost competitive. Imerys plans to be the world leading MFC producer and is currently developing FiberLean™ with several customers around the world. MFC is an exciting new material for the Imerys portfolio with many exciting applications within and beyond paper and packaging.

2013: ACCELERATING INNOVATION

Imerys introduced more than 65 new products in 2013. Several of them offer an environmental benefit, while others improve ease of use. Many high-technology products were also launched.

Healthier and more environmentally-friendly products

- **TIMREX® NeroMix E12** is a carbon-based dispersion with low volatile organic compounds content which has been developed for electrically conductive coatings. This product has been manufactured with Imerys patented pigments.
- **TIMREX® C-Therm 011** is a thermal conductive carbon used as compound in copper-free brake linings.

- **FiberLink™ 201S**: a new generation of ground calcium carbonates for fibers and non-woven applications, this mineral additive reduces Imerys customers' carbon footprint by replacing oil-based resins used in wipes or personal care products (absorbent wipes, care products). The ground calcium carbonate enables customers to save manufacturing costs and improve their products' physical properties.
- **Silica Mix BCU 7**, a Calderys product (Monolithic Refractories activity) is a dry vibrating mix [(1)] specifically adapted to non-ferrous foundry applications. Its performance levels have been notably increased in comparison to the former generation of products. The product does not contain any sintering additive [(2)] known as being dangerous for the environment.
- **Celite 610** is a new diatomite-based product to struggle against pesticide.
- **White Fux** is a new high-power fused feldspar which enables the temperature to be lowered when sintering the ceramic pieces and thus save energy.
- **ImerPlast™**, a calcium carbonate mineral solution that enables recycling of polyolefins in the extruded products.

High-tech products

- **CALDE™ SUPERGUN** is a "low porosity dense gunning" [(3)] mix product range patented by Calderys. This technology, specifically developed for the Indian market, combines speed, installation efficiency, performance and durability in the refractory applications for the cement industry.
- **Silica Mix V** is a product range manufactured in Sweden and designed from unique formulation providing a long and foreseeable life duration for induction furnace applications and new foundry fusion methods.
- **Contour Xtreme HS** is a high-shape factor kaolin (*i.e.* with very platy crystals) for coatings enabling enhanced printability of specialty papers.
- **ImerCare O4 K** is a high-purity kaolin for cosmetics.
- **HAR Talc** is a new high-shape factor talc generation (or made of very platy crystals), used as impermeable barrier in rubber and automotive polymers. These products enhance the mechanical properties of rubbers and polymers.
- **ALODUR ZK40 T** is an abrasive fused zircon alumina without ytrium oxide, of which the properties are better than the product containing an additive. It serves the abrasives' market.
- **TECO-SIL EG** is a fused silica made to improve performances and reduce costs in investment castings and refractory markets.
- **Keraviva™** is a ceramic coating applied on concrete by thermal projection, protecting the material without affecting its mechanical properties. Keraviva™ resists frost, ultraviolet rays, chemicals and fire. It also makes cleaning graffiti and lichens without affecting the original color.

Products making our customers' products more efficient

- **TIMREX® NeroMix E 15** is a solvent-free aqueous carbon dispersion for antistatic coatings.
- **6x12 Filler for Ag/Horti**: this inert filler is added to fertilizer to improve the ease of application. This new product with stricter specifications reduces dust emissions and is easier to apply by customers.
- **CALDE™CAST LT 91 M** is a high-tech product which turns into spinel (magnesium and aluminum oxide product family) under high temperature and which is particularly suited to the bottom of casting ladles in steel production. Its high robustness allows for installation at low-temperature as well as in severe drying conditions.
- **NICRON 674 DT** is a new generation of deaerated talc for polymers enhancing productivity of polymers forming [(4)] equipments.
- **PA 3500** is a mineral solution enabling the liquid residues of oilfield exploitation to be agglomerated. It consequently prevents discharges and contributes to enhanced tailing treatment.
- **BOP v1 Water Filtration** is a diatomite-based filtration system for individuals, specifically engineered for being used in developing countries to ensure access to safe drinking water to the greatest number of people possible.
- **EPU Premium** is a very white calcined clay (chamotte) specially designed to reduce the number of processing steps in the manufacturing of sanitaryware parts.
- The new "**CANAL 50**" Roman tile with a lock on the lower part enables an outstanding ease of installation.
- **IFT 1510** and **IFT 2095**: these new feldspars produced in Turkey provide increased whiteness for floor tiles manufacturers.

(1) Concretes sold to customers in the form of a dry mix containing all components except water. During installation they have to be vibrated then blended with water before taking on their final form in the kiln.
(2) Sintering is a parts manufacturing process consisting of heating a powder without melting it. The heat makes the grains weld themselves together to give the part cohesion.
(3) Low-cement concretes with a formulation that is specifically suited to gunning (spray–fitting) machines and have comparable mechanical properties to equivalent concretes prepared by vibration.
(4) Imposing the desired shape to a solid material piece (which has an original fixed shape), using a hot or cold process.

A DECENTRALIZED ORGANIZATION, CLOSE TO THE GROUP'S CUSTOMERS

Innovation efforts are supported by a team of 300 scientists and technicians. Each of the Group's businesses is tasked with generating new products and processes under a decentralized organization. The Innovation Department coordinates all of the Group's R&D projects. The role of this department is also to increase Imerys' innovation potential by exploring cross-Group development avenues, *i.e.* finding applications in other activities' markets and cross-fertilizing know-how to develop new products and processes.

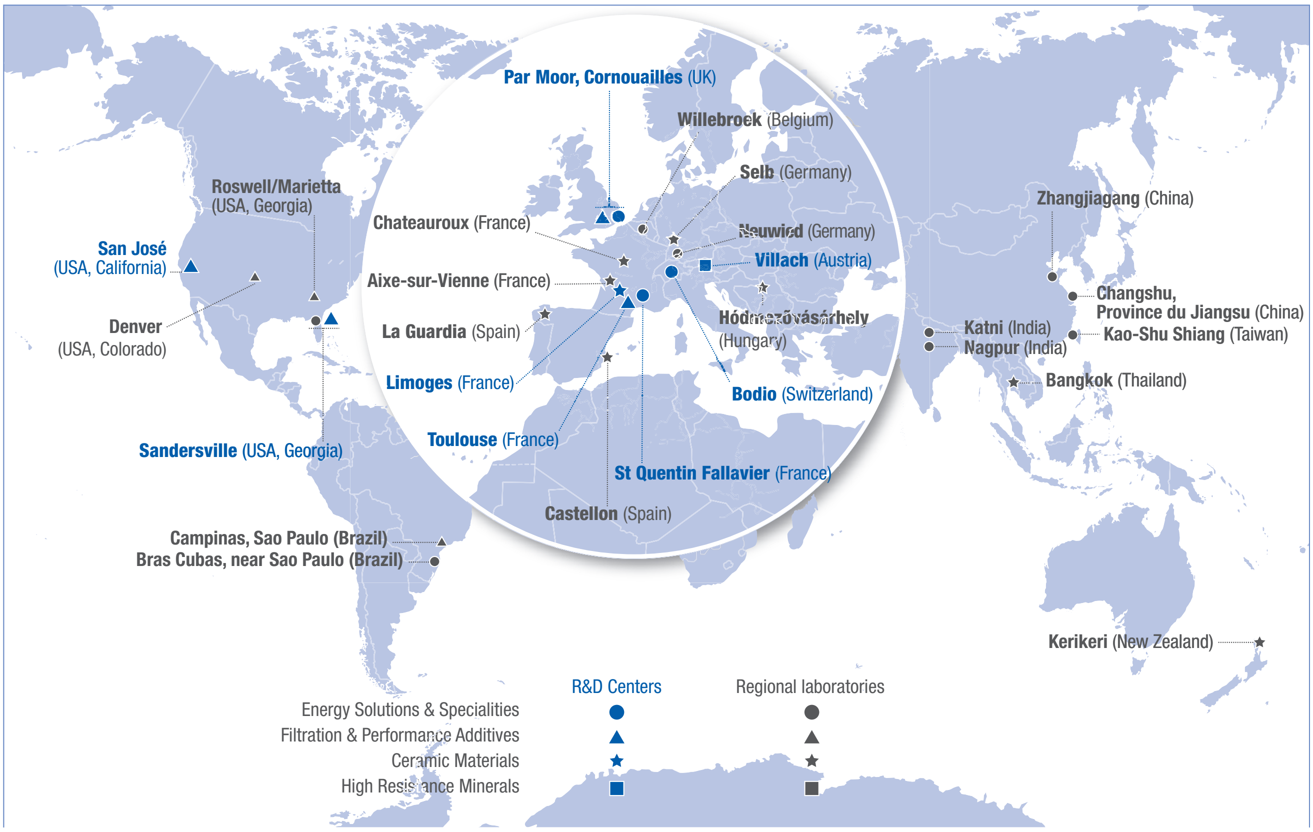
The 28 research centers comprise eight main centers and 20 regional laboratories.

The following are the main research centers:

- Villach (Austria), a laboratory focusing on refractories and abrasives, also very active in technical ceramics;
- San José (California, USA), the benchmark laboratory for performance and filtration minerals;
- Sandersville (Georgia, USA), more specifically focused on process development and new kaolins for paper;
- Saint-Quentin Fallavier (France), a center specializing in monolithic refractory design;
- Limoges (France) where Imerys took advantage of a new European ceramics cluster to set up a research center specialized in minerals for ceramics;
- Par Moor (United Kingdom), specializing in research on kaolins and carbonates for paper and on performance minerals;
- Bodio (Switzerland), dedicated to graphite and carbon;
- Toulouse (France), a center specializing in high-performance polymer applications.

Around 20 regional laboratories liaise with customers and enrich the innovation network with market feedback.

The R&D centers are located as follows:



Use of the stage gate method is standard practice and the projects portfolio is balanced between the various stages: idea, development in laboratory, production experimentation on a pilot equipment and then industrialization.

INNOVATION RESOURCES INCREASED, MANAGEMENT EFFORT STEPPED UP FURTHER

The rise in the number of ideas and projects led the Group to pursue the allocation of more resources to R&D and Innovation, increasing spend in by almost +7% to €60 million. Moreover, a growing share of research expenditure is for work on innovations in new markets for Imerys.

Based on an analysis of the project portfolio of new products to be launched in 2012-2016 period, combined with the prospects for growth concerning proppants, carbon for lithium-ion batteries and mineral solutions for recycled plastics, the Group could fulfil potential for additional revenue estimated at almost €700 million by 2016. The project portfolio and the likelihood of each project's success are reviewed quarterly.

An annual innovation review conducted with the Executive Committee is intended to check that programs are consistent with the Group's strategic objectives and that resources match ambitions.

Imerys organized three new Technical Days events in 2013: two with potential customers (namely Arkema) and the third one with the Geogia Institute of Technology university. During these Day events, most of the Group's technical departments involved can talk to their opposite numbers about new ideas for cooperation and produce a list of joint projects that is monitored regularly.

The second session of the internal support fund to top up activities' efforts in the most strategic fields took place in 2013. Five new projects received grants in this way in 2013. Eight projects were selected last year, two of them were abandoned or suspended.

Finally, greater innovation efforts are reflected in intellectual property activity, with 30 new patent applications in 2013.

1.8.2 INTELLECTUAL PROPERTY

The Legal Department's in-house experts actively campaign to raise employee awareness of the need to keep the developments and information resulting from research and technical assistance teams strictly confidential. The Group's intellectual property policy consists of continually enhancing and extending the protection of its essential assets. The most relevant and economically suitable means of protection with respect to the technology in question are selected to obtain the maximum possible competitive edge from innovations (patent filing, publication, secrecy, etc.).

Imerys has a broad portfolio of trademarks and current and pending patents. Imerys holds around 3,500 registered or pending trademarks, more than 1,000 granted and pending patents and more than 220 industrial and utility models. The Group has filed the "Imerys" trademark in 90 countries.

The Group continues to assess and optimize the cost/benefit ratio of its intellectual property rights portfolio. It regularly rationalizes its portfolio of patents, industrial designs or models and trademarks in order to ensure that value-generating technologies, designs and trademarks are efficiently protected.

Imerys also intends to defend its intellectual property rights actively to maintain the competitive advantages they provide. The Group strives to protect industrial property in all areas and on all continents whenever relevant.

To Imerys' knowledge, there are no rights held by Imerys at the date of this Registration Document on any patent, license, trademark, design or model whose potential losses would be likely to have a material adverse effect on the Group's overall activity and profitability. Likewise and as of today's date, Imerys is not aware of any outstanding litigation, opposition or claim related to the Group's intellectual property rights likely to have a material negative impact on its activity or financial situation.

REPORTS ON THE FISCAL YEAR 2013 2

2.1 BOARD OF DIRECTORS' MANAGEMENT REPORT

2.1.1 FINANCIAL YEAR 2013

2013 was marked by gradual stabilization of the economic environment in Europe. Activity levels in the second half of 2013 were, on the whole, comparable with the same period of 2012. The construction and industrial equipment industries are still, however, at a low level. In North America, strong demand was particularly perceptible in the construction and consumer durables sectors. The growth rate was more moderate in emerging countries.

Finally, in 2013, the euro appreciated against most other currencies (Japanese yen, Indian rupee, Brazilian real, South African rand and US dollar, especially in the second half of 2013).

In this context, revenue at €3,698 million decreased - 4.8% on current basis, but remained almost stable at comparable Group structure and exchange rates (- 1.3%). Operating margin is up + 12.9%, thanks to the relative improvement of the economic environment, the full effect of the measures taken to adjust production and reduce fixed costs and general expenses, which allowed Imerys to achieve its net income from current operations target. Financial structure has been strengthened and net financial debt remained stable, following the dividend payment, as well as external and internal developments launched by the Group in 2013.

Imerys has set up a new operational and managerial organization effective on July 1, 2013 to fully benefit from development opportunities. This structure has been taken into consideration in management reporting since that date *(see chapter 1 Group Presentation and note 2.2 of chapter 6 of the Registration Document)*.

In 2013, the Group continued to develop its portfolio of activities through the following operations, which enabled it to increase its exposure to promising markets and expand its geographic presence:

Within the Energy Solutions & Specialties business group, after strengthening its industrial assets in Oilfield Solutions in the US (acquisition of PyraMax Ceramics, LLC in April 2013), Imerys completed two acquisitions in the field of Monolithic Refractories in Asia, thus contributing to the expansion of Calderys' international network.

Capital projects undertaken in 2012 resulted in the launch, at the end of 2013, of three new plants in Belgium (carbon black), Brazil (lime) and Bahrain (fused alumina). As with the PyraMax proppant facility in the US, production will ramp up throughout 2014.

The sale of Imerys Structure (wall and partition bricks and chimney blocks) to the Bouyer Leroux group was also completed on May 1, 2013. On November 25, 2013, the Group announced plans to shut down activities at Ardoisières d'Angers (Ceramic Materials Business Group).

Finally, on November 14 last year, Imerys completed a €300 million bond issue with a seven-year maturity. Benefiting from highly favorable market conditions, the Group was thus able to refinance its upcoming April 2014 bond ahead of time and extend its average debt maturity.

Showing its confidence in the Group's prospects, the Board of Directors will propose at the Shareholders' General Meeting of April 29, 2014, an increase in dividend to €1.60 per share. The total dividend would amount to €122.0 million, which represents 40% of the Group's share of net income from current operations. This proposal is in line with Imerys' historical payout ratio. The dividend would be paid from May 13, 2014.

(€ millions)	2013	2012[1]	% current change
Consolidated Results			
Revenue	3,697.6	3,884.8	- 4.8%
Current operating income[2]	477.0	488.1	- 2.3%
Operating margin	12.9%	12.6%	+ 0.3 point
Net current income, Group's share[3]	304.2	300.7	+ 1.2%
Net income, Group's share	242.0	291.3	n.a.
Financing			
Booked capital expenditure	253.1	257.1	- 1.6%
Current free operating cash flow[4]	306.4	289.4	+ 5.9%
Shareholders' equity	2,271.7	2,261.0	+ 0.5%
Net financial debt	885.4	874.8	+ 1.2%
Data per share (in euro)			
Net income from current operations, Group's share[3][5]	€4.03	€4.00	+ 0.6%
Proposed dividend	€1.60[6]	€1.55	+ 3.2%
Headcount as of December, 31	**15,805**	**16,026**	**- 1.4%**

(1) Throughout the present chapter, 2012 data have been restated following the application, as of January 1, 2013, of revised IAS 19 standard (note 2.1 of chapter 6 of the Registration Document) to ensure data comparability.

(2) Throughout the present chapter, "Current operating income" means operating income before other operating revenue and expenses.

(3) Group's share of net income, before other operating revenue and expenses, net.

(4) Current free operating cash flow: EBITDA deducted from notional tax, changes in working capital requirement and paid capital expenditure.

(5) The weighed average number of outstanding shares was 75,551,408 in 2013 compared with 75,165,743 in 2012.

(6) Dividend proposed at the Shareholders' General Meeting of April 29, 2014.

2.1.2 DETAILED COMMENTARY ON THE GROUP'S RESULTS

SALES

- **2013 revenue almost stable on a comparable basis[7], with a more favorable basis of comparison in the second half**
- **Positive product price/mix effect in all four business groups**
- **Unfavorable foreign exchange rate impact and Group structure effect**

	Revenue *(€ millions)*	Change in revenue *(% previous year)*	Comparable change in revenue *(% previous year)*	of which Volume effect	of which Price/Mix effect
2011	3,674.8	+ 9.8%	+ 8.1%	+ 3.7%	+ 4.4%
2012	3,884.8	+ 5.7%	- 2.1%	- 5.4%	+ 3.3%
2013	**3,697.6**	**- 4.8%**	**- 1.3%**	**- 2.5%**	**+ 1.2%**

2013 **revenue** totaled €3,697.6 million, down - 4.8% compared to 2012. It takes into account:

- A highly negative foreign exchange rate impact of - €115.9 million (- 3.0%) due to the euro's appreciation against a large number of currencies, particularly against the US dollar in the second half of 2013. This impact was mainly due to the effect of the conversion into euros of revenue earned in other currencies;
- The - €21.4 million net effect of changes in Group structure (- 0.5%) in particular, comprises:
  - the impact of the divestment of the Imerys Structure activity, taken into account with retroactive effect as of May 1, 2013 (- €52.2 million),
  - the positive effect of the acquisitions (+ €30.8 million) of Itatex in Brazil (consolidated since May 2012), Goonvean's kaolin activities (UK, November 2012), Arefcon b.v. (Netherlands, January 2013), Indoporlen (Indonesia, June 2013) and Tokai Ceramics (Japan, July 2013).

(7) Throughout the present chapter, "Comparable basis/change" means at comparable Group structure and exchange rates.

On a comparable basis, 2013 revenue (- 1.3% vs. 2012) benefited from a more favorable basis of comparison in the second half. Over the year, sales volumes were down - €95.3 million (- 2.5%). Revenue was down - 5.3% over the first six months of 2013, but comparable to levels for the second half of 2012 (+ 0.6%). The positive turnaround was notable in the Refractories and Building Materials activities which had been severely affected, at the end of 2012, by prolonged production stoppages and unfavorable meteorological conditions.

The product price/mix effect, positive in each of the business groups, was up by + €45.4 million (+ 1.2%), sustained by innovation: in 2013, products launched over the last five years generated revenue of over €330 million (+ 33% vs. 2012) and now account for 9% of the Group's consolidated revenue.

Revenue by geographic zone of destination (current change)

(€ millions)	2013 Revenue	2012 Revenue	Change % 2013 vs. 2012	% of consolidated 2013 revenue
Western Europe	1,725.8	1,805.2	- 4.4%	46.7%
of which France	*549.3*	*614.5*	*- 10.6%*	*14.9%*
United States/Canada	825.2	836.6	- 1.4%	22.3%
Emerging countries	956.4	1,034.3	- 7.5%	25.9%
Others (Japan/Australia)	190.2	208.7	- 8.9%	5.1%
Total	**3,697.6**	**3,884.8**	**- 4.8%**	**100%**

2013 revenue was impacted by the euro's sharp appreciation against most other currencies (Japanese yen: - 26%; Indian rupee - 14%; Brazilian real: - 14%; South African rand: - 22%; Canadian dollar: - 7%; British pound: - 5% vs. 2012). The geographic distribution of revenue by destination was comparable to 2012.

The sale of Imerys Structure and the slump in the Building Materials activity in France explain most of the decrease in revenue in that country and in Western Europe. In North America, the depreciation of the dollar against the euro (- 3%), more marked in the second half, masked the fact that demand was holding up well, just as in Japan/Australia. Excluding foreign exchange effect, business remained dynamic in most emerging countries, apart from China, where Fused and Refractory Minerals operations were adjusted in response to a sharp drop in their markets.

CURRENT OPERATING INCOME

- **Improved operating margin at 12.9%**
- **Full effect of the measures taken in Autumn 2012 to adjust production and reduce fixed costs and general expenses**

Current operating income totaled €477.0 million (- 2.3%) in 2013. It reflects the following:

- An unfavorable foreign exchange effect of - €3.4 million (- 0.7%), albeit smaller than the foreign exchange impact on revenue. The currency translation impact that weighs on current operating income is partly offset by an improvement in the cost base in the countries from which Imerys exports its minerals (exchange rate transaction effect);
- A - €1.6 million Group structure effect (- 0.3%), including the divestment of Imerys Structure, with retroactive effect as of May 1, 2013 (- €2.5 million).

On a comparable basis, current operating income fell slightly by - 1.2%. Half-year trends (- 6.3% in the 1st half and + 4.8% in the second, compared with the same period in 2012) reflect the relative improvement in the economic climate and a gradually more favorable basis of comparison. The contribution resulting from these volumes reflects this sequence (- €51.9 million in 2013, i.e. - €53.6 million in the 1st half year and + €1.7 million in the second). This loss of contribution was, in part, offset by the measures implemented from the end of 2012 to adapt production to weaker demand.

The Group made net savings of + €27.5 million on fixed costs and general expenses, in particular, by rationalizing industrial assets. This required grouping capacities together and a limited number of permanent site closures. Temporary production stoppages were also organized, possibly with use of short-time working. On November 25 last year, the Group announced plans to shut down activities at Ardoisières d'Angers, an Imerys subsidiary specializing in the manufacture and sale of natural slate. Imerys announced its plans to shut down its operations in Venezuela in a challenging economic climate, and refocused some of its Chinese operations.

However, Imerys continued to implement its strategic growth plan by means of increased R&D and innovation. Oilfield Solutions teams were significantly expanded at the end of the year with the industrial and commercial launch of the new US proppant facility (PyraMax Ceramics, LLC).

The product price/mix effect improved by + €37.3 million. Variable costs were stable overall (- €1.1 million).

Taking those items into account, the **operating margin** improved by + 0.3 point in 2013, to 12.9% (up from 12.6% in 2012).

NET INCOME FROM CURRENT OPERATIONS

With **net income from current operations** up + 1.2% at €304.2 million in 2013 (from €300.7 million in 2012), Imerys achieved its target (published in mid-2013) of generating, in 2013, a net income from current operations close to that of 2012.

Net income from current operations comprises the following:

- financial income up + €16.4 million (- €52.7 million in 2013 from - €69.1 million in 2012, after restating pension and retirement provisions):
  - interest expense on net financial debt stood at - €46.7 million (- €57.2 million in 2012). Average net financial debt was lower than in 2012 and Imerys benefited from the drop in interest rates, a higher percentage having been borrowed at floating rates,
  - the net financial cost of pensions and other changes in provisions stood at - €13.5 million (- €12.6 million in 2012, restated following the application of the revised IAS 19 standard on employee benefits to ensure full comparability of data; see the appendix to this press release),
  - the net impact of foreign exchange and financial instruments constituted a gain of + €7.4 million (vs. + €0.7 million in 2012);
- a - €118.0 million tax charge (- €116.6 million in 2012), i.e. an effective tax rate of 27.8%, unchanged from 2012. In 2013, the impact of new French tax contributions was counterbalanced by changes in the geographical mix of activities.

NET INCOME

Other operating income and expenses, net of tax, stood at - €62.2 million in 2013. Their pre-tax amount (- €80.1 million) includes the following items:

- Restructuring charges during the period for - €47.1 million (particularly Building Materials in France, Fused Minerals in China, restructuring of paper-related Kaolins and Carbonates activities, Refractory Minerals, Minerals for Ceramics in the US, Venezuelan activities) in response to the decline in a certain number of markets;
- Changes in provisions, particularly with respect to industrial asset depreciation, for - €32.3 million. These mainly related to the Group's assets in Venezuela and those of Ardoisières d'Angers, as a result of plans to shut down these two activities. On November 25, 2013, plans to shut down activities at Ardoisières d'Angers were, in fact, announced, as a result of a drop in the quality of the slate and the depletion of the deposit. With revenue of around €13 million, this company made an operating loss of nearly €4 million in 2013;
- Gains from disposals (+ €5.3 million) mainly corresponding to the proceeds of the sale of Imerys Structure;
- Costs related to acquisitions and divestments and other operating expenses (- €6.1 million).

After taking other operating income and expenses into consideration, net of tax, the **Group's share of net income** stood at €242.0 million in 2013 (€291.3 million in 2012).

CASH FLOW

- **Reduction of Operating Working Capital Requirement**
- **Continued development capital expenditure**
- **Solid current free operating cash flow at over €300 million**

(€ millions)	2013	2012
EBITDA	**650.4**	**662.5**
Change in operating working capital	32.0	15.3
Paid capital expenditure	(253.1)	(257.1)
Current free operating cash flow(*)	**306.4**	**289.4**
Paid financial expense (net of tax)	(38.0)	(49.9)
Other working capital items	19.8	62.8
Current free cash flow	**288.2**	**302.3**
(*) Including subsidies, value of divested assets and miscellaneous.	*9.8*	*4.4*

At 21.8% of annualized sales for the last quarter[1], **operating working capital requirement** improved significantly, benefiting from lower inventories at year-end.

(1) Continuation of factoring contract signed on July 23, 2009 under which transferred receivables are deconsolidated, with the risks and benefits related to receivables transferred to the factor bank. €46.3 million in receivables was factored as at December 31, 2013.

Paid capital expenditure paid out stood at €253.1 million in 2013. The booked amount (€250.3 million) represents 121% of depreciation expense (vs. 124% in 2012). Development capital expenditure continued on a selective basis and amounted to €106.3 million (€115.6 million in 2012), to support the Group's potential for growth. Details of the main projects are given for each business group.

Consequently, Imerys maintained a solid **current free operating cash flow** at €306.4 million in 2013 (€289.4 million in 2012).

FINANCIAL STRUCTURE

- **Stable net financial debt: self-financed internal growth and external acquisitions**
- **Improved financial structure**

(€ millions)	**December 31, 2013**	**June 30, 2013**	**December 31, 2012**
Paid dividends	(119.2)	(117.5)	(114.1)
Net debt, end of period	885.4	1,054.5	874.8
Average net debt of the period	971.0	984.0	1,009.0
Shareholders' equity	2,271.7	2,287.6	2,261.0
EBITDA	650.4	335.8	662.5
Net debt/shareholders' equity	39.0%	46.1%	38.7%
Net debt/EBITDA	1.4x	1.6x	1.3x

After the payment of €119.2 million in dividends, the purchase of PyraMax Ceramics, LLC (€178.9 million paid out in 2013), the three acquisitions made via Calderys and the sale of Imerys Structure, **net financial debt** was stable over the period (€885.4 million at December 31, 2013 against €874.8 million a year earlier). The Group's growth was, therefore, self-financed. Imerys' financial debt ratios remain sound: net debt represents 39.0% of equity and 1.4x EBITDA.

On November 14 last year, Imerys completed a €300 million bond issue maturing in November 2020, with an annual coupon of 2.5%. The issue was more than 5 times oversubscribed. This bond issue enabled Imerys to extend its average debt maturity and to refinance its upcoming bond maturity (April 2014) ahead of time, whilst still benefiting from very favorable market conditions.

On December 31, 2013, Imerys' total financial resources stood at €2.5 billion. Taking net financial debt of €885.4 million into consideration, the available part (excluding cash) stood at €1.4 billion with an average maturity of 3.9 years.

On April 22, 2013, Moody's confirmed the long-term credit rating (unsecured senior debt) assigned to Imerys in 2011, "Baa-2" with a stable outlook. The short-term rating "P-2", also with a stable outlook, was also reaffirmed.

Imerys can therefore rely on a sound financial situation for the continued implementation of its development plan.

2.1.3 COMMENTARY BY BUSINESS GROUP

ENERGY SOLUTIONS & SPECIALTIES

(34% of the Group's consolidated revenue)

(€ millions)	**2013**	**2012**	**Current change**	**Comparable change**
1st quarter revenue	306.7	318.9	- 3.8%	- 1.3%
2nd quarter revenue	313.9	338.7	- 7.3%	- 5.3%
1st half revenue	**620.6**	**657.6**	**- 5.6%**	**- 3.4%**
3rd quarter revenue	319.9	332.6	- 3.8%	+ 1.7%
4th quarter revenue	307.7	297.7	+ 3.4%	+ 7.9%
2nd half revenue	**627.6**	**630.3**	**- 0.4%**	**+ 4.7%**
Revenue for the year	**1,248.2**	**1,287.9**	**- 3.1%**	**+ 0.6%**
Current operating income	**129.4**	**143.5**	**- 9.8%**	**- 3.2%**
Operating margin	*10.4%*	*11.1%*	*- 0.7 point*	
Booked capital expenditure	**75.3**	**89.0**	**- 15.4%**	
As % of depreciation expense	*139%*	*160%*		

Markets

The **high temperature industries** (steel, power generation, incineration, foundry, cement, petrochemicals etc.), served by **Monolithic Refractories** and some **Graphite & Carbon** applications were affected, in the first half of 2013, by the slump in European industrial production and by the significant slowdown in new investment projects. A relative improvement was observed in these industries in the second part of the year. Graphite & Carbon applications related to mobile energy held out well overall. Development of non-conventional oil continues in the United States with healthy demand in **Oilfield Solutions**, particularly ceramic proppants. The **Carbonates** activity benefited from a resilient consumer goods sector and from the upturn in construction in North America. In this area, greater stability was observed in Europe. Global production of printing and writing paper was down slightly (see Filtration & Performance Additives Business Group).

Industrial highlights

Capital expenditure undertaken in 2012 continued in 2013, with completion of the construction of a new carbon unit (doubling of the capacity of the Willebroek plant in Belgium). The new proppant facility built in Wrens (Georgia, United States) via the acquisition of PyraMax, was also completed as well as the construction of the lime production facility in Brazil. The Group's product offering in this country will, therefore, be complemented by a mineral for which demand from steel, paper, chemicals, environment, agriculture and construction sectors is up sharply.

These new units were commissioned at the end of 2013 and production will ramp up gradually in 2014.

Performance

At €1,248.2 million in 2013, **revenue** for the business group was down - 3.1% compared to 2012 and includes:

- a negative exchange rate effect (- €58.6 million, i.e. - 4.6%);
- a positive structure effect (+ €11.7 million i.e. + 0.9%) corresponding to:
  - the acquisition of Arefcon b.v., a Dutch refractory installer serving the petrochemicals industry; the acquisition of a 70% capital interest in Indoporlen, the leading Indonesian manufacturer and installer of refractory products (revenue of around €15 million in 2012) as well as the purchase of Tokai Ceramics, a Japanese monolithic refractory producer (revenue of around €7 million in 2012). These transactions enabled the Monolithic Refractories activity to consolidate its geographical positioning;
  - the cessation of activity of Calderys Venezuela at the end of 2012.

On a comparable basis, revenue was up slightly (+ 0.6%). Growth continued in the Carbonates activity, driven by the recovery of the construction industry in North America and by the resilience of the consumer goods sector. This activity also benefited from market and geographical developments. The decline in volumes in industrial sectors, which was very marked in the 1st half of 2013, was tempered in the second half, by a more favorable basis of comparison. There was a slow upturn in revenue coming from new investment projects in Monolithic Refractories at the end of the year.

Current operating income, at €129.4 million, incorporates foreign exchange effects (- €10.5 million) and a Group structure effect (+ €1.0 million).

On a comparable basis, the drop in current operating income, linked to the decline in volumes in industrial sectors, was tempered by the performance of the Carbonates activity and by the effects of cost savings programs. The business group bore the cost of launching a new Oilfield Solutions division and the start-up of a new proppant facility (PyraMax). The improvement in the product price/mix offset the rise in variable costs.

Taking those items into account, the business group's **operating margin** held out well, at 10.4%.

FILTRATION & PERFORMANCE ADDITIVES

(30% of the Group's consolidated revenue)

(€ millions)	2013	2012	Current change	Comparable change
1st quarter revenue	281.3	282.9	- 0.5%	- 2.7%
2nd quarter revenue	292.5	289.8	+ 0.9%	- 0.3%
1st half revenue	**573.8**	**572.7**	**+ 0.2%**	**- 1.5%**
3rd quarter revenue	286.2	292.3	- 2.1%	+ 0.3%
4th quarter revenue	272.2	280.8	- 3.1%	+ 0.2%
2nd half revenue	**558.4**	**573.1**	**- 2.6%**	**+ 0.3%**
Revenue for the year	**1,132.2**	**1,145.8**	**- 1.2%**	**- 0.6%**
Current operating income	**159.1**	**136.2**	**+ 16.8%**	**+ 6.1%**
Operating margin	*14.1%*	*11.9%*	*+ 2.2 points*	
Booked capital expenditure	**73.4**	**81.5**	**- 9.9%**	
As % of depreciation expense	*88%*	*97%*		

Markets

The **Filtration & Performance Additives** business group is a supplier to the agriculture & food industry, as well as a large number of intermediate industries (plastics, paint, rubber, catalysts, paper, pharmaceuticals, health & beauty, etc.). Its activity is driven by trends in current consumer sectors (beverages, food, magazines, etc.), as well as by demand for capital goods (particularly automotive) and construction (new buildings and renovation).

Throughout 2013, global demand for consumer goods held up well. The business group also benefited from the upturn in construction and the very firm automotive sector in North America, while activity remained very low in Europe. Talc showed dynamic growth in mature countries, driven by the development of polymers applications for the automotive sector. Production of printing and writing paper (- 1.3% globally - RISI and Imerys estimates) continued to grow in emerging countries, but at a more moderate rate (+ 1.2%), and to shrink in mature countries (- 3.3%). Business held out better in North America than in Europe, where further capacity rationalization programs were initiated. The specialty paper and packaging application segments were healthy overall.

Industrial highlights

Capital expenditure was allocated to standard mine overburden operations as well as to maintaining industrial assets to improve their efficiency. The Group also increased its capacity so as to be in a position to respond to growth in certain markets.

Performance

At €1,132.2 million in 2013, the business group's **revenue** was down - 1.2% on the same period in 2012, under the impact of a substantial exchange rate effect (- €26.2 million or - 2.3%). The Group structure effect (+ €19.6 million, i.e. + 1.7%) includes the acquisitions of Itatex in Brazil (consolidated as of May 1, 2012) and Goonvean's kaolin activities (November 2012). British competition authorities definitely approved this project on October 10, 2013 and the revenue achieved by Goonvean since January 1, 2013 is consolidated in the Filtration & Performance Additives business group.

At comparable Group structure and exchange rates, revenue was stable in 2013 (- 0.6%), with the contraction of the paper sector offset by firm demand in the business group's other applications.

Current operating income, at €159.1 million, was up + €22.9 million, of which + €14.3 million due to foreign exchange effect. At comparable structure and exchange rates, the increase was + 6.1%. The product price/mix effect was firm, supported by diversification of the product offering.

The **operating margin** improved + 2.2 points and stood at 14.1%.

CERAMIC MATERIALS

(19% of the Group's consolidated revenue)

(€ millions)	2013	2012	Current change	Comparable change
1st quarter revenue	188.8	199.1	- 5.2%	- 5.0%
2nd quarter revenue	180.2	199.1	- 9.5%	- 2.0%
1st half revenue	**369.0**	**398.2**	**- 7.3%**	**- 3.5%**
3rd quarter revenue	169.5	185.0	- 8.3%	+ 2.6%
4th quarter revenue	164.1	178.4	- 8.0%	+ 5.0%
2nd half revenue	**333.6**	**363.4**	**- 8.2%**	**+ 3.8%**
Revenue for the year	**702.6**	**761.6**	**- 7.7%**	**- 0.1%**
Current operating income	**160.0**	**163.3**	**- 2.0%**	**- 0.8%**
Operating margin	*22.8%*	*21.4%*	*+ 1.4 point*	
Booked capital expenditure	**33.2**	**36.5**	**- 9.0%**	
As % of depreciation expense	*83%*	*78%*		

Markets

In Building Materials in France, a clay roof tiles and accessories supply activity, the sound performance of the renovation segment, which accounts for nearly two thirds of sales, partially offset another drop in new housing. The sustained decline in sales of new individual housing over the last 12 months continues to be reflected by a drop of - 5.7% in construction of new single-family housing (approximately 156,700 units begun in 2013 according to the French Ministry of the Ecology, Sustainable Development and Energy). Good weather conditions at the end of the year supported the activity in the second half. In this context, sales of clay roof tiles recorded a slight drop of - 3% in 2013 (source: estimate by FFTB, French roof tiles & bricks Federation).

The **Minerals for Ceramics** activity benefited from a change in its geographical, industrial and commercial positioning in growth areas (South America, Middle East, Asia) and from strong demand in Europe and the United States, where diversification of the product offering continues.

Industrial highlights

Capital expenditure was mainly dedicated to improving the efficiency of production assets and to the geographic expansion of the Minerals for Ceramics activity in the Middle East and in Asia.

Performance

In 2013, the business group's **revenue,** which stood at €702.6 million, was down - 7.7% vs. 2012. This change takes the following into account:

- A - €51.3 million Group structure effect (- 6.7%) reflecting the divestment of Imerys Structure with retroactive effect from May 1, 2013 (impact of - €52.2 million). This transaction was closed for an enterprise value of €75 million, based on forecast revenue for 2013;
- A foreign exchange effect of - €7.3 million (- 1.0%), in Minerals for Ceramics.

On a comparable basis, revenue for 2013 was practically unchanged from the previous year (- 0.1%). The great resilience of Minerals for Ceramics offset the slight drop in sales recorded by the Building Materials activity.

Current operating income totaled €160.0 million in 2013 (- €3.3 million) and incorporates a Group structure effect of - €2.7 million (sale of Imerys Structure).

At comparable Group structure and exchange rates, the drop in current operating income of - €1.2 million (- 0.8%) was due to the decline in volumes.

Measures to reduce production and general expenses were taken throughout the business group. The product price/mix effect offset the increasing trend in variable costs (energy, freight). Consequently, the business group's **operating margin** stood at 22.8% in 2013.

HIGH RESISTANCE MINERALS

(17% of the Group's consolidated revenue)

(€ millions)	2013	2012	Current change	Comparable change
1st quarter revenue	162.5	188.2	- 13.7%	- 12.2%
2nd quarter revenue	175.0	198.8	- 12.0%	- 9.8%
1st half revenue	**337.5**	**387.0**	**- 12.8%**	**- 11.0%**
3rd quarter revenue	159.0	187.1	- 15.0%	- 9.2%
4th quarter revenue	157.3	169.7	- 7.3%	- 2.8%
2nd half revenue	**316.3**	**356.8**	**- 11.3%**	**- 6.1%**
Revenue for the year	**653.8**	**743.8**	**- 12.1%**	**- 8.6%**
Current operating income	**70.1**	**95.3**	**- 26.4%**	**- 27.8%**
Operating margin	*10.7%*	*12.8%*	*- 2.1 points*	
Booked capital expenditure	**61.1**	**49.6**	**+ 23.2%**	
As % of depreciation expense	*209%*	*189%*		

Markets

Activity in the business group, which is positioned upstream of the industrial equipment chain through **Refractory Minerals** and **Fused Minerals** specialties, was affected by the slowdown on most of its markets. In many mature countries, steel manufacturing was down over the first three quarters compared with the same period in 2012: the recession in Europe hit the industrial and automotive sectors particularly hard. There was a slowdown in demand in China. The recent stabilization of the economic environment in Europe was, however, reflected by stronger levels of business at the end of the year, as witnessed by vehicle registrations in this zone in the fourth quarter of 2013 which, for the first time, were up on the previous year.

Industrial highlights

Development **capital expenditure** was mainly allocated to the construction of the fused alumina production plant in Bahrain which is due to ramp up production, as planned, throughout 2014.

Performance

At €653.8 million in 2013, the business group's **revenue** (- 12.1% on 2012) reflects an unfavorable foreign exchange rate effect of - €24.9 million (- 3.3%). The change in Group structure was not material (- 0.1%).

On a comparable basis, the drop in revenue (- 8.6%) reflects the sharp drop in demand in the business group's two main activities. The product price/mix effect was positive.

The business group's **current operating income** was €70.1 million (including a foreign exchange effect of + 1.5 million). On a comparable basis, the drop in income (- 27.8%) was largely due to the sharp drop in volumes. Savings plans were implemented in 2013 to adapt to the sharp drop in demand. The refocusing of the Chinese Fused Minerals activities was reflected by the closure of two plants in China. In Venezuela, plans to shut down activities were implemented and Refractory Minerals activities in South Africa were restructured. In the United States, Refractory Minerals production capacities were held back by high maintenance work.

In a challenging environment, the business group's **operating margin** was 10.7% (12.8% in 2012).

2.1.4 2014 OUTLOOK

The trends observed in late 2013 continued into early 2014. The second half was marked, for the Group, by the stabilization of business levels in Europe, while the environment in North America remained dynamic.

Thanks to greater financial resources, Imerys foresees, with confidence, the continued implementation of its 2012-2016 strategy. Recently commissioned projects, as well as PyraMax (new proppant facility in the US), will contribute to revenue from 2014. The Group will also commit to new development expenditure, in line with its usual value creation criteria. R&D and innovation programs will be pursued.

In this context, Imerys will continue to implement a strict cost and cash flow management policy.

Finally, the tender offer for all of the outstanding common stock of AMCOL announced on February 12, 2014 will be launched by Imerys within the next ten business days. The transaction is expected to close in the first half of 2014[(1)].

2.1.5 THE COMPANY'S BUSINESS AND RESULTS IN 2013

The Company makes a net profit of €49.1 million in 2013, a - €11.3 million decrease compared to the previous period.

An operating loss of - €51.0 million is recorded, a - €0.5 million change compared to the previous year. This trend is due to a decrease in operating expenses of €0.3 million to reach - €77.5 million. This drop can mainly be explained by the decrease in purchases and external services by €9.9 million due to the drop in external services related to the acquisition projects and branch management. Staff expenses increase by - €8.8 million, impacted by expenses related to the grant of free shares. Taxes and duties increase by - €1.2 million. At the same time, operating revenue decrease by - €0.8 million, at €26.4 million, mainly due to the fall in services invoiced to subsidiaries.

A financial income of €68.5 million is posted in 2013, compared with €72.5 million in 2012. In 2013, the Company collects €121.4 million in dividends, a €3.1 million increase compared with 2012. The Company also recognizes a net exchange rate gain of + €10.9 million in 2013 against a net loss of - €36.9 million in 2012. At the same time net provisions for foreign exchange rate risks decrease in 2013 by + €11.8 million and decreased in 2012 by + €40.4 million. The foreign exchange impacts net of provisions thus reach + €22.7 million in 2013 where they amounted to + €3.5 million in 2012. Net financial expenses decrease by + €10.1 million due to changes in the portfolio of the Group's financial resources that have reduced the average interest rate for the year 2013. Excluding foreign exchange, financial write-downs and provisions increase by - €24.5 million in 2013 and decreased by + €11.8 million in 2012. These net rises in write-downs and provisions in 2013 concern a write-down on investments for - €12.9 million, a write-down on loans for - €8.1 million, an increase by - €2.6 million in the provision for financial instruments and a last provision for - €0.9 million for various current financial management costs.

Pursuant to the risk management procedure in force in the Group, the Company uses forward or optional financial instruments to hedge the risks inherent in fluctuations in exchange and interest rates and in energy prices.

The current income amounts to + €17.5 million in 2013, against a current income of + €21.9 million in 2012.

The exceptional income reached + €2.7 million in 2012. For the financial year 2013, the exceptional loss amounts to - €3.3 million.

With respect to 2013, Imerys SA records a tax credit of + €35.0 million, as a result of the tax consolidation of the Group of French companies headed by Imerys SA.

The financial debts of Imerys SA increase by €251.5 million in 2013.

Net investments decrease by €13.0 million in the 2013 period following the setting up of a write-down on the investment in the Company Mircal Asia for €12.9 million.

The Board of Directors will propose the payment of a dividend of €1.60 per share at the Shareholders' General Meeting of April 29, 2014. This dividend should be paid out from May 13, 2014 for a total of approximately €122.0 million, i.e. 40.1% of the Group's share of consolidated net current income (for information related to allocation of earnings, *see note 34 of the statutory financial statements and chapter 8, paragraph 8.1.1 of the Registration Document).*

(1) *See chapter 1, paragraph 1.2.3 Strategy for more details.*

As of December 31, 2013, the Company's financial debt is made up of the following items:

(€ thousands)	Amount	Maturity less than one year	Maturity from one to five years	Maturity beyond five years
Financial debts	2,440,043	1,566,939	524,735	348,369
Other debts	20,942	20,942	-	-
Deferred revenue	-	-	-	-
Unrealized exchange rate gains	15,754	15,754	-	-
Total	**2,476,739**	**1,603,635**	**524,735**	**348,369**

INVENTORY OF SUBSIDIARIES AND EQUITY INTERESTS AND MARKETABLE SECURITIES

Information concerning subsidiaries and equity interests as of December 31, 2013 can be found in *note 35 of the statutory financial statements*.

Information concerning marketable securities as of December 31, 2013 can be found in *note 18 of the statutory financial statements*.

INFORMATION ON CAPITAL AND DISTRIBUTIONS OF DIVIDENDS OVER THE PAST THREE FINANCIAL YEARS

Information concerning the share capital as of December 31, 2013 is available in *notes 19 and 29 of the statutory financial statements*, as well as in *chapter 7, paragraph 7.3.1 of the Registration Document.*

As of December 31, 2013, the Company's share capital is made up as follows:

	Number of shares	% of interest	% of voting rights(1)
Belgian Securities BV(2)	42,851,473	56.21%	71.63%
Group employees	159,082	0.21%	0.27%
Owned by the Group(3)	100,137	0.13%	0.08%
Public	33,127,572	43.45%	28.02%
Total as of December 31, 2013	**76,238,264**	**100.00%**	**100.00%**

(1) Total theoretical voting rights: 119,643,619.

(2) A 100% subsidiary of the company Groupe Bruxelles Lambert.

(3) 20,000 treasury shares that have been negociated on December 30, 2013 and delivered on January 3, 2014 are excluded.

On December 12, 2013, the Board of Directors, as part of the share buy-back programs authorized by the Shareholders' General Meetings of April 26, 2012 and April 25, 2013, and in accordance with the authorization given by the Shareholders' General Meeting of April 25, 2013, cancelled 43,724 treasury shares, directly acquired on the market by the Company and totally allocated to the cancellation objective. This cancellation of shares lead to a capital decrease of the Company of a nominal amount of €87,448.

On January 10, 2014, the Chairman and Chief Executive Officer, pursuant to the delegation of powers given to him by the Board of Directors on December 12, 2013, noted that, on December 31, 2013, the share capital had been increased by a nominal amount of €1,826,884 as a result of the exercise during the 2013 period of 913,442 share options and of the creation of the same number of new Imerys shares.

In addition as of December 31, 2013, the Company holds 120,137 treasury shares assigned to the grant of conditional free shares plans at the average unit price of €57.87, among which 20,000 treasury shares have been negociated on December 30, 2013 and delivered on January 3, 2014.

The amount of dividends paid during the past three financial years was as follows:

	2013 For the 2012 period	2012 For the 2011 period	2011 For the 2010 period
Gross dividend per share	€1.55	€1.50	€1.20
Net dividend per share	€1.55	€1.50	€1.20
Total net distribution	**€117.0 million**	**€112.8 million**	**€90.6 million**

For further information on Imerys' policy with regard to distribution of dividends, *see chapter 7, section 7.6 of the Registration Document*.

CAPITAL, OTHER SECURITIES, INCOME AND OTHER KEY INDICATORS OF THE COMPANY FOR THE PAST FIVE FINANCIAL YEARS

Type of indicators (in euros)	2013	2012	2011	2010	2009
I - Capital and other shares at the end of the period					
Share capital	152,476,528	150,737,092	150,285,032	150,948,310	150,778,992
Number of ordinary shares at the end of the period	76,238,264	75,368,546	75,142,516	75,474,155	75,389,496
Nominal per share	€2	€2	€2	€2	€2
Number of preferred shares (without voting rights)	-	-	-	-	-
Maximum number of potential ordinary shares by exercise of options	3,090,546	4,102,831	4,202,766	4,170,563	3,953,269
II - Transactions and income for the period					
Pre-tax sales	25,308,126	26,555,498	23,102,369	18,874,414	19,196,891
Income before income taxes, legal profit-sharing					
and amortization, depreciation and provisions	32,340,859	(27,397,535)	1,016,776	19,302,242	83,085,219
Income taxes	34,950,441	35,839,607	49,412,228	22,793,593	30,755,302
Legal employee profit-sharing payable for the period Income after income taxes, legal profit-sharing and amortization, depreciation and provisions	49,138,878	60,415,360	9,643,394	83,645,325	71,934,964
Distributed income (excluding withholding tax)	116,955,803	112,763,769	90,597,541	75,505,458	62,787,810
III - Earnings per share(1)					
Income after income taxes, legal profit-sharing and before amortization, depreciation and provisions	0.88	0.11	0.67	0.56	1.51
Income after income taxes, legal profit-sharing and amortization, depreciation and provisions	0.64	0.80	0.13	1.11	0.95
Net dividend per share	1.60(2)	1.55	1.50	1.20	1.00
IV - Employees					
Average number of employees for the period	141.00	152.83	140.75	124.25	125.58
Payroll for the period	14,822,200	15,320,203	15,625,401	13,459,710	11,839,442
Amount paid as social contribution for the period	23,796,038	14,454,558	12,131,203	12,339,268	7,335,249
of which profit-sharing	990,000	1,063,000	1,315,100	918,072	356,971

(1) Based on the number of shares at the end of each period.
(2) Proposed for the approval of the Shareholders' General Meeting of April 29, 2014.

OTHER INFORMATION

In 2013, no changes in accounting methods occurred.

2013 POST CLOSING EVENTS

On January 31, 2014, Imerys concluded the divestment of four calcium carbonate industrial sites to the Swiss group, Omya. Exclusively serving the paper market, these plants are in France (Sainte-Croix de Mareuil), Sweden (Köping), Italy (Massa) and the US (Kimberly). In 2012, they totaled revenue of around €75 million. The valuation criteria used were comparable with those applied to recent transactions completed by Imerys.

Imerys and AMCOL International Corporation (NYSE: ACO) ("AMCOL"), an Illinois-based company listed on the New York Stock Exchange, announced that they have signed a definitive merger agreement, unanimously approved by both companies' Boards of Directors. Under the agreement, Imerys agrees to acquire all AMCOL shares for cash consideration of US$41 per share. This transaction values AMCOL at approximately US$1.6 billion, including AMCOL's net financial debt.

With revenue over US$1 billion in 2013, AMCOL is a global specialty minerals and materials player with presence in 26 countries and a strong US footprint. This acquisition is expected to enhance Imerys' global offer of mineral-based specialty solutions in diversified attractive markets. The transaction is expected to be accretive on an EPS basis (net income from current operations per share) from the first full year of integration, in 2015 (please refer to February 12, 2014 press release).

2014 OUTLOOK

In 2014, the Company will pursue its activity of holding and, more particularly, of providing services to its subsidiaries and will continue to manage financial risks for the entire Group.

SUPPLIER PAYMENT TERMS ACCORDING TO THE "LOI DE MODERNISATION DE L'ÉCONOMIE" DATED AUGUST 4, 2008 ("LME LAW")

Pursuant to article L. 441-6-1 of the French Code of Commerce, the amount of trade payables by maturity is given below:

Payables as of December 31, 2013

(€ thousands)	**Total**	**< 30 days**	**from 31 to 60 days**	**> 61 days**
Group suppliers	2,254	1,726	180	348
Non Group suppliers	3,665	2,165	982	518
Trade payables	**5,919**	**3,891**	**1,162**	**866**

Payables as of December 31, 2012

(€ thousands)	**Total**	**< 30 days**	**from 31 to 60 days**	**> 61 days**
Group suppliers	3,210	3,158	48	4
Non Group suppliers	3,140	2,792	293	55
Trade payables	**6,350**	**5,950**	**341**	**59**

The present Management Report by the Board of Directors draws on detailed information from the following chapters of the present Registration Document, in particular:

- Human resources and environmental information; social commitments in favor of Sustainable Development (chapter 5 - Sustainable Development);
- Innovation, Research & Technology (chapter 1 - Presentation of the Group);
- Interest acquisition and takeover (chapter 1 - Presentation of the Group and chapter 6 - Financial statements);
- Composition and functioning of the Board of Directors, list of offices and functions held by corporate officers and amount of compensation; benefits of corporate officers, stock options and free shares; corporate officers' transactions in Imerys securities (chapter 3 - Corporate Governance);
- Main risks and uncertainties (chapter 4 - Risks and internal control and chapter 6 - Financial statements);
- Main subsidiaries and affiliates (chapter 6 - Financial statements);
- Use of financial instruments (chapter 6 - Financial statements);
- Information on share capital (including Group employees' interest in the capital of the Company and table summarizing existing financial authorizations and share buyback programs) and items likely to have an impact in the event of a public offer (chapter 7 - Additional information).

2.2 STATUTORY AUDITORS' REPORTS

ERNST & YOUNG et Autres
1/2, place des Saisons
92400 Courbevoie
Paris-La Défense 1

S.A.S. with variable Capital
Statutory Auditor
Member of the compagnie régionale de Versailles

Deloitte & Associés
185, avenue Charles-de-Gaulle
92524 Neuilly-sur-Seine Cedex

S.A. with share capital of €1,723,040
Statutory Auditor
Member of the compagnie régionale de Versailles

2.2.1 STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended December 31, 2013

This is a free translation into English of the statutory auditors' report on the consolidated financial statements issued in French and it is provided solely for the convenience of English-speaking users.

The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the consolidated financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions or disclosures.

This report also includes information relating to the specific verification of information given in the group's management report.

This report should be read in conjunction with and construed in accordance with French law and professional auditing standards applicable in France.

To the Shareholders,

In compliance with the assignment entrusted to us by your annual General Meeting, we hereby report to you, for the year ended December 31, 2013, on:

- the audit of the accompanying consolidated financial statements of Imerys;
- the justification of our assessments;
- the specific verification required by law.

These consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these consolidated financial statements based on our audit.

I. OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2013 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Without qualifying our opinion, we draw your attention to note 2.1 "Changes in accounting methods" to the consolidated financial statements related to the mandatory change in accounting methods of the period, including the impacts related to the implementation of the IAS 19 «Employee Benefits" amendments, and to note 2.2 "Voluntary changes in accounting methods" to the consolidated financial statements related to the voluntary change in accounting methods of the period, including the change in the segments reported within the information by segments.

II. JUSTIFICATION OF OUR ASSESSMENTS

In accordance with the requirements of article L. 823-9 of the French commercial code (Code de commerce) relating to the justification of our assessments, we bring to your attention the following matter:

- Your Company performs annual goodwill impairment tests and also assesses whether there is any indication of impairment in long-term assets, under the terms and conditions described in notes 4.9, 4.13 and 19 to the consolidated financial statements. Our procedures consisted in analyzing the procedures performed to implement those impairment tests and assumptions used and in verifying that notes 4.9, 4.13 and 19 to the consolidated financial statements provide appropriate information.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III. SPECIFIC VERIFICATION

As required by law we have also verified, in accordance with professional standards applicable in France, the information presented in the Group's management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Neuilly-sur-Seine and Paris-La Défense, March 18, 2014

The Statutory Auditors
French original signed by

ERNST & YOUNG et Autres	Deloitte & Associés
Jean-Roch VARON	Arnaud de PLANTA

2.2.2 STATUTORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

Year ended December 31, 2013

This is a free translation into English of the statutory auditors' report on the financial statements issued in French and it is provided solely for the convenience of English-speaking users.

The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions or disclosures.

This report also includes information relating to the specific verification of information given in the management report and in the documents addressed to the shareholders.

This report should be read in conjunction with and construed in accordance with French law and professional auditing standards applicable in France.

To the Shareholders,

In compliance with the assignment entrusted to us by your annual General Meeting, we hereby report to you, for the year ended December 31, 2013, on:

- the audit of the accompanying financial statements of Imerys;
- the justification of our assessments;
- the specific verifications and information required by law.

These financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

I. OPINION ON THE FINANCIAL STATEMENTS

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the company as at December 31, 2013 and of the results of its operations for the year then ended in accordance with French accounting principles.

II. JUSTIFICATION OF OUR ASSESSMENTS

In accordance with the requirements of article L. 823-9 of the French commercial code (Code de commerce) relating to the justification of our assessments, we bring to your attention the following matter:

Investments in subsidiaries are valued by taking into account both percentage of Shareholders' equity they represent and future profitability forecasts as stated in the accounting policies and methods note to the financial statements concerning long-term investments.

Our work consisted in assessing the data and the assumptions on which these estimates are based and reviewing the calculations performed by your Company. We assessed the reasonableness of these estimates.

These assessments were made as part of our audit of the financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III. SPECIFIC VERIFICATIONS AND INFORMATION

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors and in the documents addressed to the Shareholders with respect to the financial position and the financial statements.

Concerning the information given in accordance with the requirements of article L. 225-102-1 of the French commercial code (Code de commerce) relating to remunerations and benefits received by the Directors and any other commitments made in their favour, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from companies controlling your Company or controlled by it. Based on this work, we have the following matter to report regarding the accuracy and fair presentation of this information:

As specified in the management report, this information represent the remuneration and benefits granted by Imerys Group and the companies controlling your Group with respect to directorships, roles or engagements performed in or on behalf of Imerys Group. It therefore does not include the remuneration and benefits granted by the companies controlling your Company to the relevant Company officers with respect to other directorships, roles or engagements other than those performed in or on behalf of Imerys Group.

In accordance with French law, we have verified that the required information concerning the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

Neuilly-sur-Seine and Paris-La Défense, March 18, 2014

The Statutory Auditors
French original signed by

ERNST & YOUNG et Autres	Deloitte & Associés
Jean-Roch VARON	Arnaud de PLANTA

2.2.3 STATUTORY AUDITORS' REPORT ON REGULATED AGREEMENTS AND COMMITMENTS WITH RELATED PARTIES

Shareholders' Meeting held to approve the financial statements for the year ended December 31, 2013

This is a free translation into English of the Statutory Auditors' report on regulated agreements and commitments with third parties issued in the French language and provided solely for the convenience of English-speaking readers. This report on regulated agreements and commitments should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France. It should be understood that the agreements reported on are only those provided by the French Company Law (Code de Commerce) and that the report does not apply to those related party transactions described in IAS 24 or other equivalent accounting standards.

To the Shareholders,

In our capacity as Statutory Auditors of your Company, we hereby report to you on regulated agreements and commitments with related parties.

The terms of our engagement require us to communicate to you, based on information provided to us, the principal terms and conditions of those agreements and commitments brought to our attention or which we may have discovered during the course of our audit, without expressing an opinion on their usefulness and appropriateness or identifying such other agreements, if any. It is your responsibility, pursuant to Article R. 225-31 of the French Company Law (Code de Commerce), to assess the interest involved in respect of the conclusion of these agreements for the purpose of approving them.

Our role is also to provide you with the information provided for in Article R. 225-31 of the French Commercial Code (Code de Commerce) in respect of the performance of the agreements and commitments, already approved by the Shareholders' Meeting and having continuing effect during the year, if any.

We conducted our procedures in accordance with the professional guidelines of the French National Institute of Statutory Auditors (Compagnie nationale des commissaires aux comptes) relating to this engagement. These guidelines require that we agree the information provided to us with the relevant source documents.

AGREEMENTS AND COMMITMENTS SUBMITTED TO THE APPROVAL OF THE SHAREHOLDERS' MEETING

Agreements and commitments authorized during the year

We hereby inform you that we have not been advised of any agreement or commitment authorized during the year to be submitted to the approval of the Shareholders' Meeting pursuant to the provisions of Article L.225-38 of the French Company Law (Code de Commerce).

AGREEMENTS AND COMMITMENTS ALREADY APPROVED BY THE SHAREHOLDERS' MEETING

Agreements and commitments approved during previous years and having continuing effect in 2013

Pursuant to Article R.225-30 of the French Company Law (Code de Commerce), we have been advised that the following agreements and commitments, approved in previous years by the Shareholders' Meeting, have had continuing effect during the year.

Defined contribution retirement plan:

This plan, the management of which was entrusted to an external insurance company, provides for a contribution of 8% of the eligible beneficiaries' compensation, capped at 8 PASS (8 times the amount of the Social Security Annual Ceiling), paid into jointly by beneficiary for 3%, and 5% by the Company; the benefits, if necessary, will be deducted from the guaranteed retirement caps under the Group defined benefit plan. Beneficiaries may make optional voluntary contributions to this plan in addition to the mandatory ones.

Mr. Gilles Michel, Chairman and Chief Executive Officer, is covered by this plan.

Your Company paid contributions to this plan amounting to €14,812.80 in 2013.

Social security benefits plan for corporate executives:

In his capacity as a corporate officer, Mr. Gilles Michel benefits from the social security benefits plan for corporate executives subscribed to by your Company.

Your Company paid contributions to this plan amounting to €12,015.03 in 2013.

Group defined benefit retirement plan set up by the Company in 1985 and modifications made to this plan:

Mr. Gilles Michel, Chairman and Chief Executive Officer, is covered by this plan.

This plan provides for the payment of a life annuity:

- total annual gross amount (after having taken into account pension benefits from mandatory and complementary retirement plans including the defined benefit plan described above) of 60% of the beneficiary's reference salary, which is limited to 30 times the amount of the Social Security Annual Ceiling;
- subject to a payment capped at a maximum of 25% of the capped reference salary;
- optional reversion annuity paid to the surviving spouse pro-rated to the duration of the marriage.

The reference salary to be used is the average of the beneficiary's last two years of compensation (fixed and variable).

The total estimated amount of the commitment for Mr. Gilles Michel amounts to €2,140 thousands as of December 31, 2013.

Severance pay in favor of Mr. Gilles Michel, Chairman and Chief Executive Officer

Severance pay will be paid should Mr. Gilles Michel be discharged from his duties as a corporate officer either at the Company's initiative or in the event of a forced departure related to a change in control or strategy.

The amount of this severance pay would be calculated based on a maximum of two years of compensation (fixed and variable) and subject to a performance condition based on the achievement of economic and financial objectives over the last three years.

No severance pay would be paid in the event of a voluntary departure by Mr. Gilles Michel or should he have the possibility of triggering his retirement benefits in the short term.

Paris-La Défense and Neuilly-sur-Seine, March 18, 2014

The Statutory Auditors
French original signed by

ERNST & YOUNG et Autres — Deloitte & Associés

Jean-Roch VARON — Arnaud de PLANTA

CORPORATE GOVERNANCE

3

Since May 3, 2005, the Company has been organized as a French Limited Liability Company (*Société Anonyme*) with a Board of Directors. On April 28, 2011, the Board decided to merge the duties of Chairman of the Board and Chief Executive Officer and to appoint Mr. Gilles Michel to perform them. The Board of Directors also appointed a Vice-Chairman, Mr. Aimery Langlois-Meurinne. This governance structure, adopted by a great majority of listed French companies with a Board of Directors, simplifies the Company's operational management in order to further improve its efficiency while taking into account the presence of controlling shareholders in the Company's capital and the application of best Corporate Governance practices.

The Company complies with the French regulations to which it is subject with respect to Corporate Governance. The AFEP-MEDEF Corporate Governance Code, updated for the last time in June 2013, is used by the Company as a reference in drawing up the report provided for in article L. 225-37 of the French Code of Commerce, pursuant to the law of July 3, 2008 transposing the European directive 2006/46/EC of June 14, 2006 (this Code is available on the Company's website: ***www.imerys.com***, in the "The Group/ Corporate Governance" section).

3.1 BOARD OF DIRECTORS

3.1.1 POWERS

Pursuant to legal and statutory provisions, the Board of Directors:

- appoints and, as the case may be, dismisses the Chairman and/ or the Chief Executive Officer and, as the case may be, on the Chief Executive Officer's proposal, one or more Delegate Chief Executive Officers; it determines their compensation; and
- constantly controls the management of the Company by the Chief Executive Officer.

For the purposes of that control and in accordance with article 16 of the by-laws:

- the Board of Directors makes the checks and controls that it judges appropriate at any time of the year. It may obtain any documents that it judges useful for carrying out its mission;
- the Executive Management periodically presents a report to the Board of Directors on the status and running of Company affairs, which is drawn up under conditions requested by the Board of Directors. The report includes the presentation of the Group's quarterly and half-yearly financial statements;
- within three months of closing the financial year, the Executive Management presents the Company's annual financial statements, the Group's consolidated financial statements and its report on the financial year just ended to the Board of Directors for review and control. The Board of Directors settles these financial statements and the terms of its Management Report to be presented to the annual Shareholders' General Meeting;
- the Executive Management submits to the Board of Directors its annual operating objectives for the year ahead and, periodically, its long-term strategic projects.

Furthermore, pursuant to the provisions of the Board of Directors' Internal Charter, the Board examines and approves the following prior to their implementation, with respect to the general powers granted to it by-law:

- the strategic orientations of the Company and Group and any operations likely to significantly influence such orientations; it also periodically examines the long-term strategic plan (multiyear plan) drawn up or revised by Executive Management;
- the operations likely to significantly modify the purpose or scope of business of the Company and the Group, including:
  - the acquisition, investment, takeover or disposal of securities or any other fixed asset (and any operation economically comparable, including by way of contribution or exchange) for an amount greater than €75 million per operation, or its equivalent amount in any other currency,
  - the significant commercial or industrial agreements that would bind the long-term future of the Company or the Group,
  - any financing operations for an amount likely to significantly modify the financial structure of the Group;
- as the case may be, the allocation of management tasks between the various Delegate Chief Executive Officers, as proposed by the Chief Executive Officer;
- more generally, any commitment by the Company or the Group that may constitute a regulated agreement, in accordance with the law.

Finally, the Board of Directors grants any specific delegations of its powers to Executive Management, within the limits and conditions set down by-law, for the purposes of:

- the granting by the Company of any personal security (such as third-party guarantees and endorsements) or of any security on its assets, within the limit of a total amount determined in principle every year;
- making, pursuant to the authorizations granted to the Board of Directors by the Shareholders' General Meeting, purchases by the Company of its own shares or certain capital increase operations;
- carrying out issues of ordinary bonds in one or more times.

3.1.2 COMPOSITION

The Board of Directors is currently composed of fifteen members. Their term of office is three years and, in principle, one third of members is renewed each year.

The composition of the Board of Directors is designed to allow the Group to benefit from the diverse and international professional experience of its members and to involve the representatives of Imerys' controlling shareholders in the definition and implementation of the Group's strategy.

The Board does not include for the time being a Director elected by employees or a Director representing employee shareholders. Nevertheless, Works Council representatives attend all board meetings on an advisory basis.

CHANGES IN 2013

The Company's shareholders, at their Ordinary and Extraordinary General Meeting of April 25, 2013, decided to:

- renew the terms of office as Directors of Mrs. Fatine Layt, Mr. Ian Gallienne, Mr. Robert Peugeot, Mr. Olivier Pirotte and Mr. Amaury de Seze for a further period of three years, i.e. until the end of the Shareholders' General Meeting called in 2016 to rule on the 2015 financial statements;
- appoint, for a period of two years, Mrs. Marie-Françoise Walbaum as a new Director, i.e. until the end of the Shareholders' General Meeting called in 2015 to rule on the 2014 financial statements.

The terms of office of Mr. Jean Monville and Mr. Pierre-Jean Sivignon expire at the next Shareholders' General Meeting. Given that they did not solicit their renewal, the Board of Directors decided, at its meeting of February 13, 2013, not to propose new candidates to succeed them.

Finally, it is reminded that the term of office of Mr. Jacques Drijard ended ipso jure at the end of the Shareholders' General Meeting of April 25, 2013, given his age and pursuant to article 12 of the by-laws.

COMPOSITION

On the date of the present Registration Document, the composition of the Board of Directors is as follows:

Name	Age	Nationality	Position	Date of 1st appointment	Year of renewal of term of office[(1)]	Number of shares owned	Independent member
Gilles MICHEL	58	French	Chairman and Chief Executive Officer	11/03/2010	2015	600	No[(2)]
Aimery LANGLOIS-MEURINNE	70	French	Vice-Chairman	09/22/1987	2014	60,000	No[(3)]
Gérard BUFFIÈRE	68	French	Director	05/03/2005	2014	105,000	No[(4)]
Aldo CARDOSO	58	French	Director	05/03/2005	2014	1,680	Yes
Ian GALLIENNE	43	French	Director	04/29/2010	2016	600	No[(3)]
Marion GUILLOU	59	French	Director	09/01/2012	2014	600	Yes
Fatine LAYT	46	French	Director	04/29/2010	2016	600	Yes
Xavier LE CLEF	37	Belgian	Director	04/26/2012	2015	720	No[(3)]
Jocelyn LEFEBVRE	56	Franco-Canadian	Director	06/16/1994	2015	1,080	No[(3)]
Arielle MALARD de ROTHSCHILD	50	French	Director	04/28/2011	2014	600	Yes
Robert PEUGEOT	63	French	Director	11/04/2002	2016	704	Yes
Olivier PIROTTE	47	Belgian	Director	04/29/2010	2016	600	No[(3)]
Amaury de SEZE	67	French	Director	07/30/2008	2016	8,016	No[(3)]
Jacques VEYRAT	50	French	Director	05/03/2005	2014	600	Yes
Marie-Françoise WALBAUM	64	French	Director	04/25/2013	2015	600	Yes
Total members: 15						182,000[(5)]	7

(1) The exact date of the renewal will be the date of the General Meeting called to rule on the Company's financial statements for the previous year.
(2) Chairman and Chief Executive Officer of the Company.
(3) Director representing a majority shareholder in the Company.
(4) Former executive of the Company.
(5) i.e. 0.24% of capital and 0.29% of voting rights as of December 31, 2013.

The minimum number of shares required to be a member of the Board of Directors is set at 100 by the by-laws. The Board's Internal Charter increased that number to 600 Imerys shares to be acquired by each Director within a year of his or her appointment. In that respect, the Company's controlling shareholder groups, which are represented on the Board of Directors by six members, together hold 42,851,473 shares as of December 31, 2013 *(see chapter 7, paragraph 7.3.1 of the Registration Document).*

Pursuant to statutory provisions, the terms of office of Directors end ipso jure on the date of the General Meeting following the date on which the incumbent reaches the age of 70; those of Chairman and Vice-Chairman(s) end ipso jure following the next Board Meeting after their 70th birthday.

Furthermore, as of the date of the present Registration Document: the proportion of women on the Board (4 out of 15) reaches 26.66%; three members of the Board of Directors are not solely French nationals and seven are considered "independent". This proportion of independent members in the composition of the Board of Directors (7 out of 15) is greater than the one-third recommended by the AFEP-MEDEF Corporate Governance Code for companies with controlling shareholders.

The definition of independence retained by the Board of Directors at its meeting of May 3, 2005 on the proposal of its Appointments and Compensation Committee and confirmed since then each year is "the lack of any relationship between a member of the Board of Directors and Imerys, its Group or its management that could affect the exercise of his or her freedom of judgment."

In accordance with the recommendations of the AFEP-MEDEF Corporate Governance Code, the Board stated in its Internal Charter that the independence criteria used(*) were neither exclusive of independent status if none of them was met, nor necessarily sufficient for that status to be granted. A member's independence must be appraised according to his or her particular personal situation or that of the Company, with respect to his or her shareholding or for any other reason.

CHANGES PLANNED FOR 2014

After the examination and opinion given by the Appointments and Compensation Committee, the Board will put to the shareholders at the General Meeting of April 29, 2014 to:

- renew the terms of office as Directors of Mrs. Marion Guillou, Mrs. Arielle Malard de Rothschild, Mr. Gérard Buffière and Mr. Aldo Cardoso for a further period of three years, i.e. until the end of the Shareholders' General Meeting called in 2017 to rule on the 2016 financial statements (it is specified that given his age and pursuant to article 12 of the by-laws, the term of office of Mr. Gérard Buffière will end ipso jure at the end of the Shareholders' General Meeting that will be called in 2015 to rule on the 2014 financial statements);
- appoint for a three-year period Mr. Paul Desmarais III and Mr. Arnaud Laviolette as new Directors i.e. until the end of the Shareholders' General Meeting called in 2017 to rule on the 2016 financial statements.

The term of office of Mr. Jean Veyrat expires at the next Shareholders' General Meeting. Given that he did not solicit its renewal, the Board of Directors decided, at its meeting of February 13, 2014, not to propose new candidate to succeed him.

Finally, it is reminded that the term of office of Mr. Aimery Langlois-Meurinne will end ipso jure at the end of the Shareholders' General Meeting of April 29, 2014, given his age and pursuant to article 12 of the by-laws.

In accordance with the principles set by the Company with respect to the qualification of its Directors as independent, and after examining the individual situation of each Director, particularly those whose renewal or appointment are proposed, the Board, on the proposal of the Appointments and Compensation Committee, recognized this status for Mrs. Marion Guillou, Mrs. Arielle Malard de Rothschild and Mr. Aldo Cardoso and did not recognize it for Mr. Gérard Buffière, a former executive of the Company, or Mr. Paul Desmarais III and Mr. Arnaud Laviolette, as representatives of the Company's controlling shareholders.

On that occasion, the Board of Directors specified that Mr. Robert Peugeot, who this year will have held his office for more than 12 years, will nevertheless keep his independent Director status. The Board judged that the duration of his office was not likely to affect the objectivity or freedom of judgment that he has constantly shown throughout these years, both on the Board and as a member of the specialized Committees.

Information on Directors whose terms of office's renewal will be put to the Shareholders' General Meeting appears in *paragraph 3.1.3 of this chapter*; the information on Mr. Paul Desmarais III and Mr. Arnaud Laviolette as a new applicants appears in *chapter 8, paragraph 8.1.4 of the Registration Document*.

Pursuant to the provisions of the new article L. 225-27-1 of the French Code of Commerce, introduced by the French Employment security law of June 14, 2013, an amendment of article 12 of the Company's by-laws in order to determine the appointment arrangements, as the case may be, of employee representative Directors, will be put to the General Meeting on April 29, 2014. In accordance with legal provisions, their appointment must take place by October 29, 2014 *(see chapter 8, paragraph 8.1.8 of the Registration Document)*.

(*) For its application, the Board decided that their being in one or more of the following situations was likely to affect that freedom of judgment:
- *an employee or executive Director of Imerys or an employee or Director (or similar) of one of its a subsidiaries or one of its controlling shareholders (within the meaning of article L. 233-16 of the French Code of Commerce) or major shareholders (i.e. with a share of over 10% of its capital) or having been one in the past five years;*
- *executive Director of a company in which Imerys, one of its employees appointed as such or another executive Director of Imerys (now or in the past five years) is a Director (or similar);*
- *a Director (or similar) of Imerys for more than 12 years;*
- *a significant customer, supplier or banker of Imerys or its Group;*
- *a close relation of a corporate officer of Imerys;*
- *an auditor of Imerys in the past five years.*

3.1.3 INFORMATION ON THE DIRECTORS

The information below was provided individually to the Company by each of the Directors concerned in function as of December 31, 2013.

MAIN ACTIVITY AND OTHER RESPONSIBILITIES OF THE MEMBERS OF THE BOARD OF DIRECTORS

Gilles MICHEL

Chairman and Chief Executive Officer

Born on January 10, 1956
Work address: Imerys - 154, rue de l'Université - 75007 Paris (France)

A graduate of École Polytechnique (1974), École Nationale de la Statistique et de l'Administration Economique (ENSAE) and Institut d'Études Politiques (IEP) of Paris, Gilles Michel began his career in 1982 within the World Bank (Washington, D.C.) before joining the Saint-Gobain group in 1986 where during sixteen years he held various managerial positions, notably in the United States, before being appointed in 2000 General Manager of the Ceramics & Plastics business group and member of Saint-Gobain's Management Committee. In 2001, he joined PSA Peugeot-Citroën group, as Manager of the Platforms, Techniques & Purchasing activity and member of Peugeot's Executive Committee. In 2007, he was appointed General Manager of Citroën, and member of the managing Board of Peugeot SA. On December 1, 2008, Gilles Michel held the position of Chief Executive Officer of the Strategic Investment Fund, whose activity involves taking equity stakes in companies expected to contribute to the growth and competitiveness of the French economy. Gilles Michel joined Imerys in September 2010 and was appointed Director and Deputy Chief Executive Officer on November 3, 2010. Since April 28, 2011, he has been Chairman and Chief Executive Officer of Imerys.

List of activities and other responsibilities in 2013:

Main activity:	• Chairman and Chief Executive Officer of Imerys.
Other responsibilities:	• Director of GML Investissements Ltée (Mauritius).

List of activities and other responsibilities that have expired during the past five years:

- Chief Executive Officer: Fonds Stratégique d'Investissement (France).
- Director: France Telecom* (France).

* *Listed company.*

3

Aimery LANGLOIS-MEURINNE

Vice-Chairman of the Board of Directors

Born on May 27, 1943
Work address: Pargesa Holding S.A. – 11, Grand-Rue – 1204 Geneva (Switzerland)

A doctor of law and graduate of Institut d'Études Politiques, Paris and École Nationale d'Administration (Robespierre class), Paris, Aimery Langlois-Meurinne began his career in 1971 with Paribas where, for 11 years, he was successively Consultant Engineer, Industrial Delegate in Japan, Assistant Vice-President then Deputy Vice-President in charge of the Asia-Pacific Department and, finally, Deputy Vice-President in charge of the International Financial Operations Department. He then joined AG Becker Paribas in New York as Managing Director and member of the Executive Committee, then Merrill Lynch Capital Markets (New York), where he held the position of Managing Director. In 1987, he joined Parfinance as Chief Executive Officer before becoming its Vice-Chairman and Chief Executive Officer in 1990, when he was also appointed Chief Executive Officer of Pargesa Holding S.A. (Switzerland) until January 2010.

List of activities and other responsibilities in 2013:

Responsibilities:
- Director: IDI*, Société Française Percier Gestion "SFPG", Société de la Tour Eiffel (France).
- Member of the Supervisory Board: PAI Partners (France); Louis Dreyfus Commodities Holdings BV (Netherlands).
- Manager: Audiris (France).

List of activities and other responsibilities that have expired during the past five years:

- Director-Chairman: Pargesa Luxembourg S.A. (Luxembourg); Pargesa Netherlands BV (Netherlands).
- Director-Chief Executive Officer: Pargesa Holding S.A.* (Switzerland).
- Chairman of the Board of Directors: Imerys, until April 28, 2011.
- Director: Groupe Bruxelles Lambert* (Belgium); Club Méditerranée* (France).

Gérard BUFFIÈRE

Director

Born on March 28, 1945
Address: 41, boulevard de la Tour Maubourg – 75007 Paris (France)

A graduate of École Polytechnique, Paris with a Master of Sciences from Stanford University (United States), Gérard Buffière began his career in 1969 in the French group Banexi. After holding various positions with the American group Otis Elevator, in 1979 he joined the international group Schlumberger, where he held various management positions before becoming Chairman of the Electronic Transactions divisions in 1989. His career continued as Chief Executive Officer of the Industrial Equipment division of the French group Cegelec in 1996. He joined the Imerys group in March 1998 where he was appointed Vice-President of Building Materials. In 1999, he became Vice-President of Building Materials and Ceramics & Specialties. In 2000, he took charge of the Pigments & Additives business group, then the Pigments for Paper business group until 2003. Chairman of the Managing Board from January 1, 2003 to May 3, 2005, Gérard Buffière was appointed Director and Chief Executive Officer of Imerys as from that date, a position he held until April 28, 2011.

List of activities and other responsibilities in 2013:

Responsibilities:
- Member of the Supervisory Board: Tarkett*, Wendel* (France).

List of activities and other responsibilities that have expired during the past five years:

- Chief Executive Officer of Imerys until April 28, 2011.

* *Listed company.*

Aldo CARDOSO

Director

Born on March 7, 1956
Address: 45, boulevard de Beauséjour – 75016 Paris (France)

A graduate of École Supérieure de Commerce, Paris and holder of a master of Law, Aldo Cardoso began his career in 1979 at Arthur Andersen, where he became a partner in 1989. Vice-President of Auditing and Consulting Europe in 1996, then Chairman of Andersen France from 1998 to 2002, he was appointed Chairman of the Supervisory Board of Andersen Worldwide from 2000 to 2002, before becoming Chairman of the Managing Board from 2002 to 2003. In that capacity, Aldo Cardoso managed the shutdown of Andersen's activities worldwide.

List of activities and other responsibilities in 2013:

Responsibilities:
- Director: Mobistar (Belgium); Bureau Veritas*, GDF Suez*, GE Corporate Finance Bank (France).
- Censor: Axa Investment Managers (France).

List of activities and other responsibilities that have expired during the past five years:
- Director: Accor*, Gecina*, PlaNet Finance, Rhodia* (France).

3

Ian GALLIENNE

Director

Born on January 23, 1971
Work address: Groupe Bruxelles Lambert - 24, Avenue Marnix - 1000 Bruxelles (Belgium)

A Management and Administration graduate with a specialization in Finance at E.S.D.E. Paris and holder of an MBA from INSEAD, Fontainebleau, Ian Gallienne began his career in Spain in 1992 as co-founder of a commercial company. From 1995 to 1997, he was a member of the management of a consulting firm specialized in the reorganization of ailing companies in France. From 1998 to 2005, he was Manager of the private equity fund, Rhône Capital LLC, in New York and London. Since 2005, he has been co-founder and Managing Director of the private equity funds Ergon Capital Partners, Ergon Capital Partners II and Ergon Capital Partners III (Belgium). Since January 1, 2012, he has been Managing Director of Groupe Bruxelles Lambert.

List of activities and other responsibilities in 2013:

Main activities:
- Managing Director: Groupe Bruxelles Lambert (Holding Company – Belgium)
- Managing Director: Ergon Capital Partners, Ergon Capital Partners II, Ergon Capital Partners III (Private equity funds – Belgium).
- Member of the Supervisory Board: Kartesia GP SA (Luxembourg).
- Director: Ergon Capital SA, LTI One (Belgium).
- Manager: Ergon Capital II Sàrl (Luxembourg).

Other responsibilities:
- Director: Steel Partners NV (Belgium); Lafarge*, Pernod Ricard* (France); Gruppo Banca Leonardo SpA (Italy); SGS* (Switzerland).
- Manager: Serena Sàrl, Sienna Capital Sàrl (Luxembourg).

List of activities and other responsibilities that have expired during the past five years:
- Director: Fapakt SA, Publihold SA (Belgium); Central Parc Villepinte SA, Elitech Group SAS, Fonds de Dotation du Palais, PLU Holding SAS (France); Nicotra Gebhardt SpA, Seves SpA (Italy); Arno Glass SA (Luxembourg).
- Manager: Egerton Sàrl (Luxembourg).

* *Listed company.*

Marion GUILLOU

Director

Born on September 17, 1954
Work address: 154, rue de l'Université - 75007 Paris (France)

A graduate of École Polytechnique Paris (1973) and ENGREF (rural, water & forestry engineering school) and a doctor of physical chemistry specializing in biotransformation, Marion Guillou began her career in 1978 and held various positions in the ministries of Agriculture & Food (Saint-Lo, Paris, Nantes) and Research (Loire region research & technology delegation). In 1986 she joined a joint Nantes university/CNRS laboratory as a research scientist. From 1993 to 1996, she was agricultural attaché to the French Embassy in London. Marion Guillou was Director General for Food at the Ministry of Agriculture from 1996 to 2000. She became Director General of the National Institute for Agricultural Research (INRA) in 2000, then its Chairman & CEO from July 2004 to August 2012.

List of activities and other responsibilities in 2013:

Responsibilities:

- Chairman of the Board of Directors: Agreenium, École Polytechnique (France).
- Member of the Board of Directors: APAVE, BNP Paribas*, Groupe Consultatif pour la Recherche Agricole Internationale (CGIAR), National Political Science Foundation (FNSP), Veolia Environnement* (France).
- Member of the Board: the Legion of Honor (France).
- Chairman: Arbitration Committee of Toulouse IDEX (France).
- Member: French Society of Agriculture, National Academy of Technologies, Research Strategic Council (France).

List of activities and other responsibilities that have expired during the past five years:

- Chairman & CEO of INRA (France).
- Chairman of the Board of Directors: École Polytechnique (France).
- Member of the Supervisory Board: Areva* representing the State (France).
- Member of the Board of Directors: University of Lyon Foundation (France).
- Chairman: Joint European Programming Initiative "Agriculture, Food Security and Climate Change".

Fatine LAYT

Director

Born on July 10, 1967
Work address: Oddo & Cie – 12, boulevard de la Madeleine - 75009 Paris (France)

A graduate of Institut d'Études Politiques Paris and Société Française des Analystes Financiers (SFAF), Fatine Layt joined the Euris group on its creation in 1989; she held various positions there until 1992, when she was appointed Chief Executive Officer of EPA and Director of Glénat and Actes Sud; she also managed two audiovisual companies created in partnership with Canal+. In 1993, she became Chief Financial Officer of the investment fund Oros then Chief Executive Officer of Sygma Presse in 1995. From 1996 to 1998, Fatine Layt was Chairman & CEO of the specialized press group CEPP and Director of the trade press federation. In 2000, she created Intermezzo, a company specialized in the media sector before becoming a partner in Messier Partners, a merchant bank based in Paris and New York, in 2003. In 2007, she founded Partanéa, a merchant bank transferred in late 2008 to the Oddo et Cie group, of which she became an Executive Committee member; she is also managing partner and Chairman of Oddo Corporate Finance.

List of activities and other responsibilities in 2013:

Main activity:

- Managing partner and Chairman: Oddo Corporate Finance (Merchant bank – France).

Other responsibilities:

- Manager: Intermezzo (France).
- Director: Fondation Renault, Fromageries Bel* (France).
- Member of the Executive Committee: Oddo & Cie (France).
- Chairman: Le Cercle des Partenaires des Bouffes du Nord (France).

List of activities and other responsibilities that have expired during the past five years:

- Chairman: Partanea SAS (France).
- Member of the Supervisory Board: Institut Aspen France (France).

* *Listed company.*

Xavier LE CLEF

Director

Born on August 4, 1976
Work address: Compagnie Nationale à Portefeuille - 12, rue de la Blanche Borne - 6280 Loverval (Belgium)

A graduate of the Solvay Brussels School of Economics and Management (Belgium) and holder of a MBA from the Business School Vlerick (Belgium), Xavier Le Clef began his career in 2000 as an Associate of the consulting firm in Strategy, Arthur D. Little, where he held various positions in Belgium, France and Germany until 2006. At that date, he joined Compagnie Nationale à Portefeuille (CNP) where he is currently the Chief Financial Officer; he is also responsible for monitoring various industrial holdings.

List of activities and other responsibilities in 2013:

Main activities:
- Director and Financial Director: Compagnie Nationale à Portefeuille (Holding company – Belgium).

Other responsibilities:
- Director: Andes Invest, BSS Investments, Compagnie Immobilière de Roumont, Distripar, Distriplus, Europart, Fidentia Real Estate Investments, GB-INNO-BM, GIB Corporate Services, Investor, Nanocyl, Soneco, Trasys Group (Belgium); Financière Flo, Groupe Flo*, Tikehau Capital Advisors, Unifem (France); Finer, Kermadec, Swilux (Luxembourg), Rottzug (Netherlands); AOT Holding, Transcor Astra 25 (Switzerland).
- Commissaris: Agesca Nederland (Netherlands).
- Director: Pargesa Asset Management, Parjointco (Netherlands).
- Permanent representative of Investor (Belgium) on the Board of Directors of: Carpar, Fibelpar, Newcor (Belgium).
- Permanent representative of Compagnie Immobilière de Roumont (Belgium) on the Board of Directors of: Belgian Sky Shops, Transcor Astra Group (Belgium).
- Member of the Investment Committee: Tikehau Capital Partners (France).

List of activities and other responsibilities that expired during the last five years:

- Director: Belgian Icecream Group “BIG”, Carpar, Carsport, Fibelpar, Goinvest, Groupe Jean Dupuis, Iris Group, Newcor, Newtrans Trading, Starco Tielen (Belgium); Lyparis (France).

Jocelyn LEFEBVRE

Director

Born on December 22, 1957
Work address: Power Corporation du Canada - 751, Square Victoria - Montréal (Québec) - Canada H2Y 2J3

A business administration graduate of Hautes Études Commerciales (HEC) Montréal (Canada) and a member of the Quebec order of chartered accountants, Jocelyn Lefebvre began his career in 1980 at Arthur Andersen & Co. in Montreal and then in Brussels. In 1986, he joined Société Générale de Financement du Québec and the Canadian industrial group M.I.L. Inc., where he was successively Assistant Chairman, Vice-Chairman for administration and special projects then for corporate affairs while holding the position of Chairman of one of its main subsidiaries (Vickers Inc.) until 1991. In 1992, Jocelyn Lefebvre joined the Power Corporation du Canada group, where he has held various positions in Europe.

List of activities and other responsibilities in 2013:

Main activities:
- Director: Power Corporation du Canada* (Holding company – Canada).
- Chairman: Sagard S.A.S. (Private equity company – France).

Other responsibilities:
- Member of the Supervisory Board: Kartesia GP SA (Luxembourg).
- Member of the Managing Board: Parjointco N.V., Power Financial Europe B.V. (Netherlands).

List of activities and other responsibilities that have expired during the past five years:

- Director: Suez-Tractebel S.A. (Belgium).

* *Listed company.*

Arielle MALARD de ROTHSCHILD

Director

Born on April 20, 1963
Work address: Rothschild & Cie – 23, bis avenue de Messine – 75008 Paris (France)

A doctor of Economics from the Institut d'Études Politiques of Paris, with a postgraduate degree in Currency, Banking & Finance from the Assas University (Paris), Arielle Malard de Rothschild began her career in 1989 at Lazard bank where she spent 10 years, first in the Advice to Foreign Governments Department. Arielle Malard de Rothschild joined Rothschild & Cie banque in 1999 where she set up and developed the Emerging Markets Department in Paris. She is currently, since March 2006, Managing Director and Vice-President for Eastern Europe at Rothschild & Cie Banque. Personal interests have also led her to take part in humanitarian work: in 1997, she was appointed Director of the Care France NGO and Chairwoman in 2007; she is also a Director of CARE International (USA), the Rothschild Foundation and the Traditions for Tomorrow association.

List of activities and other responsibilities in 2013:

Main activity:
- Managing Director: Rothschild & Cie (Merchant bank – France).

Other responsibilities:
- Director: Groupe Lucien Barrière (France).
- Vice-Chairman: CARE International (Switzerland).
- Chairwoman: Care France.

List of activities and other responsibilities that have expired during the past five years:
- None.

Robert PEUGEOT

Director

Born on April 25, 1950
Work address: FFP - 75, avenue de la Grande Armée - 75116 Paris (France)

A graduate of École Centrale de Paris engineering school and holder of an MBA from INSEAD, Fontainebleau (France), Robert Peugeot began his career in 1975 with Peugeot, where he held several positions both in France and abroad. In 1985 he joined Citroën becoming Vice-President of Quality and Organization from 1993 to 1998, when he was appointed Vice-President of Innovation & Quality of PSA Peugeot Citroën and Member of the Executive Committee. In February 2007, he was appointed Member of the Supervisory Board of Peugeot S.A. and of the Audit Committee as well as Member of the Strategic Committee of PSA Peugeot Citroën group that he has chaired since 2009. He has also been Chairman & Chief Executive Officer of FFP since 1992.

List of activities and other responsibilities in 2013:

Main activity:
- Chairman and Chief Executive Officer: FFP* (Portfolio management company – France).

Other responsibilities:
- Member of the Supervisory Board: Hermès International* Peugeot S.A.* (France); IDI Emerging Markets SA (Luxembourg).
- Director: Sofina SA* (Belgium); E.P.F. (Établissements Peugeot Frères), Faurecia*, Holding Reinier, Sanef (France); DKSH Holding AG (Switzerland).
- Manager: CHP Gestion, SC Rodom (France).
- Permanent representative of FFP: Chairman of FFP Invest (France).
- Permanent representative of FFP Invest: Chairman of Financière Guiraud SAS, Member of the Supervisory Board of Zodiac Aérospace* (France).
- Chairman of the Strategic Committee and Member of the Audit Committee: PSA Peugeot Citroën group.

List of activities and other responsibilities that have expired during the past five years:
- Chairman and Chief Executive Officer: Simante, SL (Spain).
- Director: Alpine Holding (Austria); Immeubles et Participations de l'Est, L.F.P.F. (La Française de Participations Financières) (France); B-1998, SL, FCC Construccion, S.A., Fomento de Construcciones y Contratas, S.A. (Spain); Waste Recycling Group Limited (United Kingdom).

* *Listed company.*

Olivier PIROTTE

Director

Born on September 18, 1966
Work address: Groupe Bruxelles Lambert – 24, Avenue Marnix - 1000 Bruxelles (Belgium)

An engineering graduate of École de Commerce Solvay of the Université Libre de Bruxelles, Olivier Pirotte began his career in 1989 at Arthur Andersen, where he held management positions for both the Business Consulting and Audit divisions. In 1995, he joined Groupe Bruxelles Lambert where he was, until the end of 2011, Manager of Equity Interests and Investments. Since January 1, 2012, he has been Chief Financial Officer of Groupe Bruxelles Lambert.

List of activities and other responsibilities in 2013:

Main activity:
- Chief Financial Officer: Groupe Bruxelles Lambert* (Holding company – Belgium).

Other responsibilities:
- Director and Member of the Strategic Committee and Audit Committee: Suez Environnement Company* (France).
- Director: Brussels Securities S.A., Ergon Capital Partners III S.A., GBL Treasury Center S.A., LTI One, Pension funds of Groupe Bruxelles Lambert (OFP), Sagerpar S.A. (Belgium); PGB (France); GBL Investments Limited (Ireland); GBL Verwaltung S.A. (Luxembourg); Belgian Securities B.V., GBL Overseas Finance N.V. (Netherlands).
- Manager: GBL Energy S.à.r.l., GBL R S.à.r.l., Immobilère de Namur S.à.r.L., Serena S.à.r.L. (Luxembourg).

List of activities and other responsibilities that have expired during the past five years:
- Director and Chairman of the Audit Committee: Electrabel SA (Belgium).
- Director: Ergon Capital Partners, SN Airholding (Belgium).
- Member of the Investments Committee: Sagard Equity Partners (France).

Amaury de SEZE

Director

Born on May 7, 1946
Work address: Groupe Bruxelles Lambert – 24, Avenue Marnix - 1000 Bruxelles (Belgium)

A graduate of Stanford Graduate School of Business (USA), Amaury de Seze began his career in 1968 at Bull General Electric. In 1978, he joined the Volvo group where he held various positions before becoming the Chairman & CEO of Volvo France in 1986, then Chairman of Volvo Europe and a member of the Group's Executive Committee in 1990. In 1993, he joined the Paribas group as a member of the Managing Board of Compagnie Financière de Paribas and Banque Paribas in charge of holdings and industrial affairs. From 2002 to October 2007, he was Chairman of PAI Partners. In March 2008, he was appointed Vice-Chairman of Power Corporation du Canada, in charge of European investments, until May 2010, when he became Vice-President of the Board of Directors of Corporation Financière Power and then Vice-Chairman.

List of activities and other responsibilities in 2013:

Main activity:
- Vice-Chairman: Corporation Financière Power* (Holding company – Canada).

Other responsibilities:
- Lead Director: Carrefour S.A.* (France).
- Chairman of the Supervisory Board: PAI Partners (France).
- Member of the Supervisory Board: Publicis Groupe SA* (France).
- Director: Erbe SA, Groupe Bruxelles Lambert* (Belgium); Suez Environnement Company* (France); RM2 International SA* (Luxembourg); BW Group (Singapour); Pargesa Holding SA* (Switzerland).

List of activities and other responsibilities that have expired during the past five years:
- Chairman of the Board of Directors: Carrefour S.A.* (France).
- Vice-Chairman: Power Corporation du Canada* (Canada).
- Director: Corporation Financière Power*, Power Corporation du Canada* (Canada); Groupe Industriel Marcel Dassault S.A.S., Thales* (France).
- Member of the Supervisory Board: Gras Savoye SCA (France).

* *Listed company.*

Jacques VEYRAT

Director

Born on November 4, 1962
Work address: Impala SAS - 4, rue Euler - 75008 Paris (France)

A graduate of École Polytechnique and École des Ponts et Chaussées, Paris engineering schools, Jacques Veyrat began his career at the French Treasury Department and then in ministerial office. In 1995, he joined the Louis Dreyfus group, where he held several management positions, particularly with Louis Dreyfus Armateurs. From 1998 to 2008, Jacques Veyrat was Chairman & Chief Executive Officer of Louis Dreyfus Communications which became Neuf Cegetel. In April 2008, he took over the management of Louis Dreyfus group, until July 2011, when he created Impala SAS, operating in particular on the energy market.

List of activities and other responsibilities in 2013:

Main activity:
- Chairman: Impala SAS (Energy production and trading group – France).

Other responsibilities:
- Chairman: Impala Holding SAS (France).
- Director: Groupe Fnac*, HSBC France, Nexity* (France).
- Member of the Supervisory Board: Eurazeo* (France).

List of activities and other responsibilities that have expired during the past five years:

- Chairman and Chief Executive Officer: Neuf Cegetel* (France).
- Chairman: Louis Dreyfus SAS (France); Louis Dreyfus Holding BV (Netherlands).
- Director: Direct Energie, ID Logistics Group, Neoen, Poweo (France).

Marie-Françoise WALBAUM

Director

Born on March 18, 1950
Address: 10, rue d'Auteuil – 75016 Paris (France)

A graduate of Paris X University in sociology and holder of a master in economics, Marie-Françoise Walbaum began her career in 1973 at BNP (Banque Nationale de Paris) and held various positions in retail banking and credit analysis until 1981. From 1981 to 1994, she was successively senior auditor at BNP's Inspectorate General, CEO for mutual funds and CEO of the brokerage Patrick Dubouzet S.A. In 1994, Marie-Françoise Walbaum became head of principal investments and private equity portfolio manager at BNP Paribas. Marie-Françoise Walbaum left BNP Paribas on September 30, 2012 following a career spanning 39 years.

List of activities and other responsibilities in 2013:

Responsibilities:
- Director and Chairman of the Audit Committee: Esso* (France)
- Director, Member of the Audit Committee and of the Equity Interests and Investments Committee: FFP* (France)
- Director: Thales* (France).
- Censor: Isatis (France).

List of activities and other responsibilities that have expired during the past five years:

- Director: Compagnie Nationale à Portefeuille (Belgium); Vigeo (France).
- Member of the Supervisory Board: Société Anonyme des Galeries Lafayette (France).

* *Listed company.*

OTHER INFORMATION

Expertise and experience of the members of the Board of Directors

The criteria used to select Directors include their expertise and experience. The members of the Audit Committee are also chosen for their special expertise in financial matters. The Appointments and Compensation Committee pays particular attention, together with the Board of Directors, to assessing these criteria.

The activities and responsibilities of the Directors *(see their respective biographies above)* attest to their individual expertise and experience in different areas such as finance, industry, services, research & innovation, external growth or management which contributes to the quality of the Board's work and to its correctly balanced composition.

Family ties between the members of the Board of Directors

To the best of the Company's knowledge, there are no family ties between the members of the Board of Directors.

Potential conflicts of interest between members of the Board of Directors

To the best of the Company's knowledge, no potential conflicts of interest exist between the duties of the Directors with respect to the Company and their private interests and/or other duties. It is specified that some Directors of the Company also have executive responsibilities with the Company's controlling shareholders; this is the case for Messrs. Ian Gallienne, Xavier Le Clef, Jocelyn Lefebvre, Olivier Pirotte and Amaury de Seze *(see their respective biographies above).*

No Director has been selected pursuant to any arrangement or agreement entered into with the main shareholders, customers, suppliers or other parties.

Service contracts between the Company and its Directors

To the best of the Company's knowledge, there is no service contract entered into by the Directors and the Company or any of its subsidiaries providing for the granting of advantages upon expiry of such a contract.

No sentence for fraud

To the best of the Company's knowledge, no sentence for fraud has been pronounced against any member of the Board of Directors during the past five years.

Bankruptcy, sequestration or liquidation of companies in which a Director has been involved as executive during the past five years

To the best of the Company's knowledge, no Directors have been involved as executives in the bankruptcy, receivership or liquidation of any company in the past five years.

Incrimination of and/or public sanction of the law against a Director by statutory or regulatory authorities during the past five years

To the best of the Company's knowledge, no official incrimination and/or public sanction of the law has been pronounced against any member of the Board of Directors in the past five years.

3.1.4 FUNCTIONING

Meetings

The Board of Directors meets as often as the interests of the Group require and at least three times a year. It is convened by its Chairman, or its Secretary, by any written means.

2013	
Number of meetings	6
Average actual attendance rate of members	85,42%
2014	
Expected number of meetings	9

The provisional schedule of Board of Directors' Meetings for the year to come is set, at the latest, in the last meeting of each year. Since 2011, a first indication is given at this occasion to the Board of the topics to be discussed during the coming year by the Board and its Committees. The Chairman of the Board of Directors usually sets the agenda of each Board Meeting after gathering the suggestions of the Vice-Chairman as well as the opinion of the Secretary of the Board. He runs meetings, facilitates debates and reports on meetings in accordance with the law, the by-laws of the Company and the Corporate Governance principles and practices that the Board has itself adopted, as set out in the following paragraph.

Notices of meetings are sent to every Director with the draft minutes of the previous meeting, drawn up by the Secretary and approved by the Chairman of the Board, and all information and documents concerning the points on the agenda that are necessary for members' effective participation in debates. Such information and documents may also include, as the case may be, the Group's quarterly, semi-annual or annual (provisional or definitive) financial statements and the presentation of the various business groups' markets or any other specific items to be raised.

The work carried out by each of the specialized Committees since the previous meetings is regularly presented in a report to the Board by its Chairman or, in his or her absence, another member of the Committee in question.

Certain additional documents may also be handed to the Directors in meetings: for example, draft press releases on the Group's regular financial statements or information on the Company's share price trends.

In order to allow them to carry out their duties in appropriate conditions, the Chairman and, on his request, the members of the Executive Committee also send the Directors the following between Board meetings: any important information published, including critical items, concerning the Group (particularly in the form of press articles and financial analysis reports) and, if sufficiently important or urgent, any other relevant information on the Group's situation, projects, and economic or market environment.

The Vice-Chairman

The Chairman and Chief Executive Officer is assisted in organizing the work of the Board and its Committees by a Vice-Chairman. The latter ensures that the Company's governance bodies function correctly and chairs Board meetings in the event of the Chairman's absence. He or she also coordinates the Company's relations with its controlling shareholders and their representatives and handles situations that may create a potential conflict of interest for a Director and, more generally, ensures that best Corporate Governance practices are applied. The Vice-Chairman currently chairs the Strategic Committee and the Appointments and Compensation Committee.

The Secretary

The Secretary of the Board is the Group General Counsel. His appointment and dismissal, as the case may be, are within the sole competence of the Board. All the members of the Board may consult the General Counsel and benefit from his services. He assists the Chairman and Chief Executive Officer, the Vice-Chairman and the Board and makes any useful recommendations on the procedures and rules that apply to the functioning of the Board, and on their implementation and compliance. The Secretary is empowered to certify copies or extracts of minutes of Board meetings.

As of 2011, the Secretary also acts as Ethics Representative, tasked with giving a prior opinion on any transactions in the Company's securities considered by Directors and Group senior executives, at their request.

3.1.5 IMPLEMENTATION OF BEST CORPORATE GOVERNANCE PRACTICES

Internal Charter of the Board of Directors

In the context of compliance with best Corporate Governance practices, the Board has adopted an Internal Charter that contains all the principles for its members' conduct and the functioning of the Board and its specialized Committees. The Charter, of which the first version was adopted in 2002, is regularly updated in order to incorporate: legal and regulatory developments that apply to the Company; recommendations on Corporate Governance by the AMF as well as by trade and associations bodies that represent French listed companies (AFEP, MEDEF, ANSA, etc.); and, finally, the amendments made by the Board following the annual assessments of its own functioning, carried out to comply with best practices.

Each Director of the Company is given a copy of the "Directors' Vade-Mecum", a collection of the main texts and provisions governing their duties and obligations, including the Company's by-laws, the Internal Charter of the Board of Directors, the Procedure for the prevention of use or disclosure of insider information within the Group and other useful documents and forms enabling the Directors to comply with their obligations.

The Internal Charter of the Board of Directors is available on the Company's website ***www.imerys.com***, in the section "Our Group/ Corporate Governance".

Preventing conflicts of interest

Pursuant to the recommendations of the AFEP-MEDEF Code, the Board's Internal Charter provides in particular that:

- "the Director shall inform the Chairman and the Vice-Chairman of the Board of any situation likely to create a conflict of interest, even a potential one, for him or her. For that purpose, he or she shall inform the Chairman and the Vice-Chairman, of any Group operations that directly or directly concern him or her and of which he or she has knowledge, before they are completed. He or she shall abstain from voting in any Board deliberation where that situation arises, or even in the discussion prior to the vote; the minutes of the meeting mention this abstention. The Shareholders' General Meeting is informed of any such operations in accordance with the law;
- a Director may not use his or her position or functions to obtain for him or herself or for a third party any benefit, whether or not monetary;
- a Director may not take on any responsibilities on a personal basis in any business or concern in direct or indirect competition with the businesses or concerns of the Imerys group without informing the Chairman and the Vice-Chairman beforehand."

Self-assessment by the Board of Directors

In accordance with the Internal Charter, "every year the Board of Directors reviews and appraises its working methods and activity during the previous financial year. The findings of that examination are intended to appear in the Board's report in the Group's Registration Document. In addition, at intervals determined by its Chairman, the Board of Directors conducts a formal self-assessment using a questionnaire sent to the Directors beforehand".

At the beginning of 2014, the Board of Directors formally assessed its functioning and that of its Committees with respect to 2013. Accordingly, each of its members was given an individual questionnaire on the role and performance of the Board and its Committees, their composition and functioning, the organization and holding of their meetings and, finally, the information provided to Directors. This questionnaire was revised on that occasion, with new questions added to take into account developments in best practices, particularly those recommended by AFEP. Individual meeting with the Secretary of the Board were proposed to the Directors who so wished, particularly independent Directors, in order to discuss the points raised in the questionnaire more freely and so enhance their answers. The conclusions of the assessment were presented and discussed at the Board of Directors' Meeting on February 13, 2014.

Generally speaking, the workings of the Board and its Committees were judged quite satisfactory by their members. The Directors particularly appreciated the quality of the information provided at each of their meetings and the quality and efficiency of debates among the members. The Directors were satisfied to note that the main recommendations arising from the Board's self-assessment in February 2013, intended to improve its workings and performance and those of its Committees, had been applied, in particular:

- the appointment of a fourth female Director, Marie-Françoise Walbaum, increasing the proportion of women on the Board to more than 26%;
- the organization of tours of industrial sites, allowing interested Directors to increase their knowledge of the Group and its businesses and people; in 2013, the main tours were of talc facilities in Luzenac (France) and of roof tiles in Saint-Germer-de-Fly (France).

In order to further improve its efficiency and that of its Committees, the Board also saw fit to retain the following suggestions made by its members at the time of that latest assessment:

- continue increasing the share of female Board members;
- increase the diversity of the Board's composition without raising the number of members;
- devote at least one session of the Audit Committee per year to ethics, risks and Sustainable Development;
- continue proposing industrial site tours to Directors.

Finally, the Board judged that the terms of its Internal Charter, including in particular the recommendations of the AFEP-MEDEF Corporate Governance Code, still complied with the best practices of French listed companies of comparable size and shareholding structure. However, given certain adjustments needed to reflect the development of the Code further to its last revision made in June 2013 and the changes to by-laws proposed to the next General meeting, it was decided that an updated version of the Charter would be drawn up and given at a next meeting of the Board to each of the Company's Directors.

SPECIALIZED COMMITTEES

On May 3, 2005, the date on which the Company's management structure was changed to a Board of Directors, the Board confirmed the usefulness of the three specialized Committees previously formed by the Supervisory Board. These Committees carry out their activities under the responsibility of the Board which defines their missions, composition and compensation on the proposal of the Appointments and Compensation Committee.

The members of the specialized Committees are chosen from among the Directors except for the Chairman and Chief Executive Officer who may not be member of any of the Committees. The term of the duties of Committee members is the same as their term of office as Director. Each Committee elects its own Chairman after consulting the Appointments and Compensation Committee.

The specialized Committees only have an advisory role and do not have any power of decision.

Each Committee determines the internal rules that apply to the performance of its work.

The Committees' meetings give rise to minutes. These are provided to the members of the Committee concerned and, on request to the Chairman of the Committee, to the other members of the Board of Directors. The Chairman of the Committee concerned, or a member of the Committee appointed for that purpose, reports to the Board of Directors on the work of the Committee.

Furthermore, each of the Committees reviews its activity and assesses its composition and its functioning during the previous year; the results of such reviews and assessments are intended to appear in the Group's Registration Document.

STRATEGIC COMMITTEE

(created on June 17, 1993 with the name Standing Committee)

Mission

The Internal Charter of the Board of Directors defines the Committee's missions as follows:

"The mission of the Strategic Committee is, in particular, to examine and provide the Board of Directors with its opinions and recommendations in the following areas:

1. Strategy

- Drafting and setting orientations for the Group's industrial, commercial and financial strategy;
- ensuring that the strategy implemented by the Executive Management complies with the orientations set by the Board of Directors.

For that purpose, it examines in depth and, as the case may be, makes recommendations to the Board on:

- the Group budget drawn up by Executive Management;
- the operations likely to significantly modify the purpose or scope of business of the Company or the Group, including:
  - the acquisition, investment, takeover or disposal of securities or any other fixed assets (and any economically comparable operation, in particular by way of contribution or exchange) for an amount greater than €20 million per operation, or its equivalent in any other currency,
  - the significant commercial or industrial agreements that would bind the long-term future of the Company or the Group,
  - any financing operations the amount of which are likely to significantly modify the financial structure of the Group.

Every year, the Committee presents to the Board its expected schedule for the examination of major strategic issues for the future of the Group for the current year.

2. Risks

- Questions relating to the identification, measurement and monitoring by the Executive Management of the main possible risks for the Group in the following areas:
  - external environment: investor relations, the Group's market positions,
  - internal processes: management of financial resources, human resources potential, new product development, potential of mineral reserves and resources, dependence and continuity of key industrial or commercial activities, pricing policy,
  - management information: financial control and reporting, control of the completion of the investment projects that had been previously examined by the Strategic Committee."

Composition

The Strategic Committee is made up of the following nine members appointed by the Board, including the Vice-Chairman of the Board of Directors who chairs the Committee:

Name	Date of 1st appointment to the Committee	Independent member status
Aimery LANGLOIS-MEURINNE, Chairman	June 17, 1993	No
Gérard BUFFIERE	April 28, 2011	No
Aldo CARDOSO	May 2, 2007	Yes
Ian GALLIENNE	April 29, 2010	No
Jocelyn LEFEBVRE	March 27, 1996	No
Robert PEUGEOT	April 25, 2013	Yes
Olivier PIROTTE	April 29, 2010	No
Amaury de SEZE	July 30, 2008	No
Number of members: 8		**2**

The Board, after gathering the opinion of the Appointments & Compensation Committee, intends to appoint Mr. Xavier Le Clef as a new member of the Strategic Committee, as well as Mr. Paul Desmarais III, subject to his confirmation as a new Director at the General Meeting of April 29, 2014 *(see paragraph 3.1.2 of this chapter)*. It will be up to the Strategic Committee to appoint its new Chairman following Mr. Aimery Langlois-Meurinne's departure from the Board.

Functioning

The Committee debates with the majority of its members present and meets as often as its Chairman sees fit or at the request of the Chairman and Chief Executive Officer. In principle, it dedicates one meeting per year to the Group's strategy and market environment, to which it may invite all the Directors.

2013	
Number of meetings	7
Average actual attendance rate of members	90%
2014	
Expected number of meetings	8

To carry out its mission, the Committee hears the Chairman and Chief Executive Officer, the Chief Financial Officer, the Strategy & Development Manager and, on the initiative of the Chairman and Chief Executive Officer or at the Committee's request to the Chief Executive Officer, depending on the items on the agenda for the Committee Meeting, the relevant Corporate Department or line managers. The Committee may also make visits or hear any of the Group's line managers, as it judges useful for the performance of its mission.

The Secretary of the Committee is the Group's Strategy & Development Manager, who drafts the minutes of its meetings.

Activity in 2013

Throughout the year, the Strategic Committee monitored the management and development actions carried out by the Group's Executive Management, while making sure they came under Imerys' strategy as set out by the Board of Directors.

In that respect, the Committee regularly examined the evolution of Imerys' business and the main markets on which it operates and studied in detail Imerys' monthly and quarterly consolidated financial statements and how they reflected the actions taken by Executive Management. At its last meeting of the year, the Strategic Committee also reviewed the Group's estimated 2013 results and the 2014 budget.

In addition, the Committee continued its analysis of the specific strategic development plans for each of the Group's divisions, which it had begun during the previous year. In 2013, it focused more particularly on the plan of the Graphite & Carbon division.

The Strategic Committee also periodically examined and approved the key stages and main aspects of the most significant external growth or divestment projects. In 2013 the examination concerned, in particular:

- the divestment to Bouyer Leroux group of the Structure activity of the Group's Building Materials division, which was completed following the approval by French competition authority on September 30, 2013;
- the acquisition of PyraMax Ceramics LLC, including a ceramic proppants production unit, under construction, located in Wrens (Georgia, United-States), which was completed on April 11, 2013; the Strategic Committee also monitored the stages of the integration, construction achievement and production starting up of this unit;
- two acquisitions in Asia (Indoporlen, Indonesia and Tokai Ceramics, Japan) in the Monolithic Refractories field, contributing to the extension of Calderys' international network.

Furthermore, as usual the Strategic Committee worked to analyze the Group's financial structure and make sure it was sound. More specifically, it examined the project for a bond issue that was indeed completed in November 2013 for an amount of €300 million.

APPOINTMENTS AND COMPENSATION COMMITTEE

(created on November 3, 1987 with the name Special Options Committee)

Mission

The Internal Charter of the Board of Directors defines the Committee's missions as follows:

"The Appointments and Compensation Committee's mission is to examine and provide the Board of Directors with its opinions and any recommendations in the following areas:

1. Appointments

- the selection of candidates for Director positions;
- the appointment proposals of the Chairman and Chief Executive Officer or, in case of a separation of functions, the Chairman and the Chief Executive Officer and, as the case may be, Delegate Chief Executive Officers, Committee Chairmen and members. For that purpose, the Appointments and Compensation Committee must take all the following items into account: desirable balance of the Board's composition with regard to the make-up and evolution of the Company's shareholding, continuation of the feminization of the Board, finding and appraising possible candidates, and the suitability of renewing terms of office;
- the presentation of a succession plan for Executive Management in the event of unforeseeable vacancies;
- the independent status of each of its members according to the definition of "independence" adopted by the Board of Directors, and any changes (or explanation of criteria) to be made to that definition.

2. Compensation

- the amount and allotment of attendance fees (fixed and variable parts) for the Directors;
- the general compensation policy for the Group's executives;
- the individual compensation of the Chairman and Chief Executive Officer or, in case of a separation of functions, the Chief Executive Officer and, as the case may be, Delegate Chief Executive Officers and their ancillary income (such as pension and healthcare plans or fringe benefits), as well as on any other provisions relating to their status and/or employment contract;
- the general policy for granting stock options or free shares of the Company and fixing the beneficiaries of the options or free share plans proposed by the Chairman and Chief Executive Officer or, in case of a separation of functions, the Chief Executive Officer;

- the fixing of individual stock options or free share allotments for the Executive Corporate Officers as well as the specific terms and restrictions applicable thereto (achievement of economic performance goals, limitation of numbers of rights allotted, holding and keeping rules of Imerys shares, etc.) in accordance with the recommendations of the AFEP-MEDEF Corporate Governance Code;
- the Group's employee shareholder policy and the terms of its implementation as proposed by the by the Chairman and Chief Executive Officer or, in case of a separation of functions, the Chief Executive Officer."

Composition

The Appointments and Compensation Committee is composed of the following five members appointed by the Board, including the Vice-Chairman of the Board of Directors who chairs the Committee:

Name	Date of 1st appointment to the Committee	Independent member status
Aimery LANGLOIS-MEURINNE, Chairman	November 3, 1987	No
Ian GALLIENNE	April 26, 2012	No
Arielle MALARD DE ROTHSCHILD	April 26, 2012	Yes
Robert PEUGEOT	May 3, 2005	Yes
Jacques VEYRAT	February 14, 2007	Yes
Number of Members: 5		**3**

This Committee is predominantly comprised of independent members in accordance with the recommendation of the AFEP-MEDEF Corporate Governance Code.

Subject to the renewal of Mrs. Marion Guillou as a Director at the General Meeting of April 29, 2014, following the recommendation of the Appointments and Compensation Committee, the Board intends to appoint her as a new member of the Committee, in succession to Mr. Jacques Veyrat, and to appoint Mr. Amaury de Seze in succession to Mr. Aimery Langlois-Meurinne *(see paragraph 3.1.2 of this chapter)*. It will be up to the Board to appoint its new Chairman following Mr. Aimery Langlois-Meurinne's departure from the Board.

As a result of these changes, independent members will remain a majority in the composition of the Appointments and Compensation Committee.

Functioning

The Committee debates with at least two of its members present and meets as often as its Chairman sees fit or on the request of the Chairman and Chief Executive Officer.

2013	
Number of meetings	3
Average actual attendance rate of members	73,33%
2014	
Expected number of meetings	3

To carry out its mission, the Committee hears the Chairman and Chief Executive Officer and the Group Vice-President of Human Resources; it also has recourse to independent experts.

The Secretary of the Committee is the Group Vice-President of Human Resources, who draws up the minutes of its meetings.

Activity in 2013

The Appointments and Compensation Committee was first consulted in its first two meetings on the composition of the Board of Directors and its Committees, particularly with respect to the Directors' terms of office that expire following the next Shareholders' General Meeting and proposed applications. The Committee also examined the situation of each of the members of the Board in relation to the definition of "independence" adopted by the Board. It also checked that two thirds of the members of the Audit Committee and the majority of the members of the Appointments and Compensation Committee were independent, in accordance with the AFEP-MEDEF Corporate Governance Code.

The Appointments and Compensation Committee also assessed at the beginning of the year the 2012 performance of the Chairman and Chief Executive Officer. In that respect, it reviewed the amount of the variable part of his compensation owed with respect to 2012 and payable in 2013, according to the goals, particularly financial ones, that he had been given. It also made recommendations on the setting of the Chairman and Chief Executive Officer's financial and specific objectives for the determination of the variable part of his compensation for 2013 *(see paragraph 3.3.2 of this chapter).*

Furthermore, the Appointments and Compensation Committee examined the details of the individual long-term retention program for the Chairman and Chief Executive Officer and the main characteristics of the 2013 general program that is applicable to the Group's other key top managers *(see sections 3.4 and 3.5 of this chapter)*. On that occasion it also measured the achievement of the performance conditions for the grant of free shares or, as the case may be, share subscription options with respect to previous plans; it was therefore able to submit its recommendations to the Board on all of these points.

The Committee thoroughly examined the recommendations of the AFEP-MEDEF Corporate Governance Code as regards compensation of corporate officers, to which the Company refers. It was thus able to observe that Imerys complied with those recommendations almost in full. Moreover, it gave its opinion to the Board as to the restrictive holding and keeping rules of Imerys shares by the Executive Corporate Officers with respect to the grant of stock options and performance shares *(see section 3.6 of this chapter).*

Finally, the Appointments and Compensation Committee was informed of the Group's new managerial and Operational Organization, which was set up from July 1, 2013.

AUDIT COMMITTEE

(created on March 27, 1996)

Mission

The Internal Charter of the Board of Directors defines the Committee's missions as follows:

"The Audit Committee's mission is to examine and give the Board of Directors its opinion and any recommendations on the following:

1. Financial Statements

- the Company and consolidated annual financial statements to be drawn up by the Board of Directors, together with a note from the Group's Chief Financial Officer, and the estimated and definitive half-yearly consolidated financial statements;
- the scope of consolidation;
- the relevance and consistency of accounting methods, by verifying, in particular, the reliability of internal information-gathering and information-control procedures, with the aim of ensuring that financial statements are fairly presented and that they give an accurate image of the financial situation of the Company and the Group;
- the method and estimates used for the impairment tests carried out by the Group;
- the Group's debt position, including the structure as well as interest and currency rate hedging policy and its outcome;
- significant off-balance sheet disputes and commitments, and their impact on the Group's accounts;
- the production and dissemination process for accounting and financial information, ensuring that it complies with legal requirements, regulatory authorities' recommendations and internal procedures.

2. Financial information

- the policy and applicable procedures for financial information intended to ensure the Group's compliance with its regulatory obligations;
- the main financial communication items relating to the Group and Company financial statements, in particular:
  - concordance between the financial statements and reports on them in financial communications,
  - relevance of items used in this communication.

3. External control

- the proposals to appoint or renew the Statutory Auditors. The Committee examines and approves the contents of the requirements, the schedule and the organization for the invitation to bid, with a view to the appointment and, as the case may be, renewal of the Statutory Auditors, and checks that the invitation to bid proceeds correctly;
- the Statutory Auditors' work program and any additional assignments that they or other members of their network may be given, as well as the amount of the corresponding compensation;
- the supervision of the rules regarding the use of Statutory Auditors for work other than auditing the financial statements and, more generally, compliance with the principles guaranteeing the independence of the Statutory Auditors;
- the conclusions of diligence work by Statutory Auditors as well as their recommendations and follow-up actions.

4. Audit & Internal control

- the annual internal audit and internal control assessment programs and the resources for their implementation;
- the results of the work of the internal and external Auditors and Internal Control Function, the monitoring of any recommendations they make, particularly in regard to the analysis and the development of the mapping of the Group's main risks, their control and that of significant off-balance sheet commitments, as well as the organization of the internal audit teams;
- the drafting and content of the Annual Report of the Chairman of the Board of Directors on the Group's internal control.

5. Risks

- the identification, measurement and monitoring by the Executive Management of the possible major risks for the Group in the following areas:
  - external environment: legal or regulatory developments, crisis management or occurrence of disasters,
  - internal processes: legal monitoring of major litigation and compliance with existing regulations (particularly Environment, Health s& Safety and Sustainable Development), Codes of Conduct and Ethics;
- the orientations and implementation by the Executive Management of the Group's general policy for Sustainable Development, Internal Control and risk prevention (organization, policies and procedures, systems, etc.) and insurance;
- the work programs and results of internal experts (e.g. auditors, lawyers) and any external experts that may be called upon to analyze, audit or measure the risks and the Group's performance in the above-mentioned areas;
- any other subject likely to have a significant financial and accounting impact for the Company or the Group."

Composition

The Audit Committee is comprised of the following three members who are chosen by the Board for their financial competence as described in their respective biographies *(see paragraph 3.1.3 of this chapter)*. Its Chairman must be an independent Director.

Name	Date of 1st appointment to the Committee	Independent member status
Aldo CARDOSO, Chairman	May 3, 2005	Yes
Jocelyn LEFEBVRE	March 27, 1996	No
Marie-Françoise WALBAUM	April 25, 2013	Yes
Number of members: 3		**2**

Two thirds of the Audit Committee are independent members, as recommended by the AFEP-MEDEF Corporate Governance Code and by the AMF working group on the Audit Committee.

Functioning

The Committee debates with the majority of its members present and meets as often as its Chairman sees fit and, as far as possible, at least two days before the Board of Directors draws up the definitive annual and half-yearly consolidated financial statements. It may also meet at the request of two of its members or of the Chairman of the Board of Directors.

2013	
Number of meetings	5
Average actual attendance rate of members	93.33%
2014	
Expected number of meetings	5

To carry out its mission, the Audit Committee hears the Statutory Auditors, the Chairman and Chief Executive Officer and the Chief Financial Officer of the Group and, on their initiative or at the Committee's request to them according to the items on the agenda for the Committee's Meeting, the relevant line and support managers including in particular those who take part in drawing up and controlling the financial statements and in risk prevention or management (Finance & Strategy Department, Internal Audit & Control Department, Sustainable Development and Environment, Health & Safety Department, Legal Department).

The Committee has unrestricted access to all available information on the Group. It may also make visits and hear any of the Group's line or support managers as it may deem advisable or necessary for the performance of its duties. The Committee may also request that any internal or external audit be carried out on any subject that it judges within the scope of its mission. The Chairman of the Committee informs the Board of Directors of any such audit.

The Secretary of the Committee is the Group's Chief Financial Officer. He draws up the minutes of Committee meetings, which are kept available to the Statutory Auditors.

Activity in 2013

The Audit Committee reviewed the annual corporate and consolidated financial statements for 2012 and the half-yearly statements for 2013. In particular, it examined the consequences of the Group's new management organization, announced in July 2013, on the presentation of the Group's consolidated financial statements and their segmentation, as well as their lack of impact on the results and monitoring of impairment tests. The Committee also reviewed the evolution of the accounting rules applied by the Group and their relevance to changes in the IFRS framework, as well as the application of recommendations by market regulators. As in previous years, it also examined the evolution of the effective overall tax rate for the Group and its components, the monitoring of Imerys' tax situation in Brazil and the impact of new tax measures in France.

The Committee also examined, at its last meeting of the year, the main check points of the 2013 financial statements closure. On that occasion, it also made sure, after hearing the Statutory Auditors, of the relevance and consistency of the accounting methods used by the Group. The Committee expressed its satisfaction with the quality and efficiency of the work carried out by the financial teams to close the financial statements and recommended that the Board approve the statements presented to it unreservedly.

The Audit Committee examined, at the end of each half-year, the Audit & Internal Control Department's report, comprised of reports on the audit assignments conducted and the results of the corrective action plans carried out in previous years; it also reviewed the work schedule for 2014. The Committee also studied the updated mapping of the main risks to which the Group is exposed. It was satisfied to note that all of the Group's main risks as shown by the mapping are regularly examined in depth by the Strategic Committee or the Audit Committee and judged that the control levels were appropriate.

More specifically, during the year the Committee examined the accounting of the acquisition of Goonvean Limited (United-Kingdom) and Pyramax Ceramics, LLC (United-States) and of the divestment of Imerys Structure activity (France); for the purposes of closing the 2012 financial statements, it also reviewed the results of impairment tests for the Cash-Generating Units.

In 2013, the Committee also looked into the organization of the Company's Treasury Department, the conditions of its centralized management of the Group's exchange rate risks and raw material/energy risks and the control, monitoring and reporting measures set up in the Group.

The Audit Committee also reviewed, to its satisfaction, the Group's financial communication policy, the management policy and appraisal rules for defined-benefit pension commitments in the Group and their representation in the Group's consolidated financial statements.

During the year, the Committee examined the Group's Annual Report with respect to Environment, Health & Safety and Sustainable Development and, more specifically, the environmental reporting system and the table of Sustainable Development indicators used by the Group.

At the beginning of 2013 and as traditionally, the Committee reviewed the main lawsuits or risks of lawsuits facing the Group with respect to 2012 and any related provisions; it also reviewed the Group's insurance policy and the main coverage programs taken out or renewed for 2013 and voiced its satisfaction that the insured risk prevention actions implemented at Imerys had been tightened overall.

Finally, the Committee examined, before its adoption by the Board of Directors, the draft report of the Chairman of the Board on internal control for the 2012 financial year and, for that purpose, heard the Statutory Auditors.

The examinations and reviews carried out by the Committee in 2013 enabled it to inform the Board of its observations and recommendations; they did not reveal any major cause for concern.

3.2 EXECUTIVE MANAGEMENT

3.2.1 COMPOSITION

As of April 28, 2011, the Group's Executive Management is carried out exclusively by Gilles Michel, who was renewed in his office as Chairman and Chief Executive Officer by the Board of Directors at its meeting of April 26, 2012, after confirming the combination of the offices of Chairman of the Board of Directors and Chief Executive Officer.

Gilles Michel's term of office as Chief Executive Officer coincides with that of his Directorship, which will end following the Shareholders' General Meeting called in 2015 to rule on the 2014 financial statements.

The information relating to Gilles Michel as well as the offices he holds or has held in the past five years appear in *paragraph 3.1.3 of this chapter.*

3.2.2 POWERS

Pursuant to legal and statutory provisions, the Chairman and Chief Executive Officer is vested with the most extensive powers to act on behalf of the Company under any circumstances. He exercises his powers within the limits of the corporate purpose and subject to the powers expressly vested in the Shareholders' General Meeting and the Board of Directors; he represents the Company with respect to third parties.

Pursuant to article 18 of the by-laws, the Board of Directors may limit his powers. However, this limitation is void against third parties.

Paragraph 3.1.1 of this chapter describes the internal functioning arrangements for the Board of Directors and, in particular, lists the operations that require the authorization of the Board of Directors prior to their implementation by Executive Management.

3.2.3 EXECUTIVE COMMITTEE

Gilles Michel decided, with the support of the Board of Directors, to continue to be assisted in carrying out his mission as Chief Executive Officer by an Executive Committee that comprises the Group's main line and support managers.

MISSION

The Executive Committee, under the responsibility of the Chairman and Chief Executive Officer, is mainly in charge of:

- implementing the Group's strategy and all the measures determined by the Board of Directors;
- drawing up and closing the Group's budget and, at the request of the Chairman and Chief Executive Officer, attending its presentation and, as needed, for each of its members, reporting on the performance of the measures taken under their scope of responsibility to the Board of Directors or its specialized Committees;
- monitoring the operating activities of each business group and ensuring, by defining any necessary corrective measures, that they comply with their budgets and carry out the action plans approved by the Chairman and Chief Executive Officer;
- defining and monitoring the Group's performance improvement goals for the protection and safety of individuals in the workplace, and defining any corrective measures;
- defining Group-wide policies and measures (Sustainable Development, including Environment, Health & Safety; Human Resources; Corporate & Internal Communication; Internal Control and Risk Management; Innovation, Research & Technology; Purchasing) and overseeing their rollout;
- fostering the sharing and dissemination of best practices in all areas between the business groups; and
- more generally, giving opinions and recommendations on all projects, operations or measures that may be submitted to it by the Chairman and Chief Executive Officer, particularly with a view to their subsequent presentation to the Board of Directors or its specialized Committees.

COMPOSITION

As of December 31, 2013, the Executive Committee was comprised, in addition to Gilles Michel, Chairman and Chief Executive Officer, of the following nine members:

Advisor to the Chief Executive Officer

Christian Schenck, Member of the Executive Committee since January 1, 2003
He joined Imetal in 1977 and has spent his whole career within the Group. Initially Uranium and Manganese Mining Operations Manager, he joined the Group's roof tiles & bricks activity in 1986. In 2002 he was appointed Vice-President for the Building Materials business group, which became Materials & Monolithics in 2005 with the consolidation of Calderys. Since July 1, 2013, he has been Advisor to the Chief Executive Officer.

Line managers	Support managers
Frédéric Beucher, Member of the Executive Committee since July 1, 2013 *(Ceramic Materials)* He joined Imerys in 2003 after several years in investment banking, first at Société Générale in France and Spain and then at Rothschild & Cie in Paris. Started with Imerys as Head of Strategy and Development, then managed the Sanitaryware business unit and was Vice-President and General Manager of the Minerals for Ceramics division. Since July 1, 2013, he has been Imerys Vice-President, in charge of Ceramic Materials business group.	**Michel Delville**, Member of the Executive Committee since October 12, 2009 *(Finance)* He joined Imerys in 1999 after holding various international positions in the Schlumberger group. He was successively Financial Controller of the Building Materials & Ceramics business group in France, then of the Pigments & Additives business group in the United States. Promoted Group Control & Tax Director in January 2003, he took the position of Pigments for Paper Europe General Manager in January 2007. He was appointed Chief Financial Officer in October 2009.
Alessandro Dazza, Member of the Executive Committee since July 1, 2013 *(High Resistance Minerals)* He joined Imerys in 2000 upon the acquisition of Treibacher Schleifmittel after working for a chemical company in Italy and then in Germany. He became General Manager of the Abrasives business unit in 2004, then Vice-President and General Manager of the Fused Minerals division in 2008, after the acquisitions of UCM Zirconia, UCM Magnesia and Astron. Since July 1, 2013, he has been Imerys Vice-President, in charge of High Resistance Minerals business group.	**Denis Musson**, Member of the Executive Committee since January 1, 2003 *(Legal & Corporate Support)* He joined Imerys in 1999 as General Counsel and Secretary of the Board. His career was previously with Pechiney, where he started in the Group's Legal Department before taking over its Corporate Department.
Olivier Hautin, Member of the Executive Committee since February 13, 2008 *(Energy Solutions & Specialties)* He joined Imerys in 1995, after beginning his career in strategy consulting at Mars & Co. He was successively in charge of Strategy & Development for the Group, then in the United States (Atlanta) in the Pigments & Additives business group. After having held the position of Vice-President and General Manager in several Imerys profit centers in Europe and Asia, and Vice-President and General Manager of Minerals for Ceramics, he was in charge of Pigments for Paper & Packaging until June 2012 and then of Minerals for Ceramics, Refractories, Abrasives & Foundry. Since July 1, 2013, he has been Imerys Vice-President, in charge of Energy Solutions & Specialties business group.	**Thierry Salmona**, Member of the Executive Committee since January 1, 2003 *(Innovation, Research & Technology and Business Support)* He joined Imerys in 2000 after holding several positions in the French Ministry of Industry then at Thomson, Sanofi and SKW Trostberg. He managed the Building Materials & Ceramics then Specialty Minerals business groups. Currrently he also supervises Sustainable Development, Geology, Environment, Health & Safety and coordinates Purchasing and Energy.
Daniel Moncino, Member of the Executive Committee since February 13, 2008 *(Filtration & Performance Additives)* He joined Imerys in 2002 after beginning his career in Europe and in the USA with Siemens and then held several positions with BASF and Schlumberger. He was successively Vice-President and General Manager of the North American Performance Minerals division and then appointed Vice-President and General Manager of the Minerals for Filtration division until February 2008 when he became the head of the Performance & Filtration Minerals business group. Since July 1, 2013, he has been Imerys Vice- President, in charge of Filtration & Performance Additives business group.	**Bernard Vilain**, Member of the Executive Committee since July 15, 2005 *(Human Resources)* He joined Imerys in 2004 as HR Manager for Continental Europe & Asia and was appointed Group Vice-President of Human Resources in July 2005. Previously he held several HR positions with the Schlumberger, DMC and LVMH groups.

The composition of the Executive Committee reflects the Group's new managerial and Operational Organization, which was set up from July 1, 2013 around four new business groups. These changes were notably reflected in the arrival of two new members on the Executive Committee.

FUNCTIONING

The Executive Committee meets once a month on average, as often as the interests of the Group require or at the request of the Chairman and Chief Executive Officer.

The Executive Committee met 11 times in 2013; it also held during the year a two-day meeting with all the managers of the main Group Divisions on the occasion of the review of the Group results for the third quarter.

3.3 COMPENSATION

3.3.1 BOARD OF DIRECTORS

AMOUNT

The maximum amount of attendance fees that may be allotted to the members of the Board of Directors with respect to one year, as determined by the Shareholders' General Meeting of May 3, 2005, is €800,000. In accordance with the Appointments and Compensation Committee's recommendation, the Board decided to propose the increase this amount to €1,000,000 at the Shareholders' General Meeting of 29 April 2014 *(see chapter 8, paragraph 8.1.5 of the Registration Document)*. Pursuant to the law and article 17 of the Company's by-laws, it is up to the Board of Directors to determine the allocation of attendance fees among its members. The current allotment scale for attendance fees was set down by the Board upon the recommendation of the Appointments and Compensation Committee at its meeting of April 28, 2011 and has since been reviewed annually by the Board of Directors to ensure its relevance and competitiveness with the best market practices. At its meeting of February 13, 2014, the Board decided, following the opinion given by the Appointments and Compensation Committee, to keep the current allocation scale unchanged for 2014.

Payments are made semi-annually in arrears. Consequently, the gross amount of attendance fees effectively paid during a given financial year include (i) the amount of fees with respect to the second half of the previous year and (ii) the amount of fees with respect to the first half of said year.

The table below sets out the individual gross amount of attendance fees owed to each member of the Board with respect to the last two financial years and, pursuant to the provisions of article L. 225-102-1 of the French Code of Commerce, the individual gross amount paid to them during those years.

	2012		2013	
(€)	**Amounts due**	**Amounts paid**	**Amounts due**	**Amounts paid**
G. MICHEL, Chairman and Chief Executive Officer(1)	-	-	-	-
A. LANGLOIS-MEURINNE, Vice-Chairman	184,072	198,000	191,500	184,072
G. BUFFIERE	40,759	42,000	46,000	44,759
A. CARDOSO	85,208	93,000	84,000	81,208
J. DRIJARD(2)	44,759	48,000	18,667	39,426
I. GALLIENNE	45,259	50,000	53,500	50,759
M. GUILLOU(3)	9,840	-	30,000	25,840
F. LAYT	28,759	30,000	28,000	26,759
X. LE CLEF(4)	18,092	3,333	28,000	28,759
E. Le MOYNE de SÉRIGNY(5)	10,666	26,666	-	-
J. LEFEBVRE	51,759	55,000	54,000	52,759
M. de LIMBURG STIRUM(6)	-	16,000	-	-
A. MALARD DE ROTHSCHILD(7)	27,259	28,000	39,500	38,759
J. MONVILLE(8)	61,759	68,000	18,667	48,426
R. PEUGEOT	36,759	38,000	38,500	33,759
O. PIROTTE	44,759	46,000	42,000	40,759
A. de SEZE	44,759	48,000	44,000	40,759
PJ. SIVIGNON(9)	26,759	30,000	10,667	23,426
J. VEYRAT	38,759	38,000	32,500	35,759
MF. WALBAUM	-	-	28,333	3,333
Total	**799,985**	**857,999**	**787,834**	**799,321**

(1) Chairman and Chief Executive Officer – does not receive attendance fees.
(2) Director until April 25, 2013.
(3) Director since September 1, 2012.
(4) Director since April 26, 2012.
(5) Director until April 26, 2012.
(6) Director until December 15, 2011.
(7) Director since April 28, 2011.
(8) Director until April 25, 2013.
(9) Director until April 25, 2013.
(10) Director since April 25, 2013.

It is specified that:

- these amounts represent the entirety of the compensation paid in 2013 by the Imerys group or by its controlling shareholders to each of the members of the Board of Directors with respect to the offices, responsibilities or other duties performed personally by those members within or on behalf of the Imerys group;
- details of the compensation paid to Gilles Michel, the sole Executive Corporate Officer who was in office in 2013, are given below *(see paragraph 3.3.2 of this chapter)*.

ALLOTMENT SCALE

The allotment scale for attendance fees, applicable as from May 1, 2011, is as follows:

Gross amounts *(€)*		
Board of Directors	Vice-Chairman	120,000 fixed per year – 2,000 per attended meeting
	Other members	20,000 fixed per year – 2,000 per attended meeting
Strategic Committee	Chairman	25,000 fixed per year
	All Committee members	2,000 per attended meeting
Audit Committee	Chairman	25,000 fixed per year
	All Committee members	3,000 per attended meeting
Appointments and Compensation Committee	Chairman	15,000 fixed per year
	All Committee members	2,500 per attended meeting

3.3.2 EXECUTIVE MANAGEMENT

Pursuant to the provisions of article L. 225-102-1 of the French Code of Commerce and the recommendations of the AFEP-MEDEF Corporate Governance Code, the information given hereafter concerns the compensation paid to Gilles Michel, Chairman and Chief Executive Officer, sole Executive Corporate Officer who was in office in 2013.

In addition, all of the compensation items owed or allocated with respect to 2013 to Gilles Michel is put to shareholders' advisory vote at the General Meeting called for April 29, 2014 and, for that purpose, is the subject of a specific presentation in accordance with the new recommendations of the AFEP-MEDEF Governance Code *(see chapter 8, paragraph 8.1.3 of the Registration Document)*.

TABLE SUMMARIZING THE COMPENSATION ITEMS

(€)	**2012**	**2013**
Executive Corporate Officer's name and position		
Gilles Michel, Chairman and Chief Executive Officer(*)		
Compensation due in respect of the financial year	1,472,151	1,573,979
Valuation of the stock options awarded during the financial year	319,880	-
Valuation of the performance shares awarded during the financial year	762,390	1,354,500
Total	**2,554,421**	**2,928,479**

(*) Chairman and Chief Executive Officer since April 28, 2011, previously Deputy Chief Executive Officer.

CRITERIA

The compensation of the Chairman and Chief Executive Officer is set by the Board of Directors based on the proposal of the Appointments and Compensation Committee. This proposal is intended to ensure competitiveness with respect to the external market; in drafting its recommendations, the Committee draws on assessments and comparisons made periodically by specialized consultants.

This compensation includes a fixed part and a variable part; it takes into account the benefit that the advantage of the supplementary pension plan represents.

The calculation of the variable part is based on economic performance criteria and specific goals set by the Board of Directors on the recommendation of the Appointments and Compensation Committee. The achievement of these goals is measured and acknowledged annually by the Board of Directors on the recommendation of the Appointments and Compensation Committee. The variable part of compensation owed with respect to a financial year is paid the following year, when all the items for its calculation are known, in particular after the closing by the Board of Directors of the Group's definitive financial statements for the financial year in question.

The economic performance criteria set for 2013 were related to the achievement of a goal of net income from current operations/net income, operating cash flow generated by the Group during the year and return on capital employed.

For Gilles Michel a multiplier of 0.8 to 1.2 could be applied to the resulting amount according to the achievement of other specific goals, the confidential nature of which prevents their publication. A ceiling of 120% of the fixed amount of Gilles Michel's compensation is set for the variable part of his compensation.

Following the recommendations of the Appointments and Compensation Committee and after measuring the achievement by Gilles Michel of the economic performance and specific criteria set for 2013, the Board of Directors at its meeting of February 13, 2014 set the amount of his variable compensation for that year to be paid in 2014.

At that meeting, the Board also reviewed and set the criteria and goals applicable for determining the variable part of Gilles Michel's compensation for 2014; it decided to maintain the ceiling of 120% of his fixed compensation. The criteria for 2014 are related to the achievement of financial targets, similar to those set for 2013 (net income from current operations, operating cash flow and return on capital employed), as well as specific goals the confidential nature of which prevents their publication. The Board of Directors also decided to maintain unchanged his fixed compensation for 2014.

In accordance with the AFEP-MEDEF Corporate Governance Code, these decisions were published on the Company's website.

As previously stated, Gilles Michel does not receive any attendance fees with respect to his office as Director of the Company *(see paragraph 3.3.1 of this chapter)*.

AMOUNTS

Amounts due and paid in 2012 and 2013

The amounts and breakdown of compensation and benefits in kind owed (fixed and variable parts for the year in question) and paid (fixed part for the year in question and variable part for the previous year, paid during the year in question) by the Group to Gilles Michel with respect to financial years 2012 and 2013 are as follows:

(€)	2012		2013	
Executive Corporate Officer' name and position	**Amounts due**	**Amounts paid**	**Amounts due**	**Amounts paid**
Gilles Michel, Chairman and Chief Executive Officer				
Fixed part	800,000	800,000	800,000	800,000
Variable part	656,000	960,000	758,400	656,000
Exceptional compensation	-	-	-	-
Attendance fees	-	-	-	-
Benefits(*)	16,151	16,151	15,579	15,579
Total	**1,472,151**	**1,776,151**	**1,573,979**	**1,471,579**

(*) These benefits include the supply of a chauffeur-driven car and the contributions to the social guarantee for company managers and executives (GSC).

The above amounts include all the compensation due or paid by the Group to Gilles Michel with respect to the related financial years and the value of all the benefits in kind due or received with respect to the financial years in question.

All the compensation and assimilated benefits granted to the Group's top managers (Executive Committee, including Gilles Michel) and recorded as expenses during the years in question are stated in *note 27 to the consolidated financial statements*.

Moreover, the amount of the five highest compensations paid by the Company with respect to 2013 was certified by the Statutory Auditors.

EMPLOYMENT CONTRACT, INDEMNITIES, PENSIONS AND OTHER BENEFITS

	Employment contract	Supplementary pension plan	Indemnities or benefits due to end or change of duties	Indemnities under a non-competition clause
Gilles Michel, Chairman and Chief Executive Officer	No	Yes	Yes	No

Employment contract

At the time of the appointment of Gilles Michel as Deputy Chief Executive Officer on November 3, 2010, the employment contract between him and the Company was terminated, given the duties of Chairman and Chief Executive Officer that he was led to perform, in order to comply with the AFEP-MEDEF recommendations.

End of contract indemnity

Gilles Michel's employment contract as Executive Corporate Officer provides for an indemnity in the event that his corporate office is terminated at the Company's initiative or in the event of forced departure linked to a change of control or strategy. No indemnity would be due in the event of Gilles Michel's voluntary departure or if he was entitled to retire within a short period of time. In accordance with the recommendations of the AFEP-MEDEF Corporate Governance Code and according to the calculation terms provided below, the amount of Gilles Michel's severance indemnity would be calculated on the basis of a maximum of two years' compensation (fixed + variable). Pursuant to the provisions of article L. 225-42-1 of the French Code of Commerce, the payment of this severance indemnity would be subject and proportional to performance conditions appraised on the basis of the arithmetic average of the percentages of achievement of the sole economic and financial goals of the last three financial years, as set down for the determination of the variable compensation with respect to each of those financial years. In addition, Gilles Michel benefits from the social guarantee for company managers and executives (GSC).

All these commitments taken by the Company in favor of Gilles Michel, in accordance with legal provisions, have been published on the Company's website and notified to the Statutory Auditors for the drafting of their special report on regulated agreements and commitments; they were first approved by the Shareholders' General Meeting on April 28, 2011 and again, in accordance with the law, on April 26, 2012 when Gilles Michel was reappointed Chairman and Chief Executive Office *(see chapter 2, paragraph 2.2.3 of the Registration Document)*.

Apart from these provisions, the Company has no other commitments for the benefit of Gilles Michel with respect to the taking-up, end or change of his current position of Chairman and Chief Executive Office.

Pension commitments

In 1985, Imerys set up a collective supplementary pension plan with defined benefits for the principal managers of Imerys who met the restrictive and objective eligibility criteria. The plan is managed by an external insurance company.

Gilles Michel, Chairman and Chief Executive Officer since April 28, 2011 is among the potential beneficiaries of the plan.

The maximum amount of the life annuity that may be paid to the beneficiaries of the plan as from the liquidation of their pension rights is calculated in order to guarantee them:

- a total annual gross amount (after allowing for pensions from obligatory and other supplementary plans, including the defined contribution supplementary pension plan described below) of 60% of their reference salary (average of the last two years of the beneficiary's fixed plus variable compensation); said salary is limited to 30 times the annual French social security ceiling (PASS);
- subject to a pay-in ceiling equal to 25% of said reference salary.

This plan also provides for the possibility of reversion of the life annuity amount to the surviving partner(s) in proportion to the time of union.

According to actuarial calculations made on December 31, 2013, the current value of the estimated share of the Chairman and Chief Executive Officer in the total amount of the Group's commitment with respect to the past services of all the beneficiaries of this supplementary pension plan amounts to €2,140,000 (compared with €3,316,000 as at the end of 2012 – for two corporate officers).

The provisions of this plan are in line with the new recommendations of the AFEP-MEDEF Governance Code, as revised in June 2013, particularly in the ceiling set for individual rights under the plan.

Furthermore, in order to reduce the booked expense caused by the defined benefit supplementary plan of Imerys and move closer to market practices, it was decided to set up, as from October 1, 2009, a defined contribution supplementary pension plan for the benefit of some of Imerys' top managers, including the Chairman and Chief Executive Officer.

Contributions to this scheme, set at 8% of the compensation of eligible employees with a ceiling of 8 PASS, are made jointly by the employee (for 3%) and the Company (for 5%). This scheme also allows, pursuant to the pension reform law of November 9, 2010, beneficiaries to make free and voluntary contributions. An external insurance company has been appointed to manage the scheme.

All these commitments taken by the Company in favor, among others, of Gilles Michel, Chairman and Chief Executive Officer, in accordance with legal provisions, have been published on the Company's website and notified to the Statutory Auditors for the drafting of their special report on regulated agreements and commitments and were approved for the last time by the Shareholders' General Meeting on April 26, 2012 *(see chapter 2, paragraph 2.2.3 of the Registration Document)*.

3.4 STOCK OPTIONS (*)

3.4.1 STOCK OPTION PLANS IN FORCE

GRANT POLICY

The Company's general policy for granting stock options is set by the Board of Directors on the proposal of the Appointments and Compensation Committee. Since 2008, stock subscription option grants have been combined, within a single annual program, with grants of free shares subject to the achievement of certain economic or financial goals ("performance shares"). At its meeting of April 25, 2013, the Board of Directors reviewed its policy and decided to simplify it by granting performance shares solely, excluding any stock options with which they were previously combined *(see paragraph 3.5.1 of this chapter)*.

The main characteristics of the grants made by the Board until 2012, excluding grants made under the Group's employee shareholding operations, were as follows:

- grants took the form of stock subscription options. This form was judged preferable to stock purchase options as it prevents the Company from having to tie up its capital before the option exercise period even opens, in order to acquire on the market the number of shares needed to fulfill possible option exercises;
- as from 1999, stock options were granted once a year and the total number of options each year was adjusted according to the Group's overall performance or to specific events; the grant usually took place on the same day as the annual General Meeting;
- the actual or likely beneficiaries of stock subscription options were the Group's executives (members of the Executive Management, members of the Executive Committee, business group and division Management Committees, main managers of the Group's Corporate Departments) as well as high-potential managers and employees that make an outstanding contribution to the Company's performance.

CHARACTERISTICS OF GRANTED OPTIONS

As from 1999, the general grant policy was to exclude any discount of the option exercise price; consequently, it was equal to the average Imerys share price for the last 20 sessions trading days prior to the grant date i.e. usually on the day of the annual General Meeting. The Shareholders' General Meeting of April 28, 2011, renewed the authorization previously given to the Board to grant options for subscription or purchase of the Company's shares to employees or officers of the Company and its subsidiaries, or to certain categories of them and decided to expressly exclude any discount of the option exercise price.

The duration of the options granted under the plans set up since 2001 is 10 years.

The options granted since 1996 are in principle definitively vested (except in the event of the beneficiary's dismissal, resignation or departure from the Group) after the end of the third year following their allotment or, if earlier, on the date of the beneficiary's retirement after the age of 63 (reference age set at 60 years in plans prior to 2009), his/her cessation of activity for incapacity or his/her death. The only exception concerns grants made within employee shareholding operations, for which the options are dependent on the employee's investment in Imerys shares with immediate vesting.

Conditional stock options granted to certain Group executives (the Chairman and Chief Executive Officer as well as, since 2011, the other members of the Executive Committee) are vested subject to the achievement of economic performance goals. The number of vested options is conditioned on and proportionate to the achievement of these goals.

Option exercise conditions

Definitively vested options may be exercised at any time, except in the event of the beneficiary's death or, as from the 2004 option plan, departure from the Group. However, the beneficiary must bear any additional costs and taxes borne by the Company in the event that applicable local regulations provide for a longer immobilization period than three years (this period is four years in France for plans adopted as from April 2001).

Exercise by the beneficiary must comply with certain minimum amounts (currently set for all plans adopted as from 2008 at 500 options, any whole multiple of 500 or the balance of outstanding options if less than 500).

Loss or maintaining of options

Options not exercised on expiry of their exercise period are automatically cancelled.

(*) For the sake of consistency, all the figures given in the present section are based on the split into 4 of the nominal value of Imerys shares on June 1, 2004 .

The beneficiary's departure from the Group for any reason (including in principle if the Company employing him or her leaves the Group perimeter and except in the event of his or her death, incapacity or retirement), brings about:

- if the departure takes place before the vesting date of the options, their immediate cancellation;
- if the departure takes place after the vesting date of the options and only for plans adopted from 2004 onward, the cancellation of said options failing their exercise by the beneficiary by the end of the third month following his or her departure from the Group.

Date of record of shares resulting from the exercise of options

All Imerys shares resulting from the exercise of subscription options enjoy, from their creation, all the rights attached to existing shares, with which they are immediately assimilated.

Consequently, new and old shares are listed on the same line on NYSE Euronext, regardless of their date of issue. The new shares enjoy the same dividend rights as old shares, including with respect to the dividends approved and paid during the year of creation of the shares with respect to results for the previous financial year.

CHANGES IN THE NUMBER OF OPTIONS IN 2013(*)

It is recalled that no stock options were granted in 2013.

The total number of stock subscription options in existence on December 31, 2013 is 3,090,546, representing 3.86% of Imerys' share capital on that date after dilution; their weighted average exercise price is €53.01.

In 2013, 98,843 stock subscription options were cancelled; 913,442 were exercised by 502 beneficiaries at a weighted average price of €43.69.

3

3.4.2 CONDITIONAL STOCK OPTIONS GRANTED BY THE COMPANY TO ITS CHAIRMAN AND CHIEF EXECUTIVE OFFICER

As previously stated, the Company did not grant any stock options to Gilles Michel in 2013.

HOLDING AND CHANGES

As of December 31, 2013, the total number of stock options held by the Chairman and Chief Executive Officer is 166,000, unchanged compared with the number as on December 31, 2012, representing 0.21% of Imerys' share capital on that date after dilution; their weighted average exercise price is €46.17.

No options held by the Chairman and Chief Executive Officer were exercisable in 2013.

SPECIFIC TERMS AND RESTRICTIONS

The specific conditions, as well as the restrictions that apply to stock options granted to the Chairman and Chief Executive Officer in previous years, are also those that apply to performance shares. They are described in *section 3.6 of this chapter*.

(*) *Including options granted under employee shareholder plans.*

3.4.3 DETAILS OF STOCK OPTION PLANS IN FORCE[*]

The following table summarizes the history, status and main characteristics of the stock option plans in force as at December 31, 2013.

	April 2012	April 2011	Nov. 2010	April 2010	August 2009
Initial grant					
Authorization: date of Shareholders' General Meeting	04/28/2011	04/28/2011	04/30/2008	04/30/2008	04/30/2008
Date of Board of Directors/Supervisory Board or Managing Board Meeting	04/26/2012	04/28/2011	11/03/2010	04/29/2010	07/29/2009
Opening date of option exercise period[(2)]	04/26/2015	04/28/2014	03/01/2014	04/29/2013	08/14/2012
Option expiration date	04/25/2022	04/27/2021	11/02/2020	04/28/2020	08/13/2019
Share subscription price	€43.62	€53.05	€44.19	€46.06	€34.54
Total number of initial beneficiaries	183	161	1	155	166
Total number of options initially granted, of which to the Executive Corporate Officers:	362,720	331,875	82,000	482,800	464,000
▮ to G. Michel, Chairman and Chief Executive Officer	44,000	40,000	82,000	n.a.	n.a.
▮ to G. Buffière, Director	-	-	-	40,000	-
▮ to the ten Group employees who received the most options	98,669	83,669	-	120,900	206,750
Change during financial 2013					
Number of options remaining to be exercised on 01/01/2013	356,386	308,704	82,000	427,200	353,500
Number of shares subscribed in 2013, of which:	1,667	1,667	n.a.	54,700	142,750
▮ by G. Michel, Chairman and Chief Executive Officer	n.a.	n.a.	n.a.	n.a.	n.a.
▮ by G. Buffière, Director	n.a.	n.a.	n.a.	-	-
▮ by the ten Group employees who received the most options	n.a.	n.a.	n.a.	16,000	64,500
Number of options cancelled[(5)] in 2013	(16,837)	(12,336)	-	(9,300)	(750)
Number of options remaining to be exercised on 12/31/2013[(6)] of which:	337,882	294,701	82,000	363,200	210,000
▮ by G. Michel, Chairman and Chief Executive Officer	44,000	40,000	82,000	n.a.	n.a.
▮ by G. Buffière, Director	n.a.	n.a.	n.a.	40,000	n.a.

(1) Employee shareholder plans.
(2) Not including longer tax immobilization periods that may be applicable locally.
(3) Except for different subscription prices applicable locally.
(4) Of which 200,000 pursuant to the Group's achievement of economic and financial results in the 2004 to 2006 financial years.
(5) Following the beneficiaries' departure from the Group.
(6) Following cancellation and exercise of the options since the date of approval of the plan in question and reintegrations, if any.

(*) The figures presented in this table take into account, where necessary, the adjustments made on June 2, 2009 following the Company's share capital increase.

April 2008	May 2007	Nov. 2006[1]	May 2006	May 2005	May 2004	Oct. 2003[1]	May 2003	Total
04/30/2008	05/03/2005	05/03/2005	05/03/2005	05/03/2005	05/06/2002	05/06/2002	05/06/2002	
04/30/2008	05/02/2007	11/07/2006	05/02/2006	05/03/2005	05/03/2004	10/21/2003	05/05/2003	
04/30/2011	05/03/2010	02/01/2007	05/03/2009	05/04/2008	05/03/2007	10/22/2006	05/05/2006	
04/29/2018	05/01/2017	11/06/2016	05/01/2016	05/02/2015	05/02/2014	10/21/2013	05/05/2013	
€54.19	€65.61	€62.31[3]	€63.53	€53.58	€45.49	€37.80	€26.34	
183	160	2,932	171	171	166	925	201	
497,925	560,000	38,770	640,000	635,000	840,000	37,424	747,720	5,720,234
n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	166,000
-	60,000	15	90,000	80,000	260,000[4]	60	80,000	610,075
198,150	154,000	150	157,500	140,000	109,600	360	145,580	1,415,328
451,884	424,030	43,746	477,289	484,100	606,571	29,133	58,288	4,102,831
69,650	-	-	-	66,727	497,960	20,033	58,288	913,442
n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
-	-	-	-	20,000	279,422	-	-	299,422
41,057	-	-	-	13,436	51,587	195	-	186,775
(13,168)	(15,318)	-	(13,972)	(8,062)	-	(9,100)	-	(98,843)
369,066	408,712	43,746	463,317	409,311	108,611	-	-	3,090,546
n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	166,000
n.a.	64,482	17	96,714	65,976	-	-	-	267,189

3.5 FREE SHARES

3.5.1 CONDITIONAL FREE SHARE PLANS IN FORCE

GRANT POLICY

Following the favorable recommendation made by the Appointments and Compensation Committee, in 2006 the Board of Directors for the first time decided to grant free conditional shares in the Company. At the time, the Board intended to reserve this grant for exceptional cases in favor of a limited number of Group executives (which could not include the Chief Executive Officer) in charge of carrying out specific medium-term action plans that were judged priorities for the Group.

In 2008, the Board decided to extend that grant policy to a greater number of beneficiaries by combining it with the existing policy of stock option subscription grants within a single long-term Group policy for retaining their beneficiaries. In accordance with the Appointments and Compensation Committee's recommendations, the Board of Directors decided at its meeting of April 25, 2013 to simplify that policy by granting performance shares solely, excluding any stock options with which they were previously combined.

MAIN CHARACTERISTICS OF CONDITIONAL FREE SHARES

Vesting of shares

The free shares granted are vested upon the expiry of a period that, in accordance with the legal provisions in force, may not be less than two years from their grant date, subject in principle to the achievement of certain economic and financial goals that cannot be appraised over a single year. The number of vested shares is conditioned on and proportionate to the achievement of these goals.

Loss of shares

The departure of the beneficiary from the Group before the expiry of the vesting period for any reason (including in principle if the Company employing him or her leaves the Group perimeter) entails the loss of all rights to the vesting of his or her conditional free shares, except in the event of death, incapacity or retirement of the beneficiary whose rights will be retained according to the specific terms set forth by each related plan.

Keeping vested shares

The minimum time for which beneficiaries must keep shares may not in principle be less than two years from the date of vesting; that keeping period can however be removed in cases where the vesting period has a duration equal to four years. After the keeping period, if any, the beneficiaries may dispose freely of such shares.

CONDITIONAL FREE SHARE PLAN ADOPTED IN 2013

In 2013, 268,500 shares conditional on the achievement of economic performance goals ("performance shares") were granted to 164 Group managers residing in France or abroad including the Chairman and Chief Executive Officer (vs. 183 in 2012).

The vesting and number of the performance shares granted with respect to this plan adopted by the Board on April 25, 2013 are conditioned by and proportionate to the achievement of a goal of growth of the Group's net current operating income per share and the Group's ROCE (return on capital employed) during the 2013-2015 period.

Apart from those granted to the Chairman and Chief Executive Officer, 69,500 performance shares were granted to the 10 beneficiaries receiving the highest number of these shares.

CHANGES IN THE NUMBER OF CONDITIONAL FREE SHARES IN 2013

In 2013, 21,471 free shares were cancelled and 118,702 were vested, as the economic performance goal and the presence in the Group to which they were conditioned were achieved. These 118,702 shares were accordingly transferred to their respective beneficiaries.

The total number of conditional free shares in existence on December 31, 2013 was 720,007, which represents 0.90% of Imerys' share capital on that date after dilution.

DETAILS OF CONDITIONAL FREE SHARE PLANS IN FORCE

The following table summarizes the history, status and main characteristics of the conditional free shares in force as on December 31, 2013.

	Grant date	Number of initial benefi-ciaries	Number of shares initially granted	Number of remaining shares as on 01/01/2013	Number of shares cancelled in 2013	Number of shares vested in 2013	Number of shares as on 12/31/2013	Vesting date of shares	Date of end of share holding period
August 2009 conditional free share plan	August 14, 2009	169	247,006	50,064	1,500	48,564	-	August 14, 2013[1]	August 14, 2013[2]
April 2010 conditional free share plan	April 29, 2010	155	144,700	130,800	3,325	67,275	60,200	April 29, 2014[3]	April 29, 2014[4]
November 2010 conditional free share plan[5]	November 3, 2010	1	42,000	42,000	-	-	42,000	March 1, 2014	March 1, 2016
April 2011 conditional free share plan	April 28, 2011	173	170,971	159,382	6,183	821	152,378	April 28, 2015[6]	April 28, 2015[7]
August 2011 conditional free share plan	August 11, 2011	20	37,400	31,700	-	-	31,700	August 11, 2015[8]	August 11, 2015[9]
April 2012 conditional free share plan	April 26, 2012	183	180,902	177,734	8,463	792	168,479	April 26, 2016[10]	April 26, 2016[11]
April 2013 conditional free share plan	April 25, 2013	164	268,500	-	2,000	1,250	265,250	April 25, 2017[12]	April 25, 2017[12]

(1) For the beneficiaries resident outside France; August 14, 2012 for the beneficiaries resident in France.
(2) For the beneficiaries resident outside France; August 14, 2014 for the beneficiaries resident in France.
(3) For the beneficiaries resident outside France; April 29, 2013 for the beneficiaries resident in France.
(4) For the beneficiaries resident outside France; April 29, 2015 for the beneficiaries resident in France.
(5) Plan granted exclusively for the benefit of Gilles Michel on November 3, 2010, date on which he was appointed Director and Deputy Chief Executive Officer.
(6) For the beneficiaries resident outside France; April 28, 2014 for the beneficiaries resident in France.
(7) For the beneficiaries resident outside France; April 28, 2016 for the beneficiaries resident in France.
(8) For the beneficiaries resident outside France; August 11, 2014 for the beneficiaries resident in France.
(9) For the beneficiaries resident outside France; August 11, 2016 for the beneficiaries resident in France.
(10) For the beneficiaries resident outside France; April 26, 2015 for the beneficiaries resident in France.
(11) For the beneficiaries resident outside France; April 26, 2017 for the beneficiaries resident in France.
(11) For all beneficiaries, irrespective of their place of tax residence.

3.5.2 CONDITIONAL FREE SHARES GRANTED BY THE COMPANY TO ITS CHAIRMAN AND CHIEF EXECUTIVE OFFICER IN 2013

	Date of Plan	Number of shares granted in 2013	Valuation of shares[1] (€)	Vesting date	Availability date	Performance conditions
Gilles Michel, Chairman and Chief Executive Officer[2]	April 25, 2013	30,000	1,354,500	April 25, 2017	April 25, 2017	Yes

(1) Valued at the time of their grant in line with IFRS 2, after taking into account notably any discount related to performance criteria and the probability of presence in the Company following the vesting period, but before the spread of the expense over the acquisition period.
(2) Sole executive corporate officer.

On the recommendation of the Appointments and Compensation Committee, the Board of Directors, at its meeting of April 25, 2013, decided to grant performance shares to the Chairman and Chief Executive Officer. These performance shares are conditioned by and proportionate to the achievement of the same economic performance goals as those provided with respect to the 2013 general performance shares plan intended for the Group's other top managers; these goals are related to the growth of the Group's net current operating income per share and the Group's ROCE during the 2013-2015 period.

These performance shares will be vested to Gilles Michel according to the achievement of the economic goals to which they are subject, upon expiry of a 4-year period from their grant date. Consequently, pursuant to the provisions of article L. 225-197-1, I. al. 7 of the French Code of Commerce, these shares, once vested, shall not be subject to any holding period, the acquisition period being set at 4 years. These conditions are also identical to those provided for by the 2013 general performance share plan intended for the Group's other top managers.

HOLDING AND CHANGES

The total number of conditional free shares granted, but not yet vested, to Gilles Michel, Chairman and Chief Executive Officer, is 113,500 as on December 31, 2013, i.e. 0.14% of Imerys' share capital on that date after dilution.

No conditional free shares granted to the Chairman and Chief Executive Officer became vested or available in 2013.

SPECIFIC TERMS AND RESTRICTIONS

In addition to the economic performance goals mentioned above, the other specific terms and restrictions which are applicable to the grant of conditional free shares made to the Chairman and Chief Executive Officer are set out in *section 3.6 below*.

3.6 SPECIFIC TERMS AND RESTRICTIONS APPLICABLE TO GRANTS TO THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Board of Directors, pursuant to the recommendations of the Appointments and Compensation Committee, and in accordance with the provisions of articles L. 225-185 and L. 225-197-2 of the French Code of Commerce, confirmed, as need be, at its meeting of April 25, 2013 during which it granted performance shares to its Chairman and Chief Executive Officer, the restrictive rules on holding and keeping shares it set down for the first time at its meeting of February 15, 2010. Thus, the Chairman and Chief Executive Officer shall hold on a registered basis, until the date of termination of his duties:

- as regards the grants of conditional stock subscription options: a number of shares resulting from each option exercise corresponding to at least 25% of the net gain realized upon each exercise (net of the amount needed to fund that exercise, and of any related taxes and obligatory contributions);
- as regards the grants of performance shares: a number of shares at least equal to 25% of the total number of vested shares following the applicable vesting period,

until the total amount[(1)] of the shares he holds[(2)] reaches, upon the exercise of stock subscription options and the availability of performance shares, a coefficient equal to 300% of his last annual fixed compensation on the date in question.

On these occasions, the Board also confirmed that:

- this keeping rule applies to the grants made to Gilles Michel with respect to the conditional stock subscription option and performance share plans implemented by the Company as from November 3, 2010 (date of his first appointment as Corporate Officer of the Company);
- the total amount of investment in shares of the Company shall take into account all the shares held by the Chairman and Chief Executive Officer on the date in question, regardless of their origin (purchase on the market, exercise of stock subscription options or shares acquired under performance share grant plans).

Given all these holding and keeping rules imposed on its Chairman and Chief Executive Officer, the Board of Directors judged that it was not necessary to also make the purchase of additional shares on the market a condition for the grant of performance shares, as required by the recommendations of the AFEP-MEDEF Corporate Governance Code.

The Board noted, at its meeting of April 25, 2013, that the grant of performance shares awarded on that date to Gilles Michel was within the limits it had set at its meeting of July 29, 2009 pursuant to the recommendations of the AFEP-MEDEF Corporate Governance Code: ceiling of the value (under IFRS) of the granted conditional stock options and performance shares at one year of his gross annual compensation (fixed part + maximum variable part).

In addition, pursuant to the recommendations of the Appointments and Compensation Committee and to those of the AFEP-MEDEF Corporate Governance Code, the Board of Directors at its meeting of April 28, 2011, on the occasion of the renewal of the authorization given to the Board by the Shareholders' General Meeting held on the same date to grant stock subscription options and performance shares, fixed the maximum percentage of options and shares that may be granted to the Executive Corporate Officers at 20% of the total envelope voted by shareholders.

Pursuant to the recommendations of the AFEP-MEDEF Corporate Governance Code, all these conditions were published on the Company's website.

Finally, at its meeting of February 13, 2014, the Board decided, pursuant to the recommendations of the AFEP-MEDEF Corporate Governance Code as amended in June 2013 and those made by the Appointments and Compensation Committee, to propose at the Shareholders' General Meeting called for April 29, 2014 to rule on the renewal of the authorizations made to the Board to grant free shares or stock options for the benefit of employees or corporate officers, to limit the number of rights to be allocated to executive corporate officers to 0.5% of the Company's capital *(see chapter 8, paragraph 8.1.7 of the Registration Document)*.

(1) Estimated on the basis of the share price on the date of each option exercise or the date of availability of the free shares in question.
(2) After the sale of those needed, as the case may be, to fund the option exercise or the settlement of any taxes, contributions or expenses with respect to the transaction.

3.7 CORPORATE OFFICERS' TRANSACTIONS IN SECURITIES IN THE COMPANY

The Board of Directors has adopted a Procedure for the prevention of use or disclosure of insider information within the Imerys group. This policy, which was adopted in its initial version in July 2002 and last amended in July 2011, is appended to the Internal Charter of the Board of Directors.

The policy defines permanent and occasional Insiders; sets out the Company's obligation to draw up a list of Insiders for the Group and determines the related arrangements. It also reiterates the rules with respect to transactions by corporate officers in Imerys shares or, as the case may be, any other securities issued by the Group or any financial instruments ("Imerys Actions" mutual fund, MONEP, warrants, convertible bonds, etc.) that are related to Imerys shares ("Imerys securities").

In accordance with the general principle that applies to Insiders, whether permanent or occasional, any corporate officer and related persons must, in the event that they directly or indirectly hold privileged information, before the public has knowledge of such information, refrain from carrying out any transaction, including forward transactions, in Imerys securities.

To make its implementation easier, the Board of Directors, at its meeting of February 15, 2011, appointed the Group's General Counsel and Secretary of the Board as ethics officer, tasked with providing, on request from any concerned party, an opinion prior to the transactions on the Company's securities under consideration by Directors and Group senior executives. This decision is in line with AMF guidelines for preventing insider misconduct by executives of listed companies. The opinion given by the ethics officer is purely advisory.

Furthermore, the obligation to abstain also applies to any transaction on Imerys securities (including as hedging) during the periods prior to the public announcement of the Group's periodical results, known as "blackout periods". This obligation concerns corporate officers, but also other permanent or occasional Insiders, such as the Group's principal support or operations managers, or employees who directly take part in the production of the consolidated financial statements, who are considered as exposed on a regular or periodical basis to the holding of insider information due to their positions and responsibilities. Blackout periods are understood as the number of days leading up to the publication of the Group's results and the day of that announcement. At its meeting of February 13, 2013, the Board of Directors decided to maintain the duration of the blackout periods, in accordance with AMF's recommendation of November 3, 2010, at 15 calendar days leading up to the publication of the quarterly results, and to increase them to 21 calendar days for the publication of the Group's annual and semi-annual consolidated financial statements. The annual schedule of announcements of the Group's consolidated results as well as the resulting schedule of blackout periods are supplied to the Directors at the end of the previous year; it may be consulted at any time on the Group's website, is included regularly in the Chairman and Chief Executive Officer's quarterly letter to shareholders and is available on request from the Group's Financial Communication Department.

The Board of Directors examined in 2009 the recommendation of the AFEP-MEDEF Corporate Governance Code imposing that the corporate officers of a listed company refrain from trading on its shares as long as they have access, in consideration of their functions, to information which has not been made public yet. The Board confirmed and kept the obligation to refrain from trading it had previously adopted, stating however that this obligation will continue not to apply to the subscription or purchase of shares through the exercise of options. It indeed considered that the mere exercise of options was not speculative in nature, since the exercise price was established beforehand and only the prohibition from transferring the shares resulting from the exercise of options during the blackout period was necessary. Moreover, the transparency of these operations was fully guaranteed by the obligation to declare to the AMF the transactions made in securities in the Company, including through the exercise of options, pursuant to legal and regulatory provisions.

Furthermore, the Group's policy prohibits Insiders from making any leveraged transactions or speculative transactions (short sales or bull purchases of shares, extension of orders on deferred settlement and delivery services, very short turnaround purchase/sale transactions, etc.) in Imerys securities. To comply with the recommendation of the AFEP-MEDEF Corporate Governance Code, that prohibits risk hedging transactions by Executive Corporate Officers who are beneficiaries of stock options and/or performance shares, Gilles Michel reiterated his commitment in front of the Board on April 25, 2013 not to resort to the use of any risk hedging transactions in respect of his conditional stock options and performance shares granted or to be granted to him during his term of office.

Finally, in accordance with applicable legal requirements, the corporate officers and, under their personal responsibility, all related individuals, must:

- hold the Imerys shares they own in registered form, either directly in their names with the Company or its securities manager or through management by the intermediary (bank, financial institution or broker) of their choice;
- declare individually to the AMF any transactions carried out on Imerys securities within five trading days of such transactions and inform the Company thereof.

Pursuant to the provisions or article 223-26 of AMF's General Regulations, the summary table below presents the transactions made on Imerys securities during 2013 by corporate officers and, as the case may be, any individuals connected to them, that are covered by the obligation of declaration to AMF in accordance with the provisions of article L. 621-18-2 of the French Monetary and Financial Code. These declarations are available on AMF's website (www.amf-france.org).

Declaring	Capacity	Financial instrument	Number	Nature of operation	Number of operations	Gross amount(*) of operations
Gérard Buffière	Director	Shares	3,896	Sale	2	€200,341
		Stock options	299,422	Exercise	18	€13,782,506
Marie-Françoise Walbaum	Director	Shares	600	Acquisition	1	€35,664

(*) Before taxes, charges and costs.

RISK FACTORS AND INTERNAL CONTROL

4

4.1 RISK FACTORS

An analysis of major risks is regularly conducted within the Group. It results in the mapping of the estimated potential impact of each identified risk and the extent to which it is controlled. This risk analysis and management process is described in detail in the Report of the Chairman of the Board of Directors *in section 4.2 of the present chapter.*

The main risks and risk factors the Group is facing and their management as well as associated control methods are presented hereafter in order of importance in each category.

4.1.1 RISKS RELATED TO IMERYS' BUSINESS

MINERAL RESERVES AND RESOURCES

Mineral reserves and resources form one of the Group's primary assets and the foundation of the main part of its activities. Their accurate assessment is critical to the management and development of Imerys' operations.

Mineral reserve and resource estimates result from the study of geological, technical, economic and market parameters available at a given time. Because of unforeseeable changes in these parameters and the uncertainty naturally inherent in evaluating mineral deposits, no absolute guarantee can be given for those estimates.

Imerys has set up an internal network of experts who are responsible for evaluating the Group's mineral resources and reserves for each of its operating activities. Under the responsibility of the Vice-President Innovation, Research & Technology & Business Support, these experts carry out an annual consolidated review of the Group's mineral reserves and resources according to the principles *presented in chapter 1, section 1.7 of the Registration Document*.

This appraisal is presented annually to the Executive Committee. The process and resources used to ensure its reliability are examined by the Strategic Committee.

Appraisal methods, calculations and the mining plans drawn up by each site are audited over a three to five-year cycle by independent experts associated with internal specialists. In 2012, an audit carried out by an internationally recognized firm has confirmed the compliance of the Group's practices with the Pan European Standard for Reporting Exploration Results, Resources and Reserves (the PERC Reporting Standard).

The Vice-President Innovation, Research & Technology & Business Support has the power to take action on the mining plans proposed by the activities in order to ensure the plans are consistent with the Group's long-term policy and/or its employee workplace safety policy and with its environmental policy.

Since 2012, all Group sites are requested to formalize their long-term mining plan, allowing a better assessment of the quality of these plans on the basis of twenty criteria.

MARKET ENVIRONMENT

The diversity of its minerals, end markets, customers and locations gives strong strategic positions to Imerys while dispersing its global risk profile. However, the Group's business remains sensitive to changes in macroeconomic conditions. Whereas the effect of those changes varies according to the end markets and geographic zones where the Group operates, the simultaneous deterioration of conditions on several markets and geographic zones could nevertheless have an adverse and significant combined impact on its activity, results and financial position.

The goal of Imerys' people is to constantly optimize management of existing activities by working to develop innovative, high value-added new products, penetrate new markets, and control production costs and overheads or even reduce them while adapting to temporary and structural evolutions. Each activity seeks to establish and strengthen its leadership on major markets and, more generally, enhance all the Group's competitive advantages in areas such as mining reserves, marketing, technology, logistics and human resources. Details of the Group's activities are given in *chapter 1 of the Registration Document*.

Information on the performance of activities, market trends, the measures taken to adapt to them and the strategies under consideration are periodically reviewed by the Executive Committee, the Strategic Committee and the Board of Directors through processes for the 5-year strategic plans, annual budgets and quarterly results reviews *(see section 4.2 of the present chapter)*.

HUMAN RESOURCES

The management and development of the Group's activities require the employment and recruitment of a large number of highly qualified technicians and managers. The success of the Group's internal and external development plans depends partly on its ability to recruit and integrate new skills, especially in the most remote geographic zones, and to train and promote new talents.

That is why Imerys has drawn up a Human Resources policy with the aim of attracting, retaining and renewing the expertise, talents and skills needed to carry out its activities worldwide and to support its internal and external growth. This policy is presented *in chapter 5, section 5.4 of the Registration Document*.

COUNTRY

Because of their mining activity and the variety of their end markets, the Group's activities are now present in many countries, several of which represent a strategic interest for the Group. Future changes in the environmental, social, legal or regulatory policy of some countries, particularly fast-growing countries, could affect the Group's assets, cash flows, profitability and ability to continue operating and developing in such countries.

To identify at risk countries, Imerys uses the "Business Environment" assessment by Coface, the primary French insurance firm specializing in export credit insurance. This rating is used to measure the degree to which an entity's economic and financial commitments are exposed in the countries in question (for more information on these ratings, *see chapter 6, paragraph 6.1.2 of the Registration Document*). The Group also brings in external consultants as needed to be informed in more details about the local environment (in economic, political or other terms) in some countries and anticipate possible developments. Finally, other international indicators are regularly analyzed to measure the exposure of its personnel and assets to natural, criminal and political risks.

In parallel, Imerys has set up a procedure for regular monitoring of the Group's performance in some countries (particularly Brazil, China and India) and strengthened cross functional organization by country or region according to the size and nature of existing activities and their development capacity. The Executive Committee regularly reviews these items and the Group's exposure to such country risks. An overview of those analyses and the actions taken is presented to the Audit Committee upon request.

Finally, Imerys develops its relations with local authorities and communities in those countries in order to create and maintain mutual trust based on periodical and transparent dialog on the Group's activities and methods. Moreover, these relations must help the Group to anticipate major local changes that could have an impact on its activities.

ENERGY PRICES

(See note 24.5 to the consolidated financial statement)

EXTERNAL GROWTH OPERATIONS

In all its activities worldwide, Imerys implements a growth strategy that combines organic growth and acquisitions *(see chapter 1, section 1.2 of the Registration Document)*. In that context, the Group frequently makes acquisitions of activities or companies and creates joint ventures. These operations inherently entail risks relating to the appraisal of the corresponding assets and liabilities, the integration of the acquired personnel, activities, technologies and products or changes in relations with relevant partners.

Imerys has set up internal control procedures that cover the analysis of potential targets (with the application of strict investment profitability criteria and the performance of in-depth due diligence), the review and acceptance of contractual terms and conditions for the completion of the operations (including commitments by sellers to indemnify against hidden liabilities) and the preparation work, implementation and follow-up of the acquired activities or companies integration. Depending on the amounts at stake, these procedures require prior approval by the Chairman and Chief Executive Officer, the Strategic Committee and/or the Board of Directors *(see chapter 3, section 3.1 of the Registration Document)*.

PENSION SCHEMES

(See notes 4.19, 8, 12 and 23.1 to the consolidated financial statements)

RAW MATERIALS

Raw materials account for 14.58% of the Group's sales in 2013. Trends in the cost of those materials and their supply conditions may, therefore, affect its operating margin.

In that context, the Group's strategy is to integrate, whenever economically and technically possible, the ownership or exploitation of the mineral resources needed to carry out its activities (see the Group's portfolio of ores presented *in chapter 1, section 1.7 of the Registration Document*). For other critical raw materials, supplies are secured through contracts which are more often multi-annual and/or supplier diversity. Thus, in 2013, purchases from Imerys' ten largest suppliers (including transport and energy) represent only 10.19% of the Group's total purchases, with no supplier accounting individually for more than 3% of total purchases.

Moreover, supply risks are managed through a supplier risk management Group's procedure. According to markets, purchases are coordinated by specialty at regional or Group-wide level to take advantage of volume effects and allow the negotiation of better purchasing conditions.

CUSTOMER CREDIT RISKS

(See note 21.3 to the consolidated financial statements)

The level of customer credit risk is relatively limited thanks to the diversity of the Group's activities and geographic bases and to the high number and dispersal of its customers. In 2013, sales to Imerys' ten biggest customers represent 13.57% of the Group's sales, with none of them individually totaling 3%. The Group does not estimate at present that it has any significant risk of dependence with respect to its customers.

Furthermore, trade receivables are closely monitored internally in every activity and credit insurance is set up in Europe according to the activity's specific circumstances.

The recent economic crisis, which increased the credit risk of some Group customers, did not reveal any situations where the default of several significant customers, even simultaneously, could have a major combined effect on the Group's results and financial situation. The total amount of provisions booked for the depreciation of trade receivables is €21.1 million (i.e. 4.0% of the amount of trade receivables) as on December 31, 2013, compared with €25.8 million (i.e. 4.8% of the amount of trade receivables) as on December 31, 2012.

4.1.2 INDUSTRIAL AND ENVIRONMENTAL RISKS

ENVIRONMENT, HEALTH & SAFETY

Industrial mining and mineral processing activities can have an impact on the environment. In that context, the Group requires each operation to have an effective Environmental Management System (EMS) that enables to identify, prioritize and establish controls for any potentially significant environmental impacts from its industrial activity. In addition to these on-going operating controls, Imerys maintains provisions to cover the restoration of mining sites at the end of their operating lifespans. These provisions totaled €92.1 million as on December 31, 2013 (€97.0 million as on December 31, 2012).

The Group's activities also entail health and safety risks in the workplace. Imerys, therefore, implements systemic improvements and demands high standards of practice from its operations. In particular, the Group focusses on ground control, heavy mobile equipment, electrical equipment, machine guarding and working at heights.

Finally, the Group recognizes its responsibility to provide effective product stewardship for its products.

To manage the above risks, Imerys has an Environment, Health & Safety (EHS) Function with the role of guiding and assisting operating activities and the Group in their efforts to develop and maintain a suitable standard of protection for people (Imerys or external personnel), property and the environment.

The EHS Function audits the programs implemented by the operating activities in order to confirm their compliance with local regulations and with Imerys' internal safety, health and environmental standards. The Group conducts 30 to 35 audits per year based on a schedule that is determined by a risk matrix. The largest sites are audited every three years. Focused reviews are also conducted on environmental management systems, mine safety and mineral solids storage facilities.

To further manage EHS risk, the Group delivers a variety of internal EHS training sessions. The "Imerys Safety Universities" train participants in assessing risks in the workplace and fostering improvement in safety culture. These Universities contribute to the sharing of best practices within the Group, as well as the creation of robust, dynamic in-house safety networks. Additional EHS training includes computer-based trainings (some mandatory), welcome sessions, toolbox/tailgate training and monthly web seminars.

The Group also uses a self-appraisal process to manage EHS risk. Currently, the Group employs a scorecard requiring the operations to report on controls implemented for their highest priority environmental risk. The Group EHS Team actively reviews the quality of the information in the Scorecard and coaches the operations to improve their disclosures. This scorecard is presented quarterly to senior management at the quarterly operational reviews.

In 2012, the various components of the safety programs implemented progressively since 2005 were put together in an integrated approach, entitled the "Imerys Safety System" (ISS). The ISS consists of three pillars: compliance, continuous improvement and communication/training. The elements comprising each of these three pillars drive the reduction of accidents and the improvement of safety culture from various dimensions.

The Executive Committee periodically examines EHS performance indicators and the results of audits in the various activities. The Audit Committee reviews the processes and resources implemented to achieve established objectives. The Board of Directors is given an overall presentation on these points at least once per year.

This information is given in detail *in chapter 5 of the Registration Document*.

INDUSTRIAL OPERATIONS AND BUSINESS CONTINUITY

As for any industrial group, Imerys' production sites are exposed to the occurrence of unforeseen incidents (of various nature or origin, e.g. accidents, natural disasters, machine breakage) that may lead to temporary operating stoppages, some of which may significantly affect the activity of the operating sites concerned.

The risk of occurrence of such events and their possible impact on the Group's overall business are limited by the following set of factors and measures: the number and geographic dispersal of industrial sites, many of which are of moderate size, in each operating activity; regular capital expenditure committed by each activity to modernize and maintain its industrial assets; an active industrial risk prevention policy set up by the Group, including the definition of business continuity plans and/or crisis management plans for the most strategic sites and a dam soundness review program for the relevant sites.

Furthermore, the potential financial impact that may arise from property damages or sites' temporary operating stoppages is covered through an insurer that is internationally recognized for its reputation and financial solidity under an insurance coverage program combined with a sound risk prevention program *(see paragraph 4.1.5 of the present chapter)*.

Finally, performance indicators are being developed within each operational activity in order to compare and analyze the operating performances of each industrial site and implement, if necessary, corrective actions which should enable to improve these performances.

These indicators are also monitored in the context of industrial projects management for which new procedures are being put in place within the Group.

The General Counsel presents the Group's policy on insurance, risk coverage and the related prevention programs periodically to the Executive Committee and once a year to the Audit Committee as part of its review of the main risks facing the Group.

4.1.3 LEGAL RISKS

COMPLIANCE WITH AND/OR CHANGES IN LAWS AND REGULATIONS

The Group's companies have to deal with a great number of national and regional laws and regulations, given the nature of their operations (particularly mining of natural resources) and their diverse locations (245 industrial sites in around 50 countries as at year-end 2013). Consequently, the Group must verify that it is able to comply with those regulations as well as possible in order to continue running all its operations and enable them to maintain an acceptable level of profitability.

Chiefly in fast-growing countries, foreign companies, especially those that exploit local natural resources, may be affected by the adoption of discriminatory legislative or regulatory texts or by their interpretation by the authorities in charge of their application. Furthermore, the legislative and regulatory framework is generally becoming tighter with respect to the protection of the Environment, Health & Safety. The costs entailed in bringing the Group's activities into compliance with those laws, regulations or interpretations, the penalties that may be imposed in the event of non-compliance and the resulting possible damage to the Group's reputation may have a negative impact on the economic conditions of the Group's operations and the competitiveness of its activities.

To ensure its operations' optimal compliance with all applicable legislation and regulations, Imerys has set up a network of internal lawyers assigned to the Legal Department, some of whom are based at operations or in the Group's main geographic zones. Furthermore, as stated *in paragraphs 4.1.1 and 4.1.2 of the present chapter*, audits of geology and EHS practices allow to regularly check the compliance of local activities with applicable laws and regulations.

In many countries, Imerys develops close relations with regulatory bodies, trade associations, local authorities and communities in order to better anticipate or orientate, whenever possible, the planned legislative and regulatory changes that may have an impact on the Group's activities. Imerys tries to anticipate those changes and factor them into its research and development programs in order to be able to meet the requirements of new regulations in a timely manner, while limiting its costs, and/or to use those changes as commercial opportunities for the Group.

To the best of Imerys' knowledge, no risk with a significant financial impact exists on this issue as of the date hereof.

LEGAL PROCEDURES

(See note 23.2 to the consolidated financial statements)

The Group is exposed to the risk of actions and claims arising from the ordinary course of its business. The most common claims or actions concern allegations of personal injury or financial loss calling on the liability of Group companies with respect to: the pursuit of their commercial or industrial activities (particularly claims by customers concerning the delivery of defective products – in most cases covered by Group insurance programs – or by third parties concerning neighborhood disturbances); the possible breach of certain contractual obligations; the failure to comply with certain legal or statutory provisions that apply in social, property or environmental matters.

Furthermore, Imerys is also bound by certain contractual obligations of compensation – or enjoys certain rights to compensation – with respect to guarantees of liabilities made for past divestments – or acquisitions – of assets.

Imerys Legal Function manages all claims involving the Group, with the assistance of local lawyers whom it appoints. An overview of the most significant claims is reviewed with the Group Finance Function and Statutory Auditors after every half-year. The General Counsel makes a summary presentation of claims to the Audit Committee as part of its annual examination of the risks facing the Group.

Although the outcome of all outstanding actions and claims cannot be foreseen with certainty, taken individually or as a whole, their settlement, even if adverse for the Group companies involved, is not likely to have any material impact on the Group's consolidated financial statements. The amount of provisions booked for products warranties is €26.4 million as of December 31, 2013 (€27.2 million as of December 31, 2012) and the amount of provisions booked for legal, social and regulatory risks is €90.9 million as of December 31, 2013 (€83.2 million as of December 31, 2012). The likely term of these provisions is from 2014 to 2018.

More generally, as of the date of the present Registration Document, no governmental, legal or arbitration proceedings, whether in abeyance or by which the Company is threatened, is likely to have, to the best of Imerys' knowledge, or has had in the past 12 months any significant effect on the financial position or the profitability of the Company and/or the Group.

MAJOR CONTRACTS

To the best of Imerys' knowledge, apart from the contracts entered into in the ordinary course of business, including contracts with respect to operating rights for mineral reserves and resources, and in relation to the business acquisition or divestment operations or the financing operations mentioned in the present Registration Document, no other major contracts have been signed by any Group company in the two years prior to the date of the present Registration Document that are still in force on that date and which contain provisions entailing an obligation or commitment likely to have significant impact on the Group's business, financial position or cash flow.

However, with respect to some contracts, significant commitments and guarantees have been granted by Imerys or its subsidiaries. The amount of off-balance sheet commitments made is €549.1 million as on December 31, 2013, compared with €446.1 million as on December 31, 2012 *(see note 28 to the consolidated financial statements)*.

4.1.4 RISKS RELATING TO FINANCIAL MARKETS

(See notes 21 and 24 to the consolidated financial statements)

4.1.5 RISK INSURANCE AND COVERAGE

The Group's policy with regard to the protection of its earnings and assets against identifiable risks is to seek the most suitable solutions on the insurance market that offer the best balance between their cost and the extent of the coverage provided.

The coverage of major risks that are common to all operating activities is almost exclusively integrated into "All Risks Except"-type international Group insurance programs taken out on the market with insurers that are internationally recognized for their reputation and financial solidity. This integration enables the Group to benefit from the most extensive coverage with the highest limits while optimizing its cost. As part of the active external growth policy implemented by the Group, steps are taken to ensure that acquired businesses are immediately integrated into existing Group insurance programs or benefit from coverage terms that are at least equivalent. In the latter case, integration is restricted to the additional coverage offered by Group programs compared with the local insurance policies that apply to the acquired activities.

The Group's companies also use the local market to cover the specific risks of some of their non-recurring activities or operations through the services of the brokers in charge of managing the Group's insurance programs, or when such insurance is made compulsory by applicable local regulations.

The Group judges that it currently benefits from sufficient insurance coverage, in terms of both scope and insured amounts or limits of guarantees, for the most important risks related to the pursuit of its businesses worldwide.

The two main Group insurance programs cover civil liability as well as property damage and business interruption.

CIVIL LIABILITY

The purpose of this program is to cover the Group's liability in the event of bodily injury, property damage or consequential damage occurring during operations or after the delivery of products, and any damage resulting from accidental pollution.

The Group's activities are first covered by local policies issued in each country ("1st layer"), then by a Master policy issued in France and an additional policy in excess of the limit of cover of the Master policy ("Excess"). Group's insurers are XL Insurance Company Ltd UK (rated A – Strong- by Standard & Poors and A by AM Best) and AXA Corporate Solutions (rated A+ by Standard & Poors).

Those "Master" and "Excess" policies are also used in addition to the limits and coverage of several specific sub-programs, particularly in North America, to cover Automobile Civil Liabilities and Workers' Compensation, and in addition to the mandatory Employer's Liability policy issued in the United Kingdom.

The coverage provided by the Group Civil Liability program, subject to the exclusions that are common practice on the insurance market for this type of risk and to sub-limits applied to certain defined events, amounts to €100 million per claim and per year.

The current Group Civil Liability program is renewable on December 31, 2014. Apart from exceptions, applicable standard deductible is €50,000 per claim and may amount to 10% of the claim (with a ceiling of €200,000 per claim) for claims over €500,000, outside Canada and the United States where they amount to US$ 100,000 and US$ 250,000 respectively.

PROPERTY DAMAGE AND BUSINESS INTERRUPTION

This program is particularly intended to cover property damage caused suddenly and directly, affecting the insured property as well as any resulting operating losses.

The Group's activities are covered for property damage and business interruption under a Master policy that is issued in France and applies directly in most European countries and in addition to local policies in other countries, when regulations allow.

Since 2002 Imerys has opted to retain "frequency" risks within a captive reinsurance company consolidated in the Group's accounts for a claims ceiling that was increased as of January 1, 2013 to €900,000 per claim and € 4 million annual aggregate (vs. €900,000 and €2,5 million previously).

The Master policy provides the Group, subject to the exclusions that are common practice on the insurance market for this type of risk and the sub-limits applied to certain defined events, with coverage for property damage and business interruption of €200 million per claim.

The current Group property damage and business interruption program, taken out with FM Insurance Company Limited (rated A+ -Superior- by AM Best and AA -Very strong- by Fitch) is renewable on December 31, 2014.

In assigning its property damage and business interruption program to an insurance firm that is renowned for its expertise in prevention engineering, Imerys intends to continue its extensive efforts on risk awareness and protection in its activities in line with its overall Sustainable Development program. Almost all the Group's industrial sites are regularly inspected by prevention engineers, giving rise to recommendations that enable Imerys to improve its industrial risk management. More than 100 sites were inspected in 2013.

OTHER GROUP-WIDE INSURED RISKS

The Group's other main insurance programs are intended to cover the following risks, which are common to all its legal entities or several of its activities: company officers' liability; motor fleet insurance (Europe and United States); marine cargo and charterer's liability; workers' compensation and employers' liability (particularly in the United States and the United Kingdom).

4.2 INTERNAL CONTROL

4.2.1 REPORT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS

INTRODUCTION

Context

Pursuant to article L. 225-37 of the French Code of Commerce, as amended by the law on financial security of August 1, 2003 (the "LSF law"), then by the laws of December 30, 2006 and July 3, 2008, the Chairman of the Board of Directors drew up his report on the composition of the Board, the conditions for preparing and organizing its work and on the risk management and internal control procedures set up by Imerys, on February 13, 2014.

Detailed information on the conditions under which the work of the Board of Directors is prepared and organized and, more generally, on its composition, the application of the principle of gender balance among its members, its workings and the limitations placed by the Board on the powers of Executive Management, is given *in chapter 3, section 3.1 of the Registration Document*. The principles and rules set down by the Board of Directors to determine the compensation and benefits of any kind granted to corporate officers are given *in chapter 3, section 3.3 of the Registration Document*. As the case may be, this information comes with a note explaining why the Group does not implement certain provisions of the AFEP-MEDEF Corporate Governance Code, which the Board of Directors states that it uses as a reference. Moreover, the particular arrangements for the participation of shareholders in the annual General Meeting and the information described in article L. 225-100-3 of the French Code of Commerce likely to have an impact in the event of a public offering are presented respectively *in chapter 7, section 7.1 and section 7.4 of the Registration Document*. All this information should be considered as an integral part of the above-mentioned Report of the Chairman of the Board of Directors.

The part of the report presented below describes in more detail the main internal control and risk management procedures implemented by the Group. This part was drawn up under the responsibility of the Imerys Risk and Internal Control Department and reviewed by the Chairman and Chief Executive Officer who confirmed that its content was valid. The report was then provided in full to the Statutory Auditors for discussion and to the Audit Committee for review prior to its definitive approval by the Board of Directors.

Internal control objectives

To define its internal control reference matrix and structure its approach, the Group draws on the framework and the application guide published in January 2007 by the AMF (the French Securities Regulator) and updated in July 2010. That matrix includes the objectives and the components of the AMF framework.

The Imerys Group's internal control system covers all controlled companies in the Group's scope of consolidation, including newly acquired companies.

By implementing this system in all its activities, Imerys intends to ensure that it has the resources needed to manage the risks that its activities face, guarantee the accuracy and thoroughness of its financial information and organize the proper management of its operations in accordance with the laws and regulations in force and the Group's management principles and strategy. In this way, the internal control system helps to protect the Company's value for its shareholders and employees and to achieve the goals it sets itself.

However, by its nature, such a system cannot provide an absolute guarantee as to the total control of the risks that the Group faces and the achievement of its goals.

Internal control principles

In line with the goals set, Imerys' internal control system is founded on the following principles:

- a chosen, controlled organization comprised of skilled, responsible men and women;
- targeted internal communications;
- a regular analysis of the Group's main risks;
- relevant control activities;
- a regular review of internal control practices in the Group.

A CHOSEN, CONTROLLED ORGANIZATION

Organizational model

Imerys' internal control is based on the Group's operating and management organization and on support Functions that are directly or indirectly dedicated to the control of the risks that the Group faces.

The control system set up in the Group is founded on a tight Governance structure that guarantees the transparency and traceability of decisions, while conserving the principles of subsidiarity and decentralization that are considered as essential to the optimal running of the Group's industrial and commercial activities. It requires great commitment from every line or support manager who must take ownership of the policies and procedures defined at Group level, contribute to their implementation and observance, and enrich them through measures that are relevant to the specificities of the activities or fields under their charge.

The framework for managing operations consists, on the one hand, of Group policies and the resulting delegations of authority to line managers and, on the other hand, of specific controls and audits implemented by the central support Functions in their scope of responsibility, regular audits conducted by the Internal Audit Department and self-assessments conducted at least once every three years by the managers of the main entities under the control of the Risk and Internal Control Department. Furthermore, operating management is constantly controlled and monitored by line managers and periodically by the Chairman and Chief Executive Officer and the Chief Financial Officer through budget processes, quarterly income reviews and monthly management reporting, of which the main items and findings are commented on at the Executive Committee's monthly meetings. The consolidated financial statements are also reviewed by the Board of Directors and, for semi-annual and annual statements, approved by the Board of Directors after examination by the Audit Committee.

The longer-term orientations of each activity and the resulting financial forecasts are formalized and monitored under a multiyear strategic plan for the Group and periodic strategic reviews for each activity. These are drawn up under the control and supervision of the Chairman and Chief Executive Officer. Their conclusions are reviewed by the Executive Committee before being presented to the Strategic Committee then, for approval, to the Board of Directors.

Participants in internal control

The Board of Directors and its specialized Committees

The Board of Directors constantly controls the management of the Group conducted by the Chairman and Chief Executive Officer. In that framework, it particularly makes sure that internal control mechanisms are set up correctly in the Group.

To assist the Board in its mission, three specialized Committees were formed from its members: the Strategic Committee, the Appointment and Compensation Committee and the Audit Committee. The Strategic Committee and the Audit Committee have responsibilities with respect to identifying and managing risks and monitoring certain internal control mechanisms as presented *in chapter 3, section 3.1 of the Registration Document*. In particular, the Audit Committee reviews at least once a year the processes set up and results obtained in terms of risks analysis and appraisal of internal control mechanisms.

These specialized Committees perform their duties under the responsibility of the Board of Directors.

Executive Management and the Executive Committee

The Chairman and Chief Executive Officer has operating and functional responsibility covering all the Group's activities to implement the strategy defined by the Board of Directors. In particular, he is in charge of the effective implementation of internal control mechanisms within the Group.

The Chairman and Chief Executive Officer is assisted in his mission by an Executive Committee of which he appoints the members. The latter represent each of Imerys' activities and main support Functions. By delegation, Executive Committee members are in charge of setting up and monitoring internal control systems in their scope of responsibility.

Operating management

In accordance with the Group's decentralized operating principles, the managers of each activity have the responsibility and necessary powers to organize, run and manage the operations in their charge, and to delegate in similar conditions to the managers reporting to them.

Each activity favors the most appropriate organization to its markets, taking into account their commercial, industrial or geographical specificities. It is, therefore, responsible for adopting internal control mechanisms that are consistent, on the one hand, with its organization and, on the other hand, with the Group's principles and rules.

Support Functions

The corporate Finance, Strategy, Legal & Corporate Support, Human Resources, Innovation, Research & Technology & Business Support, Mining & Geology and Environment, Health & Safety Functions have a twofold mission: organize and control the Group's operations in their respective spheres of expertise and provide technical assistance to operating activities in those fields when necessary. This central support core, together with the specific Departments (Purchasing, Industrial Management and Information Systems), enables the Group not only to benefit from the scale effects related to its size and from better sharing of skills, but also to ensure that all the operations in those fields are carried out in a framework of secure, consistent management and control.

Through their presence, support Functions make a significant contribution to the Group's internal control mechanisms. Most of the managers of these functions have functional authority over the managers whose missions come under their scope of expertise in operating activities.

Operating Risk Committee

The Operating Risk Committee coordinates risk and control analysis and management activities within the Group. It is made up of the main managers of central support Functions. In 2013, it met two times in order to analyze and make decisions over a number of risks identified for the Group, the main actions planned to tighten existing internal controls and the causes of any deficiencies observed.

Internal Audit Function

The Internal Audit Function's mission is to check the Group's internal control mechanisms and make sure that they comply with the principles and rules governing them. It must alert management of any internal control failings and issues recommendations to correct such failings.

The Internal Audit Function is a management support function and is independent of the operating and functional activities that it audits. For that purpose, the Internal Audit Manager reports hierarchically to the Chairman and Chief Executive Officer and functionally to the Audit Committee.

Risk and Internal Control Department

Since November 2011, the Risk and Internal Control Department reports to the Internal Audit Function and works closely with the Legal & Corporate Support Function, the Group's other support Functions and the main line managers for each activity.

In carrying out his or her missions, the Department Manager is supported by the network of local financial controllers. The goal of those missions is to coordinate the continuous improvement of internal control mechanisms in the Group. They are organized around three activities:

- risk analysis
- administration of Group's policies and procedures (including their Group-wide dissemination)
- overall review of internal control practices in the Group

Framework

The Group's rules

Imerys' internal control policy is set down in a number of Charters (Board of Directors Charter, Sustainable Development Charter, Environment, Health & Safety Charter, and Internal Audit Charter) and Codes (Code of Business Conduct and Ethics and Corporate Governance policy) that apply Group-wide. These sets of rules are intended to create a favorable control environment, based on robust principles and the experienced practice of Corporate Governance, as well as on upright, ethical behavior in compliance with laws, regulations and the Group's strategic objectives.

Furthermore, Group's policies have been defined by central support Functions and Departments and define the specific organization, responsibilities, working principles and reporting for the respective areas of expertise for which they are responsible.

Finally, the Group's internal control manual defines the main internal control principles and the principal control activities to be carried out with respect to the Group's operating and financial processes.

The Group's charts, policies and manuals are grouped together in the "Blue Book", which all employees can consult online via intranet. This initial set of rules forms the reference framework by which the Group's operating activities must abide. It applies to all the Imerys companies and activities.

In operating activities, a second set of rules, if needed, defines specific working and reporting principles. These arrangements are, in compliance with Group policies, adapted to their own internal organization, the management of their specific mining, industrial and commercial activities and to the particular related risks. They take into account specificities in terms of local laws and regulations.

Since 2011, the Group has put in place a process of electronic certification in order to issue specific internal control communications. By this way, managers and any other employees who may be concerned by the communication certify that they have read the communication and commit to challenge the internal controls implemented in their responsibility area against the information provided. This certification process has been already used to communicate the Group's management authority rules which define the allocation of internal responsibilities and the approval workflow for a number of its major operations and to issue detailed communications on the risks of fraud.

Code of Business Conduct and Ethics

Beyond compliance with applicable laws and regulations, Imerys expects its activities to be carried out ethically and transparently worldwide, while protecting the best interests of all stakeholders.

The Imerys Code of Business Conduct and Ethics summarizes the ethical principles the Group expects all its employees, especially its senior managers, as well as its contractors, suppliers and other partners with whom they have close relations, to follow. It is designed so that everyone, in his or her daily work, not only complies with local legislation, but also adopts an attitude in line with the Group's values, principles and rules with respect to responsibility, integrity, fairness and openness.

For more information, *see chapter 5, section 5.6 of the Registration Document*.

Information systems

The effectiveness of information systems and tools contributes to the reliability and improvement of support and operating processes.

The Group's policy consists of integrating as much as possible its value chain (particularly sales, distribution, purchasing, inventory, fixed assets, production, the logistics chain and finance) via its computerized enterprise resource planning (ERP) tools. Imerys strives to use integrated ERP control systems in order to ensure the optimum level of control while meeting the specific requirements of better management of its operating activities. This use is regularly checked by the Internal Audit Function through specialized information system assignments.

Imerys is organized around a small number of ERP systems which are selected in order to achieve support and maintenance synergies as well as satisfactory consistency, but also to allow for the size of operations and geographic zones where they are to be rolled out.

For the reporting and consolidation of its accounting and financial information, the Group uses a single software package in all its entities.

Furthermore, tools for consolidating and monitoring the most important non-financial data have been set up Group-wide. Depending on the case, they are used to achieve the following goals:

- obtaining better vision of the performance of the Group's different activities, preventing or solving any difficulties and fostering or measuring improvement (e.g. reporting and consolidation of representative indicators for managing human resources and environment, health or safety);
- ensuring accurate management of some data and contributing to the monitoring of the data's compliance with the legal or regulatory obligations that apply to the Group and with Group rules (e.g. reporting and consolidation of legal and administrative information on the Group's subsidiaries and interests and their company officers; management of intra-group bank accounts and cash flows).

Human Resources management principles

Human Resources management contributes to Imerys' internal control system by enabling the Group to ensure that its employees have a relevant skill level with respect to their responsibilities, that they are aware of those responsibilities and that they are informed about and observe the Group's rules.

In that respect, a set of rules has been drawn up to ensure that the decisions taken comply with applicable international laws and agreements, control the integrity of salary determination and payment processes, supervise the setup of benefits, gather and process information. Other Human Resources policies have been drawn up covering areas such as employee relations, advice for business travelers, international mobility and crisis management.

Recruitment and development

To support its growth, the Group recruits in every country and every function. To make sure that recruitments are consistent and relevant, the Human Resources Function defines standards and periodically verifies the quality of practices. In addition, senior managers may not be recruited without the involvement of the Human Resources Function and, as the case may be, the relevant support Functions.

There are two parts to the career development procedure: Performance Appraisal and Career Development (P.A.D.), through which individual goals are set and annual assessments carried out, and Organization and People Review (O.P.R.), a framework that allows the activities to examine annually individual situations (e.g. identifying high-potentials or outstanding performance), succession plans and key organizational questions which are then reviewed by the Executive Committee.

The results and main analyses resulting from the management of human resources and skills are presented periodically to the Strategic Committee.

Compensation

Compensations are reviewed annually. The review particularly focuses on base salary and individual bonuses. Compensation is revised in accordance with a global policy which aims to improve its competitiveness, its consistency and its appropriateness to the individual and collective performance. Revision is based on an international classification of the main line and support manager positions at Imerys. Furthermore, the bonus practices in force in the Group are now consistent and are based, in particular, on comparable criteria in terms of percentage and kind. The Appointment and Compensation Committee is informed of the global compensation policy and the measures taken for major Group executives.

Training

In addition to the training programs organized by the activities, Group training sessions are organized by the Imerys Learning Center *(see chapter 5, section 5.4 of the Registration Document)*. These sessions enable employees to enhance their professional expertise (e.g. finance, geology, marketing, project management…) and foster the sharing of best practices.

TARGETED INTERNAL COMMUNICATIONS

Internal communication is organized around a central department that is part of the Group Human Resources Function and a network of local correspondents in operating activities. Its mission is to supervise the integration of each of the Group's activities and build a corporate identity founded on its diversity.

The objective is threefold:

- inform all the Group's employees;
- share experience and foster the dissemination of best practices;
- listen to personnel, especially in operating activities, through the local correspondent network.

To achieve these goals, the Group has several communication tools. The in-house newsletter "Imerys News" or the intranet "Imerysnet" set out Imerys' general orientations, strategy, organization, activities and projects. Other tools, for example the intranet "Blue Book" or intranets on specific topics managed by support Functions, are used to disseminate Group policies and procedures. Moreover, Imerys strives to give all recruited managers an overview of the Group, including its organization, core businesses and strategy. The welcome sessions organized every year for around 100 new arrivals in each of the Group's main geographic zones (Europe, Asia, and USA) contribute to this effort.

Since the creation of internal social network Galaxy in 2012, new communities have been gradually created. They are especially dedicated to geology and mining, innovation, industry and purchasing. They allow a fast and efficient communication on technical issues and favor the dissemination of good practices.

PERIODICAL ANALYSIS OF THE GROUP'S MAIN RISKS

Objectives

Analyzing risks enables Imerys to identify the events that, if they occurred, could represent a major threat with respect to the achievement of its strategic and financial goals and its compliance with local laws and regulations.

Through a structured process designed to enable the Group to appraise and analyze its main risks, Imerys can assess the suitability of its existing internal control mechanisms, set up relevant action plans to improve their efficiency and, more generally, increase the protection of the Group's value in compliance with applicable laws and regulations.

Organization

A three-level risk analysis process is organized:

- with respect to his or her duties, every support and line manager must constantly seek to identify, analyze and manage risks in his or her areas of responsibility. The identification and management of these risks are periodically reviewed and discussed by the Chairman and Chief Executive Officer and the Chief Financial Officer as part of the budget process, quarterly income statement reviews and monthly management reporting;
- furthermore, the Group has undertaken a formal, recurrent process to analyze its main risks by drawing up a map which shows the potential impact of identified risks and the extent to which they are managed. The Executive Committee members, the main persons responsible for central support departments and functions as well as the main persons responsible for each of the operational activities participate in this process. Results are reviewed and approved by the Group's Executive Committee and presented to the Audit Committee. In view of the results, new actions are defined to tighten the Group's control of certain identified risks. This risks analysis is now regularly updated on the basis of a review by the Group's support function managers, Comex members and/or main line managers;
- finally, in early 2011 an Operating Risk Committee was created to improve the coordination of risk and control analysis and management activities within the Group *(see "Organization" section above)*.

Imerys' Board of Directors supervises the Group's risk analysis process. The Board has appointed two of its specialized Committees, the Strategic Committee and the Audit Committee, to examine questions relating to the Executive Management's analysis and monitoring of the major risks that come under their respective areas of competence. The Committees regularly report to the Board on the work done on that subject and on the results obtained.

Major risks

The nature of the Group's main risks and their management and control methods are detailed *in section 4.1 of the present chapter*.

RELEVANT CONTROL ACTIVITIES

Operating and support control activities

Control activities are carried out to ensure that the risks related to a given operating or support process are correctly covered. They are adapted to the goals set by the Group.

Group policies *(see "Organization" section above)* are rules that structure the Group's control environment. The resulting procedures, particularly those relating to the accuracy of accounting and financial information, describe the required control activities in detail.

Control activities concerning the accuracy of accounting and financial information

The control mechanism and the procedures for the production of the accounting and financial information are uniform throughout the Group. This mechanism is made up of a cross-Group accounting organization, consistent accounting standards, a single consolidated reporting system and a quality control of the internal and external financial and accounting information that is produced.

Organization of the accounting and financial department

Accounting and financial operations are managed by the Group Finance Function. Its central organization includes:

- an accounting and consolidation department, which is responsible for the preparation and presentation of Imerys' statutory financial statements and the Group's consolidated financial statements;
- a financial control and budget control department, which prepares and consolidates budget and monthly management reporting data and analyzes operations' performance in relation to budget targets and to comparable periods during the previous year;
- a treasury and financing department, which is particularly in charge of preparing and consolidating data on financial debt and on the Group's financial income/expense. Its main missions concern the centralized management and optimization of the Group's debt and financial resources, management of interest rate, liquidity and currency risk, as well as management of hedging instruments;
- a Tax Department, which is particularly responsible for monitoring the tax consolidations made in the Group, estimating the resulting amount of taxes and controlling their overall consistency.

Because of the decentralized organization of accounting and financial functions, the financial controller of each activity has a key role. In particular, he or she is in charge of making sure that accounting and financial internal control procedures are correctly applied in the activities for his or her scope of responsibility. Each controller reports to the manager of the operating entity in question but also to the Group Finance Function on a functional basis.

Accounting framework

The general rules are described in the "Blue Book" which all employees can consult online via intranet and apply to all the Group's operating and legal entities. In compliance with the IFRS standards adopted within the European Union, they include:

- a reminder of the general accounting principles and recommendations to comply with;
- a detailed chart of accounts;
- a definition of the Group's accounting methods that apply for the most important items and/or operations.

These documents are regularly updated with every amendment or application of new accounting standards, under the responsibility of the Reporting and Consolidation Department and under the control of the Statutory Auditors.

Annual budget and monthly reporting

Every year, Imerys implements a monthly reporting and budget process for all the Group's entities in order to have a running tool and accurate and consistent information. The match between accounting data and information derived from reporting is the key control principle intended to ensure the accuracy of accounting and financial information.

Imerys' budget preparation procedure is based on the involvement of crossfunctional teams in every activity and on the control of the overall consistency of assumptions and methods by the Reporting and Consolidation Department.

The reporting system enables the Group to accurately monitor monthly results (income statement and cash flow) and financial data for operating activities and to compare them with the budget and results for the corresponding period in the previous financial year. Local line managers comment on financial and operational indicators and the main variations are analyzed by the Reporting and Consolidation Department.

Consolidation process

A single accounting consolidation system handles all information from every Group operating and legal entity.

To guarantee the quality and accuracy of its financial information, Imerys has set up an unified reporting and consolidation system ("SAP Business Object Financial Consolidation ") for both the collection of information and the production of the consolidated financial statements. The system is deployed in all the Group's entities. It is sourced from local accounting data by interface, by retrieving the necessary data from the financial modules of entities' ERP systems, or by manual input. The system provides for the automatic control of certain reported and/or consolidated data.

A detailed schedule is drawn up for annual and interim (quarterly and semi-annual) account closings by the Reporting and Consolidation Department.

Results review

Every month, the Executive Committee examines the most recent overviews resulting from management reporting, analyzes significant variations on the previous year or the budget. It defines any corrective actions that it judges necessary and monitors their implementation.

Furthermore, results are reviewed at the quarterly meetings in which operating activity managers present their results to the Chairman and Chief Executive Officer and the Chief Financial Officer. A summary of each of those reviews is also presented to the Strategic Committee.

Finally, the consolidated financial statements, accounting procedures and complex financial transactions are systematically reviewed by the Executive Committee. All of these items are also reviewed by the Board of Directors which approves them after examination by its Audit Committee.

REVIEW OF INTERNAL CONTROL MECHANISMS

The review processes set up at Imerys enable the Group to regularly check the quality and efficiency of its internal controls and to take improvement actions if needed.

Beyond the constant controls made by line and support management, internal controls are reviewed under two interrelated Group processes.

For the newly acquired companies, these reviews are usually performed from 6 to 18 months following their integration.

Audit of entities' internal control practices

The Internal Audit Function has a twofold mission: check internal control mechanisms in operating entities and make sure they comply with the principles and rules defined by the Group; cover operating and strategic risks and issues for the Group.

Internal Audit teams inspect all operating entities in an auditing cycle that ranges from 2 to 5 years on average, depending on how critical and significant the entities are. The audit plan is validated annually by the Audit Committee and may be modified according to circumstances.

Audit reports are passed on to the Chairman and Chief Executive Officer and the main relevant support and line managers. A complete report about the Internal Audit Function's activities is presented and discussed every six months in an Executive Committee meeting then in an Audit Committee meeting, attended by the Statutory Auditors.

Overall review of the internal control systems

Imerys has undertaken a continuous process to improve the efficiency of its internal control systems. Implementation of this process is supervised by the Risk and Internal Control Department and work is done in coordination with managers of the Group's line and support organizations. This structured and formal process is based on detailed self-assessment questionnaires. The aim is to analyze existing internal control mechanisms, particularly with respect to the material nature of the related risks.

This process is structured in five main stages:

- prior identification of the key operating and support processes where the major risks are located;
- identification of critical control activities related to the risks in those processes;
- assessment of those controls by the main process owners;
- identification of any deficiencies in internal controls;
- consolidation of the obtained results, definition and implementation of any necessary improvement or corrective actions.

A computer tool is used to consolidate, process and provide overviews of the information resulting from the different stages.

Thirty of the Group's main entities, which together account for almost 60% of consolidated sales, take part in the detailed self-assessment program of their 12 main operating and support processes that can generate material risks for the Group (Sales, Inventories, Purchases, Capital Expenditure, Fixed Asset Management, Mining, Payroll, Human Resources Management, Treasury, Tax, Closing & Consolidation and IT Security). These assessments are now updated every three or four years according to the selected entities and processes.

Furthermore, the Group's smaller legal entities are also covered in rotation by a self-assessment of their internal control mechanisms, on a simplified basis better suited to their size.

Self-assessment questionnaires are completed by the concerned responsible people and validated by the financial controllers and general managers of the assessed activities. They are reviewed and discussed with the Risk and Internal Control Department to ensure that answers are consistent and assessments are relevant. The results of some self-assessments are now reviewed by the Internal Audit teams on the occasion of sincerity audits in order to improve the reliability of the self-assessment process. In addition, action plans defined to cover internal control deficiencies identified during self-assessments are subject to a regular follow-up.

The approach and the final results of the overall review of the Group's internal control systems are presented annually to the members of the Executive Committee and to the Audit Committee.

4.2.2 STATUTORY AUDITORS' REPORT

Prepared in accordance with article L. 225-235 of the French Commercial Code (Code de Commerce) on the report prepared by the Chairman of the Board of Directors of Imerys.

Year ended December 31, 2013

ERNST & YOUNG et Autres
1/2, place des Saisons
92400 Courbevoie
Paris-La Défense 1

S.A.S. with variable Capital
Statutory Auditor
Member of the compagnie régionale de Versailles

Deloitte & Associés
185, avenue Charles de Gaulle
92524 Neuilly-sur-Seine Cedex

S.A. with share capital of €1,723,040
Statutory Auditor
Member of the compagnie régionale de Versailles

(This is a free translation into English of the statutory auditors' report issued in French prepared in accordance with article L.225-235 of French Company Law (Code de commerce) on the report prepared by the Chairman of the Board of Directors on the internal control procedures relating to the preparation and processing of accounting and financial information issued in French and is provided solely for the convenience of English-speaking users. This report should be read in conjunction and construed in accordance with French law and the relevant professional standards applicable in France).

To the Shareholders,

In our capacity as Statutory Auditors of Imerys and in accordance with article L. 225-235 of the French Commercial Code (Code de Commerce), we hereby report on the report prepared by the Chairman of your company in accordance with article L. 225-37 of the French Commercial Code (Code de Commerce) for the year ended December 31, 2013.

It is the Chairman's responsibility to prepare and submit for the Board of Directors' approval a report on the internal control and risk management procedures implemented by the Company and to provide the other information required by article L. 225-37 of the French Commercial Code (Code de Commerce) relating to matters such as corporate governance.

It is our responsibility:

- to report to you on the information contained in the Chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information, and
- to attest that this report contains the other disclosures required by article L.225-37 of French Commercial Code (Code de Commerce), it being specified that we are not responsible for verifying the fairness of these disclosures.

We conducted our work in accordance with professional standards applicable in France.

INFORMATION ON THE INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES RELATING TO THE PREPARATION AND PROCESSING OF ACCOUNTING AND FINANCIAL INFORMATION

The professional standards require that we perform the necessary procedures to assess the fairness of the information provided in the Chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information. These procedures consisted mainly in:

- obtaining an understanding of the internal control procedures relating to the preparation and processing of the accounting and financial information on which the information presented in the Chairman's report is based and the existing documentation;
- obtaining an understanding of the work involved in the preparation of this information and the existing documentation;
- determining if any material weaknesses in the internal control procedures relating to the preparation and processing of the accounting and financial information that we would have noted in the course of our engagement are properly disclosed in the Chairman's report.

On the basis of our work, we have nothing to report on the information in respect of the company's internal control and risk management procedures relating to the preparation and processing of accounting and financial information contained in the report prepared by the Chairman of the Board of Directors in accordance with article L.225-37 of French Commercial Code (Code de Commerce).

OTHER DISCLOSURES

We confirm that the report prepared by the Chairman of the Board of Directors also contains the other information required by article L. 225-37 of the French Commercial Code (Code de Commerce).

Paris-La Défense and Neuilly-sur-Seine, March 18, 2014
The Statutory Auditors
French original signed by

ERNST & YOUNG et Autres
Jean-Roch VARON

Deloitte & Associés
Arnaud de PLANTA

SUSTAINABLE DEVELOPMENT 5

5.1 IMERYS' SD STRATEGY AND ORGANIZATION

ISSUES AND STRATEGY

As a world leader in mineral-based specialty solutions for industry, Imerys transforms a unique range of minerals to deliver high quality of products and services essential to its customers. Sustainable Development (SD) is an essential component of the Group's long term strategy to support growth while promoting environmental stewardship and social responsibility. The Group's international scale and mineral-based business model give it a unique stakeholder profile consisting of employees, contractors, communities, suppliers and customers.

After analyzing the principal issues relevant to its business and its stakeholders, Imerys further strengthened its SD strategic framework in 2013 by restructuring its commitments into the following three aspects: social, environmental and governance.

With regard to the social aspect, the Group has organized its commitments around the following four high priority axes that address its responsibilities to both internal and external stakeholders:

- **Safety and Health:** develop a proactive safety and health culture by implementing the three pillars of the *Imerys Safety System*: compliance, continuous improvement and communication;
- **Human Resources:** develop the professional and personal capabilities of our employees, provide them with appropriate benefits, promote workplace diversity and maintain industrial relations by fostering an environment of mutual respect;
- **Communities:** build positive relationship with communities around our sites and contribute to local social and economic development;
- **Human Rights:** respect fundamental human rights by referring to core international conventions and the Universal Declaration of Human Rights, and take particular actions to avoid child labor and forced labor.

With regard to the environmental aspect, the Group has organized its commitments around the following four high priority axes that address its environmental stewardship:

- **Environmental Management Systems (EMS):** assess relevant environmental aspects and continually improve control measures to reduce adverse environmental impacts;
- **Resources Efficiency:** apply advanced technologies and promote operational excellence to maximize the sustainable use of raw materials and other natural resources, such as land, energy and water;
- **Biodiversity:** preserve and create biodiversity value by enhancing rehabilitation of mines during their life spans with the aim of harmonizing with local ecosystems;
- **Green Innovation:** factor environmental benefits into the research and development of products, processes and services to reduce our environmental footprint throughout the product life cycle.

With regard to the governance aspect, the Group considers this to be the cornerstone of its management, business and other SD commitments. The Group is committed to the following principals:

- **Corporate Governance:** respect and implement best corporate governance practices in a manner that is consistent with similar listed companies;
- **Ethics and Business Conduct:** promote and regulate ethical business behavior within the Group through the deployment of appropriate policies and protocols; and monitor their efficient and compliant implementation.

Each of Imerys' operations, including production sites, administrative offices and R&D centers, are responsible to allocate necessary resources to transform these global principals into concrete local actions. In order to ensure that high standards of responsibility and accountability are being maintained, the Group will drive continual improvement through periodic reviews.

ORGANIZATION AND IMPLEMENTATION

The Group's SD strategy is guided by a three-year plan which provides a framework for gradual and continuous performance improvement. The three-year plan is initially drafted by multiple SD Working Groups. The SD Working Groups are made up of internal professionals and relevant experts who represent the different business units and geographic zones. The SD Working Groups creates the initial draft over a six-month period in a process facilitated by the Group SD Manager and the Group Vice President of EHS. The final draft is submitted to the Group SD Steering Committee for review and approval. The Group SD Steering Committee is comprised of three members of the Executive Committee (Group General Counsel, Chief Technical Officer and Vice President of Human Resources), five corporate function leaders (EHS/SD, Industrial Management, Investor Relation and Communication) and two senior leaders from operations. After approval from the SD Steering Committee, the three-year plan is submitted to the Executive Committee for validation. Finally, the three-year plan is presented for review to the Audit and Strategy Committees of the Board of Directors. In 2014, the Group will complete its second three-year plan (2012-2014) and finalize its third three-year plan (2015-2017).

Annual objectives implementing the three-year plan are derived from a similar process. The Group SD Manager and the Group Vice President of EHS create an initial draft based on input from functional and operational representatives. The initial draft is then submitted successively to the SD Steering Committee, the Executive Committee and the Committees of the Board of Directors for their review and approval. The completion of annual objectives is linked to incentive programs for both the Executive Management and function leaders when relevant. The business activities integrate the Group's policies, objectives and actions, and have freedom to further develop their own. The Group has also established a set of extra-financial key performance indicators (KPIs) with reference to the Global Reporting

Initiative (GRI) guidelines[1] and corresponding reporting protocols to collect the SD data. This data helps the Group to measure and monitor SD implementation and performance through different levels of the organization *(see section entitled "Reporting Methodologies" hereafter)*. The Steering Committee meets on a quarterly basis to review the progress on SD annual objectives, discuss the key strategy developments and rating-agency notations, and calibrate the implementation priorities.

An in-house SD Challenge Program is being carried on annually to encourage local initiatives and promote best practices. This program has made important contributions to support the accomplishment of the Group's annual SD objectives. Approximately 30 coordinators have been assigned at the business level to promote the SD Challenge and encourage the participation. Since 2005, 439 projects have been part of the challenge in the fields of community relations, environment, energy, innovation and human resources.

Furthermore, the Group strives to advance systems management, improve transparency and drive constant improvement through periodic reviews. The Internal Control and Audit department conducts risk-based audits at the operations level on overall compliance, management control and reporting, and implementation of the Group's policies including the Code of Business Conduct and Ethics. The Group EHS Audit team conducts internal reviews on the compliance with EHS regulatory requirements, the implementation of the Group's EHS/SD protocols, the robustness of environmental management systems, the reporting of SD data, and the management of mine safety and mineral solids storage facilities risks. As of December 2013, the team is comprised of approximately 20 EHS specialists and six geology & geotechnical experts from corporate services and operations, and conducts about 30 audits per year. Each operation will be integrated into the audit programs on a rolling basis and in terms of risk criteria. The Executive Committee regularly reviews the critical audit findings and corrective actions determined by the auditing activities. Imerys also commissions independent third-parties to conduct an annual audit on financial and sustainability data disclosed in the Annual Registration Document.

(1) The GRI is an independent institution whose mission is to develop and disseminate globally applicable Sustainability Reporting Guidelines; started in 1971, it is an official collaborating center of the United Nations Environment Program. The latest version guidelines, G4, were released in May 2013.

5.2 2013 PERFORMANCE

Imerys monitors and measures its SD performance from on both the macro- and micro- levels. On the macro-level, Imerys defines its SD priorities at the Group level and sets the annual objectives based on relevant actions in the previously-mentioned "Three Year SD Plan". All of the operations are required to integrate the annual Group objectives into their business plans and are encouraged to excel beyond those objectives depending on their differentiated maturity and momentum at the business level. On the micro-level, the SD data reported from each operation into the Imerys database enables both the Group and the operations to analyze the quantitative variation, review the specific progress and improve the pertinent approaches as needed.

The table below shows the macro-level achievements of the 2013 Group SD objectives, as well as those of 2014:

Axes	2013 Objectives	2013 Performance	2014 Objectives
Social/Societal[(1)]			
Safety and Health	▪ LTA Rate: < 1.3 for contractors and employees[(2)]	1.31	▪ LTA Rate: < 1.1 for contractors and employees
	▪ Monthly Self-Auditing: one additional criterion (Supervisor Focus Program)	Achieved	▪ Launch "Take 5" program[(3)] at each operation (new program)
			▪ Four web seminars to operations on ergonomics, hearing protection and respiratory protection
Human Resources	▪ Diversity Country plans in at least five countries	Achieved	▪ Create diversity country plans in at least 10 countries
	▪ Lead at least one new training initiative linked to safety for least-skilled workforce in 10 activities	Achieved	▪ Lead at least one training initiative linked to safety for least-skilled workforce in all activities
	▪ Continue to analyze the adequacy of coverage and improve the benefits proposed in at least two additional countries	Achieved	▪ Continue to analyze the existence and adequacy of benefit program
Communities	▪ Community Relations Plan formalized at 30% of operations subject to sensitivity[(5)]	Achieved	▪ Community Relations Plan formalized at 35% of operations subject to sensitivity
			▪ 10 community programs implemented to contribute social or economic development in local context
Human Rights	▪ If more than 10% of the Division's spend is coming from a supplier's manufacturing facilities in one of the "countries of concern", supplier to confirm compliance with the ILO Conventions on Child Labor and Forced Labor[(4)]	Achieved	▪ If more than 5% of the Division's spend is coming from a supplier's manufacturing facilities in one of the "countries of concern", supplier to confirm compliance with the ILO Conventions on Child Labor and Forced Labor
Environment			
EMS	▪ Auditing of the Environmental Management System (EMS) at 15 sites (desktop and onsite audits)	Achieved	▪ Conduct Environmental Management System (EMS) audits at 15 operations
Resources Efficiency	▪ Energy and CO2 emissions efficiency: significant improvement plan and related monitoring indicators	Achieved	▪ Energy efficiency and carbon emissions: track and monitor the key action plans (continuation)
	▪ Implementation of action plans defined for selected mining sites among the Group's significant energy-consuming mining operations and monitoring of progress (internal target is with five mining operations)	Partially Achieved	▪ Draw up an energy action plan for five additional sites from among the significant energy-consuming mining operations
	▪ Water efficiency plan established at Group operations in water scarce areas (refer to UNH's Water Stress Index)	Achieved	▪ Water efficiency plans at the largest water withdrawal sites (> two million cubic meters in 2013)
Biodiversity	▪ Biodiversity management plans at 12% of sites identified in, or adjacent to areas of High Biodiversity Value[(6)]	Achieved	▪ Biodiversity management plans at 20% of sites identified in, or adjacent to areas of High Biodiversity Value

Axes	2013 Objectives	2013 Performance	2014 Objectives
Green Innovation	▮ Environmentally friendly products & processes: five per year	Achieved	▮ Environmentally friendly products & processes: five per year
	▮ Introduce at least one product or process with a recycling benefit	Achieved	▮ Perform a life cycle assessment[(7)] of one new product
Governance[(8)]			
Corporate Governance, Ethics and Business Conduct	▮ Refresh the anti-trust compliance program (including the strengthening of training & self-assessment features)	Partially Achieved	▮ Roll-out of the new Group policy to prevent fraud and corruption, update and amend the Group anti-trust compliance program
	▮ Enlarge communication and awareness of Group employees on Code of Business Conduct and Ethics	Achieved	▮ Implement the amended 2013 AFEP-MEDEF Corporate Governance Code of French listed companies
	▮ Achieve a minimum 20% of women on the Board	Achieved	▮ Draw an action plan to increase the representation of women at the Board of Directors to 40% by 2017[(9)]
	▮ Implement the new anti-bribery policy (including selection of intermediaries, training & self-assessment, etc.)	Partially Achieved	▮ Review and refresh Group general compliance program

(1) The "Societal" information of Grenelle II is covered in both the Social and Governance aspects in this Registration Document. The Grenelle II Act was passed and transposed into the French Commercial Code in July 2010; the decree application was released in April 2012.

(2) The lost-time accident rate is calculated per million work hours of both employees and contractors.

(3) "Take 5" is a proactive pre-task risk assessment & reduction program that has been recognized as one of the best practices for industrial safety improvement.

(4) Community relations protocol compliance is required for each operation. The formalization of community management plan starts from the most sensitive sites based upon internal risk assessment.

(5) The list of "Countries of Concern" as defined in FTSE4Good Inclusion Criteria is drawn up and reviewed periodically by EIRIS in the light of human rights developments using a variety of sources, including country data and reports of Freedom House, Human Rights Watch and Amnesty International.

(6) The Global Reporting Initiative (GRI) suggests that companies should identify the sites located in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas. Imerys uses the World Database for Protected Areas (WDPA), Natura2000 and other reliable public resources to conduct risk mapping with areas of High Biodiversity Value. The WDPA is a joint project of UNEP and IUCN, produced by UNEP-WCMC and the IUCN World Commission on Protected Areas working with governments and collaborating NGOs.

(7) The life cycle assessment refers to the definition of the International Organization for Standardization (ISO): "Environmental management – Life cycle assessment – Principles and framework" (ISO 14040: 2006).

(8) More detailed corporate governance related information is addressed in the chapter 3 of this Registration Document.

(9) It refers to the French Law on the balanced representation of women and men on Boards of Directors and supervisory and professional equality (law n° 2011-103, January 27, 2011). The percentage of women leadership on board of listed and public businesses shall reach 40% six years after the promulgation of the law.

The table below summarizes the 2012 and 2013 KPI results and is intended to provide a micro-level view of the Group's 2013 SD performance. More chronological data and performance analysis are disclosed in the following sections in this chapter.

Category	KPIs	Unit	2013	2012	Perimeter	GRI Ref.
Social						
Health and Safety	Fatalities (Employees)	#	0	0	Group	LA7
	Fatalities (Contractors)	#	1	0	Group	LA7
	Frequency rate[(1)]					
	Imerys employees	/	1.36	1.36	Group	LA7
	Other employees[(2)]	/	1.20	1.89	Group	LA7
	Combined rate (employees and contractors)	/	1.31	1.51	Group	LA7
	Severity rate[(3)]					
	Imerys employees	/	0.08	0.06	Group	LA7
	Other employees	/	0.05	0.06	Group	LA7
	Combined rate (employees and contractors)	/	0.07	0.06	Group	LA7
	Occupational illnesses with lost time	#	0	NR[(4)]	Group	LA7
	Occupational illnesses without lost time	#	7	NR	Group	LA7
	Health and safety topics covered in formal agreements with trade unions	/	Yes	Yes	Group	LA9
Human Resources	Average annual headcount on payroll	#	16,164	16,244	Group	LA1
	Year-to-end total headcount on payroll	#	15,805	16,026	Group	LA1
	Employees by region - Western Europe	#	6,026	6,708	Group	LA1
	Employees by region - Central Europe	#	1,386	1,362	Group	LA1
	Employees by region - North America	#	2,884	2,773	Group	LA1
	Employees by region - South America	#	1,442	1,503	Group	LA1
	Employees by region - Asia Pacific	#	3,448	3,079	Group	LA1
	Employees by region - Africa	#	619	601	Group	LA1
	Employees by function - Operations/Production/Manufacturing	#	10,615	10,904	Group	LA1
	Employees by function - Logistics/Purchasing	#	737	783	Group	LA1
	Employees by function - R&D/Geology	#	691	593	Group	LA1
	Employees by function - Sales & Marketing	#	1,307	1,357	Group	LA1
	Employees by function - Support & Administration	#	2,456	2,389	Group	LA1
	Fixed-term contract	#	791	684	Group	LA1
	Rate of employee turnover	%	6.1	5.8	Group	LA2
	Working hours lost due to strikes	Hours	28,375	23,098	Group	-
	Safety team or committees composed both management and worker representative(s)	/	Yes	Yes	Group	-
	Absenteeism rate	%	2.49	2.46	Group	LA7
	Educational programs to assist workforce members, their families, or community members regarding serious diseases	/	Yes	Yes	Country (Brazil & France)	LA8
	Health and safety topics covered in formal agreements with trade unions	/	Yes	Yes	Group	LA9
	Number of employees who received training at least once in the reporting year	#	10,800	10,600	Group	-
	Training hours	Hours	222,000	232,000	Group	LA10
	No. of numeracy or literacy programs	#	10	NR	Group	LA11
	Percentage of employees receiving regular performance and career development reviews	%	100	100	Group	LA12
	Employee Shareholders	#	1,537	1,900	Group	-

Category	KPIs	Unit	2013	2012	Perimeter	GRI Ref.
Diversity	Total percentage of women employees	%	15.9	15.8	Group	LA13
	Percentage of women by region - Western Europe	%	16.7	15.7	Group	LA13
	Percentage of women by region - Central Europe	%	19.8	19.4	Group	LA13
	Percentage of women by region - North America	%	15.3	15.1	Group	LA13
	Percentage of women by region - South America	%	11.4	11.6	Group	LA13
	Percentage of women by region - Asia Pacific	%	15.7	17.4	Group	LA13
	Percentage of women by region - Africa	%	13.1	13.3	Group	LA13
	Number of employees with disability	#	220	260	Group	LA13
Community Relations	Percentage of sites with a formal action plan managing the impacts of operations on communities	%	31	20	Group	S01
Human Rights	Total number of incidents of discrimination	#	0	0	Group	HR4
	Percentage of employees under collective bargaining agreement	%	74	70	Group	HR5
	Number of reported human rights violation	#	0	0	Group	HR9
Others	Percentage of ISO 9001 or Quality Management System certified operations	%	~78	~78	Group	-
Environmental						
Management Systems	Percentage of operations with EMS[(5)]	%	100	98	Group	-
	ISO 14001 or EMAS[(6)] certified operations	#	81[(7)]	88	Group	-
	Operations with Imerys 8-pillar EMS	#	148	142	Group	-
Water	Total water withdrawals	M liters	41,626	48,538	Group	EN8
	Water obtained from water suppliers	%	10.5	11.9	Group	EN8
	Water withdrawn from ground water	%	49.4	47.5	Group	EN8
	Water withdrawn from surface water	%	23.4	25.7	Group	EN8
	Water obtained from other sources	%	16.7	14.9	Group	EN8
	Number of sites located in a water-scarcity area	#	17	17	Group	EN9
	Total water recycled	M liters	32,950	30,645	Group	EN10
	Sites with recycled water reported	#	54	53	Group	-
Waste	Total Industrial Waste produced	Tons	264,270	287,827	Group	EN22
	Hazardous industrial waste	Tons	920	2,217	Group	EN22
	Recycled hazardous industrial waste	Tons	1,919	1,112	Group	EN22
	Non-hazardous industrial waste	Tons	125,104	120,187	Group	EN22
	Recycled non-hazardous industrial waste	Tons	136,327	164,312	Group	EN22
Biodiversity	Surfaces disturbed by the Group's mining activities	Hectares	1,548	216	France/TC	MM1
	Surfaces rehabilitated	Hectares	890	95	France/TC	MM1
	Number of sites identified as located in or near a high biodiversity value area.	#	34	NR	Group	MM2
	Number of sites with a biodiversity management plan in place	#	5	NR	Group	MM2
Energy	Total energy consumption	TJ	34,733	35,288	Group	EN3
	Natural gas	%	45.3	43.7	Group	EN3
	Other fossil fuels	%	20.7	22.2	Group	EN3
	Biomass	%	3.6	3.9	Group	EN3
	Electricity (net) and steam	%	30.3	30.2	Group	EN4
	Energy efficiency (base 100 in 2009)	#	96.6	96.5	Group	EN5
GHG (greenhouse gas)	Scope 1 CO_2 emissions	kT CO_{2e}	1,702	1,753	Group	EN16
	Scope 2 CO_2 emissions	kT CO_{2e}	1,071	1,115	Group	EN16
	Total CO_2 emissions	kT CO_{2e}	2,773	2,868	Group	EN16
	Carbon efficiency (base 100 in 2009)	#	92.1	94.3	Group	EN18
	CO_2 emissions from Energy (without biomass)	%	88.0	87.9	Group	EN16
	CO_2 emissions from Processes	%	7.9	7.5	Group	EN16
	CO_2 emissions from Biomass	%	4.1	4.6	Group	EN16
Air emissions	Sulfur dioxide (SO_2)	Tons	4,577	4,591	Group	EN20
	Nitrogen oxide (NO_x)	Tons	6,042	6,395	Group	EN20

5

Category	KPIs	Unit	2013	2012	Perimeter	GRI Ref.
Others	Number of prosecutions	#	20	17	Group	EN28
	Amount of fines (in euros)	Euros	139,078	1,181	Group	EN28
Governance						
Anti-corruption	Number of employees trained in Organization's Code of Business Conduct and Ethics	#	3,000	2,600	Group	S03, HR3
Others	Percentage of independent board members	%	46.7	41.2	Group	-
	Percentage of women in the board members	%	26.7	17.6	Group	-

(1) Frequency rate: (number of lost time accidents x 1,000,000)/number of hours worked.
(2) Employees of a company under contract with Imerys, in charge of a specific operation on site or providing a service.
(3) Severity rate: (number of lost days x 1,000)/number of hours worked.
(4) "NR" means "not reported or disclosed".
(5) EMS: Environmental Management System. The number of sites required for EMS reporting exclude those divested, closed, newly acquired or newly constructed during the reporting period.
(6) EMAS: Eco Management and Audit Scheme (European Standard).
(7) Additional operations were ISO 14001 certified in 2013; the variation is due to divesture of Imerys Structure sites in France.

5.3 SECTOR COMMITMENTS

Imerys is actively involved in well-established and reputable trade associations and maintains a dialogue with public authorities, rating agencies, socially responsible investors and non-governmental organizations (NGOs). It acts in accordance with local legislation and implements a Code of Business Conduct and Ethics to promote transparency and integrity during its interactions with concerned parties in relevant sectors.

Imerys is an active member of the Industrial Minerals Associations for Europe and North America (IMA-Europe and IMA-North America) and the trade associations representing listed French companies (such as AFEP-MEDEF, etc.). Through these associations, Imerys works with the European Union, the French authorities and the United States government to encourage SD initiatives in the industrial minerals sector. Through its French clay roof tiles activities, the Group is active in the building materials sector and works actively with public authorities to promulgate and implement regulations concerning this sector. Since 2012, the Group's main sector involvement has been in the areas of effective resource management and innovation. The industry emphasizes the progress made on mining methods, leading to better use of mineral resources. The industry also puts substantial innovation efforts into improving the environmental benefits delivered by minerals, including recyclability. The work coordinated by IMA-Europe indicates that 40-50% of industrial minerals are recycled *(see section entitled "Minerals Efficiency" and "Green Innovation" hereafter)*. In addition to effective resource management and innovation, the Group participated in dialogue on the following European Directives in 2013: the Industrial Emissions Directive (IED) for Small and Medium Combustion Installations, the Revision of Environmental Impact Assessment Directive (EIA), the Revision of Waste Directive and the Revision of the Carcinogen Directive.

Imerys has actively supported and participated in the initiatives of European Minerals Days (EMD) organized by IMA-Europe and a number of other associations since 2009 (see the details of 2013 events *in the section entitled "Community Relations" hereafter*).

This event, held biennially, brings together all relevant parties in the mining industry in Europe to drive collaboration among stakeholders and to raise awareness of the sector's SD efforts among all levels of society. In 2013, the European Commission chose to use this IMA initiative as a platform for the European Innovation Partnership on Raw Materials.

The Group maintains a dialogue with rating agencies and socially responsible investors in order to present its SD activities and improve its performance taking into consideration the evolution of stakeholder expectations. Imerys is also listed on the following key ESG (environment, social and governance) specialized stock market indices:

- **FTSE4Good Index Series:** Created by FTSE International Limited ("FTSE") and designed to objectively measure the performance of companies that meet globally recognized corporate responsibility standards. FTSE works in association with the Experts in Responsible Investment Solutions (EIRIS) and its network of international partners to research company corporate responsibility performance against the FTSE4Good Criteria. The FTSE4Good Policy Committee reviews FTSE4Good indices biannually in September and March;

- **NYSE-Euronext Vigeo Europe 120 and Eurozone 120:** These two indices are created by the partnership of NYSE-Euronext and Vigeo and are updated every six months. They are composed of the 120 highest-ranking listed companies as evaluated by the agency in terms of their corporate responsibility performance in the European countries and Euro zone respectively;
- **ETHIBEL Sustainability Index Excellence Europe:** The ETHIBEL Sustainability Excellence Indices (ESI) are created by Forum ETHIBEL using Vigeo research. Forum ETHIBEL is an independent association for socially responsible investing. The ESI Excellence Europe is composed of 200 companies belonging to the Ethibel Register based on a best-in-class approach combined with ethical exclusion criteria;
- **The Gaia Index:** A Socially Responsible Investment (SRI) Index for French Small & Mid-Caps. It was created by EthiFinance in 2009 in partnership with IDMidCaps and is composed of the 70 best companies selected on ESG criteria within a pool of 230 French emerging companies.

In addition, Imerys has participated in the climate change program of the Carbon Disclosure Project (CDP) since 2006 and has demonstrated steady improvement over the past eight years. According to the 2013 CDP report for France concerning 250 companies, Imerys is considered in the TOP 22 regarding maturity related to climate change governance and strategy.

Finally, Imerys encourages partnerships with relevant local NGOs on local SD projects, particularly in the areas of biodiversity, public health and economic development. For example, the Arne Pit restoration project in United Kingdom has involved the Campaign for Rural England and Natural England as of 2009; the Group helped rehabilitation of the Fontaine healthcare center in Cité-Soleil of Haiti in association with the Architectes de l'Urgence foundation between 2010 and 2011; and the Green Awareness Education Project in China rolled out in 2012 in partnership with the Albatross Foundation.

5.4 SOCIAL RESPONSIBILITY

SAFETY AND HEALTH

Imerys takes safety and health as core values for all of its operations, regardless of where an operation is located in the world or what role an employee or contractor performs. On April 28, 2011, the CEO signed the Safety and Health Charter on his first official day in office. This Charter defines the following principals that must be incorporated into local programs at the operations level:

- Demonstrated leadership commitment;
- Integration of safety and health into schedule, production and cost;
- Identification and control of workplace hazards, and elimination or reduction of workplace risks;
- Compliance and continual improvement through well-designed systems, training and communication;
- Accountability at all levels of the organization;
- Employee and contractor training, competence and involvement;
- Comprehensive management of incidents and sharing of lessons learned;
- Realization that behavior and decisions are in many cases the root cause of incidents.

The Group considers respect for Safety and Health standards to be a condition of employment at Imerys and recognizes that a proactive safety and health culture can only be developed through partnership among management, employees, contractors, visitors and the communities in which we operate.

The Group EHS Umbrella Policy further clarifies the organization, roles and responsibilities, communication, EHS KPIs and competency requirements to guide the implementation of EHS programs and the measurement of EHS performance.

Safety

Since 2005, Imerys has implemented a number of programs to provide the operations with tools and training for continuous, long-term improvement of workplace safety. In early 2012, the various components of the safety program were integrated into the Imerys Safety System (ISS). The ISS consists of three pillars: compliance, continuous improvement and communication/training. Each of these pillars is discussed below.

Compliance: Safety compliance for each Imerys operation refers not only to comply with the local laws and regulations, but also the Group EHS policies, procedures and the 17 safety protocols. The Group EHS leadership network evaluates the need for revision of the 17 safety protocols periodically. This evaluation is to ensure that the internal standards incorporate the industrial best practices on safety over time and drive ongoing improvement. In 2013, the mobile equipment protocol was revised to improve management of the safety challenges in the Group's mining operations with heavy equipment. The above-mentioned Group EHS Audit Team conducts the periodic audits to ensure safety compliance *(see section entitled "Organization and Implementation" above)*.

In 2006, Imerys initiated the "Serious Six" program, which emphasized six of the 17 safety protocols that can potentially cause the most severe accidents. The "Serious Six" initiatives were progressively expanded in terms of leadership and accountability, and beginning in 2011, a monthly self-assessment requirement on "Serious Six" was required of each Senior Site Manager.

Continuous Improvement: The following are the main elements of the continuous improvement pillar of the ISS:

- All levels of the Group review "Safety Metrics" monthly by completing safety reports. These reports have been integrated into business meetings and performance reviews conducted by a variety of staff members from site managers to top executives. The Executive Committee reviews safety results with information on major incidents and critical audit findings on a monthly basis;
- The "Safety Culture Improvement Team" works on priority sites. Corrective measures are defined in partnership with the targeted sites and are closely monitored. Each year around ten assignments are completed in addition to the Group EHS audits. The team also organizes orientation events on newly consolidated operations within 90 days of their acquisition or start-up;
- "Safety Alerts" are issued whenever a serious incident occurs and sharing lessons-learned and root causes can avoid injuries at other Imerys operations. Since May 2012 the Group has also circulated a concise monthly analysis of the causes of all lost-time accidents that occurred in the previous month;
- Finally, Imerys considers behavior-based safety to be essential in developing an effective safety culture. As of December 2012, a new criterion focusing on behavior-based safety was added to the monthly self-assessment on the "Serious Six", requiring that each Senior Site Manager interact with workers during the monthly site visit. Furthermore, in 2013 the responsibilities of behavior-based safety efforts have been expanded to include site supervisors. The Group EHS developed a training program with a computer-based module that was administered to all supervisors in the Group's operations, and since April 2013, each supervisor has been required to complete at least one safety visit per month in his or her area of responsibility;
- In 2014, the Group will implement the "Take 5" program (a pre-task risk assessment and reduction tool). "Take 5" is a best practice initiative designed to drive safety awareness to all employees.

Communication/Training: The Group's safety communication and training tools mainly include the Imerys Safety University (ISU), monthly web seminars, a high impact video and post series with regard to internal accidents, computer-based training modules on key initiatives, safety toolbox meetings and the Group welcome sessions. Initiated in 2005, the Imerys Safety University (ISU) was designed to strengthen the site managers' understanding of a "safety culture". The curriculum includes training modules on risk appraisal, employee coaching, root cause analysis and behavior-based safety. Today, the ISU is offered not only to site managers but also to supervisors and other managers. In the past nine years, more than 1,830 Group employees have taken part in a Safety University program. Most of the ISU modules are now available online in eight languages, and the Group is developing additional remote training solutions and practical training tools to continuously improve the safety competencies of its employees and contractors. Beginning in 2012, it is required that every Senior Site Manager take part in an ISU session within 12 months of his or her assignment. In 2013, seven ISUs were organized on three continents and six safety web seminars were delivered.

Imerys has been monitoring and analyzing safety indicators since 2004. In recognition that its contractors are an integral part of the safety process, Imerys has been monitoring its performance using a combined employee/contractor indicator since 2009. As of December 2013, the combined lost-time accident rate was 1.31, which represents a 13% decrease compared to the previous year, and 58% reduction against that of 2009.

The table below gives the fatalities, accident frequency and severity rates in the Group for the past five years:

	2013	2012	2011	2010	2009
No. Fatalities					
▮ Imerys employees	0	0	0	1	0
▮ Other employees(1)	1	0	0	2	0
Frequency rate(2)					
▮ Imerys employees	1.36	1.36	1.73	2.19	2.87
▮ Other employees	1.20	1.89	1.59	3.34	3.96
▮ Combined rate (employees/other employees)	1.31	1.51	1.69	2.46	3.09
Severity rate(3)					
▮ Imerys employees	0.08	0.06	0.12	0.10	0.19
▮ Other employees	0.05	0.06	0.09	0.07	0.04
▮ Combined rate (employees/other employees)	0.07	0.06	0.11	0.09	0.17

(1) Employees of a company under contract with Imerys, in charge of a specific operation on site or providing a service.
(2) Frequency rate: (number of lost-time accidents x 1,000,000)/ number of hours worked.
(3) Severity rate: (number of lost days x 1,000)/number of hours worked.

In 2011 and 2012, no work-related fatality occurred in the Group. However, in 2013 an unfortunate fatality of one contractor occurred at one of the customer sites of the Monolithics Refractory activity. Since 2012, Imerys has begun monitoring accidents without lost-time. In the future, the Group will consider measuring and publicizing the Group's safety performance including the data from accidents without lost-time. "Near-miss" programs are encouraged by the Group and are currently in place at more than 70% of the activities.

Also since 2012, Imerys has presented the "Millionaires Safety Award" to the best-performing operations to acknowledge their compliance to these four criteria: a) working over one million hours without a lost-time injury; b) having no work-related fatalities over the past five years; c) 100% completion of the monthly "Serious Six" self-audits; and d) zero "Red" EHS audit findings. As December 31, 2013, 19 operations are members of the "millionaire club". In 2013, the Talc Tomoakomai plant in Japan and the Carbonate Piraí plant in Brazil celebrated 10 years and 6,000 days without accident respectively. The Carbonate Sahuarita Facility in Arizona of United States was also awarded the annual Sentinels of Safety Award[1] in the Small Metal/Non-Metal Mill Group by the National Mining Association.

5

Health

Imerys recognizes workplace health as a high priority for the Group's employees and contractors. Specific issues in minerals mining and processing activities include dust, noise and vibration. Limited quantities of chemicals are also used during industrial processes and in the laboratories for quality and R&D. Some specific jobs may also involve lifting or repetitive tasks with potential ergonomic problems. Imerys has defined five protocols to manage the key exposure risks and occupational health hazards at operations. The Group's EHS function is focused on supporting occupational health through training and the systemic check of compliance to regulations & the five protocols through the Group's EHS Auditing program.

In 2013, the Group formed a dust management working group and developed best practice guidelines to increase familiarity with dust suppression, housekeeping and process optimization. Also in 2013, an "industrial hygiene club" was initiated to share best practices on topics such as respirable crystalline silica, ergonomics and hearing protection. This group will compile training materials and deliver at least four web seminars to the operations on these topics in 2014.

Most of the Group's European operations participate in the European Social Dialogue Agreement (SDA) on "workers' health protection through the good handling and use of crystalline silica and products containing it" and have reported on their implementation status, as organized by NEPSI[2]. The fourth wave of reporting will start in early January of 2014. This compiled data will help to demonstrate concrete evidence whether or not the SDA provides optimal protection to the health of workers and assess whether other heavy regulatory constraints should be imposed on all industries exposed to Respirable Crystalline Silica. The results of the third wave published in June of 2012 showed a significant increase in the number of operations taking part in the survey and the number of employees covered. In 2013, the Imerys operations continued their efforts to increase participation in the reporting, improve risk the assessments of potentially exposed employees, and implement appropriate control measures.

(1) The Sentinels of Safety Awards are given annually to the nation's safest mines with a minimum of 4,000 injury-free employee-hours. It was initiated in 1925 by the Commerce Secretary Herbert Hoover and remains the nation's most prestigious awards recognizing mining safety in the United States.
(2) NEPSI: European network comprised of employees and associations of European companies that have signed the European agreement.

Since mid-2012, Imerys has tracked the occupational illnesses recorded in the Group. All Imerys operations now report this indicator monthly and the Group continues to work to improve data reliability with the goal of publishing the data. In 2013, seven occupational illnesses were reported in total from five countries. These illnesses were a result of long-term exposure to noise and dust. Alternative jobs without similar exposure and appropriate medical treatment were identified for each individual case. Improvements on exposure risk controls are ongoing at the operation level as part of regular industrial hygiene monitoring activities.

Health and safety topics are clearly stated in the publically-reported collective agreements with trade union organizations (nearly 74% employees covered) and the individual labor agreements. Most of the Group operations have established formal safety teams and/or committees to drive improvement using a systemic approach. However, the Group does not yet report the percentage of total workforce represented in formal joint management-worker health and safety committees (LA6, GRI G3.1) because it has been unable to gather the quantitative data thus far due to the diversity of the social programs in place in over 50 countries.

HUMAN RESOURCES

The Human Resources (HR) Department's mission is to enable the Group to have the people needed for its development, and to ensure that its organization evolves in an effective, coordinated manner.

It develops and implements general principles and processes in line with the Group's decentralized management philosophy and in compliance with the relevant national legislation. To improve its processes, the Group regularly updates its HR policies.

Human Resources professionals are responsible in their business for the entire function and report to the business's line manager. To ensure processes are consistent and common principles are applied, they also report on a functional basis to the Group Human Resources Department. The function is also coordinated nationally in the major countries where the Group operates.

Human resources principles and main areas of action

The Group has defined its Human Resources policies centered on the following principles:

- Share simple rules that provide structure and enable Human Resources teams to ensure their work is optimal and consistent;
- Meet its employees' expectations, particularly as regards working conditions and safety, benefits and professional development. In terms of working conditions and safety, recommendations on the prevention of unsuitable working hours have been gradually rolled out. These recommendations are now reiterated regularly by Human Resources managers and their implementation is checked as part of the EHS audit programs;
- Provide managers with management principles that comply with the Group's ethic, especially in terms of diversity, behavior, standards, social dialogue and respect for other people.

The Group is also committed to complying with legislation in force in the countries where it operates, particularly in terms of health and safety, non-discrimination, privacy, child labor, compensation and working hours.

The processes behind these principles apply to a number of key areas, including:

- **Recruitment:** attract the most suitable candidates both to support organic growth and to roll out new activities. Despite the caution imposed by economic uncertainties, the Group continues to bolster its management structure with new hires. This is essential, given the swift renewal of the organization and the need to bring new skills in. Almost 20 managers, some of whom are highly experienced, enhanced senior management teams in 2013, particularly in the following functions:
  - Industrial, particularly in the Group coordination team and in Brazil,
  - Strategy and Development (Carbonates, Kaolin, etc.),
  - Human Resources.
- **Development:** promote access to vacancies for employees. For that purpose, Imerys has set up common tools and processes for all activities and functions, including annual performance reviews (PAD) and succession plans (OPR) for its principal managers. This internal mobility goal is a priority for Human Resources teams and specialized Committees meet regularly on the issue. The main vacancies in the Group are also published on the Imerys intranet. In 2013, two division managers were appointed business group managers and Executive Committee members, and more than 40 career moves took place among the 220-240 people that make up the Group's senior management teams;
- **Training:** enable every employee to develop his or her talents and foster the sharing of best practices. A "Learning & Development Committee", chaired by a Business Group head and composed by activity and support department managers, meets once a year to give opinions and recommendations on the Group's training orientations and recommend relevant programs for the Executive Committee.

  In 2013, a Senior Leadership Programme, set up with INSEAD, brought together 20 of the Group's current or future managers for two five-day sessions in order to increase their openness to certain global economic issues and raise their awareness of team leadership questions.

  Imerys Learning Center (ILC) launched 18 sessions of the Group "Sales Excellence" program, which is designed to enhance teams' sales & marketing professionalism.

These modules were developed with input from the Group's leading experts. An international supplier, Mercuri, was tasked with delivering the training on every continent. A specific intranet portal was set up in April to give everyone interested the essential information about this program. In close cooperation with the Group's industrial department, Imerys Learning Center also took part in the design of the training components of the Operational Excellence. The aim is to promote operating excellence on a lasting basis in our industrial units and give our production managers tools to improve the performance of facilities, in particular. Once again, an international provider, "Productivity", was chosen to give out this training and brought in from the first pilot sessions.

Finally, Imerys Learning Center remains the framework for more conventional training (finance, geology, industrial marketing, project management, etc.). 54 modules were organized including two in India, the first sessions held under the ILC banner in the country;

- **Compensation and benefits:** roll out coordinated, competitive systems that take into account both the results of the business for which employees work and their individual performance. In that respect, annual salary reviews are closely coordinated by the Human Resources Department. While local competitiveness is favored, some of the systems set up are designed as the basis for a common, consistent approach to performance within the Group. Imerys' economic and financial caution has favored a disciplined overall approach to base salaries, supported by sectorial and regional studies, a decision-making framework and common revision practices.

  In addition, the business units in the various countries where the Group operates increasingly align their compensation practices on the best international standards to which Imerys refers. In Brazil, blanket pay rises under collective agreements, which were habitually applied to all personnel categories, will now be limited to a ceilinged annual increase. Beyond that ceiling, any salary increases will mainly be related to market positioning and the employee's individual performance.

  In 2013, in order to comply strictly with the obligations in countries such as Germany and France, an assignment invention compensation policy was defined and published in the Group's Blue Book (online collection of procedures).

  The Group also makes sure that competitive benefits programs are implemented in the countries where it is active. For instance, following the acquisition and consolidation of Indoporlen in Indonesia, the level of complementary social benefits provided to employees was analyzed and a call for tender was made with external suppliers. The company was then able to set up life insurance for all employees and, at the same time, improve healthcare coverage for management personnel.

  In 2013 the Group Benefits Committee continued its work on matters including the heavy risks that weigh on the Group's accounts because of British and American defined benefit systems.

  In the United Kingdom, Goonvean's definitive consolidation into the Group (Kaolin activity), led to the merger of that company's defined benefits scheme with that of Imerys Minerals Limited (IML) from the beginning of 2014. In addition, the discontinuation of employer funding for early retirements with no allowance on pension amounts led to a significant reduction in IML's defined benefits commitments.

  In the United States, Imerys began a major overhaul of its approach to healthcare coverage for its employees. Programs designed to raise employees' awareness of the health risks relating to inactivity, excess weight or smoking were set up. They include information campaigns, preventive measures and incentives. In parallel, employees were given the possibility of setting up a Health Savings Account with the aim of developing responsible behavior in terms of healthcare management.

  Finally, "Obamacare" also enabled Imerys to outsource the management of retired employees' healthcare benefits coverage with insurance companies and therefore provide beneficiaries with a wider range of services.

  In France, some of the Group's subsidiaries have set up a PERCO (collective pension savings scheme) to allow employees to prepare for pension savings in optimum conditions.

  In Belgium, the defined benefits scheme at Imerys Belgium SA is now closed to new entrants and a defined contribution plan has been set up.

  Finally, following a call for tender completed in the last quarter of 2013, the specialized actuarial firm Aon Hewitt will now take part in the appraisal work on the Group's personnel commitments, alongside the historical actuary (Mercer), which will bring competition and cost optimization to this area;

- **Employee relations:** build constructive relations with its employees and their representatives in accordance with local regulations:
  - The Imerys European Works Council (EWC) was renewed in 2010 for three years. Its perimeter covers employees in 20 countries: Austria, Belgium, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Italy, Luxembourg, the Netherlands, Poland, Portugal, Romania, Slovenia, Spain, Sweden, Switzerland, and the United Kingdom. Its 15- member employee delegation holds an annual plenary session. The EWC's five officers meet at least twice a year,
  - A survey conducted in 2012 on almost the entire workforce showed that nearly 80% of Imerys employees are covered by Group-funded life insurance,

- The need to improve the efficiency of the Group's activities may lead to internal restructuring plans and job cuts. In such situations, the Group's policy is for operations to give priority to finding in-house placement solutions for the employees concerned and to set up retraining programs and support measures to help them find a job or carry out a personal project;

- **Internal communication:** provide all employees with information that can help them understand the Group's environment and activities:
  - Onboarding sessions are regularly organized for new managers: six in 2013 (three in Europe, two in the United States, one in China),
  - Appointment or organizational announcements up to a certain level in the chain of command are circulated by the Group email service and published on the Imerys intranet site,
  - The Company magazine "Imerys News" informs all employees about the Group's strategy, spotlights the different activities' human, technological and commercial successes and conveys the Group's values. Special issues are published in line with major events, such as the Sustainable Development Challenge. In 2013, two magazines and one special issue were circulated in four languages (Brazilian Portuguese, English, French, Mandarin),
  - The Group also publishes brochures on specific topics such as the "Code of Business Conduct and Ethics", "Crisis Management & Communication" or "Advice for Frequent Travelers",
  - In 2013, Imerys continued to update its visual identity; activities such as Fused Minerals and Refractory Minerals (and their brands or entities) are now presented consistently under the Imerys name. In addition, the Group's visual identity and design manual were reviewed and modernized to highlight activities' common tagline.

  In order to foster communication on as a wide range of topics possible, particularly those covered above, relevant tools have been set up, including sHaRe, a space for sharing tools and best practices reserved for HR professionals, Galaxy, an internal social network that hosts various professional communities, and electronic newsletters;

- **Human Resources Reporting:** covers the entire scope of the Group and includes highly detailed indicators (translated into five languages) concerning monthly workforce by country, contract type and activity, professional training, disability, age and seniority, etc.

A Group organizational chart is regularly published. It shows the main reporting and functional relations within Imerys and includes approximately 700 positions with the names and locations of their incumbents. The chart is deliberately restricted to in-house circulation.

The Human Resources Department manages a database of managers in accordance with current regulations on the exchange and protection of personal data. At the end of 2013, it included more than 3,000 executive and manager profiles. This tool gives fast access to the relevant employees' career paths and the components of their compensation, and clearly boosts internal mobility and compensation reviews. The aim is for the database to gradually become a critical component of HR processes.

Furthermore, in 2013, audits carried out jointly by Human Resources professionals and Internal Audit teams enabled the Group to better grasp the improvement factors concerning pay and social contribution items, e.g. separation of tasks, common systems across the Group's business units in a given country and outsourced to professionals, greater involvement from management and human resources teams, systematic back testing.

Human resources key performance indicators

Employee Headcount

	12/31/2013	12/31/2012
Total Group as of 12/31	15,805	16,026
Average annual headcount	16,164	16,244

As of December 31, 2013, the Group had 15,805 employees, of which 791 on fixed-term contracts, i.e. 5% of the total headcount. As of December 31, 2012, the headcount was 16,026 of which 684 fixed-term contacts (i.e. 4.3%).

To estimate the Group's total workforce, agency workers and on-site "trade" contractors should be included (3,243 people as of December 31, 2013). The countries that make use of this external workforce the most are Brazil (770), India (618) and the United States (472). Imerys' total headcount (including agency workers and on-site contractors) therefore was 19,048 as of December 31, 2013, compared with 18,980 as of December 31, 2012.

Highlights in 2013 were as follows:

- acquisition of Indoporlen in Indonesia (Monolithic Refractories division) in June (554 employees);
- acquisition of PyraMax Ceramics LLC. in the United States (Oilfield Solutions division) in April (70 employees);
- divestment of Imerys Structure' activities in France (Building Materials activity) in October (367 employees);
- closure of two Fused Minerals units in China (155 employees in total, January and April);
- various restructuring operations in several activities and countries (111 in the UK, 50 in France, 46 in Venezuela, 20 in Turkey, etc.).

The 2013 year-end headcount decreased slightly.

The Group's average headcount for 2013 was 16,164 employees, compared with 16,244 in 2012 (of which 934 and 888 on fixed-term contracts, respectively).

Headcount by business group

	12/31/2013	12/31/2012
Solutions for Energy & Specialties	5,199	4,581
Filtration & Performance Additives	4,243	4,372
Ceramic Materials	2,854	3,330
High Resistance Materials	3,210	3,453
Holding company	299	290
Total	**15,805**	**16,026**

As of July 1, 2013, Imerys strengthened its operating organization around the four above-mentioned business groups, the scopes of which were renewed in order to draw maximum benefit from their development opportunities *(see more details in the chapter 1 of the Registration Document)*.

The figures given for 2012 are presented on a pro forma basis.

The Solutions for Energy & Specialties business group accounts for almost 33% of Imerys' employees. Indorporlen, a company acquired in 2013, is part of this business group, which explains the increase compared with the previous year. The decrease observed in the Ceramic Materials business group is mainly due to the divestment of the Imerys Structure activity.

Employees by region

	12/31/2013	12/31/2012
Western Europe	6,026	6,708
of which France	2,735	3,252
of which United Kingdom	1,255	1,370
Central Europe	1,386	1,362
North America (inc. Mexico)	2,884	2,773
of which United States	2,415	2,293
South America	1,442	1,503
of which Brazil	1,077	1,086
Asia-Pacific	3,448	3,079
of which China	1,416	1,595
of which India	620	646
Africa	619	601
Total	**15,805**	**16,026**

The breakdown of employees by region was relatively stable from 2012 to 2013, with 47% of employees located in Europe, 22% in Asia-Pacific, 18% in North America and 9% in South America.

However, the divestment of the Imerys Structure activity in France and the acquisition of Indoporlen, an Indonesian company, influenced that breakdown. Imerys' presence in Asia-Pacific rose significantly while its headcount decreased in Western Europe (38% in 2013 vs. 42% in 2012).

Employees by function

	12/31/2013		12/31/2012	
Operations – Production – Manufacturing	10,615	67.2%	10,904	68.0%
Logistics – Purchasing	737	4.7%	783	4.9%
Research & Development – Geology	691	4.4%	593	3.7%
Sales & Marketing	1,307	8.3%	1,357	8.5%
Support & Administration	2,456	15.5%	2,389	14.9%
Total	**15,805**	**100.0%**	**16,026**	**100.0%**

The breakdown of employees by function is unchanged, with however a slight increase in the Research & Development/Geology and Support & Administration functions.

Turnover

Turnover as indicated below is analyzed as the number of voluntary departures in the year, compared with the previous year (as of January 1, 2013), for open-ended contracts only.

Turnover in 2013 was 6.1% for the full scope of the Group (5.8% in 2012). This rate remains relatively low, particularly in Western Europe where it was 4.5%. In North America it reached 8.3% as a consequence of the slight economic upturn in the zone.

All causes of departure considered, excluding the end of fixed-term contracts, 1,801 people left the Group in 2013 (of which 34% resignations and 27% economic redundancies), compared with 1,527 in 2012 (of which 44% resignations and 22% economic redundancies).

Recruitment and internal mobility

In 2013, recruitment efforts concerned 2,227 people (2,022 in 2012), of which 1,166 hired on permanent contracts and 1,061 on fixed-term contracts. The countries that recruited the most people on permanent contracts were the United States (311 jobs) and Brazil (159 jobs). On the other hand, South Africa and China recruited more on a fixed-term basis (166 and 162 jobs respectively). The business groups that contributed the most to this recruitment effort were High Resistance Minerals with 698 jobs (of which 292 permanent contracts) and Energy Solutions & Specialties with 684 jobs (of which 377 permanent contracts).

At the same time, more than 310 internal moves filled vacancies in the Group, of which more than 130 in North America and around 40 in the senior management teams of operating or support units.

Diversity

Percentage of women by region

	12/31/2013		12/31/2012	
	All employees	Salaried employees	All employees	Salaried employees
Western Europe	16.7%	30.2%	15.7%	29.0%
Central Europe	19.8%	37.0%	19.4%	36.7%
North America	15.3%	33.6%	15.1%	33.1%
South America	11.4%	31.0%	11.6%	30.3%
Asia-Pacific	15.7%	27.9%	17.4%	27.3%
Africa	13.1%	11.1%	13.3%	12.9%
Total	**15.9%**	**30.6%**	**15.8%**	**29.8%**

The proportion of women in the Group's total workforce was stable compared with 2012. The proportion of female senior managers (members of support or operations management teams) rose to 14.7% in 2013. The proportion of women has risen steadily since 2009 (11.9% in 2012, 9.2% in 2009), but remains marginal in the "workers" category (6% in 2013).

Number of disabled employees

According to the definition used by Imerys[1], the Group employs 220 disabled people who have declared themselves as such with their Human Resources Department (260 in 2012). The most declared cases are in Europe (188, i.e. 2.5% of the European workforce). Legislation in many European countries encourages the reporting of this indicator and makes the integration of disabled employees easier.

Age and seniority

Although 63% of the Group's permanent (open-ended contracts) employees are in the "over 40" age group, there are wide regional disparities in age distribution. In developing zones or regions where the Group has established bases more recently (South America, Asia-Pacific and Africa), Imerys mainly employs people aged 30 to 40 (34%-39% of employees). For example, "under 40" represent 59% of employees in South America but only 27% in Western Europe.

The overall distribution of seniority is balanced; 49% of permanent employees have less than ten years' seniority (27% 4 - 10 years) and 51% more than 10 years (27% more than 20 years). Nevertheless, there are still significant differences by geographic areas. In South America, 70% of employees have less than ten years' service (of which 33% less than three years) and 6% more than 20 years, whereas in Western Europe, 40% of the workforce has more than 20 years' service and 63% more than ten years.

Industrial relations

In 2013, 28,375 working hours were lost due to strikes, of which 21,374 in Turkey, 5,376 in China, 953 in France and 658 in Tunisia (23,098 in 2012).

The Group's absenteeism rate was 2.49% in 2013 (2.46% in 2012). Geographic disparities can be seen: 3.83% in Western Europe, 2.63% in Central Europe, 2.11% in Asia-Pacific, 1.80% in Africa, 1.68% in South America and 1.19% in North America.

In every country where it operates, the Group complies with regulatory requirements and takes every step to follow best practices in terms of work organization. In addition, the Group's payroll procedure requires Management to ensure that employees' working hours do not exceed the weekly maximum provided for in local regulations or laws. The implementation of this procedure and the pertinent risks identified are included in the scope of internal and EHS audits.

(1) Application of national regulations or, as the case may be, the International Labor Organization definition.

A survey conducted in late 2013 on virtually the Group's entire workforce showed that 74% of Imerys employees were covered by a collective bargaining agreement on topics including work organization and working hours or compensation and benefits. For example, a "generation contract" was signed in 2013 in most of the Group's French companies. This agreement sets commitments on employment of young people and seniors, as well as passing on knowledge and skills.

Training

More than 222,000 effective training hours (corresponding to a precise program and content) were given out in 2013, compared with 232,000 in 2012. Awareness-raising training on health and safety procedures and measures represents 50% of all training hours, technical expertise development training 42% and management training 8%.

More than 10,800 employees were trained at least once during 2013 (10,600 in 2012), i.e. more than two-thirds of the Group's average annual headcount.

Employee shareholding

The Group did not carry out a new employee shareholding plan in 2013.

As of December 31, 2013, there were 1,537 employee shareholders, i.e. 10% of the Group's workforce, in 24 countries. In 2012, there were 1,900, i.e. 12%. This decrease results from the expiry of the 2003 employee shareholding plan.

COMMUNITY RELATIONS

The expectation of the communities near the Group's industrial and mining sites is a crucial social factor for Imerys' activities. Through community relations efforts worldwide, Imerys seeks to increase the positive outcomes of its activities and reduce the negative aspects. The communities in which Imerys operations include a diverse group of property owners and users, local business owners, local employees and their families, schools and charities, administrative authorities, indigenous or ethnic communities, and relevant non-governmental organizations. Consequently, the Group's management structure is appropriate for dealing with community relations. This flexibility enables each entity to adapt to the values and local constraints of the host communities. Under its "Community Relations" protocol, Imerys formally delegates responsibility for community relations to the most senior employee in charge of managing the facility. The Senior Site Manager is required to undertake a stakeholder assessment to identify and prioritize the stakeholders, set up pertinent action plans and conduct periodic management reviews. Available in seven languages, the protocol also encourages constructive dialogue with stakeholders and requires an appropriate response to every stakeholder complaint.

To support the operations in administering the Community Relations Protocol and to help them to organize existing actions into a formal program, a Community Relations Toolbox is available on the Group's Intranet. This toolbox has been one of the central focuses of awareness raising and training activities. In 2013, formalized community relation plans were deployed at eight additional operations and later increased to 31% of the Group operations. The Group EHS Audit team also verified the implementation of the Community Relations protocol at each of the audited sites and provided recommendations for improvement in 2013.

At the operations level, the Group has developed projects to address a number of community development needs including contributing to local economic development, promoting education and training, engaging with local populations and providing philanthropic donation or relief activities. The success of this approach to community relations is reflected by the number and quality of the projects focusing on community relations submitted every year for the in-house SD Challenge program. In the past nine years, 439 projects have been part of the SD Challenge program and nearly one-third of those projects are categorized into community. In 2013, 40 out of the 76 projects submitted demonstrated the continuous efforts to improve community relations at the operational level. In addition, approximately 40 best practice case studies have been developed and shared through a database that all employees are able to consult on the Group's Intranet. Some of the winning projects have been compiled into a short documentary film and shared with all stakeholders on the Imerys website and the "Imerys Replay" on YouTube.

Site employees, volunteers from the local communities and a number of local partners have invested a significant amount of time and effort in these projects. The following cases are highlighted as good examples of these efforts between 2012 and 2013:

- The Imerys Capim Caulim in Brazil has been supporting numerous social projects with the aim of improving the quality of life of the 2,500 residents surrounding their facility. These programs include dental care, vocational training (e.g., dressmaking and fishing), and an after-school program for children. Imerys Capim Caulim also has made direct investments in the local water and electrical distribution systems, purchased a boat for the local fisherman and donated computers to the schools. On January 30, 2012, Imerys Capim Caulim inaugurated "Casa Imerys" which provides the local community with additional classrooms, a computer laboratory, a video/reading room and open areas for community activities. Imerys House also offers free professional enablement courses to 80 individuals every two months. As of June, almost 300 people have benefited from this training;
- In 2012, the Imerys Fused Minerals operation in China initiated a program to engage the local populations and extend Imerys' core value of safety and health beyond the boundaries of the site. The site has approximately 300 employees from the local communities. One of the most important topics raised by the communities is to improve the safety and security awareness of school children. In August 2012, 10 primary school students and their families were invited to join an open day event with a series of interactive activities on safety and security. Since then, the Imerys volunteers have worked out a creative idea in

collaboration with the Company, the employees' families and the schools in the community. In 2013, the 10 school students were trained by Imerys volunteer safety ambassadors to promote safety awareness coaching in their schools. Together with the Imerys volunteers, the 10 safety ambassadors conducted two sessions of safety promotion days;

- In 2013, Imerys continued its support of the 4th edition of the European Minerals Days (EMD), which is organized by IMA-Europe in partnership with another 13 organizations. 32 Imerys sites in 12 countries opened their doors to the communities in May and June. Around 2,700 people have interacted with Imerys operations during EMD 2013, including school students, local authorities and communities, employees' families, neighborhood associations, tourists and customers. This year's focus was on biodiversity, allowing visitors to discover unique environments in rehabilitated quarries and providing habitats for rare plants and animal species.

In 2013, the Group completed one significant resettlement project (MM9, GRI G3.1). The Imerys Refractory Minerals operation in South Africa managed the resettlement of the Segorong community in a socially responsible manner. When considering an expansion of its mining activity in 2001, the Imerys operation began consultation with the local communities to comprehend the potential impacts of the expansion. Individual and collective compensation and development plans were developed and signed with the Segorong Community in 2005. Under these plans, 246 families were moved to new homes constructed in the nearest town. In March 2013, Imerys top management attended a traditional ceremony to celebrate the resettlement. Since then, various training courses have been provided for capacity building in the community and further projects focused on reduction of AIDS and local business development are under discussion.

The Group has no "operating sites where artisanal and small-scale mining (ASM)[(1)] take place on, or adjacent to, the site" (MM8, GRI G3.1).

HUMAN RIGHTS

Imerys supports the core international conventions and The Universal Declaration of Human Rights to promote social equality and fundamental rights. In the Group's Code of Business Conduct and Ethics, the Employee Relations Policy, the Diversity Charter, the SD Charter and protocols, it is clearly stated that Imerys strives for compliance with the ILO's conventions, in particular on Freedom of Association and Right to Collective Bargaining, Non-discrimination and Equal Opportunities, Child Labor and Forced Labor. In accordance with the internal organization, the Group General Counsel is in charge of the implementation of Group policies and compliance programs; the Group Vice President of Human Resources takes leadership on ensuring the compliance of ILO standards within the Group; the Chief Technical Officer supervises the Group's purchasing function and is responsible for initiatives along the supply chain. An online training on the Group's Code of Business Conduct and Ethics has been implemented on a rolling basis for all Imerys' main managers and employees. The Group Internal Control department and the Group EHS department integrate the compliance and due diligence reviews into the auditing programs with regard to the previously mentioned human rights related policies and protocols:

- **Freedom of Association and Right to Collective Bargaining**: In the Employee Relations Policy, which is accessible by all employees on the Imerys Intranet, the Group states its commitment to adhering to applicable laws and regulations regarding the freedom of association and right to join trade unions and enter into collective bargaining agreements. Imerys believes that such laws and regulations reflect the fundamental concepts set forth in the ILO's Conventions 87, 98 and 135. The Imerys Code of Business Conduct and Ethics also recognizes the right to freedom of association and the right to collective bargaining. The system in place to ensure implementation of these commitments is the network of human resource professionals throughout the Group's operations. At the end of 2013, nearly 74% of Imerys employees came under a collective bargaining agreement on subjects such as health and safety, work organization and working hours, training, compensation and benefits, and equal opportunities. The Imerys European Works Council (EWC), which represents half of the Group employees (worldwide), has been in place for eight years and was renewed in April 2010 (the next renewal will be in 2014). *See section entitled "Human Resources" above*;
- **Non-discrimination and Equal Opportunities:** The Group's Diversity Charter outlines Imerys' commitment and responsibility to achieving and valuing greater diversity within the Company, including anti-discrimination and equal opportunities. An internal diversity report focusing on gender and geographic diversity is prepared for management to review on a quarterly basis. As of 2013, five country diversity plans have been established. The diversity plan includes monitoring the structure of our core management and workforce based on gender, nationality, ethnicity and people with disability. Specifically, the women's leadership working group with a special focus on women employed in operational roles was initiated in 2012. Several projects to promote gender and ethnical equality and recruitment of people with disabilities were also established at the operations level and incorporated into the 2013 SD Challenge program;
- **Child Labor and Forced Labor Prohibition:** Imerys integrates child labor and forced labor issues into its due diligence assessment for new projects and its internal auditing activities. Two SD protocols on prohibition of child labor and forced labor were established in 2009. The overall internal labor practices are compliant with local laws and regulations, as well as ILO standards. The priorities are focused on operations and their suppliers that are linked to "Countries of Concern" as defined in FTSE4 Good Inclusion Criteria[(2)] (latest version of release in August 2013). As of 2010, training on the ILO standards and good management practices have been administered to site managers, HR managers, EHS Managers and purchasing managers of the

(1) Artisanal and Small-scale Mining (ASM) broadly refers to informal (often illegally) mining activities carried out using low technology or with minimal machinery in developing nations.

(2) The list of "Countries of Concern" is drawn up and reviewed periodically by EIRIS in the light of human rights developments using a variety of sources. EIRIS uses Freedom House's country data and reports to identify those countries at risk of human rights violations and then amends that preliminary list with further data from other relevant sources, including annual country reports from Human Rights Watch and Amnesty International.

operations located in those countries. In 2012, five suppliers operating in zones determined to be sensitive in terms of child labor underwent an audit to evaluate their compliance with international standards. In 2013, the Group conducted supplier screening based on location and spending at the business divisional level. A formal supplier query and confirmation letter for compliance with the ILO Conventions on Child Labor and Force Labor was used to engage the suppliers that comprised more than 10% of the divisional spending and that were located in the "Countries of Concern". In 2014, the threshold will be lowered from "10%" to "5%" of the divisional spending.

Imerys also recognizes the importance of the rights of indigenous people's (MM5, GRI G3.1). For example, Imerys has several operations located in South Africa and Zimbabwe. The Group's functions and local teams are taking positive and proactive efforts to develop community relations and manage pertinent risk annually, including regulatory watch on the indigenization program. Imerys has no operations involved in Conflict Minerals[(1)].

Since the end of 2010, the Group has had a simplified Annual Reporting process that enables Group activity managers to report any breaches of the Code of Business Conduct and Ethics, particularly fraud, corruption or violations of human rights. Follow-up grievance actions must be taken in any case of reporting and must involve the three executive members that are accountable. In 2013, neither a human rights violation nor a discrimination case was reported or identified by the internal auditing programs.

PRODUCT RESPONSIBILITIES AND OTHER STAKEHOLDER ENGAGEMENT

Imerys aims to identify and manage the health, safety and environmental issues associated with its products for customers and end users throughout the product lifecycle. For products manufactured in (or imported into) Europe, the Group implements the European Community Directive on "Regulation, Evaluation and Authorization of Chemicals" (REACh). Under REACh, "naturally occurring minerals" are exempt from registration, and this exemption significantly reduces the effects of these regulations on Imerys. The Group has, nonetheless, registered several products that do not fall under this exemption.

Since late 2010, the substances marketed in Europe by Imerys operations have undergone additional risk studies pursuant to the implementation of the GHS/CLP[(2)] regulations. As a result of these studies, a few substances were classified as "hazardous", and appropriate notification was given to the European Chemicals Agency (ECHA). In most cases, the hazard stems from the presence of crystalline silica in alveolar form. Working with the IMA-Europe, Imerys has helped to define an industry-wide methodology for quantifying the percentage of the hazardous substance in a finished product.

Most of the Imerys products are not directly impacted by the WEEE or RoHS Directives[(3)]. However, the Group actively joined the technical dialogue with pertinent trade associations and integrates the requirements of WEEE and RoHS into the internal quality standards when the corresponding products are used in the electronics industry.

Approximately 78% of Imerys operations are certified to the ISO 9001 Quality Management System. The continual improvement of quality systems and customer satisfaction are managed at the business unit level as part of the organizational structure of Imerys.

The Group and its subsidiaries also communicate transparently in their responses to the customers' SD questionnaires and surveys. In 2013, more entities were solicited on SD practices along supply chain by their key customers than that of 2012.

Contractors and subcontractors working at facilities controlled by Imerys or its subsidiaries are subject to the same safety managed standards as Imerys employees. In addition to the efforts discussed above to prevent child labor and force labor in the supply chain, the Group also launched a purchasing protocol in 2013 on Supplier Risk Management. This protocol requires each activity to conduct an annual supplier risk assessment including potential violations of environmental and social laws and pertinent ethics standards. The results of the annual supplier risk assessment must then be used to form a supplier risk management plan to control identified risks and continuously improve the risk management profile of the Imerys supply chain.

(1) Conflict minerals are minerals mined in conditions of armed conflict and human rights abuses, mostly refer to coltan, cassiterite, gold, wolframite or their derivatives from the eastern provinces of the Democratic Republic of the Congo and adjoining areas.

(2) GHS/CLP: Globally Harmonized System/Classification, Labelling and Packaging of chemicals.

(3) WEEE – Waste Electrical and Electronic Equipment Directive 2002/96/EC, RoHS – Restriction of Hazardous Substances Directive 2002/95/EC.

5.5 ENVIRONMENTAL STEWARDSHIP

ENVIRONMENTAL MATERIALITY ISSUES

Industrial minerals processing techniques are largely physical such as crushing, sizing, sorting and calcining, with limited use of chemical products. The main natural resources that are used for production include mineral ores, water, energy and soil. Consequently, the Group's operations most frequently identified air emissions, water consumption, energy consumption and waste as their highest priority environmental objectives in 2013. The following table breaks down by percentage how the operations identified their highest priority environmental objectives in their environmental management systems (EMS) scorecards *(see section entitled "Environmental Management Systems" hereafter)*. Supplementing the operational objectives, the Group considers regulatory compliance, resource efficiency and biodiversity to be high priority issues for Imerys and has organized its EHS auditing and other missions accordingly[(1)].

Environmental Priorities (2013)	% of Sites Relevant
Air Emissions	31%
Water Consumption	18%
Energy & GHG	17%
Waste	13%
Noise & Vibration	7%
Effluent	5%
Hazardous Substances	4%
Biodiversity & Land Rehabilitation	3%
Mineral Efficiency	1%
Regulatory Permitting	<1%
Others	<1%
Total	100% (230)

This annual Registration Document includes an analysis of environmental issues which are of importance to both internal and external stakeholders, as well as issues that have the potential to significantly impact our business performance and reputation. Certain environmental issues are relevant to the mining sector but are of low relevance or low priority to Imerys such as the following:

- Imerys processes non-metal minerals almost entirely without dangerous or toxic substances drainage or residue problems;
- Imerys has had no notifications or enforcements related to soil and groundwater remediation or site decontamination in the last five years; and
- Imerys has not identified any significant concerns regarding polychlorinated biphenyls (PCBs), ozone-depleting substances (ODSs), or persistent organic pollutants (POPs) during external due diligence reviews and the internal audits.

The Group's environmental materiality assessment will be updated periodically to incorporate developments in the Imerys business portfolio, changes in regulatory requirements and evolution of stakeholder interests.

(1) A report by Novethics in 2011 highlighted four aspects of the key environmental risks facing the mining sector: pollution, destruction of biodiversity, competition for access to water sources and greenhouse gas emission. Based on these environmental risks, the mining sector is one of the most highly regulated sectors in many countries.

ENVIRONMENTAL POLICY AND DEPLOYMENT

Imerys states its environmental policy in the SD Charter and considers environmental stewardship as an integral part of its SD strategy. The SD Charter was recently revised in 2013 in accordance with the above analysis on the relevant materiality issues and the strategic movement of environmental topics for industrial companies. Environmental management systems, resource efficiencies, biodiversity and green innovations have been identified as the four key environmental axes in the SD Charter.

The Group EHS Umbrella Policy specifies overall responsibilities and requirements and performance measurements for environmental stewardship. In addition, Imerys has developed eight environmental protocols to manage environmental issues and ensure regulatory compliance. These eight protocols apply to all of the Imerys activities worldwide.

At the Group level, the Group Vice President of Innovation, Research, Technology and Business Support supervises the implementation of those commitments. The corporate functions of EHS, industrial management, geology and innovation collaborate to drive progress and provide the operations with their expertise. The Group EHS team consists of eight professionals covering all regions and provides services to the operations to help them implement group initiatives on compliance assurance, pollution prevention and pertinent environmental projects (e.g., water and biodiversity). The Group Industrial Management team leads energy efficiency initiatives with a delegated Group Energy Manager. Process improvements stimulated by the Industrial Management team also contribute to the reduction of environmental releases. The Group Mining and Geology team is responsible for increasing its minerals efficiency through smart mine planning and advanced technologies. Finally, the Group Innovation team drives new development of products, processes and services with environmental benefits.

The business activities have freedom to further develop their environmental policies, objectives and actions while incorporating the Group ones. Each operation is obligated to present the status of the critical environmental incidents, control objectives and energy efficiencies quarterly to the Executive Committee. The Group's EHS Audit team sets up the annual auditing plan based upon on a risk matrix including environmental factors. The audit results and status of corrective action plans are tracked by the Group EHS and any critical findings are submitted to the Executive Committee on a monthly basis.

ENVIRONMENTAL MANAGEMENT SYSTEMS

Imerys requires each operation to have an effective Environmental Management System (EMS) that enables them to identify and establish controls for significant environmental risks and issues. The Group encourages ISO 14001 or EMAS certification, which is not mandatory but is highly regarded at Imerys. The mandatory EMS requirements for all activities are covered by a Group-specific environmental protocol, which includes the following eight pillars and embraces the core elements of the international standards of practical certification requirements:

- **Policy:** Each operation will have an environmental policy in writing that commits them to compliance assurance, risk management, and continual improvement;
- **Aspects and Impacts:** Each site will identify its environmental aspects and the potentially significant environmental impacts associated with these environmental aspects. The site will prioritize these environmental aspects by establishing controls for all environmental aspects associated with potentially significant environmental impacts;
- **Requirements:** Each site will establish procedures to identify and adhere to legislative and regulatory requirements;
- **Objectives and Targets:** Each site will have objectives and targets for environmental performance improvement that prioritize the constant improvement of Controls. The objectives and targets for environmental performance improvement will be supported by action plans that identify responsible members of the staff and set timelines for completion. The Senior Site Manager will be required to approve all objectives and targets;
- **Management Representative:** Each site will appoint a management representative who has the responsibility and authority to establish, implement and maintain this protocol;
- **Training:** Each site will provide environmental training to relevant staff. Staff members responsible for controls will receive specialized training so that they are able to successfully implement the controls;
- **Emergency Procedures:** Each site will establish and maintain procedures to identify potential accidents and emergencies, respond to them in an appropriate manner, and mitigate any associated impacts. Usually, the emergency response and preparedness plan at the operation level is an integrated one to cover not only environmental emergencies, but also natural disasters and some social criteria;
- **Auditing:** Each site will establish and maintain programs and procedures for periodic auditing of compliance with the protocol. Auditing will be completed either by competent persons from within the organization or by external parties. The audits will include an assessment the management system to determine whether it was properly implemented and maintained and whether the Controls are effective. Audit results will be reported to the Senior Site Manager, who is responsible to implement corrective actions.

Imerys introduced this protocol to all of its operations by way of a self-appraisal procedure beginning in 2010. The target of this self-appraisal was to institute EMS at 100% of the Imerys operations. Newly acquired or constructed operations are expected to establish a fundamental EMS within 12 months of the transaction or commissioning.

The table below gives the number of Imerys operations with an EMS.

Number of operations	2013	2012	2011	2010	2009
ISO 14001 or EMAS[(1)] certified operations	81	88	81	68	59
Operations with Imerys 8-pillar EMS	148	142	139	92	48
Total (ISO 14001/EMAS and Imerys 8-pillar EMS)	229	230	220	160	107
Operations required to establish an EMS[(2)]	**229**	**235**	**/**	**/**	**/**

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

(2) The number of sites required for EMS reporting exclude those divested, closed, newly acquired or newly constructed during the reporting period.

All of the certified operations are properly maintaining their certification and two operations were newly certified with ISO14001 in 2013. The variation of the number of sites certified is a result of the divesture of seven certified operations that were a part of the original Imerys Structure in France. *See further information in chapter 1, section 1.6 of this Registration Document.*

Since early 2012, the Group's emphasis has been on assessing the robustness of existing management systems. A self-appraisal EMS scorecard was requested by and presented to Executive Management on a quarterly basis. The scorecard gives management a snapshot of the environmental risks (highest priority aspects/impacts) and the annual objectives and targets in progress to control these operational risks. Since the beginning of 2013, Executive Management has decided to incorporate the EMS scorecard as one of the key elements for quarterly review.

The most important function of the EMS scorecard is to determine clear and meaningful objectives for controlling environmental risks. Therefore, in addition to tracking completion status, beginning in the first quarter of 2013 the Group EHS also conducts quarterly "SMART" (i.e., Specific, Measurable, Achievable, Realistic and Time-Bound) assessment on the listed objectives in the EMS scorecard. SMART assessment continues to be an important approach to developing and refining the quality of the environmental management systems at Imerys. More than 75% of objectives not meeting the SMART criteria were improved in 2013 to contribute to the result that 94% of the objectives have passed the SMART criteria established by the Group.

Furthermore, an EMS audit process was established in 2012 to support the Group's commitment to having meaningful EMS on each site. Since the beginning of 2013, the EMS auditing has been formally integrated into the Group EHS Audit program with at least 15 operations audited per year. As of the end of 2013, approximately 15% operations have been audited on EMS. 15 additional operations have been listed in the 2014 Group EHS Audit Plan.

MINERALS EFFICIENCY

Imerys processes 19 industrial minerals from its own mineral reserves and sources approximately ten other minerals or derived mineral products. The sustainable use of mineral resources is of great importance both economically and environmentally. The Group strives to improve yields and reduce wastes using the following two approaches:

- **Establishing and maintaining effective management of mineral reserves and resources:** The Imerys minerals asset amounts to approximately 10% of its total asset value. The professionals in the Group Mining and Geology department have strong technical expertise in geology, mine planning and mining processes, ensuring protection of this minerals asset. Appropriate mine surveying and planning are used to balance ore grades, maintain stripping ratio at reasonable levels, and reduce tailings and other residues. In June 2012, the Group Life of Mine (LOM) reporting requirements were reinforced with a new procedure requiring a Five Year Mine Plan. This formalized approach enables the Group to manage its mineral resources more effectively and reduce risks of unplanned variability in tonnage, quality or cost. *See the section 1.3 in chapter 1 of this Registration Document*;
- **Optimizing the raw materials utilization through sound industrial management:** The Group Industrial Management team was formed in 2012 with extensive expertise in processing technologies, engineering design and operational excellence. It supports industrial projects on site from the beginning, replicates best practices on processing between sites, and optimizes the Group industrial asset management. By the middle of 2013, a universal indicator for the "mineral weight percentage recovery" was applied at all mining and manufacturing operations. Moving forward, the experts of the Group Industrial function will diagnose the gaps between actual and expected yields and identify potential opportunities for improving raw materials efficiency.

Imerys also evaluates the minerals resources efficiency issues in terms of life cycle analysis (LCA). The publicly available data on the recycling rates show that a total of 40% to 50% of all minerals consumed in Europe are recycled in the form of glass, paper, plastic and concrete[(1)]. The Group plans to continue to increase the recyclability of its industrial minerals products through innovation efforts that will benefit the minerals efficiency throughout the life cycle. *See section entitled "Green Innovation" in chapter 5 hereafter and the section 1.8 in chapter 1 of this Registration Document.*

(1) The IMA-Europe Recycling Sheets, http://www.ima-europe.eu/content/ima-recycling-sheets-full.

ENERGY EFFICIENCY

Imerys has significant operational energy demand especially in its mineral transformation processes which use thermal technologies (heating, drying, sintering and calcining) and its quarrying activities which use heavy equipment (drilling, excavating, milling and transporting). The Group is committed to employing low-carbon and renewable energy sources when feasible in order to improve energy efficiency and reduce greenhouse gas (GHG) emissions. Using 2009 as a baseline, Imerys sought to improve energy efficiency by 10% over five years. However, progress made towards achieving this goal is insufficient. Under the supervision of the Group Energy Manager, Imerys has expanded its research programs on alternative energy sources as well as its projects on reduction of energy consumption.

In collaboration with the Industrial Management, Geology and Mining, EHS and Purchasing functions, the Group Energy team is tasked with the following:

- **Analyse the evolution of energy consumption and identify the priorities for improvement.** In 2011, the energy efficiency assessment method was overhauled to improve quality and accuracy by measuring energy consumed per ton and the Group began tracking individual plant energy and production data monthly rather than quarterly using a centralized reporting system. In 2013, this methodology was improved to achieve a better variance analysis by implementing a new evaluation method which uses simple energy models to adjust for the product mix impact. The resulting analysis enables the business to timely monitor related trends, identify potential areas for improvement and define prompt action plans. Since 2011, a Group-level energy report has been generated and delivered to the core internal stakeholders (including the Executive Committee) on a quarterly basis. This report summarizes the Group's energy statistics, the developments in the energy efficiency of each business, and the interpretation of both favourable and unfavourable variations. In 2014, the business will integrate energy efficiency and relevant high priority improvement projects into the quarterly business review;
- **Setting up and monitoring effective action plans to improve energy efficiency.** Following the analysis of energy consumption and the review of its priority issues, specific action plans are prepared for each of the Group's activities. The Group's Industrial Department provides support as needed to optimize process and equipment efficiency. A number of industrial projects have been completed within the activities in the past two years which are driven by production cost savings and energy efficiency optimization. The Group Energy Manager also maintained a dashboard of key energy-related projects to help identify potential opportunities for improvement and track the support requested and provided. Most of the key industrial projects are reviewed under the leadership of the Chief Technical Officer, including the project description, capital expenditure investment, and the expected and actual annual energy savings. In 2013, 15 energy-related projects participated in the Group's annual SD Challenge program including the following: dryer upgrading in the United States (Carbonates), heat recovery installation in France (Clay Roof Tiles), and electricity efficiency improvement in India (Calderys). In one location, thermal equipment upgrade resulted in a significant gas and electricity saving. The Synthetic Thermal Efficiency[(1)] of this operation was boosted from 44% and 49% for the old driers to 75% with the upgrade. More than 10 additional projects were closely monitored on the Group energy project dashboard. Another five projects will be brought into the program in early 2014.

  Concurrently, in 2010 the Group began estimating energy consumption in its mining operations. This endeavour was taken further in 2012 with the selection of five pilot operations among significant energy-consuming mining sites: Imerys Talc in Luzenac (France), UK Kaolin Platform (United Kingdom), Carbonates Sylacauga (United States), Filtration Lompoc (United States) and Filtration Quincy (United States). Since early 2013, the Group Mining and Geology Department has made periodic site inspections at the five pilot operations to ensure continual progress. The team has helped each of the five sites set up an action plan to improve the operation of heavy mobile equipment. In 2014, an additional five mining operations will be selected to participate in the program, facilitating the replication of best practices;
- **Improving knowledge of energy management and promoting best industrial practices.** In addition to the above-mentioned actions, knowledge improvement and best practice sharing between operations is imperative for improving the Group's energy management capacity and its ability to achieve continual improvements. In 2013, a web seminar was conducted to train site managers to use available tools to analyse energy efficiency and interpret variations. Two best practice manuals were also released in 2013: 1) Best Practice Guidelines for Energy Use in Utilities, which was developed in accordance with the Reference Document on the Best Available Techniques issued by the European Commission (2009); and 2) Best Practice Guidelines for Operating Heavy Mobile Equipment, which was compiled by the Group Mining and Geology Department and a working group of mining experts. It was agreed that a number of additional "Best Practice Guidelines" would be developed and distributed around the Group in 2014.

(1) Synthetic Thermal Efficiency (STE) is an Imerys key performance indicator related to thermal processes.

The table below gives the total energy consumption and energy efficiency over the past five years:

	2013	2012	2011	2010	2009
Total energy consumption(1) *(thousands of GJ)*	34,733	35,288	35,597	35,180	28,322
Energy efficiency(2) *(base 100 in 2009)*	96.6	96.5	96.9	97.7	100

(1) Several Imerys sites use Combined Heat and Power (CHP) facilities. Excess electricity from these facilities is sometimes sold on the grid. The total energy consumption does not count the resold electricity.

(2) It is the ratio analyzing the change (from year Y-1 to year Y) in total energy consumption per ton at constant perimeter and mix.

Breakdown of change in energy consumption by factor *(see section entitled "Reporting Methodologies" hereafter)*:

Breakdown of Variation by factor (2013 vs. 2012)	**Perimeter**	**Volume**	**Product**	**Reporting Entity**	**Efficiency**	**Total**
Variation (thousands of GJ, + increasing, - decreasing)	- 91	- 672	- 133	+ 307	+ 35	- 554

The annual total energy consumption decreased 554 thousands of Giga Joules (Tera Joules or TJ) (2013 vs. 2012) with consideration of each variation factor's effect. Despite the unfavorable results at two of the Group's largest energy-consuming operations, the rest majority of operations have positively contributed to approximately 1% improvement on energy efficiency from 2012. Nonetheless, the 2013 overall energy efficiency was flat with comparison to that of 2012. Action plans for driving substantial improvement on energy efficiency are in progress at the high priority operations (including the two above-mentioned) in 2014.

Breakdown by energy source (actual data)

(%)	2013	2012	2011	2010	2009
Electricity (net) and steam	30.3%	30.2%	30.1%	30.7%	29.0%
Natural gas	45.3%	43.7%	41.1%	39.2%	39.9%
Other fossil fuels	20.7%	22.2%	24.2%	25.9%	27.0%
Biomass	3.6%	3.9%	4.6%	4.2%	4.1%
Total	**100%**	**100%**	**100%**	**100%**	**100%**

The Group continues to seek opportunities to shift fossil fuels to cleaner, low-carbon emission energy sources. For example, in 2013, four operations of Imerys (Talc in Austria and France, Diatomite in France, and Clay Roof Tiles in France) shifted from heavy oil to natural gas. Efforts to increase renewable energy sources are challenging due to resource availability and lack of a steady supply. As of 2013, Imerys has only one new project to use sawmill wastes in Italy. The Group's total percentage of biomass has decreased significantly because of the divesture of seven operations of the original Imerys Structure in France. After adjusting for the effect of the divestiture of Structure, the comparable percentage of biomass increased slightly from 2.8% (2012) to 2.9% (2013).

CARBON EMISSIONS AND CLIMATE CHANGE

The Group considers the improvement of its energy efficiency as the main approach to reducing its greenhouse gas emissions (GHGs), and the use of thermal energy in minerals transformation is the major source of GHGs in the Group (53% of total). Indirect emissions from the consumption of electricity in production are the second largest source (39% of total). Finally, some of the processes used in the Imerys operations cause CO_2 emissions themselves (8% of total) (e.g., de-carbonation of raw materials). In accordance with the energy efficiency objective, the Group has set a target of 10% carbon emission reduction by 2014 from the 2009 baseline.

Nearly 30% of the total energy consumed by Imerys operations is derived from the electrical power grid. Low-carbon electricity produced by hydropower stations is used by Imerys sites when available. (Imerys has not taken any measures to validate the information on carbon emissions from the supplying power grid.) The reduction in direct CO_2 emissions is mainly obtained through initiatives to optimize the energy sources and use renewable energy in some of the Group's units.

15 Imerys industrial sites take part in the European Union Emission Trading Scheme (EU-ETS). For the final year of Phase II of the EU-ETS Scheme (2008-2012), these operations had emissions that remained below their allocated amount. At the beginning of the third allocation phase (2013-2020), financial risk is diminished because some Phase II surplus can be transferred to Phase III. However, as the free allocation has been significantly reduced in Phase II, the Group may need to purchase credit in the coming years.

The table below gives the CO_2 emissions by scope and carbon efficiency:

(Thousands of tons)	2013	2012	2011	2010	2009
Scope 1 CO_2 emissions	1,702	1,753	1,810	1,745	1,306
Scope 2 CO_2 emissions	1,071	1,115	1,099	1,214	932
Total CO_2 emissions (Scope 1 and Scope 2)	2,773	2,868	2,909	2,959	2,238
Carbon efficiency[(1)] (base 100 in 2009)	92.1	94.3	95.5	97.5	100

(1) It is the ratio analyzing the change (from year Y-1 to year Y in total CO2 emissions per ton (Scope 1 and Scope 2) at constant perimeter and mix.

Breakdown of change in total CO_2 emissions by factor *(see section entitled "Reporting Methodologies" hereafter)*:

Breakdown of Variation by factor (2013 vs. 2012)	Perimeter	Volume	Reporting Entity	Efficiency	Total
Variation (thousands of tons, + increasing, - decreasing)	- 17	- 56	+40	- 62	- 95

The annual total Scope 1 and Scope 2 CO_2 emissions decreased 95 kt (2013 vs. 2012). The overall carbon efficiency improved by 2.3% (2013 vs. 2012), which led the accumulative improvement to 7.9% from base year 2009. The CO_2 emission contributed by thermal energy consumption is 57.0 t/TJ in 2013 (vs. 2012, 56.5t/TJ). According to the variation analysis, the initiatives shifting fuels to low-carbon emission energy sources are the main positive contribution to the improvement.

Breakdown by emission source (actual data)

(%)	2013	2012	2011
Energy (excluding biomass)	88.0%	87.9%	87.4%
Processes	7.9%	7.5%	7.6%
Biomass	4.1%	4.6%	5.0%
Total	**100%**	**100%**	**100%**

Imerys has participated in the climate change program of Carbon Disclosure Project (CDP) since 2006 and has demonstrated steady improvement on its overall rating year by year. In addition to Scope 1 and Scope 2 emissions, increasing attention has been paid to the relevant Scope 3 emissions, especially the indirect emissions generated by fuel usage in Imerys' contracted activities and Imerys' travel activities. Pilot data on the two aspects has been incorporated in the CDP submittal since 2012 and will continue to be included in 2013. Some of our waste reduction and recycling initiatives contributed to the reduction of Scope 3 emissions along the up-stream supply chain. For example, the packaging materials recycling systems at two ceramics operations in Germany were recognized by REPASACK[(1)] with a certification of carbon emission reduction in 2013. The internal innovation initiatives also drive the carbon footprint reduction of new Imerys products applied down-stream at the customer operations level. *See section entitled "Green Innovation" hereafter.*

Carbon Disclosure Project Rating[(1)]	2013	2012	2011	2010-2006
Disclosure Score	88	78	62	Not Scored
Performance Band[(2)]	B	B	B	Not Scored

(1) The rating is from the CDP reports and score of year Y is the analysis with the data of year Y-1.

(2) All companies with a sufficient level of disclosure in their response received a performance band. Band "B" means "Integration of climate change recognized as priority for strategy, not all initiatives fully established".

(1) REPASACK GmbH is a German organization specialized in the take-back and recycling of used paper bags from trade and industry.

According to the 2013 CDP report for France concerning 250 companies, Imerys is considered in the TOP 22 regarding maturity related to climate change governance and strategy. The Group takes climate change into account in its business strategy by focusing on industrial performance. The Group tracks several indicators related to energy efficiency and waste reduction, as well as indicators related to innovation and new green product development. Climate change is also integrated into formal, recurrent processes to analyse the Group's main risks. Based on all past analysis and stakeholder engagement feedback, the Group's main risks do not appear to be related to climate change. The greater number and intensity of extreme weather events such as hurricanes, tornados, or floods related to climate change could affect the Group's units (production stoppages, damage, etc.). However, Imerys considers the potential impact of this risk to be marginal, because the Group has a large number of sites located in every geographic zone. Furthermore, Imerys does not have major production units in the regions that are particularly prone to these extreme events.

Imerys has been actively engaged in communication with its customers regarding the carbon footprint of its products. The increase in demand for low carbon products offers the Group a business opportunity because minerals are a naturally low-carbon alternative. Working with CDP and other trade associations mentioned above, the Group maintains access to information regarding any changes to climate-related regulations and disclosure expectations.

NO_X AND SO_2 EMISSIONS

Several of the Group's mineral conversion processes use calcination process which emits nitrogen oxide (NO_x) and sulfur dioxide (SO_2). Imerys publishes below an estimate of its SO_2 and NO_x emissions, applying specific conversion factors to each source of consumed fuel. As of 2012, Imerys' reporting also includes "process" SO_2. These are emissions occurring when SO_2 is released from sulfur-containing minerals during thermal processing. Only a small number of the minerals produced by the Group contain sulfur.

(tons)	2013	2012	2011	2010	2009
Sulfur dioxide (SO_2)[(1)]	4,577	4,591	3,530	3,788	3,214
Nitrogen oxide (NO_x)	6,042	6,395	6,665	6,322	4,942

(1) Including process SO_2 emissions since 2012.

The evolution of NO_x and SO_2 emissions at constant perimeter is favorable with the spreading usage of cleaner energy and improvement of combustion techniques. The total NO_x and SO_2 emissions are remained at low level and slightly varied between 2013 and 2012.

WATER SCARCITY AND EFFICIENCY

Imerys' water sources include groundwater (49.4%), surface water (23.4%) and water suppliers (10.5%). This water is essential in transforming industrial minerals. In contrast to the metals and energy exploration sectors, Imerys processes minerals mostly without toxic substances drainage or residue[(1)]. The Group often extracts nearby groundwater and surface water to maintain its quarries. Water is usually stored in basins for reuse and, after settling and treatment, ultimately released back into the environment. In some cases, water is delivered in Imerys products as slurries. Regulatory compliance and potential environmental impacts from releases of water or effluent are integrated into the site level environmental management systems.

Though the Group has had only a few isolated cases of water scarcity, transparency on water scarcity is a relatively high priority for external rating agencies and certain other stakeholders. Therefore, beginning in 2012, an overall water scarcity risk assessment was performed using the WBCSD's (World Business Council for Sustainable Development) Global Water Tool (GWT)[(2)]. 17 operations are located in water scarce areas according to the Water Stress Index of the GWT. Almost all of the 17 operations withdraw a relatively small quantity of water (together, the 17 operations account for approximately 5.7% of the Group's total 2013 withdrawals). Each of the 17 operations was nonetheless requested to establish a specific water management plan (WMP); and in early 2013, Group EHS developed a set of templates and water analysis tools to facilitate the planning process. Specific coaching and technical support were provided to the on-site environmental staff and process engineers to ensure high-quality analysis of the issues. At the end of 2013, each of the 17 operations had compiled a WMP, incorporating current water use, water balance analysis, water accounting, water (regulatory/physical/reputational) risk assessment and pertinent action plan. Each site's WMP will be reviewed on an annual basis under the EMS framework for continual improvement.

(1) One exemption is the andalusite operation in Glomel France which has acid rock drainage that is collected and treated on site prior to discharge.
(2) The World Business Council for Sustainable Development (WBCSD) provides companies with an assessment tool for their risks relating to the quality and quantity of their water supply.

The following table reflects the Imerys water profile by region (as end of 2013):

Region/Percentage of Water Withdrawal in Each Geographic Region	Low <0.2	Medium 0.2-0.4	Stress 0.4-1.0	Scarce >1.0	No Data	Total *(millions of liters)*
Asia Pacific	83.9%	1.3%	1.7%	12.4%	0.6%	5,017
Europe, Middle East and Africa	95.6%	1.0%	2.5%	0.1%	0.9%	11,829
North America	87.0%	3.2%	0.0%	8.5%	1.3%	20,484
South America	99.8%	0.0%	0.1%	0.0%	0.1%	4,296
Percentage of Total Water Withdrawal	**90.4%**	**2.0%**	**0.9%**	**5.7%**	**1.0%**	**41,626**
Number of Total Operations	**181**	**17**	**3**	**17**(1)	**21**	**239**(2)

(1) The 17 operations distributed by region: three in Asia Pacific, four in EMEA, nine in North America and one in South America.

(2) The number of total operations includes those sites divested, closed, newly acquired or newly constructed during the reporting period.

In addition to looking at the 17 sites in areas of water scarcity, a preliminary study of the Group's large quantity water users was completed in the second half of 2013. This study showed that 12 water users in the Group comprised more than 58% of the total annual water withdrawal. In 2014, local consultation will be provided to the operations withdrawing more than two million cubic meters of water based on 2013 data. Group EHS will support these operations to establish site level WMPs to improve water efficiency.

In its accounting and disclosure, Imerys classifies water withdrawals according to the different sources (see table below). The Group has opted not to include water moved from one zone to another without being used by the operation (e.g. water pumped to keep quarries in good working order), since the quality of this water is not affected by the Group's activities. In addition to the water withdrawals customarily reported by industrial users, Imerys also reports the amount of water recycled by its operations in order to achieve improved water recycling rates, and consequently, a reduction in its operational withdrawals of fresh water. Group-level water disclosure will be gradually improved by focusing on water efficiency at operations in areas of water scarcity and large quantity water users.

The table below presents trends in water withdrawals for the past five years:

	2013	2012	2011	2010	2009
Total water withdrawals *(millions of liters)* **of which:**	41,626	48,538	52,893	53,491	48,916
Water obtained from water suppliers	10.5%	11.9%	12.0%	14.4%	12.7%
Water withdrawn from ground water	49.4%	47.5%	52.0%	42.6%	58.8%
Water withdrawn from surface water	23.4%	25.7%	22.3%	27.5%	21.2%
Water obtained from other sources(1)	16.7%(2)	14.9%	13.6%	15.6%	7.3%

(1) Some Imerys operations may obtain water from sources other than those listed above. For example, an operation may collect rainwater or obtain water from customers. The term "water obtained from other sources" refers to this type of water.

(2) In 2013, more than 90% of "water obtained from other sources" is from the customers because the Imerys operations serve the customers' paper mills and shared their utilities.

Recycled water *(see the definition in the section entitled "Reporting Methodologies" hereafter)* reporting started at the Group level since 2010. The table below presents trends in water recycling for the past four years:

	2013	2012	2011	2010
Total water recycled *(millions of liters)*	32,950	30,645	19,753	19,137
By number of sites with recycled water reported	54	53	45	38

WASTE, OVERBURDEN AND MINERAL SOLIDS

The Group's activities generate both sanitary and industrial wastes in relatively small quantities, because the Imerys processes are primarily mechanical (e.g., crushing, milling and grinding) and physical (e.g., density separation, magnetic separation and sizing). According to an Imerys environmental protocol, all waste streams are required to be identified and characterized sufficiently to determine the applicability of local regulations and to manage relevant risks. Normally, waste management and statutory obligations on collection, storage, labelling, transportation and disposal are also addressed in each site's EMS.

The table below shows the trends of waste generation and recycling for the past five years:

	2013	2012	2011	2010	2009
Total waste *(tons)* **of which:**	264,270	287,827	297,228	312,583	282,879
Hazardous industrial waste	920	2,217	900	1,705	1,036
Recycled hazardous industrial waste	1,919	1,112	671	598	336
Non-hazardous industrial waste	125,104	120,187	116,209	119,047	95,408
Recycled non-hazardous industrial waste	136,327	164,312	179,449	191,238	186,176

In 2013, the Group's activities generated 264 kt of industrial waste, 98.9% of which was non-hazardous. The industrial management improvement initiatives contributed to the 5.7% reduction of total industrial waste volume from that of 2012. 52.3% of the total industrial waste is recycled (57.5% in 2012); and 67.6% of hazardous waste is recycled (33.4% in 2012).

Several Imerys activities are taking innovative actions to implement further recycling activities. For example, the Monolithic Refractories activity (Calderys) started an initiative to recycle materials reclaimed from the furnace processes at its customers' sites (e.g., steel plants, cement plants and glass plants). In the past, these materials were treated as industrial waste by the customers. After conducting a technical feasibility study, Calderys determined that they could achieve a significant environmental benefit by recycling the previously used materials in new installations. Since 2012, each of the Calderys business units has been tasked to increase the use of reclaimed materials in production. Calderys used 21,200 tons of reclaimed materials in the year of 2012, and as of the middle of 2013, the volume of reclaimed materials used had increased by 7% versus the previous year.

Comparatively, overburden and unused mineral solids (e.g., tailings, off-specification materials, etc.) are generated on a much more significant scale. These materials are usually stored on or near production areas at the quarries since they may be useful in the future when technological progress is made or new market opportunities arise. Overburden and unused minerals are also used in many cases as backfilling or re-profiling materials in post-mining restoration work. For these reasons, the overburden and tailings are not recorded as "waste" by Imerys. As part of the measurement for mineral resources efficiency, the Group Mining and Geology Department began tracking the overburden and tailings generated from each quarry operation from the Group level in 2013. The Group encourages operations to utilize those mineral solids in a sustainable way and to report those specific efforts in the annual SD Challenge program. For example, in 2013 the Minerals for Ceramic operation in Thailand began recovering the valuable sediment clay in natural run-off from areas of clay stockpiles that had settled in the water impounds over 15 years. The quality of the sediment clay was found to be similar to the quality of normal raw material. According to an initial estimate, by supplying the production line with recovered materials, the operation will save more than one million euros over five years.

BIODIVERSITY AND REHABILITATION

Mining requires temporarily occupying the surface during extraction activity. Both active and closed quarries offer many opportunities to enrich biodiversity through the revitalization of natural habitats and protection of endangered species. Imerys is committed to respecting the ecosystems surrounding its operations and preserving biodiversity with enhanced rehabilitation throughout the life of mine. Prior to the development of a mine project or obtaining the regulatory and social licenses to operate, each Imerys mining operation is required to conduct an environmental impact review with relevant experts. The environmental impact review covers a baseline assessment of existing environmental conditions, including biodiversity. In many countries, an environmental impact assessment is statutorily required and must be discussed with the public and filed with the governmental authorities. The Imerys operations manage compliance at the site level as a part of the site EMS.

Rehabilitation is also an essential element of mine planning from an economic perspective. In 2009 the Group defined a "Post Mining Rehabilitation" protocol that requires every mining site to describe the rehabilitation methods that will be applied during the site's operation and at the time of its closure. In 2012, the Group Mining and Geology Department also set up policies and guidelines to strengthen the reporting and review of the Life of Mine Plan, including rehabilitation or closure plans. Furthermore, following the GRI reporting guidelines for the mining sector, an internal reference for establishing a site-specific biodiversity management plan (BMP) was developed in 2013.

In 2011, a global biodiversity sensitivity analysis was undertaken to identify biodiversity concerns at the Imerys sites. This included consultation with representatives from the operations to understand the local context. As expected, the analysis showed that biodiversity risk is more relevant to the Group's mining operations than to its minerals processing operations situated in industrialized areas. Approximately 15% of the operations were identified as "concerned sites" due to their proximity to protected areas. In 2012, the Group began encouraging the "concerned sites" to formalize their biodiversity management approaches, and in 2013, an additional two of the "concerned sites" establish a site-specific BMP based on the newly developed internal reference mentioned above. In 2014, the Group plans to increase the BMP to 20% of the "concerned sites".

Also in 2013, Imerys' methodologies for biodiversity risk assessment were improved to incorporate new international trends in environmental risk assessment, as well as lessons learned from internal projects. The enhanced analysis enables Imerys to plot the proximity of its mining operations' coordinates to the closest areas of High Biodiversity Value(1) using Google Earth. This new methodology is much more efficient at capturing new information on protected areas and newly acquired quarries. As of December 31, 2013, 34 out of the 115 mining operations in the Group are identified as concerned sites, near or inside an area of High Biodiversity Value.

The IUCN (International Union for Conservation of Nature) Categories for the 34 sites are listed in the following table:

IUCN Category(1)	Description	No. of concerned sites
Ia	*Strict Nature Reserve*	0
Ib	*Wilderness Area*	0
II	*National Park*	1
III	*Natural Monument or Feature*	0
IV	*Habitat/Species Management Area*	3
V	*Protected Landscape/Seascape*	9
VI	*Protected area with sustainable use of natural resources*	3
Non-IUCN	*Regional directives (e.g., habitats directive, birds directive), MAB-UNESCO Biosphere reserves*	18
Total		**34**

(1) Refer to IUCN Guidelines for Applying Protected Area Management Categories (2008).

In 2012, two new land use indicators were defined and implemented at all of the quarries under the Imerys Clay Roof Tiles activity. These indicators quantify the surface disturbed by the Group's mining activities, as well as rehabilitated surface. Application of these indicators was expanded in 2013 to include all 36 Imerys mining operations in France. By December 31, 2013, the totaled disturbed surface areas of the 36 mining activities were 1,548 hectares, and the total rehabilitated areas of those sites were 890 hectares. In 2014, the Group will further expand the reporting scope of land use indicators to the mining operations in Western Europe.

Each site strives to achieve three main objectives: keep the affected surface to a minimum, continuously restore the surface whenever possible, and take offset measurements when appropriate. Numerous examples of positive contributions made to the conservation of existing ecosystems on the Group's sites demonstrate the success of the Imerys operations. Most of these examples benefit from partnerships with local environmental associations or NGOs. One example is Imerys' Kaolin Capim operation in Ipixuna do Pará, Brazil. The Capim operation follows the Group's environmental policy and goes beyond the local statutory requirement to integrate biodiversity preservation into the implementation of the mine rehabilitation plan. The rehabilitation plan was built to restore 30 to 50 hectares of the mined areas and integrate them into the original landscapes. The native species and biodiversity value were surveyed in partnership with a professional consultancy at the beginning of the project development. Biannual reports have been compiled to summarize the progress of rehabilitation activities, such as transposition of organic soil, levelling and profiling, seedling production with local people, preparation of forest nursery, plantation with local floras, development of drainage system and corrective fertilization. In 2013, approximately 46,800 seedlings of native forest species and fruit trees were planted over a prepared area of nearly 14.8 hectares. These seedlings were acquired from local stakeholders and will bring long-term economic and ecological benefits to the communities which include indigenous peoples.

GREEN INNOVATION

Imerys has decided to significantly enhance its efforts to drive innovation. As a result, R&D investments as a percentage of sales have greatly increased over the last three years. Innovation contributes to the sustainability of the Company through at least four levers:

- **Minerals Efficiency and Recycling:** Process innovation can contribute to the increase of minerals resource efficiency. For example, improved flotation increases the yield of recovery of a product, and therefore reduces the amount of ore that needs to be mined. Recycling is another significant method for achieving mineral resource efficiency, and to understand the stakes involved, Imerys participated in a study carried out by IMA-Europe to evaluate the recyclability of minerals. The study analyzed the applications of several industrial minerals and measured the recyclability of such applications. As an example, 40% of the calcium carbonate consumed in Europe is used in paper that in turn is recycled at a rate of 70%. This contributes to 28% of the recycling rate as a percentage of the total recyclability of calcium carbonate. This study was published in May 2013 and shows the following figures:

Mineral	Lime	Feldspar	Talc	Calcium Carbonate	Bentonite Clay
Recycling Rate	68%	60%	58%	50%	49%

(1) The Global Reporting Initiative (GRI) suggests that companies should identify the sites located in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas. Imerys use the World Database for Protected Areas (WDPA), Natura2000 and other reliable public resources to conduct risk mapping with areas of High Biodiversity Value. The WDPA is a joint project of UNEP and IUCN, produced by UNEP-WCMC and the IUCN World Commission on Protected Areas working with governments and collaborating NGOs.

Also, Imerys has introduced in 2013 a new mineral-based solution that facilitates plastics recycling;

- **Energy Efficiency:** Imerys strives to reduce year-to-year energy consumption. In 2013, the calculation of energy efficiency was expanded and improved to include the product mix impact measure. Imerys launched a program to improve the fuel consumption of the heavy mobile plants through both process modification and efficient usage. The Group has also introduced dewatering techniques that allow significant energy savings versus traditional drying techniques. The energy efficiency has thus been improved by 4.4% between 2009 and 2013;
- **Environmental-friendly Products:** Every year, Imerys launches products that positively benefit the environment. A few examples can be given for products introduced in 2013:
  - TIMREX® C-Therm 011: a thermally conductive carbon component for copper-free brake pads. (The US California and Washington states passed a legislation in 2010 that will effectively ban the use of copper in brake pads by 2025),
  - Aquacarb™70V: a fine chalk slurry enables the Group's water-based adhesive producing customers to by-pass energy consuming High Speed Dispersants,
  - Celite® 610: a new diatomite product for pest control in agriculture which replaces much less environmentally friendly pesticides,
  - Mistron® 201: a new talc product providing lower viscosity at higher mineral loading for low VOC (volatile organic compounds) paints.

In 2014, environmental benefits will be continuously factored into R&D and a preliminary life cycle assessment will be initiated to qualitatively analyze the effect of a selected environmental-friendly product.

Please see more detailed information on the Group's strategy and initiatives on innovation *in the section 1.8 in chapter 1 of this Registration Document.*

ENVIRONMENTAL REGULATORY INSPECTION

In every country where it operates, Imerys is subject to various laws and regulations. The Group's commitment to compliance is clearly stated in the Imerys SD Charter and the Imerys Code of Business Conduct and Ethics. The site level environmental regulatory compliance risks are regularly assessed and managed as part of each operation's environmental management system (EMS). To confirm regulatory compliance and conformity with the Group's protocols, Imerys operations are audited at regular intervals. In 2013, 30 EHS compliance audits, 15 EMS audits and four reviews at operations managing large minerals solids storage facilities (MSSF) were completed by the Group EHS Audit Team.

Regulatory compliance is also a feature of Imerys' internal environmental incident reporting process and database which requires reporting of the following events:

- Any significant structural deterioration of an impoundment (e.g., significant sloughing, cracking, discolored leakage, etc.);
- Any release of discolored water that has potential to create a credible nuisance to the local community or attract media attention;
- Any release of dust that has potential to create a credible nuisance to the local community or attract media attention;
- Any non-routine inspection, investigation or notice of noncompliance from an environmental regulatory agency; and
- Any credible complaint concerning an environmental condition (e.g., dust, odor, gases, noise, water, waste, vibration, etc.) related to the operation.

A summary of environmental incidents is presented quarterly to the Executive Committee.

The two tables below give a summary of environmental-related prosecutions and penalties for the past five years:

	Number of prosecutions				
	2013	2012	2011	2010	2009
Total	20	17	30	10	32

	Amount of fines (in euros)				
	2013	2012	2011	2010	2009
Total	139,078	1,181	1,417	28,872	21,248

The overall environmental regulatory risk management has been significantly improved since the systemic introduction of EMS in 2011. The main portion of the fines in 2013 were a result of the settled monetary penalties (€132,000 in total) linked to several air emission non-compliance events between 2009 and 2011 at two operations in the United States. The corresponding prosecutions were logged into the data between 2009 and 2011. The issues have been addressed by installing an extensive upgrade of dust control systems, the efficacy of which has been confirmed with periodic testing and inspection beginning in mid-2011. Due to the extended length of the legal processes, the monetary penalties were assessed by the authorities and settled by the two operations in the first half of 2013.

5.6 GOVERNANCE & BUSINESS BEHAVIORS

The governance aspect is considered to be the cornerstone of the Group's management, business and other SD commitments. Striving to go beyond compliance with applicable laws and regulations, Imerys endeavors to conduct its activities ethically and transparently worldwide while preserving the best interests of its stakeholders.

The Imerys Code of Business Conduct and Ethics summarizes the principles of ethical behavior the Group expects from all of its employees – especially its senior managers, contractors, suppliers and other partners. It is designed to encourage everyone in his or her daily work to adopt an attitude that complies with local legislation and abides by the principles of responsibility, integrity, fairness and openness. More specifically, the Imerys Code of Business Conduct and Ethics defines the rules for protection of the environment and human rights; relations with local communities and diversity; workplace safety and health; confidentiality; prevention of fraud or corruption, insider trading, conflicts of interest; protection of the Group's assets and fair competition; transparency and integrity. The Code is regularly reviewed and updated in order to take into account changes and developments in applicable international regulations, as well as best practices implemented by groups that are comparable to Imerys. A series of Group policies and protocols further clarify the rules on these subjects and include the Internal Charter of the Board of Directors, the Corporate Governance Policy, the Anti-fraud Policy, the Anti-Trust Policy, the Child Labor and Forced Labor Protocols, the Risk Management Policy, the Employee and Industrial Relation Policies, and the Internal Control Policies.

These policies and protocols are regularly updated to raise the standard and level of business Conduct and Ethics expected to apply throughout the Group. In this context, a new Anti-Fraud and Anti-Bribery Policy was adopted to reflect the recent regulatory developments (i.e. UK Anti-bribery Act) and enhance the internal risk management rules and controls applicable in the Group. In addition, the Group's general compliance program is regularly discussed and updated and a summary is presented to the Audit Committee as part of its annual review of the Group's main risks.

The Group's General Counsel is acting as Ethics and Compliance Officer for the Group. Since the end of 2013, he is now assisted in this function by an Anti-trust and Compliance Legal Manager. For Brazil, India, China and South Africa, country Chairmen or coordinators have been appointed to ensure fulfillment locally of the Group's commitments under this Code and policies. The Internal Control and Audit department conducts periodic reviews which include a review of the operations' and functions' implementation of the Code of Business Conduct and Ethics. The auditing results are presented half-yearly to the Executive Committee and, at the Board level, to the Audit Committee.

The Code of Business Conduct and Ethics is presented at in-house seminars and regularly featured in articles in the internal magazine. In addition, online training is regularly followed by all employees in the United States and at least once by all of the other main managers and employees of the Group. As of the end of 2013, approximately 3,000 employees have been trained in the Group's Code of Business Conduct and Ethics. The Group has also put in place a process of electronic certification in order to communicate internal control rules and policies. Managers and other relevant employees must certify that they have read the communication and that they have committed to ensure that internal controls are implemented in the areas under their responsibility. In 2011, this certification process was used to communicate the Group's management authority rules which define the allocation of internal responsibilities and the approval workflow for its most important decisions and transactions. In 2012 and 2013, this process was used to issue detailed communications on the risks of fraud.

Since 2010, Imerys has established a simplified annual reporting process that enables Group activity managers to report any breaches of the Code of Business Conduct and Ethics, particularly fraud, corruption, or violations of human rights. In the context of this process, the Group Internal Audit and Control Director, the Vice President of Human Resources and the Group General Counsel are informed of any reported violation. After reviewing the results, these individuals determine whether there is a need for further investigation and potential grievance actions.

The Group only engages actively within well-established and reputable trade associations and follows the umbrella rules set forth in the Code of Business Conduct and Ethics for integrity and transparency in public policy development (SO5, GRI G3.1).

With regard to the anti-trust and fair competition aspects (SO7, GRI G3.1), the Group' acquisition of Goonvean's kaolin activities in the United Kingdom and the divestment of the Imerys Structure activity (wall and partition bricks, chimney blocks) to the Bouyer Leroux Group were reviewed respectively by the UK and French competition authorities. Following in-depth investigations, both transactions were approved in 2013 subject to minor undertakings (i.e., undertakings that did not result in material adverse financial impacts on the parties to the transactions)..

The Group is closely monitoring the development of the new European Accounting and Transparency Directives (approved by European Parliament in June 2013) and is evaluating its implications for Imerys. Country-by-country reporting of payments to governments will be integrated into the Group compliance framework, if necessary.

With regard to corporate governance, the Group is implementing best practices *(see chapter 3 in this Registration Document)*. For instance, Imerys has successfully increased the number of women on its Board of Directors to four out of 15 members (equivalent more than 26%).

The integration of social and environmental factors in the purchasing policy and supply chain management is described *in the section entitled "Product Responsibilities and Other Stakeholder Engagement" above*.

5.7 REPORTING METHODOLOGIES

REFERENCE AND PERFORMANCE INDICATORS

Giving consideration to its materiality assessment and the other aspects and impacts discussed above, the Group promulgates its Sustainable Development (SD) Key Performance Indicators (KPIs) to align with the Global Reporting Initiative (GRI) G3.1 Guidelines. The GRI correlation information on the published indicators is outlined in the reference column *of the section entitled "2013 Performance" above*. The GRI indicator number is denoted immediately following the non-quantitative disclosure in the sections to the right. Based the GRI's checklist and benchmarking with the reporting practices of the key industrial peers, the Group's self-attributed grade of compliance with G3 Guidelines is at an A grade level. The reason for any omission is clarified in the right paragraph of each aspect. In addition to the GRI-suggested indicators, other indicators have been tracked to reflect the Grenelle II framework and special stakeholder interests (e.g., quality management system certified operation and environmental management systems). The correlation table for each of the 42 elements of "Grenelle II" is presented *in the section entitled "Correlation Table with the Elements of 'Grenelle II'" hereafter*.

DATA COLLECTION AND CONSOLIDATION

The Group's SD reporting covers all of the activities over which it exerts operational control. There are four protocols and pertinent guidelines of frequently asked question (FAQ) published at the Group level to regulate the collection and collation of human resources, health and safety, environmental and energy data from the Group's operations.

In 2012, the Group introduced a new user-friendly EHS reporting platform (named Symphony internally) for consolidating SD data form the operations. Symphony was designed to facilitate the work of Contributors' and Validators' by providing automatic checks and comparisons. It also provides access to data from previous campaigns. To ensure continuity and efficiency, Contributors have access to the details of each KPI, either in the reporting protocols or by clicking on the indicator's name in Symphony.

Generally, the SD data reporting parameters include each of the legal entities in which Imerys directly or indirectly owns 50% or more interest, and the reporting structure generally mirrors the business and finance organizations as well as the Group's legal structure. Furthermore, legal entities are normally split into various sites for the relevant indicators. Modifications are occasionally made to this general framework to accommodate special circumstances in the operations.

The following is a list of reporting perimeters and aspects which may be unique to Imerys:

- For human resources, Imerys reports the data associated with permanent employees (on company payroll), fixed-term contracts (on company payroll), school interns (on company payroll or not), third party employees (not on payroll), and contractor's employees (not on payroll) on a monthly basis. The term "Contractor's Employees" refers to people not on payroll, but who work for Imerys' contractors on a specific and temporary task on-site more than once a month and who are on-site at the end of the reporting month. Contractors not managed by Imerys and performing non-core business tasks are excluded, such as security, gardening, canteen, cleaning, etc. In addition, for the purpose of analyzing turnover rate in a uniform and simplified approach, the termination due to disability, death or other conventional situations under mutual agreement are calculated into voluntary departure;
- For health and safety, Imerys reports the data associated with Imerys employees and other employees working at each Imerys operation on a monthly basis. The term "Imerys Operation" includes operations, joint ventures, partnerships and other similar business arrangements in which Imerys owns a dominant interest and has operational control. Newly acquired operations are included as of the date of acquisition. Newly built projects with turnkey contractors have been integrated when the responsibility for workplace safety is transferred to Imerys according to the legal and commercial terms and conditions. Divested or discontinued operations have been excluded from reporting as of the date of discontinuation. Data related to employees and contractors working on projects on customers' sites are also included when they are under Imerys' direct operational control;
- For environmental compliance, water and waste, Imerys reports the data on all mining and mineral processing assets operated by Imerys on a quarterly basis. The term "assets operated by Imerys" excludes commercial activities, sales and administrative offices, and projects on customers' sites. The following points clarify certain water and waste issues specific to Imerys:
  - The water withdrawal data are reported for analysis of water used in the Imerys operations. Water moved from the ground to the surface merely to maintain mines in good operating condition is not considered by the Group to be "used" in the Imerys operations and is, therefore, excluded from the reporting of water,
  - Some Imerys operations reuse or recycle water. The "recycled water" indicator was established to promote using water in a sustainable way at Imerys operations. It refers to the water that is used on-site more than one time before it returns to natural hydrologic system. For example, many Imerys operations pump water from a surface impoundment, use the water in the process, and then pump the water back to the surface impoundment,
  - Imerys mining operations remove overburden and separate minerals that are valuable to our customers from other materials. Such overburden and mineral solids (e.g., tailings, off-specification materials, etc.) with low current market value are usually stored on or near production areas at the quarries since they may be useful in the future when technological progress is made or new market opportunities arise. In many cases, the overburden and mineral solids are used as backfilling or re-profiling materials in post-mining restoration work. For these reasons, they are not quantified and reported as "waste" by Imerys. Off-specification materials from the processing operations and disposed to Imerys quarries are counted as waste when subject to regulatory requirements,

- All countries in which Imerys operates have national environmental laws regulating waste. The national environmental laws of different countries apply different criteria to determine whether a waste will need special management because it is toxic, corrosive, explosive, flammable, reactive or otherwise dangerous to human health or the environment. Each operation must consult the national environmental laws of the country in which it is operating to determine whether a specific waste is regulated as Hazardous Waste or Non-Hazardous Waste. If some water-containing liquid is counted as waste (rather than wastewater) according to regulations, the reported quantity should exclude the water content;

- For energy and emission, Imerys reports the data on all mining and mineral processing assets operated by Imerys on a monthly basis for the same scope as the other environmental data reporting parameters. Imerys aligns with the GHG Protocol[(1)] for its energy and CO_2 data reporting and consolidation with the following exceptions:
  - The GHG Protocol requires that all facilities within an organizational boundary are to be included in the reporting perimeter. To fully comply with the GHG Protocol, Imerys would need to include not only emissions from mining and minerals processing facilities, but also emissions from offices and all other facilities within its organizational boundary.
  - The GHG Protocol requires reporting of fugitive emissions from owned and controlled sites, and Imerys does not report on these fugitive emissions. Fugitive emissions result from intentional or unintentional releases (e.g., equipment leaks from joints, seals, packing and gaskets; hydrofluorocarbon emissions during the use of refrigeration and air conditioning equipment in buildings and cars; and methane leakages from gas transport),
  - Scope 1 emissions from direct energy are automatically calculated in Symphony with the aid of an emission factor database of specific energy resources, plus the process emissions; Scope 2 emissions of purchased electricity, heat, or steam are calculated in Symphony with the factors published in the up-to-date GHG reporting tools (http://www.ghgprotocol.org/calculation-tools/all-tools); Scope 3 emissions, especially the air travel made by the employees based in the head office and the fuel purchased and consumed by the subcontractors mainly for transportation and mining activities at a few Imerys operations, are not formally reported in Symphony but have been tentatively disclosed to CDP since 2013 with reasonable estimations,
  - The GHG protocol requires that companies make historic emission recalculation for structural changes. Imerys currently reports actual emissions and evaluates the carbon intensity at constant perimeter. The variance due to acquisition or divesture is analyzed with the actually reported data when comparing the performance of current year and previous year. This is considered as a minor deviation to the GHG protocol requirements;

- In 2012, Imerys began reporting two land use indicators on an annual basis starting with the mining operations of Imerys Clay Roof Tiles. In 2013, the reporting scope was increased to include all Imerys mining operations in France. The perimeter will be gradually expanded to include the other Imerys mining operations in the future;

- Production data is related to the quantity of final products produced by the entity during the reporting period in dry metric tons (dmt). With the energy consumption data and production data, the Group directly calculates specific energy consumption (SEC) stated in GJ/t. For a given period and a given site, SEC is the total energy net used divided by the site total production. The total direct energy net used is the sum of direct plus indirect energy use minus energy sold to third parties. For Imerys, energy efficiency is analyzed using base value of 2009 and taking the following variables into account:
  - **Perimeter** (Group structure): the Group structure effect corresponds to the quantity of energy consumed by the sites acquired during the period, minus the consumption of closed or sold sites,
  - **Volume** (activity variation): this is the amount of variable energy that would have been consumed in year Y with the specific consumption of year Y-1,
  - **Reporting entity mix:** this is the difference between the volume effect calculated overall for a set of plants or production units and the sum of the volume effects of each plant/unit in the set,
  - **Product mix** (for a given entity): this is the difference between the volume effect calculated globally for a given entity and the sum of volume effect for each product or family of products of this entity,
  - **Efficiency:** this is the sum of the efficiency effects of each plant's process blocks. The efficiency effect of a process block corresponds to the difference between total energy variance and all other variances,
  - **Energy efficiency ratio:** this is the ratio of (i) the efficiency variance, as calculated above, to (ii) the consumption of year Y-1.

The detailed information of KPIs definitions, GRI's G3.1 guidelines correlation information, reporting procedures and consolidation methodologies are also available *on the Imerys website www.imerys.com/Sustainable Development section.*

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

CONTROL AND ASSURANCE

Imerys also works to continuously improve the quality and accuracy of its reporting. The data consistency and auditability has been enhanced with the Symphony platform since 2012. The reporting process with a Contributor and Validator, as well as the Symphony function of automatic checks and comparisons, enables the Group to check and verify the data quality at the business level on an ongoing basis. The Group level internal verification includes three approaches:

- The Group EHS Auditors conduct a micro-audit on both the data collection process and data quality during each on-site audit. The micro-audit template with the data in the current reporting year and a question checklist are prepared by the Symphony administrator and sent to the audit team 30 days in advance. Findings and corrective action plans are then integrated into the auditing process;
- The regional EHS leaders crosscheck all injury data. Data that shows at least 30% of significant variations on the work hours, water withdrawal, waste, energy consumption and production are verified by the Group's Symphony administrator on an ongoing basis. Since April 2013, a reporting tips sheet with answers to the most-frequently questions and visual explanations of typical misunderstandings has been developed and put on the welcome page of Symphony to avoid repeated discrepancies;
- A verification process is conducted annually for data tables consolidated by business activity. The business activity leaders cascade the data spreadsheets and query the responsible persons at different levels to confirm the consistency of the data. A monthly safety report and a quarterly energy report are also distributed throughout the Group. These regular reports create visibility and accountability of the data among each level of the Group.

Under the new regulatory obligations stemming from the French environmental law "Grenelle II", the Group assigned the Deloitte firm to verify its data collection processes and selected indicators for 2012 and 2013. This assignment resulted in a report that is shown *in the section entitled "Attestation of Completeness and limited Assurance Report of one of the statutory auditors" hereafter*.

5.8 ATTESTATION AND CORRELATION TABLE

ATTESTATION OF COMPLETENESS AND LIMITED ASSURANCE REPORT OF ONE OF THE STATUTORY AUDITORS

Deloitte & Associés

185, avenue Charles-de-Gaulle

92524 Neuilly-sur-Seine Cedex

REPORT OF ONE OF THE STATUTORY AUDITORS, DESIGNATED INDEPENDENT THIRD-PARTY ENTITY, ON THE REVIEW OF ENVIRONMENTAL, SOCIAL AND SOCIETAL INFORMATION PUBLISHED IN THE GROUP MANAGEMENT REPORT

This is a free translation into English of the original report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Year ended December 31, 2013

For the attention of the Shareholders,

In our capacity as Statutory Auditor of Imerys SA, and designated as independent third-party entity, whose request for accreditation was deemed admissible by the French National Accreditation Body (COFRAC), we hereby present you with our report on the social, environmental and societal information presented in the chapters 5 and 6.1.3 of the management report prepared for the year ended December 31, 2013 (hereinafter the "CSR Information"), pursuant to article L. 225-102-1 of the French Commercial Code (*Code de commerce*).

Responsibility of the Company

The Board of Directors is responsible for preparing a management report including the CSR Information provided by article R. 225-105-1 of the French Commercial Code, prepared in accordance with the reporting criteria used by Imerys (the "Reporting Criteria"), available on request at the Company's headquarters and summarized in the management report.

Independence and quality control

Our independence is defined by regulatory texts, the profession's Code of Ethics as well as by the provisions set forth in article L. 822-11 of the French Commercial Code. Furthermore, we have set up a quality control system that includes the documented policies and procedures designed to ensure compliance with rules of ethics, professional standards and the applicable legal texts and regulations.

Responsibility of the Statutory Auditor

Based on our work, our responsibility is:

- to attest that the required CSR Information is presented in the management report or, in the event of omission, is explained pursuant to the third paragraph of article R. 225-105 of the French Commercial Code (Attestation of completeness of the CSR information);
- to express limited assurance on the fact that, taken as a whole, the CSR Information is presented fairly, in all material aspects, in accordance with the adopted Reporting Criteria (Formed conclusion on the fair presentation of the CSR Information).

Our work was carried out by a team of 5 people between November 2013 and February 2014, for a period of around eight weeks. To assist us in conducting our work, we referred to our corporate responsibility experts.

We conducted the following procedures in accordance with professional standards applicable in France, with the order of May 13, 2013 determining the methodology according to which the independent third party entity conducts its assignment and, with regard to the formed conclusion on the fair presentation of the Information, with the ISAE (International Standard on Assurance Engagements) 3000[1].

(1) ISAE 3000 – Assurance engagements other than audits or reviews of historical financial information.

1. Attestation of completeness of the CSR Information

Based on interviews with management, we familiarized ourselves with the Group's Sustainable Development strategy, with regard to the social and environmental impacts of the Company's business and its societal commitments and, where appropriate, any resulting actions or programs.

We have compared the CSR Information presented in the management report with the list set forth in article R. 225-105-1 of the French Commercial Code.

In the event of omission of certain consolidated information, we have verified that explanations were provided in accordance with the third paragraph of the article R. 225-105 of the French Commercial Code.

We have verified that the CSR Information covered the consolidated scope, i.e., the Company and its subsidiaries within the meaning of article L. 233-1 of the French Commercial Code and the companies that it controls within the meaning of article L. 233-3 of the French Commercial Code, subject to the limits set forth in the methodological memo paragraph presented in the chapter 5.7 of the management report.

Based on our work and considering the aforementioned limits, we attest that the required CSR Information is presented in the management report.

2. Formed conclusion on the fair presentation of the CSR Information

Nature and scope of procedures

We conducted around twenty interviews with the people responsible for preparing the CSR Information in the departments in charge of the CSR Information collection process and, when appropriate, those responsible for internal control and risk management procedures, in order to:

- assess the appropriateness of the Reporting Criteria with respect to its relevance completeness, reliability, neutrality and clarity, taking into consideration, when relevant, the sector's best practices;
- verify the set-up of a process to collect, compile, process, and check the CSR Information with regard to its completeness and consistency and familiarize ourselves with the internal control and risk management procedures relating to the compilation of the CSR Information.

We determined the nature and scope of the tests and controls according to the nature and significance of the CSR Information with regard to the Company's characteristics, the social and environmental challenges of its activities, its Sustainable Development strategies and the sector's best practices.

Concerning the CSR information that we have considered to be most important[(1)]:

- for the consolidating entity, we consulted the documentary sources and conducted interviews to corroborate the qualitative information (organization, policies, actions), we implemented analytical procedures on the quantitative information and verified, using sampling techniques, the calculations and the data consolidation, and we verified their consistency with the other information presented in the management report;
- for a representative sample of entities and sites that we have selected[(2)] according to their activity, their contribution to the consolidated indicators, their location and a risk analysis, we held interviews to verify the correct application of the procedures and implemented substantive tests on a sampling basis, consisting in verifying the calculations performed and reconciling the data with supporting evidence. The selected sample represented on average 17% of the Group headcount and between 14% and 36% of the environmental quantitative information.

(1) Quantitative environmental information: Number of ISO 14001 or EMAS certified operations; Total energy consumption and breakdown by type (natural gas, electricity, other fossil fuels, biomass); CO_2 emissions from Energy (without biomass); CO_2 emissions from Processes; Hazardous industrial waste; Recycled hazardous industrial waste; Non-hazardous industrial waste; Recycled non-hazardous industrial waste; Total water withdrawals.
Qualitative environmental information: Water scarcity and efficiency; Mesures taken to improve the energy efficiency of processes; Measures taken related to biodiversity.
Quantitative social information: Year-end employee headcount, breakdown by region and by business group, total percentage of women; age and seniority of permanent employees; number of recruitments; number of departures, of which economic redundancies; training hours; Frequency and severity rates (Imerys employees, other employees, combined).
Qualitative social information: Compensation and benefits policy; working time organisation; industrial relations; Communication and training actions for workplace safety; Workplace health protection; Measures taken to ensure compliance with ILO standards.
Qualitative societal information: Community Relations protocol; Health and Safety of contractors and subcontractors; Content and implementation of the Code of Business Conduct and Ethics.

(2) C-E Minerals – Andersonville (USA); Imerys Oilfield Minerals – Gemini Plant (USA); Sandersville Calcine Plant – Deepstep Road Plant – Deepstep Lands & Mines (USA); Imerys TC Pargny Toiture (France); Timcal Switzerland – Bodio (Switzerland); Imerys Kiln Furniture IKF (Hungary); Kings Mountain Minerals Inc. (USA); Fused Minerals Yingkou Co., Ltd (China); Imerys Minerals Malaysia Sdn Bhd – Ipoh (Malaysia); Calderys India Refractories Ltd – Katni (India); Capim Barcarena and Ipixuna (Brazil); IML Parkandillick Calciner (UK); Imerys TC Saint Germer Toiture (France).

Regarding the other consolidated CSR information, we have assessed its consistency in relation to our knowledge of the Group.

Finally, we have assessed the relevance of the explanations relating to, where necessary, the total or partial omission of certain information.

We believe that the sampling methods and sizes of the samples we have used in exercising our professional judgment enable us to express limited assurance; a higher level of assurance would have required more in-depth verifications. Due to the use of sampling techniques and the other limits inherent to the operations of any information and internal control system, the risk that a material anomaly be identified in the CSR Informations cannot be totally eliminated.

Conclusion

Based on our work, nothing has come to our attention that causes us to believe that the CSR Information, taken as a whole, is not presented fairly, in all material respects, in accordance with the Reporting Criteria

Neuilly-sur-Seine, March 18, 2014

One of the Statutory Auditors

DELOITTE & ASSOCIES

Arnaud de Planta

Partner

CORRELATION TABLE WITH THE ELEMENTS OF “GRENELLE II”

1) Social information		Section
Employment	Total headcount and breakdown by gender, age and geographical zone	5.4 - Human Resources - Employee Headcount, p. 136
	New hires and Redundancies	5.4 - Human Resources - Turnover and Recruitment, p. 138
	Compensation and its evolution	5.4 - Human Resources - Human Resources Principles & Main Areas of Action, p. 134
Work organization	Organization of working time	5.4 - Human Resources - Human Resources Principles & Main Areas of Action, p. 134
	Absenteeism	5.4 - Human Resources - Industrial Relations, p. 138
Social relations	The organization of social dialogue, notably information and consultation procedures for personnel and negotiation with the latter	5.4 - Human Resources - Industrial Relations, p. 138
	Outcome of collective agreements	5.4 - Safety and Health, p. 133 5.4 - Human Rights, p. 140
Health and safety	Health and safety conditions at work	5.4 - Health & Safety, p. 133
	Outcome of agreements signed with trade union organizations or personnel representatives regarding occupational health and safety	5.4 - Health & Safety, p. 133
	Workplace accidents, notably their frequency and severity, as well as occupational illnesses	5.4 - Health & Safety, p. 133
Training	Policies implemented regarding training	5.4 - Human Resources - Training, p. 139 5.4 - Safety and Health, p. 133 5.5 - Environmental Management Systems, p. 143
	Total number of training hours	5.4 - Human Resources - Training, p. 139
Equal treatment	Measures promoting gender equality	5.4 - Human Resources - Diversity, p. 138
	Measures promoting the employment and integration of people with disabilities	5.4 - Human Resources - Number of Employees with Disability, p. 138
	Policy against discrimination	5.4 - Human Resources - Human Resources Principles & Main Areas of Action, p. 134 5.4 - Human Rights, p. 140
Promotion and compliance with the provisions of the fundamental conventions of the International Labor Organization relative to…	Freedom of Association and the Effective Recognition of the Right to Collective Bargaining	5.4 - Human Resources - Industrial Relations, p. 138 5.4 - Human Rights, p. 140
	Elimination of Discrimination in Respect of Employment and Occupation	5.4 - Human Resources - Industrial Relations, p. 138 5.4 - Human Rights, p. 140
	Elimination of all Forms of Forced and Compulsory Labor	5.4 - Human Rights, p. 140 5.4 - Product Responsibilities and Other Stake Holder Engagement, p. 141
	Effective abolition of child labor	5.4 - Human Rights, p. 140 5.4 - Product Responsibilities and Other Stake Holder Engagement, p. 141

2) Environmental Information		Section
General environmental policy	Organization of the Company to take into account environmental concerns, and, where applicable, environment-related assessment or certification initiatives	5.5 - Environmental Materiality Issues, p. 142 5.5 - Environmental Policy, p. 143 5.5 - Environmental Management Systems, p. 143
	Training and information towards employees on environmental protection	5.5 - Environmental Management Systems, p. 143
	Means devoted to the prevention of environmental risks and pollution	5.5 - Environmental Management Systems, p. 143
	Amount of the provisions and guarantees for environment-related risks, provided that this information would not be likely to cause the Company serious damage within the framework of on-going litigation	6.1.3 - Note 23.2 Other provisions, p. 215 6.1.3 - Note 28 Commitments, p. 234
Pollution and waste management	Production, reduction or compensation measures for emissions into the air, water or ground and that seriously affect the environment	5.5 - Energy Efficiency, Carbon Emissions and Climate Change, NO_x and SO_2 Emissions, p. 145 5.5 - Environmental Materiality Issues, p. 142
	Waste prevention, recycling and reduction measures	5.5 - Waste, Overburden and Mineral Solids, p. 151
	Consideration of adverse noise pollution and any other forms of pollution specific to an activity	5.5 - Environmental Materiality Issues, p. 142
Sustainable use of resources	Water consumption and water procurement on the basis of local constraints	5.5 - Water Scarcity and Efficiency, p. 148
	Consumption of raw materials and the measures undertaken to improve the efficiency of their usage	5.5 - Minerals Efficiency, p. 144 5.5 - Energy Efficiency, p. 145 5.5 - Water Scarcity and Efficiency, p. 148 5.5 - Green Innovation, p. 151
	Energy consumption, measures undertaken to improve energy efficiency and the recourse to renewable energies	5.5 - Energy Efficiency, p. 145
	Land use	5.5 - Biodiversity and Rehabilitation, p. 150
Climate change	Greenhouse gas emissions	5.5 - Carbon Emissions and Climate Change, p. 146
	Adaptation to the consequences of climate change	5.5 - Carbon Emissions and Climate Change, p. 146
Biodiversity protection	Measures undertaken to preserve or develop biodiversity	5.5 - Biodiversity and Rehabilitation, p. 150
3) Societal Information		**Section**
Territorial, economic and social impact of the Company's activity	in terms of local employment and regional development	5.4 - Human Resources - Employee Headcount, p. 136 5.4 - Community Relations, p. 139
	on local and surrounding communities	5.4 - Community Relations, p. 139
Relations maintained with individuals or organisations interested in the Company's activity, notably integration associations, education institutions, environmental defence associations, consumer associations, and neighbouring residents	Conditions of dialog with these individuals or organizations	5.3 - Sector Commitments, p. 130 5.4 - Community Relations, p. 139
	Philanthropic or sponsorship actions	5.4 - Community Relations, p. 139

Subcontracting and suppliers	Integration of social and environmental criteria in the purchasing policy	5.4 - Human Rights, p. 140 5.4 - Product Responsibilities and Other Stakeholder Engagement, p. 141
	Importance of subcontracting and integration of CSR in the relationships with suppliers and subcontractors	5.4 - Safety and Health, p. 131 5.4 - Human Rights, p. 140 5.4 - Product Responsibilities and Other Stakeholder Engagement, p. 141
Fair operating practices	Actions implemented to prevent any kind of corruption	5.6 - Governance and Business Behaviors, p. 153
	Measures implemented to promote consumer health and safety	5.4 - Product Responsibilities and Other Stakeholder Engagement, p. 141
Other actions promoting human rights		5.4 - Human Rights, p. 140

FINANCIAL STATEMENTS

6

6.1 CONSOLIDATED FINANCIAL STATEMENTS

6.1.1 FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

(€ millions)	Notes	2013	2012 Restated
Revenue	5	**3,697.6**	**3,884.8**
Current income and expenses		**(3,220.6)**	**(3,396.7)**
Raw materials and consumables used	6	(1,273.8)	(1,377.0)
External expenses	7	(975.1)	(1,010.5)
Staff expenses *(1)*	8	(753.1)	(790.8)
Taxes and duties		(50.3)	(51.6)
Amortization, depreciation and impairment losses		(207.8)	(214.7)
Other current income and expenses	9	39.5	47.9
Current operating income		**477.0**	**488.1**
Other operating income and expenses	10	**(80.1)**	**(9.4)**
Gain or loss from obtaining or losing control		(0.9)	(8.9)
Other non-recurring items		(79.2)	(0.5)
Operating income		**396.9**	**478.7**
Net financial debt expense		**(46.6)**	**(57.2)**
Income from securities	11	4.5	2.0
Gross financial debt expense	11	(51.1)	(59.2)
Other financial income and expenses		**(6.1)**	**(11.9)**
Other financial income *(1)*	11	159.9	124.1
Other financial expenses	11	(166.0)	(136.0)
Financial income (loss)		**(52.7)**	**(69.1)**
Income taxes *(1)*	13	(100.1)	(116.6)
Net income		**244.1**	**293.0**
Net income, Group share *(2) & (3)*	14	242.0	291.3
Net income, share of non-controlling interests		2.1	1.7

(1) After change in accounting policy on employee benefits (Note 2.1).

(2) Net income per share			
Basic net income per share (in €)	15	*3.20*	*3.88*
Diluted net income per share (in €)	15	*3.17*	*3.84*
(3) Net income from current operations, Group share	14	*304.2*	*300.7*
Basic net income from current operations per share (in €)	15	*4.03*	*4.00*
Diluted net income from current operations per share (in €)	15	*3.98*	*3.97*
Other operating income and expenses net of income taxes, Group share	10	*(62.2)*	*(9.4)*

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(€ millions)	Notes	2013	2012 Restated
Net income		**244.1**	**293.0**
Items never reclassified subsequently to profit or loss			
Post-employment employee benefits		**74.8**	**(83.4)**
Actuarial gains and (losses), excess of the actual return on assets over their normative return in profit or loss and assets limitations (1)	23.1	74.8	(83.4)
Income taxes on items never reclassified (1)	13	**(18.6)**	**19.2**
Items that may be reclassified subsequently to profit or loss			
Cash flow hedges		**(0.8)**	**20.9**
Recognition in equity	24.4	(8.3)	6.6
Reclassification in profit or loss	24.4	7.5	14.3
Translation reserve		**(215.7)**	**(66.5)**
Recognition in equity		(215.2)	(58.3)
Reclassification in profit or loss		(0.5)	(8.2)
Income taxes on items that may be reclassified	13	**0.7**	**(7.9)**
Other comprehensive income		**(159.6)**	**(117.7)**
Total comprehensive income		**84.5**	**175.3**
Total comprehensive income, Group share		86.0	174.9
Total comprehensive income, share of non-controlling interests		(1.5)	0.4

(1) After change in accounting policy on employee benefits (Note 2.1).

6

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(€ millions)	Notes	2013	2012 Restated	01/01/2012 Restated
Non-current assets		**3,156.3**	**3,202.0**	**3,199.9**
Goodwill	16	1,060.5	1,003.0	1,019.7
Intangible assets	17	72.6	48.0	37.7
Mining assets	18	428.2	493.4	502.9
Property, plant and equipment	18	1,404.8	1,408.2	1,384.1
Joint ventures and associates	9	83.1	82.9	82.4
Other financial assets	21.1	27.7	24.9	23.3
Other receivables	21.1	37.1	68.0	74.6
Derivative financial assets	24.4	7.5	9.6	12.7
Deferred tax assets [(1) & (2)]	13	34.8	64.0	62.5
Current assets		**1,677.3**	**1,619.6**	**1,746.4**
Inventories	20	588.3	651.1	645.9
Trade receivables	21.1	512.3	513.8	526.9
Other receivables	21.1	144.9	134.3	141.0
Derivative financial assets	24.4	4.4	2.0	2.0
Other financial assets [(3)]	24.2	81.5	57.8	6.4
Cash and cash equivalents [(3)]	24.2	345.9	260.6	424.2
Assets held for sale	25	**39.3**	**-**	**-**
Consolidated assets		**4,872.9**	**4,821.6**	**4,946.3**
Equity, Group share		**2,247.5**	**2,237.0**	**2,166.5**
Capital	22	152.5	150.7	150.3
Premiums		362.1	326.2	319.6
Reserves [(1) & (2)]		1,490.9	1,468.8	1,414.6
Net income, Group share [(1)]		242.0	291.3	282.0
Equity, share of non-controlling interests [(1)]		**24.2**	**24.0**	**30.8**
Equity		**2,271.7**	**2,261.0**	**2,197.3**
Non-current liabilities		**1,799.4**	**1,684.9**	**1,644.7**
Employee benefit liabilities [(1)]	23.1	227.1	317.4	234.8
Other provisions	23.2	239.3	246.4	265.2
Loans and financial debts [(3)]	24.2	1,190.3	1,011.0	1,028.4
Other debts	24.3	88.3	14.8	12.2
Derivative financial liabilities	24.4	0.5	3.4	9.1
Deferred tax liabilities	13	53.9	91.9	95.0
Current liabilities		**793.3**	**875.7**	**1,104.3**
Other provisions	23.2	18.3	15.7	19.2
Trade payables	24.3	376.3	375.2	360.0
Income taxes payable		26.7	21.4	9.7
Other debts	24.3	236.0	272.9	261.7
Derivative financial liabilities	24.4	6.3	3.7	19.0
Loans and financial debts [(3)]	24.2	124.0	167.5	422.0
Bank overdrafts [(3)]	24.2	5.7	19.3	12.7
Liabilities related to assets held for sale	25	**8.5**	**-**	**-**
Consolidated equity and liabilities		**4,872.9**	**4,821.6**	**4,946.3**

(1) After change in accounting policy on employee benefits (Note 2.1).

(2) After correction of error on the tax bases of property, plant and equipment in the United States (Note 2.3).

(3) Net financial debt	*24.2*	*885.4*	*874.8*	*1,031.1*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity, Group share									Equity, share of non-controlling interests	Total
			Reserves					Net income, Group share			
(€ millions)	Capital	Premiums	Treasury shares	Cash flow hedges	Translation reserve	Other reserves	Subtotal		Subtotal		
Equity as of January 1, 2012	**150.3**	**319.6**	**(2.1)**	**(16.2)**	**(118.1)**	**1,564.6**	**1,428.2**	**282.0**	**2,180.1**	**30.8**	**2,210.9**
Correction of error (1)	-	-	-	-	-	(11.3)	(11.3)	-	(11.3)	-	(11.3)
Change in accounting policy (2)	-	-	-	-	-	(2.3)	(2.3)	-	(2.3)	-	(2.3)
Equity as of January 1, 2012, after correction of error and change in accounting policy	**150.3**	**319.6**	**(2.1)**	**(16.2)**	**(118.1)**	**1,551.0**	**1,414.6**	**282.0**	**2,166.5**	**30.8**	**2,197.3**
Total comprehensive income	**-**	**-**	**-**	**13.7**	**(65.9)**	**(64.2)**	**(116.4)**	**291.3**	**174.9**	**0.4**	**175.3**
Transactions with shareholders	**0.4**	**6.6**	**(4.9)**	**0.0**	**0.0**	**175.5**	**170.6**	**(282.0)**	**(104.4)**	**(7.2)**	**(111.6)**
Allocation of 2011 net income	-	-	-	-	-	282.0	282.0	(282.0)	0.0	-	0.0
Dividend (€1.50 per share)	-	-	-	-	-	(112.8)	(112.8)	-	(112.8)	(2.1)	(114.9)
Capital increases	0.4	6.6	-	-	-	-	0.0	-	7.0	0.9	7.9
Transactions on treasury shares	-	-	(4.9)	-	-	(2.2)	(7.1)	-	(7.1)	-	(7.1)
Share-based payments	-	-	-	-	-	8.9	8.9	-	8.9	-	8.9
Transactions with non-controlling interests	-	-	-	-	-	(0.4)	(0.4)	-	(0.4)	(6.0)	(6.4)
Equity as of December 31, 2012	**150.7**	**326.2**	**(7.0)**	**(2.5)**	**(184.0)**	**1,662.3**	**1,468.8**	**291.3**	**2,237.0**	**24.0**	**2,261.0**
Total comprehensive income	**-**	**-**	**-**	**(0.4)**	**(211.7)**	**56.1**	**(156.0)**	**242.0**	**86.0**	**(1.5)**	**84.5**
Transactions with shareholders	**1.8**	**35.9**	**0.1**	**0.0**	**0.0**	**178.0**	**178.1**	**(291.3)**	**(75.5)**	**1.7**	**(73.8)**
Allocation of 2012 net income	-	-	-	-	-	291.3	291.3	(291.3)	0.0	-	0.0
Dividend (€1.55 per share)	-	-	-	-	-	(116.9)	(116.9)	-	(116.9)	(2.3)	(119.2)
Capital increases	1.8	38.1	-	-	-	-	0.0	-	39.9	2.6	42.5
Capital decreases	-	(2.0)	-	-	-	-	0.0	-	(2.0)	-	(2.0)
Transactions on treasury shares	-	-	0.1	-	-	(5.1)	(5.0)	-	(5.0)	-	(5.0)
Share-based payments	-	-	-	-	-	8.3	8.3	-	8.3	-	8.3
Transactions with non-controlling interests	-	-	-	-	-	0.2	0.2	-	0.2	1.4	1.6
Reclassification	-	(0.2)	-	-	-	0.2	0.2	-	0.0	-	0.0
Equity as of December 31, 2013 (3)	**152.5**	**362.1**	**(6.9)**	**(2.9)**	**(395.7)**	**1,896.4**	**1,490.9**	**242.0**	**2,247.5**	**24.2**	**2,271.7**

(1) Correction of error on the tax bases of property, plant and equipment in the United States (Note 2.3).

(2) Change in accounting policy on employee benefits (Note 2.1).

(3) Proposed dividend (€1.60 per share)	*-*	*-*	*-*	*-*	*-*	*(122.0)*	*(122.0)*	*-*	*(122.0)*	*-*	*(122.0)*
Equity after proposed dividend	*152.5*	*362.1*	*(6.9)*	*(2.9)*	*(395.7)*	*1,774.4*	*1,368.9*	*242.0*	*2,125.5*	*24.2*	*2,149.7*

CONSOLIDATED STATEMENT OF CASH FLOWS

(€ millions)	Notes	2013	2012 Restated
Cash flow from operating activities		**463.4**	**474.5**
Cash flow generated by current operations [(1)]	Appendix 1	702.8	663.9
Interests paid		(53.7)	(59.9)
Income taxes on current operating income and financial income (loss)		(131.5)	(74.2)
Dividends received from available-for-sale financial assets		0.3	(0.6)
Cash flow generated by other operating income and expenses	Appendix 2	(54.5)	(54.7)
Cash flow from investing activities		**(362.8)**	**(211.2)**
Acquisitions of intangible assets and property, plant and equipment	Appendix 3	(252.7)	(257.0)
Acquisitions of investments in consolidated entities after deduction of cash acquired	16	(176.4)	(38.9)
Disposals of intangible assets and property, plant and equipment	Appendix 3	12.0	86.2
Disposals of investments in consolidated entities after deduction of cash disposed of		58.5	-
Disposals of available-for-sale financial assets		-	0.2
Net change in financial assets		(8.5)	(3.2)
Paid-in interests		4.3	1.5
Cash flow from financing activities		**25.3**	**(430.5)**
Capital increases and decreases		40.5	7.9
Disposals (acquisitions) of treasury shares		(5.0)	(7.1)
Dividends paid to shareholders		(116.9)	(112.8)
Dividends paid to non-controlling interests		(2.3)	(1.3)
Acquisitions of investments in consolidated entities from non-controlling interests	16	(2.9)	(4.7)
Loan issues [(2)]		329.9	1.0
Loan repayments		(142.9)	(280.3)
Net change in other debts		(75.1)	(33.2)
Change in cash and cash equivalents		**125.9**	**(167.2)**

(€ millions)	2013	2012
Opening cash and cash equivalents	**241.3**	**411.5**
Change in cash and cash equivalents	125.9	(167.2)
Impact of changes due to exchange rate fluctuations	(27.0)	(3.0)
Closing cash and cash equivalents	**340.2**	**241.3**
Cash [(3)]	228.8	200.5
Cash equivalents [(4)]	117.1	60.1
Bank overdrafts	(5.7)	(19.3)

(1) After change in accounting policy on employee benefits (Note 2.1).

(2) Of which a €300.0 million bond issue as part of the new Euro Medium Term Note program (EMTN) (Note 24.5 - Borrower's liquidity risk).

(3) As of December 31, 2013, cash comprises a balance of €6.2 million (€6.9 million as of December 31, 2012) not available for Imerys SA and its subsidiaries, of which €1.1 million (€1.8 million as of December 31, 2012) with respect to foreign exchange control legislations and €5.1 million (€5.1 million as of December 31, 2012) with respect to statutory requirements.

(4) Cash equivalents are highly liquid investments indexed on a monetary market rate and whose amount is known or subject to insignificant uncertainty.

Appendix 1: Cash flow generated by current operations

(€ millions)	Notes	2013	2012 Restated
Net income [(1)]		**244.1**	**293.0**
Adjustments [(1)]		**414.1**	**355.9**
Income taxes [(1)]	13	100.1	116.6
Share in net income of joint ventures and associates	9	(5.3)	(3.4)
Dividends received from joint ventures and associates		2.2	2.5
Impairment losses on goodwill	10 & 16	-	31.2
Share in net income of associates out of the recurring business	10	(0.2)	1.9
Other operating income and expenses excluding impairment losses on goodwill		80.3	(23.7)
Net operating amortization and depreciation	Appendix 3	207.5	214.3
Net operating impairment losses on assets		(6.4)	(7.6)
Net operating provisions [(1)]		(10.2)	(20.5)
Dividends receivable from available-for-sale financial assets		(0.1)	(0.1)
Net interest income and expenses		46.7	56.7
Share-based payments expense	8	8.3	8.9
Change in fair value of hedge instruments		(6.6)	(5.5)
Income from current disposals of intangible assets and property, plant and equipment	9	(2.2)	(15.4)
Change in the working capital requirement		**44.6**	**15.0**
Inventories		25.8	(10.7)
Trade accounts receivable, advances and down payments received		(23.6)	12.9
Trade accounts payable, advances and down payments paid		29.8	13.1
Other receivables and debts		12.6	(0.3)
Cash flow generated by current operations		**702.8**	**663.9**

(1) After change in accounting policy on employee benefits (Note 2.1).

Appendix 2: Cash flow generated by other operating income and expenses

(€ millions)	Notes	2013	2012
Other operating income and expenses	10	**(80.1)**	**(9.4)**
Adjustments		**25.6**	**(45.3)**
Impairment losses on goodwill	10 & 16	-	31.2
Other net operating amortization and depreciation	Appendix 3	9.9	5.0
Other net operating provisions	10	22.4	(13.1)
Income from non-recurring disposals of intangible assets and property, plant and equipment	10	-	(64.5)
Income from disposals of consolidated investments and available-for-sale financial assets	10	(5.3)	-
Share in net income of associates out of the recurring business	10	(0.2)	1.9
Income taxes paid on other operating income and expenses		(1.2)	(5.8)
Cash flow generated by other operating income and expenses		**(54.5)**	**(54.7)**

Appendix 3: Table of indirect references to the notes

	Notes	2013	2012
Consolidated statement of cash flows			
Acquisitions of intangible assets and property, plant and equipment		(252.7)	(257.0)
Intangible assets	17	(18.0)	(12.4)
Property, plant and equipment	18	(232.0)	(254.0)
Neutralization of activated restoration provisions	25.2	(0.3)	(0.2)
Neutralization of finance lease acquisitions		0.4	0.1
Change in payables on acquisitions of intangible assets and property, plant and equipment		(2.8)	9.5
Disposals of intangible assets and property, plant and equipment		12.0	86.2
Property, plant and equipment	18	9.8	7.5
Income on asset disposals	9	2.2	15.4
Income on non-recurring asset disposals	10	-	64.5
Change in receivables on disposals of intangible assets and property, plant and equipment		-	(1.2)
Appendix 1			
Net operating amortization and depreciation		207.5	214.3
Increases in amortization - intangible assets	17	6.4	5.6
Increases in depreciation - property, plant and equipment	18	204.9	212.4
Amortization of prepaid expenses		0.1	-
Amortization and depreciation reversals - intangible assets and property, plant and equipment		(3.5)	(3.3)
Neutralization of finance leases depreciation		(0.4)	(0.4)
Appendix 2			
Other net operating amortization and depreciation		9.9	5.0
Impairment losses - intangible assets	17	0.1	0.5
Impairment losses - property, plant and equipment		11.3	-
Reversal of impairment losses - property, plant and equipment	18	(1.5)	4.5

6.1.2 INFORMATION BY SEGMENTS

The reported segments correspond to the four business groups of Imerys as organized as of July 1, 2013: Energy Solutions & Specialties (ESS); Filtration & Performance Additives (FPA); Ceramic Materials (CM) and High Resistance Minerals (HRM). Imerys has thus strengthened its operating and management organization around these four business groups. Their perimeters were revised to draw maximum benefit from development opportunities in a changing environment. This configuration enables the Group to create new synergies, for example in terms of technical or industrial aspects, mineral resources management, business logic and geographic development. Each of the reported segments is thus engaged in the production and rendering of related goods and services presenting geological, industrial and commercial synergies and results from the aggregation of the Cash-Generating Units *(Note 4.13)* followed each month by the Executive Management in its business reporting. The Executive Management considers that the holding structures dedicated to the centralized financing of the Group are no segments. Their aggregates are thus presented in a reconciliation column with inter-segment eliminations (IS&H).

Consolidated income statement

Revenue from transactions of Imerys with each of its external customers never exceeds a threshold of 10.0% of the Group's revenue.

As of December 31, 2013

(€ millions)	ESS	FPA	CM	HRM	IS&H	Total
External revenue	**1,246.6**	**1,122.7**	**697.8**	**635.3**	**(4.8)**	**3,697.6**
Sales of goods	1,015.1	951.2	637.7	620.2	(4.6)	3,219.6
Rendering of services	231.5	171.5	60.1	15.1	(0.2)	478.0
Inter-segment revenue	**1.6**	**9.5**	**4.8**	**18.5**	**(34.4)**	**0.0**
Revenue	**1,248.2**	**1,132.2**	**702.6**	**653.8**	**(39.2)**	**3,697.6**
Current operating income	**129.4**	**159.2**	**160.0**	**70.1**	**(41.7)**	**477.0**
of which amortization, depreciation and impairment losses	(54.2)	(83.7)	(39.8)	(29.2)	(0.9)	(207.8)
Other operating income and expenses	**(7.8)**	**(18.1)**	**(39.9)**	**(19.8)**	**5.5**	**(80.1)**
Operating income	**121.6**	**141.1**	**120.1**	**50.3**	**(36.2)**	**396.9**
Financial income (loss)	**(8.1)**	**8.3**	**(3.2)**	**(8.0)**	**(41.7)**	**(52.7)**
Interest income	0.1	3.7	0.2	0.3	0.3	4.6
Interest expenses	(0.8)	(0.3)	(0.5)	(0.9)	(48.7)	(51.2)
Income taxes	**(34.7)**	**(17.8)**	**(51.7)**	**(14.7)**	**18.8**	**(100.1)**
Net income	**78.8**	**131.6**	**65.2**	**27.6**	**(59.1)**	**244.1**

6

As of December 31, 2012 (restated)

(€ millions)	ESS	FPA	CM	HRM	IS&H	Total
External revenue	**1,281.4**	**1,137.6**	**752.3**	**723.3**	**(9.8)**	**3,884.8**
Sales of goods	1,059.0	960.2	688.7	695.6	(9.9)	3,393.6
Rendering of services	222.4	177.4	63.6	27.7	0.1	491.2
Inter-segment revenue	**6.5**	**8.2**	**9.3**	**20.5**	**(44.5)**	**0.0**
Revenue	**1,287.9**	**1,145.8**	**761.6**	**743.8**	**(54.3)**	**3,884.8**
Current operating income (1)	**143.6**	**136.2**	**163.3**	**95.3**	**(50.3)**	**488.1**
of which amortization, depreciation and impairment losses	(55.6)	(83.9)	(47.0)	(26.2)	(2.0)	(214.7)
Other operating income and expenses	**(13.0)**	**52.0**	**(12.0)**	**(31.8)**	**(4.6)**	**(9.4)**
Operating income (1)	**130.6**	**188.2**	**151.3**	**63.5**	**(54.9)**	**478.7**
Financial income (loss) (1)	**(4.8)**	**3.1**	**(2.8)**	**(5.6)**	**(59.0)**	**(69.1)**
Interest income	0.2	0.7	0.2	0.6	0.4	2.1
Interest expenses	(0.4)	(0.7)	(0.8)	(1.9)	(54.6)	(58.4)
Income taxes (1)	**(39.1)**	**(38.0)**	**(51.0)**	**(22.3)**	**33.8**	**(116.6)**
Net income	**86.7**	**153.3**	**97.5**	**35.5**	**(80.0)**	**293.0**

(1) After change in accounting policy on employee benefits (Note 2.1).

Consolidated statement of financial position

As of December 31, 2013

(€ millions)	ESS	FPA	CM	HRM	IS&H	Total
Capital employed - Assets	**1,401.1**	**1,445.2**	**648.1**	**822.5**	**15.3**	**4,332.2**
Goodwill (1)	333.1	299.0	142.7	284.9	0.8	1,060.5
Intangible assets and property, plant and equipment (2)	656.7	718.4	306.4	213.5	10.6	1,905.6
Inventories	153.5	178.2	76.8	179.8	-	588.3
Trade receivables	199.4	149.7	67.7	102.8	(7.3)	512.3
Other receivables - non-current and current	47.1	63.1	27.4	36.3	8.5	182.4
Joint ventures and associates	11.3	36.8	27.1	5.2	2.7	83.1
Unallocated assets						**540.7**
Total assets						**4,872.9**
Capital employed - Liabilities	**236.3**	**194.6**	**150.9**	**84.2**	**61.3**	**727.3**
Trade payables	150.2	100.9	72.8	68.4	(16.0)	376.3
Other debts - non-current and current	78.1	84.2	76.6	14.5	70.9	324.3
Income taxes payable	8.0	9.5	1.5	1.3	6.4	26.7
Provisions	**85.0**	**210.7**	**111.5**	**60.1**	**17.4**	**484.7**
Unallocated liabilities						**1,380.7**
Total non-current and current liabilities						**2,592.7**
Total capital employed	**1,164.8**	**1,250.6**	**497.2**	**738.3**	**(46.0)**	**3,604.9**
(1) Increases in goodwill	*108.2*	*(4.8)*	*10.2*	*(1.6)*	*-*	*112.0*
(2) Acquisitions of intangible assets and property, plant and equipment	*77.7*	*75.0*	*34.3*	*58.1*	*7.6*	*252.7*

As of December 31, 2012 (restated)

(€ millions)	ESS	FPA	CM	HRM	IS&H	Total
Capital employed - Assets	**1,182.2**	**1,595.6**	**779.0**	**841.2**	**4.4**	**4,402.4**
Goodwill (1)	254.5	318.8	137.7	291.2	0.8	1,003.0
Intangible assets and property, plant and equipment (2)	527.7	796.4	410.3	197.4	17.8	1,949.6
Inventories	148.2	190.4	101.5	211.0	-	651.1
Trade receivables	195.0	151.1	68.5	106.5	(7.3)	513.8
Other receivables - non-current and current	45.2	102.8	32.9	30.8	(9.7)	202.0
Joint ventures and associates	11.6	36.1	28.1	4.3	2.8	82.9
Unallocated assets (3) & (4)						**419.2**
Total assets						**4,821.6**
Capital employed - Liabilities	**228.3**	**204.2**	**158.3**	**107.4**	**(14.6)**	**683.6**
Trade payables	137.4	92.7	79.8	81.0	(15.7)	375.2
Other debts - non-current and current	76.4	98.7	76.3	21.6	14.0	287.0
Income taxes payable	14.5	12.8	2.2	4.8	(12.9)	21.4
Provisions (4)	**101.2**	**267.3**	**99.1**	**59.7**	**52.2**	**579.5**
Unallocated liabilities						**1,297.5**
Total non-current and current liabilities						**2,560.6**
Total capital employed	**953.9**	**1,391.4**	**620.7**	**733.8**	**19.0**	**3,718.8**
(1) Increases in goodwill	*1.3*	*23.0*	*0.4*	*-*	*-*	*24.7*
(2) Acquisitions of intangible assets and property, plant and equipment	*85.2*	*76.1*	*37.2*	*49.4*	*9.1*	*257.0*

(3) After correction of error on the tax bases of property, plant and equipment in the United States (Note 2.3).

(4) After change in accounting policy on employee benefits (Note 2.1).

As of January 1, 2012 (restated)

(€ millions)	ESS	FPA	CM	HRM	IS&H	Total
Capital employed - Assets	**1,130.1**	**1,591.1**	**786.3**	**916.6**	**(8.9)**	**4,415.2**
Goodwill	257.8	302.5	135.8	322.8	0.8	1,019.7
Intangible assets and property, plant and equipment	458.1	807.7	424.5	224.6	9.8	1,924.7
Inventories	134.3	191.5	93.2	226.9	-	645.9
Trade receivables	205.4	145.7	74.8	108.9	(7.9)	526.9
Other receivables - non-current and current	61.2	110.9	29.5	28.5	(14.5)	215.6
Joint ventures and associates	13.3	32.8	28.5	4.9	2.9	82.4
Unallocated assets (1) & (2)						**531.1**
Total assets						**4,946.3**
Capital employed - Liabilities	**223.9**	**165.5**	**180.3**	**121.6**	**(47.7)**	**643.6**
Trade payables	124.2	97.9	81.4	76.6	(20.1)	360.0
Other debts - non-current and current	87.4	74.7	86.4	41.1	(15.7)	273.9
Income taxes payable	12.3	(7.1)	12.5	3.9	(11.9)	9.7
Provisions (2)	**89.2**	**263.0**	**97.6**	**55.3**	**14.1**	**519.2**
Unallocated liabilities						**1,586.2**
Total non-current and current liabilities						**2,749.0**
Total capital employed	**906.2**	**1,425.6**	**606.0**	**795.0**	**38.8**	**3,771.6**

(1) After correction of error on the tax bases of property, plant and equipment in the United States (Note 2.3).

(2) After change in accounting policy on employee benefits (Note 2.1).

Information by geographical location

Due to their mining activity and to the variety of their final markets, the entities of Imerys are located in numerous countries. The Group may thus be exposed to certain risks specific to these countries which may have in the future a certain impact on its financial statements. The fact that most of the supply sources and final markets of Imerys are located in developed countries however limits the exposure of the Group to country risk. In order to identify high-risk countries, Imerys uses the grading system "Business Environment" of the Coface, the main French insurance company specialized in export credit insurances, which measures if an economic and financial interest in an entity is influenced by the economic, financial and political prospects of the related countries. The grading system of the Coface consists of seven categories from A1 to D, with an increasing order of importance of the assessed risks. Categories C and D, corresponding to the highest risks, include Argentina, Ukraine, Venezuela and Vietnam (category C) and Zimbabwe (category D), where the Group is present.

The following table presents revenue by geographical location of the businesses of the Group:

(€ millions)	2013	2012
France	705.1	751.2
Other European countries	1,391.8	1,429.6
North America	937.8	972.9
Asia - Oceania	493.1	545.5
Other countries	169.8	185.6
Revenue by geographical location of the businesses of the Group	**3,697.6**	**3,884.8**

Revenue generated in countries rated C and D by the grading system "Business Environment" of the Coface represents in 2013 1.12% of Group revenue (1.07% in 2012) and 1.02% of current operating income (0.01% in 2012).

The following table presents revenue by geographical location of customers:

(€ millions)	2013	2012
France	549.3	614.5
Other European countries	1,370.3	1,401.6
North America	876.7	891.5
Asia - Oceania	612.0	673.1
Other countries	289.3	304.1
Revenue by geographical location of customers	**3,697.6**	**3,884.8**

The following table presents the carrying amount of goodwill, intangible assets and property, plant and equipment by geographical zone:

	2013			2012		
(€ millions)	Goodwill	Intangible assets and property, plant and equipment	Total	Goodwill	Intangible assets and property, plant and equipment	Total
France	203.1	255.3	458.4	239.1	373.6	612.7
Other European countries	345.2	461.9	807.1	345.4	459.5	804.9
North America	239.3	694.4	933.7	131.9	560.4	692.3
Asia - Oceania	207.8	160.9	368.7	209.0	178.9	387.9
Other countries	65.1	333.1	398.2	77.6	377.2	454.8
Total	**1,060.5**	**1,905.6**	**2,966.1**	**1,003.0**	**1,949.6**	**2,952.6**

The total of the statement of financial position located in countries rated C and D by the grading system “Business Environment” of the Coface represents 0.20% of the statement of financial position (0.20% as of December 31, 2012) and - 1.03% of consolidated equity, Group share (- 0.96% as of December 31, 2012).

6.1.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6

2013 SIGNIFICANT EVENTS

This paragraph aims at enabling the reader identify easily the main notes addressing the significant events of the period.

- New operational and managerial organization: *Information by segments; Note 2.2, Voluntary changes; Note 4.4, Information by segments; Note 19, Impairments tests*. This subject is also addressed by the Board of Directors' management report *(Chapter 2 of the 2013 Registration Document)*.
- Acquisition in the United States of the industrial complex Pyramax: *Note 16, Goodwill; Note 25, Main consolidated entities.* This subject is also addressed by the Board of Directors' management report *(Chapter 2 of the 2013 Registration Document)*.
- Disposal in France of the clay bricks, walls and chimney blocks business: *Note 10, Other operating revenue and expenses; Note 25, Main consolidated entities*. This subject is also addressed by the Board of Directors' management report *(Chapter 2 of the 2013 Registration Document)*.
- Receipt before the closing date of an acquisition offer for four industrial sites specialized in the transformation of calcium carbonate for the paper market and disposal of the sites after the closing date: *Note 25, Main consolidated entities; Note 29, Events after the end of the period*. This subject is also addressed by the Board of Directors' management report *(Chapter 2 of the 2013 Registration Document)*.
- Launch after the closing date of a friendly takeover bid over Amcol: *Note 29, Events after the end of the period*. This subject is also addressed by the Board of Directors' management report *(Chapter 2 of the 2013 Registration Document)*.
- Correction of error on the tax bases of property, plant and equipment in the United States: *Note 2.3, Errors*.
- Revised IAS 19 standard on employee benefits: *Note 2.1, Mandatory changes; Note 4.19, Employee benefits; Note 23.1, Employee benefit liabilities*.

ACCOUNTING PRINCIPLES AND POLICIES

Note 1 Accounting principles

1.1 Statement of compliance with the Referential

Pursuant to European regulation no. 1606/2002 of July 19, 2002, Imerys, a group of the industrial minerals sector, with its headquarters in Paris, 154 rue de l'Université and whose share is admitted to trading on the compartment A of NYSE Euronext Paris, has established its consolidated financial statements as of December 31, 2013 in compliance with IFRS (International Financial Reporting Standards) as adopted within the European Union at the closing date (hereafter "the Referential"). The financial statements have been closed on February 13, 2014 by the Board of Directors of Imerys SA, the Parent Company of the Group, on a going concern basis, in millions of Euros with one decimal rounded up to the nearest tenth.

1.2 Differences between the Referential and IFRSs

The adoption process within the European Union may create temporary time-lags at the closing date between the Referential and IFRSs. As of December 31, 2013, standards IFRS 10, 11 and 12 are adopted within the European Union. These standards are applicable as of January 1, 2013 for the IASB, but are only applicable on a mandatory basis within the European Union as of January 1, 2014. Since Imerys has elected to apply these standards by anticipation in line with the IASB agenda *(Note 2.1)*, there is no difference between the Referential and IFRSs as of December 31, 2013.

1.3 Optional statements

First-time adoption. Upon first-time adoption of the Referential, Imerys presented financial statements as of January 1, 2004 that included a retrospective application limited by some optional exemptions provided for by standard IFRS 1 on first-time adoption of IFRSs and exercised by the Group. The acquisition of businesses prior to the first-time adoption have not been adjusted. The carrying amount of property, plant and equipment has not been adjusted except for mineral reserves and resources, which have been measured at fair value. The actuarial differences of post-employment employee benefits unrecognized at the date of first-time adoption have been included in the measurement of the plan assets and provisions against the reserves. Finally, the translation differences of foreign operations have been reclassified in the reserves.

Other optional statements. Some standards of the Referential present recognition and measurement options. The amortized / depreciated historical cost qualifies as the measurement basis for intangible assets *(Note 4.10)*, mining assets *(Note 4.11)* and property, plant and equipment *(Note 4.12)*. Inventories are measured on the basis of their characteristics in accordance with the "First-In, First-Out" (FIFO) or weighted average cost methods *(Note 4.15)*. The rules of hedge accounting are applied to the recognition of derivatives hedging currency, interest rate and energy price risks *(Note 4.21)*.

1.4 Absence of guidance

In the absence of any applicable standard or interpretation or sufficient detail of the existing standards and interpretations, the Executive Management has defined recognition and measurement policies on three subjects: purchase commitment of non-controlling interests of an entity controlled by the Group *(Note 4.6)*, greenhouse gas allowances *(Note 4.10)* and mining assets *(Note 4.11)*.

Note 2 Changes in accounting policies and errors

2.1 Mandatory changes

Anticipated application

Standards IFRS 10, 11 and 12 applicable as of January 1, 2013 in IFRS are mandatorily applicable as of January 1, 2014 within the European Union. Imerys elects to apply these three standards as of January 1, 2013, in accordance with the IASB agenda.

IFRS 10, Consolidated Financial Statements. This retrospectively applicable standard replaces standard IAS 27, Consolidated and Separate Financial Statements and interpretation SIC 12, Consolidation - Special Purpose Entities and confirms control as the basis for the scope of consolidation according to three components: power, exposure to the variability of returns and capacity to exercise that power to have an influence on these returns. This new standard has no impact on the scope of consolidation *(Note 25)*. IAS 27, revised correlatively to the publication of IFRS 10, only addresses separate financial statements and is thus no longer applicable within the Group.

IFRS 11, Joint Arrangements. This retrospectively applicable standard replaces standard IAS 31, Interests in Joint Ventures and interpretation SIC 13, Jointly Controlled Entities - Non-Monetary Contributions by Venturers and suppresses the current option provided by IAS 31 to recognize jointly controlled businesses either under the proportionate integration method, or under the equity method. In the new standard, only the equity method is allowed. IAS 28 is revised correlatively to the publication of IFRS 11. These new rules have no impact at Imerys where the proportionate integration method is not used. IFRS 11 also addresses those agreements under which the rights held by the parties do not apply to the net asset of a business, but to shares of specific assets and liabilities. Imerys is not a party to any such agreement.

IFRS 12, Disclosure of Interests in Other Entities. This standard is intended to improve the disclosures on the entities over which the Group exercises control, joint control or significant influence *(Notes 9 and 25)*.

In 2012, the Group had applied by anticipation no standard, interpretation or amendment.

Application upon effective date

Amendments to IAS 19, Employee Benefits. These retrospectively applicable amendments bring three main changes to the recognition of post-employment employee benefits: immediate recognition of the entire actuarial differences in equity with no subsequent reclassification in profit or loss; immediate recognition in profit or loss, upon amendment of a plan, of the entire past service cost; and suppression of the notion of expected return on plan assets in profit or loss, replaced by a normative return whose rate is equal, irrespective of the investment strategy, to the discount rate of the obligation, the excess of the actual return over this normative return being immediately credited in equity with no subsequent reclassification in profit or loss. Only the two last changes are relevant to Imerys, the entire actuarial differences of post-employment employee benefits being immediately recognized in equity in accordance with the voluntary change in accounting policy performed as of January 1, 2010. The impact of the change in accounting policy on the consolidated equity is presented hereafter. Debit adjustments are negative and credit adjustments are positive.

(€ millions)	Notes	2012	01/01/2012
Income statement		**(9.5)**	**-**
Staff expenses	8	(2.1)	-
Other financial income	11	(10.3)	-
Income taxes	13	2.9	-
Statement of comprehensive income		**12.5**	**0.0**
Actuarial gains and (losses), assets limitations and excess of the actual return on assets over their normative return in profit or loss		12.5	-
Other reserves		**(5.4)**	**(2.3)**
Statement of changes in equity		**(2.4)**	**(2.3)**

The impact of the change in accounting policy on the statement of financial position is presented hereafter. Debit adjustments are negative and credit adjustments are positive.

(€ millions)	Notes	2012	01/01/2012
Deferred tax assets	13	(1.0)	(1.2)
Employee benefit liabilities	23.1	3.4	3.5
Statement of financial position		**2.4**	**2.3**

Amendments to IAS 32 and IFRS 7: Offsetting Financial Assets and Financial Liabilities. These amendments clarify the conditions to offset derivative instruments assets and liabilities and require additional disclosures. The presentation of derivative instruments as assets and liabilities is not modified by these amendments. Additional information on the netting agreements applicable to derivative instruments is disclosed in *Note 24.4 - Derivative instruments in the financial statements*.

IFRS 13, Fair Value Measurement. This standard defines fair value as the exit price of an asset or liability and imposes the methodology applicable to its determination as well as disclosures. IFRS 13 does not define the circumstances under which the use of fair value is required, this remaining provided by the applicable standards. Information on fair value is disclosed in *Notes 4.21 and 24.1*.

IFRIC 20, Stripping Costs in the Production Phase of a Surface Mine. This prospectively applicable interpretation clarifies the modes of recognition, measurement and presentation of overburden assets, i.e. of the accesses to a surface mine created by the removal of the top soil. This interpretation, that confirms the methods previously defined by the Executive Management in the absence of any applicable standard or interpretation *(Note 4.11)*, thus has no impact on the Group financial statements.

In 2012, Imerys did not have to perform any mandatory change in accounting policy.

2.2 Voluntary changes

In 2013, Imerys has modified the segments reported within the information by segments. These segments correspond to the four business groups of Imerys as organized as of July 1, 2013: Energy Solutions & Specialties (ESS); Filtration & Performance Additives (FPA); Ceramic Materials (CM) and High Resistance Minerals (HRM) *(Information by segments)*. The Group had performed no voluntary change in accounting policy in 2012.

2.3 Errors

Tax bases of property, plant and equipment in the United States. Imerys has established in 2013 that the documentation of the tax bases of some items of property, plant and equipment acquired in the

United States as part of business combinations prior to January 1, 2004 was incomplete. As a consequence, as the opening financial statements of the concerned American entities were prepared, erroneous deferred tax assets and liabilities were calculated, mainly for items of property, plant and equipment. These tax bases were already in use before the acquisition by Imerys. If Imerys had been aware of the actual tax bases from the beginning, the greater part of the deferred tax assets and liabilities of these entities would have been adjusted against the goodwill of the Performance Minerals North America cash generating unit. However since this goodwill was fully impaired in 2008 for an amount of €51.6 million, the correction of error recognized in 2013 impacts consolidated equity as of January 1, 2012. The impact of the correction of error on the consolidated equity is presented hereafter. Debit adjustments are negative and credit adjustments are positive. The impact on the results of the 2012 and 2013 periods is immaterial.

(€ millions)	**01/01/2012**
Other reserves	(11.3)
Statement of changes in equity	**(11.3)**

The impact of the correction of error on the statement of financial position is presented hereafter. Debit adjustments are negative and credit adjustments are positive.

(€ millions)	**Notes**	**01/01/2012**
Deferred tax assets	13	11.3
Statement of financial position		**11.3**

Note 3 Standards and interpretations effective after the closing date

On the basis of the last projected adoption agenda of IFRSs within the European Union dated February 11, 2014 published by the EFRAG (European Financial Reporting Advisory Group), Imerys will apply the following standards and interpretations after December 31, 2013.

3.1 Application in 2014

Amendments to IAS 36, Recoverable Amount Disclosures for Non-Financial Assets. These amendments require the disclosure of the recoverable amount of each asset or cash-generating unit for which an impairment loss has been recognized or reversed over the period. These amendments also require the disclosure of information about fair value, where the latter is used in the measurement of the recoverable amount. Fair value is rarely used in the tests performed at Imerys.

Amendments to IAS 39, Novation of Derivatives and Continuation of Hedge Accounting. The objective of these amendments is to allow hedge accounting to continue in case of counterparty novation, i.e. where the original counterparty of a derivative designated as hedging instrument is replaced, further to new laws or regulations, by a new counterparty. Imerys is investigating the application of this amendment but is not anticipating any significant impact.

IFRIC 21, Levies. This interpretation clarifies certain practical difficulties related to the determination of the date at which a levy, i.e. a tax other than income taxes, is recognized. This interpretation addresses among others the identification of the obligating event of a levy, the tax consequences of the going concern assumption, the levies triggered by thresholds, the measurement of levies in interim financial statements, etc. Imerys is investigating the application of this interpretation but is not anticipating any significant impact.

Besides, the following amendments do not apply to the transactions, events or conditions existing within the Group: Amendments to IFRS 10, IFRS 12 and IAS 27: Investment Entities.

3.2 Application in 2015

Amendments to IAS 19, Employee Contributions. This amendment simplifies the recognition of contributions paid independently of the number of years of service by employees with respect to defined benefit plans. Imerys anticipates an immaterial impact with regard to the extremely limited amount of contributions directly paid by employees *(Note 23.1)*.

3.3 Application in 2016

Standard IFRS 14, Regulatory Deferral Accounts does not apply to the transactions, events or conditions existing within the Group.

3.4 Application in 2017

As of December 31, 2013, the adoption process of the following standard and amendments is in progress within the European Union.

IFRS 9, Financial Instruments. As of February 13, 2014, the date at which the financial statements are closed by the Board of Directors, the EFRAG has not communicated any indicative adoption date for this standard. On its side the IASB has required in the amendment to IFRS 9 described hereafter a mandatory application as of January 1, 2017. Imerys shall thus apply this standard at this date at the latest, on condition of its prior adoption within the European Union. On this same condition, the Group could decide to apply it by anticipation before January 1, 2017. IFRS 9 is intended to replace current standard IAS 39 on financial instruments. This improvement and simplification project comprises three phases, of which phases 1 and 3 presented hereafter are completed. Standards IFRS 7 and IAS 39 have been modified correlatively to the finalization of these two phases. Phase 2 related to impairment losses of financial assets measured at amortized cost is in progress.

Phase 1, Classification and Measurement. This amendment reduces the number of categories of financial instruments through a focus on two measurement bases, i.e. fair value and amortized cost.

Present categories	Future categories
Available-for-sale financial assets	Fair value
Financial assets and liabilities at fair value through profit or loss	Fair value
Loans and receivables	Amortized cost
Financial liabilities at amortized cost	Amortized cost

This amendment shall modify the classification of information disclosed in *Notes 11, 12, 21.1 and 24.1* without any impact on the recognition and measurement rules of financial instruments.

Phase 3, Hedge Accounting. This amendment drives the current hedge accounting model, strongly characterized by uniform accounting rules, towards a new model based upon risk management. The principles of this new model shall apply to the definition of hedged items as well as the measurement of hedge effectiveness. In accordance with the policy defined and operated by the Group Treasury Department and periodically presented to the Board of Directors *(Note 24.4 - Derivative instruments management principles)*, Imerys is only using derivative instruments to hedge economic transactions and is not taking any speculative position. However, only the positions that comply with current documentation rules are eligible to hedge accounting *(Note 24.5)*, non-eligible positions being recognized as speculative transactions. IFRS 9 revised hedge accounting principles should thus provide a more appropriate view of hedges performed by the Group.

Amendments to IFRS 7, Financial Instruments: Disclosures. These amendments state in particular the disclosures that enable to understand the bridge, at the adoption date of standard IFRS 9, between the old and new financial instruments categories and the old and new measurement rules for the financial instruments held at that date.

Amendments to IFRS 9, Financial Instruments. These amendments state in particular that the entities that will adopt IFRS 9 as of January 1, 2017 will not have to restate any comparative period. At that date, the bridge between the old and new financial instruments categories will be explained, as a result of the amendments to IFRS 7, by the disclosures provided in the notes and the difference between the old and new valuations of the financial instruments held at that date will be recognized as an adjustment of the consolidated equity as of January 1, 2017.

Note 4 Summary of the main accounting policies

4.1 Accounting policies, errors and estimates

Accounting policies are identical from one period to the other and are modified either on a mandatory basis to apply a new standard or interpretation *(Note 2.1)*, or on a voluntary basis to improve the reliability or the relevance of information *(Note 2.2)*. Changes in accounting policies are accounted for retrospectively, unless required by the specific transition provisions of the standard or interpretation. Financial statements are modified for all reported periods, as if the new policy had always been applied. Errors are corrected retrospectively. Estimates are intended to provide a reasonable assessment of the latest reliable information available on an uncertainty. They are revised to reflect changes in circumstances, new information available and experience effects. Changes in estimates are accounted for prospectively. The significant estimates of the Executive Management are separately outlined in the notes:

- the amortization methods of intangible assets *(Note 17)*;
- the depreciation methods of mining assets and property, plant and equipment *(Note 18)*;
- the definition, as part of the impairment tests of non-financial assets, of Cash Generating Units (CGUs), impairment indicators, duration and amount of future cash flows as well as the discount rates used in the calculation of the values in use of the CGUs *(Note 19)*;
- the assessment, as part of the recognition and measurement of provisions, of the probability of settlement and amount of the obligation, of the expected timing of future payments and of discount rates *(Note 23)*; and
- the actuarial assumptions of defined benefit plans *(Note 23.1)*.

4.2 Events after the end of the period

Events occurring between the end of the period and the authorization of issue of the financial statements by the Board of Directors result in an adjustment only if they reveal, specify or confirm situations existing at the closing date *(Note 29)*.

4.3 Financial statements

Imerys publishes annual financial statements as of December 31, and interim financial statements as of June 30, in accordance with the principles of the Referential *(Note 1)*. The main presentation conventions are the following:

- aggregation by positions: by similar natures or functions in accordance with materiality;

- classification of assets and liabilities: by increasing order of liquidity and payability with a distinction between non-current and current items, when these shall be recovered or settled in more or less than twelve months after the end of the period;
- classification of income and expenses: by nature and incorporation in the cost of an asset or a liability in application of a standard or interpretation;
- offset: in application of a standard or interpretation for assets and liabilities on the one hand and income and expenses on the other;
- comparative information: with respect to period N-1; comparative information with respect to period N-2 is incorporated by reference *(Chapter 9, section 9.4 of the Registration Document)*.

Profit or loss is structured in two main levels: operating income and financial income (loss). Operating income includes current operating income and other operating income and expenses. Current operating income *(Notes 5 to 9)* reflects the performance of the ordinary activities of Imerys. Other operating income and expenses *(Note 10)* correspond, in accordance with the recommendation CNC 2009-R.03 of the French accounting standard setting authority on the format of IFRS financial statements, to items of income and expenses resulting from a limited number of well identified, non-recurring and significant events, such as the profit or loss impacts from obtaining or losing control of a business, of a restructuring, including related assets disposals, of an impairment loss on goodwill or of a significant litigation. The financial income (loss) mainly includes the cost of indebtedness, foreign exchange differences, the financial components of defined benefit plans, the unwinding of the discount of provisions and impairment losses on financial assets *(Note 12)*. If for most cases, the allocation of transactions by profit or loss level does not require any specific comment, the options of some standards and the absence of guidance of other standards led the Executive Management to make some presentation decisions. The following table presents these decisions by profit or loss level and enables the link with the description of the accounting policy and the corresponding note:

	Accounting policies	Notes
Current operating income		
Share-based payments expense	4.17	8
Changes in employee benefits unrelated to restructuring		
▪ plan curtailments, settlements and amendments	4.19	8
▪ contributions to the funds and direct payments to beneficiaries	4.19	8
▪ liabilities reversals on contributions and direct payments	4.19	8
▪ administrative fees of open plans	4.19	8
Ineffective portion of operational hedge instruments	4.21	11
Assets disposals unrelated to restructuring	4.3	9
Net income of associates of the recurring business	4.7	9
Other operating revenue and expenses		
Gain or loss from obtaining or losing control	4.9	10
Impairment loss on goodwill	4.9	10
Restructuring	4.3	10
Asset disposal related to restructuring	4.3	10
Changes in employee benefits related to restructuring		
▪ plan curtailments, settlements and amendments	4.19	10
▪ contributions and direct payments to beneficiaries	4.19	10
▪ liabilities reversals on contributions and direct payments	4.19	10
Significant litigation	4.3	10
Net income of associates out of the recurring business	4.7	10
Financial income (loss)		
Ineffective portion of financing hedge instruments	4.21	11
Unrealized and realized foreign exchange of operating and financial transactions	4.8	12
Financial changes in employee benefits		
▪ unwinding	4.19	12
▪ normative return on assets	4.19	12
▪ contributions to under-funded closed plans with mandatory funding requirement	4.19	12
▪ administrative fees of closed plans with mandatory funding requirement	4.19	12
▪ liabilities reversals of closed plans with mandatory funding requirement	4.19	12

4.4 Information by segments

By means of complex physical and thermic manufacturing processes, Imerys adds value to a range of minerals generally extracted from its deposits. Within each of its four business groups, the Group develops, produces and markets mineral solutions whose functions (thermal or mechanical resistance, conductivity, covering power, barrier effect, etc.) are essential to its customers' manufacturing processes. The reported segments correspond to the four following business groups:

- Energy Solutions & Specialties (ESS): mineral specialties for the mobile energy, electronics and non-conventional oil exploration markets, monolithic refractory products for the protection of high-temperature industrial equipment (iron and steel, foundry, petrochemical, glass and cement industries, etc.) and functional additives used in the paper production and construction (plastics, paints, etc.);
- Filtration & Performance Additives (FPA): mineral agents for the filtration of edible liquids, performance mineral specialties used in plastics, paints, polymers and papers, for the sectors of construction, consumer goods (beverages, food, magazines, packaging, pharmaceuticals, health and beauty, etc.) and durable goods (mainly automobile);
- Ceramic Materials (CM): clay building materials for roofing and mineral solutions for floor tiles, sanitaryware, tableware and technical ceramics;
- High Resistance Minerals (HRM): fused minerals for abrasive industries (cutting, grinding and polishing tools) and refractory minerals used in high-temperature industries (steel, foundry, power generation, etc.).

Each of these segments is engaged in the production and rendering of related goods and services presenting geological, industrial and commercial synergies and results from the aggregation of the Cash-Generating Units *(Note 19)* followed each month by the Executive Management in its business reporting. The financial information by segment is measured in accordance with the principles of the Referential *(Note 1)*. The transactions between segments are measured at the prices that two independent parties would have agreed upon under economic conditions equivalent to those of the related transaction.

4.5 Earnings per share

The Imerys financial statements disclose basic earnings per share and diluted earnings per share *(Note 15)*. The basic earnings per share is equal to the net income attributable to holders of ordinary shares divided by the weighted average number of ordinary shares outstanding over the period, i.e. excluding treasury shares. Basic earnings per share is further broken down as net basic earnings per share from current operations and net basic earnings per share. Diluted earnings per share simulates the dilutive effect of the free shares and share options *(Note 8)*. The previously defined weighted average number of ordinary shares is thus increased by the average, between the opening and the closing of the period, of ordinary shares that would be issued if all dilutive options would be exercised at the closing date. The number of dilutive shares is calculated by difference between on the one hand, the number of shares to be issued in relation to free shares and options and on the other hand, the number of shares that would be issued at the period average market price for an issue of the same amount. Upon calculation of the amount of this issue, each share resulting from the exercise of share options is reputed to be issued at the share option exercise price increased by the fair value of services to be rendered *(Note 4.17)*, while each free share is reputed to be issued at the sole fair value of services to be rendered, its exercise price being nil. The excess of the number of shares to be issued in relation to free shares and options over the number of shares issued under market conditions is the number of dilutive shares. However the shares to be issued in relation to options are only taken into account in the diluted earnings per share calculation where the options are in the money, i.e. their exercise price increased by the fair value of services to be rendered is below the period average market price of the Imerys share.

4.6 Entities controlled by the Group

The entities controlled by Imerys, i.e. those over which the Group has the power to govern the financial and operating policies, are consolidated *(Note 25)*. Their assets, liabilities, income and expenses thus contribute to the various positions of the consolidated financial statements. Intra-group transactions are eliminated. An entity's losses are allocated to non-controlling interests proportionally to their interest, even if they finally present a negative balance. Changes in interest with no impact on control are recognized in equity. In the absence of sufficient detail of existing standards and interpretations, the Executive Management considers that any commitment entered into by Imerys with the intent to acquire shares from the minority interests results in the recognition of a liability measured at the fair value of the commitment against a derecognition of these interests. Any difference between the fair value of the liability and the carrying amount of the minority interests is recognized in equity.

4.7 Investments under joint control or significant influence of the Group

Imerys measures under the equity method *(Note 9)* the investments under joint control (joint ventures), i.e. those whose financial and operating policies are subject to an unanimous vote of Imerys and a third party venturer and the investments under significant influence (associates), i.e. those whose financial and operating policies are governed by the third party venturer, while Imerys only participates in these policies, without controlling them. The shares held in the net assets and results of these entities are presented in distinct positions in the assets and in the operating income.

4.8 Foreign currency translation

The consolidated financial statements of Imerys are stated in Euro. The functional currencies of the main consolidated entities *(Note 25)* correspond to the local currencies. The accumulated impact of the translation of the financial statements of foreign operations is recognized in equity. The assets and liabilities of foreign operations are translated at the closing rate and their income and expenses at the average rate of the period *(Note 26)*. The non-monetary assets and liabilities resulting from transactions in foreign currencies are measured at the rate of the day or the average rate of the month of the transaction. Except for derivative financial instruments, monetary assets and liabilities resulting from transactions in foreign currencies are measured at the closing rate. The corresponding foreign exchange differences are recognized in other financial income and expenses *(Note 12)* except for those generated by the monetary assets and liabilities of net investments in foreign operations and by their hedges that are recognized in equity *(Note 24.5 - Conversion of financial statements risk)*. Upon disposal of a foreign operation, the accumulated impact of the financial statements translation and hedges is recognized in other operating income and expenses with the result on disposal of the business.

4.9 Goodwill

Goodwill is the excess of the acquisition price of a business and of the amount of non-controlling interests over the fair value of the acquired identifiable assets and assumed liabilities *(Note 16)*. Goodwill is recognized at the date control is obtained. Transaction costs are recognized as incurred in profit or loss in other operating income and expenses *(Note 10)*. Any excess of the identifiable net asset of the acquired business over its acquisition price (negative goodwill) is credited to the acquirer's profit or loss on the acquisition period in other operating income and expenses *(Note 10)*. The measurement of goodwill is finalized within the twelve months following the date at which control is obtained. The goodwill of a foreign operation is measured in the functional currency of the business and translated in accordance with the rules applicable to the translation of financial statements of foreign operations. Goodwill is not amortized. It is allocated to the Cash-Generating Units *(Note 19)* that benefit from the synergies resulting from the acquisition. Goodwill is initially tested for impairment before the closing date of the acquisition period and subsequently annually or more frequently if there is an indication that it may be impaired. An impairment loss on goodwill is recognized in other operating income and expenses *(Note 10)* and cannot be reversed.

4.10 Intangible assets

Intangible assets controlled by Imerys *(Note 17)* are recognized as assets over their useful lives. They are measured at acquisition cost, decreased by accumulated amortization and any impairment loss. The expenditures incurred by the research teams of Imerys to improve the quality and properties of products generally address specific requirements of customers and are thus immediately recognized as expenses in current operating income. In the absence of any applicable standard or interpretation, the Executive Management considers greenhouse gases emission rights as intangible assets. Imerys holds these rights with the sole intent to justify its emissions volume and performs no trading transactions such as forward purchases or sales *(Note 17)*. The rights received free of charge are recognized for a value of zero and the rights acquired on the market are recognized at the acquisition cost. Where at the closing date the rights held are inferior to actual emissions, a provision is recognized in current operating income for the value of rights to acquire, measured at market value (net liability method). Disposals only relate to excess rights and are recognized in current operating income as assets disposals *(Note 9)*. The amortization methods of intangible assets are an estimate of the Executive Management presented in *Note 17*.

4.11 Mining assets

In the absence of any specific applicable standard or interpretation, the Executive Management has defined the accounting recognition and measurement policies hereafter on mining assets. Prospection expenditures, i.e. the research of new knowledge on the mineral producing potential, technical feasibility and commercial viability of a geographical area, are immediately recognized as expenses in current operating income. Mining rights are recognized as intangible assets and are initially measured at acquisition cost *(Note 17)*. Mineral reserves qualify as property, plant and equipment and are initially measured at acquisition cost excluding subsoil, increased by expenditures incurred to determine the tonnage of ore present in the deposit. Overburden works, i.e. works of removal of the top soil to enable access to the deposit, qualify as a component of the mineral reserve asset. Their initial measurement incorporates their production cost and the discounted value of restoration obligations resulting from the deterioration caused by their construction. Mineral reserves and overburden assets form the position "Mining assets" of *Note 18*. Mining assets are subsequently measured at cost, decreased by accumulated amortization and any impairment loss. The depreciation methods of mining assets are an estimate of the Executive Management presented in *Note 18*. Mining assets are allocated to Cash-Generating Units *(Note 19)* as the other assets of the Group and are subject to the same impairment tests.

4.12 Property, plant and equipment

Items of property, plant and equipment *(Note 18)* are recognized as assets if they are controlled as a result of a title of ownership, or under a finance lease that transfers the risks and rewards incident to ownership. Items of property, plant and equipment are initially measured at acquisition or production cost. The initial cost of items under finance lease is the lower of the fair value of the asset and the present value of future minimum lease payments. The cost of property, plant and equipment incorporates the cost of borrowings that finance their construction or production where these require a substantial period of time. The cost of property, plant and equipment is decreased, where applicable, by the amount of government grants that finance their acquisition or construction. Maintenance and repair expenditures are immediately recognized as expenses in current operating income. The cost of property, plant and equipment incorporates, in particular for satellite industrial facilities constructed on the land of customers, the discounted value of restoration or dismantling obligations, where a present obligation exists *(Note 23.2)*. Items of property, plant and equipment are subsequently measured at cost, decreased by accumulated depreciation and any impairment loss. The depreciation methods of property, plant and equipment are an estimate of the Executive Management presented in *Note 18*.

4.13 Impairment tests

An impairment test *(Note 19)* is performed every twelve months on all Cash-Generating Units (CGUs) at the end of the period. An impairment test consists in comparing the carrying amount of these assets to their recoverable amount. The latter is the higher between the fair value less costs to sell and the value in use. Fair value corresponds to the selling price. Value in use is measured by discounting the future cash flows generated by the continuous use of assets and by their final disposal. In addition to this annual test, impairment indicators may require the immediate performance of a test in case of an unfavorable trend. Furthermore, each activity manager, under the supervision of business group controllers, ensures that no individual asset within a CGU presents any impairment loss issue. An impairment loss is recognized as soon as the recoverable amount of a CGU or an individual asset becomes inferior to its carrying amount. Any increase in the recoverable amount of a CGU or an individual asset results in the reversal of the previously recognized impairment loss in the limit of the carrying amount that would have been obtained in the absence of impairment loss. Impairment losses on goodwill cannot be reversed. The definitions of CGUs and impairment indicators are judgments of the Executive Management. The duration and the amount of the future cash flows as well as the discount rates used in the calculation of the values in use of the CGUs are estimates of the Executive Management presented in *Note 19*.

4.14 Non-current assets held for sale and discontinued operations

When at the closing date, it is highly probable that non-current assets or groups of directly related assets and liabilities shall be disposed of, they are designated as non-current assets or groups of assets held for sale. Their sale is considered as highly probable if, at the closing date, a plan designed to sell them at a price that is reasonable with respect to their fair value has been initiated to identify a buyer and to conclude definitively the sale within a maximum of one year. Non-current assets or groups of assets held for sale are presented in separate positions in the financial statements. They cease to be depreciated and are measured at the lower of their carrying amount and their fair value less costs to sell. Non-current assets or groups of assets that are to be closed rather than sold are non-current assets that are to be abandoned and not held for sale. Where non-current assets corresponding to a disposal or held for sale or to be abandoned correspond to one or several CGUs and are to be abandoned as part of a single coordinated plan, they qualify as discontinued operations and their related flows are disclosed separately in the income statement and in the statement of cash flows.

4.15 Inventories

Inventories *(Note 20)* are recognized as assets at the date at which the risks, rewards and control are transferred to Imerys. Upon the sale, inventories are recognized as an expense in current operating income at the same date as the related revenue. Inventories are measured at the lower of the cost of production and net realizable value. Where production is lower than normal capacity, fixed production overheads specifically exclude the share corresponding to under-activity. Inventories presenting similar characteristics are measured in accordance with the same formula. The formulas used within the Group are the “First-In, First-Out” (FIFO) and the weighted average cost. Where the cost of production is not recoverable, it is written-down to its net realizable value in accordance with the conditions existing at the closing date.

4.16 Non derivative financial assets

Where the execution of a contract results in the symmetrical creation of an asset for Imerys and a liability or equity instrument for the other party, the item recognized by the Group is a financial asset. These items are allocated to the following categories: “Available-for-sale financial assets”, “Financial assets at fair value through profit or loss” or “Loans and receivables”. The designation of a financial asset to a category commands its recognition and measurement mode.

Available-for-sale financial assets. Imerys holds investments in non-listed entities over which the Group has neither control, nor joint control, nor significant influence, nor intent to dispose of in the short term. These investments are recognized as assets at the acquisition date and are maintained at a carrying amount representative of fair value. The changes of the latter are recognized in equity except for negative changes qualifying as objective evidence of impairment which are recognized in profit or loss.

Financial assets at fair value through profit or loss. Imerys holds financial assets with the intent to perform a result on disposal in the short-term. These investments are recognized as assets between the dates of purchase and disposal and the changes in fair value are recognized in other financial income and expenses *(Note 12)* depending upon market prices published at the closing date.

Loans and receivables. The greater part of the loans and receivables category corresponds to trade receivables resulting from revenue and cash and cash equivalents.

- **Revenue**. A trade receivable *(Note 21.2)* is recognized with respect to a sale of goods upon transfer of the risks, rewards and control. Sales of goods represent the greater part of revenue. Their incoterms are multiple because of the specificities of packaging (bulk, powder, paste, slurry, etc.) and freight (sea, rail, road, etc.) and represent the key indicator for the recognition of sales of goods *(Note 5)*. Reinvoicing of the freight cost of the product represents the majority of rendering of services *(Note 5)* and its recognition generally derives from the sale of the transported product. Furthermore, for both sales of goods and rendering of services, a receivable is recognized only if it is recoverable and the amount of the transaction and related costs necessary to complete the transaction can be measured reliably. Sales of goods and rendering of services are measured at the fair value of the transaction, decreased by trade and volume rebates, as well as discounts for early payment. After their initial recognition, they are measured at their amortized cost. Where the occurrence of a credit event makes the carrying amount of a trade receivable partially or fully irrecoverable, it is individually written-down to its

6

recoverable amount by means of a write-down in accordance with the conditions existing at the closing date *(Note 21.3)*. A receivable sold to a banking institution for financing purposes is only derecognized where the factoring contract also transfers to the factor the entire risks and rewards related to the receivable *(Note 21.2)*.

- **Cash and cash equivalents**. The category of loans and receivables also includes cash, i.e. cash on hand, demand deposits and cash equivalents. The latter are highly liquid investments indexed on a monetary market rate and whose amount is known or subject to insignificant uncertainty. In the statement of cash flows, cash and cash equivalents also include the position "Bank overdrafts" presented as liabilities.

4.17 Equity instruments

Treasury shares. The repurchase by Imerys of its own shares is recognized at acquisition cost as a decrease in equity. The result performed upon any subsequent disposal is directly recognized in equity.

Share-based payments. The fair value of services rendered against the grant of Imerys share options and free shares granted after November 7, 2002 is measured *(Note 8)* using the Black & Scholes pricing model by reference to the fair value of instruments at the grant date. This measurement takes into consideration the exercise price and life of instruments, the underlying share price, the turnover rate of beneficiaries, as well as the volatility of the Imerys share. Volatility equals the standard deviation of the historical monthly returns of the Imerys share over the expected life of the instruments. In the majority of cases, the acquisition of rights is subject to a condition of duration of service and the fair value of services rendered is recognized as "Staff expenses" *(Note 8)* over the vesting periods of rights, against an increase in equity. The accounting treatment is identical where, in addition to the duration of service condition, the acquisition of rights is subject to the achievement of pre-determined economic performance conditions. The volatility and the assumptions related to the probability of acquisition of rights are revised at each closing date. The turnover rates of beneficiaries are adjusted definitely as vesting periods are closed.

4.18 Provisions

A provision *(Note 23.2)* is recognized as soon as it becomes probable that a present obligation shall require a settlement whose amount can be measured reliably. Provisions are recognized against the profit or loss except for provisions for dismantling and some provisions for restoration whose counterpart is included in the cost of the assets whose construction has created the obligation. This treatment mainly applies to some satellite industrial facilities and mining overburden assets. The measurement of provisions corresponds to the best estimate of the amount required to settle the obligation. Provisions whose settlement is expected within twelve months after the end of the period or whose settlement may occur at any time are not discounted. Provisions whose settlement is expected after twelve months after the end of the period are discounted. Changes in discounted provisions due to a revision of the amount of the obligation, of its timing of settlement or of its discount rate are recognized in profit or loss or, for provisions recognized against assets, as an adjustment of the cost of the latter. The unwinding is recognized as a debit in the other financial income and expenses *(Note 12)*. The assessment of the probability of settlement and amount of the obligation, of the expected timing of future payments and of discount rates are estimates of the Executive Management presented in *Note 23.2*.

4.19 Employee benefits

Post-employment benefits - Defined contribution plans. Imerys contributes, in accordance with the regulation and business benchmark of each country, to the constitution of retirement benefits for its employees by paying, either on a mandatory or voluntary basis, contributions to third parties institutions such as pension funds, insurance companies or financial institutions. These plans, referred to as defined contribution plans, provide no guarantee to the beneficiaries on the level of the benefit that will be paid in the future. The contributions to these plans are recognized as "Staff expenses" *(Note 8)*.

Post-employment benefits - Defined benefit plans. On the other hand, Imerys guarantees to the beneficiaries of defined benefit plans the level of the benefit that will be paid in the future. The corresponding obligations *(Note 23.1)* are measured in accordance with the Projected Unit Credit Method by means of financial and demographic actuarial assumptions. These are used to measure the value of the services acquired by the beneficiaries on the basis of an estimated salary at retirement date. The recognized liabilities (or assets) correspond to the discounted value of the obligation, decreased by the fair value of plan assets, limited where necessary by a ceiling. The discount rates used to discount the obligations and calculate the normative return on assets in profit or loss are fixed by reference to the rates of bonds issued by companies rated AA (high quality) within the main indices iBoxx GBP Corporate AA and Citigroup Bond Yield USD. Actuarial assumptions are estimates of the Executive Management presented in *Note 23.1*. The contributions to the funds and direct payments to beneficiaries are recognized in current operating income *(Note 8)* except for the contributions and payments related to restructurings that are recognized in other operating revenue and expenses *(Note 10)* and the contributions to under-funded closed plans with mandatory funding requirement that are recognized in financial income (loss) *(Note 12)*. The profit or loss impact of these contributions is neutralized by liabilities reversals recognized in each of these three profit or loss levels. The other items of the change in post-employment plans are recognized in current operating income *(Note 8)*, except for the amendments, curtailments and settlements related to a restructuring that are recognized in other operating income and expenses *(Note 10)* and for the unwinding of obligations and normative return on assets that are recognized in financial income (loss) *(Note 12)*. Administrative fees are recognized in current operating income *(Note 8)* except for the administrative fees of under-funded closed plans with mandatory funding requirement that are recognized in financial income (loss) *(Note 12)*. Plan amendments, curtailments and settlements are immediately recognized in profit or loss. The actuarial differences and assets limitations of post-employment plans are entirely recognized in equity, net of assets management fees, with no subsequent reclassification in profit or loss.

4.20 Non derivative financial liabilities

Loans *(Note 24.2)* are initially measured at the fair value of the amount received, less transaction costs. They are subsequently measured at amortized cost with the effective interest rate method. The Group performs purchases of raw materials and energy for its own use and not for trading purposes. As a consequence, these purchases contracts are recognized as trade accounts payable and not as derivatives. Trade accounts payable and other financial liabilities are measured at amortized cost.

4.21 Derivative financial instruments

Imerys uses derivative financial instruments to reduce its exposure to currency, interest rate and energy price risks *(Note 24.4)*. Derivatives are recognized at the transaction date, i.e. at the subscription date of the hedging contract and classified as non-current and current assets and liabilities in accordance with their maturities and those of underlying transactions. Derivatives are initially measured at fair value and subsequently re-measured at the end of each period by reference to market terms. The fair value including accrued interests of derivatives results from a model using observable data, i.e. prices at the closing date provided by third parties active on financial markets (fair value of level 2). These values are adjusted by the credit risk of the counterparties and the own credit risk of Imerys. Hence where the market value of the derivative is positive (derivative asset), its fair value integrates the probability of default of the counterparty (Credit Value Adjustment or CVA). Where the market value of the derivative is negative (derivative liability), its fair value takes into account the probability of default of Imerys (Debit Value Adjustment or DVA). These adjustments are measured from the spreads of the bonds outstanding on the secondary market, as issued by Imerys and its counterparties (fair value of level 2). The exclusive purpose of these instruments is to hedge economic risks to which the Group is exposed. However, only financial instruments that meet the criteria of hedge accounting follow the accounting treatment described hereafter. All transactions qualified as hedge accounting are thus documented by reference to the hedging strategy by an identification of the hedged risk, the hedged item, the hedging instrument, the hedging relationship and the measurement method of the hedge relationship effectiveness. The measurement of the hedge effectiveness is reviewed at the end of each period. Accounting for a hedge derivative depends upon its designation as either fair value hedge, or cash flow hedge or hedge of a net investment in a foreign operation *(Notes 11, 12 and 24.5)*.

Fair value hedge. Where the changes in fair value of a recognized asset or liability or a firm commitment may have an impact on the profit or loss, these changes may be hedged by a fair value hedge. The hedged item and the hedging instrument are re-measured symmetrically against the profit or loss at the end of each period. The impact in profit or loss is limited to the ineffective portion of the hedge *(Note 11)*.

Cash flow hedge. A cash flow hedge enables to hedge the unfavorable changes in cash flows related to a recognized asset or liability or a highly probable future transaction, where these changes may have an impact on the profit or loss. At the end of each period, the effective portion of the hedge is recognized in equity and the ineffective portion in profit or loss. When the transaction is recognized, the effective portion in equity is reclassified in profit or loss at the same time the hedged item is recognized *(Note 11)*.

Hedge of a net investment in a foreign operation. The foreign exchange differences generated by the net assets held by the Group in foreign currencies may be hedged *(Note 24.5 - Conversion of financial statements risk)*. At the end of each period, the effective portion of the hedge is recognized in equity and the ineffective portion in profit or loss. Upon disposal of the business, the effective portion in equity is reclassified in other operating income and expenses with the result on disposal.

The ineffective portion of operational hedge instruments is recognized in current operating income. The ineffective portion of financing hedge instruments is recognized in financial income (loss). The changes in fair value of financial instruments that do not qualify for hedge accounting are immediately recognized in other financial income and expenses *(Note 11)*.

4.22 Income taxes

Current tax results in the recognition of a liability to the extent it is unpaid and of an asset where the amount already paid exceeds the amount due or if a tax loss can be carried back. Deferred tax assets and liabilities are accounted for with respect to all temporary taxable differences between the tax and consolidated values of assets and liabilities, except mainly for differences related to the initial recognition of goodwill and, in the case of taxable temporary differences between the accounting and tax values of investments, where the Group is in a position to control the date of reversal of the temporary difference and it is probable that the temporary difference shall not reverse in a foreseeable future *(Note 13)*. A deferred tax asset is recognized with respect to taxable temporary differences, tax losses and tax credits only if it is probable that a future taxable profit shall be set against these items, or there are taxable temporary differences in the same tax entity, that come to maturity over the period these items remain recoverable. Tax rates and laws used are those that are enacted or substantively enacted at the closing date and shall be applicable over the period of reversal of the timing difference. Deferred taxes are not discounted. Deferred tax assets and liabilities are offset by tax entity, i.e. by legal entity or tax consolidation group. Current and/or deferred taxes are recognized in the same level of profit or loss as the related basis *(Note 13)*. That principle of linking the tax to its base also applies to the transactions directly recognized in equity *(Note 13)*.

NOTES TO THE CONSOLIDATED INCOME STATEMENT

Note 5 Revenue

(€ millions)	2013	2012
Sales of goods	3,219.6	3,393.6
Rendering of services	478.0	491.2
Total	**3,697.6**	**3,884.8**

Revenue is made up of sales of goods and rendering of services whose greater part corresponds to the reinvoicing of the freight cost of the product. Revenue amounts to €3,697.6 million in 2013 (€3,884.8 million in 2012), i.e. a decrease of - 4.8% (+ 5.7% in 2012), including a negative effect of - €115.9 million due to foreign currency changes (+ €96.3 million in 2012) and a negative structure impact of - €21.4 million (+ €191.9 million in 2012). At comparable structure and foreign currency rates, it decreases by - 1.3% (- 2.1% in 2012).

Note 6 Raw materials and consumables used

(€ millions)	2013	2012
Raw materials	(539.2)	(626.2)
Energy	(377.0)	(397.2)
Chemicals	(78.5)	(79.5)
Other consumables	(168.7)	(183.6)
Merchandises	(100.0)	(112.6)
Change in inventories	(25.8)	10.7
Internally generated property, plant and equipment	15.4	11.4
Total	**(1,273.8)**	**(1,377.0)**

Note 7 External expenses

(€ millions)	2013	2012
Freight	(454.6)	(468.9)
Operating leases	(62.0)	(64.5)
Subcontracting	(107.0)	(112.9)
Maintenance and repair	(100.5)	(100.6)
Fees	(69.8)	(76.0)
Other external expenses	(181.2)	(187.6)
Total	**(975.1)**	**(1,010.5)**

Note 8 Staff expenses

(€ millions)	2013	2012 Restated
Salaries	(569.1)	(583.6)
Social security contributions	(121.7)	(129.9)
Net change in employee benefit liabilities [(1)]	15.3	11.8
Contributions to defined employee benefit plans	(24.0)	(31.2)
Contributions to defined contribution plans	(21.7)	(22.6)
Profit-sharing	(21.9)	(25.0)
Other employee benefits	(10.0)	(10.3)
Total	**(753.1)**	**(790.8)**

(1) After change in accounting policy on employee benefits (Note 2.1).

Share-based payments expense

Imerys attributes share options whose exercise results in the subscription of shares created for that purpose, as well as free shares acquired on the market. "Other employee benefits" include the cost of the corresponding plans, broken down as follows:

	Number of options	Exercise price *(€)*	Maturity	Volatility	Turnover rate	Average dividend rate	Performance conditions	Fair value *(€)*	Total cost of each plan *(€M)*	2013 cost of the plans *(€M)*	2012 cost of the plans *(€M)*
Share options plans											
2009	464,000	34.54	5 years	25.3%	5.2%	3.0%	-	5.77	(2.5)	-	(0.6)
2010	422,800	46.06	5 years	28.1%	9.0%	3.0%	-	7.59	(2.9)	(0.3)	(1.0)
2010	60,000	46.06	5 years	28.1%	33.3%	3.0%	-	7.59	(0.3)	-	(0.1)
2010	82,000	44.19	5 years	31.0%	0.0%	3.0%	75.0%	9.40	(0.6)	(0.2)	(0.2)
2011	221,874	53.05	5 years	29.5%	9.0%	2.9%	-	10.52	(2.1)	(0.7)	(0.7)
2011	70,001	53.05	5 years	29.5%	9.0%	2.9%	75.0%	10.52	(0.5)	(0.2)	(0.2)
2011	40,000	53.05	5 years	29.5%	0.0%	2.9%	75.0%	10.52	(0.3)	(0.1)	(0.1)
2012	236,719	43.62	5 years	31.1%	9.0%	2.9%	-	7.27	(1.6)	(0.5)	(0.4)
2012	82,001	43.62	5 years	31.1%	9.0%	2.9%	75.0%	7.27	(0.4)	(0.1)	(0.1)
2012	44,000	43.62	5 years	31.1%	0.0%	2.9%	75.0%	7.27	(0.2)	(0.1)	(0.1)
Free shares plans											
2009	116,006	-	3.5 years	-	5.2%	3.0%	100.0%	29.94	(3.3)	(0.1)	(1.0)
2010	129,700	-	3.5 years	-	9.0%	3.0%	100.0%	38.33	(4.5)	(1.1)	(1.3)
2010	15,000	-	3 years	-	33.3%	3.0%	100.0%	38.90	(0.4)	(0.1)	(0.1)
2010	42,000	-	3.3 years	-	0.0%	3.0%	75.0%	39.28	(1.2)	(0.3)	(0.4)
2011	150,971	-	3.5 years	-	9.0%	2.9%	75.0%	45.23	(4.7)	(1.3)	(1.3)
2011	20,000	-	3 years	-	0.0%	2.9%	75.0%	45.91	(0.7)	(0.2)	(0.2)
2011	37,400	-	3.6 years	-	9.0%	2.9%	75.0%	38.56	(1.0)	(0.3)	(0.3)
2012	21,500	-	3 years	-	0.0%	2.9%	75.0%	35.46	(0.6)	(0.2)	(0.1)
2012	159,402	-	3.5 years	-	9.0%	2.9%	75.0%	34.93	(3.8)	(1.1)	(0.7)
2013	238,500	-	4 years	-	10.0%	2.9%	75.0%	45.15	(7.3)	(1.2)	-
2013	30,000	-	4 years	-	0.0%	2.9%	75.0%	45.15	(1.0)	(0.2)	-
Cost of plans recognized as staff expenses										**(8.3)**	**(8.9)**
Weighted average exercise price *(€)*										43.7	31.0

6

Share-based payments management principles

The Group's long-term retention policy comprises since 1987 the grant of share options and, since 2008, of conditional free shares. The management principles of these share-based payments are set by the Board of Directors upon the Appointments and Compensation Committee's recommendations and comprise, aside from the grants made under the Group's employee shareholding operations, the main following characteristics:

Share options. Grants take the form of share options. This form was judged preferable to share purchase options as it prevents Imerys from having to tie up its capital before the option exercise period even opens, in order to acquire on the market the number of shares needed to fulfill possible option exercises.

Conditional free shares. Free shares are in principle subordinated and proportional to the achievement of economic and/or financial performance objectives set by the Board of Directors.

Since 1999, share-based payments plans are annual and the total number of rights granted each year is adjusted in accordance with the Group's overall performance or to specific events. Grants traditionally take place on the Shareholders' General Meeting. The actual or likely beneficiaries are the Group's executives (Chief Executive Officer, Executive Committee members, business group and activity management committees, managers of the Group's main corporate departments) and, since 2001, the holders of certain key positions reporting to them, as well as high-potential managers and employees that make an outstanding contribution to the Group's performance.

Note 9 Other current income and expenses

(€ millions)	2013	2012
Other income and expenses	9.8	(2.4)
Income on asset disposals	2.2	15.4
Grants received	5.8	3.7
Net change in operating provisions and write-downs	16.4	27.8
Share in net income of joint ventures and associates	5.3	3.4
Total	**39.5**	**47.9**

The "Other income and expenses" include in particular insurance indemnities.

The "Net change in operating provisions and write-downs" comprises + €8.4 million net provisions reversals (+ €19.0 million net increases in 2012) and + €8.0 million write-downs reversals (+ €8.8 million in 2012).

The "Share in net income of joint ventures and associates" amounts to €5.3 million in 2013 (€3.4 million in 2012). It mainly corresponds to the contributions of the entities The Quartz Corporation, MST Mineralien Schiffahrt and Calderys Iberica Refractarios over which Imerys exercises joint control (joint ventures) or significant influence (associates). The summarized financial information of these investments is presented hereafter as 100.00% amounts. The debit amounts are negative and the credit amounts are positive. These data are closed as of December 31, except for those of MST Mineralien Schiffahrt, that stem from the most recent financial statements to which the Group has access, i.e. those of the September 30, annual closing.

	Joint ventures		Associates			
	The Quartz Corporation		MST Mineralien Schiffahrt		Calderys Iberica Refractarios	
(€ millions)	2013	2012	2013	2012	2013	2012
Consolidated income statement						
Revenue	44.3	45.9	94.6	103.6	17.2	18.2
Net income	0.1	(2.0)	5.0	7.7	1.5	1.9
Consolidated statement of financial position						
Non-current assets	(61.1)	(52.8)	(148.1)	(140.4)	(2.2)	(2.4)
Current assets	(27.2)	(17.3)	(58.5)	(59.2)	(15.1)	(14.2)
Equity	41.1	44.8	73.6	72.2	14.4	14.0
Non-current liabilities	36.9	13.9	105.8	96.7	-	-
Current liabilities	10.3	11.4	27.2	30.7	2.9	2.6

The Quartz Corporation (joint venture) is a 50.00% interest of the Ceramic Materials business group in a group of companies specialized in the extraction of and adding value to high purity quartz in the United States and Norway. MST Mineralien Schiffahrt (associate) is a 50.00% interest of the Filtration & Performance Additives business group in a German minerals shipping company. At last, Calderys Iberica Refractarios (associate) is a 49.90% interest of the Energy Solutions & Specialties business group in a refractories production and distribution company in Spain. These three investments are recognized in accordance with the equity method. The table below presents a reconciliation between the equity of the joint ventures and associates, as disclosed at 100.00% in the previous table and as recognized in the assets of Imerys in accordance with the equity method.

	2013				2012			
(€ millions)	**Equity**	**Interests of other shareholders**	**Goodwill**	**Interest of Imerys**	**Equity**	**Interest of other shareholders**	**Goodwill**	**Interest of Imerys**
The Quartz Corporation	41.1	(20.6)	2.5	23.1	44.8	(22.4)	2.9	25.3
MST Mineralien Schiffahrt	73.6	(36.8)	-	36.8	72.2	(36.1)	-	36.1
Calderys Iberica Refractarios	14.4	(7.2)	-	7.2	14.0	(7.0)	-	7.0
Other investments	27.9	(14.1)	2.3	16.1	26.5	(14.2)	2.2	14.5
Total	**157.0**	**(78.7)**	**4.8**	**83.1**	**157.5**	**(79.7)**	**5.1**	**82.9**

The table below analyzes the change in the interest recognized in the assets of Imerys in accordance with the equity method.

(€ millions)	**2013**	**2012**
Opening carrying amount	**82.9**	**82.4**
Disposals	(0.7)	-
Income	5.5	1.5
Dividends distributed by the joint ventures and associates	(2.0)	(2.5)
Other	(2.6)	1.5
Closing carrying amount	**83.1**	**82.9**

Note 10 Other operating income and expenses

(€ millions)	**2013**	**2012**
Gain or loss from obtaining or losing control	**(0.9)**	**(8.9)**
Transaction costs	(6.1)	(9.2)
Changes in estimate of the contingent remuneration of the seller	(0.1)	0.3
Income from disposal of consolidated businesses	5.3	-
Other non-recurring items	**(79.2)**	**(0.5)**
Impairment losses on goodwill	-	(31.2)
Impairment losses on restructuring	(9.9)	(5.0)
Income on non-recurring asset disposals	-	64.5
Restructuring expenses paid	(47.1)	(40.0)
Change in provisions	(22.4)	13.1
Share in net income of associates out of the recurring business	0.2	(1.9)
Other operating income and expenses	**(80.1)**	**(9.4)**
Income taxes	17.9	-
Other operating income and expenses net of income taxes, Group share	**(62.2)**	**(9.4)**

2013 Other operating income and expenses

The "Other operating income and expenses - gross" amount to - €80.1 million: - €7.8 million in the Energy Solutions & Specialties business group (of which mainly - €7.6 million of restructuring expenses paid); - €18.1 million in the Filtration & Performance Additives business group (of which mainly - €20.6 million of restructuring expenses paid); - €39.9 million in the Ceramic Materials business group (of which mainly - €41.8 million of provisions, impairment losses *(Note 19)* and restructuring expenses paid and + €4.7 million of income on disposal of the clay bricks, walls and chimney blocks business *(Note 25)*); - €19.8 million in the High Resistance Minerals business group (of which mainly - €10.0 million of provisions and restructuring expenses paid related to the closure of the business group's activities in Venezuela); and + €5.5 million in the holdings (of which mainly - €2.3 million of transaction costs on acquisitions and disposals of businesses). Income taxes gains and losses on "Other operating income and expenses" amount to €17.9 million. 2013 "Other operating income and expenses net of income taxes, Group share" thus amount to - €62.2 million, of which - €67.3 million with no cash impact and + €5.1 million in cash.

2012 Other operating income and expenses

The "Other operating income and expenses - gross" amounted to - €9.4 million: - €13.0 million in the Energy Solutions & Specialties business group (of which mainly - €5.8 million of restructuring expenses paid); + €52.0 million in the Filtration & Performance Additives business group (of which mainly + €62.7 million of gain on disposal of the Brazilian sea terminal of Barcarena (Pará State) and - €23.5 million of restructuring expenses paid); - €12.0 million in the Ceramic Materials business group (of which mainly - €6.3 million of restructuring expenses paid); - €31.8 million in the High Resistance Minerals business group (of which mainly - €29.5 of impairment loss on the goodwill of CGU Zirconia and - €5.8 million of restructuring expenses paid); and - €4.6 million in the holdings (of which mainly - €8.3 million of transaction costs on acquisitions and disposals of businesses). Income taxes gains and losses on "Other operating income and expenses" offset each other. 2013 "Other operating income and expenses net of income taxes, Group share" thus amounted to - €9.4 million, of which - €28.1 million with no cash impact and + €18.7 million in cash.

Note 11 Financial instruments

Financial instruments result from contracts whose execution symmetrically creates a financial asset of one party to the contract and a financial liability or an equity instrument of the other party. Financial instruments are related to one of the following categories: "Available-for-sale financial assets" (investments in non-consolidated entities), "Financial assets and liabilities at fair value through profit or loss" (other current financial assets and derivatives not eligible to hedge accounting), "Loans and receivables" (trade receivables, cash and cash equivalents), or "Financial liabilities at amortized cost (bonds, bank loans, trade payables, bank overdrafts).

Hedge derivatives are disclosed in a separate column since the exceptional character of hedge accounting excludes any relation to one of the above categories. *Notes 11, 12, 21.1 and 24.1* present disclosures on financial instruments in accordance with these categories. The classification logic of financial instrument assets *(Note 21.1)* and liabilities *(Note 24.1)* transversally applies to their changes in profit or loss *(Notes 11 and 12)*. For example, "Revenue" is attached to "Amortized cost" as its counterparts in "Trade receivables" or "Cash and cash equivalents" belong to that category in the assets. In addition, in order to enable the reconciliation between the disclosures and the financial statements, these notes include a column "Non IAS 39" that includes the following items:

- non IAS 39 financial assets and liabilities: short-term employee benefit assets and liabilities (IAS 19), share-based payments (IFRS 2), finance lease liabilities (IAS 17);
- non-financial assets and liabilities: intangible assets (IAS 38), property, plant and equipment (IAS 16), mining assets (IFRS 6), inventories (IAS 2), income taxes assets and liabilities (IAS 12), prepaid expenses (IAS 38), provisions (IAS 37), defined employee benefit assets and liabilities (IAS 19), grants (IAS 20).

The tables hereafter disclose the income and expenses before income taxes recognized in profit or loss and equity by categories of financial instruments. The balances of "Other financial income and expenses" are further analyzed in *Note 12*.

As of December 31, 2013

(€ millions)	Available-for-sale financial assets	Fair value through profit or loss: Non derivative	Fair value through profit or loss: Non hedge derivatives	Loans and receivables	Financial liabilities at amortized cost	Hedge derivatives: Fair value	Hedge derivatives: Cash flow	Non IAS 39	Total
Operating income									
Revenue	-	-	-	3,701.6	-	-	(4.0)	-	3,697.6
Raw materials and consumables used	-	-	-	-	(1,284.2)	-	(1.1)	11.5	(1,273.8)
External expenses	-	-	-	-	(975.1)	-	-	-	(975.1)
Other operational income and expenses	-	-	-	44.6	(31.4)	-	1.1	25.2	39.5
Financial income (loss)									
Income from securities	-	4.5	-	-	-	-	-	-	4.5
Gross financial debt expense	-	-	4.7	-	(56.8)	3.4	(2.4)	-	(51.1)
Other financial income and expenses	(0.3)	-	1.4	3.0	3.2	-	0.3	(13.7)	(6.1)
Equity									
Recognition in equity	-	-	-	-	-	-	(8.3)	-	(8.3)
Reclassification in profit or loss	-	-	-	-	-	-	7.5	-	7.5
Total financial instruments	**(0.3)**	**4.5**	**6.1**	**3,749.2**	**(2,344.3)**	**3.4**	**(6.9)**	**-**	**-**
of which impairment losses in profit or loss	(0.5)	-	-	(3.6)	-	-	-	(7.1)	-
of which reversals of impairment losses in profit or loss	-	-	-	8.1	-	-	-	10.6	-

The columns "Hedge derivatives / Fair value" and "Hedge derivatives / Cash flow" of the above table are analyzed as follows:

(€ millions)	Fair value: Change in fair value of hedged items	Fair value: Effective portion of hedges	Fair value: Ineffective portion of hedges	Total	Cash flow: Effective portion of hedges	Cash flow: Ineffective portion of hedges	Total
Operating income							
Revenue	-	-	-	0.0	(4.0)	-	(4.0)
Raw materials and consumables used	-	-	-	0.0	(1.1)	-	(1.1)
Other operational income and expenses	-	-	-	0.0	-	1.1	1.1
Financial income (loss)							
Gross financial debt expense	-	3.4	-	3.4	(2.4)	-	(2.4)
Other financial income and expenses	3.2	(3.2)	-	0.0	-	0.3	0.3
Profit or loss	**3.2**	**0.2**	**0.0**	**3.4**	**(7.5)**	**1.4**	**(6.1)**
Equity							
Recognition in equity	-	-	-	0.0	(8.3)	-	(8.3)
Reclassification in profit or loss	-	-	-	0.0	7.5	-	7.5
Total financial instruments	**-**	**-**	**-**	**3.4**	**-**	**-**	**(6.9)**

As of December 31, 2012 (restated)

(€ millions)	Available-for-sale financial assets	Fair value through profit or loss: Non derivative	Fair value through profit or loss: Non hedge derivatives	Loans and receivables	Financial liabilities at amortized cost	Hedge derivatives: Fair value	Hedge derivatives: Cash flow	Non IAS 39	Total
Operating income									
Revenue	-	-	-	3,895.0	-	-	(10.2)	-	3,884.8
Raw materials and consumables used	-	-	-	-	(1,401.4)	-	(3.7)	28.1	(1,377.0)
External expenses	-	-	-	-	(1,010.5)	-	-	-	(1,010.5)
Other operational income and expenses	-	-	-	39.8	(35.1)	-	(1.7)	41.5	44.5
Financial income (loss)									
Income from securities	-	2.0	-	-	-	-	-	-	2.0
Gross financial debt expense	-	-	2.0	-	(61.2)	-	-	-	(59.2)
Other financial income and expenses (1)	0.2	-	1.0	2.6	(2.7)	0.1	(0.2)	(12.9)	(11.9)
Equity									
Recognition in equity	-	-	-	-	-	-	6.6	-	6.6
Reclassification in profit or loss	-	-	-	-	-	-	14.3	-	14.3
Total financial instruments	**0.2**	**2.0**	**3.0**	**3,937.4**	**(2,510.9)**	**0.1**	**5.1**	**-**	**-**
of which impairment losses in profit or loss	(0.1)	-	-	(6.9)	-	-	-	(9.0)	-
of which reversals of impairment losses in profit or loss	-	-	-	12.1	-	-	-	12.4	-

(1) After change in accounting policy on employee benefits (Note 2.1).

The columns “Hedge derivatives / Fair value” and “Hedge derivatives / Cash flow” of the above table are analyzed as follows:

(€ millions)	Fair value: Change in fair value of hedged items	Fair value: Effective portion of hedges	Fair value: Ineffective portion of hedges	Total	Cash flow: Effective portion of hedges	Cash flow: Ineffective portion of hedges	Total
Operating income							
Revenue	-	-	-	0.0	(10.2)	-	(10.2)
Raw materials and consumables used	-	-	-	0.0	(3.7)	-	(3.7)
Other operational income and expenses	-	-	-	0.0	(0.3)	(1.4)	(1.7)
Financial income (loss)							
Gross financial debt expense	-	-	-	0.0	-	-	0.0
Other financial income and expenses	3.2	(3.1)	-	0.1	(0.1)	(0.1)	(0.2)
Profit or loss	**3.2**	**(3.1)**	**0.0**	**0.1**	**(14.3)**	**(1.5)**	**(15.8)**
Equity							
Recognition in equity	-	-	-	0.0	6.6	-	6.6
Reclassification in profit or loss	-	-	-	0.0	14.3	-	14.3
Total financial instruments	**-**	**-**	**-**	**0.1**	**-**	**-**	**5.1**

Note 12 Financial income (loss)

The tables hereafter disclose the financial income (loss) by categories of financial instruments. A description of the categories of financial instruments is provided in *Note 11*.

As of December 31, 2013

(€ millions)	Available-for-sale financial assets	Fair value through profit or loss		Loans and receivables	Financial liabilities at amortized cost	Hedge derivatives		Non IAS 39	Total
		Non derivative	Non hedge derivatives			Fair value	Cash flow		
Net financial debt expense	**0.0**	**4.5**	**4.7**	**0.0**	**(56.8)**	**3.4**	**(2.4)**	**0.0**	**(46.6)**
Income from securities	-	4.5	-	-	-	-	-	-	4.5
Gross financial debt expense	-	-	4.7	-	(56.8)	3.4	(2.4)	-	(51.1)
Other financial income and expenses	**(0.3)**	**0.0**	**1.4**	**3.0**	**3.2**	**0.0**	**0.3**	**(13.7)**	**(6.1)**
Dividends	0.1	-	-	-	-	-	-	-	0.1
Net exchange rate differences	-	-	(2.0)	-	5.4	-	-	(0.1)	3.3
Expense and income on derivative instruments	-	-	3.4	-	-	-	0.3	-	3.7
Financial income and expenses of defined employee benefit plans	-	-	-	-	-	-	-	(10.6)	(10.6)
Unwinding of other provisions	-	-	-	-	-	-	-	(3.0)	(3.0)
Other financial income and expenses	(0.4)	-	-	3.0	(2.2)	-	-	-	0.4
Financial income (loss)	**(0.3)**	**4.5**	**6.1**	**3.0**	**(53.6)**	**3.4**	**(2.1)**	**(13.7)**	**(52.7)**

As of December 31, 2012 (restated)

(€ millions)	Available-for-sale financial assets	Fair value through profit or loss		Loans and receivables	Financial liabilities at amortized cost	Hedge derivatives		Non IAS 39	Total
		Non derivative	Non hedge derivatives			Fair value	Cash flow		
Net financial debt expense	**0.0**	**2.0**	**2.0**	**0.0**	**(61.2)**	**0.0**	**0.0**	**0.0**	**(57.2)**
Income from securities	-	2.0	-	-	-	-	-	-	2.0
Gross financial debt expense	-	-	2.0	-	(61.2)	-	-	-	(59.2)
Other financial income and expenses	**0.2**	**0.0**	**1.0**	**2.6**	**(2.7)**	**0.1**	**(0.2)**	**(12.9)**	**(11.9)**
Dividends	0.2	-	-	-	-	-	-	-	0.2
Net exchange rate differences	-	-	-	-	0.6	-	-	(0.3)	0.3
Expense and income on derivative instruments	-	-	1.0	-	-	0.1	(0.2)	-	0.9
Financial income and expenses of defined employee benefit plans [(1)]	-	-	-	-	-	-	-	(9.3)	(9.3)
Unwinding of other provisions	-	-	-	-	-	-	-	(3.3)	(3.3)
Other financial income and expenses	-	-	-	2.6	(3.3)	-	-	-	(0.7)
Financial income (loss)	**0.2**	**2.0**	**3.0**	**2.6**	**(63.9)**	**0.1**	**(0.2)**	**(12.9)**	**(69.1)**

(1) After change in accounting policy on employee benefits (Notes 2.1).

6

Note 13 Income taxes

Tax consolidation scope

Imerys SA and the majority of its French entities are included in a tax consolidation system that notably enables the Group to offset within the consolidated group potential profits and losses. In 2013, no entity entered and two left the French tax consolidation scope. The tax consolidation scope includes 28 entities as of December 31, 2013. Tax consolidations also exist in other countries, mainly in the United States, in the United Kingdom, in Spain, in Germany and in Italy.

Income taxes recognized in profit or loss

(€ millions)	**2013**	**2012 Restated**
Payable and deferred income taxes		
Income taxes payable	**(107.3)**	**(108.3)**
Income taxes payable for the period	(109.5)	(111.3)
Income taxes payable - Prior period adjustments	2.2	3.0
Deferred taxes	**7.2**	**(8.3)**
Deferred taxes due to changes in temporary differences (1)	5.2	(9.8)
Deferred taxes due to changes in income tax rates	2.0	1.5
Total	**(100.1)**	**(116.6)**
Income taxes by level of income		
Income taxes on current operating and financial income (loss)	**(118.0)**	**(116.6)**
Current operating and financial income (loss) taxes payable	(107.0)	(109.2)
Current operating and financial income (loss) deferred taxes (1)	(11.0)	(7.4)
Income taxes on other operating income and expenses	**17.9**	**-**
Income taxes payable on other operating income and expenses	(0.3)	0.9
Deferred taxes on other operating income and expenses	18.2	(0.9)
Total	**(100.1)**	**(116.6)**

(1) After change in accounting policy on employee benefits (Note 2.1).

Income taxes recognized in equity

(€ millions)	**2013**	**2012 Restated**
Actuarial gains and (losses), assets limitations and excess of the actual return on assets over their normative return in profit or loss (1)	**(18.6)**	**19.2**
Cash flow hedges	**0.3**	**(7.3)**
Income taxes recognized in equity	2.9	(2.4)
Income taxes reclassified in profit or loss	(2.6)	(4.9)
Translation reserve	**0.4**	**(0.6)**
Income taxes recognized in equity	0.4	(3.4)
Income taxes reclassified in profit or loss	-	2.8
Total	**(17.9)**	**11.3**

(1) After change in accounting policy on employee benefits (Note 2.1).

Income taxes paid

The amount of income taxes paid in 2013 amounts to €132.7 million (€80.0 million in 2012).

Tax reconciliation excluding non-recurring items

(€ millions)	2013	2012 Restated
Legal tax rate in France	**34.4%**	**34.4%**
National rates differences	(6.1)%	(7.1)%
Europe	(2.6)%	(3.0)%
North America	(2.6)%	(2.7)%
Asia - Oceania	(0.7)%	(1.1)%
Other countries	(0.2)%	(0.3)%
Permanent differences (including tax incentives)	(1.0)%	(0.2)%
3.0% contribution on the Imerys SA dividend	0.8%	-
Impact of tax losses	0.1%	(0.2)%
Income taxes at different rates and bases	1.3%	0.9%
Impact of investments under the equity method	(0.4)%	(0.3)%
Others (tax credits, reassessments and tax provisions, deferred taxes adjustments in bases and rates, etc.)	(1.3)%	0.3%
Effective tax rate on current operating and financial income (loss) (1)	**27.8%**	**27.8%**

(1) 27.8% = €118.0 million (income taxes on current operating income) / [€477.0 million (current operating income) - €52.7 million (financial income (loss))].

Tax reconciliation including non-recurring items

(€ millions)	2013	2012 Restated
Legal tax rate in France	**34.4%**	**34.4%**
Impact of national rate differences	(6.8)%	(6.3)%
Europe	(3.0)%	(2.7)%
North America	(2.9)%	(2.8)%
Asia - Oceania	(0.9)%	(1.0)%
Other countries	(0.1)%	-
Permanent differences (including tax incentives)	3.4%	1.3%
3.0% contribution on the Imerys SA dividend	1.0%	-
Impact of tax losses	1.1%	(0.9)%
Income taxes at different rates and bases	1.6%	0.9%
Impact of investments under the equity method	(0.5)%	(0.3)%
Others (tax credits, reassessments and tax provisions, deferred taxes adjustments in bases and rates, etc.)	(5.0)%	(0.7)%
Effective tax rate on operating and financial income (loss) (1)	**29.1%**	**28.2%**

(1) 29.1% = €100.1 million (income taxes) / [€396.9 million (operating income) - €52.7 million (financial income (loss))].

Change in deferred taxes

As of December 31, 2013

(€ millions)	01/01/2013	Profit or loss	Scope, equity and others	12/31/2013
Deferred tax assets	64.0	2.5	(31.7)	34.8
Deferred tax liabilities	(91.9)	4.7	33.3	(53.9)
Net deferred tax position	**(27.9)**	**7.2**	**1.6**	**(19.1)**

As of December 31, 2012

(€ millions)	01/01/2012 Restated	Profit or loss Restated	Scope, equity and others Restated	12/31/2012 Restated
Deferred tax assets [(1) & (2)]	62.5	6.7	(5.2)	64.0
Deferred tax liabilities	(95.0)	(15.0)	18.1	(91.9)
Net deferred tax position	**(32.5)**	**(8.3)**	**12.9**	**(27.9)**

(1) After correction of error on the tax bases of property, plant and equipment in the United States (Note 2.3).

(2) After change in accounting policy on employee benefits (Note 2.1).

Deferred tax breakdown by nature

(€ millions)	2012	Profit or loss	Scope, equity and others	2013
Deferred tax assets	**195.6**	**17.2**	**(32.1)**	**180.7**
Employee benefit liabilities	68.5	0.1	(24.7)	43.9
Other provisions	24.7	4.1	(1.8)	27.0
Intangible assets	3.5	0.4	(0.1)	3.8
Property, plant and equipment	32.4	6.8	(1.6)	37.6
Financial assets	(8.6)	(4.5)	1.6	(11.5)
Current assets and liabilities	24.8	1.1	(1.2)	24.7
Tax losses carried forward	22.3	9.7	(7.0)	25.0
Other	28.0	(0.5)	2.7	30.2
Deferred tax liabilities	**(223.5)**	**(10.0)**	**33.7**	**(199.8)**
Intangible assets	(1.1)	(0.2)	0.2	(1.1)
Property, plant and equipment	(172.8)	(6.8)	25.0	(154.6)
Financial assets	(3.5)	(6.7)	5.2	(5.0)
Current assets and liabilities	(4.6)	1.0	0.3	(3.3)
Other	(41.5)	2.7	3.0	(35.8)
Net deferred tax position	**(27.9)**	**7.2**	**1.6**	**(19.1)**

Carried forward tax losses

Deferred tax assets are recognized as carried forward tax losses when they are assessed as being recoverable and over a recovery expected time frame not exceeding 5 years. The measurement of the deferred tax assets recognized in this respect take into account the national legislations limiting the use of carried forward tax losses, in particular in Germany and Brazil. The provisions of this type adopted in France in 2011 have no impact on the measurement of deferred tax assets as a result of the beneficiary position of the French tax consolidation scope. As of December 31, 2013, these deferred tax assets amount to €25.0 million (€22.3 million as of December 31, 2012). On the other hand, tax losses and credits not having been recognized as deferred tax assets due to their uncertain recovery, amount as of December 31, 2013 to respectively €207.4 million (€287.1 million as of December 31, 2012) and €13.2 million (€16.6 million as of December 31, 2012), of which respectively €155.2 million and €12.6 million expire after 2018 or can be carried forward without any time limit. Deferred taxes are calculated by using effective rates over the period in question in accordance with the tax laws in force in each country.

Temporary differences controlled by the Group

No deferred tax liability is recognized with respect to temporary taxable differences between the accounting and tax values of investments where Imerys is in a position to control the date of reversal of the temporary difference and it is probable that the temporary difference shall not reverse in a foreseeable future. The Group assesses that the related deferred tax liability unrecognized as of December 31, 2013 amounts to €15.0 million (€16.1 million as of December 31, 2012).

Note 14 Net income from current operations and net income, Group share

(€ millions)	**2013**	**2012 Restated**
Current operating income [(1)]	477.0	488.1
Financial income (loss) [(1)]	(52.7)	(69.1)
Income taxes on current operating income [(1)]	(118.0)	(116.6)
Non-controlling interests [(1)]	(2.1)	(1.7)
Net income from current operations, Group share	**304.2**	**300.7**
Other operating income and expenses - gross	(80.1)	(9.4)
Income taxes	17.9	-
Net income, Group share	**242.0**	**291.3**

(1) After change in accounting policy on employee benefits (Note 2.1).

Note 15 Earnings per share

(€ millions)	**2013**	**2012 Restated**
Numerator		
Net income, Group share [(1)]	242.0	291.3
Net income from current operations, Group share [(1)]	304.2	300.7
Denominator		
Weighted average number of shares used for the calculation of the basic income per share	75,551,408	75,165,743
Impact of share option conversion	888,822	670,718
Weighted average number of shares used for the calculation of the diluted income per share	76,440,230	75,836,461
Basic income per share, Group share *(in €)*		
Basic net income per share	3.20	3.88
Basic net income from current operations per share	4.03	4.00
Diluted income per share, Group share *(in €)*		
Diluted net income per share	3.17	3.84
Diluted net income from current operations per share	3.98	3.97

(1) After change in accounting policy on employee benefits (Note 2.1).

The number of potential ordinary shares taken into account in the calculation of the diluted earnings per share excludes the share options out of the money, i.e. those whose exercise price increased by the fair value of services to be rendered is superior to the period average market price of the Imerys share (€51.97 in 2013). Potentially dilutive options of the plans of May 2005 to April 2008 as well as that of April 2011 are thus excluded from the calculation of the diluted earnings per share as of December 31, 2013. No significant transaction has changed the number of ordinary shares and potential ordinary shares between December 31, 2013 and February 13, 2014, date of authorization of issue of the financial statements by the Board of Directors.

NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Note 16 Goodwill

Table of changes

The goodwill recognized upon acquisitions mainly represents development prospects of the acquired businesses within Imerys.

(€ millions)	2013	2012
Opening carrying amount	**1,003.0**	**1,019.7**
Gross amount	1,034.2	1,021.0
Impairment losses	(31.2)	(1.3)
Incoming entities	112.0	24.7
Outgoing entities	(0.5)	-
Adjustments and reclassifications	(9.3)	-
Impairment losses [(1)]	-	(31.1)
Exchange rate differences	(44.7)	(10.3)
Closing carrying amount	**1,060.5**	**1,003.0**
Gross amount	1,091.2	1,034.2
Impairment losses	(30.7)	(31.2)

(1) Impairment losses on goodwill are disclosed in Note 19.

As of December 31, 2013, the rows "Acquisitions of investments in consolidated entities" of the consolidated statement of cash flows is analyzed as follows:

(€ millions)	2013	2012
Cash paid	**(180.9)**	**(55.9)**
Cost of investments acquired	(257.6)	(61.7)
Payables on acquisitions of investments	76.7	5.8
Cash from acquired entities	**1.6**	**12.3**
Total	**(179.3)**	**(43.6)**
Acquisitions of investments in consolidated entities after deduction of cash acquired	(176.4)	(38.9)
Acquisitions of investments in consolidated entities from non-controlling interests	(2.9)	(4.7)
Incoming entities of the period - Cash paid	(257.3)	(54.2)
Incoming entities of the period - Cash from acquired entities	1.6	12.3
Incoming entities of the period - Payables on acquisitions of investments	80.9	3.5
Incoming entities of prior periods	(4.5)	(5.1)
Purchase price adjustments	-	(0.1)

Purchase accounting finalized in 2013

Goonvean. On November 5, 2012, Imerys had acquired 100.00% of the voting rights of the British company Goonvean specialized in the extraction and adding value to kaolin in Cornwall. After fair value measurement of mineral reserves, industrial assets and inventories and revision of the estimate of liabilities for employee benefits, dismantling and mine sites restoration, this acquisition paid for an amount of €25.8 million, of which €22.7 million in cash and €3.1 million in ore, generates a final goodwill of €15.3 million.

Others. Imerys acquired on May 24, 2012 100.00% of the voting rights of the Brazilian company Itatex that produces and sells specialties based upon kaolin and clay for paints, polymers and rubbers. This acquisition, paid in cash for an amount of €9.7 million generates a final goodwill of €12.8 million out of the €14.9 million of the goodwill of other 2012 acquisitions.

The fair values of assets, liabilities and contingent liabilities of the businesses whose purchase accounting was finalized in 2013 present the following amounts:

(€ millions)	Goonvean	Others	Total
Consideration transferred by the Group	**25.8**	**28.6**	**54.4**
Interest held before control was obtained	-	-	0.0
Cash remitted to the seller when control was obtained	22.7	28.6	51.3
Ore remitted to the seller when control was obtained	3.1	-	3.1
Investment of non-controlling interests	**-**	**(0.2)**	**(0.2)**
Shareholders' investment	**25.8**	**28.4**	**54.2**
Assets - non-current	**21.2**	**8.1**	**29.3**
Property, plant and equipment	18.5	6.7	25.2
Other receivables	-	1.4	1.4
Deferred tax assets	2.7	-	2.7
Assets - current	**7.4**	**14.4**	**21.8**
Inventories	3.8	0.6	4.4
Trade receivables	3.1	1.1	4.2
Other receivables	0.3	0.3	0.6
Cash and cash equivalents	0.2	12.4	12.6
Liabilities - non-current	**(13.8)**	**(5.8)**	**(19.6)**
Employee benefit liabilities	(5.0)	(0.3)	(5.3)
Other provisions	(3.8)	(1.9)	(5.7)
Loans and financial debts	-	(2.8)	(2.8)
Other debts	-	(0.4)	(0.4)
Deferred tax liabilities	(5.0)	(0.4)	(5.4)
Liabilities - current	**(4.3)**	**(3.2)**	**(7.5)**
Trade payables	(2.1)	(0.4)	(2.5)
Income taxes payable	-	(0.2)	(0.2)
Other debts	(0.9)	(0.8)	(1.7)
Loans and financial debts	(1.3)	(1.5)	(2.8)
Bank overdrafts	-	(0.3)	(0.3)
Identifiable net asset	**10.5**	**13.5**	**24.0**
Goodwill	**15.3**	**14.9**	**30.2**
Goodwill, Group share	15.3	14.9	30.2

Provisional purchase accounting as of December 31, 2013

Pyramax. On April 10, 2013, Imerys acquired in the United States (Wrens, Georgia) an industrial complex under construction specialized in the manufacturing of ceramic proppants used in the drilling and completion of non-conventional oil and gas wells. Control was obtained by acquisition of 100.00% of the voting rights of the American company Pyramax Ceramics for a total amount of €236.1 million, of which €116.4 million (USD152.1 million) of cash remitted to the seller when control was obtained, €41.2 million (USD55.0 million) of contingent consideration paid in September 2013 and €78.5 million (USD102.5 million) of contingent consideration payable subsequently in accordance with the future industrial and commercial performance of the plant. Provisional goodwill is estimated at €93.9 million at the acquisition date.

Others. On June 3, 2013, Imerys acquired 70.00% of the voting rights of Indoporlen, the Indonesian leader in the production and installation of refractory products. This acquisition, paid in cash for an amount of €15.3 million generates a provisional goodwill of €10.6 million out of the €12.6 million of the goodwill of other 2013 acquisitions.

(€ millions)	Pyramax	Others	Total
Consideration transferred by the Group	**236.1**	**20.6**	**256.7**
Interest held before control was obtained	-	-	0.0
Cash remitted to the seller when control was obtained	116.4	20.6	137.0
Contingent consideration of the seller	119.7	-	119.7
Investment of non-controlling interests	**-**	**2.2**	**2.2**
Shareholders' investment	**236.1**	**22.8**	**258.9**
Assets - non-current	**159.7**	**5.6**	**165.3**
Intangible assets	0.1	-	0.1
Property, plant and equipment	159.6	5.0	164.6
Deferred tax assets	-	0.6	0.6
Assets - current	**13.6**	**16.3**	**29.9**
Inventories	3.5	7.0	10.5
Trade receivables	-	5.1	5.1
Other receivables	10.0	2.3	12.3
Cash and cash equivalents	0.1	1.9	2.0
Liabilities - non-current	**-**	**(3.4)**	**(3.4)**
Other provisions	-	(1.9)	(1.9)
Loans and financial debts	-	(1.5)	(1.5)
Liabilities - current	**(31.1)**	**(8.3)**	**(39.4)**
Other provisions	-	(0.3)	(0.3)
Trade payables	-	(3.9)	(3.9)
Income taxes payable	-	(0.1)	(0.1)
Other debts	(9.8)	(3.6)	(13.4)
Loans and financial debts	(21.3)	-	(21.3)
Bank overdrafts	-	(0.4)	(0.4)
Identifiable net asset	**142.2**	**10.2**	**152.4**
Goodwill	**93.9**	**12.6**	**106.5**
Goodwill, Group share	93.9	12.6	106.5

Note 17 Intangible assets

Estimates

As part of its ordinary activities, Imerys uses intangible assets whose consumption is represented by amortization. The Executive Management estimates that for most of these assets, the best estimate of this consumption is reflected by the straight-line mode over the following useful lives:

- software: 1 to 5 years;
- trademarks, patents and licenses: 5 to 40 years.

However, the Executive Management considers that straight-line depreciation is inappropriate to reflect the consumption of intangible assets related to mining activity such as mining rights, prepaid leases and certain use rights. Their amortization is thus estimated in units of production on the basis of actual extraction. The rights held to justify the greenhouse gases emissions of the Group are not amortizable.

Table of changes

(€ millions)	Software	Trademarks, patents and licenses	Mining and use rights	Other intangible assets	Total
Carrying amount as of January 1, 2012	**4.9**	**3.7**	**14.4**	**14.7**	**37.7**
Gross amount	62.4	14.1	15.8	41.0	133.3
Amortization and impairment losses	(57.5)	(10.4)	(1.4)	(26.3)	(95.6)
Incoming entities	-	3.0	-	(2.0)	1.0
Acquisitions	1.9	0.6	0.7	9.2	12.4
Increases in amortization	(2.7)	(1.6)	(0.4)	(0.9)	(5.6)
Impairment losses	-	(0.2)	-	(0.4)	(0.6)
Reclassification and other	3.2	-	(0.1)	(0.2)	2.9
Exchange rate differences	(0.1)	0.1	0.3	(0.1)	0.2
Carrying amount as of December 31, 2012	**7.2**	**5.6**	**14.9**	**20.3**	**48.0**
Gross amount	62.1	16.9	16.5	45.5	141.0
Amortization and impairment losses	(54.9)	(11.3)	(1.6)	(25.2)	(93.0)
Incoming entities	0.1	-	-	-	0.1
Outgoing entities	(0.4)	(0.1)	-	-	(0.5)
Acquisitions	1.5	0.4	0.2	15.9	18.0
Increases in amortization	(2.9)	(1.3)	(0.3)	(1.9)	(6.4)
Impairment losses	-	-	-	(0.1)	(0.1)
Reclassification and other	4.7	(0.3)	0.1	13.0	17.5
Exchange rate differences	(0.3)	(0.2)	(2.5)	(1.0)	(4.0)
Carrying amount as of December 31, 2013	**9.9**	**4.1**	**12.4**	**46.2**	**72.6**
Gross amount	64.8	16.3	14.0	73.7	168.8
Amortization and impairment losses	(54.9)	(12.2)	(1.6)	(27.5)	(96.2)

Emission rights

The European directive no. 2003/87/CE dated October 13, 2003 establishing a market for emission rights of greenhouse gases within the Community mainly applies to the Imerys production activity of roof tiles and bricks within the business group Ceramic Materials. In 2013, over the fifth period of the second phase of the European market (2009 - 2013), Imerys has used 78.5% of the greenhouse gas emission quotas granted to the eligible sites in Europe (46.0% in 2012). Since the actual emissions of the Group are inferior to the authorized level, no provision has been recognized as of December 31, 2013.

Note 18 Property, plant and equipment

Estimates

As part of its ordinary activities, Imerys uses property, plant and equipment whose consumption is represented by depreciation. The Executive Management estimates that for most of these assets, the best estimate of this consumption is reflected by the straight-line mode over the following useful lives, reflecting where necessary, the useful lives of the components:

- office buildings: 10 to 50 years;
- industrial buildings: 10 to 30 years;
- improvements to office and industrial buildings: 5 to 15 years;
- machinery, tooling, facilities and equipment: 5 to 20 years;
- vehicles: 2 to 5 years.

However, the Executive Management considers that straight-line depreciation is inappropriate to reflect the consumption of property, plant and equipment related to mining activity such as mineral reserves (€369.6 million as of December 31, 2013 and €430.4 million as of December 31, 2012) and overburden assets (€58.6 million as of December 31, 2013 and €63.0 million as of December 31, 2012), as well as certain industrial assets of discontinuous use. Their depreciation is thus estimated in units of production on the basis of actual extraction for mining assets or, for these industrial assets, of operational follow-up units such as production or operating hours. A mineral reserve is depreciated over a quantity equal to the geological inventory of the deposit decreased by discounts representative of the geological uncertainty inherent to resources. Overburden assets, that qualify as a component of the mineral reserve asset, are depreciated over the quantity of reserve they specifically give access to. Subsoil, i.e. the surface of land excluding mineral deposit, is not depreciated since it is not consumed by mining activity.

Table of changes

(€ millions)	Mining assets	Land and buildings	Plant and equipment	Down payments and assets under construction	Other property, plant and equipment	Total
Carrying amount as of January 1, 2012	**502.9**	**295.9**	**919.4**	**126.7**	**42.1**	**1,887.0**
Gross amount	725.2	543.2	3,156.9	128.7	219.9	4,773.9
Depreciation and impairment losses	(222.3)	(247.3)	(2,237.5)	(2.0)	(177.8)	(2,886.9)
Incoming entities	7.5	2.8	12.9	0.4	8.8	32.4
Acquisitions	42.5	7.4	43.8	149.7	10.6	254.0
Disposals	(0.2)	(6.5)	1.1	(0.7)	(1.2)	(7.5)
Increases in depreciation	(44.7)	(13.7)	(140.3)	(0.1)	(13.6)	(212.4)
Impairment losses	(2.5)	(0.5)	(1.9)	-	-	(4.9)
Reversals of impairment losses	-	0.1	0.3	-	-	0.4
Reclassification and other	1.9	7.6	64.9	(82.1)	8.3	0.6
Exchange rate differences	(14.0)	(6.5)	(22.0)	(5.2)	(0.3)	(48.0)
Carrying amount as of December 31, 2012	**493.4**	**286.6**	**878.2**	**188.7**	**54.7**	**1,901.6**
Gross amount	748.3	511.8	2,988.4	190.7	213.1	4,652.3
Depreciation and impairment losses	(254.9)	(225.2)	(2,110.2)	(2.0)	(158.4)	(2,750.7)
Incoming entities	10.7	4.0	(4.8)	149.0	1.7	160.6
Outgoing entities	(35.6)	(7.3)	(37.9)	(0.4)	(0.2)	(81.4)
Acquisitions	39.5	5.9	54.6	123.6	8.4	232.0
Disposals	(0.2)	(2.3)	(3.7)	(2.1)	(1.5)	(9.8)
Increases in depreciation	(48.0)	(12.5)	(130.5)	0.1	(14.0)	(204.9)
Impairment losses	(3.6)	(1.1)	(6.2)	(0.2)	(0.2)	(11.3)
Reversals of impairment losses	-	-	1.5	-	-	1.5
Reclassification and other	2.4	24.7	92.8	(155.2)	5.1	(30.2)
Exchange rate differences	(30.4)	(19.1)	(52.7)	(20.3)	(2.6)	(125.1)
Carrying amount as of December 31, 2013	**428.2**	**278.9**	**791.3**	**283.2**	**51.4**	**1,833.0**
Gross amount	699.2	493.9	2,813.0	285.3	207.4	4,498.8
Amortization and impairment losses	(271.0)	(215.0)	(2,021.7)	(2.1)	(156.0)	(2,665.8)

Finance leases

Items of property, plant and equipment controlled under finance lease are recognized as assets for an amount of €2.5 million as of December 31, 2013 (€2.6 million as of December 31, 2012). It essentially relates to freight material. Commitments for future finance lease rent payments amount to €2.4 million, of which €0.3 million for 2014, €1.1 million from 2015 to 2019 and €1.0 million beyond.

Note 19 Impairment tests

Judgments

Cash-Generating Units (CGUs). The definition of CGUs qualifies as a judgment of the Executive Management that meets, at the level of the smallest group of assets possible, the three following criteria:

- a homogeneous production process in terms of portfolio of minerals, transformation processes and applications;
- an active market presenting homogeneous macroeconomic characteristics; and
- a level of operating power in terms of continuation, restructuring or discontinuation of mining, industrial and commercial activity.

The validation of these three criteria for each CGU guarantees the independence of their respective cash flows. CGUs directly result from the analysis structure followed each month by the Executive Management in its business reporting. All assets within the Group including mining assets and goodwill, are allocated to a CGU. The grouping of CGUs forms the reported segments of the *Information by Segments*. As part of the new operational and managerial organization implemented in July 2013, the perimeter of CGUs has been revised. The CGUs as of December 31, 2013 thus correspond for one part to the CGUs that already existed as of December 31, 2012 and for another part to different splits. Goodwill was reallocated to the new CGUs proportionally to their contributions to the 2013 EBITDA. If it had been applied in 2012, the new CGUs structure defined in 2013 would not have resulted in the recognition of impairment losses in addition to those recognized as of December 31, 2012. In the following table, the carrying amount and the impairment loss on goodwill is presented by groups of CGUs (ESS, FPA, CM and HRM).

	2013		2012	
(€ millions)	Carrying amount	Impairment loss of the period	Carrying amount	Impairment loss of the period
Energy Solutions & Specialties (ESS)	333.1	-	254.5	(0.5)
Filtration & Performance Additives (FPA)	299.0	-	318.8	-
Ceramic Materials (CM)	142.7	-	137.7	(1.1)
High-Resistance Minerals (HRM)	284.9	-	291.2	(29.5)
Goodwill of the CGUs	**1,059.7**	**0.0**	**1,002.2**	**(31.1)**
Holdings	0.8	-	0.8	-
Total	**1,060.5**	**0.0**	**1,003.0**	**(31.1)**

Impairment loss indicators. The trigger events of an impairment test are judgments of the Executive Management. These are mainly significant changes in business, interest rates, technological level, obsolescence and level of performance of assets. The adverse evolution of one of these indices requires the immediate performance of an impairment test, either on a CGU, or on an individual asset.

Estimates

Recoverable amount. The recoverable amount of a CGU or individual asset is the higher between the fair value less costs to sell and the value in use. In practice, fair value is reliably determinable only for individual assets and then corresponds to prices of recent transactions on disposals of similar assets. The value in use qualifies as the most frequently used measurement basis for both CGUs and individual assets.

Forecasted cash flows. The forecasted cash flows used to estimate the value in use result from the 2014 budget and an extrapolation for 2015 and 2016. The key underlying assumptions of these projections are in the first place the level of volumes and to a lesser extent, the level of prices. For the terminal value, Imerys uses the Gordon and Shapiro perpetual growth model. Future cash flows correspond to current free operating cash flow *(Note 24.2 - Current free operating cash flow)* adjusted by the "Change in other items of working capital" *(Note 24.2 - Change in net financial debt)*.

Discount rate. The discount rate used to calculate the value in use is determined from the weighted average cost of capital of groups comparable to Imerys present in the industrial minerals sector. This rate, of 8.00% in 2013 (8.00% in 2012), is adjusted in accordance with the tested assets by a country-market risk premium of - 50 to + 170 basis points (- 50 to + 220 basis points in 2012). The average discount rate after income taxes amounts to 8.04% in 2013 (8.03% in 2012).

The calculations performed after income taxes are identical to those that would be performed with cash flows and rates before income taxes, as required by applicable standards.

In the following table, the weighted average discount and perpetual growth rates used in the calculation of the value in use are presented by groups of CGUs.

	2013		2012	
	Discount rate	Perpetual growth rate	Discount rate	Perpetual growth rate
Energy Solutions & Specialties (ESS)	7.85%	2.00%	7.80%	2.00%
Filtration & Performance Additives (FPA)	8.29%	2.04%	8.27%	2.06%
Ceramic Materials (CM)	7.71%	2.00%	7.69%	2.00%
High-Resistance Minerals (HRM)	8.53%	2.05%	8.61%	2.14%
Total	**8.04%**	**2.02%**	**8.03%**	**2.04%**

Among these assumptions, forecasted cash flows, discount rates and perpetual growth rates are those whose changes result in the most significant impacts on the Group financial statements. The following table presents the impairment losses by CGU that would be recognized as a result of adverse changes from the assumptions retained in the financial statements as of December 31, 2013.

(€ millions)	Adverse changes
Forecasted cash flows	**(5.0)%**
Impairment loss on the Zirconia CGU goodwill (HRM)	(1.6)
Discount rates	**1.0%**
Impairment loss on the Zirconia CGU goodwill (HRM)	(12.5)
Perpetual growth rates	**(1.0)%**
Impairment loss on the Zirconia CGU goodwill (HRM)	(7.2)

Annual test of CGUs

The systematic performance of this annual test on each of the CGUs is mandatory as a consequence of the presence of goodwill in all CGUs. In 2013, this test requires the recognition of no impairment loss on goodwill. In 2012, this test had required the recognition of an impairment loss on goodwill of €31.1 million. This impairment loss had been recognized in "Other operating income and expenses" *(Note 10)* and related for €29.5 million to the goodwill of CGU Zirconia.

Tests of individual assets

Impairment indicators may require the immediate performance of this test in case of an unfavorable evolution, in addition to the test carried out on CGUs. The resulting impairment losses recognized in 2013 amount to €11.4 million, of which €0.4 million in the Energy Solutions & Specialties business group, €0.3 million in the Filtration & Performance Additives business group, €10.1 million in the Ceramic Materials business group (of which €6.2 million related to the closure of Ardoisières d'Angers) and €0.6 million in the High Resistance Minerals business group. These impairment losses, recognized in "Other operating income and expenses" *(Note 10)*, were related to the industrial tool of the business groups. Impairment loss reversals recognized in 2013 amount to €1.5 million in the Ceramic Materials business group. These impairment losses, net of reversals thus amount to €9.9 million recognized in "Other operating income and expenses" *(Note 10)*.

In 2012, the tests of individual assets had required the recognition of impairment losses for an amount of €5.3 million, of which €2.8 million in the Energy Solutions & Specialties business group, €0.1 million in the Filtration & Performance Additives business group, €0.7 million in the Ceramic Materials business group and €1.7 million in the High Resistance Minerals business group. These impairment losses, recognized in "Other operating income and expenses" *(Note 10)*, were related to the industrial tool of the business groups. Impairment loss reversals recognized in 2012 amounted to €0.3 million in the Ceramic Materials business group. These impairment losses, net of reversals thus amounted to €5.0 million recognized in "Other operating income and expenses" *(Note 10)*.

Note 20 Inventories

	2013			2012		
(€ millions)	Gross amount	Write-down	Carrying amount	Gross amount	Write-down	Carrying amount
Raw materials	250.7	(12.2)	238.5	275.7	(12.5)	263.2
Work in progress	62.5	(0.4)	62.1	65.3	(0.5)	64.8
Finished goods	258.5	(8.7)	249.8	284.5	(12.3)	272.2
Merchandises	41.0	(3.1)	37.9	52.5	(1.6)	50.9
Total	**612.7**	**(24.4)**	**588.3**	**678.0**	**(26.9)**	**651.1**

Note 21 Financial assets

21.1 Categories of financial assets

The tables hereafter enable to evaluate the significance of financial instruments with respect to consolidated assets. The categories used to present the carrying amounts of financial instruments are explained in *Note 11*. These carrying amounts are representative of fair value.

As of December 31, 2013

		Fair value through profit or loss			Hedge derivatives				
(€ millions)	Available-for-sale financial assets	Non derivative	Non hedge	Loans and receivables	Fair value	Cash flow	Net investment in a foreign operation	Non IAS 39	Total
Non-current assets									
Other financial assets	4.0	-	-	16.0	-	-	-	7.7	27.7
Other receivables	-	-	-	31.3	-	-	-	5.8	37.1
Derivative financial assets	-	-	-	-	6.1	-	1.4	-	7.5
Current assets									
Trade receivables	-	-	-	512.3	-	-	-	-	512.3
Other receivables	-	-	-	87.8	-	-	-	57.1	144.9
Derivative financial assets	-	-	2.4	-	-	2.0	-	-	4.4
Other financial assets	-	81.5	-	-	-	-	-	-	81.5
Cash and cash equivalents	-	-	-	345.9	-	-	-	-	345.9
Total financial assets	**4.0**	**81.5**	**2.4**	**993.3**	**6.1**	**2.0**	**1.4**	**-**	**-**

As of December 31, 2012

(€ millions)	Available-for-sale financial assets	Fair value through profit or loss		Loans and receivables	Hedge derivatives			Non IAS 39	Total
		Non derivative	Non hedge		Fair value	Cash flow	Net investment in a foreign operation		
Non-current assets									
Other financial assets	4.5	-	-	12.1	-	-	-	8.3	24.9
Other receivables	-	-	-	61.6	-	-	-	6.4	68.0
Derivative financial assets	-	-	-	-	9.6	-	-	-	9.6
Current assets									
Trade receivables	-	-	-	513.8	-	-	-	-	513.8
Other receivables	-	-	-	99.9	-	-	-	34.4	134.3
Derivative financial assets	-	-	0.5	-	-	1.5	-	-	2.0
Other financial assets	-	57.8	-	-	-	-	-	-	57.8
Cash and cash equivalents	-	-	-	260.6	-	-	-	-	260.6
Total financial assets	**4.5**	**57.8**	**0.5**	**948.0**	**9.6**	**1.5**	**-**	**-**	**-**

21.2 Trade receivables, other receivables and other financial assets

(€ millions)	Other non-current financial assets	Other non-current receivables	Trade receivables	Other current receivables	Total
Carrying amount as of January 1, 2012	**18.5**	**74.6**	**526.9**	**141.0**	**761.0**
Gross amount	21.1	135.9	557.4	143.3	857.7
Write-down	(2.6)	(61.3)	(30.5)	(2.3)	(96.7)
Changes in the scope of consolidation	-	1.8	5.3	(0.9)	6.2
Net change	3.3	(8.8)	(17.5)	(8.4)	(31.4)
Write-down	(0.1)	5.6	4.6	0.5	10.6
Other	(0.9)	0.7	(0.1)	4.8	4.5
Exchange rate differences	(0.4)	(5.9)	(5.4)	(2.7)	(14.4)
Carrying amount as of December 31, 2012	**20.4**	**68.0**	**513.8**	**134.3**	**736.5**
Gross amount	23.1	118.0	539.6	136.2	816.9
Write-down	(2.7)	(50.0)	(25.8)	(1.9)	(80.4)
Changes in the scope of consolidation	-	-	5.0	11.4	16.4
Net change	4.6	(18.0)	22.6	9.6	18.8
Write-down	(0.1)	(5.7)	4.2	0.2	(1.4)
Other	(0.1)	0.9	(8.0)	(1.6)	(8.8)
Exchange rate differences	(1.1)	(8.1)	(25.3)	(9.0)	(43.5)
Carrying amount as of December 31, 2013	**23.7**	**37.1**	**512.3**	**144.9**	**718.0**
Gross amount	26.5	83.8	533.4	146.7	790.4
Write-down	(2.8)	(46.7)	(21.1)	(1.8)	(72.4)

Other non-current financial assets correspond to assets related to employee benefits for €7.7 million as of December 31, 2013 (€8.3 million as of December 31, 2012) *(Note 23.1)* and to loans and deposits for €7.4 million as of December 31, 2013 (€9.1 million as of December 31, 2012). The greater part of other non-current receivables and related write-down corresponds to tax receivables other than income taxes in Brazil. Other current receivables also mainly correspond to tax receivables other than income taxes.

In addition, the Group has set up in September 2009 a factoring contract without recourse for an unlimited duration. Since the object of this contract is to transfer the trade receivables of certain customers to the factor as well as the entire related risks and rewards, including the risks of default and late payment, these receivables are derecognized. As of December 31, 2013, they represent an amount of €46.3 million (€62.1 million as of December 31, 2012).

21.3 Management of risks arising from financial assets

Credit risk

Description of the risk. The credit risk is the risk that a debtor of Imerys does not reimburse his debt at the due date. This risk mainly has an impact on the category of loans and receivables.

Management of the risk. The credit risk is followed at the level of each entity. This follow up mainly bases on the analysis of past due receivables and can be extended to a more detailed solvency investigation. The Group entities may hedge the credit risk through credit insurance contracts or warranties *(Note 28)*. At the closing date, loans and receivables are reduced to their recoverable amount by an individual write-down. As of December 31, 2013, loans and receivables are written-down by €72.4 million (€80.4 million as of December 31, 2012). The maximum exposure of Imerys to credit risk before credit insurance and warranties, i.e. the carrying amount of its receivables, thus amounts to €718.0 million (€736.5 million as of December 31, 2012).

The table hereafter presents the change in write-down of loans and receivables:

(€ millions)	Other non-current financial assets	Other non-current receivables	Trade receivables	Other current receivables	Total
Balance as of January 1, 2012	**(2.6)**	**(61.3)**	**(30.5)**	**(2.3)**	**(96.7)**
Changes in the scope of consolidation	-	-	0.1	-	0.1
Increases	(0.2)	-	(6.6)	(0.2)	(7.0)
Utilizations	0.1	5.6	11.2	0.7	17.6
Other	-	0.2	(0.1)	(0.1)	0.0
Exchange rate differences	-	5.5	0.1	-	5.6
Balance as of December 31, 2012	**(2.7)**	**(50.0)**	**(25.8)**	**(1.9)**	**(80.4)**
Changes in the scope of consolidation	-	-	(0.2)	-	(0.2)
Increases	(0.2)	(7.7)	(2.9)	-	(10.8)
Utilizations	0.1	2.0	7.1	0.3	9.5
Other	-	0.3	-	(0.2)	0.1
Exchange rate differences	-	8.7	0.7	-	9.4
Balance as of December 31, 2013	**(2.8)**	**(46.7)**	**(21.1)**	**(1.8)**	**(72.4)**

Trade receivables do not bear interest and are generally due between 30 to 90 days. Some trade receivables may be past due without being impaired, for example where hedged by a credit insurance contract or a warranty.

(€ millions)	2013	2012
Past due trade receivables that are not impaired	**89.5**	**84.5**
Since less than 30 days	48.6	55.3
Since 30 to 89 days	18.1	17.2
Since 90 days and more	22.8	12.0
Undue trade receivables and past-due and impaired trade receivables	**422.8**	**429.3**
Total	**512.3**	**513.8**

Transactional currency risk

Description of the risk. The transactional currency risk is the risk whereby a cash flow labeled in foreign currency may be subject to a deterioration caused by an unfavorable change in its counterpart in functional currency. In the assets, the transactional currency risk has an impact mainly on trade receivables.

Management of the risk. In the assets, the transactional currency risk is managed in accordance with the same principles as the transactional currency risk related to financial liabilities *(Note 24.5 - Transactional currency risk)*.

Note 22 Equity

Capital management principles

The management of capital presents three main fields: consolidated equity, share-based payments and share repurchases. The management of consolidated equity pursues the objective to maintain a stable financial structure so as to generate dividends for shareholders through a regular and steady growth of results. The share options and free shares granted to certain key employees aim at promoting their loyalty to reach this objective *(Note 8)*. The objective of share repurchases is to foster the liquidity of transactions and regularity of quotation of the Imerys share, to make certain share-based payments and to perform the cancellations necessary to offset the dilutive impact on shareholders of exercised share options and of definitely vested free shares grants.

Consolidated equity corresponds to the capital and premiums of Imerys SA and consolidated income and reserves. There are no hybrid instruments combining the characteristics of liabilities and equity instruments. As of December 31, 2013:

- consolidated equity amounts to €2,271.7 million (€2,261.0 million as of December 31, 2012) on the basis of which the Board of Directors proposes a dividend per share of €1.60 (€1.55 in 2012);
- the 3,090,546 share options and 720,007 conditional free shares not exercised or not vested represent 4.76% of the capital of Imerys SA after dilution (5.86% of the capital after dilution as of December 31, 2012);
- Imerys SA holds, after purchase, sale, cancellation and transfer transactions of the period 100,137 Imerys shares (159,563 as of December 31, 2012).

The capital of Imerys SA is subject to several mandatory requirements of the French Code of Commerce. These requirements do not have any significant impact on the financial statements. However their compliance is subject to verifications by the Statutory Auditors. Furthermore, part of the Group's financing is ensured through liabilities instruments whose external issuers impose the compliance to ratios, some of which using the amount of consolidated equity. These ratios as well as their amounts at the closing date are presented in *Note 24.5 - Borrower's liquidity risk*.

Period activity

	2013			2012		
(€ millions)	Issued shares	Treasury shares	Outstanding shares	Issued shares	Treasury shares	Outstanding shares
Number of shares at the opening	**75,368,546**	**(159,563)**	**75,208,983**	**75,142,516**	**(57,442)**	**75,085,074**
Capital increases	913,442	-	913,442	226,030	-	226,030
Capital decreases	(43,724)	-	(43,724)	-	-	0
Transactions on treasury shares	-	39,426	39,426	-	(102,121)	(102,121)
Number of shares at the closing (1)	**76,238,264**	**(120,137)**	**76,118,127**	**75,368,546**	**(159,563)**	**75,208,983**

(1) Including 20,000 shares negotiated on December 30, 2013 and delivered on January 3, 2014.

On December 12, 2013, the Board of Directors, as part of the share buy-back programs authorized by the Shareholders' General Meetings of April 26, 2012 and April 25, 2013, and in accordance with the authorization given by the Shareholders' General Meeting of April 25, 2013, cancelled 43,724 treasury shares directly acquired on the market by Imerys and totally allocated to the cancellation objective. This cancellation of shares lead to a capital decrease of Imerys SA of a nominal amount of €87,448.

On January 10, 2014, the Chairman and Chief Executive Officer, pursuant to the delegation of powers given to him by the Board of Directors on December 12, 2013, noted that, on December 31, 2013, the share capital had been increased by a nominal amount of €1,826,884 as a result of the exercise during the 2013 period of 913,442 share options and of the creation of the same number of new Imerys shares.

As a result of those transactions, Imerys' fully-paid up share capital as of December 31, 2013 totaled €152,476,528; it was made up of 76,238,264 shares with €2.00 par value of which 43,405,355 enjoyed double voting rights pursuant to article 22 of Imerys' by-laws. The total number of theoretical voting rights attached to existing shares was 119,643,619. Considering the 100,137 treasury shares held on December 31, 2013 before inclusion of 20,000 shares negotiated on December 30, 2013 and delivered on January 3, 2014, the total number of net voting rights attached to outstanding shares was 119,543,482 on the same date. No directly registered shares have been pledged by Imerys. The share capital did not change and the number of voting rights did not undergo any significant change between December 31, 2013 and the date of the present Registration Document.

Note 23 Provisions

23.1 Employee benefit liabilities

Imerys contributes, in accordance with the regulation and business benchmark of each country, to the constitution of retirement benefits for its employees. The granted benefits thus take the form, either of defined contribution plans whose future level is not guaranteed by Imerys *(Note 8)*, or of defined benefit plans whose future level is guaranteed by Imerys through the liabilities analyzed in this note.

(€ millions)	2013	2012 Restated	01/01/2012 Restated
Retirement plans [(1)]	191.9	279.3	203.5
Medical plans [(1)]	17.1	22.2	20.2
Other long-term benefits	9.4	9.1	7.8
Termination benefits	8.7	6.8	3.3
Total	**227.1**	**317.4**	**234.8**

(1) After change in accounting policy on employee benefits (Note 2.1).

Defined benefit plans characteristics

As of December 31, 2013, the defined employee benefit obligation of Imerys amounts to €1,210.6 million (€1,265.3 million as of December 31, 2012). This obligation is made up of retirement indemnities, medical post-retirement benefits and other pre-retirement benefits such as jubilee awards. The main obligations, whose amounts are disclosed as negative values in the following table, are located in the United Kingdom and United States:

	2013				2012			
(€ millions)	United Kingdom	United States	Rest of the world	Total	United Kingdom	United States	Rest of the world	Total
Retirement indemnities	(787.4)	(221.9)	(174.7)	(1,184.0)	(802.1)	(260.5)	(171.1)	(1,233.7)
Medical post-retirement benefits	-	(10.1)	(7.0)	(17.1)	-	(14.9)	(7.3)	(22.2)
Other pre-retirement benefits	-	-	(9.5)	(9.5)	-	-	(9.4)	(9.4)
Total	**(787.4)**	**(232.0)**	**(191.2)**	**(1,210.6)**	**(802.1)**	**(275.4)**	**(187.8)**	**(1,265.3)**

As of December 31, 2013, these obligations relate to 26,636 beneficiaries (27,935 beneficiaries as of December 31, 2012) made up of those employees who acquire rights for the services they render within the Group (active beneficiaries), of those employees who ceased to acquire rights for the services they render within the Group as well as those former employees active outside the Group (deferred beneficiaries) and of retired former employees (retired beneficiaries). The following table discloses the main characteristics of these beneficiaries:

	2013				2012			
	United Kingdom	United States	Rest of the world	Total	United Kingdom	United States	Rest of the world	Total
Headcounts								
Number of active beneficiaries	928	1,750	11,099	13,777	995	1,886	11,522	14,403
Number of deferred beneficiaries	1,993	2,802	178	4,973	2,086	2,948	276	5,310
Number of retired beneficiaries	4,855	2,555	476	7,886	4,983	2,533	706	8,222
Total	**7,776**	**7,107**	**11,753**	**26,636**	**8,064**	**7,367**	**12,504**	**27,935**
Age								
Average age of active beneficiaries	52	50	44	46	51	50	44	46
Average age of deferred beneficiaries	53	51	48	52	52	50	51	51
Average age of retired beneficiaries	74	69	75	73	74	69	74	72
Past service								
Years of past service of active members	26	18	16	17	25	17	17	17

Two plans represent 73.2% of the Group total obligation as of December 31, 2013 (70.2% as of December 31, 2012): the British Imerys UK Pension Scheme (Imerys UK) and the American Imerys USA Retirement Growth Account Plan (Imerys USA). The following table presents their main characteristics:

	2013		2012	
	Imerys UK	**Imerys USA**	**Imerys UK**	**Imerys USA**
Obligation by categories of beneficiaries *(€ millions)*				
Active beneficiaries	(161.9)	(38.9)	(171.4)	(37.3)
Deferred beneficiaries	(118.9)	(51.6)	(118.0)	(55.4)
Retired beneficiaries	(473.9)	(41.0)	(480.9)	(24.9)
Total	**(754.7)**	**(131.5)**	**(770.3)**	**(117.6)**
Age				
Average age of active beneficiaries	52	50	51	49
Average age of deferred beneficiaries	53	52	52	51
Average age of retired beneficiaries	75	67	74	68
Eligibility				
Last hiring date	12/31/04	3/31/10	12/31/04	3/31/10
Retirement age	65	65	65	65
Description of the benefit				
Mode of payment	Annuity (1)	Capital (2)	Annuity (1)	Capital (2)
Increase on retail price index	Yes	No	Yes	No
Regulatory framework				
Minimum funding requirement by the employer	Yes (3)	Yes (3)	Yes (3)	Yes (3)
Minimum contribution requirement by the beneficiary	Yes	No	Yes	No
Governance				
Trustees representing the employer	Yes	Yes	Yes	Yes
Trustees representing the beneficiaries	Yes	No	Yes	No
Independent trustees	Yes	No	Yes	No
Trustee's responsibility				
Definition of the investing strategy	Yes	Yes	Yes	Yes
Negotiation of the refinancing of deficits with the employer	Yes	-	Yes	-
Administrative management of the benefit payment	Yes	No	Yes	No

(1) Annuity calculated on the basis of the number of years of service rendered, of the annual salary at the retirement date and of the average of the three last annual salaries.

(2) Capital with guaranteed interest rate (Cash Balanced Plan).

(3) The employer is required to fund each unit of service rendered by 100% on the basis of a funding valuation.

Management of risks arising from employee benefits

Description of the risks. The main issue related with the financial management of employee benefits is the control of the funding ratio of obligations, i.e. the ratio between the value of plan assets and the value of obligations. The funding ratio of obligations may thus be subject to a deterioration caused by a decorrelation between the evolution (especially downwards) of the plan assets and the evolution (especially upwards) of the obligations. The value of plan assets may be lowered by a deterioration of the fair value of investments. The value of obligations may be raised on the one hand for all plans as a result of a decrease in discount rates and on the other hand for benefits paid as life annuities, either from a rise in the inflation rates used to remeasure the obligations of certain plans, or from the increase in the life expectancy of beneficiaries.

Management of the risks. The strategy to control the funding ratio of obligations consists in the first place to optimize the value of plan assets. The objective of investment policies thus aim at delivering a steady return while taking advantage of opportunities with limited or moderate risks levels. The choice of investments is specific to each plan and its determination considers the duration of the plan as well as minimum funding regulatory constraints. In the United Kingdom in particular, Imerys applies since 2011 a specific strategy of control of the funding ratio of obligations that consists in defining the investment of plan assets so as to match the obligation. This device designated as Liability Driven Investment (LDI) aims at controlling the funding rate of the obligation through the correlation of cash inflows and outflows over the duration of the obligation. In practice, this strategy consists in structuring the portfolio of plan assets so that the cash inflows generated by the return on investments match the cash outflows generated by the payment of benefits. Within this device, the hedging policy of the risk that the obligation raises as a result of a decrease in discount rates and an increase in inflation rates covers 79.0% of the amount of the obligation as of December 31, 2013 (50.0% as of December 31, 2012).

Employee benefits financing

Imerys finances the greater part of employee benefits with investments unavailable to third parties in trusts or insurance contracts legally separate from the Group. These investments designated as plan assets amount to €993.1 million as of December 31, 2013 (€956.3 million as of December 31, 2012). Imerys also holds reimbursement rights, i.e. investments directly held by the Group and amounting to €6.8 million as of December 31, 2013 (€6.8 million as of December 31, 2012). The funding rate of obligations thus amounts to 82.6% as of December 31, 2013 (76.1% as of December 31, 2012). The deficit of funded plans and unfunded plans is accrued for €210.7 million as of December 31, 2013 (€302.3 million as of December 31, 2012), as presented in the following table:

	2013				2012			
(€ millions)	United Kingdom	United States	Rest of the world	Total	United Kingdom	United States	Rest of the world	Total
Obligations funded by plan assets	(787.4)	(219.9)	(87.9)	(1,095.2)	(802.1)	(258.4)	(91.6)	(1,152.1)
Obligations funded by reimbursement rights	-	-	(24.9)	(24.9)	-	-	(25.9)	(25.9)
Plan assets	745.1	183.7	64.3	993.1	717.7	175.0	63.6	956.3
Plan assets limitation	-	-	-	0.0	-	-	(0.1)	(0.1)
Reimbursement rights	-	-	6.8	6.8	-	-	6.8	6.8
Funded plans surplus (deficit)	**(42.3)**	**(36.2)**	**(41.7)**	**(120.2)**	**(84.4)**	**(83.4)**	**(47.2)**	**(215.0)**
Unfunded obligations	-	(12.1)	(78.4)	(90.5)	-	(17.0)	(70.3)	(87.3)
Total surplus (deficit)	**(42.3)**	**(48.3)**	**(120.1)**	**(210.7)**	**(84.4)**	**(100.4)**	**(117.5)**	**(302.3)**

The following table presents the contributions paid to the funds by profit or loss level in 2012 and 2013 as well as an estimate for 2014. Contributions are generally recognized in current operating income. They are recognized as other operating revenue and expenses where they relate to a restructuring. Contributions recognized in financial income (loss) are intended to recover the deficit of those closed plans (absence of current service) with mandatory funding requirement. In this respect, each euro of service rendered before the plan was closed has been funded by a contribution of the same amount through current operating income. However the decrease in discount rates, the increase in inflation rates and the decrease in the fair value of investments has broken this initial balance and now requires additional contributions to restore it.

(€ millions)	2014 (estimate)	2013	2012
Contributions in current operating income	(26.4)	(16.4)	(25.1)
Contributions in other operating revenue and expenses	-	(0.6)	(0.9)
Contributions in financial income (loss) (closed plans)	-	(0.5)	(2.7)
Employer contributions	**(26.4)**	**(17.5)**	**(28.7)**

Plan assets are mainly invested in instruments whose market values are quoted in an active market:

	2013				2012			
	United Kingdom	United States	Rest of the world	Total	United Kingdom	United States	Rest of the world	Total
Assets with a quoted price	**95.6%**	**100.0%**	**92.8%**	**96.3%**	**96.8%**	**100.0%**	**92.5%**	**97.1%**
Equity	44.5%	75.7%	11.4%	48.1%	42.5%	75.2%	11.0%	46.4%
Debt	51.0%	23.9%	49.4%	45.9%	54.2%	24.4%	49.7%	48.4%
Real estate	0.1%	-	6.2%	0.5%	0.1%	-	5.9%	0.5%
Monetary	-	0.4%	25.8%	1.8%	-	0.4%	25.9%	1.8%
Assets without a quoted price	**4.4%**	**0.0%**	**7.2%**	**3.7%**	**3.2%**	**0.0%**	**7.5%**	**2.9%**
Equity	-	-	-	0.0%	-	-	-	0.0%
Debt	-	-	-	0.0%	-	-	0.6%	0.0%
Real estate	4.4%	-	-	3.3%	3.2%	-	-	2.4%
Monetary	-	-	7.2%	0.4%	-	-	6.9%	0.5%
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

The assets held by Imerys to fund the employee benefits generate an actual interest of €92.9 million in 2013 (€65.9 million in 2012), i.e. an actual rate of return of 10.6% in 2013 (7.7% in 2012), as disclosed in the table hereafter. In accordance with applicable standards, this return is only credited to the financial income (loss) to the extent of a normative part of €37.7 million in 2013 (€42.1 million in 2012) calculated on the basis of the risk-free rate used to discount the obligations. The excess of the actual return beyond normative return is credited to equity for €55.2 million in 2013 (€23.8 million in 2012).

	2013				2012			
(€ millions)	United Kingdom	United States	Rest of the world	Total	United Kingdom	United States	Rest of the world	Total
Opening assets	**717.7**	**175.0**	**70.4**	**963.1**	**655.2**	**162.2**	**65.9**	**883.3**
Changes in the scope of consolidation	-	-	(0.1)	(0.1)	27.4	-	0.4	27.8
Contributions	10.6	4.5	3.6	18.7	12.9	11.8	5.0	29.7
Payments to the beneficiaries	(33.8)	(13.0)	(3.6)	(50.4)	(40.4)	(11.7)	(3.4)	(55.5)
Reclassification	-	-	-	0.0	-	-	0.5	0.5
Exchange rate differences	(14.4)	(8.3)	(1.6)	(24.3)	14.4	(3.5)	0.5	11.4
Actual return on assets	**65.0**	**25.5**	**2.4**	**92.9**	**48.2**	**16.2**	**1.5**	**65.9**
Normative return (financial income (loss))	29.2	6.4	2.1	37.7	31.7	7.7	2.7	42.1
Adjustment to actual return (equity)	35.8	19.1	0.3	55.2	16.5	8.5	(1.2)	23.8
Closing assets	**745.1**	**183.7**	**71.1**	**999.9**	**717.7**	**175.0**	**70.4**	**963.1**
Actual rate of return	**10.0%**	**15.7%**	**3.5%**	**10.6%**	**7.7%**	**10.6%**	**2.1%**	**7.7%**

Estimates

The actuarial assumptions used to measure defined benefit plans are estimates of the Executive Management. The assumptions hereafter are weighted by the amounts of obligations or assets, depending upon the item to which they apply.

	2013				2012			
	United Kingdom	United States	Rest of the world	Total	United Kingdom	United States	Rest of the world	Total
Discount rate	4.5%	4.7%	3.0%	4.3%	4.3%	3.8%	3.3%	4.0%
Retail price index	2.4%	-	-	2.4%	2.7%	-	-	2.7%
Salary increase	2.9%	1.8%	2.3%	2.6%	2.5%	1.9%	2.6%	2.4%
Medical cost trend rates	-	7.5%	4.7%	6.4%	-	7.8%	4.9%	6.9%
Duration (years)	15	12	13	14	15	13	13	14

Among these assumptions, the discount rate results in the most significant impacts on the Group financial statements. The following table presents the impact of a change in discount rate for a decrease (lower case) and an increase (higher case) around the assumption retained in the financial statements as of December 31, 2013 (actual 2013). The impact of these changes is measured on three aggregates (obligation, net interest, current service cost) in the two monetary zones where the most significant obligations are located (United Kingdom and United States).

(€ millions)	Lower case	Actual 2013	Higher case
United Kingdom			
Discount rate	4.0%	4.5%	5.0%
Obligation at the closing date	(843.9)	(787.4)	(736.7)
Net interest in the profit or loss of the period [(1)]	(3.7)	(1.6)	0.7
Current service cost in the profit or loss of the period	(6.3)	(5.7)	(5.2)
United States			
Discount rate	4.2%	4.7%	5.2%
Obligation at the closing date	(246.6)	(232.0)	(219.3)
Net interest in the profit or loss of the period [(1)]	(2.5)	(2.1)	(1.6)
Current service cost in the profit or loss of the period	(3.3)	(3.0)	(2.8)

(1) Unwinding of the obligation, net of the normative return on assets.

Tables of changes

As of December 31, 2013

(€ millions)	Obligations	Assets	Assets limitation	Asset (liability)
Balance as of January 1, 2013	**(1,265.3)**	**963.1**	**(0.1)**	**(302.3)**
Plan assets				1.5
Reimbursement rights				6.8
Liabilities				(310.6)
Unwinding	(48.1)	-	-	(48.1)
Current service cost	(20.2)	-	-	(20.2)
Plan amendments	11.3	-	-	11.3
Curtailments	0.7	-	-	0.7
Actuarial gains and (losses) of other employee benefits	(0.5)	-	-	(0.5)
Normative return on plan assets	-	37.5	-	37.5
Normative return on reimbursement rights	-	0.2	-	0.2
Changes recognized in profit or loss	**-**	**-**	**-**	**(19.1)**
Excess of the actual return on assets over their normative return	-	55.2	-	55.2
Actuarial gains and (losses) of post-employment benefits on				
▮ changes in demographic assumptions	(1.4)	-	-	(1.4)
▮ changes in financial assumptions	19.3	-	-	19.3
▮ experience adjustments	1.7	-	-	1.7
Changes recognized in equity	**-**	**-**	**-**	**74.8**
Outgoing entities	3.4	(0.1)	-	3.3
Routine benefit payments	57.0	(49.2)	-	7.8
Settlements payments	1.1	(1.2)	-	(0.1)
Employer contributions	-	17.5	-	17.5
Employee contributions	(1.2)	1.2	-	0.0
Exchange rate differences	31.6	(24.3)	0.1	7.4
Balance as of December 31, 2013	**(1,210.6)**	**999.9**	**0.0**	**(210.7)**
Plan assets				0.9
Reimbursement rights				6.8
Liabilities				(218.4)

The line “Changes recognized in profit or loss” of the above table is analyzed as follows:

(€ millions)	Asset (liability)
Current operating income	**(8.7)**
Net change in employee benefit liabilities	15.3
Contributions to defined employee benefit plans	(24.0)
Other operating income and expenses	**0.2**
Net change in employee benefit liabilities	0.9
Contributions to defined employee benefit plans	(0.7)
Financial income (loss)	**(10.6)**
Net change in employee benefit liabilities	0.3
Contributions to defined employee benefit plans - Closed plans	(0.5)
Normative return on assets of defined benefit plans	37.7
Unwinding of defined employee benefit liabilities	(48.1)
Changes recognized in profit or loss	**(19.1)**

As of December 31, 2012

(€ millions)	Obligations	Assets	Assets limitation	Past services	Asset (liability)
Balance as of January 1, 2012	**(1,103.5)**	**883.3**	**(0.8)**	**3.5**	**(217.5)**
Plan assets					3.9
Reimbursement rights					6.6
Liabilities					(228.0)
Change in accounting method [(1)]	-	-	-	(3.5)	(3.5)
Balance as of January 1, 2012 after change in accounting method	**(1,103.5)**	**883.3**	**(0.8)**	**0.0**	**(221.0)**
Plan assets					3.9
Reimbursement rights					6.6
Liabilities					(231.5)
Unwinding	(51.4)	-	-	-	(51.4)
Current service cost	(18.9)	-	-	-	(18.9)
Plan amendments	(2.5)	-	-	-	(2.5)
Curtailments	0.4	-	-	-	0.4
Actuarial gains and (losses) of other employee benefits	(0.9)	-	-	-	(0.9)
Normative return on plan assets	-	41.8	-	-	41.8
Normative return on reimbursement rights	-	0.3	-	-	0.3
Changes recognized in profit or loss	**-**	**-**	**-**	**-**	**(31.2)**
Excess of the actual return on assets over their normative return	-	23.8	-	-	23.8
Actuarial gains and (losses) of post-employment benefits on					
▮ changes in demographic assumptions	(13.8)	-	-	-	(13.8)
▮ changes in financial assumptions	(87.4)	-	-	-	(87.4)
▮ experience adjustments	(6.6)	-	-	-	(6.6)
Assets limitation	-	-	0.6	-	0.6
Changes recognized in equity	**-**	**-**	**-**	**-**	**(83.4)**
Incoming entities	(32.6)	27.8	-	-	(4.8)
Routine benefit payments	62.9	(55.5)	-	-	7.4
Settlements payments	0.2	-	-	-	0.2
Employer contributions	-	28.7	-	-	28.7
Employee contributions	(1.0)	1.0	-	-	0.0
Reclassification	(0.4)	0.5	-	-	0.1
Exchange rate differences	(9.8)	11.4	0.1	-	1.7
Balance as of December 31, 2012	**(1,265.3)**	**963.1**	**(0.1)**	**0.0**	**(302.3)**
Plan assets					1.5
Reimbursement rights					6.8
Liabilities					(310.6)

(1) Change in accounting policy on employee benefits (Note 2.1).

The line "Changes recognized in profit or loss" of the above table is analyzed as follows:

(€ millions)	Asset (liability)
Current operating income	**(19.5)**
Net change in employee benefit liabilities	11.8
Contributions to defined employee benefit plans	(31.3)
Other operating income and expenses	**(2.4)**
Contributions to defined employee benefit plans	(2.4)
Financial income (loss)	**(9.3)**
Net change in employee benefit liabilities	2.6
Contributions to defined employee benefit plans - Closed plans	(2.6)
Normative return on assets of defined benefit plans	42.1
Unwinding of defined employee benefit liabilities	(51.4)
Changes recognized in profit or loss	**(31.2)**

Changes recognized in equity

(€ millions)	2013				2012			
	Actuarial gains and (losses)	Excess of the actual return on assets over their normative return in profit or loss	Assets limitation	Total	Actuarial gains and (losses)	Excess of the actual return on assets over their normative return in profit or loss	Assets limitation	Total
Opening balance	**(256.8)**	**23.7**	**2.2**	**(230.9)**	**(150.3)**	**0.0**	**1.6**	**(148.7)**
Changes related to obligations	19.6	-	-	19.6	(107.8)	-	-	(107.8)
Changes related to assets	-	55.2	-	55.2	-	23.8	0.6	24.4
Changes recognized in equity	**19.6**	**55.2**	**0.0**	**74.8**	**(107.8)**	**23.8**	**0.6**	**(83.4)**
Outgoing entities	0.7	-	-	0.7	-	-	-	0.0
Exchange rate differences	8.8	(2.9)	-	5.8	1.3	(0.1)	-	1.2
Closing balance	**(227.7)**	**75.9**	**2.2**	**(149.6)**	**(256.8)**	**23.7**	**2.2**	**(230.9)**

23.2 Other provisions

(€ millions)	2013	2012
Other non-current provisions	239.3	246.4
Other current provisions	18.3	15.7
Total	**257.6**	**262.1**

Estimates

Probability of settlement and amount of the obligation. The probabilities of settlement and the amounts of the obligations are estimated by the Executive Management with the support of external counsels for the significant litigation and claims. These relate to allegations of personal or financial injury implicating the civil liability of Imerys and the potential breach of contractual obligations or regulations on employee, property and environmental issues.

Expected timing of future payments

(€ millions)	2014 - 2018	2019 - 2028	2029 and later	Total
Products warranties	26.4	-	-	26.4
Environmental and dismantling obligations	21.3	3.4	23.5	48.2
Mine sites restoration	26.2	23.0	42.9	92.1
Legal, social and regulatory risks	90.9	-	-	90.9
Other provisions	**164.8**	**26.4**	**66.4**	**257.6**

Discount rates. These rates integrate the time value of money and monetary inflation over the timeline of future payments. For the main discounted provision (mine sites restoration), the assumptions of the major monetary zones are the following:

	2013			2012		
	Euro zone	United Kingdom	United States	Euro zone	United Kingdom	United States
Time value of money	2.3%	2.7%	3.3%	1.8%	2.3%	2.8%
Monetary inflation	0.8%	2.0%	1.6%	1.7%	2.7%	1.9%

Table of changes

(€ millions)	Products warranties	Environmental and dismantling obligations	Mine sites restoration	Legal, social and regulatory risks	Total
Balance as of January 1, 2012	**30.8**	**59.5**	**98.0**	**96.1**	**284.4**
Changes in the scope of consolidation	-	0.1	1.6	6.5	8.2
Increases	5.4	4.3	1.1	21.7	32.5
Utilizations	(8.3)	(8.4)	(6.8)	(26.2)	(49.7)
Non-utilized decreases	(1.2)	(1.7)	-	(12.9)	(15.8)
Unwinding expense	-	0.9	2.4	-	3.3
Reclassification and other	0.5	-	-	0.5	1.0
Exchange rate differences	-	-	0.7	(2.5)	(1.8)
Balance as of December 31, 2012	**27.2**	**54.7**	**97.0**	**83.2**	**262.1**
Changes in the scope of consolidation	(1.0)	1.8	(1.2)	1.9	1.5
Increases	8.1	1.9	5.0	43.9	58.9
Utilizations	(5.6)	(6.1)	(6.7)	(19.2)	(37.6)
Non-utilized decreases	(2.1)	(2.9)	(0.3)	(13.7)	(19.0)
Unwinding expense	-	0.7	2.3	-	3.0
Reclassification and other	0.1	0.2	(0.4)	(0.3)	(0.4)
Exchange rate differences	(0.3)	(2.1)	(3.6)	(4.9)	(10.9)
Balance as of December 31, 2013	**26.4**	**48.2**	**92.1**	**90.9**	**257.6**

Note 24 Financial liabilities

24.1 Categories of financial liabilities

The tables hereafter enable to evaluate the significance of financial instruments with respect to consolidated liabilities. The categories used to present the carrying amounts of financial instruments are explained in *Note 11*. These carrying amounts are representative of fair value for all instruments except for bonds.

The tables hereafter are followed by an analysis of the differences between carrying amount and fair value. For listed bonds, fair value qualifies as a directly observable data since it corresponds to the market value at the closing date (fair value of level 1). For unlisted bonds, fair value including accrued interests results from a model using observable data, i.e. a revaluation of discounted future contractual flows (fair value of level 2).

As of December 31, 2013

	Financial liabilities at amortized cost		Non hedge derivatives	Hedge derivatives			
(€ millions)	Non hedge	Net investment in a foreign operation	Fair value through profit or loss	Fair value	Cash flow	Non IAS 39	Total
Non-current liabilities							
Loans and financial debts	861.3	322.7	(1.3)	5.6	-	2.0	1,190.3
Other debts	82.2	-	-	-	-	6.1	88.3
Derivative financial liabilities	-	0.1	-	0.3	0.1	-	0.5
Current liabilities							
Trade payables	376.3	-	-	-	-	-	376.3
Other debts	74.2	-	-	-	-	161.8	236.0
Derivative financial liabilities	-	-	2.2	-	4.1	-	6.3
Loans and financial debts	123.3	-	0.4	-	-	0.3	124.0
Bank overdrafts	5.7	-	-	-	-	-	5.7
Total financial liabilities	**1,523.0**	**322.8**	**1.3**	**5.9**	**4.2**	**-**	**-**

The fair value of fixed rate bonds included in "Loans and financial debts" is superior to their carrying amount by €73.2 million:

Nominal amount				**Interest rate**				
(in millions)		**Maturity**	**Quotation**	**Nominal**	**Effective**	**Carrying amount**	**Fair value**	**Difference**
JPY	7,000.0	9/16/2033	Unlisted	3.40%	3.47%	48.8	63.5	14.6
USD	30.0	8/6/2018	Unlisted	5.28%	5.38%	22.2	25.8	3.6
EUR	300.0	4/25/2014	Listed	5.13%	5.42%	310.6	314.3	3.7
EUR	500.0	4/18/2017	Listed	5.00%	5.09%	517.7	571.9	54.2
EUR	300.0	11/26/2020	Listed	2.50%	2.60%	300.7	297.8	(2.9)
Total as of December 31, 2013 *(€ millions)*						**1,200.0**	**1,273.3**	**73.2**

As of December 31, 2012

(€ millions)	Financial liabilities at amortized cost: Non hedge	Financial liabilities at amortized cost: Net investment in a foreign operation	Non hedge derivatives: Fair value through profit or loss	Hedge derivatives: Fair value	Hedge derivatives: Cash flow	Non IAS 39	Total
Non-current liabilities							
Loans and financial debts	678.0	318.0	3.3	9.5	-	2.2	1,011.0
Other debts	6.8	-	-	-	-	8.0	14.8
Derivative financial liabilities	-	-	1.1	-	2.3	-	3.4
Current liabilities							
Trade payables	375.2	-	-	-	-	-	375.2
Other debts	104.8	-	-	-	-	168.1	272.9
Derivative financial liabilities	-	-	2.5	-	1.2	-	3.7
Loans and financial debts	168.8	-	(1.6)	-	-	0.3	167.5
Bank overdrafts	19.3	-	-	-	-	-	19.3
Total financial liabilities	**1,352.9**	**318.0**	**5.3**	**9.5**	**3.5**	**-**	**-**

The fair value of fixed rate bonds included in "Loans and financial debts" is superior to their carrying amount by €104.4 million:

Nominal amount *(in millions)*	Maturity	Quotation	Interest rate: Nominal	Interest rate: Effective	Carrying amount	Fair value	Difference
JPY 7,000.0	9/16/2033	Unlisted	3.40%	3.47%	62.2	80.9	18.7
USD 140.0	8/6/2013	Unlisted	4.88%	4.98%	108.2	111.1	2.9
USD 30.0	8/6/2018	Unlisted	5.28%	5.38%	23.2	28.6	5.4
EUR 300.0	4/25/2014	Listed	5.13%	5.42%	310.6	325.7	15.1
EUR 500.0	4/18/2017	Listed	5.00%	5.09%	517.7	580.0	62.3
Total as of December 31, 2012 *(€ millions)*					**1,021.9**	**1,126.3**	**104.4**

24.2 Financial debt

The net financial debt is the net position of Imerys towards the market and the financial institutions, i.e. the total of financing liabilities subscribed towards the market and the financial institutions in the form of bonds, bank credits and finance leases, decreased by cash, cash equivalents and other current financial assets. The net financial debt is used in the management of the financial resources of the Group. This indicator is used in particular in the calculation of financial ratios that Imerys has to comply with under financing agreements entered into with financial markets *(Note 24.5 - Borrower's liquidity risk)*.

The present note analyses the change in the net financial debt in two steps: from current operating income to current free operating cash flow; and from current free operating cash flow to the change in net financial debt. The following table presents the link between the net financial debt and the consolidated statement of financial position with a distinction between non-derivative and derivative financial instruments. Derivative financial instruments included in the calculation of the net financial debt correspond to financing hedge instruments assets and liabilities since they are part of the future cash outflows of this aggregate *(Note 24.5 - Borrower's liquidity risk)*. The operational hedge instruments *(Note 24.4 - Derivative instruments in the financial statements)* are not included in the calculation of the net financial debt.

(€ millions)	Notes	2013	2012
Non-derivative financial liabilities		**1,320.0**	**1,197.8**
Loans and financial debts - non-current		1,190.3	1,011.0
Loans and financial debts - current		124.0	167.5
Bank overdrafts		5.7	19.3
Non-derivative financial assets		**(427.4)**	**(318.4)**
Other financial assets		(81.5)	(57.8)
Cash and cash equivalents		(345.9)	(260.6)
Hedge derivatives		**(7.2)**	**(4.6)**
Financing hedge instruments - liabilities	24.4	2.7	5.9
Financing hedge instruments - assets	24.4	(9.9)	(10.5)
Net financial debt		**885.4**	**874.8**

Current free operating cash flow

The current free operating cash flow is the residual cash flow resulting from current operating business and remaining after payment of current operating income taxes and operating capital expenditure, receipt of the disposal proceeds of operating assets and adjustment from cash changes in operational working capital requirement.

(€ millions)	2013	2012 Restated
Current operating income (1)	477.0	488.1
Operating amortization, depreciation and impairment losses (2)	207.8	214.7
Net change in operating provisions (1)	(31.3)	(39.4)
Share in net income of joint ventures and associates	(5.3)	(3.4)
Dividends received from joint ventures and associates	2.2	2.5
Operating cash flow before taxes (current EBITDA)	**650.4**	**662.5**
Notional taxes on current operating income (1) & (3)	(132.7)	(135.7)
Current net operating cash flow	**517.7**	**526.8**
Paid capital expenditures (4) & (5)	**(253.1)**	**(257.1)**
Intangible assets	(18.0)	(12.4)
Property, plant and equipment	(192.9)	(212.7)
Overburden mining assets (6)	(39.4)	(41.5)
Debts on acquisitions	(2.8)	9.5
Carrying amount of current asset disposals	**9.8**	**4.4**
Change in the operational working capital requirement	**32.0**	**15.3**
Inventories	25.8	(10.7)
Trade accounts receivable, advances and down payments received	(23.6)	12.9
Trade accounts payable, advances and down payments paid	29.8	13.1
Current free operating cash flow	**306.4**	**289.4**

(1) After change in accounting policy on employee benefits (Note 2.1).		
(2) Operating amortization, depreciation and impairment losses	*207.8*	*214.7*
Net operating amortization and depreciation (Appendix 1 of the consolidated statement of cash flows)	*207.5*	*214.3*
Finance leases depreciation (Appendix 3 of the consolidated statement of cash flows)	*0.4*	*0.4*
(3) Effective tax rate on current operating income	*27.8%*	*27.8%*
(4) Paid capital expenditure	*(253.1)*	*(257.1)*
Acquisitions of intangible assets and property, plant and equipment (Consolidated statement of cash flows)	*(252.7)*	*(257.0)*
Finance lease acquisitions (Appendix 3 of the consolidated statement of cash flows)	*(0.4)*	*(0.1)*
(5) Recognized capital expenditures / asset depreciation ratio	*120.5%*	*124.2%*
The recognized capital expenditures / asset depreciation ratio equals the paid capital expenditures (except for debts on acquisitions) divided by the increases in amortization and depreciation		
Increases in asset amortization and depreciation	*207.8*	*214.7*
(6) Overburden mining assets	*(39.4)*	*(41.5)*
Overburden mining assets - capital expenditure	*(39.1)*	*(41.3)*
Neutralization of activated restoration provisions	*(0.3)*	*(0.2)*

Change in net financial debt

(€ millions)	2013	2012 Restated
Current free operating cash flow (1)	**306.4**	**289.4**
Financial income (loss) (1)	(52.7)	(69.1)
Financial impairment losses and unwinding of the discount (1)	13.8	10.3
Income taxes on financial income (loss) (1)	14.6	19.2
Change in income tax debt	(24.5)	34.9
Change in deferred taxes on current operating income (1)	11.0	7.4
Change in other items of working capital	12.6	(0.3)
Share-based payments expense	8.3	8.9
Change in fair value of operational hedge instruments	(1.4)	2.4
Change in dividends receivable from available-for-sale financial assets	0.1	(0.8)
Current free cash flow	**288.2**	**302.3**
External growth	**(202.1)**	**(49.1)**
Acquisitions of investments in consolidated entities after deduction of the net debt acquired	(199.2)	(44.4)
Acquisitions of investments in consolidated entities from non-controlling interests	(2.9)	(4.7)
Disposals	**58.5**	**66.6**
Disposals of investments in consolidated entities after deduction of the net debt disposed of	58.5	-
Non-recurring disposals of intangible assets and property plant and equipment	-	66.4
Disposals of available-for-sale financial assets	-	0.2
Cash flow from other operating income and expenses	**(54.5)**	**(54.7)**
Dividends paid to shareholders and non-controlling interests	**(119.2)**	**(114.1)**
Financing requirement	**(29.1)**	**151.0**
Transactions on equity	35.5	0.8
Net change in financial assets	(4.6)	(3.2)
Change in net financial debt	**1.8**	**148.6**

(1) After change in accounting policy on employee benefits (Note 2.1).

(€ millions)	2013	2012
Opening net financial debt	**(874.8)**	**(1,031.1)**
Change in net financial debt	1.8	148.6
Impact of changes due to exchange rate fluctuations	(15.8)	3.9
Transfer to assets held for sale	1.4	-
Impact of changes in fair value of interest rate hedges	2.0	3.8
Closing net financial debt	**(885.4)**	**(874.8)**

24.3 Other debts

(€ millions)	2013	2012
Non-current liabilities		
Income taxes payable	0.9	1.8
Tax debts	0.3	0.3
Social debts	3.5	3.7
Other	83.6	9.0
Total	**88.3**	**14.8**
Current liabilities		
Capital expenditure payables	43.2	51.2
Tax debts	15.4	24.0
Social debts	135.5	141.7
Other	41.9	56.0
Total	**236.0**	**272.9**

The "Non-current liabilities" category of the above table includes in row "Other" €74.3 million with respect to the contingent consideration payable to the seller of the Pyramax business acquired in 2013 *(Note 16)*.

24.4 Derivative instruments

Derivative instruments management principles

The use of derivative instruments is framed by a policy defined and operated by the Group Treasury Department and periodically presented to the Board of Directors. In accordance with this policy, derivative instruments are exclusively used to hedge risks related to operating transactions (transactional foreign exchange and energy price risks), to foreign investments (conversion of financial statements risk) and to financing (transactional currency and interest rate risks). Imerys is not taking any speculative position. Derivative instruments are negotiated centrally by the Group Treasury Department on over-the-counter markets with first-rank banking institutions. Imerys proscribes to its entities to subscribe derivative instruments outside the Group. The implementation of this policy to the foreign exchange (transactional currency and conversion of financial statements), interest rate and energy price risks is developed in *Note 24.5*.

Derivative instruments in the financial statements

Assets and liabilities. The following table presents the derivative instruments recognized in the assets and liabilities in accordance with the hedged risks: foreign exchange, interest rate, energy price and conversion of financial statements risks. The total of this table distinguishes between on the one hand, non-current and current items and on the other hand, between hedge instruments related to operations (hedge of operating foreign exchange risk and energy price risk) and financing (financing foreign exchange rate risk, interest rate risk and conversion of financial statements risk).

6

(€ millions)	2013 Assets	2013 Liabilities	2013 Net	2012 Assets	2012 Liabilities	2012 Net
Foreign exchange risk	**3.4**	**6.1**	**(2.7)**	**1.9**	**2.9**	**(1.0)**
Forward derivative instruments	3.4	6.1	(2.7)	1.9	2.9	(1.0)
Optional derivative instruments	-	-	0.0	-	-	0.0
Interest rate risk	**6.1**	**0.4**	**5.7**	**9.6**	**3.4**	**6.2**
Forward derivative instruments	6.1	0.4	5.7	9.6	2.3	7.3
Optional derivative instruments	-	-	0.0	-	1.1	(1.1)
Energy price risk	**1.0**	**0.2**	**0.8**	**0.1**	**0.8**	**(0.7)**
Forward derivative instruments	-	-	0.0	-	-	0.0
Optional derivative instruments	1.0	0.2	0.8	0.1	0.8	(0.7)
Conversion of financial statements risk	**1.4**	**0.1**	**1.3**	**0.0**	**0.0**	**0.0**
Forward derivative instruments	1.4	0.1	1.3	-	-	0.0
Optional derivative instruments	-	-	0.0	-	-	0.0
Total	**11.9**	**6.8**	**5.1**	**11.6**	**7.1**	**4.5**
Non-current	7.5	0.5	7.0	9.6	3.4	6.2
Current	4.4	6.3	(1.9)	2.0	3.7	(1.7)
Operational hedge instruments	2.0	4.1	(2.1)	1.1	1.2	(0.1)
Financing hedge instruments	9.9	2.7	7.2	10.5	5.9	4.6

As of December 31, 2013, there is no legally enforceable right to set-off the amounts recognized above and Imerys intends neither to settle on a net basis, nor to realize the asset and settle the liability simultaneously. However, in accordance with the master agreements in force, any default of Imerys or one of its counterparties would settle their outstanding transactions on a net the basis. The total of all positions that would be offset in case of default would reduce the total of assets and liabilities derivative instruments by €3.7 million as of December 31, 2013 (€3.1 million as of December 31, 2012).

Equity. As part of its policy of management of the foreign exchange, interest rate and energy price risks, Imerys holds derivative instruments intended to hedge certain future purchases and sales in foreign currencies, a portion of its floating rate financing and part of its future energy consumption in the United States, in the United Kingdom and in France. These positions qualify as cash flow hedges. The following table presents the amounts before income taxes recognized in equity in this respect as well as the reclassifications in profit or loss. The detail of these reclassifications at the level of the underlying income and expenses is presented in *Note 11*. These cash flow hedges are further outlined in the context of the management of foreign exchange, interest rate and energy price risks in *Note 24.5*.

(€ millions)	Foreign exchange rate risk	Interest rate risk	Energy price risk	Total
Balance as of January 1, 2012	**(14.0)**	**(5.8)**	**(4.5)**	**(24.3)**
Recognition in equity	3.9	3.8	(1.1)	6.6
Reclassification in profit or loss	9.4	-	4.9	14.3
Balance as of December 31, 2012	**(0.7)**	**(2.0)**	**(0.7)**	**(3.4)**
Recognition in equity	(9.4)	(0.4)	1.5	(8.3)
Reclassification in profit or loss	5.0	2.4	0.1	7.5
Balance as of December 31, 2013	**(5.1)**	**0.0**	**0.9**	**(4.2)**
of which reclassification to profit or loss expected within 12 months	(5.1)	0.0	0.9	(4.2)

24.5 Management of risks arising from financial liabilities

Transactional currency risk

Description of the risk. The transactional currency risk is the risk whereby a cash flow labeled in foreign currency may be subject to a deterioration caused by an unfavorable change in its counterpart in functional currency.

Management of the risk. Imerys recommends to its operating entities to perform, to the extent it is possible, their transactions in their functional currencies. Where this is not possible, the transactional currency risk may be hedged on an individual basis by currency forwards, currency swaps and foreign exchange options. These instruments are used as hedges of highly probable budget flows. The corresponding hedges qualify as cash flow hedges.

The following table presents the amounts before income taxes recognized in equity in this respect as well as the reclassifications in profit or loss.

(€ millions)	2013	2012
Opening balance	**(0.7)**	**(14.0)**
Recognition in equity	(9.4)	3.9
Reclassification in profit or loss	5.0	9.4
Closing balance	**(5.1)**	**(0.7)**
of which reclassification to profit or loss expected within 12 months	(5.1)	(0.7)

The following table presents the impact of a change in foreign exchange rates on the portfolio of derivative instruments held as of December 31, 2013 with respect to highly probable future purchases and sales transactions in foreign currencies. This simulation is performed through a decrease (lower case) and an increase (higher case) around the 2013 foreign exchange rates *(Note 26)* (actual 2013).

The impact of these changes is measured on the one hand on equity for the effective portion of the derivative instruments qualified as cash flow hedges and on the other hand on the profit or loss for the ineffective portion of the derivative instruments qualified as cash flow hedges and non-hedge derivative instruments.

(€ millions)	Lower case	Actual 2013	Higher case
Foreign currencies exchange rates	(10.0)%	-	10.0%
Effective portion in equity at the closing date	6.5	(5.1)	(13.0)
Ineffective portion in the profit or loss of the period	2.1	1.0	1.5

Interest rate risk

Description of the risk. The interest rate risk is the risk whereby the interest flow due in relation to the financial debt is deteriorated by a rise in the market interest rates.

Management of the risk. The objective of the management of the interest rate risk consists in guaranteeing its medium-term cost. The net financial debt is known through a reporting that describes the financial debt of each entity and indicates its components and characteristics. This reporting, reviewed monthly by the Financial Department and quarterly by the Board of Directors, enables the situation to be monitored and the management policy to be adjusted as necessary. The management policy is drawn up by the Group Treasury Department and approved every year by the Financial Department and the Board of Directors. As part of this process, the Group Treasury Department works with first-rank banking institutions and obtains financial data and pricing from information providers. The policy of Imerys is to obtain financing mainly in Euro, the most accessible financial resource and at a fixed rate. Medium-term fixed-rate bond issues are converted to floating rates using interest rate swaps. Given anticipated trends in interest rates in 2013, the Group fixed the interest rate for part of its future financial debt on various terms.

As of December 31, 2013, Imerys holds a certain number of derivative instruments intended to hedge a portion of its debt at floating rate. These instruments include interest rate swaps, options - including caps, floors, swaptions and futures. These instruments qualify as cash flow hedges. The following table presents the amounts before income taxes recognized in equity in this respect as well as the reclassifications in profit or loss.

(€ millions)	2013	2012
Opening balance	**(2.0)**	**(5.8)**
Recognition in equity	(0.4)	3.8
Reclassification in profit or loss	2.4	-
Closing balance	**0.0**	**(2.0)**
of which reclassification to profit or loss expected within 12 months	0.0	(2.0)

Furthermore, Imerys holds as of December 31, 2013 interest rate swaps intended to hedge the exposure to changes in fair value of the different loans. These instruments qualify as fair value hedges. They hedge the risk of change in the risk-free rate and not the differential corresponding to the credit risk of the Group. The hedged loans and the derivative instruments present the same characteristics.

Currency	Notional amount *(in millions)*	Fixed rate received	Floating rate paid
Japanese Yen	7,000	2.39%	Libor Yen 6 months
Euro	50	1.42%	Euribor 3 months

The table hereafter provides a breakdown of the financial net debt between floating and fixed rate by currency as of December 31, 2013.

(€ millions)	Euro	US Dollar	Japanese Yen	Other foreign currencies	Total
Debt at fixed rate	**1,078.9**	**22.3**	**0.1**	**0.0**	**1,101.3**
Debt at fixed rate on issue	1,128.9	22.3	48.5	-	1,199.7
Swap fixed rate into floating rate	(50.0)	-	(48.4)	-	(98.4)
Debt at floating rate	**(151.0)**	**182.5**	**13.6**	**(261.0)**	**(215.9)**
Debt at floating rate on issue	62.1	4.3	2.4	38.6	107.4
Net cash and marketable securities	(178.2)	(67.4)	(11.9)	(164.2)	(421.7)
Swap fixed rate into floating rate	50.0	-	48.4	-	98.4
Exchange rate swap	(84.9)	245.6	(25.3)	(135.4)	0.0
Net financial debt as of December 31, 2013	**927.9**	**204.8**	**13.7**	**(261.0)**	**885.4**

The following table provides a breakdown of interest rate hedging transactions by foreign currency as of December 31, 2013:

(€ millions)	Euro	US Dollar	Japanese Yen	Other foreign currencies	Total
Exposure at floating rate before hedging	**(151.0)**	**182.5**	**13.6**	**(261.0)**	**(215.9)**
Fixed rate hedges	-	(14.5)	-	-	(14.5)
Swap at average rate of	-	1.55%	-	-	-
Exposure at floating rate after hedging	**(151.0)**	**168.0**	**13.6**	**(261.0)**	**(230.4)**

The following table presents an evolution of interest rate hedging transactions as of December 31, 2013 and after by maturity dates:

(€ millions)	2013	2014-2018	2019 and later
Total exposure before hedging	**(215.9)**	**(215.9)**	**(215.9)**
Fixed rate hedges	(14.5)	(14.5)	-
Swap at average rate of	1.55%	1.55%	-
Total exposure after hedging	**(230.4)**	**(230.4)**	**(215.9)**

The following table presents the impact of a change in interest rates on the portfolio of interest rates derivative instruments held as of December 31, 2013. This simulation is performed through a decrease (lower case) and an increase (higher case) around the 2013 interest rates (actual 2013). The impact of these changes is measured on the one hand on equity for the effective portion of the derivative instruments qualified as cash flow hedges and on the other hand on the profit or loss for the ineffective portion of the derivative instruments qualified as cash flow hedges and non-hedge derivative instruments.

(€ millions)	Lower case	Actual 2013	Higher case
Interest rates	(0.5)%	-	0.5%
Effective portion in equity at the closing date	(0.3)	0.0	0.3
Ineffective portion in the profit or loss of the period	0.0	0.3	0.1

Energy price risk

Description of the risk. The energy price risk is the risk whereby the cash flow due in relation to an energy purchase may be subject to a deterioration caused by a rise in its market price. Imerys is exposed to the price risk of the energies that enter into the production cycle of its activities, mainly natural gas, electricity and coal to a lesser extent.

Management of the risk. Confronted with the energy price risk, the geographical locations and supply sources of Imerys are diversified. The Group strives to pass on energy price increases to the selling price of its products. Furthermore, the management of the price risk of natural gas, both in Europe and the United States is centralized, the Group Treasury Department being responsible for implementing the framework and resources needed for the application of a common management policy, which includes appropriate use of the financial instruments available in those markets. Since 2006, the Group has strengthened its research programs on alternative energy sources as well as its projects on the reduction of energy consumption under the supervision of a Group Energy Supervisor. Since 2008, energy managers are designated at site level as well as at activity levels. The energy price risk is hedged by forward and option contracts. These instruments qualify as cash flow hedges. The following table presents the amounts before income taxes recognized in equity in this respect as well as the reclassifications in profit or loss.

(€ millions)	2013	2012
Opening balance	**(0.7)**	**(4.5)**
Recognition in equity	1.5	(1.1)
Reclassification in profit or loss	0.1	4.9
Closing balance	**0.9**	**(0.7)**
of which reclassification to profit or loss expected within 12 months	0.9	(0.7)

The following table summarizes the main positions taken as of December 31, 2013 to hedge the energy price risk.

	Net notional amounts *(in MWh)*	**Maturities**
Underlying position	4,365,059	< 12 months
Management transactions	1,139,562	< 12 months

The following table presents the impact of a change in natural gas and Brent prices on the portfolio of derivative instruments held as of December 31, 2013 with respect to highly probable future purchases of natural gas and Brent prices. This simulation is performed through a decrease (lower case) and an increase (higher case) around the 2013 natural gas and Brent prices (actual 2013).

The impact of these changes is measured on the one hand on equity for the effective portion of the derivative instruments qualified as cash flow hedges and on the other hand on the profit or loss for the ineffective portion of the derivative instruments qualified as cash flow hedges and non-hedge derivative instruments.

(€ millions)	Lower case	Actual 2013	Higher case
Natural gas and Brent prices	(10.0)%	-	10.0%
Effective portion in equity at the closing date	(1.2)	0.9	2.9
Ineffective portion in the profit or loss of the period	-	-	-

Borrower's liquidity risk

Description of the risk. The borrower's liquidity risk is the risk whereby Imerys would not be in a position to meet the repayment obligations of its financial liabilities. The maturity on issue as of December 31, 2013 presented hereafter enables to assess the exposure of the Group to this risk.

	2014		2015 - 2019		2020 and later		
(€ millions)	Capital	Interests	Capital	Interests	Capital	Interests	Total
Non-derivative financial liabilities	**401.0**	**50.7**	**524.9**	**125.4**	**358.7**	**30.5**	**1,491.2**
Eurobond / EMTN	300.0	47.9	503.0	112.6	300.0	7.5	1,271.0
Private placements	-	2.8	21.8	12.8	48.4	23.0	108.8
Commercial paper issues	60.0	-	-	-	-	-	60.0
Bilateral facilities	14.5	-	-	-	-	-	14.5
Facilities due within one year	26.5	-	0.1	-	10.3	-	36.9
Hedge derivatives	**(7.2)**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**(7.2)**
Financing hedge instruments - liabilities	2.7	-	-	-	-	-	2.7
Financing hedge instruments - assets	(9.9)	-	-	-	-	-	(9.9)
Future cash outflows with respect to gross financial debt	**393.8**	**50.7**	**524.9**	**125.4**	**358.7**	**30.5**	**1,484.0**
Non-derivative financial liabilities	**5.7**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**5.7**
Bank overdrafts	5.7	-	-	-	-	-	5.7
Non-derivative financial assets	**(427.4)**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**(427.4)**
Other current financial assets	(81.5)	-	-	-	-	-	(81.5)
Cash and cash equivalents	(345.9)	-	-	-	-	-	(345.9)
Future cash outflows with respect to net financial debt	**(27.9)**	**50.7**	**524.9**	**125.4**	**358.7**	**30.5**	**1,062.3**
of which items recognized as of December 31, 2013 (net financial debt)	(27.9)	29.7	524.9	-	358.7	-	885.4
Non-derivative financial liabilities	**33.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**33.0**
Trade payables	26.7	-	-	-	-	-	26.7
Other debts	6.3	-	-	-	-	-	6.3
Hedge derivatives	**2.1**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**2.1**
Operational hedge instruments - liabilities	4.1	-	-	-	-	-	4.1
Operational hedge instruments - assets	(2.0)	-	-	-	-	-	(2.0)
Future cash outflows	**7.2**	**50.7**	**524.9**	**125.4**	**358.7**	**30.5**	**1,097.4**

In addition, a large part of the debt at fixed rate on issue being swapped into floating rate, the maturity of the net financial debt after interest rate swap is analyzed as follows:

(€ millions)	2014	2015 - 2019	2020 and later	Total
Debt at fixed rate	**279.6**	**521.7**	**300.0**	**1,101.3**
Debt at fixed rate on issue	329.6	521.7	348.4	1,199.7
Swap fixed rate into floating rate	(50.0)	-	(48.4)	(98.4)
Debt at floating rate	**(277.8)**	**3.2**	**58.7**	**(215.9)**
Debt at floating rate on issue	93.9	3.2	10.3	107.4
Net cash and other current financial assets	(421.7)	-	-	(421.7)
Swap fixed rate into floating rate	50.0	-	48.4	98.4
Net financial debt	**1.8**	**524.9**	**358.7**	**885.4**

Management of the risk. For part of its financing, Imerys is required to comply with several covenants. The main restrictive terms and conditions attached to certain bilateral facilities and to part of the bond issues under private placements are as follows:

- purpose: general corporate financing requirement;
- obligations in terms of financial ratio compliance:
  - the ratio consolidated net financial debt / consolidated equity shall, in accordance with the related financing contracts, be inferior or equal to 1.50 or 1.60 at each half-year or annual closing of consolidated financial statements. As of December 31, 2013, the ratio amounts to 0.39 (0.38 as of December 31, 2012),
  - the ratio consolidated net financial debt / consolidated EBITDA of the last 12 months shall, in accordance with the related financing contracts, be inferior or equal to 3.75 at each half-year or annual closing of consolidated financial statements. As of December 31, 2013, the ratio amounts to 1.36 (1.33 as of December 31, 2012);
- absence of any lien in favor of lenders.

The failure to comply with the above obligations on one of the related financing contracts could lead to the cancellation of its available amount and, upon demand of the related creditor(s), make the amount of the corresponding financial debt immediately callable. Apart from two exceptions, the financing contracts of the Group do not provide for any cross default with each other in case of breach of a mandatory covenant applicable to one of these contracts. As of December 31, 2013, Imerys has a long-term rating of Baa2 outlook Stable by Moody's (Baa2 outlook Stable as of December 31, 2012).

As of May 3, 2013, Imerys has updated its new Euro Medium Term Note program (EMTN) with the Commission de Surveillance du Secteur Financier (Luxemburg). The program amounts to €1.0 billion and enables the issue of notes considered as ordinary bonds of a maturity of one month to thirty years. As part of this program, Imerys issued a €300.0 million bond on November 22, 2013 with a maturity in November 2020. As of December 31, 2013, outstanding securities total €348.4 million (€61.6 million as of December 31, 2012). Imerys also has a commercial paper program limited to €800.0 million (€800.0 million as of December 31, 2012) rated P-2 by Moody's (P-2 as of December 31, 2012). As of December 31, 2013, outstanding securities total €60.0 million (€120.0 million as of December 31, 2012). As of December 31, 2013, Imerys has access to €1,270.5 million of bank facilities (€1,795.0 million as of December 31, 2012) part of which secures the issued commercial paper in accordance with the financial policy of the Group.

Market liquidity risk

Description of the risk. The market liquidity risk is the risk whereby a non-confirmed financial resource (commercial paper, bank facility and accrued interests, other debt and facilities) would not be renewed.

Management of the risk. Financial resources are the main adjustment variable of the financing capacities available to Imerys. These capacities exist either as drawn financial debt or as financing commitments granted by first-rank banking institutions. Medium-term financial resources provided by the bilateral facilities may be used over very short drawing periods (from 1 to 12 months) while remaining available over longer maturities (5 years). The financial resources of the Group amount to €2,458.1 million as of December 31, 2013 (€2,788.4 million as of December 31, 2012). Imerys manages the amount of its financial resources by comparing it regularly with the amount of its utilizations in order to measure by difference the financial liquid borrowings to which the Group may have access.

The robustness of financial resources is assessed on the basis of their amounts and average maturity as analyzed hereafter:

	2013	2012
Financial resources by maturity *(€ millions)*		
Maturity less than one year	300.0	856.1
Maturity from one to five years	1,809.7	1,848.0
Maturity beyond five years	348.4	84.3
Total	**2,458.1**	**2,788.4**
Financial resources by nature *(€ millions)*		
Bond resources	**1,173.1**	**993.4**
Eurobond / EMTN	1,103.0	803.0
Private placements	70.1	190.4
Bank resources	**1,285.0**	**1,795.0**
Syndicated credit	-	750.0
Miscellaneous bilateral facilities	1,285.0	1,045.0
Total	**2,458.1**	**2,788.4**
Average maturity of financial resources *(in years)*		
Bond resources	4.2	4.0
Bank resources	3.6	2.3
Total	**3.9**	**2.9**

The table below measures the available financial resources after the repayment of financing from uncommitted resources. It measures the real exposure of Imerys to an illiquidity crisis on both financial and banking markets. As of December 31, 2013, available financial resources, after repayment of uncommitted resources, total €1,151.0 million (€1,614.5 million as of December 31, 2012), which gives the Group substantial room to maneuver and a guarantee of financial stability.

	2013			2012		
(€ millions)	Resources	Utilization	Available	Resources	Utilization	Available
Bonds	1,173.1	1,173.1	0.0	993.4	993.4	0.0
Commercial papers	-	60.0	(60.0)	-	120.0	(120.0)
Committed bank facilities	1,285.0	14.5	1,270.5	1,795.0	-	1,795.0
Bank facilities and accrued interests	-	28.6	(28.6)	-	30.4	(30.4)
Other debts and facilities	-	30.9	(30.9)	-	30.1	(30.1)
Total	**2,458.1**	**1,307.1**	**1,151.0**	**2,788.4**	**1,173.9**	**1,614.5**

Conversion of financial statements risk

Description of the risk. The conversion of financial statements risk is a form of foreign exchange rate risk whereby the value in Euro of the financial statements of a foreign operation may be subject to a deterioration caused by an unfavorable change in the foreign exchange rate of the functional currency of that business.

Management of the risk. Imerys hedges part of its net investments in foreign operations through loans specifically allocated to their long term financing and by the proportion of its financial debt stated in foreign currencies. The foreign exchange differences generated by these loans and financings qualified as hedges of net investments in foreign entities, are recognized in equity so as to neutralize, to a certain extent, the gains or losses of translation of the hedged net investments. As of December 31, 2013, the loans and exchange rate swaps hedging net investments in foreign entities are the following: USD370.9million, JPY0.0 million, CHF47.4 million, GBP10.0 million and SGD5.5 million (USD309.8 million, JPY1,000.0 million, CHF35.0 million, GBP34.2 million and SGD5.5 million as of December 31, 2012).

The table below describes the financial debt before and after the impact of these foreign currencies swaps.

	2013			2012		
(€ millions)	Before exchange rate swap	Exchange rate swap	After exchange rate swap	Before exchange rate swap	Exchange rate swap	After exchange rate swap
Euro	1,191.0	(84.9)	1,106.1	955.3	(21.7)	933.6
US Dollar	26.6	245.6	272.2	150.2	135.8	286.0
Japanese Yen	50.9	(25.3)	25.6	65.7	(29.6)	36.1
Other foreign currencies	38.6	(135.4)	(96.8)	2.7	(84.5)	(81.8)
Total	**1,307.1**	**0.0**	**1,307.1**	**1,173.9**	**0.0**	**1,173.9**

As of December 31, 2013, the portion of the financial debt in each foreign currency, after swap, is as follows:

(€ millions)	Euro	US Dollar	Japanese Yen	Other foreign currencies	Total
Gross financial debt	1,106.1	272.2	25.6	(96.8)	1,307.1
Net cash and marketable securities	(178.2)	(67.4)	(11.9)	(164.2)	(421.7)
Net financial debt as of December 31, 2013	**927.9**	**204.8**	**13.7**	**(261.0)**	**885.4**

The following table presents the impact of a change in foreign exchange rates on the portfolio of foreign exchange swaps held as of December 31, 2013 with respect to hedges of net investments in foreign entities. This simulation is performed through a decrease (lower case) and an increase (higher case) around the 2013 foreign exchange rates *(Note 26)* (actual 2013). The impact of these changes is measured on the one hand on equity for the effective portion of the derivative instruments qualified as hedges of net investments in foreign entities and on the other hand on the profit or loss for the ineffective portion of the derivative instruments qualified as hedges of net investments in foreign entities and non-hedge derivative instruments.

(€ millions)	Lower case	Actual 2013	Higher case
Foreign currencies exchange rates	(10.0)%	-	10.0%
Effective portion in equity at the closing date	-	(1.9)	-
Ineffective portion in the profit or loss of the period	-	-	-

6

OTHER INFORMATION

Note 25 Main consolidated entities

Changes in the scope of consolidation

Energy Solutions & Specialties (ESS). The Energy Solutions & Specialties have acquired the company Pyramax on April 10, 2013, an industrial complex specialized in the manufacturing of proppants used in the non-conventional extraction of oil and gas *(Note 16)*. On June 3, 2013, the business group acquired 70.00% of Indoporlen, the Indonesian leader in the production and installation of refractory products. On September 3, 2013, the business group received an acquisition offer for four industrial sites specialized in the transformation of calcium carbonate for the paper market in France, in Sweden, in Italy and in the United States. As of December 31, 2013, Imerys was examining this offer with the potential acquirer and had classified the assets and liabilities of the four sites as assets (and liabilities related to assets) held for sale. These assets and liabilities are presented hereafter. The disposal was closed on January 31, 2014 *(Note 29)*.

(€ millions)	**2013**
Non-current assets	**26.6**
Goodwill	9.3
Intangible assets	0.3
Property, plant and equipment	16.6
Deferred tax assets	0.4
Current assets	**12.7**
Inventories	5.1
Trade receivables	6.7
Other receivables	0.8
Cash and cash equivalents	0.1
Assets held for sale	**39.3**
Non-current liabilities	**1.3**
Employee benefits liabilities	0.7
Other provisions	0.2
Deferred tax liabilities	0.4
Current liabilities	**7.2**
Trade payables	3.2
Other debts	2.6
Loans and financial debts	1.4
Liabilities related to assets held for sale	**8.5**

Filtration & Performance Additives (FPA). The scope of consolidation of the Filtration & Performance Additives business group has not significantly changed since the acquisition on May 24, 2012 of the Brazilian company Itatex specialized in the production and sale of specialties based upon kaolin and clay for paints, polymers and rubbers *(Note 16)*.

Ceramic Materials (CM). On September 30, 2013, the Ceramic Materials business group has sold 100.00% of the voting rights of its clay bricks, walls and chimney blocks business to the Bouyer Leroux group. The transaction was performed on the basis of a valuation closed as of April 30, 2013. The resulting income on disposal was recognized in other operating revenue and expenses *(Note 10)*.

High Resistance Minerals (HRM). The High Resistance Minerals did not perform any significant integration since that of Astron China, a major producer of zircon-based products, acquired over on February 5, 2008.

Scope of consolidation as of December 31, 2013

In the following table, the percentages of interest are identical to the percentages of control, unless otherwise indicated. The Group holds no unconsolidated structured entity.

Countries Entities	Business groups	% of interest	Entities	Business groups	% of interest
France					
AGS	HRM	100.00	Imerys Filtration France	FPA	100.00
Ardoisières d'Angers	CM	100.00	Imerys Services	Holding	100.00
Calderys France	ESS	100.00	Imerys Tableware France	CM	100.00
Charges Minérales du Périgord	ESS	100.00	Imerys Talc Luzenac France	FPA	100.00
Damrec	HRM	100.00	Imerys TC	CM	100.00
Imerys	Holding	Parent	Mircal	Holding	100.00
Imerys Ceramics France	CM/FPA	99.99	Mircal Europe	Holding	100.00
Europe					
Austria					
Calderys Austria	ESS	100.00	Imerys Talc Austria	FPA	100.00
Imerys Fused Minerals Villach	HRM	100.00			
Belgium					
Imerys Minéraux Belgique	CM/ESS/FPA	100.00	Timcal Belgium	ESS	100.00
Imerys Talc Belgium	FPA	100.00			
Finland					
Calderys Finland	ESS	100.00	Imerys Minerals	FPA	100.00
Germany					
Calderys Deutschland	ESS	100.00	Imerys Fused Minerals Zschornewitz	HRM	100.00
Imerys Fused Minerals Laufenburg	HRM	100.00	Imerys Tableware Deutschland	CM	100.00
Imerys Fused Minerals Murg	HRM	100.00			
Hungary					
Imerys Kiln Furniture Hungary	CM	100.00			
Italy					
Calderys Italia	ESS	100.00	Imerys Minerali	ESS/FPA	100.00
Imerys Ceramics Italia	CM	100.00	Imerys Talc Italy	FPA	99.66
Imerys Fused Minerals Domodossola	HRM	100.00			
Luxembourg					
Imerys Minerals International Sales	FPA	100.00	CE Minerals Europe	HRM	100.00
Netherlands					
Calderys The Netherlands	ESS	100.00			
Russia					
Calderys	ESS	100.00			
Slovenia					
Imerys Fused Minerals Ruse	HRM	100.00			
Spain					
Imerys Ceramics Espana	CM	100.00	Imerys Perlita Barcelona	FPA	100.00
Imerys Diatomita Alicante	FPA	100.00			
Sweden					
Calderys Nordic	ESS	100.00	Imerys Mineral	ESS/FPA	100.00
Switzerland					
Timcal	ESS	100.00			
Ukraine					
Calderys Ukraine	ESS	100.00	Vatutinsky Kombinat Vognetryviv	HRM	89.34
United Kingdom					
Calderys UK	ESS	100.00	Imerys Minerals	CM/ESS/FPA/HRM/Holding	100.00
Goonvean	FPA	100.00	Imerys UK	Holding	100.00
Imerys Fused Minerals Hull	HRM	100.00			

Countries Entities	Business groups	% of interest	Entities	Business groups	% of interest
United States					
Advanced Minerals Corporation	FPA	100.00	Imerys Minerals California	FPA	100.00
Americarb	ESS	100.00	Imerys Oilfield Minerals	ESS	100.00
C-E Minerals	HRM	100.00	Imerys Paper Carbonates	ESS	100.00
Ecca Calcium Products	ESS	100.00	Imerys Perlite USA	FPA	100.00
Imerys Carbonates	ESS	100.00	Imerys Talc America	FPA	100.00
Imerys Clays	FPA	100.00	Imerys USA	Holding	100.00
Imerys Fused Minerals Greeneville	HRM	100.00	Kentucky Tennessee Clay Company	CM	100.00
Imerys Fused Minerals Niagara Falls	HRM	100.00	Pyramax Ceramics	ESS	100.00
Imerys Marble	ESS	100.00			
Rest of the World					
Australia					
Imerys Talc Australia	FPA	100.00			
Brazil					
Imerys Do Brasil Comercio	ESS/FPA	100.00	Pará Pigmentos	FPA	100.00
Imerys Perlita Paulinia Minerais	FPA	100.00	Treibacher Brasil	HRM	100.00
Imerys Rio Capim Caulim	FPA	100.00			
Canada					
Imerys Canada	FPA	100.00	Timcal Canada	ESS	100.00
Imerys Talc Canada	FPA	100.00			
Chile					
Imerys Minerales Arica	FPA	100.00			
China					
Calderys Jiangsu	ESS	100.00	Imerys Pigments Wuhu	ESS	100.00
Imerys Fused Minerals Yingkou	HRM	100.00	Imerys Yilong Andalusite Xinjiang	HRM	100.00
Imerys Fused Minerals Zibo	HRM	100.00	Linjiang Imerys Diatomite	FPA	100.00
Imerys Minerals Hong Kong	FPA	100.00			
India					
Calderys India Refractories	ESS	100.00	Imerys Newquest India	ESS	74.00
Indonesia					
PT ECC	ESS	51.00			
Japan					
Calderys Japan	ESS	100.00	Nihon Mistron	FPA	100.00
Imerys Minerals Japan	ESS/FPA	100.00	Niigata GCC	ESS	60.00
Imerys Refractory Minerals Japan	HRM	100.00			
Malaysia					
Imerys Minerals Malaysia	ESS/FPA	100.00			
Mexico					
Imerys Diatomita Mexico	FPA	100.00	KT Clay de Mexico	CM	100.00
Singapore					
Imerys Asia Pacific	ESS/FPA	100.00			
South Africa					
Calderys South Africa	ESS	73.97 (1)	Rhino Minerals	HRM	73.97 (1)
Ecca Holdings	HRM	73.97 (1)	Samrec	HRM	73.97 (1)
Taiwan					
Calderys Taiwan	ESS	100.00			
Turkey					
Imerys Seramik	CM	100.00			

(1) Percentage of control: 100.00%.

Note 26 Currency rates

		2013		2012	
(€1 =)	Foreign currencies	Closing	Average	Closing	Average
Australia	AUD	1.5423	1.3771	1.2712	1.2408
Brazil	BRL	3.2307	2.8681	2.6962	2.5092
Canada	CAD	1.4671	1.3686	1.3137	1.2847
Chile	CLP (100)	7.2190	6.5812	6.3094	6.2495
China	CNY	8.4082	8.2292	8.2931	8.1136
Hungary	HUF (100)	2.9704	2.9695	2.9230	2.8929
India	INR	85.3622	77.9272	72.2732	68.5992
Indonesia	IDR (100)	167.6478	138.5982	127.1397	120.5140
Japan	JPY (100)	1.4472	1.2956	1.1361	1.0258
Malaysia	MYR	4.5272	4.1876	4.0378	3.9696
Mexico	MXN	18.0731	16.9750	17.1845	16.9023
Russia	RUB	45.3246	42.3281	40.3295	39.9274
Singapore	SGD	1.7414	1.6621	1.6111	1.6061
South Africa	ZAR	14.5660	12.8320	11.1727	10.5543
Sweden	SEK	8.8591	8.6503	8.5820	8.7038
Switzerland	CHF	1.2276	1.2309	1.2072	1.2054
Taiwan	TWD	41.1160	39.4443	38.3388	38.0356
Turkey	TRY	2.9605	2.5334	2.3551	2.3145
Ukraine	UAH	11.3583	10.8355	10.6259	10.3958
United Kingdom	GBP	0.8337	0.8493	0.8161	0.8112
United States	USD	1.3791	1.3285	1.3194	1.2855

Note 27 Related parties

External related parties of Imerys

The related parties of Imerys are the Canadian group Power and the Belgian group Frère-CNP. These groups are the ultimate controlling parties of Imerys. Through their joint venture Parjointco, they exercise joint control on the Swiss group Pargesa that controls Imerys through a direct investment in the Belgian group GBL. In this respect, Pargesa and GBL are related parties of Imerys. Imerys is not party to any contract with its external related parties.

Key management personnel of Imerys

The managers qualifying as related parties as of December 31, 2013 are the 15 members of the Board of Directors (17 members as of December 31, 2012) and the 8 members of the Executive Committee (7 members as of December 31, 2012).

Remuneration and assimilated benefits granted to these related parties are disclosed in the table hereafter:

		2013		2012	
(€ millions)	Notes	Expense	Liability	Expense	Liability
Short-term benefits	1	(6.3)	2.5	(5.8)	2.6
Long-term benefits		-	-	-	-
Directors' attendance fees	2	(0.8)	0.4	(0.8)	0.4
Post-employment benefits	3	(1.6)	8.4	(2.1)	2.5
Contributions to defined contribution plans		(0.4)	-	(0.3)	-
Termination benefits		(0.4)	-	-	-
Share-based payments	4	(3.4)	-	(3.2)	-
Total		**(12.9)**	**11.3**	**(12.2)**	**5.5**

Note 1. Short-term benefits. These amounts include the fixed part of the remuneration paid for the period as well as the variable part due for the same period, but paid over the subsequent period.

Note 2. Directors' attendance fees. These amounts correspond to the fees paid to the members of the Board of Directors.

Note 3. Post-employment benefits. These amounts correspond to the post-employment defined benefit plans allowed to the main executives of the Group's French entities who meet the required conditions of eligibility. These amounts are recognized for the beneficiaries qualifying as related parties, among which some of the above mentioned executives (7 in 2013, 9 in 2012). The maximum amount of the life annuity that can be paid to the beneficiaries of these plans as from the liquidation of their retirement rights is calculated in order to guarantee a life annuity:

- of a total gross annual amount (after recognition of pensions from mandatory and complementary retirement plans) of 60.0% of their salary of reference, this salary of reference being capped to 30 times the annual ceiling of the French Social Security as of December 31, 2013 (30 times as of December 31, 2012);
- subject to a payment ceiling of 25.0% of the above mentioned salary of reference of the last 12 calendar months preceding the withdrawal from the Group's headcount.

Note 4. Share-based payments. This amount corresponds to expenses recognized with respect to the Imerys share options and the free shares attributed to the related parties.

Post-employment benefits for Imerys employees

The post-employment benefit plans for the benefit of Imerys employees are related parties. The amount of the contributions to external funds recognized as an expense in 2013 amounts to €17.5 million (€28.7 million in 2012), of which mainly €10.2 million to Imerys UK Pension Fund Trustees Ltd., United Kingdom (€12.0 million in 2012) and €4.0 million to Sun Trust Bank, United States (€11.1 million in 2012).

FCPE Imerys Actions

The FCPE Imerys Actions is managed by BNP Paribas Asset Management SAS. Its management is controlled by a Supervisory Board of 12 members, equally made up of shareholders' and Imerys representatives. As Imerys exercises together with the shareholders a joint control over the FCPE Imerys Actions, the FCPE Imerys Actions is a related party. The amounts recognized in 2013 (and 2012) for the FCPE Imerys Actions are immaterial.

Note 28 Commitments

In the course of its activities, Imerys is liable towards third parties for obligations, often subordinated to conditions or subsequent events, that do not (or partially) meet the recognition criteria of liabilities, but may have an impact on the future financial position. The unrecognized portion of the obligation is designated hereafter by the term commitment. Identified in accordance with applicable accounting standards, the significant commitments, given and received, are presented hereafter.

Commitments given

(€ millions)	Notes	2013	2012
Operating lease	1	146.2	150.2
Site restoration	2	37.8	31.1
Commitments related to operating activities	3	301.3	208.8
Commitments related to treasury	4	41.0	42.5
Other commitments	5	22.8	13.5
Total		**549.1**	**446.1**

Note 1. Operating lease. The operating lease commitments correspond to commitments to pay future rent as part of lease contracts of real estate, equipment, rail cars, trucks and vehicles, in which Imerys is the lessee. These commitments amount to €146.2 million, of which €29.8 million for 2014, €66.9 million for the period 2015 to 2018 and €49.5 million beyond.

Note 2. Site restoration. These amounts correspond to sureties and guarantees obtained from financial institutions in accordance with legal requirements, decreased by recognized provisions *(Note 23.2)*. These sureties and guarantees are generally taken out for the benefit of government agencies to secure the financial capacity of Imerys to meet its environmental obligations.

Note 3. Commitments related to operating activities. These commitments correspond to firm purchase commitments taken by Imerys as part of purchase contracts of goods, services, energy and freight. These commitments comprise in particular two commitments of purchase of services that aim at guaranteeing the shipping logistics of the Group until 2017 (chartering contract) and 2022 (storage and handling contract) for a total amount of €94.8 million as of December 31, 2013 (€106.6 million as of December 31, 2012). The energy supply commitments (mainly electricity and gas) amount to €47.7 million as of December 31, 2013 (€58.6 million as of December 31, 2012).

Note 4. Commitments related to treasury. These commitments correspond to letters of credit as well as to sureties, guarantees, mortgages and pledges obtained by Imerys from financial institutions in order to guarantee operating treasury requirements in favor of customers.

Note 5. Other commitments. This position encompasses the whole of the commitments given not mentioned above, among which the seller warranties and the price adjustment clauses given by the Group upon disposals of businesses.

Commitments received

(€ millions)	Notes	2013	2012
Operating lease	1	6.8	1.5
Commitments related to operating activities	2	6.0	10.5
Commitments related to treasury	3	2.9	4.1
Other commitments	4	145.6	109.5
Total		**161.3**	**125.6**

Note 1. Operating lease. The operating lease commitments correspond to commitments to pay future rent as part of lease contracts in which Imerys is the lessor.

Note 2. Commitments related to operating activities. These commitments correspond to firm purchase commitments taken by customers in favor of Imerys as part of sales contracts of goods and services.

Note 3. Commitments related to treasury. These commitments correspond to letters of credit as well as to sureties, guarantees, mortgages and pledges obtained by certain suppliers from their financial institutions, in order to guarantee their operating treasury requirements in favor of Imerys.

Note 4. Other commitments. This position encompasses the whole of the commitments received not mentioned above, among which the seller warranties and the price adjustment clauses in favor of the Group upon acquisitions of businesses. Imerys thus benefits from a seller warranty of €91.0 million (€96.6 million as of December 31, 2012) received from the Rio Tinto group related to the acquisition in 2011 of the Luzenac group *(Note 16)*.

Note 29 Events after the end of the period

The annual consolidated financial statements as of December 31, 2013 were closed by the Board of Directors at its meeting on February 13, 2014. On January 31, 2014, Imerys concluded with the Swiss group Omya the disposal of four industrial sites specialized in the transformation of calcium carbonate for the paper market in France, in Sweden, in Italy and in the United States. As of December 31, 2013, the assets and liabilities of the four sites had been classified as assets (and liabilities related to assets) held for sale *(Note 25)*.

On February 12, 2014, Imerys announced the launch, within 10 working days, of a friendly cash takeover bid over Amcol, a global leader in bentonite listed on the New York Stock Exchange, with revenue over USD1.0 billion generated in 26 countries. Imerys' offer, set at USD41.00 per share and unanimoulsy recommended by Amcol's Board of Directors, values the group at approximately USD1.6 billion, including Amcol's net financial debt.

Unless otherwise indicated, all values in the tables are in thousands of Euros.

6.2 STATUTORY FINANCIAL STATEMENTS

FINANCIAL COMMENTARY

The financial statements of Imerys (or the "Company") only provide a very partial view of the Group's economic and financial position, which is reflected only in the consolidated financial statements.

In 2013, the net income of the Company amounts to €49.1 million whereas the 2012 net income reached €60.4 million.

THE MAIN FACTORS FOR 2013 ARE:

A policy of sustained external growth

The resources necessary to the subsidiaries for the Group's various purchases in 2013, among which Pyramax Ceramics LLC in the United States, explain the increase by €115.0 million of the loans related to direct investments and other subsidiaries of the Group.

The financial strength maintained

Resources from subsidiaries increase by €132.5 million due to the good activity of the Group as a whole and its consequent cash generation. Bank financial debts increase by + €119.0 million. Total additional financial resources thus amount to €251.5 million.

In 2013, marketable securities increase by €31.7 million and cash and cash equivalents increase by €78.8 million. The financial resources reach €2,458.1 million as of December 31, 2013, against €2,788.4 million at the end of the 2012 period.

The stability of the operating income

Sales of €25.3 million decrease by €1.2 million due to the fall in services invoiced to subsidiaries. The operating expenses of the Company decrease by €0.3 million due to a good control of the headquarter's costs.

Purchases and external services decrease by 23.1% and amount to - €32.6 million due to the decrease in external services related to acquisition projects and to branch management. On the contrary, staff expenses increase by €8.8 million, impacted by expenses related to the grant of free shares. Taxes and duties increase by €1.2 million.

In total, the operating loss increases by €0.5 million and reaches - €51.0 million.

The stability of the financial income

A financial income of €68.5 million is posted in 2013, compared with €72.5 million in 2012. In 2013, the Company collects €121.4 million in dividends, a €3.1 million increase compared with 2012.

The Company also recognizes a net exchange rate gain of + €10.9 million in 2013 against a net loss of - €36.9 million in 2012. At the same time net provisions for foreign exchange rate risks decrease in 2013 by + €11.8 million and decreased in 2012 by + €40.4 million. The foreign exchange impacts net of provisions thus reach + €22.7 million in 2013 where they amounted to + €3.5 million in 2012.

Net financial expenses decrease by + €10.1 million due to changes in the portfolio of the Group's financial resources that have reduced the average interest rate for the year 2013.

Excluding foreign exchange, financial write-downs and provisions increase by - €24.5 million in 2013 and decreased by + €11.8 million in 2012. These net rises in write-downs and provisions in 2013 concern a write-down on investments for - €12.9 million, a write-down on loans for - €8.1 million, an increase by - €2.6 million in the provision for financial instruments and a last provision for - €0.9 million for various current financial management costs.

The decrease in the net income

The gain achieved through the allocation of the tax credit of Imerys SA to the positive incomes of the Group's subsidiaries within the framework of the French tax consolidation remains unchanged at + €35.0 million. The decrease in exceptionnal income by - €6.0 million mainly stems from the management risks provision that increases by - €4.2 million in 2013 where it decreased in 2012 by + €0.8 million. The net income amounts to €49.1 million, decreasing by - €11.3 million compared to the 2012 period.

6.2.1 FINANCIAL STATEMENTS

INCOME STATEMENT

(€ thousands)	Notes	2013	2012
Operating revenue		**26,402**	**27,214**
Rendering of services		25,308	26,555
Other revenue and decreases in provisions		1,094	659
Operating expenses		**(77,451)**	**(77,781)**
Purchases and external services		(32,555)	(42,455)
Taxes and duties		(2,194)	(972)
Staff expenses		(38,619)	(29,775)
Amortization, depreciation, write-downs and provisions		(3,222)	(3,527)
Other expenses		(861)	(1,052)
Operating income		**(51,049)**	**(50,567)**
Financial income	10	**68,546**	**72,469**
Revenue from subsidiaries and affiliates		121,363	118,284
Net financial expenses		(51,059)	(61,131)
Increases and decreases in write-downs and provisions		(12,646)	52,191
Exchange rate gains and losses		10,888	(36,875)
Current income		**17,497**	**21,902**
Exceptional income (loss)	11	**(3,308)**	**2,673**
Exceptional revenue		1,632	17,690
Exceptional expenses		(4,940)	(15,017)
Income taxes	12	**34,950**	**35,840**
Net income		**49,139**	**60,415**

BALANCE SHEET

(€ thousands)	Notes	2013	2012
Net intangible assets		**1,216**	**1,862**
Intangible assets	13	10,798	10,610
Accumulated amortization	13	(9,582)	(8,748)
Net property, plant and equipment		**1,467**	**1,706**
Property, plant and equipment	13	7,815	7,246
Accumulated depreciation	13	(6,348)	(5,540)
Net investments		**3,295,226**	**3,308,178**
Investments	14	3,311,166	3,311,181
Write-downs	14 - 20	(15,940)	(3,003)
Loans related to direct investments and other subsidiaries - net value		**744,608**	**637,682**
Loans related to direct investments and other subsidiaries	15 -17	752,678	637,682
Write-downs	15 - 20	(8,070)	-
Other financial investments	16 - 17	**28**	**1,803**
Non-current assets		**4,042,545**	**3,951,231**
Other receivables	17	30,104	12,761
Derivative financial assets		-	5
Marketable securities	18	72,286	40,580
Cash and cash equivalents		82,968	4,209
Current assets		**185,358**	**57,555**
Regularization accounts	17	3,442	14,801
Assets		**4,231,345**	**4,023,587**
Share capital		152,477	150,737
Additional paid-in capital		362,103	326,141
Reserves		959,201	959,048
Retained earnings		202,400	258,940
Net income of the period		49,139	60,415
Shareholders' equity	19	**1,725,320**	**1,755,281**
Provisions for risks and charges	20	**29,286**	**26,127**
Financial debts	21	2,440,043	2,188,548
Other debts	21	20,942	29,504
Derivative financial liabilities	21	-	-
Debts		**2,460,985**	**2,218,052**
Regularization accounts	21	15,754	24,127
Shareholders' equity and liabilities		**4,231,345**	**4,023,587**

CASH FLOW STATEMENT

(€ thousands)	2013	2012
Cash flow from operating activities		
Net income	**49,139**	**60,415**
Expenses and revenue with no impact on cash flow		
Amortization and depreciation	2,384	2,092
Write-downs and provisions	24,166	(51,118)
Income on disposal of assets	-	-
Current operating cash flow before working capital changes	**75,689**	**11,389**
Change in the working capital requirement	(26,101)	40,215
Cash flow from operating activities	**49,588**	**51,604**
Cash flow from investing activities		
Acquisitions of assets		
Intangible assets and property, plant and equipment	(899)	(1,413)
Financial (investments and related assets)	(276)	(1,631)
Disposals of assets		
Intangible assets and property, plant and equipment	2	-
Financial (investments and related assets)	15	-
Cash flow from investing activities	**(1,158)**	**(3,044)**
Cash flow from financing activities		
Change in financial debts	254,080	(47,164)
Change in loans and other financial assets	(114,996)	(42,621)
Cash flow from financing activities	**139,084**	**(89,785)**
Capital operations		
Capital increase	39,906	7,013
Dividends paid	(116,955)	(112,764)
Cash flow from transactions on equity	**(77,049)**	**(105,751)**
Change in cash and cash equivalents	**110,465**	**(146,976)**

(€ thousands)	2013	2012
Cash and cash equivalents at the beginning of the period	**44,789**	**191,765**
Change in cash and cash equivalents	110,465	(146,976)
Cash and cash equivalents at the end of the period	**155,254**	**44,789**

DETAIL OF MOVEMENTS ON TREASURY SHARES

(€ thousands)	2013	2012
Gross amount of treasury shares booked as investments as of January 1	**7,004**	**2,110**
Sales (purchases) of treasury shares [(1)]	7,091	7,061
Transfer of treasury shares (delivery of conditional free shares)	(5,092)	(2,167)
Capital decrease by cancellation of treasury shares	(2,051)	-
Gross amount of treasury shares booked as investments as of December 31 [(1)]	**6,952**	**7,004**

(1) Including 20,000 shares negociated on December 30, 2013 and delivered on January 3, 2014, for a total amount of €1,252 thousand.

6

6.2.2 NOTES TO THE STATUTORY FINANCIAL STATEMENTS

ACCOUNTING PRINCIPLES AND POLICIES

Imerys SA presents its financial statements in accordance with accounting principles and policies established by the General Accounting Plan as presented by Regulation 99-03 of the Accounting Regulatory Committee of April 29, 1999 and supplemented in subsequent regulations.

The general accounting rules have been applied under the principle of prudence and in accordance with the basic assumptions: going concern, permanence of accounting policies from one period to the other, independence of periods, in accordance with the general rules of preparation and presentation of the annual financial statements.

The methodology generally used is the historical cost method for the items recognized in the books.

The statutory financial statements provide comparative information with respect to period N-1. Comparative information with respect to period N-2 is incorporated by reference to the financial statements included in the registration document of period N-2 *(Chapter 9, section 9.4 of the Registration Document)*.

Note 1 Intangible assets and property, plant and equipment

Intangible assets

Intangible assets are valued at acquisition cost. Software is amortized over 3 years using the straight-line method.

Property, plant and equipment

Property, plant and equipment are assessed at acquisition cost or at their contribution value.

The depreciation methods used are representative of economic depreciation; therefore, no excess tax depreciation was recognized under liabilities in the balance sheet.

Depreciation methods and periods are as follows:

- machinery and equipment: straight-line method, over 10 years;
- equipment and office furniture: straight-line method, over 5 and 10 years;
- office equipment: straight-line method, over 5 years;
- IT equipment: straight-line method, over 3 years.

Note 2 Long-term investments

The long-term investments are valued at acquisition cost, excluding ancillary expenses.

Investments and other long-term investments are estimated at their value in use. The value in use is evaluated according to the value of the Company, based notably on its previous results and its profitability prospects, to the portion of converted equity owned for these investments and to the net asset value. When this value is higher than the carrying amount recognized in the balance sheet, the latter is not modified. On the contrary, a write-down of the investment is recognized.

Unrealized losses generated from the fluctuations of foreign currencies in which the long-term investments are denominated are not aimed to realize. Therefore, unrealized exchange losses do not constitute in themselves sufficient criteria to justify systematically a provision for depreciation.

Note 3 Receivables and debts in foreign currencies

Receivables and debts in foreign currencies are converted at closing rate.

Note 4 Foreign currency exposure

Where, for transactions presenting sufficiently close maturities, the unrealized gains and losses may be considered as contributory to a global foreign exchange position, the amount of the increase in the provision for exchange rate losses is limited to the excess of unrealized losses over unrealized gains.

Note 5 Marketable securities

Their value in use is assessed at their average market price of the last month of the period for listed stocks, at the last known redemption price for the SICAVs (money market funds) and at their net asset value for the FCPs (equity funds). Unrealized losses of value are subject to a write-down, unrealized gains are not recognized.

Note 6 Provisions

Provisions for risks

Provisions for risks cover identified risks and are determined in accordance with the following method:

- provisions for operational risks include mainly litigation in progress related to the current activities;
- provisions for restructuring relate to reorganization plans officially decided and initiated before the end of the period;
- provisions pertaining to changes in the value of certain equity interests are determined in accordance with the last financial information available and the evolution prospects;
- provisions pertaining to the grant of free shares are determined in accordance with their maturity, on the basis of the opening share price at the date of their allocation to the plan or, when the shares are not purchased at the closing, at the share price at this date, in accordance with the recommendation no. CNC 2008-17. The calculation of the provisions pertaining to the grant of free shares incorporates an assessment of the achievement of economic and/or financial performance objectives to which these shares are conditioned and commensurate. The increases and decreases in the provisions, and the expenses are presented in staff expenses.

Provisions for charges

They mainly include:

- provisions for supplementary pension plans and pensions for former employees;
- retirement indemnities expense calculated in accordance with the Projected Unit Credit Method.

Imerys applies the recommendation no. CNC 2003-R01 applicable to the valuation and accounting for pension commitments and similar advantages.

Note 7 Risks pertaining to financial markets

As a holding company and head of the Group, the Company implements the management of financial market risks identified within the Group (foreign exchange rate risk, interest rate risk, energy price risk).

The main instruments and risks are described hereafter:

- the derivative instruments used to hedge the foreign exchange rate risk are mainly forward buying and selling foreign currency contracts as well as change options. A global foreign exchange position is established when transactions in foreign currencies (hedged items and hedging instruments) result in the symmetrical recognition of an asset and a liability presenting close characteristics. For those options complying with the Group's risk management policy, but not qualified as hedging options, a provision for risks and charges is recognized where the market value is inferior to the original contractual value. Unrealized gains are not recognized;
- the Company implements swaps and options in order to hedge the interest rate risk. The expenses and revenue related to the hedging instruments are recognized in profit or loss symmetrically to the expenses and revenue of hedged items;
- in order to hedge the energy price risk which affects its subsidiaries, the Company uses option contracts as well as forward buying and selling contracts. The expenses and revenue related to hedging instruments of the Company's risks are recognized in profit or loss symmetrically to the expenses and revenue of hedged items. For those options and contracts related to the hedging of risks affecting the Company's subsidiaries which comply with the Group's risk management policy, but which are not qualified as hedging options in the financial statements of the Company, a provision for risks and charges is recognized where the market value is inferior to the original contractual value. Unrealized gains are not recognized.

Note 8 Tax consolidation

Since 1993, Imerys and some of its French subsidiaries have been assessed under Article 223 A of the French Tax Code in respect of group taxation. Two entities left the tax consolidation perimeter in 2013: Parnasse 31 and KPCL KVS. As of December 31, 2013, the tax consolidation perimeter includes the 28 entities mentioned below:

▮ AGS	▮ Imerys TC
▮ Ardoisières d'Angers	▮ La Française des Tuiles et Briques
▮ Calderys France	▮ Mircal
▮ Charges Minérales du Périgord	▮ Mircal Brésil
▮ Damrec	▮ Mircal Chili
▮ Doyet Terre Cuite	▮ Mircal Asia
▮ IGM For Fibre Glass	▮ Mircal Europe
▮ Imerys	▮ Parimetal
▮ Imerys Ceramics France	▮ Parnasse 22
▮ Imerys Foundry Minerals Europe	▮ Parnasse 25
▮ Imerys Kiln Furniture France	▮ Parnasse 27
▮ Imerys Minéraux France	▮ Parnasse 30
▮ Imerys Services	▮ PLR Réfractaires SAS U
▮ Imerys Tableware France	▮ World Minerals France

Within the fiscal group headed by Imerys, the relationships are governed by a convention whose principles are summarized below:

- the tax consolidated entities benefit from a situation identical to the one that they would have had in the absence of tax consolidation;
- all additional expenses are recognized at Imerys which benefits in counterpart from any potential savings generated by this system.

Note 9 Transfer of expenses

The "transfer of expenses" positions mainly correspond to:

- the transfer of expenses to balance sheet accounts (loan issuance costs, capital increase costs);
- the transfer from one category of expenses to another (operating expenses transferred to exceptional or financial expenses or vice versa).

NOTES TO THE INCOME STATEMENT

Note 10 Financial income

(€ thousands)	2013	2012
Financial revenue	**243,825**	**275,076**
Revenue from subsidiaries and affiliates [(1)]	121,363	118,284
Other investment income - net [(1)]	13,077	21,883
Decreases in provisions and transfer of expenses	14,218	66,345
Exchange rate gains	95,167	68,564
Financial expenses	**175,279**	**202,607**
Financial interests and expenses on financial instruments [(2)]	65,102	83,014
Increases in financial amortization and provisions	25,898	14,154
Exchange rate losses	84,279	105,439
Financial income	**68,546**	**72,469**
(1) Of which revenue related to controlled entities	*125,498*	*128,326*
(2) Of which expenses related to controlled entities	*3,264*	*6,978*

In 2013, the Company received €121.4 million of dividends.

As a holding company, Imerys manages its balance sheet foreign exchange rate risk, notably linked to the foreign net assets held directly or indirectly by the Company and also resulting from the loans and advances granted to the subsidiaries and entities controlled by the Company in accordance with the intra-group treasury contracts. Therefore, the proportion of the financial indebtedness drawn in foreign currencies is adjusted. In relation to this adjustment, Imerys recognized in 2013 a net foreign exchange gain of €10.9 million (a net foreign exchange loss of €36.9 million was realized in 2012) mainly due to the hedging of foreign investments by Imerys.

For the record, at the same time, assets held by subsidiaries are not subject to revaluation of investments in the balance sheet.

Note 11 Exceptional income (loss)

(€ thousands)	2013	2012
Gains and losses on disposals of assets	-	78
Other exceptional revenue	13	6
Decreases in provisions and transfer of expenses	1,603	4,584
Increases in provisions	(4,914)	(1,504)
Other exceptional expenses	(10)	(491)
Exceptional income (loss)	**(3,308)**	**2,673**

The decreases in provisions as of December 31, 2013 relate to a provision for management risks (€0.7 million) and a provision for exceptional expenses (€0.9 million).

A provision for management risks (€4.9 million) and a provision for staff-related risks (€50 thousand) were constituted in 2013.

Note 12 Income taxes

(€ thousands)	2013	2012
Taxes on long-term capital gains	-	-
Income taxes	34,950	35,840
Total	**34,950**	**35,840**

Breakdown of the tax expense of the Company

(€ thousands)	Result before taxes	Taxes	Result after taxes
Current income	17,497	-	17,497
Exceptional income (loss)	(3,308)	-	(3,308)
Impact of the tax consolidation	-	34,950	34,950
Total	**14,189**	**34,950**	**49,139**

In accordance with the terms of the tax consolidation conventions signed by each company of the Group, the tax expense or credit recognized in the accounts of Imerys is composed of:

- the tax expense of the Company, calculated as if it was not fiscally consolidated;
- the net amount of additional expenses and credits resulting from the tax consolidation.

In this context, Imerys recognized a credit of €34.9 million for the 2013 period.

As regards Imerys, the Company recognizes in 2013 a loss of €64.4 million, increasing the cumulated amount of the carried forward losses of Imerys SA to €812.5 million. These carried forward losses have been totally used by the consolidated group in accordance with the rules of tax consolidation.

Change in deferred taxes (deferred tax basis)

Description	As of December 31, 2013		As of December 31, 2012	
(€ thousands)	Assets	Liabilities	Assets	Liabilities
Temporary differences	**770**	**25,358**	**12,575**	**42,129**
Deductible next year	-	5,515	-	13,566
Deductible later	-	4,089	-	4,436
Deducted expenses or taxed revenue not yet recognized	770	15,754	12,575	24,127
Potentially taxable items	**-**	**273,471**	**-**	**273,471**
Special reserve for long-term capital gains	-	273,471	-	273,471
Other	-	-	-	-

NOTES TO THE BALANCE SHEET

Note 13 Changes in intangible assets and property, plant and equipment

(€ thousands)	Gross amount 12/31/2012	Acquisitions	Disposals	Gross amount 12/31/2013
Intangible assets	10,610	643	455	10,798
Property, plant and equipment	7,246	741	172	7,815
Total gross intangible assets and property, plant and equipment	**17,856**	**1,384**	**627**	**18,613**

(€ thousands)	Amortization and depreciation 12/31/2012	Increases	Decreases	Amortization and depreciation 12/31/2013
Amortization of intangible assets	8,748	834	-	9,582
Depreciation of property, plant and equipment	5,540	810	2	6,348
Total amortization and depreciation of intangible assets and property, plant and equipment	**14,288**	**1,644**	**2**	**15,930**

Note 14 Changes in the value of investments

The gross amount of investments decreases by €15 thousand during the 2013 period due to the transfer of the company Parnasse 31 to Imerys TC.

Investments write-downs amount to €15.9 million, increasing by €12.9 million further to an allowance in 2013 of a write-down on the shares of Mircal Asia.

Note 15 Loans related to investments

The amount of loans related to investments increases by €115.0 million. These receivables related to investments correspond to loan contracts and intra-group credit agreements aimed at optimizing the cash management.

A write-down allowance on the loan granted to Mircal Asia is constituted for €8.1 million in 2013.

Note 16 Other financial investments

As of December 31, 2013, the other financial investments mainly include given deposits.

Note 17 Other receivables

(€ thousands)	Gross amount	Maturity less than one year	Maturity from one to five years	Maturity beyond five years
Loans and receivables related to investments	**752,678**	**682,346**	**53,150**	**17,182**
Loans and receivables related to direct investments	485,938	485,938	-	-
Loans and receivables related to other Group subsidiaries	266,740	196,408	53,150	17,182
Other financial investments	**28**	**-**	**-**	**28**
Other receivables	**30,104**	**28,098**	**1,465**	**541**
Operating receivables	27,620	27,620	-	-
Bond issuance premium	2,484	478	1,465	541
Regularization account	**3,442**	**1,819**	**1,120**	**503**
Prepaid expenses (1)	676	645	30	1
Bond issuance cost	1,996	404	1,090	502
Unrealized exchange rate losses (2)	770	770	-	-
Total	**786,252**	**712,263**	**55,735**	**18,254**

(1) Prepaid expenses mainly comprise purchases of external services.

(2) The unrealized exchange rate gains/losses derive from the closing revaluation of loans and receivables in foreign currencies.

Note 18 Marketable securities

Net values

(€ thousands)	2013	2012
SICAVs and mutual funds	25,282	25,341
Deposit certificate	40,052	10,012
Treasury shares (1)	6,952	5,227
Total	**72,286**	**40,580**

(1) Including 20,000 shares negociated on December 30, 2013 and delivered on January 3, 2014, for a total amount of €1,252 thousand.

As of December 31, 2013, the gross amount of marketable securities amounts to €72.3 million. No impairment loss has been recognized since 2010.

Measurement of marketable securities as of December 31, 2013

Nature	Quantity	Average cost price per unit *(€)*	Closing price December 2013 *(€)*
SICAV BNP	442	57,146.00	57,146.00
SICAV SG	1	23,755.72	23,763.44
Treasury shares (1)	120,137	57.87	63.21

(1) Including 20,000 shares negociated on December 30, 2013 and delivered on January 3, 2014.

Note 19 Breakdown of changes in shareholders' equity

(€ thousands)	Capital	Premiums	Reserves [1] Legal	Reserves [1] regulated	Reserves [1] Other	Retained earnings	Income of the period	Total
Shareholders' equity as of 01/01/12 before allocation of net income	**150,285**	**319,580**	**15,095**	**273,471**	**670,482**	**362,061**	**9,643**	**1,800,617**
Allocation of 2011 income	-	-	-	-	-	(103,121)	(9,643)	(112,764)
Movements of the 2012 period								
Subscription of 226,030 shares by exercise of options	452	6,561	-	-	-	-	-	7,013
Net income as of 12/31/12	-	-	-	-	-	-	60,415	60,415
Shareholders' equity as of 01/01/13 before allocation of net income	**150,737**	**326,141**	**15,095**	**273,471**	**670,482**	**258,940**	**60,415**	**1,755,281**
Allocation of 2012 income	-	-	-	-	-	(56,540)	(60,415)	(116,955)
Movements of the 2013 period								
Cancellation of 43,724 shares of €2	(87)	(1,964)	-	-	-	-	-	(2,051)
Subscription of 913,442 shares by exercise of options	1,827	37,926	153	-	-	-	-	39,906
Net income as of 12/31/13	-	-	-	-	-	-	49,139	49,139
Shareholders' equity as of 01/01/14 before allocation of net income	**152,477**	**362,103**	**15,248**	**273,471**	**670,482**	**202,400**	**49,139**	**1,725,320**
Proposal for allocation of income [2]	-	-	-	-	-	(72,842)	(49,139)	(121,981)
Shareholders' equity as of 01/01/14 with proposal for allocation of income	**152,477**	**362,103**	**15,248**	**273,471**	**670,482**	**129,558**	**0**	**1,603,339**

(1) Shareholders' equity of Imerys does not include revaluation differences.

(2) Proposed to the Shareholders' General Meeting on April 29, 2014.

Number of shares

	2013	2012
Number of shares outstanding at the opening	**75,368,546**	**75,142,516**
Capital increase	913,442	226,030
Capital decrease	(43,724)	-
Number of shares outstanding at the closing	**76,238,264**	**75,368,546**

For 2013, the capital movements are the following:

- on December 12, 2013, the Board of Directors, as part of the share buy-back programs authorized by the Shareholders' General Meetings of April 26, 2012 and April 25, 2013, and in accordance with the authorization given to him by the Shareholders' General Meeting of April 25, 2013, cancelled 43,724 treasury shares, directly acquired on the market by the Company and totally allocated to the cancellation objective. This cancellation of treasury shares lead to a capital decrease of the Company of a nominal amount of €87,448;
- on January 10, 2014, the Chairman and Chief Executive Officer, pursuant to the delegation of powers given to him by the Board of Directors on December 12, 2013, noted that, on December 31, 2013, the share capital had been increased by a nominal amount of €1,826,884 as a result of the exercise during the 2013 period of 913,442 share options and of the creation of the same number of new Imerys shares.

Detailed information concerning share capital is available in *chapter 7, paragraph 7.2.1 of the Registration Document*.

Note 20 Write-downs and provisions

(€ thousands)	Amount at the beginning of the period	Increases			Decreases (1)			Amount at the end of the period
		Operating	Financial	Exceptional	Operating	Financial	Exceptional	
Write-downs								
Investments	3,003	-	12,937	-	-	-	-	15,940
Trade receivables	19	-	-	-	(19)	-	-	0
Loans related to investments	-	-	8,070	-	-	-	-	8,070
Non-consolidated investments	-	-	-	-	-	-	-	0
Bond issuance premium	2,377	-	334	-	-	-	-	2,711
Marketable securities	-	-	-	-	-	-	-	0
Prepaid expenses - future employee benefits	-	-	-	-	-	-	-	0
Total assets	**5,399**	**-**	**21,341**	**-**	**(19)**	**-**	**-**	**26,721**
Provisions								
Provisions for risks	**22,372**	**12,823**	**3,638**	**4,914**	**(4,483)**	**(12,833)**	**(1,603)**	**24,828**
Management risks	7,791	12,823	2	4,864	(4,483)	-	(670)	20,327
Provisions for exchange rate losses	12,575	-	770	-	-	(12,575)	-	770
Staff-related risks	-	-	-	50	-	-	-	50
Environmental risks	938	-	-	-	-	(6)	(932)	0
Financial instruments	252	-	2,866	-	-	(252)	-	2,866
Risks on subsidiaries and investments	816	-	-	-	-	-	(1)	815
Provisions for charges	**3,755**	**1,562**	**513**	**-**	**(953)**	**(419)**	**-**	**4,458**
Pensions	-	-	-	-	-	-	-	0
Future employee benefits	3,755	1,562	513	-	(953)	(419)	-	4,458
Other social contributions and tax expenses	-	-	-	-	-	-	-	0
Total liabilities	**26,127**	**14,385**	**4,151**	**4,914**	**(5,436)**	**(13,252)**	**(1,603)**	**29,286**
Grand Total	**31,526**	**14,385**	**25,492**	**4,914**	**(5,455)**	**(13,252)**	**(1,603)**	**56,007**

(1) Provisions decreased in accordance with used amounts for €5,435 thousand.

As head of the Group, Imerys recognizes management risk and environmental provisions. They specifically relate to environmental liability guarantees following the disposal of some investments.

As of December 31, 2013, a write-down on the investment in Mircal Asia is constituted for an amount of €12.9 million.

A write-down on the loan granted to Mircal Asia is set up for €8.1 million in 2013.

As of December 31, 2013, a provision for risks on financial instruments is constituted for an amount of €2.9 million. This provision relates to hedging transactions on foreign currencies and on energy prices. The provision for risks on financial instruments increased in 2012 was fully reversed in 2013.

In 2013, a provision for risks increases by an amount of €12.8 million corresponding to the future grant of conditional free shares, for 120,137 treasury shares and other shares that have not yet been purchased and that will be granted in accordance with the requirements of the conditional free shares plans. The provision for risks increased in 2012 by an amount of €4.4 million is fully reversed in 2013 due to the grant over the period of 118,702 treasury shares of the Company.

Some of these instruments, in accordance with the Group's financial risk management policy, are not recognized as hedging instruments at Imerys SA. The financial instruments held as of December 31, 2013 are described in Note 25 and following.

Future employee benefits

The defined benefit plans firstly correspond to retirement benefits in accordance with the collective labour agreement of the metalworking industry and secondly to additional retirement plans including the French plan for managers.

The provision for future employee benefits is calculated in accordance with the following assumptions:

	Retirement	Other long-term employee benefits
Discount rates	2.2%	2.3%
Expected rates of return on plan assets	2.1%	-
Expected rates of salary increases	2.5%	2.5%
Annual turnover rates:		
▮ Executives and non-executives until 30 years	20.0%	20.0%
▮ Executives and non-executives between 30 and 40 years	15.0%	15.0%
▮ Executives and non-executives between 40 and 50 years	10.0%	10.0%
▮ Executives and non-executives between 50 and 55 years	5.0%	5.0%
▮ Executives and non-executives after 55 years	-	-

Actuarial differences are recognized according to the corridor method.

Net expense

	2013			2012		
(€ thousands)	**Retirement**	**Other**	**Total**	**Retirement**	**Other**	**Total**
Interest cost	(493)	(20)	(513)	(578)	(19)	(597)
Current service cost	(1,238)	(41)	(1,279)	(1,138)	(38)	(1,176)
Expected return on assets	419	-	419	599	-	599
Past service cost	(286)	-	(286)	(1,077)	-	(1,077)
Actuarial gains and (losses)	280	(24)	256	354	(110)	244
Curtailments and settlements	-	-	0	-	-	0
Recognized net expense	**(1,318)**	**(85)**	**(1,403)**	**(1,840)**	**(167)**	**(2,007)**
Assets' effective return	434	-	434	531	-	531

Change in the discounted value of obligations

	2013			2012		
(€ thousands)	**Retirement**	**Other**	**Total**	**Retirement**	**Other**	**Total**
Opening obligations	**(18,409)**	**(623)**	**(19,032)**	**(16,161)**	**(465)**	**(16,626)**
Interest cost	(493)	(20)	(513)	(578)	(19)	(597)
Current service cost	(1,238)	(41)	(1,279)	(1,138)	(38)	(1,176)
Benefit payments	1,037	10	1,047	312	9	321
Plan amendments	-	-	0	(300)	-	(300)
Curtailments and settlements	-	-	0	-	-	0
Actuarial gains and (losses)	(4,614)	(24)	(4,638)	(544)	(110)	(654)
Closing obligations (1)	**(23,717)**	**(698)**	**(24,415)**	**(18,409)**	**(623)**	**(19,032)**
Funded by plan assets	(22,389)	-	(22,389)	(16,718)	-	(16,718)
Unfunded	(1,328)	(698)	(2,026)	(1,691)	(623)	(2,314)

(1) Of which retirement obligations to the benefit of the Executive Management and of members of the Board of Directors: €2,140 thousand in 2013, against €3,316 thousand in 2012.

Change in fair value of plan assets

	2013			2012		
(€ thousands)	**Retirement**	**Other**	**Total**	**Retirement**	**Other**	**Total**
Opening assets	**15,399**	**-**	**15,399**	**15,158**	**-**	**15,158**
Expected return on assets	419	-	419	599	-	599
Benefit payments	(347)	-	(347)	(290)	-	(290)
Employer contributions	-	-	0	-	-	0
Actuarial gains and (losses)	16	-	16	(68)	-	(68)
Closing assets	**15,487**	**0**	**15,487**	**15,399**	**0**	**15,399**

Assets / liabilities in the balance sheet

	2013			2012		
(€ thousands)	**Retirement**	**Other**	**Total**	**Retirement**	**Other**	**Total**
Funded obligations	(22,389)	-	(22,389)	(16,718)	-	(16,718)
Fair value of assets	15,487	-	15,487	15,399	-	15,399
Funded status	**(6,902)**	**0**	**(6,902)**	**(1,319)**	**0**	**(1,319)**
Unfunded obligations	(1,328)	(698)	(2,026)	(1,691)	(623)	(2,314)
Unrecognized past service cost	2,365	-	2,365	2,652	-	2,652
Net unrecognized actuarial differences	2,105	-	2,105	(2,774)	-	(2,774)
Assets (provisions) in the balance sheet	**(3,760)**	**(698)**	**(4,458)**	**(3,132)**	**(623)**	**(3,755)**
Provisions for retirement	-	-	0	-	-	0
Provisions for future employee benefits	(3,760)	(698)	(4,458)	(3,132)	(623)	(3,755)

Change in assets (provisions) in the balance sheet

	2013			2012		
(€ thousands)	**Retirement**	**Other**	**Total**	**Retirement**	**Other**	**Total**
Opening assets (provisions)	**(3,132)**	**(623)**	**(3,755)**	**(1,314)**	**(465)**	**(1,779)**
Current service cost after curtailments / settlements	(1,318)	(85)	(1,403)	(1,840)	(167)	(2,007)
Contributions	690	10	700	22	9	31
Closing assets (provisions)	**(3,760)**	**(698)**	**(4,458)**	**(3,132)**	**(623)**	**(3,755)**

Note 21 Debts and regularization accounts as of December 31, 2013

(€ thousands)	Amount	Maturity less than one year	Maturity from one to five years	Maturity beyond five years
Financial debts	2,440,043	1,566,939	524,735	348,369
Other debts	20,942	20,942	-	-
Deferred revenue	-	-	-	-
Unrealized exchange rate gains	15,754	15,754	-	-
Total	**2,476,739**	**1,603,635**	**524,735**	**348,369**

The various bank overdrafts do not include any grants or guarantees from the Company to the benefit of the lending banks.

The financial debts by foreign currency share out as follows:

(€ thousands)	Amount
Euro	2,066,063
US Dollar	123,656
Pound Sterling	76,504
Japanese Yen	46,857
Other foreign currencies	126,963
Total	**2,440,043**

The analysis of the financial debts by nature and maturity is the following:

(€ thousands)	Amount	Maturity less than one year	Maturity from one to five years	Maturity beyond five years
Bonds	1,173,104	300,000	524,735	348,369
Commercial papers	60,000	60,000	-	-
Bank loans	14,502	14,502	-	-
Subsidiary loans	315,100	315,100	-	-
Group financial current accounts	847,224	847,224	-	-
Bank overdrafts and accrued interests	30,113	30,113	-	-
Total	**2,440,043**	**1,566,939**	**524,735**	**348,369**

Debts with a maturity less than one year are backed up by draw-downs on confirmed, non-utilized and available bilateral credit lines if necessary. The amount of confirmed and available bilateral credit lines as of December 31, 2013 is presented in *Note 23*.

Note 22 Accrued receivables and payables

(€ thousands)	Accrued receivables	Accrued payables
Operating	-	1,854
Financial	432 (1)	808
Total	**432**	**2,662**

(1) Accrued receivables mainly comprise accrued interests on financial instruments.

OTHER INFORMATIONS

Note 23 Off balance sheet commitments

The significant off balance sheet commitments of the Company are detailed in Notes 24 to 28.

The syndicated credit, renewed on March 15, 2007 expired in July 2013. This credit was refinanced in advance in 2011 by bilateral bank credit lines.

As of December 31, 2013, the amount of bilateral multi-currencies credit lines confirmed and available for the benefit of Imerys with a maturity from 2016 to 2018 is €1,285.0 million of which €14.5 million are utilized.

Commitments given

	For the benefit of				
(€ thousands)	**Subsidiaries**	**Equity interests**	**Other controlled entities**	**Other**	**Total**
Avals, sureties, guarantees	76,137	-	115,357	12,124	203,618

Commitments received

No commitments were received over 2013.

Note 24 Other commitments in relation to subsidiaries

Considering the commitments which came to maturity in 2013, the amount of the global commitment amounts to €77.2 million as of December 31, 2013.

Note 25 Commitments on the foreign exchange rate risk

As of December 31, 2013, the Company has net commitments regarding forward purchases and sales against Euros divided up by foreign currencies as follows:

	(foreign currency thousands)		*(€ thousands)*	
	Forward purchases	**Forward sales**	**Forward purchases**	**Forward sales**
Australian Dollar	15,330	700	9,940	454
Canadian Dollar	37,490	1,400	25,554	954
Swiss Franc	13,365	51,476	10,887	41,932
Pound Sterling	83,310	25,082	99,928	30,085
Japanese Yen	3,834,520	245,000	26,496	1,693
Mexican Peso	231,000	6,310	12,781	349
Norwegian Krone	-	530	-	63
New Zealand Dollar	5,725	-	3,415	-
Swedish Krona	169,755	79,620	19,162	8,987
Thai Baht	-	341,020	-	7,548
US Dollar	69,360	386,820	50,294	280,487
South African Rand	-	243,470	-	16,715
Czech Koruna	83,720	-	3,052	-
Danish Krone	1,675	-	225	-
Hungarian Forint	-	216,100	-	728
Singapore Dollar	107,780	6,140	61,893	3,526
Polish Zloty	4,740	-	1,141	-
Total			**324,768**	**393,521**

These transactions have been carried out in order to hedge the foreign exchange rate risk generated by intra-group financing and investments in foreign currencies. They also include the net positions between internal and external derivatives on transactions carried out in accordance with the Group's management policy of the foreign exchange rate risk.

Note 26 Commitments on the interest rate risk

In accordance with its policy to manage the interest rate risk, the Group has, as of December 31, 2013, different hedging transactions (interest rate swaps and caps). These transactions are in line with its management policy.

The nominal amount of derivative instruments at the end of the period amounts to €50.0 million, JPY7,000.0 million and USD20.0 million.

Note 27 Commitments on the energy price risk

The following table summarizes the positions taken as of December 31, 2013 to hedge the energy price risk:

	Net notional amounts *(in MWh)*	Maturities
Underlying position	4,365,059	< 12 months
Management transactions	1,139,562	< 12 months

Note 28 Elements recognized under more than one balance sheet item (net value)

(€ thousands)	Total	Of which controlled entities [(1)]
Investments	3,295,226	3,294,937
Loans related to direct investments and other subsidiaries	744,609	743,793
Other financial investments	28	-
Operating receivables	27,620	23,839
Financial debts	2,440,043	1,161,624
Other debts	20,942	4,580

(1) The controlled entities are those that can be consolidated by full integration into the same group.

Note 29 Main shareholders

	Number of shares	% of interest	% of voting rights [(1)]
Belgian Securities BV [(2)]	42,851,473	56.21%	71.63%
Group employees	159,082	0.21%	0.27%
Self-holding [(3)]	100,137	0.13%	0.08%
Public	33,127,572	43.45%	28.02%
Total as of December 31, 2013	**76,238,264**	**100.00%**	**100.00%**

(1) Total theoretical voting rights: 119,643,619.

(2) A 100% subsidiary of the company Groupe Bruxelles Lambert.

(3) 20,000 treasury shares that have been negociated on December 30, 2013 and delivered on January 3, 2014 are excluded.

The consolidated financial statements of Imerys are included in the scope of consolidation of the Belgian group GBL.

Note 30 Headcount as of December 31, 2013

	Non-executives	Executives	Total
Full-time	17	119	136
Part-time	3	2	5
Total employees of the entity	**20**	**121**	**141**

Note 31 Individual training rights as of December 31, 2013

As of December 31, 2013 the total number of training hours corresponding to the acquired rights in the framework of the individual training right amounts to 9,833 hours.

The number of hours not having been requested amounts to 9,644 hours.

Note 32 Compensation of directors and executive managers

(€ thousands)	2013	2012
Board of Directors [(1)]	788	800
Executive Management	1,569	1,647
Total	**2,357**	**2,447**

(1) Directors' attendance fees.

The global amount of retirement obligations contracted for the benefit of members of the Board of Directors and of the Executive Management is presented in *Note 20*.

6

Note 33 Post closing events

Imerys completed on January 31, 2014 the divestment of four industrial sites of calcium carbonate for the paper market to Omya. This project was announced in September 2013. The plants are located in France (Sainte-Croix de Mareuil), Sweden (Köping), Italy (Massa) and the United States (Kimberly) and totaled revenue of approximately €75 million in 2012. The value estimation criteria are similar to those applied by Imerys in recent transactions.

On February 12, 2014, Imerys announced the launch, within 10 working days, of a friendly cash takeover bid over Amcol, a global leader in bentonite listed on the New York Stock Exchange, with revenue over USD1.0 billion generated in 26 countries. Imerys' offer, set at USD41.00 per share and unanimoulsy recommended by Amcol's Board of Directors, values the group at approximately USD1.6 billion, including Amcol's net financial debt.

Note 34 Allocation of earnings (pursuant to the provisions of article L. 232-7 of the French Code of Commerce) [(1)]

(€)	
Income for the period	49,138,878.12
Increase in legal reserve in order to reach 10% of the share capital	-
Retained earnings	202,399,861.71
Distributable income	**251,538,739.83**
Dividend of €1.60 to each of the 76,238,264 shares existing as of January 1, 2014	(121,981,222.40)
Retained earnings	**129,557,517.43**

(1) Which will be proposed to the Shareholders' General Meeting on April 29, 2014.

Note 35 Table of subsidiaries and equity interests as of December 31, 2013

	Country	SIREN Number	Capital (Local units (thousands))	Shareholders' equity other than share capital (Local units (thousands))	Number of shares held by Imerys	Type of securities
Subsidiaries (at least 50% of equity held by Imerys)						
Imerys TC	France	449,354,224	161,228	646,686	80,613,850	shares of €2
Mircal	France	333,160,620	1,034,653	298,013	68,976,891	shares of €15
Imerys USA	United States	-	526,005	456,038	1,000	shares of USD1
Imerys Services	France	320,750,730	371	787	24,700	shares of €15
Mircal Europe	France	444,384,234	56,365	568,476	56,365,195	shares of €1
Mircal Asia	France	444,384,101	12,937	(23,283)	1,293,700	shares of €10
Mircal Chili	France	434,143,574	1,554	13,935	1,554,000	shares of €1
Imerys (SHANGHAI) Investment Management Company Limited	China	-	14,404	10,483	1	share of CNY14,404,000

(€ thousands)

	% of interest held by Imerys	Gross amount of securities held	Net amount of securities held	Loans and advances granted by Imerys and not repaid	Borrowings taken up by Imerys and not repaid	Sureties, avals given by Imerys	Dividends collected by Imerys in 2013	2013 sales	2013 net income or loss
Subsidiaries (at least 50% of equity held by Imerys)									
Imerys TC	100.00	758,369	758,369	-	284,042	-	87,063	345,809	32,415
Mircal	100.00	1,289,076	1,289,076	166,517	-	-	17,244	-	(11,957)
Imerys USA	100.00	663,837	663,837	-	67,675	76,137	-	-	(2,733)
Imerys Services	100.00	1,043	1,043	994	-	-	-	16,400	12
Mircal Europe	100.00	565,483	565,483	303,844	-	-	16,910	-	42,818
Mircal Asia	100.00	12,937	-	13,138	-	-	-	-	(20,092)
Mircal Chili	100.00	15,540	15,540	-	520	-	-	-	(4)
Imerys (SHANGHAI) Investment Management Company Limited	100.00	1,359	1,359	630	-	-	-	6,508	447
Equity interests									
10 to 50% of equity held by Imerys		10	10	-	-	-	146	-	-
Miscellaneous equity interests									
Non-significant French entities		3,512	509	815	264	-	-	-	-
Total		**3,311,166**	**3,295,226**	**485,938**	**352,501**	**76,137**	**121,363**	**368,717**	**40,906**

6.3 AUDIT FEES

Terms of office of Auditors

The Shareholders' General Meeting of April 29, 2010 approved the renewal of the term of office of ERNST & YOUNG et Autres and Deloitte & Associés for another 6 years.

Organization of the audit of Imerys subsidiaries

For numerous years, the Group has primarily asked, in an equal standing, the two Imerys Statutory Audit firms to conduct the audit of the subsidiaries throughout the world. However, for practical or historical reasons, other audit firms intervened; the quantitative details were as follows:

Periods	2013	2012	2011	2010	2009	2008
Audit fees *(€ millions)*	6.3	6.5	6.2	6.1	6.4	7.1
Distribution						
ERNST & YOUNG et Autres	52%	51%	51%	50%	53%	55%
Deloitte & Associés	46%	44%	45%	46%	43%	40%
Other firms	2%	5%	4%	4%	4%	5%

Fees as of December 31, 2013

The total fees paid in 2013 to the two Statutory Audit firms of the parent company Imerys, ERNST & YOUNG et Autres (EY) and Deloitte & Associés (DA), are as follows:

	2013				2012			
	EY		DA		EY		DA	
	(€M)	*(%)*	*(€M)*	*(%)*	*(€M)*	*(%)*	*(€M)*	*(%)*
Audit								
Certification and auditing of individual and consolidated accounts	**3.2**		**2.9**		**3.3**		**2.8**	
Imerys SA	0.8		0.7		0.9		0.7	
Fully integrated subsidiaries	2.4		2.2		2.4		2.1	
Other duties and services directly related to the audit mission	**0.2**		**0.4**		**0.6**		**2.8**	
Imerys SA	0.2		0.4		0.5		2.7	
Fully integrated subsidiaries	-		-		0.1		0.1	
Subtotal	**3.4**	**94.4%**	**3.3**	**89.2%**	**3.9**	**100.0%**	**5.6**	**96.6%**
Other services rendered by the network to fully integrated subsidiaries								
Legal, fiscal, social	0.1		0.3		-		0.2	
Other (to specify if > 10% of audit fees)	0.1		0.1		-		-	
Subtotal	**0.2**	**5.6%**	**0.4**	**10.8%**	**-**		**0.2**	**3.4%**
Total	**3.6**	**100.0%**	**3.7**	**100.0%**	**3.9**	**100.0%**	**5.8**	**100.0%**

ADDITIONAL INFORMATION 7

7.1 INFORMATION ABOUT THE COMPANY

CORPORATE NAME: IMERYS

This name was adopted by the Ordinary and Extraordinary Shareholders' Meeting of September 22, 1999. Until then, the Company's corporate name was Imetal.

REGISTERED OFFICE

154, rue de l'Université, 75007 Paris (France)

Phone number: + 33 (0) 1 49 55 63 00

REGISTRATION

562 008 151 R.C.S. Paris – SIRET 562 008 151 00093

N.A.F. (code of main activity): 7010Z

LEGAL STATUS AND LAW OF INCORPORATION

Imerys is a French Limited Liability Company (Société Anonyme) with Board of Directors (Conseil d'Administration) governed by French law.

DATE OF INCORPORATION – HISTORY – DURATION

Imerys was incorporated on April 22, 1880. The Company's term of incorporation, initially set at 50 years, was extended until June 30, 2024 (article 5 of the By-laws).

Established in 1880, the Group has its origins in mining and metallurgy. Its core business then was the extracting and processing of non-ferrous metals.

In 1974, federated under the name Imetal, the Group acquired the French company Huguenot Fenal, an event which marked its entry into the clay roof tiles market. The following year, it purchased Copperweld Corporation (United States), a company specialized in steel production and metals processing. The first significant investment in refractory minerals and ceramics was made in 1985, with the acquisition of Damrec (France).

The Group then structured its business around three sectors: Building Materials, Industrial Minerals and Metals Processing. This reorganization was carried out in line with the Group's prior withdrawal from non-ferrous metallurgy.

From 1990 onwards, the Group gave significant emphasis to the development of industrial minerals[(1)]. It acquired significant positions in the white pigments sector: kaolin (Dry Branch Kaolin Company, United States), then calcium carbonate (Georgia Marble, United States). The Group also expanded into rfractory minerals (C-E Minerals, United States), monolithic refractories (Plibrico, Luxembourg), clays (Ceratera, France) and ceramic bodies (KPCL, France). Finally, it entered the graphite (Stratmin Graphite, Canada, then Timcal, Switzerland) and technical ceramics markets (IKF, France).

In 1999, with the acquisition of English China Clays plc (ECC, United Kingdom), one of the foremost specialists in industrial minerals, the Group became a global leader[(2)] in white pigments. By increasing its stake in Imerys Rio Capim Caulim S.A. (Brazil) from 49.7% to almost 100%, the Group optimized its great potential in kaolin. In parallel, the Group continued to expand its industrial base in refractory minerals (Transtech and Napco in the United States; Rhino Minerals in South Africa). Through the acquisition of ECC and the related divestment of Copperweld (United States) and ECC's specialty chemicals business (Calgon, United States), the Group focused on industrial minerals processing. To reflect this development, Imetal changed its name to **Imerys**.

The Group completed this refocusing process by withdrawing from activities that no longer corresponded to its core business, including dimension stones (Georgia, United States) and trading. The specialty chemicals distribution business (CDM AB, Sweden) was divested in 2004, followed in 2005 by refractory minerals trading (American Minerals, Inc., United States) and roofing products distribution (Larivière, France).

Since 2000, the Group has developed by leveraging its unique know-how. From a wide portfolio of rare resources and developed technical processes, Imerys transforms industrial minerals into specialties with high added value for its customers. Since July 1, 2013, Imerys has been organized into four business groups focused on the operating activities that are centered on clearly identified markets:

- Energy Solutions & Specialties;
- Filtration & Performance Additives;
- Ceramics Materials;
- High Resistance Minerals.

For further information about the business groups, *see chapter 1 of the Registration Document.*

Imerys constantly broadens its product range, especially through innovation, extends its geographic representation in high-growth regions and enters new markets. The history of the Group's major activities and their main developments in 2013 are presented below:

- **Carbonates'** activity mainly operates and transforms ground and precipitated calcium carbonates for many industries (paper, paints & coatings, plastics, films & polymer packaging, rubber, sealants & adhesives, health & beauty). The Carbonates expanded from 2000 with its extension's capacity in South America (Quimbarra, chiefly Brazil), Asia (Honaik, mainly in Malaysia) and France (AGS-BMP's carbonates activity). Nine new production units have been built since 2004, mainly in the Asia-Pacific zone (India, China, Indonesia and Japan). To support the development of activities in Asia, extensive reserves of high quality white marble have been acquired in Malaysia, China and Vietnam in recent years The activity strengthened its positions in Southern Europe and Turkey (Gran Bianco Carrara, Italy; Blancs

(1) Industrial minerals: non-metallic and non-combustible rocks or minerals, mined and transformed for industrial purposes.

(2) Throughout the Registration Document, information on market positions corresponds to evaluations made by Imerys on the basis of its market knowledge, or is derived from trade publications such as Roskill and Industrial Minerals, or from reports drawn up by Kline & Company, Inc.

Minéraux de Tunisie, Tunisia – 2005; Mikro Mineral – wholly-owned since 2008). In 2012, the extension of the Ipoh (Malaysia) calcium carbonate plant was launched. In Japan, capacity of the Miyagi plant, rebuilt after the Tsunami in 2011, increase to meet higher demand from its main customer. In order to diversify its products' range, the Carbonates activity began the construction of a lime production facility, with the view to leverage some of Imerys' calcium carbonate reserves in Brazil (Dorésopolis, Minas Geiras). The plant should reach its full capacity in 2014.

- Within the **Monolithic Refractories** activity, the acquisition of Lafarge Refractories (2005) has enabled Imerys to become the European leader in this sector and gave it a foothold in Asia. The merger of these activities with Plibrico, acquired a few years before, led to the creation of a new entity, Calderys. ACE, the Indian leader in monolithic refractories, became part of the Group in 2007, giving Calderys a new dimension in this fast-growing country. The activity grew in South Africa (B&B – 2007) and Scandinavia (Svenska Silika Verken AB – Sweden – 2008). In 2013, Calderys completed two acquisitions in Asia: Indoporlen, the Indonesian leader in monolithic refractories, offering to the activity its first industrial base in this country and a sound platform for development; Tokai Ceramics expands Calderys presence in Japan, and gives it easier access to the steel market. With the additional acquisition of Arefcon b.v., (a Dutch refractory installer serving the petrochemicals industry) in January 2013, Imerys is established as a world leader in monolithic refractories.
- With its activity **Graphite & Carbon**, Imerys is the world leader in technical applications for high performance graphite powders and carbon black thanks to the large geographical presence of its subsidiary Timcal acquired in 1994 (North America, Europe, Asia). 2013 marks the finalization of the capacity doubling project at the Willebroek carbon plant (Belgium), launched in 2012, to support growing demand from mobile energy segments.
- **Oilfield Solutions** activity was created in 2009 to serve the non-conventional Oil and Gas markets. In 2011, Imerys inaugurated a ceramic proppant production unit in Andersonville (Georgia, United States), used to keep fractures open in non-conventional oil and gas exploration. In 2013, the Group accelerated its development in the US (Wrens, Georgia) with the purchase of PyraMax Ceramics LLC, an industrial complex for manufacturing ceramic proppants.
- The **Performance Minerals** activity continued its development, in 2008, with the acquisitions of Kings Mountain Minerals, Inc. (North Carolina, United States) and Suzorite Mining, Inc. (Quebec, Canada) which add high quality mica to the minerals portfolio. Imerys acquired the Luzenac Group in 2011 and became the world leader in talc processing. In 2012, the Group enhanced its product offering for the paint, polymer and rubber markets with the acquisition of the Brazilian company Itatex.
- **Minerals for Filtration** joined the Group in 2005 with the acquisition of the world leader in this sector, World Minerals (United States). This acquisition contributed new minerals (diatomite and perlite) and a global presence, while following a model that is consistent with Imerys' business and skills. Perlite activities were bolstered in South America in 2007 with the acquisition of Perfiltra in Argentina.
- The **Kaolin** activity strengthened and secured its kaolin supply in Brazil with the acquisition of Pará Pigmentos S.A. in July 2010. In 2012, Imerys sold one of its two port terminals in Brazil (Barcarena, Parà state) and some adjacent real estate to the American corporation Archers Daniels Midlands, Inc. In 2013, Imerys finalized the acquisition of Goonvean kaolin activities (United Kingdom), which strengthens its high-purity reserves for performance and ceramics applications.
- The **Minerals for Ceramics** were added to the portfolio, particularly halloysite (New Zealand China Clays, New Zealand – 2000) and fine ceramic clays and feldspar (K-T, United States and Mexico – 2001); kaolins, feldspar, micas and quartz (Denain-Anzin Minéraux, Europe – 2005). The Group increased its Asian market presence for applications that mainly serve the sanitaryware industry (MRD-ECC and MRD, Thailand – 2002). In 2007, it developed its reserves of feldspar, an essential component in ceramics manufacturing alongside clays and kaolins, in India (Jumbo Mining), the United States (The Feldspar Corporation) and Turkey. In 2011, the Minerals for Ceramics activity was associated with the Norwegian group Norsk Mineral AS, through the joint-venture "The Quartz Corp. SAS", to serve the increasing demand of high purity quartz in semiconductor and photovoltaic markets. In 2012, Imerys continued to accelerate its geographical expansion by launching a joint venture with its local agent, the building of a multi-minerals platform in Egypt (completed and operational in 2013) and by acquiring Ceraminas (Thailand) Co, Ltd, a Thai feldspar producing company.
- Thanks to an efficient production process and to the high quality of its deposits, the activity **Building Materials** is the leading French clay roof tiles producer. The activity also plays a key role in developing the renewable energies in the field of the solar clay roof tiles. Announced in December 2012, the divestment of the Imerys Structure activity (wall and partition bricks, chimney blocks) to the Bouyer-Leroux group, was completed on September 30, 2013.
- The **Kiln Furniture** activity develops, designs, produces and globally markets firing supports and components for industrial kilns for the ceramic industries. It has developed activities in technical ceramic segments too. Kiln Furniture is also building front-rank positions through acquisitions in Asia (Siam Refractory Industry Co, Ltd, Thailand – 2002) and Europe (Burton Apta, Hungary – 2004).

- The **Refractory Minerals** activity expanded its offering for the refractory and sanitaryware markets and enhanced its geographic presence with the acquisition of AGS (2006 – France) and Vatutinsky (2007 – Ukraine), both companies specializing in calcined clays. The purchase of a 65% stake in Yilong (2007 – China) and the remaining 35% in 2011, gave Imerys access to an excellent quality andalusite reserve in order to serve the local refractories market. In 2010, the commissioning of a new plant increased andalusite production capacity in China. To diversify its mineral range, Imerys purchased, in 2012, a refractory bauxite deposit in Brazil (State of Pará) from the Vale Group. This mineral is essential to several refractory and abrasive applications.
- The **Fused Minerals** activity, previously named Minerals for Abrasives, was created in 2000 with the takeover of the world's leading producer of corundum (fused alumina and bauxite), Treibacher Schleifmittel (Austria), of which the remaining shares were acquired in July 2002. A succession of corundum acquisitions were made in the Czech Republic (2001), Germany (2001), Brazil (2002) and China (third joint venture created in 2007 with ZAF). Imerys added fused zircon, a mineral for the refractory, technical ceramics and automotive markets to its portfolio, becoming the world leader with the successive acquisitions of UCM Group PLC (United Kingdom, 2007), the European leader in fused zircon, and Astron China (2008), the leading Chinese zircon product manufacturer. In 2012, the Group enlarged its geographic footprint in the Middle East with the start of the construction of a fused alumina plant in Bahrain through a joint venture with Al Zayani Investments group. Construction was completed in 2013. This project is the first industrial base of Imerys in the Middle East.

CORPORATE PURPOSE *(ARTICLE 3 OF THE BY-LAWS)*

Imerys is the parent company of an industrial and commercial group, which is the world leader in mineral-based specialty solutions for industry.

Under the terms of article 3 of the by-laws, "The Company's purpose, in France and abroad, is:

- the search for, acquisition, leasing, sale and operation of any mines and quarries, of any kind whatsoever;
- the processing and transformation of, and trading in, any minerals, metals, organic or non-organic materials and mineral substances, as well as their by-products and alloys;
- the manufacturing of any processed products in which minerals, metals, organic or non-organic materials and mineral substances are used;
- the purchase, obtaining, acquisition, operation, concession and sale, in whole or in part, on a temporary or permanent basis, of any patents, certificates or licenses pertaining to the above-mentioned purposes;
- the creation, acquisition, sale, concession of any buildings and plants, of any means of transportation and energy sources;
- the participation in any country, in any mining, quarrying, commercial, industrial and maritime operations aimed at favoring or developing the Company's own industries and businesses, through the creation of new companies, alliances, holding companies or otherwise; and, generally, any mining, quarrying, commercial, industrial, maritime, real estate, personal property and financial operations relating directly or indirectly, in whole or in part, to any of the above-specified purposes or any other similar or related purposes."

FINANCIAL YEAR *(ARTICLE 28 OF THE BY-LAWS)*

The financial year is 12 months. It begins on January 1 and ends on December 31 of each year.

BOARD OF DIRECTORS *(ARTICLES 12 AND 13 OF THE BY-LAWS)*

The Company is managed by a Board of Directors comprised of at least three members and no more than eighteen members, except for any dispensation provided by law.

Directors are appointed or renewed by the Ordinary General Meeting of the Shareholders, which may remove them at any time. The term of office of the Directors is three years. The term of office of a Director shall expire at the close of the Ordinary General Meeting of the Shareholders that rules on the financial statements for the previous financial year and which is held in the year during which the term of office expires. No person aged seventy (70) or over may be appointed a Director. If one of the Directors reaches said age, he or she shall be deemed to have automatically resigned on the date of the first General Meeting of the Shareholders after his or her 70th birthday.

For more details regarding the composition, powers and functioning of the Board of Directors, *please see chapter 3, section 3.1 of the Registration Document.*

In accordance with the law of April 14, 2013 ("loi relative à la sécurisation de l'emploi") and the new provisions of articles L. 225-27-1 *et seq.* of the French Code of Commerce, it will be proposed to the Shareholders' General Meeting of April 29, 2014 to modify the by-laws of the Company in order to provide for the terms of appointment of the Directors representing employees (for further details, *please see chapter 8, paragraph 8.1.8 and section 8.4 of the Registration Document).*

SHAREHOLDERS' GENERAL MEETINGS *(ARTICLES 21 AND 22 OF THE BY-LAWS)*

Convening

Shareholders' General Meetings are convened under the terms and conditions provided by current legal provisions and are held either at the registered office or in any other place specified in the Notice of Meeting.

Conditions for admission

All shareholders have the right to take part in Shareholders' General Meetings – whether in person, via a proxy or by correspondence – subject to the obligation to prove their identity and their share ownership by means of, either being registered in the name of the holder, or by transmission of a certificate of holding proving the recording in the case of holders of bearer shares. Registration or deposit formalities must be completed no later than three business days prior to the meeting. Any shareholder may also, by decision of the Board of Directors as notified in the Notice of Meeting, take part in General Meetings and vote by data transmission and/or any other means of telecommunication, under the conditions provided by current legal provisions.

Conditions for the exercise of voting rights

All documents specified by articles R. 225-81 and R. 225-83 of the French Code of Commerce, including a postal or proxy voting form, are sent to shareholders on request. This form can only be validly taken into account if it is completed in accordance with current legislation and returned to the registered office or to the address given on the Notice of Meeting. Moreover, any shareholder may, by decision of the Board of Directors as notified in the Notice of Meeting, obtain and return the voting form by post or proxy, by data transmission or any other means of telecommunication, under the terms and conditions provided by current legal provisions.

Double voting rights

As of the Shareholders' General Meeting of July 2, 1968, shares registered in the name of the same shareholder for at least two years carry a double voting right. This right is authorized by law and provided by article 22 of the by-laws, and is intended to reward the Company's shareholders for their loyalty. The double voting right is also granted to new free shares granted to shareholders under a capital increase operation, on the basis of the old shares which benefited from this right. The double voting right ceases *ipso jure* when a registered share is converted to a bearer share or is transferred, except in cases of collateral assignment or transfer as life interest or by inheritance or family bequest. Finally, the double voting right may be cancelled by decision of an Extraordinary Shareholders' General Meeting with prior authorization of the Special General Meeting of the holders of this right.

Restriction of voting rights

None.

ALLOCATION OF PROFITS *(ARTICLE 30 OF THE BY-LAWS)*

Income for each financial year is determined in accordance with the legal and regulatory provisions in force, as follows:

- at least 5% of Net earnings for the financial year, less any prior losses, where applicable, are withheld to make up the legal reserve. This withholding ceases to be obligatory when the reserve reaches 10% of the share capital;
- earnings for the financial year, less any prior losses and increased by any earnings carried over, subject to deduction of any retained earnings carried forward by the Shareholders' General Meeting or assigned by it to one or more reserves, are allocated among shares, without distinction;
- the Shareholders' General Meeting may grant to each shareholder, for all or part of the dividend being distributed, or for advances on dividends, an option between payment of the dividend in cash or in shares.

IDENTIFIABLE BEARER SHARES *(ARTICLE 9 OF THE BY-LAWS)*

The Company is authorized, under the terms and conditions provided by current legal provisions, to ask Euroclear France for the information needed to identify the owners of bearer shares that grant, whether immediately or at a later date, voting rights in its Shareholders' Meetings, as well as the quantity of shares or other securities held by each of them and, as the case may be, any restrictions that may apply to these securities.

DISCLOSURE OF THRESHOLD CROSSINGS

Imerys' By-laws do not contain any clause imposing disclosure requirements in the case of holdings that cross certain thresholds, other than those set down by the law.

Any shareholder, whether acting alone or with others, whose holding rises above or passes below one of the holding thresholds for the Company's capital and/or voting rights provided by legislation in force must comply with the provisions of articles L. 233-7 et seq. of the French Code of Commerce and, more specifically, notify the Company (or, as the case may be, any person that the Company may have designated for that purpose) and the Autorités des marchés financiers (AMF), within four trading days of their holding crossing the threshold in question. In the event of failure to comply with this obligation, the provisions of article L. 233-14 of the French Code of Commerce shall apply.

DOCUMENTS ACCESSIBLE TO THE PUBLIC

The By-laws, minutes of Shareholders' General Meetings, statutory and consolidated financial statements, Statutory Auditors' Reports and all documents made available to the shareholders may be read at the Company's registered office or on the Company's website (***www.imerys.com*** – News & Media Center – regulated information & publications section).

7.2 INFORMATION ABOUT THE SHARE CAPITAL

7.2.1 SHARE CAPITAL AS OF DECEMBER 31, 2013

On December 12, 2013, the Board of Directors, as part of the share buy-back programs authorized by the Shareholders' General Meetings of April 26, 2012 and April 25, 2013, and according to the authorization granted by the Shareholders' General Meeting of April 25, 2013, cancelled 43,724 self-held shares directly acquired on the market by the Company and totally allocated to the cancellation objective. This cancellation of shares led to a share capital decrease of the Company by a nominal amount of €87,448.

On January 10, 2014, the Chairman and Chief Executive Officer, pursuant to the delegation of powers given to him by the Board of Directors on December 12, 2013, acknowledged that, on December 31, 2013, the share capital had been increased by a nominal amount of €1,826,884 as a result of the exercise in 2013 of 913,442 stock options and consequently the creation of an equivalent number of new Imerys shares.

As a result of those operations, Imerys' fully-paid up share capital as of December 31, 2013 totaled €152,476,528; it was made up of 76,238,264 shares with a €2 par value of which 43,405,355 benefited from double voting rights pursuant to article 22 of Imerys' By-laws.

Finally, the total number of theoretical voting rights attached to existing shares was 119,643,619. Considering the 100,137 shares that were self-held by the Company as on December 31, 2013, the total number of net voting rights attached to existing shares was 119,543,482 at that date.

Taking into account the 3,090,546 stock options and 720,007 free shares granted to certain employees and executive corporate officers and not yet exercised or acquired on December 31, 2013, the maximum potential dilution of the Company's share capital was 4.76% as on this date (i.e., a nominal amount of €160,097,634).

No directly registered shares have been pledged by the Company.

The share capital did not change and the number of voting rights did not change significantly between December 31, 2013 and the date of the Registration Document.

7.2.2 CHANGES IN SHARE CAPITAL OVER THE PAST FIVE YEARS

Changes in the number of shares and in the Company's share capital over the past five years are as follows:

Year	Operation	Nominal amount of change in capital *(in €)*	Issue premium *(in €)*	Number of shares created	Par value of shares *(in €)*	Successive amounts of the Company's capital *(in €)*	Number of shares that make up capital
2009	Exercise of stock options	2,000	26,310	1,000	2	125,575,180	62,787,590
	Share capital increase	25,115,036	226,035,324	12,557,518	2	150,690,216	75,345,108
	Exercise of stock options	88,776	1,207,985	44,388	2	150,778,992	75,389,496*
2010	Capital increase by incorporation of reserves	85,968	0	42,984	2	150,864,960	75,432,480
	Cancellation of shares	(343,254)	(6,719,326)	(171,627)	2	150,521,706	75,260,853
	Exercise of stock options	426,604	5,663,150	213,302	2	150,948,310	75,474,155*
2011	Cancellation of shares	(1,065,622)	(23,828,533)	(532,811)	2	149,882,688	74,941,344
	Exercise of stock options	402,344	5,050,706	201,172	2	150,285,032	75,142,516*
2012	Exercise of stock options	452,060	6,561,165	226,030	2	150,737,092	75,368,546*
2013	Cancellation of shares	(87,448)	(1,963,193)	(43,724)	2	150,649,644	75,324,822
	Exercise of stock options	1,826,884	38,078,652	913,442	2	152,476,528	76,238,264*

* *As on December 31.*

7.2.3 FINANCIAL AUTHORIZATIONS

A set of financial authorizations was renewed in favor of the Board of Directors, in accordance with the provisions of articles L. 225-129 *et seq.* of the French Code of Commerce, for a twenty-six month period, by the Ordinary and Extraordinary Shareholders' General Meeting of April 25, 2013. These financial authorizations are intended to allow the Company, if necessary, to increase its share capital at the appropriate time either by capitalization of reserves, income and issue, share or other premiums, or by the issue of various securities granting access, immediately or in the future, to Imerys' share capital with or without preemptive subscription rights. The opportunities offered by these authorizations are useful in giving Imerys access, within the best possible timeframe and in line with the best possibilities on the financial market, to any new financial resources that may be necessary when the time comes.

In order to take into consideration the best market practices, the maximum nominal amount(1) of the capital increases that may be carried out in this way was set at:

- €75 million for the issues carried out with Shareholders' preemptive subscription rights, i.e. approx. 50% of the share capital;
- €30 million for the issues carried out with cancellation of Shareholders' preemptive subscription rights, i.e. approx. 20% of the share capital;
- €75 million cumulative total for all these issues.

Furthermore, the maximum overall nominal amount of debt securities that may be issued under these authorizations was set at €1 billion.

In accordance with the provisions of article L. 225-100 of the French Code of Commerce, an overview of all the financial authorizations and delegations of authority granted to the Board of Directors by the Shareholders' General Meeting and existing at the date of this Registration Document is set out in the table below.

Summary of the financial authorizations and delegations of authority in force

Type of authorizations	Expiry and duration of the authorization	Maximum nominal authorized amount	Use in 2013
Issue of shares and debt securities			
Issue of shares or debt securities giving access to the share capital with preemptive subscription rights(1) (Shareholders' General Meeting of April 25, 2013, 13th resolution)	June 24, 2015 (26 months)	Capital: €75 M (i.e. approx. 50% of capital) Debt securities: €1 billion	None
Issue of shares or debt securities giving access to the share capital without preemptive subscription rights, and, as the case maybe, a priority period granted by the Board of Directors(2) (Shareholders' General Meeting of April 25, 2013, 14th resolution)	June 24, 2015 (26 months)	Capital: €30 M (i.e. approx. 20% of capital) Debt securities: €1 billion	None
Issue of shares or securities giving access to the share capital, by private investments with cancellation of preemptive subscription rights in favor of qualified investors or a limited circle of investors(3) (Shareholders' General Meeting of April 25, 2013, 15th resolution)	June 24, 2015 (26 months)	15% of the capital on the issue day, the issued amount being charged to the ceiling of the 14th resolution of the Shareholders' General Meeting of April 25, 2013	None
Authorization to increase the number of shares in the event of excess demand of shares to be issued with or without preemptive subscription rights(4) (Shareholders' General Meeting of April 25, 2013, 16th resolution)	June 24, 2015 (26 months)	15% of the initial issue, the issued amount being charged to the ceiling of the 14th resolution Shareholders' General Meeting of April 25, 2013	
Authorization to set the issue price of shares or securities giving access to the share capital in the event of cancellation of preemptive subscription rights(5) (Shareholders' General Meeting of April 25, 2013, 17th resolution)	June 24, 2015 (26 months)	10% of the capital per year, the issued amount being charged to the ceiling of the 14th resolution Shareholders' General Meeting of April 25, 2013	None
Issue of shares or securities giving access to the share capital in compensation for contributions in kind made of shares or securities giving access to the share capital(6) (Shareholders' General Meeting of April 25, 2013, 18th resolution)	June 24, 2015 (26 months)	10% of the capital per year, the issued amount being charged to the ceiling of the 14th resolution Shareholders' General Meeting of April 25, 2013	None

7

(1) *To this amount shall be added, if necessary, the additional amount of any shares to be issued to maintain, in accordance with the law, the rights of holders of securities or rights giving access to capital.*

Type of authorizations	Expiry and duration of the authorization	Maximum nominal authorized amount	Use in 2013
Increase of share capital by capitalization of reserves, earnings and issue or share premiums(7) (Shareholders' General Meeting of April 25, 2013, 19th resolution)	June 24, 2015 (26 months)	€75 M, the issued amount being charged to the ceiling of the 13th resolution Shareholders' General Meeting of April 25, 2013	None
Issue of securities giving entitlement to an allotment of debt instruments(8) (Shareholders' General Meeting of April 25, 2013, 20th resolution)	June 24, 2015 (26 months)	n/a	None
Overall ceilings of the share capital increases with preemptive subscription right (Shareholders' General Meeting of April 25, 2013, 21st resolution)		Capital: €75 M Debt securities: €1 billion	-
Share buyback and cancellation of shares			
Purchase by the Company of treasury shares(9) (Shareholders' General Meeting of April 25, 2013, 12th resolution)	October 24, 2014 (18 months)	10% of the existing shares as of January 1, 2013	104,000 acquired shares
Share capital decrease by cancellation of treasury shares (Shareholders' General Meeting of April 25, 2013, 24th resolution)	June 24, 2015 (26 months)	10% of the capital per 24-month period	43,724 cancelled shares
Authorizations in favor of employees and corporate officers with cancellation of preemptive rights			
Issue of shares or securities giving access to the share capital reserved for Group employees that joined a company or Group savings plan(10) (Shareholders' General Meeting of April 25, 2013, 22nd resolution)	June 24, 2015 (26 months)	€1,6 M	None
Grant of Imerys stock options to employees and corporate officers, or certain categories of them(11) (Shareholders' General Meeting of April 28, 2011, 22nd resolution)	June 27, 2014 (38 months)	Common ceiling: 5% of the share capital on the day of the Board's decision to grant share subscription and/or acquisition options or free shares or to issue share subscription and/or acquisition	694,595 stock options were granted in 2011 and 2012, i.e. 0.91% of the capital(12)
Grant of Imerys conditional free shares to employees and corporate officers, or certain categories of them(13) (Shareholders' General Meeting of April 28, 2011, 23rd resolution)	June 27, 2014 (38 months)		657,773 conditional free shares were allotted from 2011 to 2013, i.e. 0.86% of the capital(14)
Issue of share subscription and/or acquisition warrants to employees and corporate officers, or certain categories of them(15) (Shareholders' General Meeting of April 25, 2013, 23rd resolution)	October 24, 2014 (18 months)		None

(1) In accordance with the provisions of articles L. 225-129 et seq. and L. 228-91 et seq. of the French Code of Commerce.
(2) In accordance with the provisions of articles L. 225-129 et seq., L. 225-135 et seq., L. 225-136 and L. 228-91 et seq. of the French Code of Commerce.
(3) In accordance with the provisions of articles L. 225-129-2, L. 225-135, L. 225-136, L. 228-91 et seq. of the French Code of Commerce and L. 411-2 of the French Monetary and Financial Code.
(4) In accordance with the provisions of article L. 225-135-1 of the French Code of Commerce
(5) In accordance with the provisions of articles L. 225-129-2 and L. 225-136, 1° aL. 2 of the French Code of Commerce.
(6) In accordance with the provisions of articles L. 225-147 and L. 228-91 et seq. of the French Code of Commerce.
(7) In accordance with the provisions of articles L. 225-129 et seq. and L. 225-130 of the French Code of Commerce.
(8) In accordance with the provisions of articles L. 225-129-2, L. 225-129-6 and L. 228-91 et seq. of the French Code of Commerce.
(9) In accordance with the provisions of articles L. 225-209 et seq. of the French Code of Commerce and 241-1 à 241-6 of the general regulations of Autorité des Marchés Financiers.
(10) In accordance with the provisions of articles L. 225-129 et seq. and L. 225-138 of the French Code of Commerce and L. 3332-1 et seq. of the French Labor Code.
(11)In accordance with the provisions of articles L. 225-177 et seq. of the French Code of Commerce.
(12)For more details regarding stock options grants, see chapter 3, section 3.4 of the Registration Document.
(13)In accordance with the provisions of articles L. 225-197-1 et seq. of the French Code of Commerce.
(14)For more details regarding allotments of conditional free shares, see chapter 3, section 3.5 of the Registration Document.
(15)In accordance with the provisions of articles L. 225-129 et seq, L. 225-138 and L. 228-91 et seq. of the French Code of Commerce.

It will be proposed to the Shareholders' General Meeting of April 29, 2014 to renew the authorizations that will expire during the year 2014. For further details, *see chapter 8, paragraphs 8.1.6 and 8.1.7 and section 8.4 of the Registration Document.*

Summary of the financial authorizations and delegations of authority for which the renewal will be proposed to the Shareholders' General Meeting of April 29, 2014

Type of authorizations	Expiry and duration of the authorization	Maximum nominal authorized amount
Share buyback		
Purchase by the Company of treasury shares(1) (Shareholders' General Meeting of April 29, 2014, 13th resolution)	October 28, 2015 (18 months)	10% of the existing shares as of January 1, 2014 i.e. 7,623,826 shares
Authorizations in favor of employees and corporate officers with cancellation of preemptive right		
Grant of Imerys stock options to employees and corporate officers, or certain categories of them(2) (Shareholders' General Meeting of April 29, 2014, 14th resolution)	June 28, 2017 (38 months)	Common ceiling: 5% of the share capital on the day of the Board's decision to grant share subscription and/or acquisition options or free shares or to issue share subscription and/or acquisition(5)
Grant of Imerys conditional free shares to employees and corporate officers, or certain categories of them(3) (Shareholders' General Meeting of April 29, 2014, 15th resolution)	June 28, 2017 (38 months)	
Issue of share subscription and/or acquisition warrants to employees and corporate officers, or certain categories of them(4) (Shareholders' General Meeting of April 29, 2014, 16th resolution)	October 28, 2015 (18 months)	

(1) In accordance with the provisions of articles L. 225-209 et seq. of the French Code of Commerce and 241-1 à 241-6 of the general regulations of Autorité des Marchés Financiers.
(2) In accordance with the provisions of articles L. 225-177 et seq. of the French Code of Commerce.
(3) In accordance with the provisions of articles L. 225-197-1 et seq. of the French Code of Commerce.
(4) In accordance with the provisions of articles L. 225-129 et seq., L. 225-138 and L. 228-91 et seq. of the French Code of Commerce.
(5) It will be proposed to the Shareholders' General Meeting of April 29, 2014 to set the sub-ceiling of stock options and conditional free shares to be alloted to the executive corporate officers at 0.5% of the share capital existing as of the granting date, this sub-ceiling being common to both autorizations and has to be calculated upon their entire duration.

OTHER SECURITIES

As the decision to issue ordinary bonds is within the competence of the Board of Directors in accordance with article L. 228-40 of the French Code of Commerce, the Board of Directors delegated on April 25, 2013 full powers to the Chairman and Chief Executive Officer for the purposes of carrying out such issues and deciding their conditions, within the period of one year and the initial limit of a maximum annual nominal amount of €1.5 billion and a maximum nominal amount per operation of €350 million. Pursuant to the authorization given by the Board of Directors on October 30, 2013, €300 million bonds maturing in November 2020 were issued by the Company on November 22, 2013 under the Imerys Euro Medium Term Note Programme (for more details, *see note 24.5 to the consolidated financial statements).*

Moreover, the Shareholders' General Meeting of April 25, 2013 authorized the Board of Directors to issue, in accordance with the provisions of article L. 228-91 of the French Code of Commerce, in one or more times, any securities giving entitlement to an allotment of debt instruments of the Company (compound securities comprising a primary security and a secondary security) within the overall limit of €1 billion, it being specified that the nominal amount of the securities that may be issued pursuant to this authorization shall be charged to the maximum overall nominal amount of the debt securities that may be issued pursuant to the authorizations and delegations of authorities granted to the Board of Directors and mentioned above.

This delegation was not used in the 2013 financial year.

7.2.4 SHARE BUYBACK PROGRAMS

LEGAL FRAMEWORK OF SHARE BUYBACK PROGRAMS IMPLEMENTED IN 2013

The Ordinary and Extraordinary Shareholders' General Meeting of April 25, 2013 renewed in favor of the Board of Directors and for a period of 18 months, i.e. until October 24, 2014, the authorization previously granted by the Ordinary and Extraordinary Shareholders' General Meeting held on April 25, 2013 for the Company to buy back its own shares, in accordance with articles L. 225-209 et seq. of the French Code of Commerce, within the limit of 10% of the shares existing and outstanding as of January 1, 2013, i.e. 7,536,854 and within the limit of a global investment amount of €527.6 M. This Shareholders' General Meeting also decided that the number of shares likely to be held, directly or indirectly, at all times, shall not exceed 10% of the shares making up the share capital. Lastly, the maximum acquisition price was set at €70 per share.

This authorization is intended to enable the Company to make purchases of its own shares:

- with a view to the subsequent cancellation of the shares acquired by reducing the Company's capital, in particular in order to offset the dilutive impact on shareholders that is likely to result from the grant of stock options and/or free shares;

- in order to ensure the liquidity of the market through an investment services firm acting in the name and on behalf of the Company, under a liquidity contract in accordance with a code of conduct recognized by AMF;
- with respect to employees' participation in shareholding plans set up by the Company or for the purposes of delivery to certain employees and corporate officers of the Group of the shares resulting from the exercise of stock purchase options or free shares allotment; and
- for the delivery or exchange of shares, in particular with respect to issue of shares or securities giving access immediately or in the future to capital, or within the framework of external growth operations.

The acquisition, sale, transfer or exchange of the shares may be carried out, in accordance with the regulations in force, on the market or by mutual agreement and by any means, including the transfer of blocks of shares and the use or exercise of any financial instrument or derivative.

In accordance with articles L. 225-209 al. 3 of the French Code of Commerce, the Board of Directors delegated to the Chairman and Chief Executive Officer on April 25, 2013 all powers for the purposes of purchasing the Company's shares, under the conditions and within the limits set by the Shareholders' General Meeting.

OPERATIONS CARRIED OUT IN 2013*

In accordance with article L. 225-211 of the French Code of Commerce, the following operations were carried out with respect to the Company's share buyback programs in force in 2013.

It is reminded that the share purchases made under share buyback programs implemented by the Company are carried out directly and exclusively on the market by the latter.

Transactions completed from January 1 until April 25, 2013 within the framework of the previous share buyback program

Between January 1 and April 25, 2013, 19,000 shares were acquired directly by the Company on the market at an average price of €48.60, under the share buyback program approved by the Ordinary and Extraordinary Shareholders' General Meeting of April 26, 2012. They were totally allocated for the purpose of future granting of conditional free shares to certain employees and corporate officers of the Group.

Transactions completed between April 25 and December 31, 2013 within the framework of the current share buyback program

Under the new share buyback program approved by the Ordinary and Extraordinary Shareholders' General Meeting of April 25, 2013, 84,000 shares were acquired directly by the Company on the market at an average price of €58.52. They were totally allocated for the purpose of future granting of conditional free shares to certain employees and corporate officers of the Group.

** All prices and amounts are given excluding fees and commissions.*

Number of treasury shares held as of December 31, 2013

Taking into account:

- the remaining number of treasury shares as on January 1, 2013, i.e. 159,563;
- the number of shares acquired directly on the market in 2013 and registered in the name of the Company as on December 31, 2013 i.e. 103,000;
- the granting in 2013 of 118,702 shares to the beneficiaries of conditional Free Share Plans (for further details, *see chapter 3, paragraph 3.5.1 of the Registration Document*); and
- the cancellation of 43,724 treasury shares by the Board of Directors of December 12, 2013,

100,137 shares with a par value of €2 and acquired on the market at an average price of €56.92 were self-held by the Company at the end of the year, representing 0.13% of share capital as on December 31, 2013.

It is stipulated that:

- all transactions conducted in 2013 by the Company with respect to its share buyback programs were made on a spot basis without any open purchasing or selling position being taken;
- the Company does not use derivatives with respect to its share buyback programs;
- the bank fees relating to the buyback transactions made directly on the market by the Company in 2013 amounted to €5,839. The French tax on financial transactions ("TTF") amounted to €11,677.

RENEWAL OF THE SHARE BUYBACK PROGRAM

As the authorization granted by the Shareholders' General Meeting of April 25, 2013 expires on October 24, 2014, its renewal in favor of the Board of Directors, on a similar basis, will be proposed at the General Meeting of April 29, 2014, for a further period of 18 months, *i.e.* until October 28, 2015 *(see chapter 8, paragraph 8.1.6 and section 8.4 of the Registration Document)*.

The description of this new program, drawn up in accordance with the provisions of articles 241-1 to 242-6 of AMF's General Regulations, will be available on the Company's website (***www.imerys.com*** – News & Media Center section – Regulated Information) and sent to the AMF. A copy of this description can also be obtained on request from the Company's head office.

7.2.5 EMPLOYEE SHAREHOLDING

As of December 31, 2013, 0.21% of the share capital and 0.27% of the voting rights in the Company were held, either directly or through the Imerys Actions mutual fund, by Group employees under the Group Savings Plan *(see chapter 5, section 5.6 of the Registration Document).*

7.3 SHAREHOLDING

7.3.1 DISTRIBUTION OF SHARE CAPITAL AND VOTING RIGHTS OVER THE PAST THREE YEARS

The changes in the share capital and voting rights structure over the past three years are as follows:

	As of 12/31/2011				As of 12/31/2012				As of 12/31/2012			
	Number of shares held	**% of share capital**	**Voting rights attached(1)**	**% of voting rights(2)**	**Number of shares held**	**% of share capital**	**Voting rights attached(1)**	**% of voting rights(2)**	**Number of shares held**	**% of share capital**	**Voting rights attached(1)**	**% of voting rights(2)**
Belgian Securities BV	42,851,473	57.03	65,966,184	66.78	42,851,473	56.86	66,052,826	66.21	42,851,473	56.21	85,702,946(3)	71.63
M&G Investment Management Ltd.	5,217,507	6.94	5,217,507	5.28	5,146,041	6.83	5,146,041	5.16	1,770,900(4)	2.32	1,770,900	1.48
Group employees(5)	197,924	0.26	395,258	0.40	181,577	0.24	363,154	0.36	159,082	0.21	318,164	0.27
Self-held shares	57,442	0.18	57,442(6)	0.06(6)	159,563	0.21	159,563(6)	28.11(6)	100,137	0.13	100,137(6)	0.08(6)
Public	26,818,170	35.69	27,147,227	27.48	27,029,892	35.86	28,047,289	28.11	31,356,672	41.13	31,751,472	26.54
Total	**75,142,516**	**100**	**98,783,618**	**100**	**75,368,546**	**100**	**99,768,873**	**100**	**76,238,264**	**100**	**119,643,619**	**100**

(1) According to article 22 of the by-laws, nominal shares registered for at least two years carry a double voting right.

(2) The percentages are calculated on the basis of the theoretical voting rights existing as of December 31 of each year.

(3) The increase in the number of voting rights of Belgian Securities BV results from the grant of double voting rights on April 8, 2013 to the shares acquired by Belgian Securities BV from Pargesa Netherlands BV on April 8, 2011 (for further details, see paragraphs 7.3.2 and 7.3.5 of the present chapter).

(4) It is reminded that M&G Investment Management Limited is part of the Prudential Plc group (United Kingdom).

(5) In accordance with the provisions of article L. 225-102 of the French Code of Commerce, only shares held by Group employees under the Groups Savings Plan appear in this table.

(6) These are theoretical voting rights, as treasury shares do not benefit from voting rights at the Shareholders' General Meetings.

As of December 31, 2013:

- the number of net voting rights totaled 119,543,482 (vs 119,643,619) since the treasury shares held by the Company at that date do not benefit from voting rights at the Shareholders' General Meetings according to the law;
- the members of the Board of Directors and the Chairman and Chief Executive Officer together held, on a personal basis, 0.24% of the Company's share capital and 0.29% of its voting rights (for further details, *see chapter 3, paragraph 3.1.2 of the Registration Document).*

7.3.2 CROSSING OF THRESHOLDS

- On April 10, 2013, following the allocation of double voting rights as a result of its holding shares for more than two years, Belgian Securities BV declared to AMF that it had, as of April 8, 2013, crossed above the 2/3 threshold in the Company's voting rights and so held 851,473 shares representing 85,401,238 voting rights, i.e. 56.74% of capital and 72.07% of voting rights in Imerys (AMF decision and notice #213C0437 of April 10, 2013). For more details, see paragraph 7.3.5 of this chapter).
- On January 24, 2014, Prudential Plc declared for rectification purposes that it had, directly and indirectly through the management companies it controls, crossed below:
  - on March 28, 2013, the 5% threshold for voting rights in the Company and held, directly and indirectly as of that date, 4,949,586 shares representing as many voting rights, i.e. 6.55% of capital and 4.99% of voting rights in Imerys as of that date,
  - on July 1, 2013, the 5% threshold in the Company's capital and held, directly and indirectly as of that date, 3,768,169 shares representing as many voting rights, i.e. 4.99% of capital and 3.18% of voting rights in Imerys as of that date (AMF decision and notice #214C0158 as of January 27, 2014).
- Prudential Plc specified in that declaration that it directly and indirectly held, as of January 24, 2014, 1,062,621 shares representing as many voting rights, i.e. 1.39% of capital and 0.89% of voting rights in Imerys.

No other threshold crossing was brought to the attention of the Company during the 2013 financial year and up to the date of the Registration Document.

To the best of Imerys' knowledge, no shareholder other than those mentioned *in paragraph 7.3.1 above* directly or indirectly holds more than 5% of the share capital and the voting rights of the Company.

7.3.3 CONTROL OF THE COMPANY AND SHAREHOLDERS' AGREEMENT

Because of the number of voting rights held by Belgian Securities BV which is directly controlled by Groupe Bruxelles Lambert and indirectly by Pargesa Holding SA (for further details, *see the organizational chart below*), the Pargesa-GBL concert has controlling rights over the Company. Nevertheless, the Company judges that there is no risk of such control being exercised abusively. Actually, the Company and its Board of Directors have always been extremely attentive to the respect of all shareholders' interests and have always striven to comply with the best Governance rules and practices in this field, as shown, in particular, by the number of independent members of the Board of Directors and its Audit Committee and Appointment and Compensation Committee (for further information on the composition of the Board of Directors and its Committees, *see chapter 3, paragraph 3.1.2 of the Registration Document).*

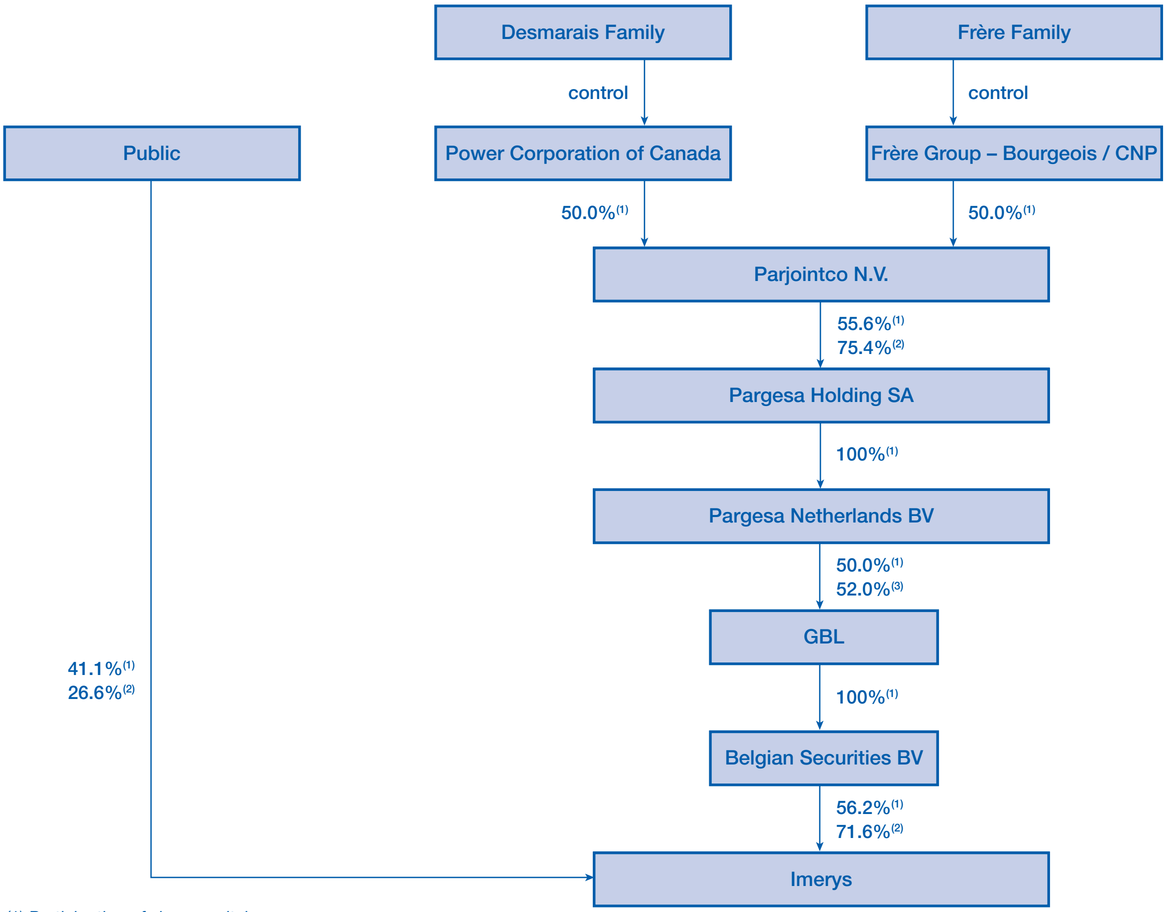
As of the date of this Registration Document, the Company has not been informed of any agreement between the Company's shareholders, nor of any agreement that, if implemented, could lead to a change of control.

7.3.4 IDENTIFICATION OF BEARER SHAREHOLDERS

In 2013, Imerys asked Euroclear France to conduct a survey of identifiable bearer shares in the Company among financial intermediaries with holding thresholds over 30,000 shares. Except for the controlling shareholder (Belgian Securities BV), this survey identified 3,936 bearer shareholders with over 200 shares that together represented 40.7% of share capital as of April 3, 2013 (of which 292 institutional investors holding 38.4% of share capital).

7.3.5 GROUP SHAREHOLDING STRUCTURE

The organizational chart showing the relationships between Imerys shareholders as regards share capital and voting rights as of December 31, 2013 may be presented as follows:



(1) Participation of share capital.
(2) Participation of voting rights.
(3) Given the suspended voting rights of treasury shares.

Pargesa Holding SA is a company organized under the laws of Switzerland whose registered office is located at 11 Grand-rue, CH 1204 Geneva (Switzerland). Pargesa Netherlands BV is a company organized under the laws of the Netherlands, whose registered office is located at Herengracht 483, 1017 BT Amsterdam (Netherlands). Groupe Bruxelles Lambert (GBL) is a company organized under the laws of Belgium, whose registered office is located at Avenue Marnix 24, 1000 Brussels (Belgium). Belgian Securities BV is a company organized under the laws of the Netherlands, whose registered office is located at Herengracht 555, 1017 BW Amsterdam (Netherlands).

The direct tie-up of Imerys to the Pargesa-GBL group results from the merger of Parfinance with the Company, completed on June 30, 1998. Parfinance was then the Company's controlling shareholder, and had already been so for several years.

Parjointco is a company organized under the laws of the Netherlands, whose registered office is located at Veerkade 5, 3016 DE-Rotterdam, Netherlands. It is held 50% equally, and jointly controlled by both Power Group, a Canadian group controlled by the Desmarais family and by Groupe Frère/CNP (Compagnie Nationale à Portefeuille), a Belgian group controlled by the family of Baron Albert Frère.

On March 21, 2011, the Pargesa-GBL group notified to the AMF its intention to reclassify Imerys shares, at the end of which Belgian Securities BV would acquire all of the Imerys shares held by Pargesa Netherlands BV. This reclassification gave rise to a direct crossing by Belgian Securities BV and an indirect one by Groupe Bruxelles Lambert (holding 100% of Belgian Securities BV) of the one-third threshold of the Company's share capital and the increase by more than 2% of their direct and indirect stake in less than a twelve-month period, Belgian Securities BV and Groupe Bruxelles Lambert requested an exemption from the AMF from the obligation to file a take-over bid plan for the Company's shares. Such exemption being granted on March 29, 2011 (AMF Decision and Notice no 211C0389 of March 31, 2011), the share transfer occurred on April 8, 2011. This transaction, with no impact on the ultimate control of the Company, has resulted in the loss of double voting rights attached to Pargesa Netherlands BV's stake and has similarly reduced the total number of voting rights of the Company. On April 8, 2013, in accordance with the provisions of the Company's by-laws, a double voting right was granted to the shares acquired by Belgian Securities BV from Pargesa Netherlands BV leading to the increase of the total number of the Company's voting rights and a direct crossing by Belgian Securities BV of the one-third threshold of these voting rights *(see paragraph 7.3.2 of this chapter).*

7.4 ELEMENTS WHICH COULD HAVE AN IMPACT IN THE EVENT OF A TAKEOVER BID

Pursuant to article L. 225-100-3 of the French Code of Commerce, elements which could have an impact in the event of a takeover bid for the securities of the Company are as follows, it being stipulated that no specific mechanism has been set up by the Company:

Structure of the share capital – direct or indirect investments in the share capital – Shareholders' agreements

Information regarding the shareholding of the Company (structure of the share capital, thresholds crossings and control of the Company) appear in *section 7.3 of this chapter.*

Restrictions to the exercise of voting rights and to the transfer of shares or agreements known by the Company

None.

Holders of securities granting specific rights of control

The Company's By-laws specify that shares registered in the name of the same shareholder for at least two years carry a double voting right *(see section 7.1 of this chapter).*

Mechanisms of control existing in employee shareholding scheme

None.

Specific rules governing the appointment or replacement of Directors and the modification of the Company's by-laws

None.

Powers of the Board of Directors regarding the issue or buyback of shares

The terms and conditions for the buyback of the Company's shares are set out in *paragraphs 7.2.3 and 7.2.4 of this chapter.*

Agreements that may be amended or terminated in the event of a change of control of the Company

Some of the main financing agreements of the Company *(see note 25.5 to the consolidated financial statements)* contain a clause which provides for their early reimbursement, under certain conditions and on the Company's initiative, in the event of a change of control.

Joint-venture agreements entered into by the Company's subsidiaries generally provide for an exit clause in the event of a change of control of the said subsidiaries.

Agreements providing indemnities to be paid to members of the Board of Directors or employees if they resign or are dismissed without genuine and serious cause or if their employment ends because of a takeover bid

Terms and conditions of the indemnity that may be owed to the Chairman and Chief Executive Officer in the event his duties ending are detailed in *chapter 3, paragraph 3.3.2 of the Registration Document.*

7.5 IMERYS STOCK EXCHANGE INFORMATION

Imerys shares are listed on Euronext Paris and are eligible for the deferred settlement system ("Système à Règlement Différé" – SRD) (ISIN FR code 0000120859-Mnemo NK). Imerys is part of the index CAC MD (mid 60) within SBF 120 which represents the 120 biggest stocks listed on Euronext Paris (in terms of float and capital flow), as well as of the CAC Basic Materials index. The Imerys shares are also part of the"Dow Jones Euro Stoxx", the benchmark index for the euro area, comprising 292 shares selected from the 12 member countries in this area. Imerys shares have been listed, since November 2, 2009, under the general mining sector ("1775 General Mining Activities" according to ICB classification) and they also belong to more than 60 international indexes.

The Group remains attentive to the ratings of non-financial analysis agencies, particularly EIRIS, Vigeo, EthiFinance, Oekom, Trucost and Sustainanalytics. Since September 2006, Imerys shares have been part of the "FTSE4Good" responsible investing index. They also belong to NYSE Euronext Vigeo Europe 120 and Eurozone 120 as well as to Gaia index, made up of the 70 best "small & mid" stocks that meet criteria of investment in corporate social responsibility. Imerys also features in Ethibel's "Excellence" investment register.

No securities in any Imerys subsidiary are listed on a stock exchange.

7.5.1 HIGHEST AND LOWEST MARKET PRICES FROM 2009 TO 2013

Year	Highest Market price[(1)] *(€)*	Lowest Market price[(1)] *(€)*	Final market closing price of the year *(€)*
2009	44.35	21.58	42.01
2010	51.00	36.75	49.89
2011	55.00	31.87	35.59
2012	48.70	35.09	48.19
2013	64.00	45.31	63.21

(1) Market prices observed during trading.
(Sources: Bloomberg and Euronext)

7

7.5.2 TRADING SINCE JANUARY 2012

	Highest price* (€)	Lowest price* (€)	Total monthly trading volume		Average daily trading		
			Number of shares	Capital (€M)	Number of shares	Capital (€M)	Number of trades
2012							
January	44.33	35.09	2,256,074	90.84	102,549	4.13	1,281
February	46.39	41.91	1,937,243	85.41	92,250	4.07	1,204
March	47.50	43.43	2,213,823	101.26	100,628	4.60	1,968
April	46.92	39.29	2,732,328	117.26	143,807	6.17	2,455
May	43.67	36.99	2,941,874	115.44	133,722	5.25	1,986
June	40.40	37.18	1,546,285	60.03	73,633	2.86	1,002
July	41.13	36.37	1,475,813	57.39	67,082	2.61	995
August	42.33	38.32	1,351,045	54.25	58,741	2.36	767
September	45.79	38.54	1,597,632	69.26	79,882	3.46	1,022
October	48.41	43.00	1,535,992	70.60	66,782	3.07	868
November	45.90	43.25	988,624	44.02	44,937	2.00	617
December	48.70	44.56	832,439	39.21	43,813	2.06	585
Total 2012			**21,409,172**	**904.92**			
2013							
January	50.49	47.06	1,253,197	61.41	56,964	2.79	708
February	53.24	48.06	1,523,426	77.47	76,171	3.87	866
March	54.32	50.42	1,210,445	63.57	60,522	3.8	833
April	52.14	45.62	1,704,575	83.14	81,170	3.96	1,069
May	51.98	47.89	1,288,095	64.35	58,550	2.92	861
June	49.36	45.31	1,887,658	90.53	94,383	4.53	1,163
July	51.90	45.75	2,626,332	127.95	114,188	5.56	1,246
August	52.44	47.78	1,712,865	86.22	77,858	3.92	1,097
September	53.86	48.80	1,970,333	102.68	93,825	4.89	1,061
October	60.25	50.93	2,432,044	131.35	105,741	5.71	1,117
November	60.00	57.11	1,920,780	112.56	91,466	5.36	1,264
December	64.00	57.77	1,777,407	107.57	88,870	5.38	1,258
Total 2013			**21,307,157**	**1,108.79**			

* *Market prices observed during trading.*
(Sources: Bloomberg and Euronext)

7.6 DIVIDENDS

Imerys' policy with regard to the distribution of dividends is based on the net income from current operations recorded for the considered financial year. It is precised that the historical payout ratio of Imerys is approximately 37% of such income.

In accordance with the provisions of article 243 bis of the French General Tax Code, it is emphasised that the dividends distributed with respect to the last three fiscal years were as follows:

	2012	2011	2010
Net income per share	€4.00	€4.03	€3.19
Net dividend per share	€1.55	€1.50	€1.20
Gross dividend per share	€1.55	€1.50	€1.20
Number of shares entitled to dividend	75,455,357	75,175,846	75,497,951
Total net distribution	€116.9 M	€112.8 M	€90.6 M

Imerys does not usually make interim distributions. Dividends are paid once a year following the Shareholders' General Meeting called upon to approve the management and financial statements for the financial year just ended.

The right to claim dividends lapses five years from the date of payment. Unclaimed amounts are deposited with the French State in the first 20 days of January of the year following the expiry of the limitation period.

7.7 SHAREHOLDER RELATIONS

Imerys pays special attention to its shareholders by keeping them up to date on its activities, strategy, capital expenditure, results and prospects. This goal is reflected in the various communication vehicles that involve shareholders in the Group's life:

- the ***www.imerys.com*** website for news of the Group's activities and share prices, with a specific section dedicated to individual shareholders and which give them access to the "Individual Shareholder's Guide";
- a Letter to Shareholders published three or four times a year, presenting the Group's news, results and outlook;
- an annual business report;
- a Registration Document including the Annual Financial Report, plus a first-half financial report;
- a dedicated phone line and e-mail address.

All these documents are published in English and French and are sent to every registered shareholder and to the bearer shareholders who wish to receive them regularly.

The financial community and individual shareholders are also informed on the Company's business through financial announcements published in the press (paper and web format) whenever results are published and when annual Shareholders' General Meetings are convened.

Imerys, through the intermediary of CACEIS Corporate Trust which is in charge of its registry services, provides shareholders who opt to register their shares in their own name(1) with an online service for consulting their securities account through the secure Internet site ***www.nomi.olisnet.com***. This site gives shareholders access in particular to the prices and characteristics of the securities in their portfolio, their latest security transactions and the availability of their stocks and the attached voting rights. It also contains all documentation concerning the Company's annual Shareholders' General Meetings and enables them to vote on line.

Imerys keeps up ongoing, open and transparent relations with the whole financial, institutional and socially responsible community through individual meetings, sector conferences and conference calls. More than 400 meetings organized throughout 2013 enabled Executive Management and the Investor Relations team to dialog with financial analysts, institutional investors and international fund managers in United States, France and United Kingdom as well as in Austria, Belgium, Canada Germany, Luxembourg, The Netherlands and Switzerland.

(1) Shares registered in the holder's name are kept on Imerys' books and administrated by CACEIS Corporate Trust. This identification makes direct, personalized contact possible.

Financial Communication is part of the Group Finance Function:

- Telephone: + 33 (0) 1 49 55 66 55
- Fax: + 33 (0) 1 49 55 63 98
- e-mail address: actionnaires@imerys.com

Registry services for Imerys shares are provided by the following bank:

CACEIS Corporate Trust
14. rue Rouget de Lisle
92862 Issy les Moulineaux Cedex 9
France

- Telephone: + 33 (0) 1 57 78 34 44
- Fax: + 33 (0) 1 49 08 05 80
- e-mail address: ct-contact@caceis.com

CACEIS Corporate Trust is more specifically at the service of registered shareholders for the management of their Imerys shares.

7.8 PARENT COMPANY/SUBSIDIARIES ORGANIZATION

As of December 31, 2013, the Group was made up of 316 companies in 51 countries (the main consolidated entities of the Group are listed *in note 25 to the consolidated financial statements).* The Group operational structure is based on four business groups details of which are set out in *chapter 1, paragraph 1.2.3 of the Registration Document.*

Imerys is the Group's holding company. In that respect it does not directly carry out any industrial or commercial activity. The Company's assets are mainly comprised of the investments it directly holds in some Group subsidiaries. For further information about the subsidiaries held directly by the Company, *see note 35 to the statutory financial statements.*

Imerys as well as some of its local holding companies (Belgium, Brazil, China, Singapore, United Kingdom and United States) provide all its subsidiaries with general assistance and expertise in particular in the following areas:

- Purchasing;
- Insurance;
- Audit;
- Communication;
- Accounting & Financial Control;
- Environment. Health & Safety;
- Tax;
- Information Technology;
- Innovation;
- Legal;
- Intellectual Property;
- Research & Development;
- Human Resources;
- Strategy;
- Treasury.

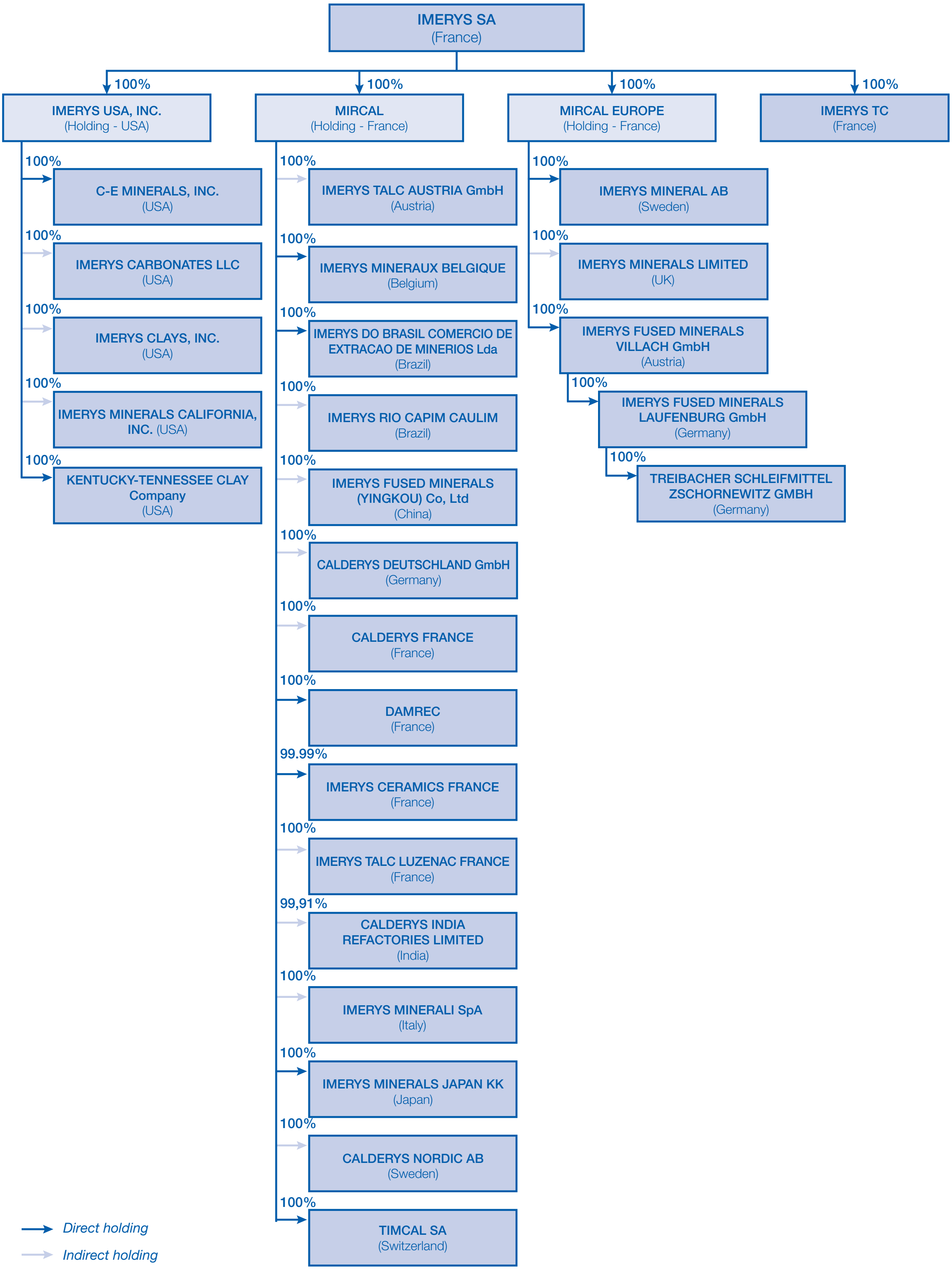
These services include, notably: assistance and advice in response to case-by-case requests from its subsidiaries, as well as more general studies and analyses or even recommendations or proposed actions as preventive measures.

Compensation for these services is determined on the basis of the related costs incurred by Imerys and its local holding companies. These costs are allocated among the subsidiaries that benefit from the services. either in proportion to their Sales compared to the total Sales of the division they belong to or in proportion to the number of their employees. In addition, external costs incurred specifically on behalf of a subsidiary and the costs of employees seconded to a subsidiary are allocated separately to that subsidiary.

The Company invoiced a net total amount of €21.88 million in 2013 for services provided to its subsidiaries.

Imerys is also the parent company of the tax consolidation group for the Group's French companies with more than 95% of their share capital being held by Imerys *(see note 8 to the statutory financial statements).*

The simplified organization chart presented below shows the main operating entities of the Group whose turnover exceeded €50.0 million as of December 31, 2013.



ORDINARY AND EXTRAORDINARY SHAREHOLDERS' GENERAL MEETING OF APRIL 29, 2014

8

8.1 PRESENTATION OF THE RESOLUTIONS BY THE BOARD OF DIRECTORS

The resolutions that the Board of Directors drew up at its meeting of February 13, 2014 and submit for your approval, fall within the scope of the Ordinary part of the Shareholders' General Meeting for resolutions 1 to 13 and 18 and within the scope of the Extraordinary part of the Shareholders' General Meeting for resolutions 14 to 17.

8.1.1 FINANCIAL YEAR 2013 – ANNUAL FINANCIAL STATEMENTS AND ALLOCATION OF EARNINGS

(Three resolutions falling within the scope of the Ordinary Shareholders' General Meeting)

We first submit for your approval the Company's financial statements *(first resolution)* and the Group's consolidated financial statements *(second resolution)* for the 2013 financial year.

The presentation of these financial statements and the description of the financial situation, business and results of the Group and the Company for the financial year just ended, as well as the various items of information required by current legal and regulatory provisions, appear in *chapters 2 and 6 of the Registration Document*.

You are then called upon to decide on the allocation of the Company's 2013 earnings *(third resolution)*.

The Company's Net income in 2013 totalled €49,138,878.12 to which we propose that retained earnings appearing in the balance sheet of €202,399,861.71 be added in order to give a total distributable amount of €251,538,739.83.

We propose that you allocate an amount of €121,981,222.40 for the payment of a dividend of €1.60 per share for the 76,238,264 shares comprising the share capital as of January 1, 2014 *(see chapter 7, paragraph 7.2.1 of the Registration Document)* and to allocate the balance, i.e. €129,557,517.43, to the "Retained earnings" account. It is specified that the total amount of dividend paid out would be adjusted according to the number of shares to be issued following the exercise of stock options as from January 1, 2014 and which would be entitled to the 2013 dividend as of the date of payment of that dividend. Consequently, the amount allocated to retained earnings would be determined on the basis of the total amount of the dividend actually paid. Finally, if the Company were to hold treasury shares on the date of payment of the dividend, the sums corresponding to the dividends that would be not paid out as a result would be allocated to retained earnings. The dividend would be paid as from May 13, 2014. In accordance with the provisions of article 243 bis of the French General Tax Code, you are reminded that the entire proposed dividend with respect to 2013 is eligible for the 40% tax credit provided for by article 158-3-2° of the French General Tax Code, which natural persons resident in France for tax purposes may benefit from.

We also remind you that the dividends paid out with respect to the previous three financial years were as follows:

Financial year ending:	12/31/2012	12/31/2011	12/31/2010
Net dividend per share	€1.55 (1)	€1.50 (1)	€1.20 (1)
Number of shares entitled to dividend	75,455,357	75,175,846	75,497,951

(1) Dividend eligible for the 40% tax credit.

With a net amount of €1.60 per share, the proposed dividend for this year represents a 3.2% increase compared with the dividend paid with respect to the previous financial year.

8.1.2 REGULATED AGREEMENTS AND COMMITMENTS

(One resolution falling within the scope of the Ordinary Shareholders' General Meeting)

Pursuant to the provisions of article L. 225-40 of the French Code of Commerce, we request that you consider the Statutory Auditors' special report relating to the regulated agreements and commitments governed by the provisions of articles L. 225-38 et seq. of the French Code of Commerce *(fourth resolution)* which is included in *chapter 2, paragraph 2.2.3 of the Registration Document*.

We hereby inform you that no new regulated agreements or commitments governed by the provisions of articles L. 225-38 *et seq.* of the French Code of Commerce were entered into during fiscal year 2013.

Regulated agreements and commitments authorized and concluded during previous fiscal years and which continued in 2013 are detailed in the Statutory Auditors' special report as well as in *chapter 3, paragraph 3.3.2 of the Registration Document*.

8.1.3 COMPENSATION OF THE CHIEF EXECUTIVE OFFICER

(One resolution falling within the scope of the Ordinary Shareholders' General Meeting)

In accordance with the recommendations of the AFEP-MEDEF Corporate Governance Code amended and published on June 16, 2013, your opinion is required under the *fifth resolution* on the compensation items and benefits due or awarded for fiscal 2013 to Mr. Gilles Michel, as Chief Executive Officer, and that are summarized in the chart hereafter (for further details on the compensation policy, *please refer to chapter 3, section 3.3 of the Registration Document*).

Compensation items due or awarded for the year ended	Amounts or accounting valuation submitted to the vote	Presentation
Fixed compensation	€800,000	Gross fixed compensation decided by the Board of Directors on April 25, 2013, unchanged since 2010.
Annual variable compensation	€656,000 paid in 2013 €758,400 to be paid in 2014	The economic performance criteria for 2013 were related to the achievement of financial targets, (Net income from current operations/Net income, Group operating cash flow for 2013 and return on capital employed). A multiplier of 0.8 to 1.2 could be applied to the resulting amount according to the achievement of other specific goals, the confidential nature of which prevents their publication. A ceiling of 120% of the fixed amount of Gilles Michel's compensation is set for the variable part of his compensation.
Deferred variable compensation	NA	No deferred variable compensation was paid to the Chief Executive Officer.
Multi-annual variable compensation	NA	No multi-annual variable compensation was paid to the Chief Executive Officer.
Extraordinary compensation	NA	No extraordinary compensation was paid to the Chief Executive Officer.
Stock options	NA	No stock options were granted to the Chief Executive Officer in 2013.
Performance shares or any other element of long-term compensation	Valuation of performance shares awarded = €1,354,500 Other element = NA	30,000 performance shares were granted to the Chief Executive Officer representing 0.02% of the Company's share capital after dilution, upon the decision of the Board of Directors of April 25, 2013, pursuant to the Shareholders' General Meeting authorization of April 28, 2011 (23rd resolution). These performance shares are conditioned by and proportionate to the achievement of economic performance goals related to the growth of the Group's Net income from current operations per share and of the Group's ROCE (return on capital employed) during the period 2013-2015.
Attendance fees	NA	No attendance fees are allotted to the Chief Executive Officer.
Valuation of any benefits	€15,579 (accounting valuation)	Company car with driver.
Indemnity due to end of duties	€0	Gilles Michel's employment contract as Executive Corporate Officer provides for an indemnity in the event that his corporate office is terminated at the Company's initiative or in the event of forced departure linked to a change of control or strategy. No indemnity would be due in the event of Gilles Michel's voluntary departure or if he was entitled to retire within a short period of time. The amount of this severance indemnity would be calculated on the basis of a maximum of two years' compensation (fixed + variable). Pursuant to the provisions of article L. 225-42-1 of the French Code of Commerce, the payment of this severance indemnity would be subject and proportional to performance conditions appraised on the basis of the arithmetic average of the percentages of achievement of the sole economic and financial goals of the last three financial years, as set down for the determination of the variable compensation with respect to each of those financial years. In addition, Gilles Michel benefits from the social guarantee for company managers and executives (GSC). All these commitments taken by the Company in favor of Gilles Michel, in accordance with legal provisions, have been published on the Company's website and notified to the Statutory Auditors for the drafting of their special report on regulated agreements and commitments; they were first approved by the Shareholders' General Meeting on April 28, 2011 (4th resolution) and again, in accordance with the law, on April 26, 2012 (5th resolution) when Gilles Michel was reappointed Chairman and Chief Executive Office.
Indemnity under a non-competition clause	NA	There is no indemnity under a non-competition clause.

Compensation items due or awarded for the year ended	Amounts or accounting valuation submitted to the vote	Presentation
Supplementary pension plan	€0	The Chief Executive Officer since April 28, 2011 is among the potential beneficiaries of the collective supplementary pension plan with defined benefits for the principal managers of Imerys who meet the restrictive and objective eligibility criteria. The maximum amount of the life annuity that may be paid to the beneficiaries of the plan as from the liquidation of their pension rights is calculated in order to guarantee them: - a total annual gross amount (after allowing for pensions from obligatory and other supplementary plans, including the defined contribution supplementary pension plan described below) of 60% of their reference salary (average of the last two years of the beneficiary's fixed plus variable compensation); said salary is limited to 30 times the annual French social security ceiling (PASS); - subject to a pay-in ceiling equal to 25% of said reference salary. Furthermore, the Company decided to set up, as from October 1, 2009, a defined contribution supplementary pension plan for the benefit of some of Imerys' top managers, including the Chief Executive Officer. Contributions to this scheme, set at 8% of the compensation of eligible employees with a ceiling of 8 PASS, are made jointly by the employee (for 3%) and the Company (for 5%). All these commitments taken by the Company in favour, among others, of Gilles Michel, Chairman and Chief Executive Officer, in accordance with legal provisions, have been published on the Company's website and notified to the Statutory Auditors for the drafting of their special report on regulated agreements and commitments and were approved by the Shareholders' General Meeting on April 26, 2012 (4th resolution).

8.1.4 COMPOSITION OF THE BOARD OF DIRECTORS

(Six resolutions falling within the scope of the Ordinary Shareholders' General Meeting)

A second set of resolutions concerns the composition of the Board of Directors. The terms of office of Mrs. Marion Guillou and Arielle Malard de Rothschild and Messrs. Aimery Langlois Meurinne, Gérard Buffière, Aldo Cardoso and Jacques Veyrat will expire at the end of this Meeting.

In accordance with the recommendations of the Appointments and Compensation Committee, the Board of Directors decided at its meeting of February 13, 2014 to propose that you:

- renew the terms of office of Mrs. Marion Guillou and Arielle Malard de Rothschild as well as Messrs. Gérard Buffière and Aldo Cardoso for a further three years, i.e. until the close of the Shareholders' General Meeting that will be called in 2017 to rule on the management and financial statements for the 2016 financial year. It is specified that the terms of office of Mr. Gérard Buffière will end *ipso jure* at the end of the Shareholders' General Meeting called in 2015 to rule on the 2014 financial statements, given his age and pursuant to article 12 of the by-laws *(6th to 9th resolutions)*.

At the same meeting, the Board decided to propose to the Shareholders' General Meeting to appoint for a three-year period Mr. Paul Desmarais III and Mr. Arnaud Laviolette as a new Directors *(10th and 11th resolutions)* i.e. until the end of the Shareholders' General Meeting called in 2017 to rule on the 2016 financial statements, to succeed:

- Mr. Aimery Langlois-Meurinne whose term of office will end ipso jure at the end of the Shareholders' General Meeting given his age and pursuant to article 12 of the by-laws, on one hand; and
- on second hand Mr. Jacques Veyrat who did not request the renewal of his expiring term of office.

Professional information regarding Directors whose terms of office are proposed for renewal is included in *chapter 3, paragraph 3.1.3 of the Registration Document*.

Information concerning Mr. Paul Desmarais III and Mr. Arnaud Laviolette who are candidates for election as a Director, is provided below.

Professional information concerning Mr. Paul Desmarais III (born in 1982, Canadian national):

Paul Desmarais III holds a degree in economics from Harvard University and a MBA from INSEAD. He began his career at Goldman Sachs where he held various positions between 2004 and 2009. He was involved in project management and strategy at Imerys from 2010 to 2012. In 2012, he joined insurance company Great-West Lifeco (Canada) where he is currently Assistant Vice-President.

Professional information concerning Mr. Arnaud Laviolette (born in 1961, Belgian national):

A graduate in Applied Economics from the Catholic University of Louvain (Belgian), Arnaud Laviolette began his carreer in 1986 at Tradix SA (Belgium). In 1988, he joined the Caisse Privée Banque (Belgium), as a financial analyst in charge of the main Belgian listed companies. From 1996 to 2012, he held various management positions for ING Belgium SA in charge of Corporate Finance and Corporate Banking activities before being appointed in 2011 as Managing Director and member of the Management Committee in charge of the Commercial Banking division. In January 2013, Arnaud

Laviolette joined Groupe Bruxelles Lambert (Belgium) where he is currently Deputy Director in charge of Investments.

In accordance with the principles used by the Company to determine the independent status of its Directors, and after examining their personal situation, the Appointments and Compensation Committee recognized the independent status of Mrs. Marion Guillou and Arielle Malard de Rothschild as well as of Mr. Cardoso. However, independent status was not awarded to Mr. Gérard Buffière as previous Executive Corporate Officer of the Company, Mr. Paul Desmarais III or Mr. Arnaud Laviolette who represent Imerys controlling shareholders.

Following the Shareholders' General Meeting of April 29, 2014 and subject to its approval of the above proposals, the Board of Directors will be made up as follows:

Year of end of term of office	Name	Independent member
2015	Xavier Le CLEF	No
	Jocelyn LEFEBVRE	No
	Gilles MICHEL	No
	Marie-Françoise WALBAUM	Yes
2016	Ian GALLIENNE	No
	Fatine LAYT	Yes
	Robert PEUGEOT	Yes
	Olivier PIROTTE	No
	Amaury de SEZE	No
2017	Gérard BUFFIERE	No
	Aldo CARDOSO	Yes
	Paul DESMARAIS III	No
	Marion GUILLOU	Yes
	Arnaud LAVIOLETTE	No
	Arielle MALARD de ROTHSCHILD	Yes

8.1.5 ATTENDANCE FEES

(One resolution falling within the scope of the Ordinary Shareholders' General Meeting)

We remind you that the maximum amount of attendance fees that may be allotted with respect to one year to the members of the Board of Directors has been totaling €800,000 since 2005. Given the increase of the Directors' number on one hand *(see paragraph 8.1.8 below)* and the number of scheduled meetings of the Board and its Committees on the other hand, we propose you under the *twelfth resolution* to raise the annual maximum amount of attendance fees to €1,000,000. This new allotment would apply to attendance fees that would be due as from January 1, 2014. At its meeting of February 13, 2014, the Board of Directors decided that the allotment scale for attendance fees applicable since May 1, 2011 would remain unchanged (for more information, *see chapter 3, paragraph 3.3.1 of the Registration Document*).

8.1.6 SHARE BUYBACK PROGRAM

(One resolution falling within the scope of the Ordinary Shareholders' General Meeting)

The authorization to buy back the Company's shares on the market, given to the Board of Directors for a 18 month-period by the Ordinary and Extraordinary Shareholders' General Meeting of April 25, 2013 will expire on October 24, 2014; it is therefore proposed that you renew it now in accordance with the provisions of articles L. 225-209 et seq. of the French Code of Commerce and articles 241-1 to 241-6 of the General Regulations of AMF *(thirteenth resolution)*. For further information about the Company's implementation of its share buyback programs in 2013, *see chapter 7, paragraph 7.2.4. of the Registration Document*.

The new authorization that is requested is intended to enable the Company to make purchases of its own shares:

- with a view to the subsequent cancellation of the shares acquired by reducing the Company's capital, in particular in order to offset the dilutive impact on shareholders that is likely to result from the granting of stock options and/or conditional free shares;
- with respect to employees' participation in shareholding plans set up by the Company or for the purposes of delivery to certain employees and corporate officers of the Group of the shares resulting from the exercise of stock purchase options or conditional free share allotments;
- in order to ensure the liquidity of the market through an investment services firm acting in the name and on behalf of the Company, under a liquidity contract in accordance with a code of conduct recognized by the AMF; and
- for the delivery or exchange of shares, in particular with respect to issuing of shares or securities giving access immediately or in the future to capital, or as part of external growth operations.

The maximum number of shares that may be purchased under this new authorization shall not exceed 10% of the total number of shares issued and outstanding as of January 1, 2014, that is 7,623,826 shares. The number of shares that may be held, whether directly or indirectly and at any time whatsoever, shall not exceed 10% of the shares making up the capital. Finally, the maximum purchase price would be €85 per share, representing a maximum total investment of €648 million.

The description of this new program, drawn up in accordance with the provisions of articles 241-1 to 242-6 of AMF's General Regulations, will be available on the Company's website (***www.imerys.com*** – News & Media Center – Regulated Information section) prior to the Shareholders' General Meeting of April 29, 2014. A copy of this description can also be obtained on request from the Company's head office.

8.1.7 SPECIFIC AUTHORIZATIONS GRANTED IN FAVOR OF EMPLOYEES AND/OR CORPORATE OFFICERS OF THE GROUP

(Three resolutions falling within the scope of the Extraordinary Shareholders' General Meeting)

SHARE SUBSCRIPTION OR PURCHASE OPTIONS AND ALLOTMENT OF FREE SHARES OF THE COMPANY

You are proposed to renew the authorizations previously given to the Board of Directors by the Shareholders' General Meeting of April 28, 2011 to grant purchase or subscription options on the Company's shares *(fourteenth resolution)* or free shares *(fifteenth resolution)* to Group's employees or corporate officers in order to strengthen their loyalty and associate them closely with the Group's development (policy and details regarding granting of options or conditional free shares decided by the Board of Directors under the existing authorizations are set out in *chapter 3, sections 3.4 and 3.5 of the Registration Document*).

Terms and conditions of granting provided for by these new authorizations, similar to the existing ones, would be as follows:

- in the event of stock subscription options, the subscription price would be equal to 100% of the average of the first prices listed for the share on the twenty stock market trading days leading up to the grant date, thus excluding any possibility for the Board to apply a discount;
- in the event of stock purchase options, the purchase price of the shares would be equal to 100% of the average purchase price of the shares held by the Company with in accordance with articles L. 225-208 and L. 225-209 of the French Code of Commerce, also excluding any possibility for the Board to apply a discount;
- granting of stock subscription or purchase options, in particular to executive corporate officers, or acquisition of free shares shall be necessarily subject to the achievement of one or more performance criteria determined by the Board of Directors;
- the total number of shares that may be issued from the exercising of stock subscription options or stock purchase options and the maximum number of conditional free shares that could be awarded to executive corporate officers pursuant to these authorizations shall not be greater than 0.5% of the Company's capital on the day on which the Board grants its decision.

Furthermore, regarding the allotment of free shares, the minimum vesting period as well as the minimum holding period for that shares would be those provided by the regulations in force on the day of their grant.

Lastly, the total number of shares that may be the subject of share subscription or acquisition options or free shares granting could not exceed an overall ceiling of 3% of the Company's capital on the day of the Board's granting decision, this ceiling being common to share subscription and/or acquisition warrants that may be issued.

It is specified that, in accordance with the recommendations of the Appointments and Compensation Committee, the Board of Directors reviewed its policy at its meeting of April 25, 2013 and decided to grant solely free shares subject to the achievement of economic or financial performance goals (performance shares), excluding any stock options with which they were previously combined.

These authorizations would be granted for a period of 38 months as from the date of the Shareholders' General Meeting and shall replace the previous ones which shall thus be rendered null and void for the unused part.

SHARE SUBSCRIPTION AND/OR ACQUISTION WARRANTS

Lastly, you are asked to renew the delegation of authority granted to the Board of Directors to increase the share capital by issue of share subscription and/or acquisition warrants ("BSA"), whether or not redeemable, reserved for the employees and corporate officers of the Company and/or its subsidiaries, or for specific categories thereof, without shareholders' preemptive subscription rights *(sixteenth resolution)*.

This right never previoulsy exercised is aimed at enhancing and diversifying the instruments enabling the Company to involve the Group's employees and top managers in its development.

The conditions of this new delegation would be as follows: the issue price of the BSA would be set by the Board of Directors on the issue date, based on the report of an independent expert appointed for that purpose, and would be determined according to criteria that influence their value, such as, in particular, restriction period, exercise period, share price and volatility, and the Company's dividend distribution policy. The subscription price for the shares to which the warrants would give the right would be at least equal to 110% of the average closing price for the Company's shares in the 20 trading sessions leading up to the day of the decision to issue the warrants.

It is specified that the total nominal amount of the share capital increases that may be made pursuant to this delegation may not exceed 3% of the Company's capital on the day of issue, this ceiling being common to those provided for by the authorizations of granting of stock options and allotments of Imerys conditional free shares to employees and corporate officers of the Company whose renewal is proposed to you *(see paragraph above)*.

In accordance with the provisions of article L. 225-138 of the French Code of Commerce, this new delegation would be granted for a period of 18 months as from the date of the Shareholders' General Meeting and shall replace the previous one which shall thus be rendered null and void.

8.1.8 AMENDMENTS OF THE BY-LAWS

(One resolution falling within the scope of the Extraordinary Shareholders' General Meeting)

In accordance with the provisions of new article L. 225-27-1 of the French Code of commerce introduced by French Employment security law ("loi relative à la sécurisation de l'emploi") of June 14, 2013, the by-laws of the Company shall be amended and completed in order to determine the appointment process for Directors representing employees within the Board.

Subject that you approve the proposals of the above-mentioned renewals and appointments, the Board of Directors will be made up of 15 members following the Shareholders' General Meeting. As a consequence and pursuant to the legal criteria, two Directors representing employees must be appointed and take up their post on October 29, 2014 at the latest.

In accordance with the law, the Work Council of the Company was consulted on January 30, 2014 and gave a favorable opinion on the amendments of the by-laws that are proposed to you under the *seventeenth resolution*. These amendments provide for *inter alia,* that the first Director representing employees shall be appointed by the European Works Council and the second by the France Group Committee, given the international scope of the Group. Their term of office would be three years.

As a result of the above, you are asked to approve the new wording of article 12 of the by-laws below. It is specified that amendments or additions appear in bold.

Article 12

The Company is managed by a Board of Directors of at least three (3) members and no more than eighteen (18) members, except for any dispensation provided by law.

In accordance with the legal provisions, the Board of Directors shall also comprise one (1) Director representing employees who is designated by the European Works Council. When the number of Directors appointed by the Shareholders' General Meeting is higher than twelve (12), a second Director representing employees shall be designated by the France Group Committee.

The term of office of Directors representing employees shall be three (3) years.

In the event that the number of Directors appointed by the Shareholders' General Meeting falls to reach twelve (12) or less, the second Director representing employees shall remain in office until his/her term expires.

8

Each Director shall own at least one hundred (100) shares for the entire duration of his or her term of office. If, on the day of his or her appointment, a Director does not own the required number of shares or if, during his or her term of office, he or she ceases to own said number, he or she shall be deemed to have resigned if he or she does not remedy this situation within the term provided by the applicable regulations.

By exception, Directors representing employees shall not be required to hold a minimum number of shares.

- The rest of article 12 would remain unchanged.

POWERS

The *eighteenth resolution*, and the last one, confers all necessary powers to complete legal formalities arising from the Shareholders' General Meeting.

8.2 STATUTORY AUDITORS' REPORTS

8.2.1 STATUTORY AUDITORS' REPORT ON THE AUTHORIZATION TO GRANT SHARE SUBSCRIPTION OR PURCHASE OPTIONS

Ernst & Young et Autres
1/2, place des Saisons
92400 Courbevoie
Paris-La Défense 1

S.A.S. with variable Capital
Statutory Auditor
Member of the compagnie régionale de Versailles

Deloitte & Associés
185, avenue Charles de Gaulle
92524 Neuilly-sur-Seine Cedex

S.A. with share capital of €1,723,040
Statutory Auditor
Member of the compagnie régionale de Versailles

Extraordinary Shareholders' Meeting of April 29, 2014
Fourteenth resolution

This is a free translation into English of a report issued in French and it is provided solely for the convenience of English-speaking users. This report should be read in conjunction with and is construed in accordance with French law and professional auditing standards applicable in France.

To the Shareholders,

In our capacity as Statutory Auditors of your Company and in accordance with the terms of our engagement defined by articles L. 225-177 and R. 225-144 of the French commercial code (Code de commerce), we present below our report on the authorization to grant share subscription or purchase options to eligible salaried employees and executive directors or certain individuals within these categories, of your Company or companies or groupings related to it pursuant to article L. 225-180 of the French commercial code, an operation upon which you are requested to vote.

Your Board of Directors proposes, on the basis of its report, that you delegate to the Board, for a period of 38 months, the authority to grant share subscription or purchase options.

It is the responsibility of your Board of Directors to prepare a report on the considerations of the proposed share subscription or purchase option scheme as well as on the proposed terms for the determination of the share subscription or purchase price. Our role is to report on the proposed methods for determining the share subscription or purchase price.

We have performed those procedures which we considered necessary to comply with the professional guidance issued by the French national auditing body (Compagnie nationale des commissaires aux comptes) for this type of engagement. These procedures consisted in verifying that the proposed methods for determining the share subscription or purchase price are specified in the report of the Board of Directors and that they comply with the provisions of the laws and regulations.

We have no matters to report on the proposed methods for determining the share subscription or purchase price.

Neuilly-sur-Seine and Paris-La Défense, March 18, 2014

The Statutory Auditors
French original signed by

Deloitte & Associés

Arnaud de PLANTA

ERNST & YOUNG et Autres

Jean-Roch Varon

8.2.2 STATUTORY AUDITORS' REPORT ON THE AUTHORIZATION TO ALLOT FREE EXISTING SHARES OR SHARES TO BE ISSUED

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S.A.S. with variable Capital
Statutory Auditor
Member of the compagnie régionale de Versailles

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S.A. with share capital of €1,723,040
Statutory Auditor
Member of the compagnie régionale de Versailles

Extraordinary Shareholders' Meeting of April 29, 2014
Fifteenth resolution

This is a free translation into English of a report issued in French and it is provided solely for the convenience of English-speaking users. This report should be read in conjunction with and is construed in accordance with French law and professional auditing standards applicable in France.

To the Shareholders,

In our capacity as Statutory Auditors of your Company and in accordance with the terms of our engagement defined by article L. 225-197-1 of the French commercial code (Code de commerce), we present below our report on the project of authorization to allot free existing shares or shares to be issued to eligible salaried employees and executive directors of your Company or companies or groupings related to it pursuant to article L. 225-197-2 of the French commercial code (Code de commerce), an operation upon which you are requested to vote.

Your Board of Directors proposes, on the basis of its report that you delegate to the Board, for a period of 38 months, the authority to allot free existing shares or shares to be issued.

It is the responsibility of your Board of Directors to prepare a report on this proposed operation. Our role is to report, where applicable, our observations on the information provided to you on the proposed operation.

We have performed those procedures that we considered necessary to comply with professional guidance issued by the French national auditing body (Compagnie nationale des commissaires aux comptes) relating to this assignment. These procedures have consisted mainly in verifying that the proposed methods set out in the report of the board of directors comply with the provisions of the law.

We have no matters to report on the information given in the report of the Board of Directors relating to the proposed operation to authorize the allotment of free shares.

Neuilly-sur-Seine and Paris-La Défense, March 18, 2014

The Statutory Auditors
French original signed by

Deloitte & Associés

Arnaud de Planta

ERNST & YOUNG et Autres

Jean-Roch Varon

8.2.3 STATUTORY AUDITORS' REPORT ON THE ISSUANCE OF SHARES SUBSCRIPTION AND/OR ACQUISITION WARRANTS WITHOUT PREEMPTIVE SUBSCRIPTION RIGHT

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S.A.S. with variable Capital
Statutory Auditor
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S.A. with share capital of €1,723,040
Statutory Auditor
Member of the compagnie régionale de Versailles

Extraordinary Shareholders' Meeting of April 29, 2014
Sixteenth resolution

This is a free translation into English of a report issued in French and it is provided solely for the convenience of English-speaking users. This report should be read in conjunction with and is construed in accordance with French law and professional auditing standards applicable in France.

To the Shareholders,

In our capacity as Statutory Auditors of your Company and in accordance with the terms of our engagement defined by articles L. 228-92 and L. 225-135 et seq. of the French commercial code (Code de commerce), we present below our report on the proposals of delegation of authority to the Board of Directors to issue shares subscription and/or acquisition warrants without preemptive subscription right to eligible salaried employees and executive directors or certain individuals within these categories, of your Company or companies or groupings related to it pursuant to articles L. 225-180 and L. 233-3 of the French commercial code (Code de commerce), an operation which is submitted to your approval.

The total nominal amount of the share capital increases that may be made pursuant to this delegation may not exceed 3% of the Company's capital on the day of issue, (i) this ceiling being common to those provided by the authorizations of granting of stock-options (fourteenth resolution of the present Shareholders' Meeting) and allotments of the Company conditional free shares (fifteenth resolution of the present Shareholders' Meeting), (ii) this nominal amount not including the shares to be issued, if necessary, to preserve, in accordance with the law and applicable contractual provisions, the rights of securities holders or the rights giving access to shares in the Company.

Your Board of Directors proposes, on the basis of its report, that you delegate to them for a period of eighteen months, the authority to decide in favor of the operations mentioned below and to waive your preemptive subscription right. Where applicable, they shall definitely set the conditions of these issues.

It is the responsibility of your Board of Directors to prepare a report in accordance with articles R. 225-113 et seq. of the French commercial code (Code de commerce). It is our responsibility to express an opinion on whether the information issued from the financial statements is fairly stated, on the proposal to cancel the preemptive subscription right, and on various other information dealing with these operations, given in this report.

We performed the procedures that we considered necessary to comply with professional guidance issued by the French national auditing body (Compagnie nationale des commissaires aux comptes) for this type of engagement. These procedures consisted in verifying the information provided in the Board of Directors' report relating to these operations and the methods used for determining the subscription price of the shares to be issued.

Subject to our further examination of the conditions of issues that may be decided, we have no matters to report on the methods used for determining the subscription price of the shares to be issued given in the Board of Directors' report.

As the share issue price has not yet been determined, we do not express any opinion on the final conditions under which issues will be processed, and, accordingly, on the proposal to cancel the Shareholders' preemptive subscription right.

In accordance with article R. 225-116 of the French commercial code (Code de commerce), we will issue an additional report, as need be, when your Board of Directors makes use of this delegation.

Neuilly-sur-Seine and Paris-La Défense, March 18, 2014

The Statutory Auditors
French original signed by

Deloitte & Associés

Arnaud de Planta

ERNST & YOUNG et Autres

Jean-Roch Varon

8.3 AGENDA

ORDINARY PART

1. Approval of the Company's management and annual financial statements for the financial year ended on December 31, 2013;
2. approval of the Group's consolidated financial statements for the financial year ended on December 31, 20132;
3. allocation of earnings and determining of dividend with respect to the financial year ended on December 31, 20132;
4. Statutory Auditors' special report on regulated agreements and commitments governed by articles L. 225-38 *et seq.* of the French Code of Commerce;
5. opinion on the compensation items due or awarded for fiscal 2013 to Mr. Gilles Michel, Chief Executive Officer;
6. renewal of the term of office as Director of Mr. Gérard Buffière;
7. renewal of the term of office as Director of Mr. Aldo Cardoso;
8. renewal of the term of office as Director of Mrs. Marion Guillou;
9. renewal of the term of office as Director of Mrs. Arielle Malard de Rothschild;
10. appointment of Mr. Paul Desmarais III as a new Director;
11. appointment of Mr. Arnaud Laviolette as a new Director;
12. determination of the global amount of the attendance fees;
13. repurchase by the Company of its own shares;

EXTRAORDINARY PART

14. Renewal of authorization to grant options for subscription or purchase of the Company's shares to employees or officers of the Company and its subsidiaries, or to certain categories of them;
15. renewal of authorization to make allotments of free Company's shares to employees or officers of the Company and its subsidiaries, or to certain categories of them;
16. delegation of authority to the Board of Directors for the purposes of issuing share subscription and/or acquisition warrants reserved for the employees and corporate officers of the Company and/or its subsidiaries, or for specific categories thereof, without shareholders' preemptive subscription right;
17. amendments of the Company's by-laws;
18. powers.

8.4 DRAFT RESOLUTIONS

ORDINARY PART

FIRST RESOLUTION

Approval of the Company's management and annual financial statements for the financial year ended on December 31, 2013

The Shareholders' General Meeting, ruling under the quorum and majority conditions required for ordinary Shareholders' General Meetings, having considered the Board of Directors' report and the Auditors' report relating to the Company's financial statements for the financial year ended on December 31, 2013 approves, as presented, such financial statements, as well as the transactions evidenced by such financial statements and summarized in such reports.

SECOND RESOLUTION

Approval of the Group's consolidated financial statements for the financial year ended on December 31, 2013

The Shareholders' General Meeting, ruling under the quorum and majority conditions required for ordinary Shareholders' General Meetings, having considered the Board of Directors' report and the Auditors' report relating to the Group's consolidated financial statements for the financial year ended on December 31, 2013 approves, as presented, such financial statements as well as the transactions evidenced by such financial statements and summarized in such reports.

THIRD RESOLUTION

Allocation of earnings and determining of dividend with respect to the financial year ended on December 31, 2013

The Shareholders' General Meeting, ruling under the quorum and majority conditions required for ordinary Shareholders' General Meetings, having considered the Board of Directors' report:

acknowledges that the Company's profit for the past financial year is:	€49,138,878.12
increased by the retained earnings amounting to:	€202,399,861.71
representing a total distributable amount of:	€251,538,739.83
resolves to pay in respect of financial 2013 a dividend of €1.60 to each of the 76,238,264 shares that make up the share capital as on January 1, 2014, which represents a distribution of:	€(121,981,222.40)
and allocates the remaining amount to retained earnings which now amount to:	€129,557,517.43

The Shareholders' General Meeting decides that the total amount of the dividend paid out shall be adjusted according to the exercise of subscription options for shares entitled to the dividend with respect to financial year 2013 as on the payment date of that dividend. The amount allocated to retained earnings shall be determined on the basis of the total amount of dividend effectively paid out.

The Shareholders' General Meeting decides that the dividend will be paid as from May 13, 2014.

If the Company were to be holding some of its own shares on the date of payment of the dividend, the sums corresponding to the dividends that would not have been paid out as a result would be allocated to retained earnings.

In accordance with article 243 bis of the French General Tax Code, the proposed dividend is eligible for the 40% allowance provided for by 2° of 3 of article 158 of the French General Tax Code, from which private individuals domiciled in France for tax purposes may benefit.

The Shareholders' General Meeting acknowledges that the sums paid out as dividends with respect to the previous three financial years were as follows:

	Fiscal year 2012	Fiscal year 2011	Fiscal year 2010
Net dividend per share	€1.55 (1)	€1.50 (1)	€1.20 (1)
Number of shares compensated	75,455,357	75,175,846	75,497,951
Total net distribution	€116.9 M	€112.7 M	€90.6 M

(1) Dividend eligible for the 40% allowance.

FOURTH RESOLUTION

Statutory Auditors' special report on regulated agreements and commitments governed by articles L. 225-38 et seq. of the French Code of Commerce

The Shareholders' General Meeting, ruling under the quorum and majority conditions required for ordinary Shareholders' General Meetings, having considered the Board of Directors' report and the Statutory Auditors' special report drawn up pursuant to the provisions of article L. 225-40 of the French Code of Commerce, and ruling on that report, acknowledges that no new regulated agreement or commitment governed by articles L. 225-38 et seq. of the French Code of Commerce was concluded or authorized by the Board of Directors in 2013, and that the regulated agreements or commitments approved by the Shareholders' General Meeting during previous years, continued without modification.

FIFTH RESOLUTION

Opinion on the compensation items due or awarded for fiscal 2013 to Mr. Gilles Michel, Chief Executive Officer

The Shareholders' General Meeting, ruling under the quorum and majority conditions required for ordinary Shareholders' General Meetings, consulted pursuant to the AFEP-MEDEF Corporate Governance Code, gives a favourable opinion on the compensation items due or awarded for fiscal 2013 to Mr. Gilles Michel, Chief Executive Officer, as described in the presentation of the resolutions by the Board of Directors, in chapter 8, paragraph 8.1.3 of the Company's 2013 Registration Document.

SIXTH RESOLUTION

Renewal of the term of office as Director of Mr. Gérard Buffière

The Shareholders' General Meeting, ruling under the quorum and majority conditions required for ordinary Shareholders' General Meetings, having considered the Board of Directors' report, acknowledging that Mr. Gérard Buffière's term of office as Director expires following the present General Meeting, resolves to renew such term for a period that, in accordance with the statutory provisions, will expire at the end of the Shareholders' General Meeting called upon in 2017 to rule on the management and financial statements for financial year 2016.

SEVENTH RESOLUTION

Renewal of the term of office as Director of Mr. Aldo Cardoso

The Shareholders' General Meeting, ruling under the quorum and majority conditions required for ordinary Shareholders' General Meetings, having considered the Board of Directors' report, acknowledging that Mr. Aldo Cardoso's term of office as Director expires following the present General Meeting, resolves to renew such term for a period that, pursuant to statutory provisions, will expire at the end of the Shareholders' General Meeting called upon in 2017 to rule on the management and financial statements for financial year 2016.

EIGHTH RESOLUTION

Renewal of the term of office as Director of Mrs. Marion Guillou

The Shareholders' General Meeting, ruling under the quorum and majority conditions required for ordinary Shareholders' General Meetings, having considered the Board of Directors' report, acknowledging that Mrs. Marion Guillou's term of office as Director expires following the present General Meeting, resolves to renew such term for a period that, pursuant to statutory provisions, will expire at the end of the Shareholders' General Meeting called upon in 2017 to rule on the management and financial statements for financial year 2016.

NINTH RESOLUTION

Renewal of the term of office as Director of Mrs. Arielle Malard de Rothschild

The Shareholders' General Meeting, ruling under the quorum and majority conditions required for ordinary Shareholders' General Meetings, having considered the Board of Directors' report, acknowledging that Mrs. Arielle Malard de Rothschild's term of office as Director expires following the present General Meeting, resolves to renew such term for a period that, pursuant to statutory provisions, will expire at the end of the Shareholders' General Meeting called upon in 2017 to rule on the management and financial statements for financial year 2016.

TENTH RESOLUTION

Appointment of Mr. Paul Desmarais III as a new Director

The Shareholders' General Meeting, ruling under the quorum and majority conditions required for ordinary Shareholders' General Meetings, having considered the Board of Directors' report, resolves to appoint as a new Director, in succession to Mr. Aimery Langlois-Meurinne whose term of office expires following the present Meeting, Mr. Paul Desmarais III for a period that, pursuant to statutory provisions, will expire at the end of the Shareholders' General Meeting called upon in 2017 to rule on the management and financial statements for financial year 2016.

ELEVENTH RESOLUTION

Appointment of Mr. Arnaud Laviolette as a new Director

The Shareholders' General Meeting, ruling under the quorum and majority conditions required for ordinary Shareholders' General Meetings, having considered the Board of Directors' report, resolves to appoint as a new Director, in succession to Mr. Jacques Veyrat whose term of office expires following the present Meeting, Mr. Arnaud Laviolette for a period that, pursuant to statutory provisions, will expire at the end of the Shareholders' General Meeting called upon in 2017 to rule on the management and financial statements for financial year 2016.

TWELFTH RESOLUTION

Determination of the overall amount of the attendance fees

The Shareholders' General Meeting, ruling under the quorum and majority conditions required for ordinary Shareholders' General Meetings, having considered the Board of Directors' report, resolves to set the maximum overall amount of attendance fees that may be paid every year as from January 1, 2014 to the Directors at €1,000,000 (one million euros).

THIRTEENTH RESOLUTION

Repurchase by the Company of its own shares

The Shareholders' General Meeting, ruling under the quorum and majority conditions required for ordinary Shareholders' General Meetings, having considered the Board of Directors' report pursuant to the provisions of articles L. 225-209 et seq. of the French Code of Commerce and articles 241-1 to 241-6 of the General Regulations of Autorité des marchés financiers (AMF):

1) authorizes the Board of Directors, with the possibility of sub-delegating under the conditions provided by law, to make purchases of the Company's own shares:

- for the cancellation of the shares thus bought and, as the case may be, any shares bought under previous buyback authorizations,
- in order to grant or transfer some shares to employees, former employees or corporate officers of the Company and companies that are affiliated pursuant to articles L. 225-180 and L. 233-3 of the French Code of Commerce, in particular employee shareholding plans, stock purchase options plans, or grants of conditional free shares plans, under the conditions provided by law,
- in order to ensure the liquidity of the market through an investment services firm acting in the name and on behalf of the Company on a fully independent basis without being influenced by the Company, under a liquidity contract in accordance with a code of conduct recognized by AMF, or in any other manner agreed by the applicable regulations, and
- for the delivery or exchange of shares, particularly with respect to the issue of securities that give access, immediately or in the future, to shares in the Company or with respect to external growth.

The acquisition, sale, transfer or exchange of the shares may be carried out, in compliance with the regulations in force, on the market or by mutual agreement and by any means, including the transfer of blocks of shares and the use or exercise of any financial instrument or derivative;

2) sets the following limits for the use of the present authorization by the Board of Directors:

- the maximum number of shares that may be purchased shall not exceed 10% of the total number of shares issued and outstanding as of January 1, 2014, that is 7,623,826 shares,
- the number of shares that the Company may hold, whether directly or indirectly and at any time whatsoever, shall not exceed 10% of the shares that make up the Company's capital,
- the maximum purchase price of the shares shall not be greater than €85,
- consequently, the maximum amount that the Company is liable to use for such repurchases shall not be greater than €648 million;

3) resolves that, in the event that the par value of the stock is modified, the capital is increased by the capitalization of reserves or free shares are granted, or in the event of a stock split or consolidation, the above-stated maximum amount devoted to these buybacks and the maximum number of shares to be repurchased will be adjusted accordingly by a multiplier equal to the ratio between the number of shares that made up the capital before the operation and the resulting number after the operation;

4) sets at eighteen months from the date of this General Meeting the term of this authorization, which renders null and void, for the unused part, any previous authorizations granted to the Board of Directors with regard to the Company's repurchase of its shares;

5) grants full powers to the Board of Directors, with the authority to delegate such powers under the conditions provided by law, to implement this authorization and, in particular, to sign any stock purchase, sale, exchange or transfer agreements, file any statements with Autorité des marchés financiers or any other agency, proceed with the adjustments set forth above, complete any formalities and, generally, do what is necessary.

EXTRAORDINARY PART

FOURTEENTH RESOLUTION

Renewal of authorization to grant options for subscription or purchase of the Company's shares to employees or corporate officers of the Company and its subsidiaries, or certain categories of them

The Shareholders' General Meeting, ruling under the quorum and majority conditions required for extraordinary Shareholders' General Meetings, after examining the Board of Directors' report and the Auditors' special report, in accordance with the provisions of articles L. 225-177 to L. 225-186 of the French Code of Commerce:

1) authorizes the Board of Directors to grant, as it judges appropriate, in one or more times, to certain employees and corporate officers of the Company and, as the case may be, companies and groups that are affiliated to it in the conditions provided in article L. 225-180 of the French Code of Commerce, or to certain categories of them, options giving the right to subscribe new shares or purchase existing shares in the Company;

2) acknowledges that, pursuant to the provisions of article L. 225-178 of the French Code of Commerce, this authorization entails the explicit waiver by shareholders of their preemptive subscription right to the shares that shall be issued as and when options are exercised, in favor of the beneficiaries of the share subscription options;

3) resolves that the number of shares that may be granted pursuant to the present authorization shall not give the right to subscribe or acquire a total number of shares greater than 3% of the Company's capital on the day of the Board's decision to grant the options, it being specified that this ceiling is common to the present resolution and the fifteenth and sixteenth resolutions hereafter and that it is set without taking into account the number of shares to be issued, as the case may be, to maintain, in accordance with the law and applicable contractual stipulations, the rights of the bearers of securities or rights giving access to capital;

4) resolves that the number of options that may be granted pursuant to the present authorization to executive corporate officers shall not give the right to subscribe or acquire a total number of shares greater than 0.5% of the Company's capital as of the date of the Board's decision to grant the options, it being specified that this sub-ceiling is common to both the present resolution and the fifteenth resolution below;

5) resolves that the subscription or purchase price of the shares for the beneficiaries shall be determined by the Board of Directors on the date of granting the options, within the limits and according to the arrangements provided by the law, it being specified that:

- in the event of stock subscription options, the subscription price shall be equal to 100% of the average of the first prices listed for the share on the twenty stock market trading days leading up to the grant date,
- in the event of stock purchase options, the purchase price of the shares shall be equal to 100% of the average purchase price of the shares held by the Company with respect to articles L. 225-208 and L. 225-209 of the French Code of Commerce,
- as an exception, a discount may, as the case may be, be applied to the share subscription or purchase price of the options that may be granted with respect to employee shareholding operations implemented by the Company under the conditions provided by law;

6) resolves that grants of stock subscription or purchase options, in particular to executive corporate officers, shall be subject to the achievement of one or more performance criteria determined by the Board of Directors on the day of the grant, except however for any stock subscription or purchase options that may be granted with respect to employee shareholding operations implemented by the Company;

7) sets at ten years the period during which the options must be exercised, commencing on the date on which they are granted;

8) resolves that no share subscription or purchase option may be granted less than twenty trading sessions after a coupon giving the right to a dividend or a preemptive subscription right to a capital increase is detached from the shares;

9) states that the shares that may be obtained by exercising stock purchase options granted pursuant to the present resolution shall be acquired by the Company, either under L. 225-208 of the French Code of Commerce, or, as the case may be, under the share buyback program authorized by the twelfth resolution put to the present Meeting with respect to article L. 225-209 of the French Code of Commerce or of any share buyback program implemented before or after the passing of the present resolution;

10) grants to the Board of Directors full powers, with the possibility of subdelegating in the conditions provided for by law, to implement this authorization, particularly in order to:

- set the dates on which the options shall be granted,
- define the arrangements and other conditions in which the options shall be granted and determine the list of beneficiaries of the options as specified above,
- set the exercise period or periods for the options thus granted, subject to the maximum term for the options as specified above,
- provide the possibility of temporarily suspending the exercise of options for a maximum period of three months in the event of carrying out financial operations entailing the exercise of a right attached to the shares,

- decide on the conditions in which the price and number of shares to be subscribed or purchased may be adjusted when such adjustments are stipulated by current legal and regulatory provisions, particularly in the various scenarios provided for in articles R. 225-137 and R. 225-142 of the French Code of Commerce,
- make, as the case may be, on its sole decision and as it judges fit, any charges to the issue premium or premiums pertaining to the capital increases, particularly the premium for expenses, fees and duties incurred in carrying out the issues, and deduct from those premiums the amounts needed to increase the legal reserve to one-tenth of the new share capital after each capital increase,
- acknowledge the capital increase or increases carried out pursuant to the present authorization, amend the by-laws accordingly and carry out or have carried out any acts and formalities in order to make such capital increases definitive,
- and, in general, do whatever is necessary;

11) sets at thirty-eight months as from the date of the present Shareholders' Meeting the term of validity of the present delegation, which renders null and void, for the unused part, any previous delegation granted to the Board of Directors for the same purposes.

FIFTEENTH RESOLUTION

Renewal of authorization to make allotments of free Company's shares to employees or corporate officers of the Company and its subsidiaries, or certain categories of them

The Shareholders' General Meeting, ruling under the quorum and majority conditions required for extraordinary Shareholders' General Meetings, after examining the Board of Directors' report and the Auditors' special report, pursuant to the provisions of articles L. 225-197-1 et seq. of the French Code of Commerce:

1) authorizes the Board of Directors to make, as it judges appropriate, in one or more times, free allotments of existing shares or shares to be issued in the Company to the employees and corporate officers of the Company and, as the case may be, companies and groups that are affiliated to it in the conditions provided in article L. 225-197-2 of the French Code of Commerce, or certain categories of them;
2) resolves that the shares, whether in existence or to be issued, that may be granted pursuant to this authorization shall not represent more than 3% of the Company's capital on the date of the Board's decision to grant the shares, it being specified that this ceiling is common to the present resolution and the fourteenth and fifteenth resolutions of the present Meeting and that it is set without taking into account the number of shares to be issued, as the case may be, to maintain, in accordance with the law and applicable contractual stipulations, the rights of the bearers of securities or rights giving access to capital;
3) resolves that any shares, whether existing or to be issued, that may be granted pursuant to the present authorization to executive corporate officers shall not represent more than 0.5% of the Company's capital on the day of the Board's decision to grant the shares, it being specified that that this sub-ceiling is common to both the present resolution and the fourteenth resolution above;
4) resolves that the vesting of the free shares granted in particular to executive corporate officers shall be subject to the achievement of one or more performance criteria determined by the Board of Directors on the date of granting, except however for any free shares that may be granted with respect to employee shareholding operations implemented by the Company;
5) resolves that the shares shall be definitively granted to their beneficiaries at the end of the vesting period set by the Board of Directors, while such period may not be less than that provided by the regulations in force on the grant date;
6) resolves that the minimum period for which the beneficiaries must hold the shares shall be that set by the Board of Directors, while such period may not be less than that provided by the regulations in force on the grant date;
7) notes that, in the event of granting free shares to be issued, this decision constitutes, in favor of the beneficiaries, a waiver *ipso jure* by the shareholders of any right to the new shares freely granted and the portion of the reserves, profits or premiums that will be incorporated into capital if new shares are issued;
8) states that the existing shares that may be granted pursuant to the present resolution must be acquired by the Company, either under article L. 225-208 of the French Code of Commerce, or, as the case may be, under the share buyback program authorized by the twelfth resolution put to the present Meeting with regardto article L. 225-209 of the French Code of Commerce or any share buyback program implemented before or after the passing of the present resolution;
9) delegates full powers to the Board of Directors, with the option of subdelegating in the conditions provided by law, to implement the present authorization, in particular in order to:

- determine the categories of the beneficiaries of the allotments and the terms and conditions and, as the case may be, the criteria for granting the shares,
- set the vesting and holding periods for the shares in accordance with the minimum periods provided for by the applicable law,
- set and define the issue conditions for the shares that may be issued under this authorization,
- adjust, as the case may be, during the acquisition period, the number of shares pertaining to any operations on the Company's share capital in order to protect the rights of the beneficiaries,
- acknowledge, as the case maybe, the capital increase or capital increases that may be carried out pursuant to this authorization, modify the by-laws accordingly, and carry out or have carried out any acts and formalities in order to make such capital increases definitive,
- and, in general, do whatever is necessary;

10) sets at thirty-eight months as from the date of the present Shareholders' Meeting the term of validity of the present delegation, which renders null and void, for the unused part, any previous delegation granted to the Board of Directors for the same purposes.

SIXTEENTH RESOLUTION

Delegation of authority to the Board of Directors for the purposes of issuing share subscription and/or acquisition warrants reserved for the employees and corporate officers of the Company and/or its subsidiaries, or for specific categories thereof, without the shareholders' preemptive subscription rights

The Shareholders' General Meeting, ruling under the quorum and majority conditions required for extraordinary general meetings, having considered the Board of Directors' report and the Statutory Auditors' special report, in accordance with the provisions of articles L. 225-129 et seq., L. 225-138 and L. 228-91 et seq. of the French Code of Commerce:

1) delegates its authority to the Board of Directors, with the possibility of sub-delegating, to decide on the issue, in one or more times, of share subscription and/or acquisition warrants ("BSA") that may or may not be redeemable by the Company;

2) resolves that the overall nominal amount of the capital increases that may be carried out pursuant to the present delegation may not be greater than 3% of the Company's capital on the day of the issue, it being specified that (i) this ceiling is common to the present resolution and the fourteenth and fifteenth resolutions of the present Shareholders' General Meeting and that (ii) this amount does not take into account the shares to be issued, as the case may be, to maintain, in accordance with the law, the rights of the bearers of securities or rights giving access to capital;

3) resolves to cancel the shareholders' preemptive subscription right to the share subscription and/or acquisition warrants to be issued and to reserve that right for employees and corporate officers of the Company and/or its French and foreign subsidiaries as defined in articles L. 225-180 and L. 233-3 of the French Code of Commerce, or for specific categories thereof;

4) duly notes that, in accordance with the provisions of the last paragraph of article L. 225-132 of the French Code of Commerce, the present delegation entails ipso jure the waiver by the shareholders of their preemptive subscription right to the shares to be issued by the exercise of the BSAs in favor of the holders of those warrants;

5) resolves that the Board of Directors shall have, with the option of subdelegating in the conditions provided by law and under the conditions and within the limits set down above, the necessary powers to:

- determine the list and, as the case may be, the categories of individual authorized to subscribe to the BSAs among the employees and corporate officers of the Company and/or its subsidiaries, as well as the terms and conditions and, as the case may be, subscription criteria,
- determine the number of BSA to be granted to each beneficiary and the number of shares to which each warrant shall give the right,
- determine whether the BSA issued shall be redeemable or not by the Company,
- set all the characteristics of the BSA, in particular their subscription price that shall be determined after obtaining the opinion of an independent expert and according to parameters affecting their value (in particular the restriction period, the exercise period, the trigger threshold and period of redemption of the BSA, the dividend policy of the Company, the price and volatility of the shares) and, more generally, all the terms, conditions and arrangements for the issue,
- set the subscription or acquisition price of the shares to which the BSA shall give the right, it being specified that a BSA shall give the right to subscribe or acquire one share of the Company at a price equal at least to 110% of the average closing price for shares in the Company for the twenty stock market trading days prior to the day of the decision to issue the BSA,
- acknowledge the completion of the share capital increase that may arise from the exercise of the BSA and make the corresponding amendments to the by-laws,
- charge, at its sole initiative, the share capital increase expenses to the amount of related premiums and take from that amount the sums needed to raise the legal reserve to one tenth of capital after each increase,
- make any adjustments required in compliance with legal and/or contractual provisions and set the arrangements for ensuring that any rights of bearers of securities or rights giving access to capital that may exist on the day of the issue in question are upheld,
- and, more generally, take any measures, enter into any agreements, carry out any formalities and do what is necessary to see the present delegation completed correctly;

6) sets at eighteen months as from the date of the present Shareholders' Meeting the term of validity of the present delegation, which renders null and void any previous delegation granted to the Board of Directors for the same purposes.

SEVENTEENTH RESOLUTION

Amendments of the by-laws

The Shareholders' General Meeting, ruling under the quorum and majority conditions required for extraordinary Shareholders' General Meetings, having considered the Board of Directors' report, resolves to complete the provisions of article 12 of the Company's by-laws relating to the composition and functioning of the Board of Directors, as follows:

Article 12

The Company is managed by a Board of Directors of at least three (3) members and no more than eighteen (18) members, except for any dispensation provided by law.

In accordance with legal provisions, the Board of Directors shall also comprise one (1) Director representing employees who is designated by the European Works Council. When the number of Directors appointed by the Shareholders' General Meeting is higher than twelve (12), a second Director representing employees shall be designated by the France Group Committee.

The term of office of Directors representing employees shall be three (3) years.

In the event that the number of Directors appointed by the Shareholders' General Meeting falls to reach twelve (12) or less, the second Director representing employees shall remain in office until his/her term expires.

Each Director shall own at least one hundred (100) shares for the entire duration of his or her term of office. If, on the day of his or her appointment, a Director does not own the required number of shares or if, during his or her term of office, he or she ceases to own said number, he or she shall be deemed to have resigned if he or she does not remedy this situation within the term provided by the applicable regulations.

By exception, Directors representing employees shall not be required to hold a minimum number of shares.

- The rest of article 12 remains unchanged.

EIGHTEENTH RESOLUTION

Powers

The Shareholders' Meeting, ruling under the quorum and majority conditions required for ordinary Shareholders' General Meetings, fully empowers the bearer of a duplicate or an extract of the minutes of the present Meeting to carry out any formalities with respect to registration or publication.

PERSONS RESPONSIBLE FOR THE REGISTRATION DOCUMENT AND THE AUDIT OF ACCOUNTS

9

9.1 PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT

Gilles Michel, Chairman and Chief Executive Officer

9.2 CERTIFICATE OF THE PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT

I certify that, after taking every reasonable measure for that purpose, the information contained in the present Registration Document is, to the best of my knowledge, accurate and does not contain any omission that could make it misleading.

I certify, to my knowledge, that the accounts have been prepared in accordance with applicable accounting standards and give a fair view of the assets, liabilities, financial position and profit and loss of the Company and all undertakings included in the consolidation, and that the Board of Directors' Management's discussion and analysis appearing on pages 54 to 65 presents a fair picture of the development and performance of the business and financial position of the Company and all undertakings included in the consolidation as well as a description of the main risks and uncertainties to which they are exposed.

I have obtained a letter of completion from the Statutory Auditors in which they state that they have checked the information on the financial position and the financial statements given in this Registration Document and that they have read the Document in its entirety.

The historical financial information presented in the Registration Document is the subject of the Statutory Auditors' reports appearing on pages 66 to 69. The report on the consolidated statements for the period ending December 31, 2013 contains an observation concerning the financial year's changes of method. The report on the consolidated statements for the period ending December 31, 2011, incorporated by reference to the corresponding historical financial statements as specified on page 302 of the present Registration Document, contains an observation concerning the financial year's changes of method.

Paris, March 20, 2014

Gilles Michel

Chairman and Chief Executive Officer

9.3 AUDITORS

STATUTORY AUDITORS

Deloitte & Associés

represented by Arnaud de Planta
185, avenue Charles-de-Gaulle
92524 Neuilly-sur-Seine Cedex – France

first appointed at the Extraordinary and Ordinary Shareholders' General Meeting of May 5, 2003 and renewed by the Extraordinary and Ordinary Shareholders' General Meeting of April 29, 2010

ERNST & YOUNG et Autres

represented by Jean-Roch Varon
1/2, place des Saisons
92400 Courbevoie – Paris-La Défense 1 – France

first appointed at the Extraordinary and Ordinary Shareholders' General Meeting of April 29, 2010 in replacement of Ernst & Young Audit

Deloitte & Associés and ERNST & YOUNG et Autres are members of the Auditors' Regional Company of Versailles.

ALTERNATE AUDITORS

BEAS

7-9 Villa Houssay
92524 Neuilly-sur-Seine Cedex – France
part of the Deloitte network

first appointed at the Extraordinary and Ordinary Shareholders' General Meeting of May 5, 2003

Auditex

Faubourg de l'Arche
1/2, place des Saisons
92400 Courbevoie – Paris-La Défense 1 – France

part of the Ernst & Young network
first appointed at the Extraordinary and Ordinary Shareholders' General Meeting of April 29, 2010
in replacement of Mr. Jean-Marc Montserrat

9.4 INFORMATION INCLUDED IN THE REGISTRATION DOCUMENT BY REFERENCE

Pursuant to article 28 of EC Regulation 809/2004 of April 29, 2004, the following information is included in the present Registration Document by Registration:

- with respect to the financial year ending on December 31, 2012, the consolidated financial statements, annual financial statements, the related Auditors' reports, the Auditors' special report on regulated agreements and the Board of Directors' management report appearing respectively on pages 144 to 213, 214 to 234, 64 to 66, 67 to 68, and 52 to 63 of the 2012 Registration Document filed with Autorité des marchés financiers (French Securities Regulator) on March 21, 2013 under number D.13-0195;
- with respect to the financial year ending on December 31, 2011, the consolidated financial statements, annual financial statements, the related Auditors' reports, the Auditors' special report on regulated agreements and the Board of Directors' management report appearing respectively on pages 134 to 203, 204 to 224, 77 to 79, 80 to 82 and 66 to 76 of the 2011 Registration Document filed with Autorité des marchés financiers (French Securities Regulator) on March 22, 2012 under number D.12-0193.

Any other information that is not included in the present Document is either of no relevance to investors or mentioned in another part of the Registration Document.

9.5 PERSON RESPONSIBLE FOR FINANCIAL INFORMATION

Michel Delville
Group Chief Financial Officer

CROSS REFERENCE AND RECONCILIATION TABLES 10

10.1 CROSS REFERENCE TABLE

In order to facilitate the reading of this Registration Document, the subject index can be used to identify the main information required by the Autorité des marchés financiers (the French Securities Regulator) with respect to its regulations and instructions.

Items of Annex 1 to the EC Regulations 809/2004 of April 29, 2004		References	Pages
1	**Persons responsible**	**Chapter 9**	
1.1	All persons responsible for the information given in the Registration Document	9	300; 302
1.2	Declaration by those responsible for the Registration Document	9	300
2	**Statutory Auditors**	**Chapter 9**	
2.1	Name and address	9	301
2.2	Statutory Auditors having resigned or not renewed		n.a.
3	**Selected financial information**	**Chapter 1**	
3.1	Selected historical financial information	1	4
3.2	Selected historical financial information for interim periods		n.a.
4	**Risk Factors**	**Chapter 4**	**110-115**
5	**Information about the Issuer**	**Chapters 2; 6; 7**	
5.1	History and development	2; 7	58-62; 260-262
	5.1.1 Legal and commercial name	7	260
	5.1.2 Place and number of registration	7	260
	5.1.3 Date of incorporation and length of life	7	260
	5.1.4 Domicile and legal form, legislation under which the Issuer operates	7	260
	5.1.5 Important events in the development of the Issuer's business	2	58-62
5.2	Investments	2; 6	58-62; 168; 198-200; 218-221
	5.2.1 Main investments for each financial year of the period covered by the historical financial information up to the date of the Registration Document	6	168; 198-200; 218-220
	5.2.2 Issuer's main investments that are in progress	2	58-62
	5.2.3 Issuer's main future investments		n.a.
6	**Business overview**	**Chapters 1; 4; 7**	
6.1	Main activities	1	5-51
	6.1.1 Description of main activities	1	5-46
	6.1.2 New products or services that have been introduced	1	47-51
6.2	Main markets	1	5; 11; 13; 15-17; 20; 22; 25; 28-29; 32; 34; 36; 37; 39
6.3	Exceptional factors having influenced information given pursuant to items 6.1 and 6.2		n.a.
6.4	Issuer's dependence on patents, licenses or industrial, commercial or financial contracts or new manufacturing techniques	1; 4	51; 111; 114
6.5	Basis for any statement made by the Issuer regarding its competitive position	7	260
7	**Organizational structure**	**Chapters 6; 7**	
7.1	Brief description of the Group and the Issuer's position within the Group	7	269-272
7.2	Main subsidiaries	6; 7	231-232; 256; 276-277
8	**Properties, plants and equipment**	**Chapter 6**	
8.1	Information regarding any existing or planned material tangible fixed assets	6	202
8.2	Environmental issues that may affect the Issuer's utilization of the tangible fixed assets		n.a.

Items of Annex 1 to the EC Regulations 809/2004 of April 29, 2004		References	Pages
9	**Operating and financial review**	**Chapters 1; 2; 6**	
9.1	Financial position	6	164-174
9.2	Operating results	1; 2; 6	6-8; 54-58; 206-207; 222-229
	9.2.1 Information regarding significant factors materially affecting the Issuer's income from operations	6	206-207; 222-229
	9.2.2 Reasons for material changes in net sales or revenues	2	54-58
	9.2.3 Strategy and external factors	1	6-8
10	**Capital resources**	**Chapters 1; 6**	
10.1	Information concerning the Issuer's capital resources	6	208
10.2	Explanation of the source and amounts of the Issuer's cash flows	6	168-170
10.3	Borrowing and funding structure of the Issuer	1; 6	8; 217-222
10.4	Restriction on use of capital resources	6	227-228
10.5	Information regarding the anticipated sources of funds needed to fulfil commitments referred to in items 5.2.3 and 8.1	6	217-222; 228
11	**Research and development, patents and licenses**	**Chapter 1**	**47-51**
12	**Information on trends**	**Chapter 2**	
12.1	Most significant recent trends in production, sales, inventory, costs and selling prices	2	54-62
12.2	Information on any known trends that are reasonably likely to have a material effect on the Issuer's prospects for at least the current financial year	2	62
13	**Profit forecasts or estimates**	**n.a.**	
13.1	A statement setting out the main assumptions upon which the Issuer has based its forecast, or estimate		n.a.
13.2	A report prepared by independent accountants or Auditors		n.a.
13.3	Profit forecast or estimate prepared on a basis comparable with the historical financial information		n.a.
13.4	Statement setting out whether or not that forecast is still correct as at the time of the Registration Document		n.a.
14	**Management and supervisory bodies**	**Chapter 3**	
14.1	Names, business address and functions in the Issuer, and indication of the main activities performed outside the Issuer; nature of any family relationship, details of relevant management expertise; any convictions in relation to fraudulent offences; bankruptcies, receiverships or liquidations; public incriminations, sanctions by statutory or regulatory authorities	3	77-85; 95
14.2	Conflict of interests	3	85
15	**Remuneration and benefits**	**Chapters 3; 6**	
15.1	Amount of remuneration paid and benefits in kind granted to such persons by the Issuer and its subsidiaries	3	96-99
15.2	Total amount set aside or accrued to provide pensions, retirements or similar benefits	3; 6	99; 233-234
16	**Management and supervisory body practices**	**Chapter 3**	
16.1	Date of expiration of the current term of office	3	75; 94
16.2	Information about members of the management and supervisory bodies' service contracts with the Issuer or any of its subsidiaries	3	85
16.3	Audit Committee and Remuneration Committee	3	89-93
16.4	A statement on Corporate Governance	3	74
17	**Employees**	**Chapters 1; 3; 5; 7**	
17.1	Number of employees	1; 5	4; 128; 136-137
17.2	Shareholdings and stock-options	3; 5; 7	75; 100-102; 139; 269
17.3	Description of any arrangement for involving the employees in the capital of the Issuer	5; 7	139; 269
18	**Major shareholders**	**Chapter 7**	
18.1	Name of any person who has more than 5% of interest in the Issuer's capital or voting rights	7	269-270
18.2	Whether the Issuer's major shareholders have different voting rights	7	263
18.3	State whether the Issuer is directly or indirectly owned or controlled	7	269-272
18.4	Description of any arrangement, known to the Issuer, the operation of which may at a subsequent date result in a change of control of the Issuer	7	270; 272

Items of Annex 1 to the EC Regulations 809/2004 of April 29, 2004		References	Pages
19	**Related party transactions**	**Chapter 6**	**233-234**
20	**Financial information concerning the Company's assets and liabilities, financial positions, profits and losses**	**Chapters 1; 2; 4; 6; 7; 9**	
20.1	Historical financial Information	1; 9	4; 300; 302
20.2	Pro forma financial Information	1	5
20.3	Statutory and consolidated financial statements	6	164-256
20.4	Auditing of historical annual information	2; 9	66-69; 300; 302
	20.4.1 Statement that the historical financial information has ben audited	8	300
	20.4.2 Indication of other information in the Registration Document which has been audited by the Auditors		n.a.
	20.4.3 Source and nature of the financial data stated in the Registration Document but not extracted from the Issuer's audited financial statements		n.a.
20.5	Age of latest audited financial information	2; 9	66-69; 300
20.6.	Interim and other information		n.a.
20.7	Dividend policy	7	275
	20.7.1 Dividend per share	1; 2; 6; 7	4; 8; 54; 167; 275
20.8	Legal and arbitration proceedings	4; 6	113; 215
20.9	Significant change in the Issuer's financial or trading position	2; 6	64; 235; 255
21	**Additional information**	**Chapters 3; 7**	
21.1	Share capital	7	264-267
	21.1.1 Amount of issued capital, number of shares, par value per share, reconciliation of the number of shares outstanding at the beginning and end of the year	7	264
	21.1.2 Shares not representing capital		n.a.
	21.1.3 Shares owned by the Issuer itself	7	267-268
	21.1.4 Convertible securities, exchangeable securities or securities with warrants	7	265-267
	21.1.5 Information about and terms of any acquisition rights and or obligation over authorized but non issued capital or an undertaking to increase the capital	7	265-267
	21.1.6 Information about any capital of any member of the Group which is under option or agreed conditionally or unconditionally to be put under option		n.a.
	21.1.7 History of share capital	7	264
21.2	Memorandum and Articles of Association	7	260-263
	21.2.1 The Issuer's scope of business	7	262
	21.2.2 Members of the management and supervisory bodies	3	75-84; 95
	21.2.3 Description of rights, preferences and restrictions attaching to the existing shares	7	262-263
	21.2.4 Changes of the rights of holders of the shares	7	262
	21.2.5 Description of the conditions governing the manner in which Annual General Meeting of Shareholders are called including the conditions of admission	7	262
	21.2.6 Change in control of the Issuer		n.a.
	21.2.7 An indication of the Articles of Association provisions, if any, governing the ownership threshold above which shareholder ownership must be disclosed	7	263; 270
	21.2.8 Changes in the capital	7	272
22	**Material contracts**	**Chapter 4**	**114**
23	**Third party information and statement by experts and declaration of any interest**	**n.a.**	
23.1	Where a statement or report attributed to a person as an expert is included in the Registration Document, provide such person's name, business address, qualifications and material interest if any in the Issuer		n.a.
23.2	Confirmation that this information has been accurately reproduced		n.a.
24	**Documents on display**	**Chapter 7**	**263; 275**
25	**Information on holdings**	**Chapter 6**	**231-232; 256**

10.2 TABLE OF RECONCILIATION WITH THE ANNUAL FINANCIAL REPORT

This Registration Document includes all information of the Annual Financial Report provided for in I of article L. 451-1-2 of the French Monetary and Financial Code and in article 222-3 of the general regulations of the Autorité des marchés financiers.

The table below sets out the references to the extracts from the Registration Document that correspond to the various items comprising the Annual Financial Report.

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