2014 REGISTRATION DOCUMENT

ANNUAL FINANCIAL REPORT

IMERYS
TRANSFORM TO PERFORM

SUMMARY

IMERYS

TRANSFORM TO PERFORM

2014 Registration Document

including the Annual Financial Report

IMERYS

French Limited Liability Company (Société Anonyme)
with a share capital of €159,854,546

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AUTORITÉ DES MARCHÉS FINANCIERS
AMF

The original document was filed with the AMF (French Securities Regulator) on March 19, 2015, in accordance with article 212-13 of the general regulations of the AMF. As such, it may be used to support a financial 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

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1.1 MAIN KEY FIGURES

(€ millions)	2014	2013	2012[2]	2011	2010[1]
Consolidated results					
Sales	3,688.2	3,697.6	3,884.8	3,674.8	3,346.7
Change at comparable Group structure and exchange rates	*+ 3.2%*	*- 1.3%*	*- 2.1%*	*+ 8.1%*	*+ 15.0%*
Current operating income	494.6	477.0	488.1	487.0	421.5
Change at comparable Group structure and exchange rates	*+ 2.5%*	*- 1.2%*	*- 7.8%*	*+ 13.7%*	*+ 69.5%*
Net income from current operations, Group's share	316.3	304.2	300.7	303.1	242.0
Net income, Group's share	271.6	242.0	291.3	282.0	243.7
Average weighted number of outstanding shares during the year *(thousands)*	76,135	75,551	75,166	75,273	75,400
Net income from current operations per share *(€)*	4.15	4.03	4.00	4.03	3.21
Dividend per share *(€)*	1.65[6]	1.60	1.55	1.50	1.20
Consolidated balance sheet					
Shareholders' equity	2,470.5	2,271.7	2,261.0	2,210.9	2,131.8
Gross financial debt	1,553.7	1,307.1	1,173.9	1,449.0	1,226.2
Cash	683.8	421.7	299.1	417.9	353.4
Net financial debt	869.9	885.4	874.8	1,031.1	872.8
Financing					
EBITDA	673.8	650.4	662.5	686.0	621.0
Capital expenditure[3]	241.5	253.1	257.1	227.4	154.9
Acquisitions[4]	72.3	202.1	49.1	246.9	68.5
Financial resources	2,830.9	2,458.1	2,788.4	2,759.2	2,231.7
Average maturity of financial resources as of December 31 *(years)*	5.2	3.9	2.9	3.8	3.8
Net financial debt/EBITDA	1.3	1.4	1.3	1.5	1.4
Net financial debt/shareholders' equity *(%)*	35.2%	39.0%	38.7%	46.6%	40.9%
ROCE[5]	13.1%	13.0%	13.0%	14.0%	13.1%
Market capitalization as of December 31	**4,629**	**4,819**	**3,632**	**2,674**	**3,765**
Employees as of December 31	**14,900**	**15,805**	**16,026**	**16,187**	**15,090**

(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 30, 2015.

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 transforms minerals into specialty products for the industry using sophisticated technical processes. These specialties add essential features to its customers' products or manufacturing processes. The Group's strengths ensure 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:

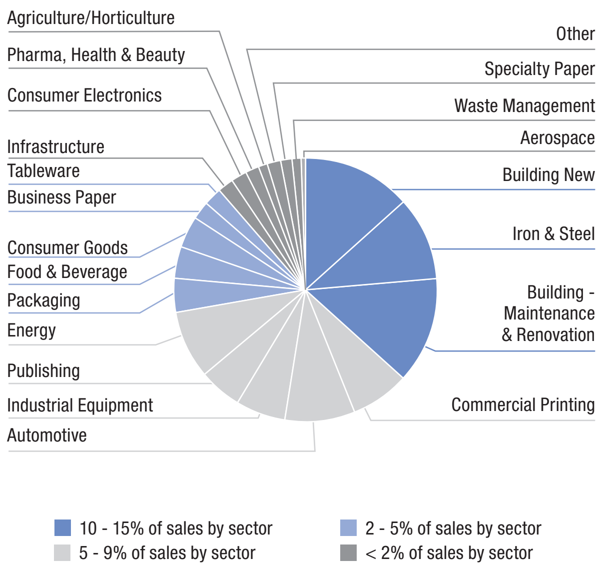
- **mineral components:** Imerys' products are an essential constituent in the formulation of the customer's product (e.g. clay, kaolin and feldspar are majority components in ceramic sanitaryware);
- **functional additives:** Imerys' specialties are ingredients added to the mineral formulation of customers' products to improve their properties (e.g. kaolin, mica, talc and feldspar bring 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 non conventional 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 switch represents more than 15% of the Group's sales, as illustrated.

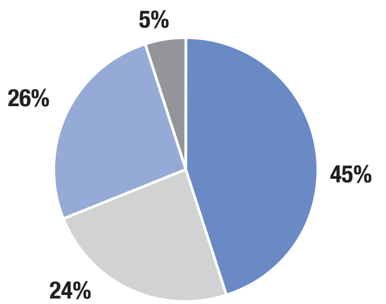


Source: Imerys estimates based on 2014 revenue.

GLOBAL PRESENCE

Active in almost 50 countries with 234 industrial sites, Imerys achieves more than one quarter of its revenue in emerging countries, with Western Europe now representing less than half of its geographic exposure.

2014 Group's consolidated revenue 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, Norway, Poland, Portugal, Romania, Russia, Slovenia, Spain, Sweden, Switzerland, Ukraine, the United Kingdom;
- **Africa:** Algeria, Egypt, South Africa, 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	114
North and South America	68
Asia-Pacific and Africa	52

1.2.3 STRATEGY

Imerys intends to develop through a combination of organic growth, out of innovation, geographical expansion and of external growth operations. These developments come under a framework of strict financial discipline that creates long-term value and entry into new markets.

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 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.

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 2014 as more than 75 new products were launched. All in all new products brought €449 million in revenue, i.e. 12% of Imerys group revenue.

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: in Brazil, South East Asia and South Africa, where imerys has already achieved a very significant foothold.

In each of these areas, a geographic manager is tasked with coordinating business groups' development initiatives and speeding up the Group's growth.

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.

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. The Group will continue to increase the resources allocated to these markets through innovation and possibly acquisitions.

TARGETED CAPITAL EXPENDITURE POLICY

In 2014, the Group kept up a high level of capital expenditure with the continuation of the projects launched in the previous year.

- a third plant of monolithic refractories in India;
- doubling of carbon black production capacity for lithium-ion batteries in Belgium;
- capacity increases in pure diatomite for the pharmaceutical industry in the United States;
- capacity increases of high aspect ratio talc for the automotive sector in the United States;
- blending platform for Ceramic Materials in Brazil;
- ultra fine production line for abrasives in Austria.

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

SELECTIVE ACQUISITION POLICY

Over the past 15 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.

On February 26, 2015, Imerys closed the acquisition of S&B's activities. A global player and European leader in bentonite (binders for foundry, sealing solutions, additives for drilling and for consumer products), S&B is the world leader in continuous casting fluxes for the steel industry as well as in wollastonite (functional additives for polymers and paints). S&B also provides perlite-based solutions used in building materials and horticulture. This acquisition, which represents the biggest operation in 15 years, is a major step in Imerys development strategy. S&B is consolidated in the Filtration & Performance Additives business group as of March 1, 2015.

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

SOUND 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 2014 ROCE was 13.1% (before tax) while the average cost of capital employed (after-tax rate) was estimated at 8.0%.

Net financial debt totaled €869.9 million as of December 31, 2014, a €15.5 million decrease from December 31, 2013. It notably includes the payment of €125.3 million in dividends, the final payment of part of the additional contractual price for PyraMax Ceramics LLC, the divestment of four Carbonates units and the termination fees received from AMCOL.

On December 3, 2014, Imerys completed the placement of a €500 million bond maturing in December 2024 with an annual coupon of 2.0%, and of a €100 million tap on its November 2020 bond. The offers were oversubscribed 2.5 times. Benefiting from highly favorable market conditions, these additional resources enabled the Group to anticipate the financing of the acquisition of S&B's main activities and meet its general financing needs.

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

Consequently, as of December 31, 2014, and before settlement of the acquisition of S&B, Imerys' total financial resources amount to €2.8 billion. After deduction of gross financial debt, available non-cash resources total €1.3 billion with an average maturity of 5.2 years.

Imerys' unsecured senior debt is rated Baa-2 by Moody's with a stable outlook, while the short-term outlook is P-2, also with a stable outlook.

Including S&B's net financial debt, which totaled €225 million as of December 31, 2014, Imerys maintains a sound financial structure with gearing below 60%.

At the Shareholders' General Meeting of April 30, 2015, the Board of Directors will propose payment of a dividend of €1.65 per share, corresponding to a + 3.1% increase compared with the dividend distributed in 2014, i.e. a total payout of €125.2 million(1) representing 39.6% of the Group's share of net income from current operations. This proposal is in line with Imerys' historical payout ratio. The dividend should be paid out from May 12, 2015.

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.*

The Group's four business groups are described below:

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.

The composition of Imerys' business groups was changed in 2014 as a result of the strategic combination with S&B announced in November. The Kaolin activity was integrated into the Ceramic Materials business group and S&B's activities will be integrated into the Filtration & Performance Additives business group. All 2014 financial data will therefore be presented under the new organization. Historical financial data for the past two financial years has also been restated.

Energy Solutions & Specialties business group €1,278.6 million, i.e. 35% of 2014 consolidated revenue (section 1.3) **Managed by Olivier Hautin**	Carbonates Monolithic Refractories Graphite & Carbon Oilfield Solutions
Filtration & Performance Additives business group €658 million, i.e. 18% of 2014 consolidated revenue (section 1.4) **Managed by Dan Moncino**	Filtration & Performance Additives
Ceramic Materials business group €1,156.9 million, i.e. 31% of 2014 consolidated revenue (section 1.5) **Managed by Frédéric Beucher**	Clay Roof Tiles Minerals for Ceramics Kaolin
High Resistance Minerals business group €641.7 million, i.e. 16% of 2014 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) Based on the total number of Imerys shares as of December 31, 2014, excluding shares to be issued to the Kyriacopoulos family in the context of the combination with S&B.

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1.3 ENERGY SOLUTIONS & SPECIALTIES

The **Energy Solutions & Specialties** business group is 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 served by **Monolithic Refractories, Graphite & Carbon** applications linked to mobile energy, and oil and gas exploration served by the **Oilfield Solutions** activity.

Each activity is detailed in the following pages.

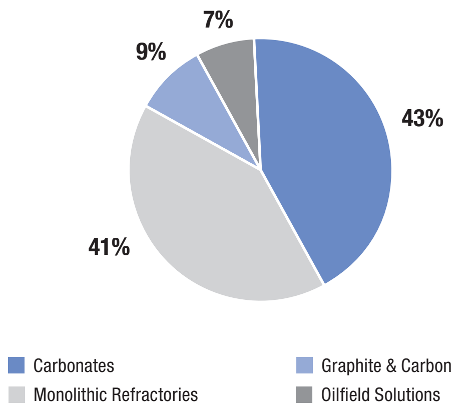
2014 KEY FACTS

In 2014, the perimeter of the Energy Solutions & Specialties business group evolved with the divestment of four calcium carbonate production units serving the paper market and two bolt on acquisitions in the Monolithic Refractories and Carbonates businesses, Termorak, a Finnish company specializing in the design, trading and installation of refractory materials and Kinta Powdertec Sdn Bhd, a Malaysian producer of ground calcium carbonate for the plastic, polymer and coating industries. Their swift integration has already generated commercial synergies.

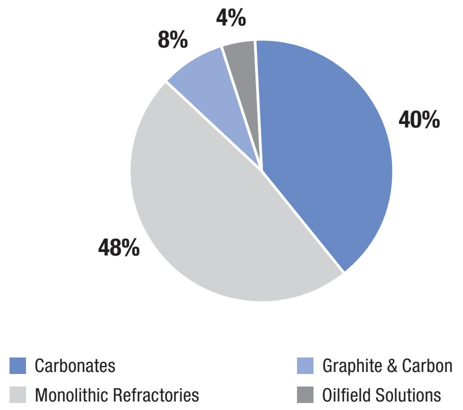
Energy Solutions & Specialties revenue for the year ending December 31, 2014 amounted to €1,279 million, representing 35% of Imerys' consolidated revenue.

The business group includes 76 industrial sites in 28 countries.

2014 revenue: €1,279 million



4,958 employees as of December 31, 2014



(€ millions)	**2014**	**2013**	**2012**
Revenue	1,278.6	1,248.2	1,287.9
Current operating income	149.5	128.1	143.2
Current operating margin	11.7%	10.3%	11.1%
Booked capital expenditure	84.5	89.5	98.3

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 well stimulation Oilfield drilling fluids Oilfiled waste streams treatment and filtration Oilfield cementing	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.

In January 2014, the Group divested four calcium carbonate for paper plants in Europe and the United States and, in the third quarter of 2014, a production unit in Tunisia. In addition, in July 2014 it acquired Kinta Powdertec Sdn Bhd, a ground calcium carbonate producer supplying the plastics, polymers, and coatings industries in Malaysia.

The lime production facility completed in 2013 in Brazil (Doresópolis, Minas Geiras) started serving the Brazilian industries in the steel, paper, chemicals, environment, agriculture and construction sectors.

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. 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 China, Europe, North and South America and South East Asia;
- **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 Europe, North and South America, and South East Asia. The Imerys PPC 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 global raw material costs.

There are multiple applications:

- **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;

- **Paper:** calcium carbonates are added either as fillers at the beginning of the paper and board-making process, just prior to the formation of the paper web, or as coating products, combined with different pigments, binders and chemical additives. As process enablers, carbonates are increasingly popular processing aids in the wood-pulp, paper and board industries.
- **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*.

INDUSTRIAL FACILITIES AND QUALITY

Industrial facilities

Carbonates has 45 industrial facilities in 18 countries.

	Europe & Middle-East	Americas	Asia-Pacific
GCC	9	10	14
PCC	1	8	2
Lime	-	1	-

Quality

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

MAIN COMPETITORS

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

1.3.3 MONOLITHIC REFRACTORIES

Under the brandname **Calderys**, Imerys' **Monolithic Refractories** activity 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.

Following Indoporlen (Indonesia) in June 2013 and Tokai (Japan) in July 2013, the Group acquired in February 2014 the Finnish company Termorak, which strengthened its offering in refractory design and installation for the petrochemical and thermal industries. This acquisition strengthens Imerys' market position in Finland, Russia and the Baltic countries. In 2014 Calderys has delivered major projects, including a coal gasification facility in China and a cement plant for one of the largest conglomerate in India.

Calderys' growth is fuelled by three key elements:

- regional expansion: in emerging economies, sales represented around 50% of Calderys' activity in 2014, benefiting from the good contribution of the Indonesian activity acquired in 2013. In Europe, and Finland in particular, the acquisition of Termorak brought an existing customer base, as well as expansion opportunities into Petrochem and Pulp & Paper;
- downstream positioning along the value chain with the expansion from the formulation of refractory products to a complete solution provider;
- innovation, which is key to adapting to local practices and new market requirements. Calderys thus constantly upgrades and adapts its solutions.

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 offers a complete service: from the design of the solution to installation and maintenance.

Calderys' innovation efforts are more particularly focused on value-engineering of its solutions, installation user friendliness and environmental impact reduction. In 2014, Calderys dedicated important resources to integrate recycled materials in the supply chain, upgrade formulas to deliver more efficient products to emerging markets and anticipate environmental regulations.

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

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: 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.

INDUSTRIAL FACILITIES AND QUALITY

Industrial facilities

Monolithic Refractories has 22 industrial sites in 17 countries.

Europe	Asia-Pacific & Africa
11	11

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. 16 Calderys facilities are ISO 9001 certified.

MAIN COMPETITORS

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

1.3.4 GRAPHITE & CARBON

Imerys **Graphite & Carbon** (previously Timcal) is the world leader in high performance solutions based on specialized graphite and carbons. With processing plants in North America, Europe and Asia, the Graphite & Carbon activity provides its global customers with a full range of carbon powder-based solutions and related services.

Imerys Graphite & Carbon 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. Cutting-edge technology in high temperature processes (synthesis, crystallization) allows for close control of physical properties such as purity, crystalline structure, particle size and shape, specific surface, leading to the possibility to provide tailor-made products according to customer requirements and the needs of their applications.

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

PRODUCTS

Imerys Graphite & Carbon's main product families are:

- **synthetic graphite**, produced in Switzerland through a complex process of baking carbon precursors at very high temperatures;
- **conductive carbon black**, produced in Belgium and 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 dispersion 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

Imerys 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, Imerys Graphite & Carbon is the world leader due to the variety of its functional additives ranging from graphite and carbon black powders to conductor coatings for battery cans. Graphite is used in alkaline batteries, Zn-C batteries, lithium-ion rechargeable batteries (mobile electronic devices, electric or hybrid electric vehicles, etc.), fuel cells (systems for converting chemical energy into electricity through a continuous fuel supply), super-capacitors and can coatings;
- **Engineering materials:** due to the unique position of having both synthetic and natural graphite, Imerys Graphite & Carbon 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, Imerys Graphite & Carbon addresses the niche market of conductive polymers with applications in plastics, resins and conductive coatings;
- **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 Imerys Graphite & Carbon activity, in particular for bricks, monolithics, carbon raisers and hot metal topping.

INDUSTRIAL FACILITIES AND QUALITY

Industrial facilities

The Graphite & Carbon activity has 7 industrial facilities in 6 countries.

Europe	North America	Asia-Pacific
2	3	2

Quality

6 sites are ISO 9001 certified.

MAIN COMPETITORS

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

1.3.5 OILFIELD SOLUTIONS

Since 2010, following an internal innovation program which resulted in the filing of several industrial patents, Imerys has been developing its proppants and mineral drilling additives sales in **Oilfield Solutions**. Further to the commissioning in 2012 of its first ceramic proppant production line in Andersonville (Georgia, USA), Imerys has significantly enhanced its development in this sector to serve the North American market of non-conventional oil and gas extraction, with the purchase of PyraMax Ceramics LLC, an industrial complex, for manufacturing ceramic proppants. Based in Wrens (Georgia, USA), this industrial complex has two production lines that have been gradually ramped up in the course of 2014.

PRODUCTS

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

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 open the fractures generated through hydraulic fracking;

- **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 wate streams treatment and effluents fluid filtration,
  - perlites, diatomites and metakaolins can also be used as additives in cementing applications;
- **Propynite™:** a high-performance rod-shaped 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 to 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 ultimately a better well profitability by maximizing oil recovery from the oil-containing formations;
- **Mineral solutions used in drilling & completion and waste treatment:** the activity also sells specialty products used in well drilling fluids, well cementing, and waste treatment processes.

INDUSTRIAL FACILITIES AND QUALITY

Industrial facilities

The Oilfield Solutions activity has 2 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.

MAIN COMPETITORS

Carbo Ceramics (United States).

1.4 FILTRATION & PERFORMANCE ADDITIVES

The **Filtration & Performance Additives** business group is a supplier to a great number of industries (agri-food, plastics, paint, rubber, catalysts, paper, pharma, personal care & beauty, etc.). Its activity is driven by trends in consumer goods (beverages, food, packaging, etc.), capital goods (particularly automotive) and construction (new buildings and renovation).

Based on the transformation of a large range of extensive, high-quality mineral reserves (talc, mica, diatomite, perlite, vermiculite), 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.).

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.

2014 KEY FACTS

Innovation is a key growth driver for the Filtration & Performance Additives business group. Around 40 new products were launched across a variety of end use segments, including filtration, paints and coatings, polymers, rubbers, agriculture, water treatment and specialties.

The Kaolin activity was integrated in the Ceramic Materials business group in 2014 *(see chapter 1, section 1.5 of the Registration Document)*.

Filtration & Performance Additives' revenue for the year ending December 31, 2014 totaled €658 million, which represents 18% of Imerys' consolidated revenue.

The business group has 45 industrial sites in 16 countries.

2014 revenue: €658 million

2,518 employees as of December 31, 2014

(€ millions)	**2014**	**2013**	**2012**
Revenue	658.0	634.8	634.8
Current operating income	113.4	100.8	90.3
Current operating margin	17.2%	15.9%	14.2%
Booked capital expenditure	42.9	27.7	30.0

For more information, *see chapter 2, section 21.3 of the Registration Document.*

1.4.1 BUSINESS GROUP OVERVIEW

Business	Markets	Market positions[1]	Main applications	Products
FILTRATION & PERFORMANCE ADDITIVES				
PERFORMANCE ADDITIVES	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	

(1) Imerys estimates.

1.4.2 FILTRATION & PERFORMANCE ADDITIVES

The **Filtration & Performance Additives** business group serves the agri-food industry and a large number of intermediate industries, including plastics, paint, rubber, catalysts, paper, pharma, personal care & beauty. Thanks to a broad portfolio of raw materials providing a comprehensive range of properties, the **Performance Additives** branch addresses fast growing niche markets in which additional performance is key. The **Minerals for Filtration** branch is the world's leading supplier of diatomite and expanded perlite-based products for filtration. It also integrates vermiculite production, which ore deposit is located in Zimbabwe.

The Filtration & Performance Additives activity growth is based on three levers:

- enhancing product offering and developing new applications by leveraging on innovation;
- growth in emerging markets, with targeted development in Brazil, Eastern Europe, the Middle East, Africa and Asia (India);
- continuous improvement of operational efficiency.

The Filtration & Performance Additives activity is constantly developing its range of high-quality minerals. The activity relies on its R&D network composed of three R&D centers located in France, the United States and the United Kingdom, and two regional laboratories, based in Brazil and Japan.

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

PRODUCTS

Performance Additives

The Performance Additives activity derives its products mostly from mica and talc. Chemical composition, particle shape and size do vary a lot, imparting exceptional properties in the end use such as outstanding whiteness, high mechanical strength and rheology control. Based on in-depth knowledge of the industrial minerals' properties, production processes are adapted to the requirements of specific applications in order to satisfy customers' needs.

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

Minerals for Filtration

The main minerals transformed by the Minerals for Filtration activity are diatomite, perlite and vermiculite. Calcium silicate-based and magnesium silicate-based products for specialty applications are also supplied.

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, *see chapter 1, section 1.7 of the Registration Document*.

APPLICATIONS

Given the often complementary properties of minerals from both activities, constant collaboration and resource-sharing across the business group, the Filtration & Performance Additives business group is well placed to serve its customer base with a wide product portfolio and deliver unique solution 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 Additives

Performance Additives are produced and marketed worldwide. They are used as functional additives added to intermediary or finished products to deliver higher functionality.

Applications include:

- **Paints & coatings:** an extensive range of mica and talc are used as additives to improve paint and film quality, opacity, matting, anti-cracking and anti-corrosive properties;
- **Plastics, films & packaging:** increasingly sophisticated applications imply higher requirements on functional fillers and the specific properties they impart. Used as mineral additives, polymers reinforced with talc and mica are increasingly used in automotive parts to help reduce the weight of vehicles; talc improves stiffness and the dimensional stability of thermoplastic automotive parts and plastics for consumer goods (household appliances, flexible and rigid packaging, etc.);

- **Rubber:** talc is used in many rubber applications (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. Imerys' range of white minerals delivers good processability, permeability, chemical resistance and barrier properties, in addition to good whiteness and mechanical properties;
- **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 absorption of organic impurities (pitch control) in pulp and paper in order to bring quality and whiteness, notably for recycled paper. Talc can substitute various organic chemicals as an environmentally friendly alternative solution in paper processing operations;
- **Ceramics:** talc is used in cordierite honeycomb bodies, 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;
- **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 applications, diatomite is used as a functional additive or a process enabler 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 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.

INDUSTRIAL FACILITIES AND QUALITY

Industrial facilities

Filtration & Performance Additives has 45 industrial sites in 16 countries.

	Europe	Americas	Asia-Pacific & Africa
Talc	6	7	2
Mica	-	2	-
Diatomite	2	6	2
Perlite	4	13	-
Vermiculite	-	-	1

Quality

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

MAIN COMPETITORS

- **Performance Additives:** 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.

1

1.5 CERAMIC MATERIALS

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

- Clay Roof Tiles;
- Minerals for Ceramics;
- Kaolin.

With high-quality deposits and an efficient production process, the **Clay Roof Tiles activity (Imerys TC)** is France's largest producer of clay roof tiles and roof accessories, including solar roof tiles.

The **Minerals for Ceramics** activity produces and markets high-performance mineral solutions mainly for the ceramic industries (tableware, sanitaryware, tiles, technical ceramics), but also for fiberglass and other applications. Minerals solutions include a large range of minerals such as kaolin, ball clays or feldspars but also ready to use ceramic bodies including steatite or cordierite, and high purity quartz for solar or electronics. Under the Imerys Kiln Furniture brand the same range of industries benefit from a full range of cordierite or silicon carbide based kiln furnitures.

The **Kaolin** activity manufactures a full range of kaolins for paper and packaging, paints, plastics or polymers, and ceramic industries.

2014 KEY FACTS

In 2014, the Clay Roof Tiles acticity (Imerys TC) has proven again its commercial dynamism despite continued decline of the French roofing market. Indeed, thanks to an active new product policy, Imerys TC was particularly successful in the Northern part of France as well as in export countries such as the United Kingdom.

In addition to a diversification towards growing ceramic markets, a successful innovation strategy contributed to the good results of the activity. In Brazil, a new blending platform addressing mainly the local sanitaryware and floor tiles markets with new solutions was unveiled in November. In Asia, Imerys Ceramics Thailand developped "Ceraflux", fluxing solutions using combinations of high quality feldspars with other auxiliary fluxing minerals to reduce the need for frits; hence reducing the overall cost to the manufacturer. The activity's position in the fiberglass market was strengthened with the expansion of its grinding and milling plant based in Antwerp (Belgium) offering higher stability kaolin power grades. Imerys Kiln Furniture has been merged into Minerals for Ceramics to further improve the efficicency of these two activities operating in the same markets.

Kaolin, encompassing the three kaolin production platforms in Brazil, the United Kingdom and United States, has been integrated within the Ceramic Materials business group to take the best advantage of markets with different dynamics.

The integration of Goonvean's kaolin activities, following its acquisition in 2013, was successfully completed in 2014. These activities aim at reinforcing the Group's access to high-quality reserves for performance and ceramics applications.

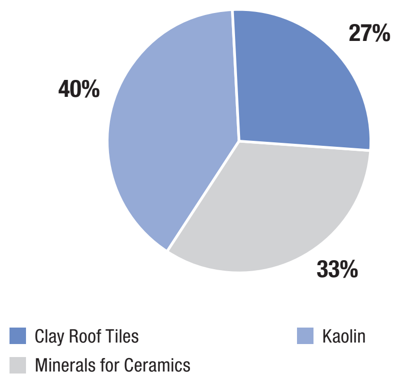
A new operational entity, Imerys Primary Raw Materials Sourcing, was created to optimize cost efficiency, service quality and asset sustainability of Imerys US based assets in kaolin, bauxitic clay and bauxite mines.

Imerys completed the shut down of its Natural Slates activity (Ardoisières d'Angers) announced in 2013. Employment Protection Scheme was signed by all stakeholders on March 28, 2014.

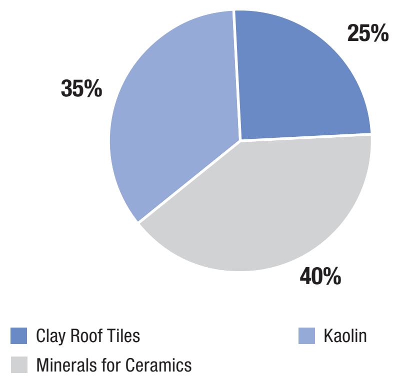
In its new organisation, the Ceramic Materials business group revenue for 2014 totaled €1,157 million, representing 31% of the Group's consolidated revenue.

The business group has 84 industrial sites in 21 countries.

2014 revenue: €1,157 million



4,269 employees as of December 31, 2014



(€ millions)	**2014**	**2013**	**2012**
Revenue	1,156.9	1,204.4	1,270.6
Current operating income	211.0	219.7	209.6
Current operating margin	18.2%	18.2%	16,5%
Booked capital expenditure	69.5	65.0	78.8

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
CLAY ROOF TILES				
	New housing Roofing renovation	**French #1** for clay roof tiles	Roofing	**Roof tiles and accessories** (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 **World #1** in kiln furniture for roof 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 Roof tiles Thermal applications Kiln construction	Chamottes Ball clay Talc Feldspar Ground silica Halloysite Kaolin Pegmatite Prepared bodies & glazes Quartz Mica Kiln furniture & component
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.

1.5.2 CLAY ROOF TILES

The **Clay Roof Tiles** activity (Imerys TC) provides the French construction market with clay roof tiles and accessories. 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. 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.

RAW MATERIAL

Imerys red clay reserves are a source of high-quality minerals located in France, near its clay tiles 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.

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

APPLICATIONS

Imerys TC specializes in the design, production and sale of clay roof tiles and accessories to cover roofs of single-family housing, multi family houses as well as collective multi storeys buildings. The benefits of natural clay products were confirmed by the findings of the Grenelle de l'Environnement[(1)] on housing. Photovoltaic tiles contribute directly to RT 2012[(2)] regulation (heating), in particular the Evolu'Kit offering (self-sufficient photovoltaic tile kit which enables to save up to 12 kWh/m^2/year of primary energy while benefiting from anti-leakage and sustainability guarantees).

The umbrella brand Imerys Toiture™ covers the entire product range with 70 models of clay roof tiles in more than 100 colors, meeting local traditions and specificities. Imerys Toiture™ has also developed roofing accessories. With thermal and photovoltaic tiles, Imerys Toiture™ has a comprehensive roof offering that is sound, visually appealing and energy-efficient.

INDUSTRIAL FACILITIES AND QUALITY

Industrial facilities

Given the essentially local nature of its markets, Imerys TC industrial and commercial network ensures that it has optimum coverage of the French market. The activity has 12 manufacturing sites.

Quality

The quality process has been a core concern of the Clay Roof Tiles activity for several years. All clay roof tiles are ISO 9001 certified and all manufactured products comply with the relevant standard (NF) for their category. Imerys TC was the first manufacturer to certify a range of tiles under the stringent "NF Montagne" (NF Mountain) frost resistance standard, as well as to obtain the "Origine France Garantie" certification on all of its models.

MAIN COMPETITORS

Terreal, Braas Monier and Wienerberger.

1.5.3 MINERALS FOR CERAMICS

Minerals for Ceramics is composed of **Imerys Ceramics** and **Imerys Kiln Furniture** activities, with the integration of the latter in the Imerys Ceramics organization in 2014.

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 engineering ceramics applications, the glass industry and fiberglass. 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.

(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 prodution and lighting.

Imerys Kiln Furniture develops, produces and markets products designed for the roof tile and ceramic industries:

- individual firing supports: shaped parts designed to support the end product during firing;
- multi parts construction components for industrial kilns: refractory protections for kiln car walls and structures for the ceramic production.

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 (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 and glaze formulations.

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

Through its brand "Imerys Kiln Furniture", the product range includes all types of tailor-made ceramic pieces in cordierite, high alumina porcelain, mullite and silicium carbide. Thanks to its expertise in manufacturing processes, design offices in Hungary and Spain, and cutting-edge knowledge of the various Ceramic Materials, the activity has recently developed the technical ceramic segments Imerys Kiln Furniture's 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.

APPLICATIONS

Imerys Ceramics

The Imerys Ceramics activity provides premium quality minerals and ceramic bodies for many industries.

- **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;
  - **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;
  - **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.
- **Engineering ceramics**
  - **Electrical porcelain insulators:** 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;
  - **Emissions control:** With high-quality kaolin and talc deposits on several continents, Imerys Ceramics sells a unique range of high-quality minerals to the global ceramic catalyst support and diesel particle filter 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;
  - **Technical ceramics:** Imerys Ceramics provides a comprehensive range of aluminous bodies, steatite and cordierite designed for the demanding needs of technical ceramics manufacturers.
- **Other markets**
  - **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;
  - **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;
  - **Glass and related markets:** Imerys Ceramics products are made of feldspar for flat and container glass, as well as for insulation wool;
  - **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;
  - **Thermal power plant boiler additives:** Imerys Ceramics offers a combustion enhancing solution for increased heat and power boiler efficiency, marketed under the Aurora™ brand.

(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.

Imerys Kiln Furniture

- **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 extra large pieces for example);
- **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 strengthened and lightweight innovative materials (ZSAII™ and Greenlite™) have been adopted by the majority of European tile producers;
- **Technical ceramics:** Extruded, cast or pressed parts for various markets: environment, petro chemical, grinding media, etc.

INDUSTRIAL FACILITIES AND QUALITY

Industrial facilities

Imerys Ceramics

Imerys Ceramics has 48 industrial facilities in 19 countries:

	Europe	MENA[(1)]	Americas	Asia-Pacific
Kaolin	4	-	3	1
Clays	9	-	2	1
Ceramic bodies	7	-	1	-
Feldspar & feldspathic sands	5	1	-	2
Mica	2	-	-	-
Quartz	3	-	-	-
Milling & blending plants	5	1	-	1

(1) Middle East and North Africa.

Imerys Kiln Furniture

The Kiln Furniture activity has 3 industrial facilities in 3 countries.

Europe	Asia-Pacific
2	1

Quality

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

MAIN COMPETITORS

Imerys Ceramics

Sibelco (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.

Imerys Kiln Furniture

HK Ceram (Hungary); Refratechnik (Germany & Hungary); Saint-Gobain (Germany); Icra (Italy); Beijing Trend (China); SNTC (Thailand).

1.5.4 KAOLIN

The **Kaolin** activity extracts minerals from its extensive high quality reserves located in Brazil (Para), United States (Middle Georgia) and the United Kingdom (Cornwall). It manufactures kaolin products and innovative solutions for construction (paints, plastics and polymers), rubber, sealants, adhesives, ceramics, as well as the paper and packaging industries.

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.

PRODUCTS

The Kaolin activity offers a broad range of hydrous and calcined kaolin for cellulose fiber-based materials and performance and ceramics applications. The extracted 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 reserves in Americas and Europe. Each site (Capim, Middle Georgia, Cornwall) 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

Kaolin is 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 applications such as plastics, rubbers, adhesives and sealants, paints and coatings, paper and board production.

- **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, deliver consistent savings and 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);
- **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 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*.

INDUSTRIAL FACILITIES AND QUALITY

Industrial facilities

The Kaolin activity has 21 industrial facilities in 2 geographical areas.

Europe	Americas
17	4

Quality

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

MAIN COMPETITORS

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

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 Austria based Center for Abrasives and Refractories Research and Development (CARRD) to provide 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*.

2014 KEY FACTS

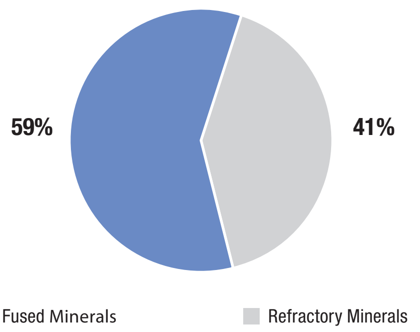
In 2014, the Refractory Minerals activity carried out the acquisition and integration of its exclusive agent for all European countries, Europe Commerce Refractories, located in Luxemburg. This will allow the activity to be closer to its customers' base and improve its service and support.

As for the Fused Minerals activity, the fused alumina plant in Bahrain recorded its first sales during the third quarter. Qualification of products from the fused alumina plant in Bahrain is progressing to schedule and the unit will ramp up in 2015.

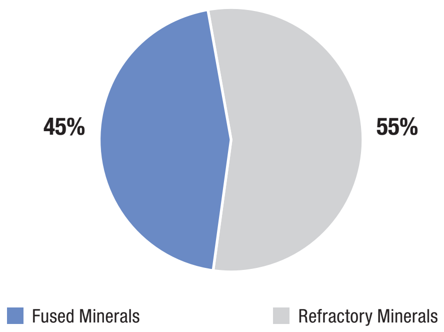
The High Resistance Minerals business group revenue for 2014 totaled €642 million, representing 16% of the Group's consolidated revenue.

The business group has 29 industrial sites in 14 countries.

2014 revenue: €642 million



2,841 employees as of December 31, 2014



(€ millions)	2014	2013	2012
Revenue	641.7	653.8	743.8
Current operating income	72.8	70.1	95.3
Current operating margin	11.3%	10.7%	12.8%
Booked capital expenditure	41.0	61.1	49.6

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	Andalusite Ball clay Bentonite Chamottes Fused aluminas Fused silica Metakaolin
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 Heating elements & friction Ceramics Foundry	Fused aluminum oxides Fused magnesium oxides Fused mullites Fused spinels Fused zirconia Silicon carbide Zirconia chemicals Zircon flour

(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, Imerys 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 demand for constant performance enhancement.

PRODUCTS

The products made by Refractory Minerals are used for their mechanical, chemical, distortion and corrosion resistance, as well as 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 in Georgia (United States);
- **Chamottes** mined and processed in Georgia (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 several other products from other Imerys activities or purchased from third parties used in high-temperature applications and processes. These include calcium carbonate, diatomite, perlite, graphite, mica, bentonite, ball clays, fused alumina, fused zirconia and refractory bauxite.

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;
- **foundry and 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.

INDUSTRIAL FACILITIES AND QUALITY

Industrial facilities

The Refractory Minerals business has 16 industrial facilities in 6 countries.

	Europe	Americas	Asia-Pacific & Africa
Fused silica	-	1	-
Refractory materials sizing (bauxite & fused alumina)	-	1	-
Andalusite	1	-	4
Bentonite	-	-	2
Refractory clays & Chamottes	3	-	2
Sintered Mullite	-	1	-
Molochite™	1	-	-

Quality

14 plants are ISO 9001 certified.

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.

1.6.3 FUSED MINERALS

The Fused Minerals activity comprises the manufacturing of fused alumina and fused zirconia. With a strong industrial footprint (China, Europe and Americas) producing a wide range of high-performance products, 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, color, etc.

The know-how and capabilities within the business group Research & Development centre, CARRD, allow for the formulation of new mineral solutions and innovations such as shaped abrasive with increased grinding performance.

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

2014 KEY FACTS

Imerys has expanded its geographic footprint with the opening of a fused alumina plant in the Kingdom of Bahrain. This joint venture with Al Zayani Investments Group commenced operations in July with production capacity rapidly ramping up. The location of this greenfield project was chosen for the availability of low cost electricity, its proximity to the Asian markets and to raw material sources. Fitted with state-of-the-art technologies, the plant is producing high quality fused alumina that is used in a wide range of industrial applications such as abrasives, refractories, laminates, sand blasting and thermal linings. As part of the Group's strategy to accelerate its expansion into new markets, this represents Imerys' first industrial investment in the Middle East region.

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 for the ceramic and foundry 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 (such as grinding and cutting wheels, honing stones, etc.) or coated abrasives (such as sand paper). 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 its worldwide sales and manufacturing network;
- **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.

INDUSTRIAL FACILITIES AND QUALITY

Industrial facilities

Fused Minerals has 13 industrial facilities in 9 countries:

	Europe & Middle East	Americas	Asia-Pacific
Fused Aluminum Oxide	6	2	1
Fused Zirconia	1	1	2

Quality

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

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.

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 99 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 2014 Imerys continued to maintain its reserve base in line with the year's depletion through mining. Notable increases were recorded in the Carbonates' operations in Europe and Asia.

For more information, *see chapter 1, section 1.4.3 and 1.3.2 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 located in China, France 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 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. Bauxitic kaolins are used to produce ceramic proppants used in the non-conventional oil & gas industry.

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), 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 the United States (Georgia) and in Brazil (State of Pará). Also known as china clay, kaolin is mined in open cast mines or quarries. The Group also mines kaolin quarries in France, New Zealand, Thailand and Ukraine.

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 Clay Roof Tiles’ 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, 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.

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.

(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) 2001 Reporting Code: Code for reporting of Mineral Exploration Results, Mineral Resources and Mineral Reserves.
(4) CRIRSCO: Committee for Mineral Reserves International Reporting Standards.

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.

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, 2014 and are stated on the basis of thousands of metric tons of dry, sellable product. Estimates for 2013 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 2014 against those reported for 2013.

Mining assets amount to €459.7 million as of December 31, 2014 (€428.2 million as of December 31, 2013). 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 12/31/2014 VS. 12/31/2013)

Product	Region	Proved	Probable	Total	Proved	Probable	Total
		2014 *(kt)*			2013 *(kt)*		
Ball clays	Asia/Pacific	785	0	785	877	-	877
	Europe incl. Africa	11,366	1,541	12,907	8,665	4,273	12,938
	North America	4357	792	5,149	4,387	787	5,174
	Total	**16,508**	**2,333**	**18,841**	**13,929**	**5,060**	**18,989**
Carbonates (calcite, marble, chalk, limestone, dolomite & dimension stone)	Asia/Pacific	0	46,352	46,352	999	38,448	39,447
	Europe incl. Africa	303	35,148	35,451	5,243	28,778	34,021
	North America	111,777	52,569	164,346	114,059	52,425	166,484
	South America	985	7,563	8,548	117	8,230	8,347
	Total	**113,065**	**141,632**	**254,697**	**120,418**	**127,881**	**248,299**
Clays (roof tile raw materials)	Europe	19,688	33,979	53,667	17,576	36,259	53,835
	Total	**19,688**	**33,979**	**53,667**	**17,576**	**36,259**	**53,835**
Feldspar, feldspathic sand & pegmatite	Asia/Pacific	0	30	30	-	30	30
	Europe	18,190	6,486	24,676	19,165	8,970	28,135
	North America	0	0	0	-	-	-
	Total	**18,190**	**6,516**	**24,706**	**19,165**	**9,000**	**28,165**
Kaolin (kaolin & halloysite)	Asia/Pacific	93	2,233	2,326	90	2,305	2,395
	Europe	2,129	18,524	20,653	2,969	18,658	21,627
	North America	26,745	11,975	38,720	26,755	12,798	39,553
	South America	19,077	21,601	40,678	20,892	21,616	42,508
	Total	**48,044**	**54,333**	**102,377**	**50,706**	**55,377**	**106,083**
Minerals for Filtration (perlite & diatomite)	Asia/Pacific	3	14	17	-	25	25
	Europe	449	756	1,205	203	480	683
	North America	35,555	8,057	43,612	35,411	8,825	44,236
	South America	595	685	1,280	779	783	1,562
	Total	**36,602**	**9,512**	**46,114**	**36,393**	**10,113**	**46,506**
Refractory Minerals (andalusite, quartzite, bauxite, bauxitic kaolin, refractory clays & kaolin)	Asia/Pacific	0	438	438	-	446	446
	Europe incl. Africa	3,395	1,593	4,988	3,838	2,058	5,896
	North America	3,067	1,540	4,607	2,422	1,747	4,169
	South America	0	1,601	1,601	0	1,601	1,601
	Total	**6,462**	**5,172**	**11,634**	**6,260**	**5,852**	**12,112**
Talc	Asia/Pacific	2,706	458	3,164	2,771	464	3,235
	Europe	8,165	3,225	11,390	7,566	2,888	10,454
	North America	15,201	4,437	19,638	15,936	4,830	20,766
	Total	**26,072**	**8,120**	**34,192**	**26,273**	**8,182**	**34,455**
Other minerals (bentonite, vermiculite, quartz, graphite)	**Total**	**4,330**	**925**	**5,255**	**2,801**	**852**	**3,653**

In addition to the normal activities of production, signficiant changes occurred due to the sale of a site in Europe (carbonates) as well as signficiant new authorisations and reassessments in Europe (carbonates & feldspar), Asia (carbonates) and North America (mica).

MINERAL RESOURCES ESTIMATES (AS OF 12/31/2014 VS. 12/31/2013)

Product	Region	Measured	Indicated	Inferred	Total	Measured	Indicated	Inferred	Total
		2014 *(kt)*				2013 *(kt)*			
Ball clays	Asia/Pacific	61	0	0	61	61	-	-	61
	Europe incl. Africa	11,018	1,836	961	13,815	10,328	2,207	306	12,841
	North America	6,278	12,062	11,501	29,841	7,458	11,505	12,067	31,030
	Total	**17,357**	**13,898**	**12,462**	**43,717**	**17,847**	**13,712**	**12,373**	**43,932**
Carbonates (calcite, marble, chalk, limestone, dolomite & dimension stone)	Asia/Pacific	0	25,008	10,624	35,632	-	29,051	11,101	40,152
	Europe incl. Africa	0	4,169	45,256	49,425	2,226	4,803	50,701	57,730
	North America	57,172	135,422	90,828	283,422	57,183	135,432	92,732	285,347
	South America	7,774	9,070	8,244	25,088	2,120	9,495	8,520	20,135
	Total	**64,946**	**173,669**	**154,952**	**393,567**	**61,529**	**178,781**	**163,054**	**403,364**
Clays (roof tile raw materials)	Europe	18,195	22,225	6,037	46,457	15,795	22,225	6,037	44,057
	Total	**18,195**	**22,225**	**6,037**	**46,457**	**15,795**	**22,225**	**6,037**	**44,057**
Feldspar, feldspathic sand & pegmatite	Asia/Pacific	0	80	0	80	-	80	-	80
	Europe	5,066	17,914	18,451	41,431	7,165	21,207	21,451	49,823
	North America	1,849	5,500	12,700	20,049	-	230	105	335
	Total	**6,915**	**23,494**	**31,151**	**61,560**	**7,165**	**21,517**	**21,556**	**50,238**
Kaolin (kaolin & halloysite)	Asia/Pacific	62	5,123	2,962	8,147	81	5,123	2,962	8,166
	Europe	296	3,918	7,783	11,997	296	4,943	7,736	12,975
	North America	20,056	27,525	30,144	77,725	19,755	24,264	30,918	74,937
	South America	26,270	28,400	26,925	81,595	28,380	24,829	21,757	74,966
	Total	**46,684**	**64,966**	**67,814**	**179,464**	**48,512**	**59,159**	**63,373**	**171,044**
Minerals for Filtration (perlite & diatomite)	Asia/Pacific	98	41	0	139	90	-	-	90
	Europe	20	3,211	8,118	11,349	63	3,073	7,048	10,184
	North America	21,882	29,821	32,392	84,095	21,210	29,948	32,392	83,550
	South America	0	1,940	73,986	75,926	-	1,021	75,307	76,328
	Total	**22,000**	**35,013**	**114,496**	**171,509**	**21,363**	**34,042**	**114,747**	**170,152**
Refractory Minerals (andalusite, quartzite, bauxite, bauxitic kaolin, refractory clays & kaolin)	Asia/Pacific	0	258	0	258	-	258	-	258
	Europe incl. Africa	3,055	1,331	2,413	6,799	2,896	1,371	2,294	6,561
	North America	4,616	8,137	137	12,890	3,604	8,433	137	12,174
	South America	0	2,097	0	2,097	-	2,097	-	2,097
	Total	**7,671**	**11,823**	**2,550**	**22,044**	**6,500**	**12,159**	**2,431**	**21,090**
Talc	Asia/Pacific	2,480	1,235	4,294	8,009	2,481	1,236	4,333	8,050
	Europe	7,316	7,743	3,736	18,795	10,249	9,411	4,006	23,666
	North America	0	0	3,598	3,598	-	-	3,604	3,604
	Total	**9,796**	**8,978**	**11,628**	**30,402**	**12,730**	**10,647**	**11,943**	**35,320**
Other minerals (bentonite, vermiculite, quartz, graphite)	**Total**	**6,294**	**2,015**	**423**	**9,150**	**880**	**5,427**	**4,252**	**10,559**

In addition to the normal activities of exploration, transfers to reserves and reassessments, exploration resulted in signficiant resources being added in South America (kaolin and carbonates) and Europe (perlite). Some resource reassessments were also realised in North America (kaolin and feldspar) and Europe (kaolin).

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 Innovation and 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.

Imerys' solutions give important properties to its customers' products thanks to 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. These properties results from a series of treatments, such as grinding, grading, drying, calcining, sintering, melting, bleaching, surface chemistry modification, 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 five years, can mostly be considered disruptive:

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;

2014 ImerCare™ Scrub, a range, based on an engineered perlite. Created as a natural alternative for polyethylene beads in applications such as shower gels, it is ECOCERT certified.

Imerys intends to increase the share of new products in its revenue. In 2014, the Group thus estimates that approximately €449 million in revenue was generated with new products.

DEVELOPMENT IN HIGH POTENTIAL MARKETS

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

- carbons for lithium-ion batteries;
- proppants for non-conventional oil gas exploration;
- a range of products for the agricultural and horticultural industries.

Proppants for non-conventional oil and gas drilling and exploration

Further to the commissioning in 2012 of its first ceramic proppant production line in Andersonville (Georgia, USA), Imerys has significantly enhanced its development in this sector to serve the US market of non-conventional oil and gas extraction, with the purchase of PyraMax Ceramics LLC in 2013. Based in Wrens (Georgia, USA), this new industrial complex for ceramic proppants manufacturing, has two production lines that have been gradually ramped up in the course of 2014. With this development, Imerys is tripling its proppants production capacity and enhancing its local reserves of bauxitic kaolin. Even if this activity has experienced a substantial reduction in orders at the end of 2014, following the drop in oil prices, Imerys remains committed to this structurally critical market.

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. 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 2014 Imerys Graphite & Carbon completed the doubling of its production capacity of conductive carbon black at its facility in Willebroek (Belgium). This plant specializes in producing unique and highly conductive carbon black for the lithium-ion batteries and polymer markets. Carbon black is an essential component of lithium-ion batteries, a market driven by the growing demand for consumer electronic mobile devices (PCs, smartphones and tablets), for hybrid and electric cars and for energy storage systems.

Imerys Graphite & Carbon activity has been selected by the Japanese Ministry of Economy, Trade and Industry for the 2014 Subsidy Program to establish a Synthetic Graphite Research & Development Center in Japan, specialized in environmental friendly high performing specialty carbons' applications. This will further reinforce the activity's presence in Asia-Pacific. Japan is a technology leader for rechargeable batteries with a large share in global cell production.

Products for the agricultural and horticultural industries

Agricultural and horticultural industries represent a growing market for the Group. Finely milled natural or synthetic silicates, inert dusts have various industrial and agricultural uses, most commonly known as pesticide diluents or carriers. It has been known for centuries that animals like to take dust-baths to remove insect infestations. Academic research found that the dust sticks to the insect exo-skeleton, absorbing protective oils. Without the oily layer the insect dessicates and dies. As no chemicals are involved, dusts are known and registered as mechanical insecticides. Additional research found that of all the inert dusts available, natural diatomaceous earth was the most cost effective and least hazardous.

With increasing resistance to chemistries, there is room for innovation and replacement solutions. In 2014, Imerys continued to develop its diatomaceous earth-based insecticides, launching a new poultry dust and completed several field trials on crops, demonstrating efficacy against a number of persistent pests including the Asian Citrus Psyllid and the Corn Earworm (Helicoverpa zea). For the horticultural industry, a ball clay based product range, Argiflora, has been designed for France and the neighbouring countries. The high plasticity and molecule stability of the smectite kaolinite ball clay is a natural, simple and cost effective solution to fertilize soils. These products complement the Argical Pro, a natural product launched in 2012 that help protect olives against insect attacks.

2014: ACCELERATING INNOVATION

Imerys introduced more than 75 new products in 2014. About 30 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

- Following the success of **ImerPlast**™ grades used in the commercial manufacture of twin-wall pipes for drains, cable ducting, sewerage and cores for winding of plastics, 2014 saw the launch of two new ImerPlast™ products for the wood plastic industry: **ImerPlast**™ **WPC** and **ImerPlast**™ **WPCT**, innovative recycled polyolefin compounds, which allow wood plastic manufacturers to move from virgin resin to a more cost effective ImerPlast™ compound;
- **C-NERGY**™ Generation 2.1 and 2.2 active electrode materials for automotive lithium-ion batteries are carbons produced from a newly developed environmentally friendly, sustainable process for automotive and energy storage lithium-ion batteries. This process would replace much less environmentally friendly process;
- **Steagreen**™ product was designed for recycled plastic applications demanding higher performance. This product enables manufacturers to improve performance of low property recycled materials;
- **WRG IC ESR** is a blend of fused powders for Investment casting applications allowing an easy shell removal and replacing Zircon sand;
- **Eco-Phyl**® is a brand new product development designed to reduce VOC (Volatile organic compound) content. It has a very low resin demand, enabling paint manufacturers to reduce the amount of additional solvent required for application;
- The **Ceraflux** Range: A new range of fluxes products for glazes developed by Imerys Ceramics Thailand, allowing lower sintering temperature and made of more environmentally products than the traditional frits used in the industry.

High-tech products

- **Mistrogard**™ is a new range of talc-based extenders designed to meet the high performance demands of high solids coatings and automotive refinish applications. Due to its unique morphology and mineralogy, Mistrogard™ improves corrosion and chemical resistance, reduces oil absorption to meet stringent VOC standards; and confers excellent sprayability, adhesion and sandability.
- **JetWhite**® products are part of a local bright talc products from stable, controlled, predictable and sustainable mines in North America to serve the North American compounding industry. As part of its strategy committed to remain the only domestic supplier of polymer grade talc, Imerys completed in 2014 the first half of an investment to commercialize new beneficiation technologies. The first products from this new range have been qualified by our automotive customers.

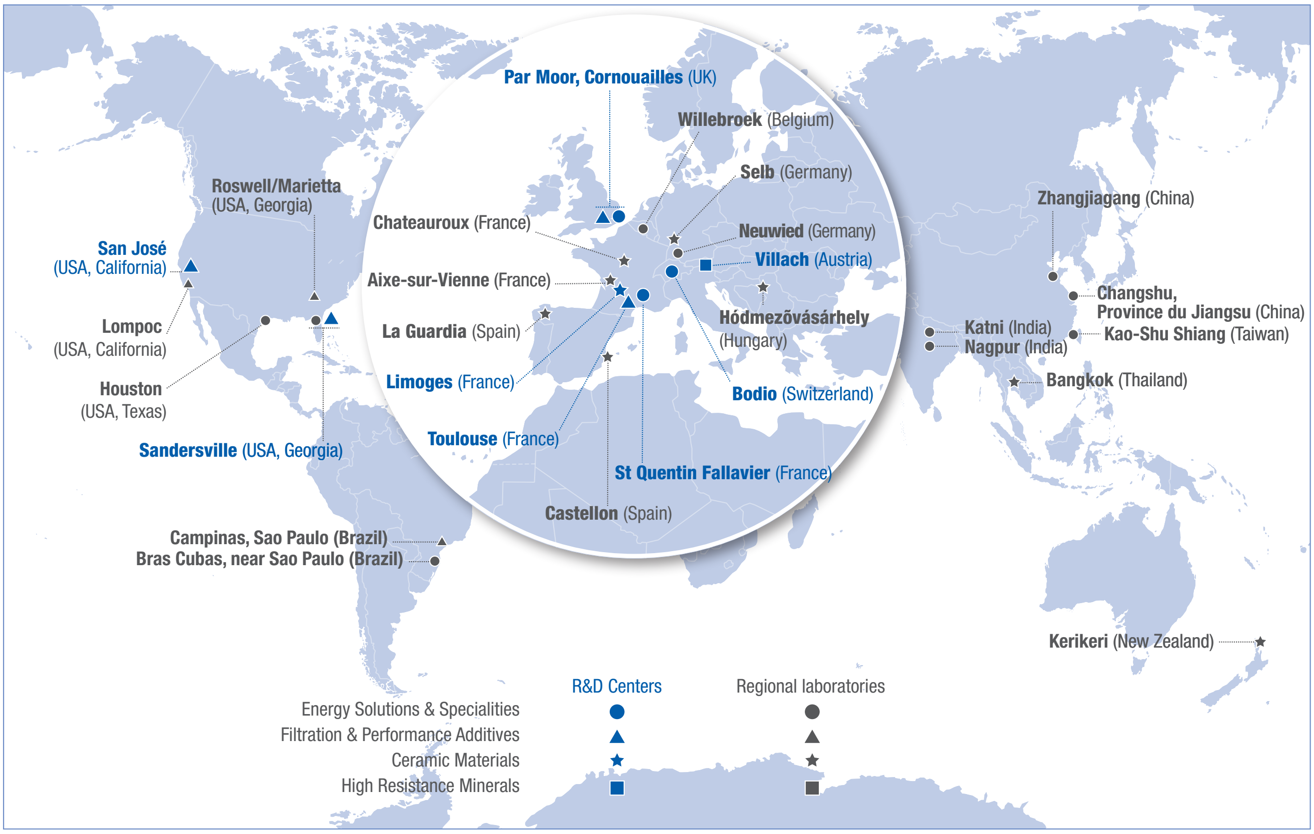
Products making our customers' products more efficient

- **Mistrocell**® talcs promote uniform bubble distribution and growth which is essential for making foam quality consistent, reducing specific gravity, and increasing rigidity and strength of foamed products. They are ideal for producing lightweight foam composite materials with improved stiffness for the automotive and packaging industries.
- **Crys-Talc**®, a new, high brightness, micro-lamellar talc development, is ideal for nucleating homopolymer and copolymer polypropylene. Used at very low addition rates, Crys-Talc® optimizes rigidity, impact strength, heat resistance, crystallization temperature and haze. In injection molding and extrusion applications, Crys-Talc® can increase production machine output by 10-15% resulting in significant cost savings for polymers producers.
- **Steagreen**®, a new range of talcs designed for plastics recycling can restore mechanical properties to plastics compounds, allowing them to meet the specifications of high performance engineering applications. Talc is chemically inert and thermally stable and is not affected by multi-pass extrusion, so it can be recycled indefinitely without losing its initial properties. In recycled polyamide, Imerys talcs make excellent cost-effective alternatives to less environment-friendly glass fiber.
- **ImerCare**™ Scrub range launched in 2014 is based on engineered perlite and has been developed in response to a growing need by the personal care industry for a natural alternative to polyethylene beads in a range of applications including body & face scrubs. ECOCERT certified, this portfolio of products uses the combination of the natural hardness of perlite and good particle size distribution to create gentle exfoliating products for the cosmetics industry.

R&D AND INNOVATION: A POWERFUL NETWORK

Innovation efforts are carried out by the marketing team of the divisions and a team of 300 scientists and technicians. Each of the Group's businesses is tasked with understanding current and future needs of the markets, so as to generate new products and processes meeting unmet market needs. 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. There are currently 8 main laboratories at Imerys in Villach (Austria), San José (California, USA), Sandersville (Georgia, USA), Limoges (France), Toulouse (France), Saint-Quentin Fallavier (France), Par Moor (United Kingdom), Bodio (Switzerland).

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. A growing share of research expenditure is for work on innovations in new markets for Imerys.

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.

Greater innovation efforts are reflected in intellectual property activity, with 54 new patent applications in 2014, compared with 30 for 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 2014

2

2.1 BOARD OF DIRECTORS' MANAGEMENT REPORT

2.1.1 FINANCIAL YEAR 2014

The global economic environment was marked by sharp geographic contrasts in 2014. The US economy was even more buoyant than in the previous year. Activity in Northern Europe and Germany, which had shown some improvement since the end of 2013, slowed down in the second half, particularly in the industrial sector. In France, the fall in housing starts continued to weigh on new construction. Trends varied widely in emerging markets, with an upturn in activity in India but slower growth in China and Brazil.

In this context, the significant appreciation trend in the euro against some currencies, observed in the first part of the year, turned around, in parallel to the fall in oil prices.

In 2014, Imerys returned to positive organic growth, improved its profitability across all business groups, and achieved its target of growth in net income from current operations. At comparable Group structure and exchange rates, revenue in 2014 totaled €3,688.2 million, a + 3.2% increase compared to 2013 (- 0.3% on a current basis), almost two-thirds of which come from new capacities. Current operating income totaled €494.6 million. At comparable structure and exchange rates, it improved + 2.5% compared with 2013 (+ 3.7% on a current basis). The Group's operating margin improved by + 50 basis points to 13.4%. Net income from current operations rose + 4.0% to €316.3 million in 2014, above the €304.2 million achieved in 2013.

The perimeter of the Energy Solutions & Specialties business group evolved with the divestment of four calcium carbonate production units serving the paper market and two additional acquisitions in the Monolithic Refractories and Carbonates activities *(see section 2.1.3 'Commentary by business group' of the Registration Document)*.

On November 5, 2014, Imerys announced a strategic combination concerning the integration of S&B's main activities. A global player and European leader in bentonite (binders for foundry, sealing solutions, additives for drilling and for consumer products), S&B is the world leader in continuous casting fluxes for the steel industry as well as in wollastonite (functional additives for polymers and paints). S&B also provides perlite-based solutions used in building materials and horticulture. The transaction should be earnings-accretive from 2015 and create value from the third full year of consolidation. The acquisition price was determined on the basis of an equity value of €525 million for all shares, i.e. in cash for approximately €311 million, financed by the bond issue completed by Imerys in December 2014, and in shares with 3.7 million Imerys shares issued on a preemptive basis [1] to the Kyriacopoulos family, S&B's shareholder for more than 80 years. Following this rights issue, this represents approximately 4.7% of Imerys' share capital[2]. Including S&B's net financial debt which amounted to €225 million as of December 31, 2014, Imerys would maintain a robust financial structure with a gearing ratio below 60% after the transaction.

The composition of Imerys' business groups was changed in 2014 as a result of the strategic combination with S&B. The Kaolin activity was integrated into the Ceramic Materials business group and S&B's activities will be integrated into the Filtration & Performance Additives business group. All 2014 financial data are therefore presented under the new organization. Historical financial data for the past two financial years has also been restated *(see chapter 1 of the Registration Document)*.

At the Shareholders' General Meeting of April 30, 2015, the Board of Directors will propose payment of a dividend of €1.65 per share, corresponding to a + 3.1% increase compared with the dividend distributed in 2014, i.e. a total payout of approximately €132 millions[3] representing 41.7% of the Group's share of net income from current operations. This proposal is in line with Imerys' historical payout ratio. The dividend should be paid out from May 12, 2015.

(1) Using the authorization granted to Imerys' Board of Directors by the Shareholders' Combined General Meeting of April 25, 2013.
(2) As of February 26, 2015.
(3) Based on the total number of Imerys shares as of February 26, 2015, i.e. 79,927,273 shares, vs. € 125 million estimated on the basis of the total number of Imerys' shares as of December 31, 2014.

(€ millions)	2014	2013	% current change
Consolidated Results			
Revenue	3,688.2	3,697.6	- 0.3%
Current operating income(1)	494.6	477.0	+ 3.7%
Operating margin	13.4%	12.9%	+ 0.5 point
Net current income, Group's share(2)	316.3	304.2	+ 4.0%
Net income, Group's share	271.6	242.0	n.a.
Financing			
Booked capital expenditure	241.5	253.1	- 4.6%
Current free operating cash flow(3)	244.1	306.4	- 20.3%
Shareholders' equity	2,470.5	2,271.7	+ 8.7%
Net financial debt	869.9	885.4	- 1.8%
Data per share (in euros)			
Net income from current operations, Group's share(2)(4)	€4.15	€4.03	+ 3.0%
Proposed dividend	€1.65(5)	€1.60	+ 3.1%
Headcount as of December 31	**14,900**	**15,805**	**- 6.0%**

(1) Throughout the present chapter, "Current operating income" means operating income before other operating revenue and expenses. On a comparable basis, revenue increased + 3.2% and current operating income + 2.5%.

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

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

(4) The weighed average number of outstanding shares was 76,134,904 in 2014 compared with 75,551,408 in 2013.

(5) Dividend proposed at the Shareholders' General Meeting of April 30, 2015.

2.1.2 DETAILED COMMENTARY ON THE GROUP'S RESULTS

SALES

- **+ 3.2% comparable growth(1) in revenue, reflecting the ramp-up of new capacities and new products**
- **Price/mix effect positive again in all four business groups**
- **Negative exchange rate and structure effects**

	Revenue *(€ millions)*	Change in revenue *(% previous year)*	Comparable change in revenue *(% previous year)*	of which volume effect	of which price/mix effect
2012	3,884.8	+ 5.7%	- 2.1%	- 5.4%	+ 3.3%
2013	3,697.6	- 4.8%	- 1.3%	- 2.5%	+ 1.2%
2014	**3,688.2**	**- 0.3%**	**+ 3.2%**	**+ 1.7%**	**+ 1.5%**

At comparable Group structure and exchange rates, **revenue** in 2014 totaled €3,688.2 million, a + 3.2% increase, i.e. + €118.6 million from 2013, almost two-thirds of which come from new capacities. Growth, which was + 4.2% over the first nine months of 2014, was stable in the fourth quarter compared with the same period the previous year, particularly due to an unfavorable basis of comparison in most activities (4th quarter 2013 revenue was + 3.4% higher on comparable basis than 4th quarter 2012).

- For the full year, the rise in sales volumes represents + €63.2 million (+ 1.7%), driven by the ramp-up of new capacities.
- The price/mix effect, which is positive in all business groups, increased + €55.4 million (+ 1.5%), supported by innovation.
- In 2014, new products generated €449 million in revenue (+ 35% vs. 2013) and now account for 12% of the Group's consolidated sales (vs. 9% in 2013).

(1) Throughout the present chapter, "on a comparable basis" means "at comparable Group structure and exchange rates".

On a current basis, revenue decreased - 0.3% compared with 2013, because of the following Group structure and exchange rate impacts:

- net change in Group structure for - €90.7 million (- 2.5%), particularly comprised of:
  - the impact of the divestment of the Imerys Structure activity (May 2013: - €28.8 million) and four calcium carbonate plants (January 2014: - 75.9 million), as well as the shutdown of Les Ardoisières d'Angers (December 2013: - €12.8 million);
  - the positive contribution of acquisitions (+ €28.8 million) in Monolithic Refractories (Indoporlen and Tokai mid-2013; Termorak – February 2014) and in Carbonates (Kinta Powdertec Sdn Bhd – July 2014);
- a negative exchange rate effect of - €37.3 million (- 1.0%), resulting from the negative impact of the euro's appreciation against some currencies in the first half of 2014 (- €67.2 million), particularly the US dollar, a trend that turned around in the second half (+ €29.9 million).

Revenue by geographic zone of destination (current change)

(€ millions)	2014 Revenue	2013 Revenue	Change % 2014 vs. 2013	% of consolidated 2014 revenue
Western Europe	1,646.8	1,725.8	- 4.6%	44.7%
of which France	*470.1*	*549.3*	*- 14.4%*	*12.8%*
United States/Canada	877.7	825.2	+ 6.4%	23.8%
Emerging countries	974.2	956.4	+ 1.9%	26.4%
Others (Japan/Australia)	189.4	190.2	- 0.4%	5.1%
Total	**3,688.2**	**3,697.6**	**- 0.3%**	**100.0%**

The breakdown of revenue in euros by geographic destination reflects the North American market's strong growth in 2014. In the United States, Imerys benefited from vibrant traditional markets and the ramp-up of its Wrens plant in ceramic proppants.

Currency fluctuations partly conceal the healthy growth in activity in emerging zones, despite contrasting trends from one country to another: India and Southeast Asia are dynamic, whereas the slowdown continues in Brazil.

Lower sales in Western Europe, particularly France (13% of the Group's revenue vs. 15% in 2013) are mainly due to the divestment of the Structure activity in 2013, but also to the continued slump in new construction.

CURRENT OPERATING INCOME

- **50 basis point improvement in operating margin to 13.4%**
- **Improved profitability in all business groups**
- **Volume growth and firm product price/mix**

Current operating income totaled €494.6 million. At comparable structure and exchange rates, it improved + 2.5% compared with 2013:

- growth in volumes, which contributed + €27.1 million, partly explains the rise in fixed production costs and general expenses. More than half of their total increase relates to the launch of new capacities and higher R&D spending;
- in a low-inflation environment, the product price/mix effect (+ €45.0 million) covers the increase in variable costs (- €5.4 million).

On a current basis, current operating income rose + 3.7% in 2014. It includes a favorable currency translation effect of + €12.6 million, resulting from the depreciation of currencies on the cost base in some countries where Imerys exports its specialties (Brazil, South Africa) and a structure effect of - €6.9 million (see Revenue paragraph).

Given these items, the Group's **operating margin** improved by 50 basis points to 13.4%.

NET INCOME FROM CURRENT OPERATIONS

Imerys achieved its growth target for **net income from current operations** in 2014: it rose + 4.0% to €316.3 million, above the €304.2 million achieved in 2013.

Net income from current operations takes the following items into account:

- a + €7.6 million improvement in financial expense (- €45.1 million in 2014 vs. - €52.7 million in 2013), made up of the following three components:
  - interest expense on net financial debt totaled - €40.2 million (- €46.7 million in 2013). Average net financial debt was lower than 2013 and Imerys also benefited from the drop in interest rate on its cost of financing,
  - the net financial cost of pensions and other changes in provisions represented - €10.7 million (- €13.5 million in 2013),
  - the net impact of foreign exchange and financial instruments was a gain of + €5.8 million (+ €7.4 million in 2013);

- - €131.5 million current tax charge (- €118.0 million in 2013), which represents an effective tax rate that, at 29.2%, is higher than in 2013 (27.8%), because of the impact of fiscal changes, particularly in France, and the weight of geographic breakdown on results.

NET INCOME

Other operating income and expenses, net of tax, and net income from assets held for sale total - €44.7 million after tax (compared with - €62.2 million in 2013). They include the following items:

- income of + €41.6 million after tax, including gains on the disposal of four calcium carbonate for paper units in Europe and the United States[1], acquisition costs and termination fees under the AMCOL acquisition contract in March (minus the expenses incurred by Imerys with respect to this operation);
- restructuring costs for - €56.2 million, reflecting, in particular, the additional expenses related to the programs begun in 2013 (closure of Venezuelan activities, shutdown of Les Ardoisières d'Angers), and the various restructuring projects launched in 2014 (kaolin for paper, refocusing in China, reorganization of European Refractories Minerals activities);
- impairment of goodwill on the Chinese zirconium activity in the High Resistance Minerals business group for - €30.1 million, net. Within its zirconium business portfolio, the Group decided to focus on higher value-added products in China. Pursuant to the Group's accounting principles, the resulting decrease in forecasted cash flows for this entity led to this impairment being recorded.

After taking into account other operating income and expenses, net of tax, the **Group's share of net income** amounted to €271.6 million in 2014 (€242.0 million in 2013).

2

CASH FLOW

- **Increase in working capital requirement related to start-up inventories for new capacities**
- **Further development capital expenditure**
- **Current free operating cash flow at €244 million**

(€ millions)	2014	2013
EBITDA	**673.8**	**650.4**
Change in operating working capital	(48.9)	32.0
Paid capital expenditure	(241.5)	(253.1)
Current free operating cash flow[1]	**244.1**	**306.4**
Paid financial expense (net of tax)	(21.0)	(24.3)
Other working capital items	4.4	6.1
Current free cash flow	**227.5**	**288.2**
(1) Including subsidies, value of divested assets and miscellaneous.	*5.3*	*9.8*

At 23.0% of annualized sales for the last quarter[2], and compared with a good level in 2013 (21.8%), the increase in **operating working capital requirement** remains under control and results from the constitution of start-up inventories for new capacities (mainly in proppants in the United States and in fused alumina in Bahrain).

Paid capital expenditure totaled €241.5 million in 2014. The booked amount (€240.0 million) represents 115% of depreciation expense (compared with 121% in 2013). Selective development capital expenditure continued for €82.2 million (€106.3 million in 2013) to support the Group's growth potential. Details of the main projects are given under each business group.

Consequently, Imerys maintained sound **current free operating cash flow** at €244.1 million in 2014 (€306.4 million in 2013).

(1) Including income from these assets for January 2014. As of December 31, 2013, the relevant units are classified as "Assets intended for divestment", with the effective divestment taking place on January 31, 2014. The net income of these units with respect to January 2014 was therefore recorded as "Income from assets intended for divestment".

(2) 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. €45.7 million in receivables was factored as at December 31, 2014.

FINANCIAL STRUCTURE

- **Decrease in net financial debt**
- **Sound financial structure**

(€ millions)	December 31, 2014	June 30, 2014	December 31, 2013
Paid dividends	(125.3)	(123.7)	(119.2)
Net debt, end of period	869.9	878.0	885.4
Average net debt of the period	922.3	893.1	971.0
Shareholders' equity	2,470.5	2,311.5	2,271.7
EBITDA	673.8	338.4	650.4
Net debt/shareholders' equity	35.2%	38.0%	39.0%
Net debt/EBITDA	1.3x	1.3x	1.4x

Net financial debt totaled €869.9 million as of December 31, 2014, a €15.5 million decrease from December 31, 2013. It notably includes the payment of €125.3 million in dividends, the final payment of part of the additional contractual price for PyraMax Ceramics, LLC, the divestment of four Carbonates units and the termination fees received from AMCOL.

Finally, on December 3, 2014, Imerys completed the placement of a €500 million bond maturing in December 2024 with an annual coupon of 2.0%, and of a €100 million tap on its November 2020 bond (2.5% coupon). The offers were oversubscribed 2.5 times. Benefiting from highly favorable market conditions, these additional resources enable the Group to anticipate the financing of the acquisition of S&B's main activities and meet its general financing needs.

Consequently, as of December 31, 2014, and before settlement of the acquisition of S&B, Imerys' total financial resources amount to €2.8 billion. After deduction of gross financial debt, available non-cash resources total €1.3 billion with an average maturity of 5.2 years.

Imerys' unsecured senior debt is rated Baa-2 by Moody's with a stable outlook, while the short-term outlook is P-2, also with a stable outlook.

Including S&B's net financial debt, which totaled €225 million as of December 31, 2014, Imerys maintains a sound financial structure with gearing below 60%.

2.1.3 COMMENTARY BY BUSINESS GROUP

ENERGY SOLUTIONS & SPECIALTIES

(35% of the Group's consolidated revenue)

(€ millions)	2014	2013	Current change	Comparable change
1st quarter revenue	303.2	306.7	- 1.2%	+ 8.3%
2nd quarter revenue	321.1	313.9	+ 2.3%	+ 10.3%
1st half revenue	**624.2**	**620.6**	**+ 0.6%**	**+ 9.3%**
3rd quarter revenue	338.9	319.9	+ 5.9%	+ 12.5%
4th quarter revenue	315.5	307.7	+ 2.5%	+ 4.6%
2nd half revenue	**654.3**	**627.6**	**+ 4.2%**	**+ 8.6%**
Revenue for the year	**1,278.6**	**1,248.2**	**+ 2.4%**	**+ 9.0%**
Current operating income	**149.5**	**128.1**	**+ 16.7%**	**+ 28.2%**
operating margin	*11.7%*	*10.3%*	*+ 1.4 point*	
Booked capital expenditure	**84.5**	**89.5**	**- 5.6%**	
as % of depreciation expense	*147%*	*165%*		

Revenue

The **Energy Solutions & Specialties** business group's **revenue** totaled €1,278.6 million 2014, up + 9.0% at comparable structure and exchange rates compared with 2013, thanks to good performance in all four of the business group's activities. New capacities contributed additional revenue of €76 million in 2014 compared with 2013.

On a current basis, the business group's revenue, up + 2.4% from 2013, takes into account a structure effect of - €49.5 million relating to the divestment of four carbonate for paper units. This divestment was partly offset by bolt-on acquisitions in the monolithic refractories and carbonates activities, essentially in Asia. Furthermore, a negative exchange rate effect of - €31.9 million (mainly the euro's depreciation against the US dollar) was recorded.

Operating income

At €149.5 million in 2014, **current operating income** improved + 16.7% compared with 2013, outpacing growth in revenue. It benefited from the contribution of new capacities as well as tight control over fixed costs and general expenses, despite the launch of new capacities. **Current operating margin** rose to 11.7% in 2014, a + 1.4 point improvement on 2013.

Industrial capital expenditure

Capital expenditure programs continued, totaling €84.5 million in 2014. They included new calcium carbonate capacities in the USA and Malaysia to address market growth in plastics and polymers, doubling of carbon black production capacity, increase in natural graphite capacity in Canada, construction of a third monolithic refractory manufacturing unit in India, and completion of the second ceramic proppants plant in the United States.

Review by activity

The expansion of the **Carbonates** activity, which mainly serves the consumer goods, construction, board, packaging and paper markets, continued, particularly in the United States where it benefited from favorable trends on the construction and consumer goods markets (particularly plastic packaging and food film). These offset the decrease in the paper market. Sales were also firm in Asia, particularly in polymers and construction. In January 2014, the Group divested four calcium carbonate for paper plants in Europe and the United States and, in the third quarter of 2014, a production unit in Tunisia (- 77.3 million structure effect). In addition, in July 2014 it acquired Kinta Powdertec Sdn Bhd, a ground calcium carbonate producer supplying the plastics, polymers, and coatings industries in Malaysia.

The **Monolithic Refractories** activity, which serves high-temperature industries (steel, metallurgy, power generation, incineration, foundry, cement, petrochemicals, etc.), posted good results in the Nordic countries, India and Asia, taking into consideration the + 1.1% rise in global steel production compared with 2013 (source: World Steel Association). Following Indoporlen (Indonesia) in June 2013 and Tokai (Japan) in July 2013, the Group acquired in February 2014 the Finnish company Termorak, which strengthened its offering in refractory design and installation for the petrochemical and thermal industries.

The **Graphite & Carbon** activity was buoyant in 2014, particularly in the mobile energy sector. Sales growth in carbon black for Lithium-Ion batteries (mass-market electronics and automotive sector) was firm in Asia, where the Group bolstered its sales & marketing teams. This activity also opened an applied R&D center in Japan to support its key local customers. Trends were healthy in most of the activity's other applications, particularly automotive, electronics and polymers.

In the **Oilfield Solutions** activity, the Wrens proppants plant has ramped up as expected and made a positive contribution to results from the second half. Revenue of the Oilfield Solutions activity totaled almost €100 million in 2014, which represented less than 3% of Imerys consolidated revenue. However, the market for ceramic proppants has turned at the end of last year because of falling oil prices.

FILTRATION & PERFORMANCE ADDITIVES

(18% of the Group's consolidated revenue)

(€ millions)	2014	2013	Current change	Comparable change
1st quarter revenue	159.0	155.7	+ 2.1%	+ 5.9%
2nd quarter revenue	165.8	166.7	- 0.5%	+ 3.2%
1st half revenue	**324.9**	**322.4**	**+ 0.8%**	**+ 4.5%**
3rd quarter revenue	167.8	159.7	+ 5.0%	+ 6.3%
4th quarter revenue	165.4	152.6	+ 8.3%	+ 0.8%
2nd half revenue	**333.1**	**312.4**	**+ 6.6%**	**+ 3.6%**
Revenue for the year	**658.0**	**634.8**	**+ 3.7%**	**+ 4.1%**
Current operating income	**113.4**	**100.8**	**+ 12.5%**	**+ 8.8%**
operating margin	*17.2%*	*15.9%*	*+ 1.3 point*	
Booked capital expenditure	**42.9**	**27.7**	**+ 54.9%**	
as % of depreciation expense	*125%*	*83%*		

Revenue

Revenue for the **Filtration & Performance Additives** business group, which serves the agri-food industry and a large number of intermediate industries (plastics, paint, rubber, catalysts, paper, pharma, personal care & beauty, etc.), totaled €658.0 million in 2014, a + 4.1% increase at comparable structure and exchange rates compared with 2013. Growth was driven by consumer goods (beverages, food, etc.), and demand for capital goods (particularly automotive) and in construction (new and renovation) in North America. In Europe, a slight improvement was observed but the contrasts between countries remain high. The business group's buoyancy also stems from the development of new applications (e.g. talc for automotive polymers) and the extension of its offering into new segments (cosmetics, pharmaceutical specialties, recycled polymers).

On a current basis, the business group's revenue increased + 3.7%. This change factors in a negative exchange rate impact of €- 4.9 million.

Operating income

Current operating income totaled €113.4 million in 2014, a + 8.8% increase at comparable structure and exchange rates compared with 2013. Current operating margin improved by + 1.3 point to 17.2% thanks to good cost control, higher volumes and a greater contribution from new products.

Industrial capital expenditure

Capital expenditure increased sharply (€42.9 million in 2014 vs. €27.7 million in 2013) and was dedicated to capacity increases on existing production sites. These included the extension of production capacity for diatomite for the pharmaceutical industry in the United States and for high aspect ratio talc for the automotive industry in France and the United States. Their full effect is expected from 2015.

CERAMIC MATERIALS

(31% of the Group's consolidated revenue)

(€ millions)	2014	2013	Current change	Comparable change
1st quarter revenue	289.5	315.4	- 8.2%	+ 1.4%
2nd quarter revenue	292.5	306.9	- 4.7%	- 0.1%
1st half revenue	**582.1**	**622.3**	**- 6.5%**	**+ 0.7%**
3rd quarter revenue	295.1	297.3	- 0.7%	- 2.0%
4th quarter revenue	279.7	284.8	- 1.8%	- 2.6%
2nd half revenue	**574.8**	**582.1**	**- 1.3%**	**- 2.3%**
Revenue for the year	**1,156.9**	**1,204.4**	**- 3.9%**	**- 0.8%**
Current operating income	**211.0**	**219.7**	**- 3.9%**	**- 9.9%**
operating margin	*18.2%*	*18.2%*	*stable*	
Booked capital expenditure	**69.5**	**65.0**	**+ 6.9%**	
as % of depreciation expense	*82%*	*72%*		

Revenue

The **Ceramic Materials** business group's revenue totaled €1,156.9 million in 2014. The decrease in revenue was limited to - 0.8% at comparable structure and exchange rates compared with 2013, thanks to the development of specialty applications in the Kaolin activity, growth on ceramics markets and a resilient renovation sector despite slack new construction trends in France.

On a current basis, revenue decreased - 3.9% compared to 2013. This trend takes into account a - €44.1 million structure effect relating to divestments in France and a + 5.8 million exchange rate effect.

Operating income

Current operating income totaled to €211.0 million in 2014, a - 9.9% drop at comparable structure and exchange rates compared with 2013. On a current basis, the decrease in current operating income was limited to - 3.9% thanks to a + €12.5 million exchange rate effect. However, cost reduction efforts helped keep current operating margin at 18.2%, despite lower sales.

Industrial capital expenditure

Capital expenditure amounted to €69.5 million, a + 6.9% rise compared with 2013. It now includes the setup of a new formulation platform in Brazil.

Review by activity

The **Kaolin** activity developed new specialty applications to offset the structural slump in the printing & writing paper market in mature countries (- 3.1% in 2014 – source: RISI and Imerys estimates). The end of the year was marked by the announcement of several facility closures by papermakers in the United States and Europe. However, paper production (- 1.4% worldwide) continued to grow in emerging countries, albeit at a slower pace (+ 0.6%).

In **Clay Roof Tiles** in France, the resilient renovation segment, which accounts for almost two-thirds of sales, partly offset the slump in new construction, which reached a new low in 2014 (single-family housing starts - 20.0% vs. 2013 – source: Commissariat Général au Développement Durable). In this context, the decrease in clay roof tile sales was limited to - 3.8% in 2014 (source: Fédération Française des Tuiles et des Briques). The change in the activity's structure reflects the divestment of Imerys Structure as of May 1, 2013 and the shutdown of Les Ardoisières d'Angers in December 2013.

The **Minerals for Ceramics** activity benefited from the results of its geographic redeployment strategy (Mediterranean Basin, Middle East, Asia) and its diversification beyond its traditional businesses through a dynamic innovation policy. Growth was driven by new capacities in Southeast Asia, South America and the Middle East, particularly in floor tiles, tableware and sanitaryware. Sales held out well in Europe, particularly in the tableware segment.

2

HIGH RESISTANCE MINERALS

(16% of the Group's consolidated revenue)

(€ millions)	2014	2013	Current change	Comparable change
1st quarter revenue	163.3	162.5	+ 0.5%	+ 4.4%
2nd quarter revenue	165.6	175.0	- 5.4%	- 1.7%
1st half revenue	**328.9**	**337.5**	**- 2.6%**	**+ 1.3%**
3rd quarter revenue	154.2	159.0	- 3.0%	- 4.3%
4th quarter revenue	158.6	157.3	+ 0.8%	- 3.0%
2nd half revenue	**312.9**	**316.3**	**- 1.1%**	**- 3.6%**
Revenue for the year	**641.7**	**653.8**	**- 1.9%**	**- 1.1%**
Current operating income	**72.8**	**70.1**	**+ 3.8%**	**- 6.8%**
operating margin	*11.3%*	*10.7%*	*+ 0.6 point*	
Booked capital expenditure	**41.0**	**61.0**	**- 32.9%**	
as % of depreciation expense	*134%*	*209%*		

Revenue

2014 revenue for the **High Resistance Minerals** business group, which mainly serves the high-temperature (steel, foundry, glass, aluminum, etc.) and abrasives industries, totaled €641.7 million in 2014, a - 1.1% decrease at comparable structure and exchange rates compared with 2013. Manufacturing activity recorded slight growth in Europe in early 2014 but slowed down from mid-year, while remaining vibrant in North America. In China, the construction and industrial sectors showed signs of a slowdown.

On a current basis, the - 1.9% decrease in revenue compared with 2013 takes into account, in particular, a negative exchange rate effect of - €5.5 million, mainly related to the euro's depreciation against the US dollar and the South African rand.

Operating income

Current operating income totaled €72.8 million in 2014, a - 6.8% decrease at comparable structure and exchange rates compared with 2013, due to lower volumes. The + 3.8% rise on a current basis includes a + €5.9 million exchange rate impact. However, current operating margin recovered to 11.3% in 2014 thanks to cost reduction efforts and industrial asset optimization.

Industrial capital expenditure

Following the construction of the fused alumina plant in Bahrain in 2013, the pace of capital expenditure remained firm at €41.0 million. In 2014, the Group started a new production line for ultrafine alumina in Austria for high-performance applications in abrasives, and a new zirconia alumina line in China.

Review by activity

The **Refractory Minerals** activity's sales held out well because of vibrant demand in North America, its main market, particularly in casting and refractories.

The **Fused Minerals** activity, which is sensitive to manufacturing activity through abrasives, saw a decrease in sales, particularly in the second half, because of a slack European market. The refocusing of the Chinese zirconia activity on higher value-added specialty products contributed to the improvement in its margin, despite a lower contribution to revenue. Qualification of products from the fused alumina plant in Bahrain is progressing to schedule and the unit will ramp up in 2015.

2.1.4 2015 OUTLOOK

In this early part of the year, uncertainties remain over the prospects for an upturn in the European economy. Emerging countries' trajectories diverged further, with in particular strong momentum in Asia outside China and more difficult prospects in Brazil and South Africa. Growth was firm in the United States, particularly in consumer goods, construction and manufacturing industry. The proppants market is affected by the impact of the drop in oil prices.

In 2015, the Group will strive to remain highly responsive, in order to adapt its industrial layout, cost structure and product offering on any markets that evolve unfavorably, but also to seize any opportunities that arise from currency fluctuations and price falls for some production factors. The momentum on innovation projects and new developments is set to continue, while the proppants contribution will be lower.

In addition, the integration of S&B, which recorded revenue of €412 million in 2014 (excluding the bauxite activity, which does not come under the scope of the acquisition), should help to speed up the Group's growth in the coming years.

2.1.5 THE COMPANY'S BUSINESS AND RESULTS IN 2014

The Company makes a net profit of €31.2 million in 2014, a - €17.9 million decrease compared to the previous period.

An operating loss of - €44.4 million is recorded, a + €6.7 million change compared to the previous year. This trend is due to an increase in operating revenue of €11.4 million to reach €37.8 million. This gain can mainly be explained by the invoice to subsidiaries of a part of the cost related to the grant of free shares. At the same time, operating expenses increase by - €4.8 million, at - €82.2 million, mainly due to the rise of purchases and external services for - €2.7 million recording the sustained business growth. Staff expenses increase by - €1.8 million, impacted by expenses related to the grant of free shares.

A financial income of €31.5 million is posted in 2014, compared with €68.5 million in 2013. In 2014, the Company collects €117.0 million in dividends, a - €4.4 million decrease compared with 2013. The Company also recognizes a net exchange rate loss of - €21.7 million in 2014 against a net gain of + €10.9 million in 2013. At the same time net provisions for foreign exchange rate risks increase in 2014 by - €6.9 million and decreased in 2013 by + €11.8 million. The foreign exchange impacts net of provisions thus reach - €28.6 million in 2014 where they amounted to + €22.7 million in 2013. Net financial expenses decrease by + €7.8 million due to a slight decrease in the Group average net debt and to the benefit of historically low short-term rates over the financial year. Excluding foreign exchange, financial write-downs and provisions increase by - €13.5 million in 2014 and increased by - €24.5 million in 2013. These net rises in write-downs and provisions in 2014 concern an increase in a write-down on investments for - €16.0 million, a decrease in a write-down on loans for + €6.6 million, an increase by - €3.0 million in the provision for financial instruments and a last provision for - €1.1 million for various current financial management costs. Movements on investments and loans relate to the Group's interests in Asia.

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 loss amounts to - €12.9 million in 2014, against a current income of + €17.5 million in 2013.

The exceptional loss reached - €3.3 million in 2013. For the financial year 2014, the exceptional loss amounts to - €0.4 million.

With respect to 2014, Imerys SA records a tax credit of + €44.4 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 €319.4 million in 2014.

Net investments remain stable in 2014.

The Board of Directors will propose the payment of a dividend of €1.65 per share at the Shareholders' General Meeting of April 30, 2015, up + 3.1% compared to 2013. This dividend should be paid out from May 12, 2015 for a total of approximately €132 million, (i.e 41.7% of the Group's share of consolidated net current income) estimated on the basis of the existing number of shares as of February 26, 2015 [(1)] *(see chapter 8, paragraph 8.1.1 of the present Registration Document).*

As of December 31, 2014, 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	2,759,436	1,283,545	527,691	948,200
Other debts	28,484	28,484	-	-
Deferred revenue	0	-	-	-
Unrealized exchange rate gains	6,551	6,551	-	-
Total	**2,794,471**	**1,318,580**	**527,691**	**948,200**

INVENTORY OF SUBSIDIARIES AND EQUITY INTERESTS AND MARKETABLE SECURITIES

Information concerning subsidiaries and equity interests as of December 31, 2014 can be found in *note 35 of the statutory financial statements*.

Information concerning marketable securities as of December 31, 2014 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, 2014 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*.

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

	2014 For the 2013 period	2013 For the 2012 period	2012 For the 2011 period
Gross dividend per share	€1.60	€1.55	€1.50
Net dividend per share	€1.60	€1.55	€1.50
Total net distribution	**€122.4 million**	**€117.0 million**	**€112.8 million**

For further information on Imerys' policy with regard to distribution of dividends, *see chapter 7, section 7.7 of the Registration Document*.

(1) vs. €125.2 million (39,6% of net income from current operations, Group's share), estimated on the basis of the existing number of shares as of December 31, 2014 (see note 34 of the statutory financial statements).

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

Type of indicators *(in euros)*	2014	2013	2012	2011	2010
I - Capital and other shares at the end of the period					
Share capital	151,771,182	152,476,528	150,737,092	150,285,032	150,948,310
Number of ordinary shares at the end of the period	75,885,591	76,238,264	75,368,546	75,142,516	75,474,155
Nominal per share	€2	€2	€2	€2	€2
Number of preferred shares (without voting rights)	-	-	-	-	-
Maximum number of potential ordinary sharesby exercise of options	2,484,569	3,090,546	4,102,831	4,202,766	4,170,563
II - Transactions and income for the period					
Pre-tax sales	37,564,102	25,308,126	26,555,498	23,102,369	18,874,414
Income before income taxes, legal profit-sharing and amortization, depreciation and provisions	10,864,457	32,340,859	(27,397,535)	1,016,776	19,302,242
Income taxes	44,446,604	34,950,441	35,839,607	49,412,228	22,793,593
Legal employee profit-sharing payable for the period	-	-	-	-	-
Income after income taxes, legal profit-sharing and amortization, depreciation and provisions	31,197,197	49,138,878	60,415,360	9,643,394	83,645,325
Distributed income (excluding withholding tax)	122,431,557	116,955,803	112,763,769	90,597,541	75,505,458
III - Earnings per share(1)					
Income after income taxes, legal profit-sharing and before amortization, depreciation and provisions	0.73	0.88	0.11	0.67	0.56
Income after income taxes, legal profit-sharing and amortization, depreciation and provisions	0.41	0.64	0.80	0.13	1.11
Net dividend per share	1.65(2)	1.60	1.55	1.50	1.20
IV - Employees					
Average number of employees for the period	157.00	141.00	152.83	140.75	124.25
Payroll for the period	15,926,339	14,822,200	15,320,203	15,625,401	13,459,710
Amount paid as social contribution for the period	24,473,705	23,796,038	14,454,558	12,131,203	12,339,268
of which profit-sharing	1,037,000	990,000	1,063,000	1,315,100	918,072

(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 30, 2015.

OTHER INFORMATION

In 2014, no changes in accounting methods occurred.

2014 POST CLOSING EVENTS

On February 26, 2015, Imerys closed the acquisition of the main activities of S&B. The S&B Group is fully consolidated in Imerys' accounts from March 1, 2015 and is now part of the Filtration & Performance Additives business group.

2015 OUTLOOK

In 2015, 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, 2014

(€ thousands)	Total	< 30 days	from 31 to 60 days	> 61 days
Group suppliers	2,494	2,223	257	14
Non Group suppliers	4,307	3,374	881	52
Trade payables	**6,801**	**5,597**	**1,138**	**66**

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**

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 Auditors
Member of compagnie régionale de Versailles

DELOITTE & ASSOCIES
185, avenue Charles-de-Gaulle
92524 Neuilly-sur-Seine Cedex

S.A. with a share capital of € 1.723.040
Statutory Auditors
Member of compagnie régionale de Versailles

2.2.1 STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended December 31, 2014

This is a free translation into English of the statutory auditors' report on the consolidated financial statements issued in the French language and 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 opinion on the consolidated financial statements and includes explanatory paragraphs discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were made 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 captions or on information taken outside of the consolidated financial statements. 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 accordance with our appointment as Statutory Auditors at your Annual General Meeting, we hereby report to you, for the year ended December 31, 2014, 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. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatements. 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, 2014 and of the results of its operations for the year then ended in accordance with the IFRSs as adopted by the European Union.

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 matters:

Your Company performs annual goodwill impairment tests and also assesses whether there is any indication of impairment in long-term assets in accordance with the terms and conditions described in Note 19 to the consolidated financial statements. Our procedures consisted in analyzing the terms and conditions for implementing these impairment tests and the assumptions used and in verifying that Note 19 to the consolidated financial statements provides appropriate disclosure.

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.

Paris-La Défense and Neuilly-sur-Seine, March 18, 2015

The Statutory Auditors

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, 2014

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. The Statutory Auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the opinion on the Company 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 Company financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the Company financial statements. This report should be read in conjunction and construed in accordance with French law and professional auditing standards applicable in France**.**

To the Shareholders,

In accordance with our appointment as Statutory Auditors at your Annual General Meeting, we hereby report to you for the year ended December 31, 2014 on:

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

The 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. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, using sample testing techniques or other selection methods, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made, as well as evaluating the overall financial statement presentation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

In our opinion, the financial statements give a true and fair view of the financial position and the assets and liabilities of the Company as at December 31, 2014 and the results of its operations for the year then ended in accordance with accounting principles generally accepted in France.

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 hereby bring the following matters to your attention:

Investments in subsidiaries are valued by taking into account both percentage of net worth that they represent as well as future profitability forecasts as indicated in the accounting policies and methods and note to the financial statements concerning long-term investments.

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

These assessments were performed as part of our audit approach for the financial statements taken as a whole and contributed to the expression of the opinion in the first part of this report.

III. SPECIFIC VERIFICATIONS AND DISCLOSURES

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

We have no matters to report regarding the fair presentation and the consistency with the financial statements of the information provided 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 relating to remunerations and benefits received by the corporate officers and any other commitments made in their favor, 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 these procedures, we attest to the accuracy of this information.

As indicated in the management report, this information represents the remunerations and benefits paid by the Imerys Group and the companies controlling it with respect to directorships, roles or engagements performed in or on behalf of Imerys Group. It does not include remunerations and benefits paid with respect to other directorships, roles or engagements.

Pursuant to the law, we have verified that the management report contains the appropriate disclosures as to the identity of the shareholders and holders of the voting rights.

Paris-La Défense and Neuilly-sur-Seine, March 18, 2015

The Statutory Auditors

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

2.2.3 STATUTORY AUDITORS' REPORT ON RELATED PARTY AGREEMENTS AND COMMITMENTS

Shareholders' Meeting held to approve the financial statements for the year ended December 31, 2014

To the Shareholders,

In our capacity as statutory auditors of your company, we hereby report on certain related party agreements and commitments.

We are required to inform you, on the basis of the information provided to us, of the terms and conditions of those agreements and commitments indicated to us, or that we may have identified in the performance of our engagement. We are not required to comment as to whether they are beneficial or appropriate or to ascertain the existence of any such agreements and commitments. It is your responsibility, in accordance with article R. 225-31 of the French commercial code (*Code de commerce*), to evaluate the benefits resulting from these agreements and commitments prior to their approval.

In addition, we are required, where applicable, to inform you in accordance with article R. 225-31 of the French commercial code (*Code de commerce*) concerning the implementation, during the year, of the agreements and commitments already approved by the general meeting of shareholders.

We performed those procedures which we considered necessary to comply with professional guidance issued by the national auditing body (*Compagnie nationale des commissaires aux comptes*) relating to this type of engagement. These procedures consisted in verifying that the information provided to us is consistent with the documentation from which it has been extracted.

AGREEMENTS AND COMMITMENTS SUBMITTED FOR APPROVAL BY THE GENERAL MEETING OF SHAREHOLDERS

Agreements and commitments authorized during the year

We hereby inform you that we have not been advised of any agreements or commitments authorized in the course of the year to be submitted to the general meeting of shareholders for approval in accordance with article L. 225-38 of the French commercial code (*Code de commerce*).

Commitments to resubmit for approval by the general meeting of shareholders

We have been advised of the following agreements and commitments which, after review by the board of directors on February 12, 2015, must be re-submitted for approval by the general meeting of shareholders pursuant to article L. 225-42-1 of the French commercial code (*Code de commerce*). These commitments were taken in favor of Mr. Gilles Michel, chairman and chief executive officer, subject to his reappointment by the general meeting of shareholders, being specified that no change had been made since the last approval by the general meeting of shareholders of April 26, 2012.

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 the beneficiary for 3%, and 5% by your 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.

Your company paid contributions to this plan amounting to € 15,019.20 in 2014.

Group defined benefit retirement plan

This plan provides the payment of a life annuity for the principal managers of the group, including Mr Gilles Michel, chairman and chief executive officer, who fulfill restrictive and objective eligibility criteria (at least eight years of seniority in the group, including four years as a member of the executive committee).

The maximal amount of the life annuity that may be paid to the plan beneficiaries as from the liquidation of their pension is calculated to guarantee them:

- a total annual gross amount (after having taken into account pension benefits from mandatory and complementary retirement plans including the defined contribution retirement plan described above) 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.

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.

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

This plan is managed by an external insurance company.

The total estimated amount of the commitment for Mr. Gilles Michel amounts to K€ 3,539 as at December 31, 2014.

Severance pay

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):

- in the case of a termination of his corporate office after more than 2 years, the severance pay shall be equal to his last twenty-four-month fixed compensation, cumulated with the amount of his variable compensation accrued for the last two closed financial years,
- in the case of a termination of his corporate office after a period between one and two years, the severance pay shall be equal to twice his last twelve-month fixed compensation, cumulated with an amount equal to twice his first accrued variable compensation,
- in the case of a termination of his corporate office after less than one year, the severance pay shall be equal to his fixed compensation for 2 years, e.g. € 1,600,000, cumulated with 70% of this amount (equivalent to the current reference target bonus level), e.g. € 1,120,000.

The payment of this severance pay would also 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 objectives over the last three financial years, as set down for the determination of the variable compensation with respect to each of those financial years:

- if the average percentage (calculated over the last three financial years) was lower than 40%, no severance pay would be paid,
- if the percentage was between 40% and 80%, the severance pay would be calculated on a linear basis between 50% and 100% of the maximum amount,
- if the percentage was upper than 80%, the maximum amount would be paid.

In case of a departure after less than three complete financial years, the performance conditions would be determined as follows:

- In case of a departure after less than three complete financial years, the arithmetic average of the percentages of achievement would be considered over the last two complete financial years,
- In case of a departure after less than two complete financial years, the arithmetic average of the percentages of achievement would be considered over the last complete financial years,
- In case of a departure after less than one complete financial year, 70% of the objectives would be considered as reached.

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.

Social security benefits plan for corporate executives

In his capacity as 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 € 12,182.45 in 2014.

AGREEMENTS AND COMMITMENTS ALREADY APPROVED BY THE GENERAL MEETING OF SHAREHOLDERS

We hereby inform you that we have not been advised of any other agreements or commitments already approved by the general meeting of shareholders, whose implementation continued during the year.

Paris-La Défense and Neuilly-sur-Seine, March 18, 2015

The Statutory Auditors

ERNST & YOUNG et Autres	DELOITTE & ASSOCIES
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. It also decided to appoint a Vice-Chairman, who is, since April 29, 2014, Mr. Amaury de Seze. 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). The Company complies with all of the recommendations resulting from this Code, except for those that are explained in section 3.8 below.

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.

CHANGES IN 2014

The Company's shareholders, at their Ordinary and Extraordinary General Meeting of April 29, 2014, decided 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;
- appoint, for a period of three years, Mr. Paul Desmarais and Mr. Arnaud Laviolette as a new Directors, i.e. until the end of the Shareholders' General Meeting called in 2017 to rule on the 2016 financial statements.

The Board of Directors, at its meeting of February 13, 2014, acknowledged the expiry of the term of office of Mr. Jacques Veyrat, given that he did not solicit its renewal.

Finally, the term of office of Mr. Aimery Langlois-Meurinne ended 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.

Furthermore, in accordance with legal provisions, following the amendment of the Company's by-laws by the Shareholders' General Meeting of April 29, 2014 setting down the arrangement's for the appointment of employee representative Directors, two new Directors were appointed on October 6, 2014 for a 3-year term: Mrs. Éliane Augelet-Petit and Mr. Enrico d'Ortona, appointed by Imerys' French Group Works Council and European Works Council, respectively. They benefit from training in line with the performance of their duties, borne by the Company and provided either by external organizations or by Imerys Learning Center.

Since this appointment, the Company Works Council has only been represented on the Company's Board of Directors by one person who attends all Board meetings on an advisory basis.

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	59	French	Chairman and Chief Executive Officer	11/03/2010	2015	60,260	No (1)
Amaury de Seze	68	French	Vice-Chairman	07/30/2008	2016	8,016	No (2)
Gérard Buffière	69	French	Director	05/03/2005	2017	18,109	No (3)
Aldo Cardoso	59	French	Director	05/03/2005	2017	1,680	Yes
Paul Desmarais III	32	Canadian	Director	04/29/2014	2017	600	No (2)
Ian Gallienne	44	French	Director	04/29/2010	2016	600	No (2)
Marion Guillou	60	French	Director	09/01/2012	2017	600	Yes
Arnaud Laviolette	53	Belgian	Director	04/29/2014	2017	600	No (2)
Fatine Layt	47	French	Director	04/29/2010	2016	600	Yes
Xavier Le Clef	38	Belgian	Director	04/26/2012	2015	720	No (2)
Jocelyn Lefebvre	57	Franco-Canadian	Director	06/16/1994	2015	1,080	No (2)
Arielle Malard de Rothschild	51	French	Director	04/28/2011	2017	600	Yes
Robert Peugeot	64	French	Director	11/04/2002	2016	704	Yes (4)
Olivier Pirotte	48	Belgian	Director	04/29/2010	2016	600	No (2)
Marie-Françoise Walbaum	65	French	Director	04/25/2013	2015	600	Yes
Éliane Augelet-Petit	57	French	Emmployee representative Director	10/06/2014	2017	na	na
Enrico d'Ortona	51	Belgian	Emmployee representative Director	10/06/2014	2017	na	na
Total members: 17						95,369 (5)	6

(1) Chairman and Chief Executive Officer of the Company.

(2) Director representing a majority shareholder in the Company.

(3) Former executive of the Company.

(4) See section 3.8 of this chapter.

(5) i.e. 0.13% of capital and 0.10% of voting rights as of December 31, 2014.

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 seven members, together hold 42,851,473 shares as of December 31, 2014 *(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, outside the employee representative Directors) reaches 26.66%; five members of the Board of Directors are not solely French nationals and six are considered "independent". This proportion of independent members in the composition of the Board of Directors (6 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[1] 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 2015

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 30, 2015 to:

- renew the terms of office as Directors of Mrs. Marie-Françoise Walbaum, Mr. Xavier Le Clef and Mr. Gilles Michel for a further period of three years, i.e. until the end of the Shareholders' General Meeting called in 2018 to rule on the 2017 financial statements;
- appoint for a three-year period Mrs. Giovanna Kampouri Monnas, Mrs. Katherine Taaffe Richard and Mr. Monsieur Ulysses Kyriacopoulos as new Directors i.e. until the end of the Shareholders' General Meeting called in 2018 to rule on the 2017 financial statements.

The term of office of Mr. Jocelyn Lefebvre expires at the next Shareholders' General Meeting. Given that he did not solicit its renewal, the Board of Directors acknowledged it and decided, at its meeting of February 12, 2014, not to propose its renewal.

Finally, it is reminded that the term of office of Mr. Gérard Buffière will end ipso jure at the end of the Shareholders' General Meeting of April 30, 2015, 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. Giovanna Kampouri Monnas, Mrs. Katherine Taaffe Richard and Mrs. Marie-Françoise Walbaum and did not recognize it for Mr. Gilles Michel, Chairman and Chief Executive Officer of the Company, or Mr. Xavier Le Clef, as representative of a Company's controlling shareholder.

On that occasion, following the recommendation made by the Haut Comité du Gouvernement d'Entreprise (French high council for Corporate Governance) in a letter sent to the Chairman of the Board of Directors dated June 30, 2014, the Board especially examined the business relations that are likely to exist between current Directors, or those whose appointment is proposed, and Group companies. It was judged that either there were none or that they came under current operating activity and, moreover, were not significant for the Group, except for Mr. Ulysses Kyriacopoulos's business relations. His family, a shareholder for more than 80 years of the S&B group, of which Mr. Ulysses Kyriacopoulos was Chairman, holds approximately 4.7% of Imerys' capital following the combination with Imerys completed on February 26, 2015. In addition, his family entered into a shareholders' agreement with GBL[2]. It could also, with respect to the integration of S&B's activities into the Imerys group, receive an additional cash payment for the acquisition, based on performance and not exceeding €33 million. Given these points, the Board did not recognize Mr. Ulysses Kyriacopoulos as an independent member.

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 Mrs. Giovanna Kampouri Monnas, Mrs. Katherine Taaffe Richard, Mrs. Marie-Françoise Walbaum and Mr. Ulysses Kyriacopoulos as new applicants appears in *chapter 8, paragraph 8.1.4 of the Registration Document*.

(1) 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);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.
(2) With no intention to act in concert (see chapter 7, paragraph 7.3.3 of the Registration Document).

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, 2014.

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 the ENSA, and then with 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. In 2001, he joined PSA Peugeot-Citroën group, as Manager of the Platforms, Techniques & Purchasing activity. 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 2014:

MAIN ACTIVITY:	• Chairman and Chief Executive Officer of Imerys*.
OTHER RESPONSIBILITIES:	• Director: Solvay* (Belgium); Charles Telfair Institute, 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.*

Amaury de Seze

Vice Chairman of the Board of Directors

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 of Canada, in charge of European investments, until May 2010, when he became Vice-President of the Board of Directors of Power Financial Corporation and then Vice-Chairman.

List of activities and other responsibilities in 2014:

MAIN ACTIVITY:
- Vice-Chairman: Power Financial Corporation* (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); 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 of Canada* (Canada).
- Director: Power Financial Corporation*, Power Corporation of Canada* (Canada); Groupe Industriel Marcel Dassault S.A.S., Suez Environnement Company*, Thales* (France).
- Member of the Supervisory Board: Gras Savoye SCA (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 activities in 1989. His career continued as Chief Executive Officer of the Industrial Equipment activity 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 2014:

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: 20 Onslow Square – Londres SW7 3NP (United Kingdom)

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 2014:

RESPONSIBILITIES:

- Director: 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: Mobistar (Belgium); Accor*, Gecina*, PlaNet Finance, Rhodia* (France).

Paul Desmarais III

Director

Born on June 8, 1982

Work address: Power Corporation du Canada – 751, Square Victoria – Montréal (QC) H2Y 2J3 (Canada)

Graduated in Economics from Harvard University and holder of a MBA from INSEAD in Fontainebleau, Paul Desmarais III began his career in 2004 at Goldman Sachs in the United States where he held various positions until 2009. He was involved in project management and strategy at Imerys from 2010 to 2012. He joined the insurance company Great-West Lifeco (Canada) in 2012 as Assistant Vice President of Risk Management. Since May 2014, Paul Desmarais III is Vice-President of Power Corporation of Canada and Power Financial Corporation (Canada).

List of activities and other responsibilities in 2014:

MAIN ACTIVITY:

- Vice-President: Power Corporation of Canada*, Power Financial Corporation* (Holding Company – Canada)

OTHER RESPONSIBILITIES:

- Director: Groupe Bruxelles Lambert* (Belgium); Canada Life Financial Corporation, Great-West Financial (Canada) Inc.*, Great-West Financial (Nova Scotia) Co., Investors Group Inc., London Insurance Group Inc., London Life Insurance Company, Mackenzie Inc., Sagard Capital Partners GP, Inc., The Great-West Life Assurance Company (Canada); Pargesa Holding SA* (Switzerland); Great-West Life & Annuity Insurance Company, GWL&A Financial Inc., Putnam Investments LLC (United States).

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

- None.

* *Listed company.*

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. In 2005, he created the private equity funds Ergon Capital in Brussels of which he was Managing Director until 2012. Ian Gallienne has been a Director of Groupe Bruxelles Lambert since 2009 and Managing Director since January 1, 2012.

List of activities and other responsibilities in 2014:

MAIN ACTIVITY:
- Managing Director: Groupe Bruxelles Lambert* (Holding Company – Belgium).

OTHER RESPONSIBILITIES:
- Director: Erbe SA, Ergon Capital SA, Steel Partners NV (Belgium); Lafarge*, Pernod Ricard* (France); Gruppo Banca Leonardo SpA (Italy); SGS* (Switzerland).
- Member of the Supervisory Board: Kartesia GP SA (Luxembourg).
- Manager: Ergon Capital II Sàrl (Luxembourg).

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

- Managing Director: Ergon Capital Partners SA, Ergon Capital Partners II SA, Ergon Capital Partners III SA (Belgium).
- Director: Publihold SA (Belgium); Central Parc Villepinte SA, Elitech Group SAS, Fonds de Dotation du Palais, PLU Holding SAS (France); La Gardenia Beauty SpA, Seves SpA (Italy); Arno Glass SA (Luxembourg).
- Member of the Supervisory Board: Arno Glass Luxco SCA (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 2014:

RESPONSIBILITIES:

- Chairman of the Board of Directors: Agreenium (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”.

Arnaud Laviolette

Director

Born on July 1, 1961

Work address: Groupe Bruxelles Lambert – 24, Avenue Marnix – 1000 Bruxelles (Belgium)

A graduate in Applied Economics from the Catholic University of Louvain, Arnaud Laviolette began his career 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. He joined ING Belgique SA in January 1996 and, after directing the Corporate Finance and Corporate Clients activities, became Managing Director and member of the Management Committee in charge of Commercial Banking. In January 2013, he joined Groupe Bruxelles Lambert (Belgium) as Deputy Director for Investments. In 2014, he became Investments Director. Since January 1, 2015, Arnaud Laviolette assumes together with Olivier Pirotte the management of the investment portfolio of Groupe Bruxelles Lambert.

List of activities and other responsibilities in 2014:

MAIN ACTIVITY:

- Investments Director: Groupe Bruxelles Lambert* (Holding Company – Belgium).

OTHER RESPONSIBILITIES:

- Director: Royal Leopold Club SA (Belgium).

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

- Director: ING Belgique SA (Belgium).

* *Listed company.*

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 Chairman and Managing Partner of Oddo Corporate Finance.

List of activities and other responsibilities in 2014:

MAIN ACTIVITY:
- Chairman & Managing partner: 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).

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

- Chairman: Le Cercle des Partenaires des Bouffes du Nord, Partanea SAS (France).
- Member of the Supervisory Board: Institut Aspen France (France).

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 was successively Investments Manager until 2011 and then Chief Financial Officer until 2015. Xavier Le Clef is since February 2015 Managing Director of CNP.

List of activities and other responsibilities in 2014:

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

OTHER RESPONSIBILITIES:
- Director: Andes Invest, BSS Investments, Compagnie Immobilière de Roumont, Distriplus, Europart, Fidentia Real Estate Investments, GB-INNO-BM, GIB Corporate Services, Investor, Soneco, Trasys Group (Belgium); Financière Flo, Groupe Flo*, Tikehau Capital Advisors, Unifem (France); Finer, International Duty Free, Kermadec, Swilux (Luxembourg); Rottzug (Netherlands); AOT Holding, Transcor Astra 25 (Switzerland); International Duty Free (United Arab Emirates).
- 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, Nanocyl, Newcor, Newtrans Trading, Starco Tielen (Belgium); Lyparis (France).
- Commissaris: Agesca Nederland (Netherlands).

* *Listed company.*

Jocelyn Lefebvre

Director

Born on December 22, 1957

Work address: Power Corporation of Canada – 751, Square Victoria – Montréal (QC) H2Y 2J3 (Canada)

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 of Canada group, where he has held various positions in Europe.

List of activities and other responsibilities in 2014:

MAIN ACTIVITY:
- Director: Power Corporation of 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).

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 of Rothschild & Cie and, since 2014, Director of Paris Orléans, the holding of Rothschild group. Personal interests have also led her to take part in humanitarian work: in 1997, she was appointed Director of the Care France NGO then Chairwoman in 2007 and Vice-Chairman of CARE International (USA). Arielle Malard de Rothschild is also for many years Director of the Rothschild Foundation and the Traditions for Tomorrow association.

List of activities and other responsibilities in 2014:

MAIN ACTIVITY:
- Managing Director: Rothschild & Cie (Merchant bank – France).

OTHER RESPONSIBILITIES:
- Director: Groupe Lucien Barrière, Paris Orléans* (France); Electrica SA* (R omania and United Kingdom).
- Vice-Chairman: CARE International (Switzerland).
- Chairwoman: Care France.

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

- None.

* *Listed company.*

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 2002.

List of activities and other responsibilities in 2014:

MAIN ACTIVITY:

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

OTHER RESPONSIBILITIES:

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

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), Sanef (France); B-1998, SL, FCC Construccion, S.A., Fomento de Construcciones y Contratas, S.A. (Spain); Waste Recycling Group Limited (United Kingdom).
- Member of the Supervisory Board: Peugeot S.A.* (France); IDI Emerging Markets SA (Luxembourg).
- Permanent representative of FFP Invest: Member of the Supervisory Board of Zodiac Aérospace* (France).

* *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 activities. In 1995, he joined Groupe Bruxelles Lambert where he held various positions in the field of finance and industry before becoming Manager of Equity Interests and Investments in 2000 and then Chief Financial Officer from 2012 to 2014. Since January 1, 2015, Olivier Pirotte assumes together with Arnaud Laviolette the management of the investment portfolio of Groupe Bruxelles Lambert.

List of activities and other responsibilities in 2014:

MAIN ACTIVITY:

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

OTHER RESPONSIBILITIES:

- Director: Brussels Securities S.A., Cofinergy S.A., GBL Treasury S.A., LTI One S.A., LTI Two S.A., Sagerpar S.A., Pension funds of Groupe Bruxelles Lambert (OFP) (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., 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 and Member of the Strategic Committee and Audit Committee: Suez Environnement Company* (France).
- Manager: Immobilère de Namur S.à.r.L. (Luxembourg).
- Director: Ergon Capital Partners, SN Airholding (Belgium).
- Member of the Investments Committee: Sagard Equity Partners (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 2014:

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*, Vigeo (France).
- Censor: Isatis (France).

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

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

* *Listed company.*

Éliane Augelet-Petit

Employee representative Director

Born on August 29, 1957

Work address: Imerys – 154, rue de l'Université – 75007 Paris (France)

Éliane Augelet-Petit began her career in 1973 at Penarroya, a listed subsidiary of Imerys (then Imetal), as an administrative employee. She joined Imerys' Legal Department in 1978 as a paralegal. She was an elected CFDT union representative on the Imerys Works Council from 1978 to October 6, 2014, the date of her appointment as an employee representative Director. She attended Imerys' Board of Directors meetings in this capacity until that date. She held various positions during that period of office, in particular the Group's CFDT union representative and Secretary of the Group French Works Council and the European Works Council.

List of activities and other responsibilities in 2014:

MAIN ACTIVITY:
- Paralegal: Legal Department of Imerys* (France).

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

- None.

Enrico d'Ortona

Employee representative Director

Born on April 11, 1963

Work address: Imerys Minéraux Belgique – Rue du Canal 2 – 4600 Visé Paris (Belgium)

Enrico d'Ortona began his career in 1979 as a surveyor in an engineering consultancy. After holding various positions as a rolling-mill operator then a sheet metal splitter, particularly at Tolmatil then UCA (Belgium), where he was in charge of a 60-person team, in 2004 he joined Arcelor Mittal as a steelworks and overhead crane operator. As of 2006, he is a production operator at Imerys Minéraux Belgique (Belgium). Enrico d'Ortona was a union delegate and a member of the Works Council from 2008 to 2012.

List of activities and other responsibilities in 2014:

MAIN ACTIVITY:
- Production operator: Imerys Minéraux Belgique (Belgium).

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

- None.

* *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. Paul Desmarais III, Ian Gallienne, Arnaud Laviolette, 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.

2014	
Number of meetings	10
Average actual attendance rate of members	86%
2015	
Expected number of meetings	6

The high number of Board meetings in 2014 is particularly due to the public offer made by Imerys for AMCOL stock on February 12 and subsequent events.

The annual provisional schedule of Board of Directors' Meetings, as well as of its specialized Committees, is set, at the latest, in the last meeting of each year. A first indication is given on 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, sent to each Director via a secure platform, since the end of 2014, come 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 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, the Committees Chairmen 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 2015, the Board of Directors formally assessed its functioning and that of its Committees with respect to 2014. 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 12, 2015.

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 2014, intended to improve its workings and performance and those of its Committees, had been applied.

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 proportion of women on the Board as well as the diversity of its membership;
- organize the periodical review by the Board of the Group's general strategy, main risks, Sustainable Development policy and results;
- continue proposing industrial site tours to the 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 recent developments, 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:

Name	Date of 1st appointment to the Committee	Independent member status
Ian Gallienne, Chairman	April 29, 2010	No
Gérard Buffière	April 28, 2011	No
Aldo Cardoso	May 2, 2007	Yes
Paul Desmarais III	April 29, 2014	No
Xavier Le Clef	April 29, 2014	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: 9		**2**

* *see section 3.8 of this chapter.*

Following Mr. Aimery Langlois-Meurinne's departure from the Board, Mr. Ian Gallienne was appointed Chairman of the Strategic Committee as from April 29, 2014. The Board, after gathering the opinion of the Appointments and Compensation Committee, intends to appoint Mr. Arnaud Laviolette as a new member of the Strategic Committee, in succession to Mr. Olivier Pirotte, at the end of the Shareholders' General Meeting of April 30, 2015.

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.

2014	
Number of meetings	9
Average actual attendance rate of members	83.33%
2015	
Expected number of meetings	7

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 2014

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 2014 results and the 2015 budget.

In addition, the Board examined the Group's new five-year plan, drawn up by its Executive Management.

The Strategic Committee also periodically studied and approved the key stages and main aspects of the most significant external growth or divestment projects. In 2014 this examination concerned, in particular:

- the divestment to the Swiss group Omya of four calcium carbonate for paper plants, which was completed on January 31, 2014;
- the project for the acquisition of the American listed corporation Amcol, which led in January 2014 to the Group's filing of a public purchase offer, the price of which was improved twice. The Group, with the Committee's prior support, finally decided not to raise its bid in response to its rival's final offer for this acquisition;
- the combination with S&B, which was announced on November 5, 2014.

Finally, as usual, the Strategic Committee worked to analyze the Group's financial structure and make sure it is robust. More specifically, it examined the bond issue project that was completed in December 2014 for a total amount of €600 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
Amaury de Seze, Chairman	April 29, 2014	No *
Ian Gallienne	April 26, 2012	No
Marion Guillou	April 29, 2014	Yes
Arielle Malard de Rothschild	April 26, 2012	Yes
Robert Peugeot	May 3, 2005	Yes *
Number of Members: 5		**3**

* *See section 3.8 of this chapter.*

This Committee is predominantly comprised of independent members in accordance with the recommendation of the AFEP-MEDEF Corporate Governance Code.

In 2014, the Board appointed as new members of the Committee Mrs. Marion Guillou and Mr. Amaury de Seze who was also elected as Chairman as from April 29, 2014 in succession to Mr. Aimery Langlois-Meurinne following his departure from the Board.

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.

2014	
Number of meetings	2
Average actual attendance rate of members	80%
2015	
Expected number of meetings	2

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 2014

The Appointments and Compensation Committee was first consulted in its two meetings in January and April on the composition of the Board of Directors and of its Committees, the situation of the Directors whose terms of office expired following the annual Shareholders' General Meeting and the proposed candidates for their replacement, as the case may be, including the office of Vice-Chairman of the Board and Chairmen of the Appointments and Compensation and Strategic Committee. On that occasion the Committee examined the situation of each member of the Board with respect to the definition of "independence" adopted by the Board. It also made sure that the composition of the Audit Committee and the Appointments and Compensation Committee complied with the proportions of 2/3 and a majority of independent members, respectively, and a majority of independent members, in accordance with the AFEP-MEDEF Corporate Governance Code. The Committee also reviewed the scale for Directors' attendance fees and recommended that the Board submit an increase in their annual maximum amount at the Shareholders' General Meeting.

The Appointments and Compensation Committee also assessed Chairman and Chief Executive Officer's performance in 2013, as usual. It measured the achievement of the goals, particularly financial ones, assigned to the Chairman and Chief Executive Officer for the determination of the variable share of his compensation with respect to 2013, payable in 2014, and of the goals that determined the award of free shares or, as the case may be, stock subscription options under previous plans.

In addition, the Committee made recommendations on the setting of the Chairman and Chief Executive Officer's financial and specific goals for the determination of the variable part of his compensation with respect to financial 2014 and the goals related to his 2014 individual long-term loyalty program, as well as the main characteristics of the general program that applies to the Group's other key managers.

The Committee examined in depth the recommendations resulting from the AFEP-MEDEF Corporate Governance Code in terms of compensation for corporate executives, to which the Company had declared on December 18, 2008 that it intended to refer. It was thus able to note that Imerys complied with those recommendations, except for the two for which it estimated that a minor variance was justified given the specific situation of the Group and its shareholding. It also gave the Board its opinion on the restrictive rules on the Chairman and Chief Executive Officer's holding and keeping of shares under stock subscription option and performance share grants.

Finally, the Committee made its recommendations to the Board on the proposal to amend the Company's by-laws, to be submitted at the Shareholders' General Meeting, in order to integrate the arrangements for appointing employee representative Directors to the Board of the Company in accordance with the provisions of the French law of June 14, 2013 on job security.

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;
- the 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 & 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.

The Board, after gathering the opinion of the Appointments and Compensation Committee, intends to appoint Mr. Olivier Pirotte as a new member of the Audit Committee, in succession to Mr. Jocelyn Lefebvre, at the end of the Shareholders' General Meeting of April 30, 2015.

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.

2014	
Number of meetings	5
Average actual attendance rate of members	100%
2015	
Expected number of meetings	4

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 2014

The Audit Committee reviewed the annual and consolidated financial statements for 2013 and the half-yearly statements for 2014, and the related closing work. After reviewing the definitive financial statements submitted to it, the Committee recommended them unreservedly to the Board. The Committee also reviewed the changes in the accounting rules applied by the Group and their relevance to the changes in the IFRS framework, as well as the application of market regulators’ recommendations. As usual, the Committee examined the evolution of the overall effective tax rate for the Group and its components, as well as the monitoring of Imerys’ tax situation in Brazil, and reviewed the results of goodwill impairment tests on Cash-Generating Units.

In addition, at its last meeting of the year the Committee examined the main control items in the closing of the 2014 financial statements. On this occasion, it checked, after hearing the statutory Auditors, the relevance and consistency of the accounting methods used by the Group.

At the end of each half-year, the Committee examined the Audit and Internal Control Department’s activity report, including the reports on the audit assignments carried out in previous years. It also reviewed the work plan for 2015. Furthermore, the Committee took note of the updated mapping of the main risks to which the Group is exposed. It noted that all of the main risks for the Group under this mapping were regularly examined in depth, either by the Strategic Committee or the Audit Committee, and are considered to have sufficient levels of control.

During the year, the Committee also examined the following: the accounting of the main acquisition, divestment and restructuring operations carried out by the Group; the inventory of mineral reserves; the Group’s strategy and three-year plan on Sustainable Development; the management and status of the Group’s main legal risks, regulatory compliance programs and insurance coverage.

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, Chairman of the Board of Directors and Chief Executive Officer.

The term of office of the Chairman and Chief Executive Officer coincides with that of his Directorship. As the latter expires following the next Shareholders' General Meeting, at its meeting on February 12, 2015 the Board voiced its intention of continuing to combine the positions of Chairman and Chief Executive Officer, and to renew Gilles Michel in that capacity, subject to the renewal of his term office as Director at the Ordinary and Extraordinary General Meeting of April 30, 2015.

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 (in particular as far as operations and finance are concerned as well as for protection and safety of individuals in the workplace) and defining any corrective measures;
- defining Group-wide policies and measures (Purchasing; Corporate & Internal Communications; Compliance; Internal Control and Risk Management; Sustainable Development, including Environment, Health & Safety; Innovation, Research & Technology; Human Resources) 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

On the date of the present Registration Document, the Executive Committee was comprised, in addition to Gilles Michel, Chairman and Chief Executive Officer, of the following eight members:

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 activity. Since July 1, 2013, he has been Imerys Vice-President, in charge of Ceramic Materials business group.	**Kriton Anavlavis,** Member of the Executive Committee since March 1, 2015* *(Finance)* He joined Imerys upon the acquisition of the S&B group, of which he was Chief Executive Officer since 2011, after holding several management positions since he joined it in1990, in particular Chief Financial Officer from 2008 to 2011 and General Manager of the Bentonite activity from 1995 to 2007. He began his career as an engineer at Sulzer and Royal Cruise Line.
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 activity 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. Currently 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 activity and then appointed Vice-President and General Manager of the Minerals for Filtration activity 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.

* *Replacing Michel Delville who held the position since 2009.*

The composition of the Executive Committee reflects the Group's managerial and operational organization around 4 business groups. The composition of these business groups was modified in 2014, given the combination project with S&B, announced in November of that year: the Group integrated the Kaolin activity into the Ceramic Materials business group and, as of February 27, 2015, S&B's activities into the Filtration & Performance Additives business group.

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 2014.

3.3 COMPENSATION

3.3.1 BOARD OF DIRECTORS

AMOUNT

The maximum gross 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 April 29, 2014, is €1,000,000. 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 12, 2015, the Board decided, following the opinion given by the Appointments and Compensation Committee, to keep the current allocation scale unchanged for 2015.

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.

	2013		2014	
(€)	Amounts due	Amounts paid	Amounts due	Amounts paid
G. MicheL, Chairman and Chief Executive Officer(1)	-	-	-	-
A. de Seze, Vice-Chairman(2)	44,000	40,759	130,667	71,167
E. Augelet-Petit(3)	-	-	9,000	-
G. Buffière	46,000	44,759	58,000	54,000
A. Cardoso	84,000	81,208	96,000	97,000
P. Desmarais III(4)	-	-	31,333	5,333
J. Drijard(5)	18,667	39,426	-	-
I. Gallienne	53,500	50,759	79,667	63,167
M. Guillou	30,000	25,840	36,000	34,000
A. Langlois-Meurinne(6)	191,500	184,072	74,333	164,333
A. Laviolette(4)	-	-	21,333	3,333
F. Layt	28,000	26,759	38,000	36,000
X. Le Clef	28,000	28,759	46,000	38,000
J. Lefebvre	54,000	52,759	69,000	65,000
A. Malard de Rothschild	39,500	38,759	43,000	43,000
J. Monville(5)	18,667	48,426	-	-
E. d'Ortona(3)	-	-	9,000	-
R. Peugeot	38,500	33,759	36,500	36,500
O. Pirotte	42,000	40,759	56,000	52,000
PJ. Sivignon(5)	10,667	23,426	-	-
J. Veyrat(7)	32,500	35,759	15,167	29,167
MF. Walbaum(8)	28,333	3,333	55,000	56,000
Total	**787,834**	**799,321**	**904,000**	**848,000**

(1) Chairman and Chief Executive Officer – does not receive attendance fees.

(2) Vice-Chairman since April 29, 2014.

(3) Employee representative Director since October 6, 2014.

(4) Director since April 29, 2014.

(5) Director until April 25, 2013.

(6) Director and Vice-Chairman until April 29, 2014.

(7) Director until April 29, 2014.

(8) Director since April 25, 2013.

It is specified that:

- these amounts represent the entirety of the compensation paid in 2014 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, except for the two employee representative Directors who also received compensation in 2014 with respect to their salaried positions in the Imerys group;
- details of the compensation paid to Gilles Michel, the sole Executive Corporate Officer who was in office in 2014, 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

* *See section 3.8 of this chapter.*

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 2014.

In addition, all of the compensation items owed or allocated with respect to 2014 to Gilles Michel is put to shareholders' advisory vote at the General Meeting called for April 30, 2015 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)*. As previously stated, the General Meeting of April 29, 2014 gave a favorable opinion on the compensation components owed or awarded to Gilles Michel with respect to financial 2013.

TABLE SUMMARIZING THE COMPENSATION ITEMS

(€)	2013	2014
Executive Corporate Officer's name and position		
Gilles Michel, Chairman and Chief Executive Officer		
Compensation due in respect of the financial year	1,573,979	1,482,693
Valuation of the stock options awarded during the financial year	-	-
Valuation of the performance shares awarded during the financial year*	1,354,500	1,349,677
Total	**2,928,479**	**2,832,370**

* *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.*

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 2014 were related to the achievement of a goal of net income from current operations, operating cash flow generated by the Group during the year 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.

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 2014, the Board of Directors at its meeting of February 12, 2015 set the amount of his variable compensation for that year to be paid in 2015.

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 2015. Following the recommendations of the Appointments and Compensation Committee presented following a study conducted on market practices in this area by two specialist independent firms, the Board decided to raise the ceiling to 132% of his fixed compensation. The criteria for 2015 are related to the achievement of financial targets, similar to those set for 2014 (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 2015.

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 2013 and 2014

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 2013 and 2014 are as follows:

(€)	2013		2014	
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	758,400	656,000	666,400	758,400
Exceptional compensation	-	-	-	-
Attendance fees	-	-	-	-
Benefits*	15,579	15,579	16,293	16,293
Total	**1,573,979**	**1,471,579**	**1,482,693**	**1,574,693**

* *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 2014 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).

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 conditions, in particular seniority (at least 8 years' seniority in the Group of which 4 as a member of the Executive Committee). 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, 2014, 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 €3,539,000 (compared with €2,140,000 as at the end of 2013).

The provisions of this plan are in line with the recommendations of the AFEP-MEDEF Governance Code, particularly with respect to the maximum limit and gradual acquisition of individual rights resulting from the scheme. Taking into account the seniority required in the scheme set up by Imerys, the annual maximum rate of rights acquisition under the scheme amounts to 3.125% and is further reduced for any beneficiary exceeding 8 years' seniority in the Group.

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. Effective June 30, 2014, Imerys modified the objective category defining beneficiaries of the system in order to comply with new requirements concerning the exemption of contributions from tax and social charges. 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 of these agreements and commitments made by the Company for the benefit of Gilles Michel, Chairman and Chief Executive Officer, were reviewed by the Board of Directors at its meeting on February 12, 2015 when examining the renewal of his term of office, in accordance with legal provisions. The Board, on the recommendation of the Appointments and Compensation Committee, decided to continue them unchanged, under the same terms and conditions. Pursuant to legal provisions, these agreements and commitments have been notified to the Statutory Auditors for the drafting of their special report on regulated agreements and commitments *(see chapter 2, paragraph 2.2.3 of the Registration Document)* and will be submitted to the new approval of the Shareholders at the next General Meeting called, in particular, to rule on the renewal of the Directorship of Gilles Michel, subject to such renewal, given the intention voiced by the Board of renewing his office as Chairman and Chief Executive Officer *(see paragraphs 8.1.2 and 8.1.4 of chapter 8 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.

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 29, 2014, 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 activity 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).

* *Including options granted under employee shareholder plans.*

Loss or maintaining of options

Options not exercised on expiry of their exercise period are automatically cancelled.

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 2014*

It is recalled that no stock options were granted in 2014.

The total number of stock subscription options in existence on December 31, 2014 is 2,484,569, representing 3.14% of Imerys' share capital on that date after dilution; their weighted average exercise price is €54.04.

In 2014, 40,335 stock subscription options were cancelled; 565,642 were exercised by 132 beneficiaries at a weighted average price of €48.40.

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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 2014.

HOLDING AND CHANGES

As of December 31, 2014, the total number of stock options held by the Chairman and Chief Executive Officer is 161,320, vs. 166,000 as on December 31, 2013, representing 0.20% of Imerys' share capital on that date after dilution; their weighted average exercise price is €45.97.

82,000 stock subscription options were vested by Gilles Michel on February 28, 2014 following the Board of Directors' acknowledgement of the achievement of the economic performance goals set with respect to the period 2011-2013, on which they were conditioned.

No options were exercised by the Chairman and Chief Executive Officer in 2014.

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, 2014.

	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 2014					
Number of options remaining to be exercised on 01/01/2014	337,882	294,701	82,000	363,200	210,000
Number of shares subscribed in 2014, of which:	n.a.	20,670	n.a.	54,850	97,214
▮ by G. Michel, Chairman and Chief Executive Officer	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.	19,200	42,000
Number of options cancelled(5) in 2014	(7,668)	(16,037)	-	(3,300)	-
Number of options remaining to be exercised on 12/31/2014(6) of which:	330,214	257,994	82,000	305,050	112,786
▮ by G. Michel, Chairman and Chief Executive Officer	44,000	35,320	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	Total
04/30/2008	05/03/2005	05/03/2005	05/03/2005	05/03/2005	05/06/2002	
04/30/2008	05/02/2007	11/07/2006	05/02/2006	05/03/2005	05/03/2004	
04/30/2011	05/03/2010	02/01/2007	05/03/2009	05/04/2008	05/03/2007	
04/29/2018	05/01/2017	11/06/2016	05/01/2016	05/02/2015	05/02/2014	
€54.19	€65.61	€62.31[3]	€63.53	€53.58	€45.49	
183	160	2,932	171	171	166	
497,925	560,000	38,770	640,000	635,000	840,000	5,720,234
n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	166,000
-	60,000	15	90,000	80,000	260,000[4]	610,075
198,150	154,000	150	157,500	140,000	109,600	1,415,328
396,066	408,712	43,746	463,317	409,311	108,611	3,090,546
108,288	6,986	203	6,985	161,835	108,611	565,642
n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
-	-	-	-	20,000	-	20,000
38,241	6,986	-	6,985	49,247	8,598	171,257
(753)	(5,804)	-	(6,771)	(2)	-	(40,335)
260,025	395,922	43,543	449,561	247,474	-	2,484,569
n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	161,320
n.a.	64,482	17	96,714	45,976	-	247,189

3.5 PERFORMANCE SHARES

3.5.1 PERFORMANCE 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 shares conditional on the achievement of economic performance goals ("performance shares") solely, excluding any stock options with which they were previously combined.

MAIN CHARACTERISTICS OF PERFORMANCE SHARES

Vesting of shares

The performance 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 performance 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

According to the regulations currently in force, 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.

PERFORMANCE SHARE PLAN ADOPTED IN 2014

In 2014, 282,475 performance shares were granted to 172 Group managers residing in France or abroad including the Chairman and Chief Executive Officer (vs. 164 in 2013).

The vesting and number of the performance shares granted with respect to this plan adopted by the Board on April 29, 2014 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 2014-2016 period.

Apart from those granted to the Chairman and Chief Executive Officer, 76,500 performance shares were granted to the 10 beneficiaries receiving the highest number of these shares.

CHANGES IN THE NUMBER OF PERFORMANCE SHARES IN 2014

In 2014, 26,499 performance shares were cancelled and 185,424 were vested and accordingly transferred to their respective beneficiaries.

The total number of performance shares in existence on December 31, 2014 was 790,559, which represents 1% of Imerys' share capital on that date after dilution.

3.5.2 PERFORMANCE SHARES GRANTED BY THE COMPANY TO ITS CHAIRMAN AND CHIEF EXECUTIVE OFFICER IN 2014

	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 29, 2014	32,500	1,349,677	April 29, 2018	April 29, 2018	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 29, 2014, 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 2014 general performance share 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 2014-2016 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 2014 general performance share plan intended for the Group's other top managers.

HOLDING AND CHANGES

The following table shows the performance shares vested in the Chairman and Chief Executive Officer in 2014.

	Date of Plan	Number of shares vested in 2014	Vesting conditions
Gilles Michel,	November 3, 2010	42,000	Non(1)
Chairman and Chief Executive Officer(2)	April 28, 2011	17,660	Non(1)

(1) See section 3.8 of this chapter.

(2) Sole executive corporate officer.

The total number of performance shares granted, but not yet vested, to Gilles Michel, Chairman and Chief Executive Officer, is 84,000 as on December 31, 2014, *i.e.* 0.11% of Imerys' share capital on that date after dilution.

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 performance shares made to the Chairman and Chief Executive Officer are set out in *section 3.6 below*.

3.5.3 DETAILS OF PERFORMANCE SHARE PLANS

The following table summarizes the history, status and main characteristics of the performance share plans in force as on December 31, 2014.

	Plan April 2010	Plan November 2010	Plan April 2011	Plan August 2011	Plan April 2012	Plan April 2013	Plan April 2014
Date of Shareholders' General Meeting	04/30/2008	04/30/2008	04/28/2011	04/28/2011	04/28/2011	04/28/2011	04/29/2014
Date of Board of Directors	04/29/2010	11/03/2010	04/28/2011	07/28/2011	04/26/2012	04/25/2013	04/29/2014
Total number of shares granted, of which to:	144,700	42,000	170,971	37,400	180,902	268,500	282,475
▪ G. Michel, Chairman and Chief Executive Officer	-	42,000	20,000	-	21,500	30,000	32,500
▪ G. Buffiere, Director	10,000	-	-	-	-	-	-
Date of vesting	04/29/2014 (1)	03/01/2014	04/28/2015 (3)	08/11/2015 (5)	04/26/2016 (7)	04/25/2017 (9)	04/29/2018 (9)
Date of the end of the keeping period	04/29/2014 (2)	03/01/2016	04/28/2015 (4)	08/11/2015 (6)	04/26/2016 (8)	04/25/2017 (9)	04/29/2018 (9)
Performance conditions	Group's net current operating income per share and ROCE	Group's ROCE	Group's net current operating income per share and ROCE	Group's net current operating income per share and ROCE	Group's net current operating income per share and ROCE	Group's net current operating income per share and ROCE	Group's net current operating income per share and ROCE
Number of shares acquired at December 31, 2014	127,400	42,000	71,469	12,651	792	1,250	0
Cumulative number of shares cancelled or lapsed (10)	17,300	0	30,112	7,849	15,466	7,100	3,000
Performance shares remaining at the end of the financial year	0	0	69,390	16,900	164,644	260,150	279,475

(1) For the beneficiaries resident outside France; April 29, 2013 for the beneficiaries resident in France.
(2) For the beneficiaries resident outside France; April 29, 2015 for the beneficiaries resident in France.
(3) For the beneficiaries resident outside France; April 28, 2014 for the beneficiaries resident in France.
(4) For the beneficiaries resident outside France; April 28, 2016 for the beneficiaries resident in France.
(5) For the beneficiaries resident outside France; August 11, 2014 for the beneficiaries resident in France.
(6) For the beneficiaries resident outside France; August 11, 2016 for the beneficiaries resident in France.
(7) For the beneficiaries resident outside France; April 26, 2015 for the beneficiaries resident in France.
(8) For the beneficiaries resident outside France; April 26, 2017 for the beneficiaries resident in France.
(9) For all beneficiaries, irrespective of their place of tax residence.
(10) Following the beneficiaries' departure from the Group or considering the performance conditions.

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 29, 2014 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 rules, 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 *(see section 3.8 of this chapter)*.

The grant of performance shares awarded on April 29, 2014 to Gilles Michel by the Board is 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 7, paragraph 7.2.3 of the Registration Document)*.

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(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 maintained the obligation of abstention that it had previously set, and Gilles Michel pledged to the Board at its meeting of February 12, 2015 to comply with that abstention, even including for option exercises (which cannot be speculative in nature as the exercise price is predetermined). 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 29, 2014 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 2014 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	82,891	Sale	10	€5,016,924
		Stock options	20,000	Exercise	1	€1,071,600
Paul Desmarais III	Director	Shares	600	Acquisition	1	€35,585
Arnaud Laviolette	Director	Shares	600	Acquisition	1	€35,400

* *Before taxes, charges and costs.*

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3.8 APPLICATION OF THE CORPORATE GOVERNANCE CODE

The AFEP-MEDEF Corporate Governance Code, to which the Company refers to in particular for the purpose of drawing up the report provided for in article L. 225-37 of the French Code of Commerce (this Code is available on the Company's website: www.imerys.com, in the "The Group/Corporate Governance" section). The Company complies with all of the recommendations resulting from this Code, except for those for which explanation is given in the following table.

Recommendations of the AFEP-MEDEF Code	Explanation
Paragraph 9.4 Independence criteria *"Not to have been a Director of the corporation for more than twelve years."*	In February 2014, the Board of Directors recognized the independent Director status of Mr. Robert Peugeot on the recommendation of the Appointments and Compensation Committee, although his term of office (expiring in 2016) exceeded 12 years during that financial year. It judged that the critical thinking that Mr. Peugeot had always shown with respect to Executive Management, in particular, was not affected by that period of time. His independence is also maintained by the broad renewal of the Board's membership in recent years (the average period of office of the Company's Directors following the next General Meeting is only around 5 years).
Paragraph 18.1 Chairmanship of the Compensation Committee *"It should be chaired by an independent Director. It is advised that an employee Director be a member of this Committee."*	The Board, which did not judge the splitting of the Appointments and Compensation Committee desirable, considers that it is natural and legitimate for the Committee to be chaired by a Board representative of the Company's controlling shareholder. The Committee, of which membership was, furthermore, expanded from 3 to 5 in 2012, includes a majority of independent Directors. In addition, Imerys' controlling shareholder (GBL) is a long-term financial investor, of which no representatives or directly or indirectly related individuals have executive responsibilities in the Group.
Paragraph 21.1 Directors attendance fees *"It shall be recalled that the method of allocation of Directors' compensation, the total amount of which is determined by the meeting of shareholders, is set by the Board of Directors. It should take account, in such ways as it shall determine, of the Directors' actual attendance at meetings of the Board and Committees, and therefore include a significant variable portion."*	The scale for attendance fees was set by the Board of Directors in 2011. The Board judges that, given the Directors' already high attendance at its meetings, there is no need for now to change that scale in order to take an additional financial incentive measure to ensure that Directors effectively participate. Furthermore, the current fee allocation scale does not provide for a fixed part to be paid to the Directors with respect to their membership of a Specialized Committee.
Paragraph 23.2.4 Performance shares *"In accordance with terms determined by the Board and announced upon the award, the performance shares awarded to executive Directors are conditional upon the acquisition of a defined quantity of shares once the awarded shares are available."*	Given all of the rules on the Chairman and Chief Executive Officer's holding and keeping of shares described in section 3.6 of the Registration Document *(a number of shares, resulting from each option exercise, corresponding to at least 25% of the net acquisition gain realized in each exercise; a number of shares at least equal to 25% of the total number of shares vested at the end of the vesting period)*, the Board of Directors judged that it was not necessary to also condition the award of performance shares upon the purchase of additional shares on the market once they are available.

RISK FACTORS AND INTERNAL CONTROL

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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. About three quarters of Imerys' activities use own mineral resources. 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 reserves and resources 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 annually presented to the Executive Committee. The process and resources used to ensure its reliability are examined either by the Strategic Committee or by the Audit Committee.

Reserve and resource estimates carried out by each site are audited over a three to five-year cycle by internal independent experts. An additional external assessment of the approach is performed every four years. Thus, in 2012, an external audit carried out by an internationally recognized consultancy firm has confirmed that the general approach to estimation is in line with industry practices and that the way the Group reports its mineral assets is compliant with the Pan European Standard for Reporting Exploration Results, Resources and Reserves (the PERC Reporting Standard).

Moreover, all Group sites are required to formalize their long-term mining plan, allowing a systematic assessment of the quality of these plans on the basis of fifteen criteria. 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 mineral asset development policy, employee workplace safety policy and environmental policy.

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 the macroeconomic environment. Whereas those changes most generally depend on end markets and geographic areas where the Group operates, simultaneous deterioration of conditions on several markets and geographic areas can 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 defined 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)*.

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)*.

ENERGY PRICES

(See note 24.5 to the consolidated financial statements)

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 political, social, legal or regulatory environment of those countries, particularly in 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 Group's assets and revenues are exposed in the countries where Imerys operates (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 process for regular monitoring of the Group's performance in some specific 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 all these items as well as the Group's exposure to such country risks. An overview of those analyses and related implemented actions is presented to the Audit Committee upon request.

Finally, in all countries where Imerys' operations are located, the Group develops its relations with local authorities and communities in order to create and maintain mutual trust based on periodical and transparent dialog on the Group's activities and methods. Moreover, these relations should help the Group to anticipate major local changes that could have an impact on its activities.

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 areas, and to train and promote new talents.

This 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*.

PENSION SCHEMES

(See notes 4, 8, 12 and 23.1 to the consolidated financial statements)

RAW MATERIALS

Raw materials account for 14.68% of the Group's sales in 2014. Therefore, trends in the cost of those materials and their supply conditions may 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 2014, purchases from Imerys' ten largest suppliers (including transport and energy) represent only 9.62% of the Group's total purchases, with no supplier accounting individually for more than 2% 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 locations and to the high number and dispersal of its customers. In 2014, sales to Imerys' ten biggest customers represent 13.93% of the Group's sales, with none of them individually totaling more than 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 may be contracted according to the activity's specific circumstances.

The recent economic crisis, which increased the credit risk of some Group's 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 €26.0 million (i.e. 4.6% of the amount of trade receivables) as of December 31, 2014, compared with €21.1 million (i.e. 4.0% of the amount of trade receivables) as of December 31, 2013.

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 resulting 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 €101.2 million as of December 31, 2014 (€92.1 million as of December 31, 2013).

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-mentionned 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.

Since 2012, the various components of the safety programs are put together in an integrated approach, entitled the "Imerys Safety System" (ISS). The ISS consists of three pillars: compliance, communication/training and continuous improvement. The elements comprising each of these three pillars drive the reduction of accidents and the improvement of safety culture. In this context, Imerys launched in 2014 its new "Take 5" program, a pre-task risk assessment and reduction tool, in order to enrich the global approach and give it a new vitality.

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 to senior management at the quarterly operational reviews.

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, such as 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)*.

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.

Finally, the Group's industrial projects management policy for which new procedures are being put in place has been completely reexamined.

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 (Imerys is based in almost 50 countries and has 234 industrial sites as at year-end 2014). Consequently, the Group must verify that it is able to comply with those regulations in order to continue running all its operations and enable them to maintain an acceptable level of profitability.

In some countries (chiefly in fast-growing countries), foreign companies (especially those that exploit local natural resources) may be affected by the adoption of legislative or regulatory texts having a direct impact on their business or by their discriminatory 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 and based in the Group's main geographic areas. 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 and with full respect of applicable laws and internal policies) 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, tax, property or environmental matters. These risks are highly present for Group's entities located in the United-States and in Brazil.

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 in order to guarantee that they have been appropriately taken into account in Imerys financial statements. The General Counsel also makes a summary presentation of claims to the Audit Committee as part of its annual examination of the risks the Group is facing.

Although the outcome of all outstanding actions and claims cannot be foreseen with certainty, their settlement, taken individually or as a whole - 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 €25.5 million as of December 31, 2014 (€26.4 million as of December 31, 2013) and the amount of provisions booked for legal, social and regulatory risks is €103.3 million as of December 31, 2014 (€90.9 million as of December 31, 2013). The likely term of these provisions is from 2015 to 2019.

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 €555.5 million as of December 31, 2014, compared with €549.1 million as of December 31, 2013 *(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").

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.

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 of €900,000 per claim and €4 million annual aggregate.

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.

In assigning its property damage and business interruption program to an insurance carrier 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 2014.

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: corporate 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 12, 2015.

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 functioning 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 within 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 its members 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 Appointments 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 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 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, Mining & Geology, Environment, Health & Safety, Industrial Management and Information Systems), enable 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 line managers whose missions come under their scope of expertise.

Risk Operational Committee

The Risk Operational 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 2014, 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

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 Codes (Code of Business Conduct and Ethics, 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 and reporting principles 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 defines specific working and reporting principles as needed. 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 to be applied.

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 employee who may be concerned by the communication certify that they have read the information and commit to enforce the provided internal controls in their area of responsibility. 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 transactions 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 Imerys people 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 while taking into account the size of operations and geographic areas 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 Group's rules and with legal or regulatory obligations that apply to the Group (e.g. reporting and consolidation of legal and administrative information on the Group's subsidiaries and interests and on their corporate 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, they are aware of those responsibilities and 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.

In order to ensure that the Code of Business Conduct and Ethics is complied with by all Group's employees, the Code is introduced and commented to newcomers during the integration process.

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 by immediate managers; 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.

According to personal performance and potential, the Group offers various career development opportunities especially through hierarchical, geographical and functional mobility. This guarantees continuous employee development and ensures that specific needs of each activity are effectively met.

The results and main analyses resulting from the management of human resources and skills are presented periodically to the Executive Committee and to one of the Board of Directors' Committees (either the Strategic Committee or the Appointments and Compensation Committee).

Compensation & benefits

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 internal consistency and its appropriateness to the individual and collective performance. Furthermore, the bonus practices in force in the Group are now consistent and are based on comparable criteria in terms of percentage and kind. The Appointments and Compensation Committee is informed of the global compensation policy and the measures taken for major Group executives.

In addition, main social coverage schemes, especially health and long-term care insurances (applicable to death, illness or disability) are subject to constant appraisals and improvements in line with local or regional market practices. The monitoring, amendment or replacement of financial obligations, especially regarding defined-benefit plans, are under the supervision of a Group Pensions Committee so that expenses affecting the Group's activities remain reasonable and under control.

Training

In addition to the training programs organized by the operational 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 areas (Europe, Asia, and USA) contribute to this effort.

Since the creation of the 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 directors responsible for central support departments and Functions as well as the main managers 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. Based on the results, new actions are defined to tighten the Group's control of certain identified risks. This risk analysis is yearly updated on the basis of a review by the Group's support function managers, Comex members and/or main line managers;
- Finally, a Risk Operational Committee meets two or three times a year in order to coordinate 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 operational 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") ensuring the collection of budget and reporting 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 either 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 compared to the previous year or the budget. It defines any corrective actions that it judges necessary and monitors their implementation.

Results are also 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 presented to the Strategic Committee.

Finally, the consolidated financial statements, accounting procedures and complex financial transactions are systematically reviewed by the Executive Committee. They 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 objectives 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.

Self-assessment programs are updated every year. The list of participating entities and the operational and/or functional processes to be assessed within a specific period of time are set up according to the main material risks the Group has identified. At least thirty of the Group's main entities, which together account for almost 60% of consolidated sales, take part in the self-assessment program each year.

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

Statutory Auditors' report prepared in accordance with Article L. 225-235 of the French Commercial Code on the report prepared by the Chairman of the Board of Directors

Year ended December 31, 2014

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 & ASSOCIES
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 the French Commercial Code on the report prepared by the Chairman of the Board of Directors on the internal control and risk management procedures relating to the preparation and processing of the 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.

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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 to you on the report prepared by the Chairman of your company in accordance with Article L. 225-37 of the French Commercial Code for the year ended December 31, 2014.

It is the Chairman's responsibility to prepare, and submit to the Board of Directors for approval, a report on the internal control and risk management procedures implemented by the company and containing the other disclosures required by Article L. 225-37 of the French Commercial Code, particularly in terms of 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 the French Commercial Code, it being specified that we are not responsible for verifying the fairness of these disclosures.

We conducted our work in accordance with the professional standards applicable in France.

INFORMATION ON THE INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES RELATING TO THE PREPARATION AND PROCESSING OF THE 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 mainly consisted in:

- obtaining an understanding of the internal control and risk management 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 significant 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 the 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 the French Commercial Code.

OTHER DISCLOSURES

We hereby attest that the report prepared by the Chairman of the Board of Directors includes the other disclosures required by Article L.225-37 of the French Commercial Code.

Paris-La Défense and Neuilly-sur-Seine, March 18, 2015

The Statutory Auditors

ERNST & YOUNG et Autres
Jean-Roch VARON

DELOITTE & ASSOCIES
Arnaud de PLANTA

SUSTAINABLE DEVELOPMENT

5

5.1 IMERYS' 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 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 good Corporate Governance and business ethics, 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 has further developed its SD strategic framework since 2013 and structured its commitments into the following three aspects: social, environmental and governance.

Social aspect

The Group has organized its commitments around the following four priority axes:

- **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 the Group's 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 the Group's 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.

Environmental aspect

The Group has organized its commitments around the following four priority axes:

- **Environmental Management Systems (EMS):** assess relevant legal requirements and 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 the Group's environmental footprint throughout the product life cycle.

Governance aspect

The Group is committed to the following principles:

- **Corporate Governance:** respect and implement the AFEP-MEDEF Corporate Governance Code as applicable to French 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, is responsible to allocate necessary resources to transform these global principles into concrete local actions. In order to ensure that high standards of responsibility and accountability are being maintained, the Group drives continuous improvement through periodic reviews.

ORGANIZATION AND IMPLEMENTATION

The Group's SD strategy is guided by a three-year plan which provides a framework for continuous performance improvement. The three-year plan is initially drafted after broad engagement dialogues with multiple SD Working Groups. The SD Working Groups are made up of internal functional leaders and relevant experts who represent the diverse 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, Vice-President Innovation, Research, Technology and Business Support 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. At the end of 2014, the Group completed its current three-year plan (2012-2014) and finalized the next three-year plan (2015-2017).

Annual objectives are consistent with the three-year plan. The completion of annual SD objectives is an element of the annual performance review and the annual 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 measure and monitor SD implementation and performance through different levels of the organization *(see section 5.7 "Reporting Methodologies" of the present chapter)*. The SD 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 32 coordinators have been assigned at the business level to promote the SD Challenge and encourage the participation. In 2014, 94 projects were part of the challenge in the fields of community relations, environment, energy, innovation, human resources and business ethics.

Furthermore, the Group strives to improve transparency and drive continuous improvement through periodic reviews. The Internal Audit and Control 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 2014, the Group EHS Audit Team is comprised of approximately 22 EHS specialists and seven geology & geotechnical experts from corporate services and operations, and conducts about 35 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 associated corrective actions. Imerys also commissions independent third-parties to conduct an annual audit on financial and sustainability data disclosed in the annual Registration Document. Upon Imerys' request the SD data and reporting was verified by a third party in 2011 and 2012. Assurance of compliance with the French environmental law "Grenelle II[(2)]" was integrated into the verification scope the first time in 2013 and continues with taking any new amendment of the law into account.

(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.

(2) The Grenelle II Law was passed and transposed into the French Commercial Code in July 2010; the decree application was released in April 2012.

5.2 2014 PERFORMANCE

Imerys monitors and measures its SD performance on both macro- and micro- levels. On the macro-level, Imerys defines the Group's SD priorities and sets the annual objectives based on relevant actions in the previously-mentioned "Three-year SD Plan". All 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 analyse the quantitative variation against annual objectives, review the specific progress and improve the pertinent approaches as needed to meet such objectives.

The table below shows the macro-level achievements of the 2014 Group SD objectives, as well as those of 2015:

Axes	2014 Objectives	2014 Performance	2015 Objectives
Social/Societal[(1)]			
Safety and Health	LTA Rate < 1.1 for employees and contractors[(2)]	0.95 100% Achieved	LTA Rate: < 0.85 for employees and contractors (excluding the impact of sites of S&B)
	Launch "Take 5" program[(3)] at each operation (new program)	100% Achieved	Take 5 Amplification: each business activity further integrates Take 5 into the day-to-day operations by launching a new program of their own making
			Refresh training to each Senior Site Manager on Imerys Safety System
	Four web seminars to operations on ergonomics, hearing protection and respiratory protection	100% Achieved	Launch an awareness training initiative on key industrial hygiene subjects
Human Resources	Create diversity country plans in at least 10 countries	100% Achieved	Take advantage of the Graduates Program to re-establish Diversity objectives and start rolling out a first series of measures
			Renew the Women's Mentoring Program, after having analyzed the "pros and cons" of the current one
			Have a Corporate initiative for people with disabilities
	Lead at least one training initiative linked to safety for least-skilled workforce in all activities	50% Achieved	Lead at least two training initiatives linked to safety or operational excellence for least skilled workforce, in each of the countries with headcount above 600 employees
	Continue to analyze the existence and adequacy of benefit program	100% Achieved	Take advantage of the appointment of an EMEA[(4)] Manager to re-establish Benefits objectives and start rolling out a first series of measures
			In countries/areas identified as dangerous, establish concrete Group guidelines for travelers, expatriate employees and local employees, including the determination of what is a "dangerous country/area"
Communities	Community Relations Plan formalized at 35% of operations subject to sensitivity[(5)]	100% Achieved	Reinforce compliance with the Community Relation protocol via an annual self-appraisal query
			Launch a three-year micro-business incubation initiative at one pilot operation from each business group
	10 community programs implemented to contribute social or economic development in local context	100% Achieved	Add 10 projects contributing local social and/or economic development

Axes	2014 Objectives	2014 Performance	2015 Objectives
Human Rights and Supplier Engagement	▮ If more than 5% of the activity's spend is coming from a supplier's manufacturing facilities in one of the "countries of concern"(6), supplier to confirm compliance with the ILO Conventions on Child Labor and Forced Labor	100% Achieved	▮ If more than 2.5% of the activity'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
			▮ Define a supply chain safety and environmental engagement policy and roll-out training to the purchasing network
Environment			
EMS	▮ Conduct Environmental Management System (EMS) audits at 15 operations	100% Achieved	▮ Conduct EMS Audit at 20 most critical operations focusing on "compliance" pillar (desktop unless onsite scheduled per risk matrix)
			▮ Initiate annual self-evaluation of environmental compliance at each operation
Resources Efficiency			▮ Imerys Industrial Improvement (I-Cube) Program(7) Adoption: on 20% operations
	▮ Energy efficiency and carbon emissions: track and monitor the key action plans	100% Achieved	▮ Energy Efficiency: 6% improvement on the 2014 baseline by the end of 2017
			▮ Carbon Efficiency: 6% improvement on the 2014 baseline by the end of 2017
	▮ Draw up an energy action plan for five additional sites from among the significant energy-consuming mining operations	75% Achieved	
	▮ Water efficiency plans at the largest water withdrawal sites (> two million cubic meters in 2013)	100% Achieved	▮ Set up water management plans at the largest water withdrawal operations (>1 million cubic meters in 2014)
Biodiversity	▮ Biodiversity management plans at 20% of sites identified in, or adjacent to areas of High Biodiversity Value(8)	100% Achieved	▮ Biodiversity management plans at 30% of sites identified in, or adjacent to areas of High Biodiversity Value
			▮ Publicize two internal best practices on biodiversity conservation
Green Innovation	▮ Environmentally friendly products & processes: five per year	100% Achieved	▮ Environmentally friendly products & processes: five per year
	▮ Perform a life cycle assessment(9) of one new product	100% Achieved	▮ Quantify in the Innovation pipeline the percentage of projects with a benefit for environment

(1) The "Societal" information of Grenelle II is covered in both the Social and Governance aspects in this Registration Document.

(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) "EMEA" means Europe, Middle East and Africa.

(5) 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.

(6) The list of "Countries of Concern" as defined in FTSE4Good Inclusion Criteria is drawn up and reviewed periodically 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.

(7) Imerys Industrial Improvement (I-Cube) Program was launched in the first half of 2014 and aims to transform the Group's industrial performance into a competitive advantage.

(8) 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.

(9) 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).

Axes	2014 Objectives	2014 Performance	2015 Objectives
Governance[10]			
Corporate Governance	▮ Implement the AFEP-MEDEF Corporate Governance Code for French listed companies	100% Achieved	
	▮ Draw an action plan to increase the representation of women at the Board of Directors to 40% by 2017[11]	100% Achieved	
Ethics and Business Conduct	▮ Roll-out of the new Group policy to prevent fraud and corruption, update and amend the Group anti-trust compliance program	80% Achieved	▮ Revamp the Group anti-trust policy and implement adequate compliance training
	▮ Review and refresh Group general compliance program	100% Achieved	▮ Issue a Group personal data protection policy
			▮ Issue a Group international trade restriction compliance program
			▮ Rollout compliance training programs regarding new or refreshed 2014 policies

(10) More detailed Corporate Governance related information is addressed in the chapter 3 of this Registration Document.

(11) 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 current and previous year KPI results and is intended to provide a micro-level view of the Group's 2014 SD performance. More chronological data and performance analysis are disclosed in the following sections in this chapter.

Category	KPIs	Unit	2014	2013	Perimeter	GRI Ref.
Social						
Health and Safety	Number of Fatalities					
	Imerys employees	#	1	0	Group	LA7
	Other employees[1]	#	0	1	Group	LA7
	Frequency rate[2]					
	Imerys employees	/	1.05	1.36	Group	LA7
	Other employees	/	0.70	1.20	Group	LA7
	Combined rate (employees / other employees)	/	0.95	1.31	Group	LA7
	Severity rate[3]					
	Imerys employees	/	0.07	0.08	Group	LA7
	Other employees	/	0.04	0.05	Group	LA7
	Combined rate (employees / other employees)	/	0.06	0.07	Group	LA7
	Others					
	Occupational illnesses with lost time	#	0	0	Group	LA7
	Occupational illnesses without lost time	#	2	7	Group	LA7
	Health and safety topics covered in formal agreements with trade unions	/	Yes	Yes	Group	LA9
Human Resources	Average annual headcount on payroll	#	15,494	16,164	Group	LA1
	Year-to-end total headcount on payroll	#	14,900	15,805	Group	LA1
	Employees by region – Western Europe	#	5,799	6,026	Group	LA1
	Employees by region – Central Europe	#	1,409	1,386	Group	LA1
	Employees by region – North America	#	2,895	2,884	Group	LA1
	Employees by region – South America	#	1,290	1,442	Group	LA1
	Employees by region – Asia Pacific	#	3,086	3,448	Group	LA1
	Employees by region – Africa	#	421	619	Group	LA1
	Employees by function – Operations/Production/Manufacturing	#	9,832	10,615	Group	LA1
	Employees by Function – Logistics/Purchasing	#	623	737	Group	LA1
	Employees by Function – R&D/Geology	#	672	691	Group	LA1
	Employees by Function – Sales & Marketing	#	1,396	1,307	Group	LA1
	Employees by Function – Support & Administration	#	2,377	2,456	Group	LA1
	Fixed-term contract	#	721	791	Group	LA1
	Rate of employee turnover	%	6.6	6.1	Group	LA2
	Working hours lost due to strikes	Hours	1,063	28,375	Group	-
	Safety team or Committees composed both management and worker representative(s)	/	Yes	Yes	Group	-
	Absenteeism rate	%	3.08	2.49	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	#	10,200	10,800	Group	-
	Training hours	Hours	221,000	222,000	Group	LA10
	Percentage of employees receiving regular performance and career development reviews	%	100	100	Group	LA12

Category	KPIs	Unit	2014	2013	Perimeter	GRI Ref.
Diversity	Total percentage of women employees	%	16.7	15.9	Group	LA13
	Percentage of women by region – Western Europe	%	17.4	16.7	Group	LA13
	Percentage of women by region – Central Europe	%	20.0	19.8	Group	LA13
	Percentage of women by region – North America	%	15.6	15.3	Group	LA13
	Percentage of women by region – South America	%	14.2	11.4	Group	LA13
	Percentage of women by region – Asia Pacific	%	15.6	15.7	Group	LA13
	Percentage of women by region – Africa	%	19.5	13.1	Group	LA13
	Number of employees with disability	#	198	220	Group	LA13
Community Relations	Percentage of sites with a formal action plan managing the impacts of operations on communities	%	45	31	Group	SO1
Human Rights	Total number of incidents of discrimination	#	0	0	Group	HR4
	Percentage of employees under collective bargaining agreement	%	~75	74	Group	HR5
	Number of reported human rights violation	#	0	0	Group	HR9
Others	Percentage of ISO 9001 or Quality Management System certified operations	%	~80	~78	Group	-
Environmental						
Management Systems	Percentage of operations with EMS[4]	%	100	100	Group	-
	ISO 14001 or EMAS[5] certified operations	#	81[6]	81	Group	-
	Operations with Imerys 8-pillar EMS	#	131	148	Group	-
Water	Total water withdrawals	M liters	36,128	41,626	Group	EN8
	Water obtained from water suppliers	%	10.8	10.5	Group	EN8
	Water withdrawn from ground water	%	55.4	49.4	Group	EN8
	Water withdrawn from surface water	%	24.3	23.4	Group	EN8
	Water obtained from other sources	%	9.5	16.7	Group	EN8
	Number of sites located in a water-scarcity area	#	16	17	Group	EN9
	Total water recycled	M liters	31,954	32,950	Group	EN10
	Sites with recycled water reported	#	55	54	Group	-
Waste	Total Industrial Waste produced	Tons	281,654	264,270	Group	EN22
	Hazardous industrial waste	Tons	1,739	920	Group	EN22
	Recycled hazardous industrial waste	Tons	1,434	1,919	Group	EN22
	Non-hazardous industrial waste	Tons	150,631	125,104	Group	EN22
	Recycled non-hazardous industrial waste	Tons	127,850	136,327	Group	EN22
Biodiversity	Surfaces disturbed by the Group's mining activities	Hectares	1,926	1,548	**Western Europe/France**	MM1
	Surfaces rehabilitated	Hectares	1,027	890	Western Europe/France	MM1
	Number of sites identified as located in or near a high biodiversity value area.	#	31	34	Group	MM2
	Number of sites with a biodiversity management plan in place	#	8	5	Group	MM2
Energy	Total energy consumption	TJ	34,859	34,615	Group	EN3
	Natural gas	%	47.2	45.3	Group	EN3
	Other fossil fuels	%	21.6	20.7	Group	EN3
	Biomass	%	2.8	3.6	Group	EN3
	Electricity (net) and steam	%	28.4	30.3	Group	EN4
	Energy efficiency (base 100 in 2009)	#	95.2	96.6	Group	EN5

Category	KPIs	Unit	2014	2013	Perimeter	GRI Ref.
GHG (greenhouse gas)	Scope 1 CO2 emissions	kt CO_{2e}	1,785	1,705	Group	EN16
	Scope 2 CO_2 emissions	kt CO_{2e}	1,030	1,080	Group	EN16
	Total CO_2 emissions	kt CO_{2e}	2,815	2,785	Group	EN16
	Carbon efficiency (base 100 in 2009)	#	91.0	92.1	Group	EN18
	CO_2 emissions from energy (without biomass)	%	87.5	88.0	Group	EN16
	CO_2 emissions from processes	%	9.3	7.9	Group	EN16
	CO_2 emissions from biomass	%	3.2	4.1	Group	EN16
Air emissions	Sulfur dioxide (SO_2)	Tons	3,947	4,577	Group	EN20
	Nitrogen oxide (NO_x)	Tons	5,822	6,042	Group	EN20
Others	Number of prosecutions	#	9	20	Group	EN28
	Amount of fines (in euros)	Euros	29,554	139,078	Group	EN28
Governance						
Corporate Governance	Percentage of independent board members	%	40.0	46.7	Group	-
	Percentage of women in the board members	%	26.7	26.7	Group	-

(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.

(4) 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.

(5) EMAS: Eco Management and Audit Scheme (European Standard).

(6) Additional operations were ISO 14001 certified in 2014; the 2014 number remained the same as 2013 but with variation due to divesture and closure of several operations.

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, innovation and product stewardship. 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 "Minerals Efficiency" and "Green Innovation" in section 5.5 of the present chapter)*. IMA-Europe also launched the Industrial Minerals Sector 2050 Roadmap in September 2014 which outlines the industrial minerals sector's response to the European Commission "Roadmap for moving to a competitive, low carbon economy in 2050" and the "Flagship initiative for a resource-efficient Europe". In addition to effective resource management and innovation, the Group participated in dialogue on the following European legislative subjects in 2014: the Industrial Emissions Directive for Small and Medium Combustion Installations, and the Impact Assessment on Possible Measures to Increase Transparency on Nanomaterials on the Market.

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. 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. The next edition will be held in September 2015.

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 remains 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 a 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 companies.

Finally, Imerys encourages partnerships with relevant NGOs on local SD projects, particularly in the areas of education, public health and economic development. For example, Imerys provides continuous support to the Foundation de la Deuxième Chance and the Astrée charity in France to assist professional and social reintegration of people facing difficulties. In addition, Imerys and the Germiquet family created the "Dan Germiquet Fund" in April 2014 to benefit students in social difficulty at ENSG (École Nationale Supérieure de Géologie). This fund will be a long lasting tribute to Dan Germiquet, the long-time chief geologist for Imerys who died in 2013. Education has been identified as the Group's new priority during the revamp of its sponsorship strategy. The Group is planning to launch a specific program in 2015 in collaboration with a non-governmental organization and its local entities.

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 Health & Safety Charter on his first official day in office. This Charter defines the following principles 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. The above-mentioned Group EHS Audit Team conducts the periodic audits to ensure safety compliance *(see "Organization and Implementation" in section 5.1 of the present chapter)*.

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 a monthly self-assessment on "Serious Six" has been carried on by each Senior Site Manager since 2011.

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 10 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. The Group also circulates a concise annual analysis of the lost-time accidents that occurred;
- "Take 5" has been launched as a best practice initiative to drive safety awareness to all employees since January 2014. It consists of evaluating risks in the work area before beginning the job, taking corrective actions to reduce any risk before initiating the work, and doing the job safely. A computer-based training module was designed specifically to support each of the Imerys operations to use the "Take 5" approach. In September 2014, a refresh web seminar was organized and shared good practices from the operations. In 2015, each business activity will be required to further integrate "Take 5" into the day-to-day operations by launching a new program of their own making;

- 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. 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 addition to the "Take 5" amplification, the pre-existing monthly programs of "Serious Six" Inspection, Behavior-based Safety Interaction, and Supervisor Safety Visit will be carried on in 2015 to drive continuous improvement on safety culture and further reduction of life-damaging accidents.

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 assessment, 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 10 years, more than 2,130 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 2014, nine ISUs were organized on five continents with approximately 300 participants; and five 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 tracking its performance with a combined employee/contractor indicator since 2009. The table below gives the fatalities, accident frequency and severity rates in the Group for the past five years:

	2014	2013	2012	2011	2010
No. Fatalities					
▪ Imerys employees	1	0	0	0	1
▪ Other employees[1]	0	1	0	0	2
Frequency rate[2]					
▪ Imerys employees	1.05	1.36	1.36	1.73	2.19
▪ Other employees	0.70	1.20	1.89	1.59	3.34
▪ Combined rate (Imerys employees/other employees)	0.95	1.31	1.51	1.69	2.46
Severity rate[3]					
▪ Imerys employees	0.07	0.08	0.06	0.12	0.10
▪ Other employees	0.04	0.05	0.06	0.09	0.07
▪ Combined rate (Imerys employees/other employees)	0.06	0.07	0.06	0.11	0.09

(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.

As of December 2014, the combined lost-time accident rate decreased to 0.95, which represents a 27% reduction compared to the previous year, and 61% reduction compared to 2010. The severity rate also went down by 0.01 since 2013. This overall safety achievement is a reflection of both the cultural improvement of the organization and the persistent focus on safety by each individual. However, in 2014 an unfortunate fatality of one employee occurred at a mining operation in the Ukraine. In addition to corrective actions taken at the specific site, the Group's fatality prevention program has been re-emphasized at all operations to prevent a similar tragedy. Along with lost-time accidents, Imerys has also been tracking accidents without lost-time at the Group level since 2012. "Near-miss" programs are also encouraged by the Group and are currently in place at most of the operations.

Furthermore, Imerys has presented the "Millionaires Safety Award" since 2012 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, 2014, 18 operations are members of the "millionaire club". In 2014, the KT-Clay Crenshaw site and the Carbonates Canton site in the United States celebrated their milestones of 22 years and 10 years respectively without a lost time accident.

The safety excellence of Imerys operations are often recognized by third-parties. For example, the Carbonates Ipoh site in Malaysia received the 2014 National Occupational Safety and Health Excellence Award in the "Mine and Quarry" category. This award is the highest safety distinction presented by the Malaysian government and represents a significant milestone in the continuous improvement of Imerys' Ipoh operation. The Parkandillick Calciner operation in the United Kingdom also received the IMA-Europe Safety Award in September 2014 because of its safety best practices with machinery innovation on the molochite brick making line that considerably reduced the level of risk.

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 systematic 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. In the same year, an "industrial hygiene club" was initiated to share best practices on topics such as respirable crystalline silica, ergonomics and hearing protection. In 2014, pertinent training materials have been compiled and four web seminars have been delivered to the "industrial hygiene club". In 2015, the awareness training on those key industrial hygiene subjects will be expanded to additional audiences in the operations.

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[1]. This compiled data will help 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 fourth wave of NEPSI reporting was closed by March 14, 2014, and the corresponding results were published in September 2014.

The 2014 Report[2] indicates 93% of potentially exposed workers are covered by risk assessments. The report also indicates that workers covered by exposure monitoring slightly increased since the last reporting in 2012. The Imerys operations will continue to participate in the reporting, while improving risk assessments for potentially exposed employees and implementing appropriate control measures.

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 2014, two isolated occupational illnesses were reported from two different operations. One was caused by repetitive work resulting in a wrist strain, and the other one was a result of long-term exposure to noise. 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 (approximately three quarters of Imerys 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 and coordinated manner.

It develops and implements general principles and processes in line with Imerys' 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.

(1) NEPSI: European network comprised of employees and associations of European companies that have signed the European agreement.
(2) It refers to the "2014 Report on the Application of the Agreement" released on the NEPSI website in November 2014.

Human Resources principles and main areas of action

Imerys 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;
- 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. More than 30 experienced individuals joined Imerys in 2014. The following functions were particularly strengthened:
  - Industrial Management;
  - Strategy and Development, for example in southern Africa;
  - Human Resources;
- **development:** promote access to vacancies for employees of the Group. 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 2014, more than 40 career moves took place among the 220 to 240 people that make up the Group's senior management teams.

  In parallel, the Human Resources Department has supported the launch of the Imerys Industrial Improvement (I-Cube) program in all its phases: identifying the "Champions" tasked with forming teams on pilot sites, defining Champions' status, organizing theoretical and practical training for all participants and communicating across the Group;
- **training:** enable every employee to develop his or her talents and foster the sharing of best practices.

  In 2014, the Imerys Learning Center provided approximately 10,000 hours of training through 49 modules. These include fundamental programs for the Group - geology, finance, project management – and support several of Imerys' leading projects including industrial performance improvement.

  IM-Pulse, an e-learning platform project, was created in 2014. In December, an operational pilot for 200 people has been launched. It will be deployed gradually until 2017, then it will be rolled out gradually through to 2017, when it will benefit 4,000 employees. This platform will allow Imerys to offer new learning ways and reach the most remote sites with training programs. Consequently, the Group's training offer will be more visible and accessible, strengthening and disseminating Imerys' culture.

  A "Learning & Development Committee", chaired by a business group Vice-President 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;
- **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 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.

  In this way the Group makes sure that competitive benefits plans are implemented in the countries where it operates.

In 2014 the Group Pension Committee continued its work on matters including the risks that weigh on the Group's accounts because of British and American defined benefit systems.

In the United Kingdom, the freeze of the defined benefit retirement plan was announced and consultations with employee representation bodies are in progress. This freeze should occur in 2015. Pension rights are now cumulated on the basis of a defined contribution plan in which employees hired since 2005 already participate.

In the United States, the freeze of the main defined benefit retirement plan was completed in 2014. Pension rights are now cumulated on the basis of a defined contribution plan in which employees hired since 2010 already participate.

Also in the USA, Imerys overhauled its approach to employee healthcare coverage. Programs include information campaigns and preventive measures.

"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.

The Management Data Base, which was migrated to a new version in 2014, was used to conduct 2,400 individual salary reviews and to document almost 2,500 series of personal annual objectives.

In 2014, the specialized actuarial firm Aon Hewitt took 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:
  - following the signing of the revision agreement of the Imerys European Works Council (EWC) by all parties in 2014, personnel representatives' skills were developed, the role of officers was enhanced and several operating rules were clarified. 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; In addition, the EWC appointed one of the two employees who now have seats on Imerys' Board of Directors. The other employee member was appointed by the France Group Council;
  - a survey conducted in 2012 on almost the entire workforce showed that nearly 80% of Imerys employees are covered by Group-funded life insurance. According to a recent survey, 74% of the Group's employees are covered by an internal or external collective work agreement on topics such as working organization and hours or compensation and benefits;
  - 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 strategy, environment and activities and build their sense of membership. Highlight the Group's values to help strengthen its identity:
  - 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;
  - welcome sessions are regularly organized for new managers. This process, already set up in Europe, the United States, China and India, was extended to Brazil in 2014. In addition, a global Onboarding program is being rolled out to ensure that the information and documents given to newcomers, especially managers, are consistent and of high quality;
  - with the aim of improving communication between the different activities and the consistency of the various communication tools, regular discussions have been scheduled with the Group's communication / HR correspondents. These discussions provide material for the various internal communication tools. For example, the electronic newsletter Headlines was enhanced to foster experience-sharing between units. The Company magazine Imerys News, printed and circulated in four languages (Brazilian Portuguese, English, French, Mandarin), informs every employee about the Group's activity and features the best sustainable development projects carried out by the Group's employees during the year;
  - the internal social network Galaxy continues its rollout, based on voluntary enrollment and the creation of specialized professional communities;
  - 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 2014, Imerys continued to update its visual identity. For example, the Graphite & Carbon activity (previously Timcal) now communicates under the Imerys brand. The Groups' visual identity and design guidelines continue to grow to highlight Imerys' common tagline;
  - a convention was held in Seville, Spain in June, bringing 240 Group executives together on the topic "accelerating growth together". In addition to internal networking opportunities, the convention enabled the executives to share the Group's strategic orientations and the major projects implemented by the activities;
- **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 Management Data Base is consistent with current regulations on the exchange and protection of personal data. At the end of 2014, it included more than 4,000 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 central component of the Group's HR processes.

Furthermore, in 2014, 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

	12/31/2014	12/31/2013
Total Group as of 12/31	14,900	15,805
Average annual headcount	15,494	16,164

As of December 31, 2014, the Group had 14,900 employees, of which 721 on fixed-term contracts, i.e. 4.8% of the total headcount. As of December 31, 2013, the headcount was 15,805 of which 791 fixed-term contacts (i.e. 5%).

To estimate the Group's total workforce, agency workers and on-site "trade" contractors should be included (3,237 people as of December 31, 2014). The countries that make use of this external workforce the most are Brazil (714), the United States (691) and India (577). Imerys' total headcount (including agency workers and on-site contractors) therefore was 18,137 as of December 31, 2014, compared with 19,048 as of December 31, 2013.

Highlights in 2014 were as follows:

- acquisition of Kinta Powdertec in Malaysia (44 employees) in the Carbonates activity;
- acquisition of Termorak in Finland, Thailand and Sweden (21 employees) in the Monolithic Refractories activity;
- start-up of the new unit in Bahrain (52 employees) for the Fused Minerals activity;
- divestment of four Carbonates units (47 employees in France, 37 in Italy, 21 in Sweden, 21 in the United States);
- transfer of 77 employees to a customer in South Africa in the Monolithic Refractories activity;
- closure of Ardoisières d'Angers;
- closure of a Refractory Minerals unit in China (174 employees);
- closing process of two units in Venezuela (in the Fused Minerals and Monolithic Refractories activities);
- various restructuring operations in several activities and countries (131 in China, 73 in the United Kingdom, 29 in Brazil).

The 2014 year-end headcount decreased, as compared to 2013 year-end headcount.

The Group's average headcount for 2014 was 15,494 employees, compared with 16,164 in 2013 (of which 933 and 934 on fixed-term contracts, respectively).

Headcount by business group

	12/31/2014	12/31/2013*
Energy Solutions & Specialties	4,958	5,238
Filtration & Performance Additives	2,518	2,580
Ceramic Materials	4,269	4,478
High Resistance Materials	2,841	3,210
Holding company	314	299
Total	**14,900**	**15,805**

* *"Pro forma" headcount.*

The Energy Solutions & Specialties business group accounts for almost 33% of Imerys' employees. The Kaolin activity, which has 1,514 employees as of December 31, 2014, was transferred from the Filtration & Performance Additives business group to the Ceramic Materials business group, which accounts for 29% of the Group's employees.

Employees by region

	12/31/2014	12/31/2013
Western Europe	5,799	6,026
of which France	*2,559*	*2,735*
of which United Kingdom	*1,195*	*1,255*
Central Europe	1,409	1,386
North America (inc. Mexico)	2,895	2,884
of which United States	*2,429*	*2,415*
South America	1,290	1,442
of which Brazil	*1,072*	*1,077*
Asia-Pacific	3,086	3,448
of which China	*1,001*	*1,416*
of which India	*624*	*620*
Africa	421	619
Total	**14,900**	**15,805**

The breakdown of employees by region was relatively stable from 2013 to 2014, with 48% of employees located in Europe, 21% in Asia-Pacific, 19% in North America, 9% in South America and 3% in Africa.

Following various divestments, closures and restructuring operations, Imerys' presence in South America, Asia-Pacific and Africa decreased.

Employees by function

	12/31/2014		12/31/2013	
Operations – Production – Manufacturing	9,832	66.0%	10,615	67.2%
Logistics – Purchasing	623	4.2%	737	4.7%
Research & Development – Geology	672	4.5%	691	4.4%
Sales & Marketing	1,396	9.4%	1,307	8.3%
Support & Administration	2,377	16.0%	2,456	15.5%
Total	**14,900**	**100.0%**	**15,805**	**100.0%**

The breakdown of employees by function is unchanged, with however a slight increase in the Research & Development/Geology, Sales & Marketing 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, 2014), for open-ended contracts only.

Turnover in 2014 was 6.6% for the full scope of the Group (6.1% in 2013). This rate remains relatively low, particularly in Western Europe where it was 4.3%. In North America it reached 8.6%.

All causes of departure considered, excluding the end of fixed-term contracts, 2,156 people left the Group in 2014 (of which 31% resignations and 37% economic redundancies), compared with 1,801 in 2013 (of which 34% resignations and 27% economic redundancies).

Recruitment and internal mobility

In 2014, 2,254 people joined the Group (2,227 in 2013), of which 1,176 were hired on permanent contracts and 1,078 on fixed-term contracts. The countries that recruited the most people on permanent contracts were: The United States (323 jobs), China (104 jobs) and Brazil (101 jobs). The countries that recruited the most people on fixed-term contracts were: Sweden (239 jobs), Finland (157 jobs) and South Africa (143 jobs).

The business groups that made the biggest contribution to this recruitment effort are Energy Solutions & Specialties with 888 jobs (of which 367 permanent contracts) and High Resistance Minerals with 527 jobs (of which 291 permanent contracts).

At the same time, more than 300 internal moves filled vacancies in the Group, of which more than 140 in North America and around 40 in the senior management teams of operating or support units.

Diversity

Proportion of women by region

	12/31/2014		12/31/2013	
	All employees	Salaried employees	All employees	Salaried employees
Western Europe	17.4%	31.2%	16.7%	30.2%
Central Europe	20.0%	37.5%	19.8%	37.0%
North America	15.6%	34.2%	15.3%	33.6%
South America	14.2%	35.5%	11.4%	31.0%
Asia-Pacific	15.6%	27.6%	15.7%	27.9%
Africa	19.5%	16.0%	13.1%	11.1%
Total	**16.7%**	**31.6%**	**15.9%**	**30.6%**

The proportion of women in the Group's total workforce was stable compared with 2013. The proportion of female senior managers (members of support or operations management teams) rose to 15% in 2014. The proportion of women has risen steadily since 2009 (14.7% in 2013, 9.2% in 2009), but remains marginal in the "workers" category (6.2% in 2014).

Employment of disabled people

According to the definition used by Imerys[1], the Group employs 198 disabled people who have registered themselves as such with their Human Resources Department (220 in 2013). The most declared cases are in Europe (175, i.e. 2.4% 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 62% 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), Imerys mainly employs people aged under 40 (56% of employees in South America, 54% in Asia Pacific), but only 28% in Western Europe.

The overall distribution of seniority is balanced; 49% of permanent employees have less than 10 years' seniority (27% 4 to 10 years) and 51% more than 10 years (26% more than 20 years). Nevertheless, there are still significant differences by geographic areas. In South America, 73% of employees have less than 10 years' service (of which 36% less than three years) and 6% more than 20 years, whereas in Western Europe, 63% of the workforce has more than 10 years' service and 38% more than 20 years.

Social and industrial relations

In 2014, 1,063 working hours were lost due to strikes, of which 579 in Belgium, 253 in Italy (28,375 in 2013).

The Group's absenteeism rate was 2.88% in 2014 (2.49% in 2013). Geographic disparities can be seen: 3.73% in Asia-Pacific, 3.66% in Western Europe, 3.03% in Central Europe, 2.4% in South America, 1.32% in North America and 0.22% in Africa.

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.

Training

More than 221,000 effective training hours (corresponding to a precise program and content) were given out in 2014, compared with 222,000 in 2013. Awareness-raising training on health and safety procedures and measures represents 51% of all training hours, technical expertise development training 35% and management training 13%.

More than 10,200 employees were trained at least once during 2014 (10,800 in 2013), i.e. 66% of the Group's average annual headcount.

COMMUNITY RELATIONS

The expectation of the communities near the Group's industrial and mining sites is an important 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 operates 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 with local empowerment 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.

(1) Application of national regulations or, as the case may be, the International Labour Organization definition.

To support the operations in administering the Community Relations Protocol and to help them 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 2014, the F&PA Business Group took strong leadership at the business group level and established and implemented a formal community relation plan at each of the F&PA operations. This business group level action has helped increase the formalized community relation plans to 45% of the Group operations (vs. 31% in 2013). The Group EHS Audit team also verified the implementation of the Community Relations protocol and provided recommendations for improvement at the 24 sites with EHS compliance audits in 2014.

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 10 years, 533 projects have been part of the SD Challenge program and nearly one-third of those projects are categorized into community. In 2014, 40 out of the 94 projects were focused on the continuous efforts to improving community relations at the operational level. 11 of the 40 community projects were recognized for their significant contribution to the local social and/or economic development. In addition, approximately 50 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 2013 and 2014:

- the Imerys Minerals Limited (IML) operations in the United Kingdom are situated in close proximity to 12 towns and villages in the Mid Cornwall Clay area. IML employs a wide range of initiatives to establish and maintain amicable relationships with the local communities including regular liaison meetings, open tours, presentations to school students, career and work orientations for young generation, and an annual Imerys Trail Marathon. In 2014, this systemic approach to building trust with communities received an award from the Industrial Minerals Association;
- Imerys South Africa Pty Ltd (ISA) revamped its stakeholder relations management strategy and plan in 2014 by forming a Social & Ethics Committee and creating a Stakeholder Engagement Forum. The Social & Ethics Committee brings together key leaders from ISA Management and Directors and is chaired by one of the Directors. The Stakeholder Engagement Forum comprises of representatives of the entities identified in the stakeholder map. Engagement with local stakeholders is formalized in quarterly forum meetings. Development and progress in recruitment, training, scholarships, corporate social investment, and local procurement are communicated via a quarterly newsletter as well as community radio stations where possible. The revamped strategy and implementation plan will not only secure compliance to the governmental framework (e.g., the Broad-based Socio-Economic Empowerment Charter for the South African Mining and Minerals Industry, 2010) but also drive good practices;
- the Imerys Rio Capim Kaolin operation (IRCC) 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. IRCC 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. In addition, for the last three years, IRCC has implemented a project to improve food autonomy in the local communities. IRCC manages training and technical assistance, provides start-up inputs (e.g., seeds, fruit, livestock and tools), and facilitates trading of surpluses in agro-ecological fairs. Located in two strategic communities, the gardens participating in this project are now feeding over 700 children daily with healthy organic fruits and vegetables;
- the Imerys Carbonates Silvassa operation in India implemented a project in 2014 on education in the rural areas. Management observed a high dropout rate in the local school near the Imerys operation. They therefore sponsored training for a local youth enabling him to become a teacher for the local community. With sponsorship from Imerys, this new teacher provided extra classes to approximately 32 primary school students in 2014. At the end of 2014, 25 out of the 32 students passed their examinations and are continuing their primary education.

In 2014, Imerys did not initiate any new resettlement projects (MM9, GRI G3.1). 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). In 2015, the Group will reinforce compliance with the Community Relation protocol.

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(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.

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 Vice-President of Innovation, Research, Technology and Business Support 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 Audit and Control Department and the Group EHS Department integrate the compliance and due diligence reviews into the auditing programs with regard to the 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 2014, approximately three quarters 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, has been in place for nine years and was renewed in September 2014 *(see "Human Resources" in section 5.4 of the present chapter);*
- **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 2014, more than 10 country-wide diversity plans have been established. The diversity plans include monitoring the structure of the Group's 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. In 2014, a women's mentoring program was initiated and will be renewed in 2015 with analysis of the "pros and cons". Two new projects to promote gender and ethnical equality and inclusion of minorities were submitted to the 2014 SD Challenge program from operations in Brazil and France respectively;
- **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 FTSE4Good Inclusion Criteria[1] (latest version of release in September 2014). In 2014, each of the Group's activities was required to determine if more than 5% of the divisional spend is coming from a supplier's manufacturing facilities in one of the "Countries of Concern". Each activity with a positive determination was required to obtain written confirmation the supplier is in compliance with the ILO Conventions on Child Labor and Forced Labor. Also in 2014, specific due diligence reviews were conducted on the risk of child labor and forced labor in the bauxite supply from China and the talc supply from Pakistan. These reviews concluded that there is very low risk associated with these activities. In 2015, the threshold of supplier engagement will be lowered from "5%" to "2.5%" of the divisional spending.

Imerys also recognizes the importance of the rights of indigenous people's (MM5, GRI G3.1). For instance, 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 South Africa Pty LTD (ISA) is compliant with the Broad Based Black Economic Empowerment (B-BBEE) legislation. The ISA's B-BBEE Scorecard is currently rated at Level 4, which means compliance with all of the acceptable criteria for the seven pillars: ownership, management control, employment equity, skills development, preferential procurement, enterprise development and socio-economic development.

(1) The list of "Countries of Concern" as defined in FTSE4Good Inclusion Criteria is drawn up and reviewed periodically 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.

Pertinent human rights risks and impacts have also been integrated into the country-level stakeholder engagement activities *(see "Community Relations" in section 5.4 of the present chapter)* and selectively verified by the Group's Internal Audit Function. 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 2014, 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 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.

By the end of 2014, approximately 80% of Imerys operations have been certified to the ISO 9001 Quality Management System. The continual improvement of quality systems and customer satisfaction are managed at the business unit level.

The Group and its subsidiaries also communicate transparently in their responses to the customers' SD questionnaires and surveys. In 2014, the Group began responding to supply chain queries from key customers involving third-party management tools. For instance, the Group and more than 10 of its subsidiaries have been registered on Ecovadis and/or Sedex in order to provide regular feedback to the customers in a consistent manner. In 2015, a supply chain safety and environmental engagement policy will be defined and training on the new policy will be provided to the purchasing network.

Contractors and subcontractors working at facilities under the operational control of 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 forced 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 and discharge, energy consumption and waste as their highest priority environmental objectives. The following table breaks down by percentage how the operations identified their highest priority environmental objectives in their environmental management systems (EMS) scorecards in 2014 *(see "Environmental Management Systems" in section 5.5 of the present chapter)*. 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.

Environmental Priorities (2014)	% of Sites Relevant
Air Emissions	27%
Effluent	16%
Energy & GHG	14%
Waste	12%
Water Consumption	10%
Noise & Vibration	5.6%
Biodiversity & Land Rehabilitation	5%
Hazardous Substances	2.8%
Mineral Efficiency	2.8%
Regulatory Permitting	2.8%
Others	2%
Total	100% (212)

The present 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 the Group's 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 new material issues related to soil and groundwater remediation or site decontamination reported 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.

ENVIRONMENTAL POLICY AND DEPLOYMENT

Imerys states its environmental policy in the SD Charter and defines its Group-level environmental objectives in the SD Three-year Plan. The Group 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. A quarterly environmental report has been developed since early 2014 to track and communicate environmental performance and increase accountability at the different levels of the organization.

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. An annual self-evaluation of compliance with the applicable legislative and regulatory requirements will be requested to each site starting 2015;
- **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	2014	2013	2012	2011	2010
ISO 14001 or EMAS[(1)] certified operations	81	81	88	81	68
Operations with Imerys 8-pillar EMS	131	148	142	139	92
Total (ISO 14001/EMAS and Imerys 8-pillar EMS)	212	229	230	220	160
Operations required to establish an EMS[(2)]	**212**	**229**	**/**	**/**	**/**

(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.

Most of the certified operations have properly maintained their certification and three operations were newly certified with ISO14001 in 2014. The variation of the total number of sites required for EMS reporting is the result of organizational reform, new acquisition, site closure or divesture *(see further information in chapter 1, section 1.6 of the 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. The most important Function of the EMS scorecard is to determine clear and meaningful objectives for controlling environmental risks. Since the beginning of 2013, Executive Management has decided to incorporate the EMS scorecard as one of the key elements for quarterly review. By the end of 2014, more than 80% of the operations achieved their targets defined in their EMS Scorecards.

Furthermore, an EMS audit process was established in 2012 and formally integrated into the Group EHS Audit program in 2013 to support the Group's commitment to having meaningful EMS on each site. In 2014, the EMSs of 15 additional operations were audited by either the Group EHS Audit team or a specialized consultancy.

In 2015, the EMS improvement program will be focused on the "compliance" pillar and implement three specific programs: a) an annual self-evaluation of compliance by each operation; b) an audit of the "compliance" pillar at each of the 20 most critical operations (desktop audits unless on-site audit is requested or already scheduled); and c) a project to ensure that compliance documents for lands, permits and permissions are securely stored and easily accessible at the Group level.

MINERALS EFFICIENCY

Imerys processes 19 industrial minerals from its own mineral reserves and sources approximately 10 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 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 ratios at reasonable levels, and reduce tailings and other residues. In June 2013, the Group's 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 better extract and use its mineral resources, and reduce risks of unplanned variability in tonnage, quality or cost. As of December 2014, all of the 99 active mining operations have established their LOM plans according to the procedure. Approximately 60 LOM plans have an acceptable score and passed the Group Geology and Mining Department's review; the remaining LOM plans are to be improved with additional supporting documentation *(see section 1.3 in chapter 1 of the Registration Document)*;
- **optimizing the raw materials utilization through sound industrial management:** In the first half of 2014, the Group launched, with its Industrial Management team, an industrial improvement program called "I-Cube" to transform its industrial performance into a competitive advantage. The I-Cube reference documents introduce standardized methods and good practices that enable operations to measure their minerals/materials recovery ratios and identify opportunities for improving transformed raw materials efficiency *(see section 1.2.3. in chapter 1 of the Registration Document)*. The I-Cube program already creates benefits focused on maximizing the sustainable use of minerals, as well as other natural resources *(see "Energy Efficiency", "Water Scarcity and Efficiency", "Waste, Overburden and Mineral Solids" in section 5.5 of the present chapter)*;
- **seeking opportunities to recycle/reuse low-grade materials and tailings:** technological improvements and newly developed applications make it possible to transform low-grade materials, tailings and wastes into marketable resources. Numerous projects have been initiated by the Imerys operations to recycle and/or reuse the existing low-grade materials and tailings and successfully generate new sales. For instance, in 2014 one of the Refractory Minerals operations in South Africa worked with a cement customer and developed a solution to reuse its blended process tailings as a substitute for fly ash in the cement producing process.

The industrial minerals industry also works in partnership with downstream industries on processes to increase recyclability. 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 "Green Innovation" in section 5.5 of the present chapter and section 1.8 in chapter 1 of the 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. The Group Energy team in collaboration with the Industrial Management, Geology and Mining, EHS and Purchasing Functions, has been 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. A Group-level energy report has been created and is now delivered to the core internal stakeholders (including the Executive Committee) on a quarterly basis. This report summarizes the Group's energy statistics, developments in the energy efficiency of each business, and the interpretation of both favorable and unfavorable variations. The variance analysis enables the business to monitor related trends, identify potential areas for improvement and define prompt action plans. In 2014, energy efficiency and improvement plans were addressed in the quarterly business review of each business activity with the senior management. In 2015, energy efficiency objective setting will be voluntarily cascaded down to the activity level with the expectation that concrete actions will be identified on the high priorities;
- **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 business activities. The Group's Industrial Department helps identify opportunities through the diffusion of best practices and provides support as needed to optimize process and equipment efficiency. A number of industrial projects are completed within the activities every year which are driven by production cost savings and energy efficiency optimization. The Group Energy Manager maintains a dashboard of key energy-related projects to help identify potential opportunities for improvement and track the support requested and provided. Key industrial projects with significant capital expenditure investment are reviewed under the leadership of the Vice-President of Innovation, Research, Technology and Business Support, including the expected and actual annual energy savings. The implementation of the I-Cube program on eight pilot operations is generating a number of new projects with favorable impact on the Group's energy efficiency in 2014 and will continuously drive the systemic improvement year by year. In particular, in 2014 the process improvements in several of the largest energy-consuming operations generated favorable results. In one location, the kiln process optimization resulted in a significant gas and electricity saving. The energy efficiency of this operation was boosted by 20% in 2014 as compared to 2013. In addition, another 18 energy-related projects participated in the Group's annual SD Challenge program, including a heat recovery project in Sweden (Carbonates), a combustion fuel conversion project in Mexico (Filtration and Additives North America), and a biomass use expansion project in the Ukraine (Refractory Minerals).

  Concurrently, the Group is making efforts to improve the fuel efficiency of heavy mobile equipment in its mining operations. This endeavor started in 2012 at five pilot operations chosen from among the mining sites consuming the most energy. The scope of this project has gradually involved, and more than 20 mining operations were involved by the end of 2014. The F&PA business group has taken a leadership position on this effort by committing to develop an action plan on fuel efficiency at each of its mining operations in 2015. The Group Mining and Geology Department supports the fuel efficiency initiatives with periodic on-site diagnosis and best practices and coaching. In 2015, an anti-idling campaign will be launched to obtain further the fuel efficiency;
- **improving knowledge of energy management and promoting best 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 addition to the training conducted on how to use available tools to analyse energy efficiency and interpret variations, several best practice manuals have been released since 2013, such as the Best Practice Guidelines for Energy Use in Utilities, the Best Practice Guidelines for Operating Heavy Mobile Equipment, etc. Since the first half of 2014, the best practices on energy management have been integrated and transformed into reference documents for the I-Cube program;
- **accreditation under ISO 50001.** The Group encourages its operations to formalize their energy management systematically with reference to the ISO 50001 standard. As of 2014, the Tableware operations in Germany and the Talc operations in Austria obtained ISO 50001 accreditation.

The table below gives the total energy consumption and energy efficiency over the past six years:

	2014	2013[(1)]	2012	2011	2010	2009
Total energy consumption[(2)] (thousands of GJ)	34,859	34,615	35,288	35,597	35,180	28,322
Energy efficiency[(3)] (base 100 in 2009)	95.2	96.6	96.5	96.9	97.7	100

(1) The total energy consumption of year Y-1 is slightly calibrated because of continual improvement on the data verification and analysis.

(2) 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.

(3) 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 5.7 "Reporting Methodologies" of the present chapter)*:

Breakdown of Variation by factor (2014 vs. 2013)	Perimeter	Volume	Product	Reporting Entity	Efficiency	Total
Variation (thousands of GJ, + increasing, - decreasing)	- 27	+ 1,926	- 11	- 1,164	- 481	+ 243

The annual total energy consumption increased 243 thousand Giga Joules (Tera Joules or TJ) between 2014 and 2013, taking into account each variation factor's effect. Although the Group did not achieve its goal to improve energy efficiency by 10% over five years using 2009 as a baseline, the overall energy efficiency improved by 4.8% during this timeframe (approximately half of the 10% target). Looking ahead, a new energy efficiency objective has been set up in the new three-year SD plan (2015-2017): 6% improvement by 2017 from base year 2014. This new goal is consistent with the sectorial commitment made in IMA-Europe 2050 Roadmap[(1)], and it has been validated by the Executive Management. The goal will be supported by the I-Cube program and ongoing efforts on the high priority projects described above.

Breakdown by energy source (actual data)

(%)	2014	2013	2012	2011	2010	2009
Electricity (net) and steam	28.4%	30.3%	30.2%	30.1%	30.7%	29.0%
Natural gas	47.2%	45.3%	43.7%	41.1%	39.2%	39.9%
Other fossil fuels	21.6%	20.7%	22.2%	24.2%	25.9%	27.0%
Biomass	2.8%	3.6%	3.9%	4.6%	4.2%	4.1%
Total	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

The breakdown of energy consumption by source varies slightly between 2014 and 2013, mainly explained by the following factors:

- the ramp up of a newly commissioned Brazilian lime plant in 2014 which is using pet coke for its thermal process resulted in a slight increase in other fossil fuels;
- the divesture of several brick manufacturing plants with high wood sawdust consumption in kilns reduced the percentage of biomass;
- efforts to increase renewable energy sources were challenging due to resource availability and the lack of a steady supply to biomass. In 2014, an existing biomass project in the Ukraine was scaled up. Nonetheless, the comparable percentage of biomass remained at the same level between 2013 and 2014 (2.8%).

Nevertheless, the Group continues to seek shifting from fossil fuels to cleaner, low-carbon emission energy sources when feasible. For example:

- in 2014, the Imerys Filtration operations in Mexico and France shifted from heavy oil to liquefied petroleum gas or natural gas, while the Imerys Refractory Solution operation in India changed the production fuel from coal with indirect inefficient gasifier process to direct combustion of pet coke powder;
- in 2015, two projects will bring additional contribution to the biomass percentage: a project to increase existing biogas use at a Refractory Mineral operation in France, and a project to switch from heavy fuel oil to biomass to generate steam at an operation in Brazil.

Renewable energy sources (e.g., mainly hydropower and wind power) are also being employed in the electrical power grid and indirectly supplied to Imerys operations. The Group has not taken any measures to validate the renewable energy supply mix. In addition, Imerys contributes to the development of renewable energies in partnership with other companies including the following:

- the Imerys Roof Tiles provides solutions in the field of integrated photovoltaics with pitched roofs for solar energy in collaboration with its business partners in the building materials sector;

(1) IMA-Europe launched the Industrial Minerals Sector 2050 Roadmap in September 2014 which included a sector commitment: specific energy consumption reduced by half by 2050.

- in March 2014, the Imerys kaolin operation in the United Kingdom completed construction of a 12-Megwatt solar park in partnership with a photovoltaics energy supplier. The land used for the project was a historic mica dam. The production of solar energy brought second life to the land and will provide renewable energy to the neighboring communities. Similar ideas are being considered for other surplus land owned by Imerys in the UK.

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 (38% of total). Finally, some of the processes used in the Imerys operations cause CO_2 emissions themselves (9% 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.

Approximately 28% 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, and uses the national emission factors to calculate emissions from electricity. 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). In the second year of Phase III of the EU-ETS Scheme (2013-2020), these operations are still below their allocated amounts. However, as the allocated amounts are degressive over the period, the Group may need to purchase credit in the future. The evolution of global carbon trading market conditions is closely monitored by the Group Energy Manager. At present, the Group does not perceive a material financial risk.

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The table below gives the CO_2 emissions by scope and carbon efficiency:

(Thousands of tons)	2014	2013[(1)]	2012	2011	2010	2009
Scope 1 CO_2 emissions	1,785	1,705	1,753	1,810	1,745	1,306
Scope 2 CO_2 emissions	1,030	1,080	1,115	1,099	1,214	932
Total CO_2 emissions (Scope 1 and Scope 2)	2,815	2,785	2,868	2,909	2,959	2,238
Carbon efficiency[(2)] (base 100 in 2009)	91.0	92.1	94.3	95.5	97.5	100

(1) The carbon emissions of year Y-1 are slightly calibrated because of continual improvement on the data verification and analysis.

(2) It is the ratio analyzing the change (from year Y-1 to year Y) in total CO_2 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 5.7 "Reporting Methodologies" of the present chapter)*:

Breakdown of Variation by factor (2014 vs. 2013)	Perimeter	Volume	Reporting Entity	Efficiency	Total
Variation (thousands of tons, + increasing, - decreasing)	+ 11	+ 154	- 104	- 31	+ 30

The annual total Scope 1 and Scope 2 CO_2 emissions slightly increased by 30 kt between 2014 and 2013. The overall carbon efficiency improved by 1.2% (2014 vs. 2013) corresponding to 31 kt of CO_2 emissions saved, which resulted in a cumulative improvement of 9.0% from the 2009 base year (1.0% below the 10% target). The CO_2 emissions attributable to thermal energy consumption were 57.4 t/TJ in 2014 (vs. 56.6 t/TJ in 2013). According to the variation analysis, initiatives to shift to low-carbon emission energy sources were the main contribution to this improvement. As indicated previously, a new carbon efficiency objective has been included in the three-year SD plan (2015-2017): 6% improvement by 2017 from base year 2014.

Breakdown by emission source (actual data)

(%)	2014	2013	2012	2011
Energy (excluding biomass)	87.5%	88.0%	87.9%	87.4%
Processes	9.3%	7.9%	7.5%	7.6%
Biomass	3.2%	4.1%	4.6%	5.0%
Total	**100%**	**100%**	**100%**	**100%**

Imerys has participated in the climate change program of Carbon Disclosure Project (CDP) since 2006. 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 use in Imerys' contracted activities and Imerys' travel activities. Pilot data on the two aspects has been incorporated in the CDP submittal since 2013. Some of the Group's 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. In 2014, furthermore the Carbonates operation in Brazil introduced "Pack Less" – a light and durable pallet entirely made of polypropylene – to replace traditional wooden pallets. In addition to upstream reduction, internal innovation initiatives at Imerys have also driven downstream carbon footprint reduction. For example, the Imerys roof tiles have been accredited with an A+ rating under the UK BREEAM (Building Research Establishment Environmental Assessment Methodology) which applies to "green buildings". *See more information in "Green Innovation" in section 5.5 of the present chapter.*

Carbon Disclosure Project Rating[1]	2014	2013	2012	2011	2010-2006
Disclosure Score	79	88	78	62	Not Scored
Performance Band[2]	B	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".

Imerys remains at Level B on the CDP performance band. However, the Group's disclosure score decreased from 2013 to 2014 due to increase in disclosure demand from CDP on Scope 3 emissions. 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 new business opportunities 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 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 processed by the Group contain sulfur.

(tons)	2014	2013	2012	2011	2010
Sulfur dioxide (SO_2)[1]	3,947	4,577	4,591	3,530	3,788
Nitrogen oxide (NO_x)	5,822	6,042	6,395	6,665	6,322

(1) Including process SO_2 emissions since 2012.

The evolution of SO_2 and NO_x emissions at constant perimeter is favorable due to broader use of clean energy and improvements in combustion techniques. The total SO_2 and NO_x emissions in 2014 remained at low levels with a 13.8% and 3.7% reduction respectively from 2013.

(1) REPASACK GmbH is a German organization specialized in the take-back and recycling of used paper bags from trade and industry.

WATER SCARCITY AND EFFICIENCY

Imerys' water sources include groundwater (55%), surface water (24%) and water suppliers (11%). 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 annual overall water scarcity risk assessment has been performed using the WBCSD's (World Business Council for Sustainable Development) Global Water Tool (GWT)[2]. Since 2012, the Group has developed a set of templates and water analysis tools to assist the Imerys operations to establish a site-level water management plan (WMP) as an additional component of the site environmental management system. WMPs include a description of current water use, water balance analysis, water accounting, water (regulatory/physical/reputational) risk assessment and pertinent action plan to manage the high priority water issues. As of December 2014, 16 operations are located in water scarce areas according to the Water Stress Index of the GWT: two operations in the scope of 2013 were removed due to divesture and closure; and one newly-built operation in Egypt was added into the scope of 2014. The aggregated water withdrawal of the 16 operations accounts for approximately 5.0% of the Group's total 2014 withdrawals. 15 out of the 16 concerned operations have established a WMP since 2013; while the newly-built operation in Egypt will set up its plan in the near future.

The following table reflects the Imerys water profile by region (as of December 31, 2014):

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	76.7%	1.0%	2.2%	19.5%	0.6%	3,798
Europe, Middle East and Africa	97.3%	0.2%	2.2%	0.0%	0.2%	12,955
North America	88.0%	5.5%	0.0%	6.5%	0.0%	16,236
South America	99.8%	0.0%	0.2%	0.0%	0.0%	3,139
Percentage of total water withdrawal	**91.1%**	**2.6%**	**1.1%**	**5.0%**	**0.2%**	**36,128**
Number of total operations	**177**	**19**	**3**	**16[1]**	**5**	**220[2]**

(1) The 16 operations distributed by region: three in Asia Pacific, five in EMEA, seven in North America and one in South America.

(2) The number of total operations includes those sites divested or closed during the reporting period.

In addition to looking at the operations located 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 the Top 10 water users in the Group comprised more than 50% of the total annual water withdrawal. In 2014, the Group began encouraging the top water users to improve water efficiency with WMPs. At the end of 2014, four operations withdrawing more than two million cubic meters of water (based on 2013 data) had established their site level WMPs. In 2015, the initiative will be extended to encourage WMPs at all Imerys operations withdrawing more than one million cubic meters of water based on 2014 data.

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.

(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 table below presents trends in water withdrawals for the past five years:

	2014	2013	2012	2011	2010
Total water withdrawals *(millions of liters)* **of which:**	36,128	41,626	48,538	52,893	53,491
Water obtained from water suppliers	10.8%	10.5%	11.9%	12.0%	14.4%
Water withdrawn from ground water	55.4%	49.4%	47.5%	52.0%	42.6%
Water withdrawn from surface water	24.3%	23.4%	25.7%	22.3%	27.5%
Water obtained from other sources(1)	9.5%(2)	16.7%	14.9%	13.6%	15.6%
Water withdrawn / turnover *(liters/€)*	9.8	11.3	12.5	14.4	16.0

(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, approximately 70% of "water obtained from other sources" is from the customers because the Imerys operations serve the customers' paper mills and shared their utilities.

Imerys withdrew 36.1 millions of cubic meters of water in 2014, and its water withdrawal per Euro of turnover is 9.8 liters/€, which is relatively low when compared to other companies in the mining industry. The Group's total water withdrawal decreased by 13.2% from 2013 and reduced by almost one-third in the past five years.

Recycled water *(see the definition in section 5.7 "Reporting Methodologies" of the present chapter)* reporting started at the Group level since 2010. The table below presents trends in water recycling for the past five years:

	2014	2013	2012	2011	2010
Total water recycled (millions of liters)(1)	31,954	32,950	30,645	19,753	19,137
By number of sites with recycled water reported	55	54	53	45	38

(1) The recycled water reporting protocol was slightly modified in 2014 and clarified that the cooling water supplied by third-party facilities (e.g., a customer's paper mill) and circulated back in a close loop should not be counted as recycled water by Imerys operations.

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).

As stated in 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 industrial waste generation and recycling for the past five years:

	2014	2013	2012	2011	2010
Total industrial waste *(tons)* **of which:**	281,654	264,270	287,827	297,228	312,583
Hazardous industrial waste	1,739	920	2,217	900	1,705
Recycled hazardous industrial waste	1,434	1,919	1,112	671	598
Non-hazardous industrial waste	150,631	125,104	120,187	116,209	119,047
Recycled non-hazardous industrial waste	127,850	136,327	164,312	179,449	191,238
Industrial waste generation / turnover *(kg/€)*	0.08	0.07	0.07	0.08	0.09

In 2014, the Group's activities generated 282 kt of industrial waste, 98.9% of which was non-hazardous. The total industrial waste generated from the comparable perimeters in 2013 remains steady. However, it increased by 17 kt (7%) from 2013 to 2014, which is mainly due to the operations that were either newly acquired (in Indonesia, Japan and Finland), newly constructed (in Egypt), or fully operating after commissioning (in USA and Brazil) in 2014. Generation of hazardous waste increased 819 tons from 2013 to 2014. The majority of this increase (720 tons) was soil excavated during construction activity at the Graphite and Carbon operation in Switzerland. The soil was considered hazardous because the area of the construction was historically classified as "low polluted area, due to old industrial activity, without surveillance necessity". 45.9% of the total industrial waste is recycled (vs. 52.3% in 2013); and 45.2% of the hazardous waste is recycled (vs. 67.6% in 2013). The unfavorable trend in waste recycling is also mainly caused by those operations mentioned above. These operations are seeking to reduce or recycle the waste with industrial improvements or additional permitting conditions. The industrial waste generation rate per Euro of turnover is 0.08 kg/€ in 2014. The Group's industrial waste generation is relatively low when compared to other companies in the mining industry and has been below 0.1 kg/€ for several years.

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 without any adverse impact on the quality of the finished products. As a result, the utilization of reclaimed materials has increased by 11% since 2011.

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. Off-specification materials from the processing operations which are placed back in the Imerys quarries are counted as waste only when subject to regulatory requirements. 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 its operations to utilize mineral solids in a sustainable way and to report those specific efforts in the annual SD Challenge program. In 2014, approximately 15 materials recycling and waste reduction projects were submitted to the SD Challenge program. Several of these projects involved transformation of waste and tailings into usable products generating additional revenue. For example, one of the Carbonates operations in the United States launched a project to transform the existing 800,000 tons of Hi-Cal sands into sellable products for Asphalt roofing shingle manufacturers. It is expected that the I-Cube program will significantly drive additional improvements in materials handling, waste reduction and recycling in the coming years *(see "Mineral Efficiency" in section 5.5 of the present chapter)*.

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. 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. It is updated every two years to capture new information on protected areas and newly acquired quarries. The recent update in September 2014 concluded that 31 out of the Group's 121 mining operations (both active and inactive) are near or inside an area of High Biodiversity. These sites are designated as "concerned sites" by Imerys. Since 2012, the Group has gradually assisted those "concerned sites" to formalize biodiversity management approaches. In 2014, an additional three of the "concerned sites" established a site-specific BMP based on the newly developed internal reference mentioned above increasing the percentage of sites with a BMP to nearly 26% of the "concerned sites". The Group plans to further boost the biodiversity management planning at the "concerned sites" as part of the next three year plan (2015-2017).

(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.

The IUCN (International Union for Conservation of Nature) Categories for the 31 sites are listed in the following table (updated in Nov-2014):

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*	0
V	*Protected Landscape/Seascape*	9
VI	*Protected area with sustainable use of natural resources*	2
Non-IUCN	*Regional directives (e.g., habitats directive, birds directive), MABUNESCO Biosphere reserves*	19
Total		**31**

(1) Refer to IUCN Guidelines for Applying Protected Area Management Categories (2008).

In 2012, two 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, and further expanded in 2014 to include all 46 Imerys mining operations in Western Europe. By December 31, 2014, the total disturbed surface area of the 46 mining activities was 1,926 hectares, and the total rehabilitated area of those sites was 1,027 hectares.

Each site strives to achieve three main objectives: keep the affected surface to a minimum, continuously restore the surface whenever possible, and take offset measures when appropriate. A number of Imerys operations have led by example with successful business cases. For instance, the Imerys Rio Capim Kaolin operation in Ipixuna (Brazil) follows the Group's environmental policy and goes beyond the local statutory requirement to integrate biodiversity conservation 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. 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. Following the initial restoration work reprofiling and planting with native fruit trees in 2013, the site started monitoring the dwelling and evolution of native species in partnership with a professional consultancy in 2014.

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%

After the successful introduction of ImerPlast™, Imerys has decided to further innovate in the field of recycling through three main axes:

  - increase the recyclability of minerals;
  - increase the use of recycled materials into the Group's processes and products; and
  - develop products facilitating recycling of customers' products;

- **energy efficiency:** Imerys strives to reduce year-over-year energy consumption. In 2014, Imerys continued to improve energy efficiency. Between 2009 and 2014 Imerys achieved a 4.8% improvement in energy efficiency and a 9.0% improvement in carbon efficiency. The Group also reduced fuel consumption in its heavy mobile mining equipment. 10 mining operations have already participated to the fuel reduction efforts, while numerous additional quarries are proposing additional initiatives. Those mining operations not yet involved are being encouraged to participate by identifying and implementing at least one fuel efficiency action in 2015;
- **environmental-friendly products:** every year, Imerys launches products that positively benefit the environment. In 2014, 75 new products were launched, in which the percentage of products with a benefit for the environment maintained the same level as that of 2013. A few examples can be given for products introduced in 2014:
  - C-NERGY™ Generation 2.1 and 2.2 active electrode materials for automotive lithium-ion batteries are carbons produced from a newly developed environmentally friendly, sustainable process for automotive and energy storage lithium-ion batteries. This process would replace much less environmentally friendly process,

- Steagreen: Steagreen™ product was designed for recycled plastic applications demanding higher performance. This product enables manufacturers to improve performance of low property recycled materials,
- WRG IC ESR is a blend of fused powders for Investment casting applications allowing an easy shell removal and replacing Zircon sand,
- Eco-Phyl® is a new product designed to reduce VOC (Volatile organic compound) content. It has a very low resin demand, enabling paint manufacturers to reduce the amount of additional solvent required for application,
- the Ceraflux Range: A new range of fluxes products for glazes developed by Imerys Ceramics Thailand, allowing lower sintering temperature and made of more environmentally friendly products than the traditional frits used in the industry.

Please see more detailed information on the Group's strategy and initiatives on innovation in the *section 1.8 in chapter 1 of the 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 2014, 24 EHS compliance audits, 15 EMS audits and 10 mine safety reviews (MSR) 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				
	2014	2013	2012	2011	2010
Total	9	20	17	30	10

	Amount of fines *(in euros)*				
	2014	2013	2012	2011	2010
Total	29,554	139,078	1,181	1,417	28,872

Environmental regulatory risk management has been significantly improved since the systematic introduction of EMS in 2011. The main portion of the fines in 2014 were the result of four monetary penalties (€27,400 in total): two were linked to air emission issues in the United States, and two were linked to water discharge issues (one in Turkey and one in Canada). These issues have been fully addressed by corrective actions.

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.

BUSINESS CONDUCT AND ETHICS

Imerys Code Of Business Conduct and Ethics and Policies

Imerys Code of Business Conduct and Ethics summarizes the principles of ethical behavior the Group expects from all of its employees (with a special responsibility vesting on 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 accountability, integrity, fairness and openness. 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.

More specifically, 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;
- fair competition; and
- transparency and integrity.

Following 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), the Group only engages actively within well-established and reputable trade associations.

A series of Group policies and protocols complements and details these rules and includes: the Internal Charter of the Board of Directors, the Corporate Governance Policy, the Anti-fraud and Anti-Bribery 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. The integration of social and environmental factors in the purchasing policy and supply chain management is described in *"Product Responsibilities and Other Stakeholder Engagement" in section 5.4 of the present chapter*.

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 in 2014 to reflect the most recent regulatory developments and enhance the internal risk management rules and controls applicable in the Group. 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 with an implementation plan in 2015 and released timely according to the statutory requirement.

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 Imerys Code of Business Conduct and Ethics and its related policies. The Internal Control and Audit Department conducts periodic reviews which include a review of the operations' and Functions' implementation of this Code. The auditing results are presented half-yearly to the Executive Committee and, at the Board level, to the Audit Committee. In addition, the objectives and scope of the Group's general compliance program are regularly updated and a summary of its status, progress and results is presented every year to the Audit Committee as part of its annual review of the Group's main risks.

Training and communication

The Code of Business Conduct and Ethics is presented at in-house seminars (including all Welcome Sessions organized to new joiners) and regularly featured in articles in Imerys News. On-site training sessions focusing on anti-fraud and antibribery, but also antitrust and international trade restrictions, are regularly organized throughout the group by the members of Imerys' legal team, with the assistance from time to time by outside legal experts. In addition, compliance online training is regularly followed by all employees in the United States and at least once by all the other main managers and employees of the Group. In 2014, a new eLearning tool related to compliance topics has been elaborated and will be gradually implemented within the Group in 2015.

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.

Reporting and control

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, that they may have been made aware of. 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, they determine collectively whether there is a need for further investigation and potential grievance actions.

In 2014, the members of the Group Internal Audit Department received a specific training on the antifraud and antibribery policy. Since then, the scope of the internal audit missions is including compliance with the antibribery policy and a specific questionnaire was developed to assist with this new task.

Corporate governance

With regard to Corporate Governance, Imerys is applying and complying with the recommendations of the AFEP-MEDEF Corporate Governance Code applicable to French listed companies.

As of the date of the present Registration Document: the proportion of women on the Board (4 out of 15, apart from the Directors representing employees) reaches 26.7%; five members of the Board of Directors are not solely French nationals and six are considered “independent”. This proportion of independent members in the composition of the Board of Directors (6 out of 15) is greater than the one-third recommended by the AFEP-MEDEF Corporate Governance Code for companies with controlling shareholders.

Furthermore and in accordance with the legal provisions, two Directors representing employees were respectively appointed by the France Group Committee and the European Works Council on October 6, 2014.

For more information regarding the Corporate Governance, please *see chapter 3 of the Registration Document*.

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 *section 5.2 "2014 Performance" of the present chapter*. 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 *section 5.8 "Correlation Table with the Elements of 'Grenelle II'" of the present chapter*.

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 majority interest and has operational control. Newly acquired operations are included as of the date of acquisition. Newly built projects with turnkey contractors have been integrated when the responsibility for workplace safety is transferred to Imerys according to the legal and commercial terms and conditions. Divested or discontinued operations have been excluded from reporting as of the date of discontinuation. Data related to employees and contractors working on projects on customers' sites are also included when they are under Imerys' direct operational control;
- for environmental compliance, 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. The cooling water supplied by third-party facilities (e.g., a customer's paper mill) and circulated back in a close loop is not counted as recycled water by the Imerys operations,

- Imerys mining operations remove overburden and separate minerals that are valuable to its 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 which are placed back in the Imerys quarries are counted as waste only when subject to regulatory requirements,
- all countries in which Imerys operates have national environmental laws regulating waste. The national environmental laws of different countries apply different criteria to determine whether a waste will need special management because it is toxic, corrosive, explosive, flammable, reactive or otherwise dangerous to human health or the environment. Each operation 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. The reporting scope was increased to include all Imerys mining operations in France in 2013 and all of the Imerys mining operations in Western Europe in 2014;
- 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 and taking the following variables into account:
  - **perimeter** (Group structure): the Group structure effect corresponds to the quantity of energy consumed by the sites acquired during the period, minus the consumption of closed or sold sites,
  - **volume** (activity variation): this is the amount of variable energy that would have been consumed in year Y, with the same specific energy consumption as year Y-1 minus the energy consumed in year Y-1,
  - **reporting entity mix**: this is the difference between the volume effect calculated overall for a set of plants or production units and the sum of the volume effects of each plant/unit in the set,

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(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).*

- **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.*

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, a monthly headcount report, a quarterly energy report and a quarterly environment 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 retained Ernst & Young to verify its data collection processes and selected indicators for 2014. 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

ERNST & YOUNG et Associés

INDEPENDENT VERIFIER'S REPORT ON CONSOLIDATED SOCIAL, ENVIRONMENTAL AND SOCIETAL INFORMATION PRESENTED IN THE MANAGEMENT REPORT

This is a free translation into English of the original report issued in the French language and it is provided solely for the convenience of English speaking users. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

Year ended the December 31, 2014

To the Shareholders,

In our quality as an independent verifier accredited by the COFRAC[(1)], under the number 3-1050 and as a member of the network of one of the Statutory Auditors of Imerys, we present our report on the consolidated social, environmental and societal information established for the year ended on the 31 12 2014, presented in chapter 2 of the management report, hereafter referred to as the "CSR Information," pursuant to the provisions of the article L. 225-102-1 of the French Commercial Code (Code de commerce).

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Responsibility of the Company

It is the responsibility of the Board of Directors to establish a management report including CSR Information referred to in the article R. 225-105-1 of the French Commercial Code (Code de commerce), in accordance with the protocols used by the Company (hereafter referred to as the "Criteria"), and of which a summary is included in sections "2.1.5 Reporting method and scope" and "2.2.4 Reporting methodology and definitions" of chapter 2 of the Reference document including the management report, and available on request at the Company's headquarters.

Independence and quality control

Our independence is defined by regulatory requirements, the Code of Ethics of our profession as well as the provisions in the article L. 822-11 of the French Commercial Code (Code de commerce). In addition, we have implemented a quality control system, including documented policies and procedures to ensure compliance with ethical standards, professional standards and applicable laws and regulations.

Responsibility of the independent verifier

It is our role, based on our work:

- to attest whether the required CSR Information is present in the management report or, in the case of its omission, that an appropriate explanation has been provided, in accordance with the third paragraph of R. 225-105 of the French Commercial Code (Code de commerce) (Attestation of presence of CSR Information);
- to express a limited assurance conclusion, that the CSR Information, overall, is fairly presented, in all material aspects, in according with the Criteria;

Our verification work was undertaken by a team of 4 people between November 2014 and February 2015 for an estimated duration of 8 weeks.

We conducted the work described below in accordance with the professional standards applicable in France and the Order of May 13, 2013 determining the conditions under which an independent third-party verifier conducts its mission, and in relation to the opinion of fairness and the reasonable assurance report, in accordance with the international standard ISAE 3000[(2)].

(1) Scope available at www.cofrac.fr
(2) ISAE 3000 – Assurance engagements other than audits or reviews of historical information.

1. Attestation of presence of CSR Information

We obtained an understanding of the Company's CSR issues, based on interviews with the management of relevant departments, a presentation of the Company's strategy on sustainable development based on the social and environmental consequences linked to the activities of the Company and its societal commitments, as well as, where appropriate, resulting actions or programmes.

We have compared the information presented in the management report with the list as provided for in the article R. 225-105-1 of the French Commercial Code (Code de commerce).

In the absence of certain consolidated information, we have verified that the explanations were provided in accordance with the provisions in article R. 225-105-1 paragraph 3, of the French Commercial Code (Code de commerce).

We verified that the information covers the consolidated perimeter, namely the entity and its subsidiaries, as aligned with the meaning of the article L. 233-1 and the entities which it controls, as aligned with the meaning of the article L. 233-3 of the French Commercial Code (Code de commerce) with the limitations specified in the Methodological note "2.1.5 Reporting method and scope" and "2.2.4 Reporting methodology and definitions" in chapter 2 of the Reference document.

Based on this work, we confirm the presence in the management report of the required CSR information.

2. Limited assurance on CSR Information

Nature and scope of the work

We undertook approximately ten interviews with the persons responsible for the preparation of the CSR Information in the different departments of Sustainable Development, Human Resources and HSE, in charge of the data collection process and, if applicable, the people responsible for internal control processes and risk management, in order to:

- assess the suitability of the Criteria for reporting, in relation to their relevance, completeness, reliability, neutrality, and understandability, taking into consideration, if relevant, industry standards;
- verify the implementation of the process for the collection, compilation, processing and control for completeness and consistency of the CSR Information and identify the procedures for internal control and risk management related to the preparation of the CSR Information.

We determined the nature and extent of our tests and inspections based on the nature and importance of the CSR Information, in relation to the characteristics of the Company, its social and environmental issues, its strategy in relation to sustainable development and industry best practices.

For the CSR Information which we considered the most important[1]:

- at the level of the consolidated entity, we consulted documentary sources and conducted interviews to corroborate the qualitative information (organization, policies, actions, etc.), we implemented analytical procedures on the quantitative information and verified, on a test basis, the calculations and the compilation of the information, and also verified their coherence and consistency with the other information presented in the management report;
- at the level of the representative selection of sites that we selected[2], based on their activity, their contribution to the consolidated indicators, their location and a risk analysis, we undertook interviews to verify the correct application of the procedures and undertook detailed tests on the basis of samples, consisting in verifying the calculations made and linking them with supporting documentation. The sample selected therefore reaches a 20% coverage of the main environmental and social KPI's.

(1) Environmental Information: Sites covered by an EMAS or ISO 14001 certification, Total energy consumption and by source, CO_2 emissions related to energy consumption, Process CO_2 emissions, Quantity of hazardous and non-hazardous waste produced (minimization, recycling and disposal), Water Withdrawals; Social and Safety Information : Total headcount and breakdown (geographical, by branch, by category and by gender), Age pyramid and seniority, Turnover and personnel management (recruitments and departures), Training hours, Frequency and Severity rate of lost-time accidents, Occupational Illnesses.

(2) Imerys Minerals Malaysia Sdn Bhd – Ipoh (Malaysia), Imerys Ceramics India Private Ltd (India), Calderys Indonesia - PT Indoporlen (Indonesia), Imerys Carbonates – Sylacauga (USA), Somerset (USA), C-E Minerals - Andersonville (Mulcoa) (USA), Imerys Fused Minerals - Brazil (Salto) (Brazil), CAPIM (Brazil), Imerys Graphite & Carbon Belgium (Willebroek) (Belgium), Imerys Talc Luzenac France – Luzenac (France), Imerys TC – Quincieux (France), Imerys TC - Saint Germer (France), Imerys Oilfield Solutions Wrens (USA).

For the other consolidated CSR information, we assessed their consistency in relation to our knowledge of the Company.

Finally, we assessed the relevance of the explanations provided, if appropriate, in the partial or total absence of certain information.

We consider that the sample methods and sizes of the samples that we considered by exercising our professional judgment allow us to express a limited assurance conclusion; an assurance of a higher level would have required more extensive verification work. Due to the necessary use of sampling techniques and other limitations inherent in the functioning of any information and internal control system, the risk of non-detection of a significant anomaly in the CSR Information cannot be entirely eliminated.

Conclusion

Based on our work, we have not identified any significant misstatement that causes us to believe that the CSR Information, taken together, has not been fairly presented, in compliance with the Criteria.

Paris-La Défense, March 18, 2015

Independent Verifier

ERNST & YOUNG et Associés

Christophe Schmeitzky

Partner

Bruno Perrin

Partner

Sustainable Development

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. 138
	New hires and Redundancies	5.4 - Human Resources - Turnover and Recruitment, p. 139
	Compensation and its evolution	5.4 - Human Resources - Human Resources Principles & Main Areas of Action, p. 136
Work organization	Organization of working time	5.4 - Human Resources - Human Resources Principles & Main Areas of Action, p. 136
	Absenteeism	5.4 - Human Resources - Industrial Relations, p. 140
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. 140
	Outcome of collective agreements	5.4 - Safety and Health, p. 133 5.4 - Human Rights, p. 142
Health and safety	Health and safety conditions at work	5.4 - Safety and Health, p. 133
	Outcome of agreements signed with trade union organizations or personnel representatives regarding occupational health and safety	5.4 - Safety and Health, p. 133
	Workplace accidents, notably their frequency and severity, as well as occupational illnesses	5.4 - Safety and Health, p. 133
Training	Policies implemented regarding training	5.4 - Human Resources - Training, p. 140 5.4 - Safety and Health, p. 133 5.5 - Environmental Management Systems, p. 145
	Total number of training hours	5.4 - Human Resources - Training, p. 140
Equal treatment	Measures promoting gender equality	5.4 - Human Resources - Diversity, p. 140
	Measures promoting the employment and integration of people with disabilities	5.4 - Human Resources - Number of Employees with Disability, p. 140
	Policy against discrimination	5.4 - Human Resources - Human Resources Principles & Main Areas of Action, p. 136 5.4 - Human Rights, p. 142
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. 140 5.4 - Human Rights, p. 142
	Elimination of Discrimination in Respect of Employment and Occupation	5.4 - Human Resources - Industrial Relations, p. 140 5.4 - Human Rights, p. 142
	Elimination of all Forms of Forced and Compulsory Labor	5.4 - Human Rights, p. 142 5.4 - Product Responsibilities and Other Stake Holder Engagement, p. 143
	Effective abolition of child labor	5.4 - Human Rights, p. 142 5.4 - Product Responsibilities and Other Stake Holder Engagement, p. 143

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. 144 5.5 - Environmental Policy, p. 144 5.5 - Environmental Management Systems, p. 145
	Training and information towards employees on environmental protection	5.5 - Environmental Management Systems, p. 145
	Means devoted to the prevention of environmental risks and pollution	5.5 - Environmental Management Systems, p. 145
	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. 221-222 6.1.3 - Note 28 Commitments, p. 242

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. 147 5.5 - Environmental Materiality Issues, p. 144
	Waste prevention, recycling and reduction measures	5.5 - Waste, Overburden and Mineral Solids, p. 152
	Consideration of adverse noise pollution and any other forms of pollution specific to an activity	5.5 - Environmental Materiality Issues, p. 144
Sustainable use of resources	Water consumption and water procurement on the basis of local constraints	5.5 - Water Scarcity and Efficiency, p. 151
	Consumption of raw materials and the measures undertaken to improve the efficiency of their usage	5.5 - Minerals Efficiency, p. 146 5.5 - Energy Efficiency, p. 147 5.5 - Water Scarcity and Efficiency, p. 151 5.5 - Green Innovation, p. 154
	Energy consumption, measures undertaken to improve energy efficiency and the recourse to renewable energies	5.5 - Energy Efficiency, p. 147
	Land use	5.5 - Biodiversity and Rehabilitation, p. 153
Climate change	Greenhouse gas emissions	5.5 - Carbon Emissions and Climate Change, p. 149
	Adaptation to the consequences of climate change	5.5 - Carbon Emissions and Climate Change, p. 149
Biodiversity protection	Measures undertaken to preserve or develop biodiversity	5.5 - Biodiversity and Rehabilitation, p. 153
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. 138 5.4 - Community Relations, p. 140
	on local and surrounding communities	5.4 - Community Relations, p. 140
Relations maintained with individuals or organisations interested in the Company's activity, notably integration associations, education institutions, environmental defense associations, consumer associations, and neighbouring residents	Conditions of dialog with these individuals or organizations	5.3 - Sector Commitments, p. 132 5.4 - Community Relations, p. 140
	Philanthropic or sponsorship actions	5.4 - Community Relations, p. 140
Subcontracting and suppliers	Integration of social and environmental criteria in the purchasing policy	5.4 - Human Rights, p. 142 5.4 - Product Responsibilities and Other Stakeholder Engagement, p. 143
	Importance of subcontracting and integration of CSR in the relationships with suppliers and subcontractors	5.4 - Safety and Health, p. 133 5.4 - Human Rights, p. 142 5.4 - Product Responsibilities and Other Stakeholder Engagement, p. 143
Fair operating practices	Actions implemented to prevent any kind of corruption	5.6 - Governance and Business Behaviors, p. 156
	Measures implemented to promote consumer health and safety	5.4 - Product Responsibilities and Other Stakeholder Engagement, p. 143
Other actions promoting human rights		5.4 - Human Rights, p. 142

FINANCIAL STATEMENTS

6

6.1 CONSOLIDATED FINANCIAL STATEMENTS

6.1.1 FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

(€ millions)	Notes	2014	2013
Revenue	**5**	**3,688.2**	**3,697.6**
Current income and expenses		**(3,193.6)**	**(3,220.6)**
Raw materials and consumables used	6	(1,199.4)	(1,273.8)
External expenses	7	(1,010.3)	(975.1)
Staff expenses	8	(746.4)	(753.1)
Taxes and duties		(47.3)	(50.3)
Amortization, depreciation and impairment losses		(209.5)	(207.8)
Other current income and expenses	9	19.3	39.5
Current operating income		**494.6**	**477.0**
Other operating income and expenses	**10**	**(59.8)**	**(80.1)**
Gain or loss from obtaining or losing control		58.9	(0.9)
Other non-recurring items		(118.7)	(79.2)
Operating income		**434.8**	**396.9**
Net financial debt expense		**(40.2)**	**(46.6)**
Income from securities	11	6.8	4.5
Gross financial debt expense	11	(47.0)	(51.1)
Other financial income and expenses		**(4.9)**	**(6.1)**
Other financial income		122.9	159.9
Other financial expenses		(127.8)	(166.0)
Financial income (loss)	**12**	**(45.1)**	**(52.7)**
Income taxes	13	(117.4)	(100.1)
Net income of assets held for sale		1.0	-
Net income		**273.3**	**244.1**
Net income, Group share(1) & (2)	14	271.6	242.0
Net income, share of non-controlling interests		1.7	2.1
(1) Net income per share			
Basic net income per share (in €)	*15*	*3.57*	*3.20*
Diluted net income per share (in €)	*15*	*3.51*	*3.17*
(2) Net income from current operations, Group share	*14*	*316.3*	*304.2*
Basic net income from current operations per share (in €)	*15*	*4.15*	*4.03*
Diluted net income from current operations per share (in €)	*15*	*4.09*	*3.98*
Other operating income and expenses net of income taxes, Group share	*10*	*(45.7)*	*(62.2)*
Net income of assets held for sale		*1.0*	*-*

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(€ millions)	Notes	2014	2013
Net income		**273.3**	**244.1**
Items never reclassified subsequently to profit or loss			
Post-employment employee benefits		**(87.9)**	**74.8**
Actuarial gains and (losses), excess of the actual return on assets over their normative return in profit or loss and assets limitations	23.1	(87.9)	74.8
Income taxes on items never reclassified	**13**	**20.9**	**(18.6)**
Items that may be reclassified subsequently to profit or loss			
Cash flow hedges		**(10.9)**	**(0.8)**
Recognition in equity	24.4	(12.8)	(8.3)
Reclassification in profit or loss	24.4	1.9	7.5
Translation reserve		**148.0**	**(215.7)**
Recognition in equity		148.8	(215.2)
Reclassification in profit or loss		(0.8)	(0.5)
Income taxes on items that may be reclassified	**13**	**16.4**	**0.7**
Other comprehensive income		**86.5**	**(159.6)**
Total comprehensive income		**359.8**	**84.5**
Total comprehensive income, Group share		355.9	86.0
Total comprehensive income, share of non-controlling interests		3.9	(1.5)

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(€ millions)	Notes	2014	2013
Non-current assets		**3,341.5**	**3,156.3**
Goodwill	16	1,106.8	1,060.5
Intangible assets	17	78.3	72.6
Mining assets	18	459.7	428.2
Property, plant and equipment	18	1,503.2	1,404.8
Joint ventures and associates	9	83.3	83.1
Other financial assets	21.1	26.0	27.7
Other receivables	21.1	37.8	37.1
Derivative financial assets	24.4	11.7	7.5
Deferred tax assets	13	34.7	34.8
Current assets		**2,080.9**	**1,677.3**
Inventories	20	670.0	588.3
Trade receivables	21.1	538.8	512.3
Other receivables	21.1	180.3	144.9
Derivative financial assets	24.4	6.1	4.4
Other financial assets(1)	24.2	29.3	81.5
Cash and cash equivalents(1)	24.2	656.4	345.9
Assets held for sale	**25**	**-**	**39.3**
Consolidated assets		**5,422.4**	**4,872.9**
Equity, Group share		**2,444.4**	**2,247.5**
Capital	22	151.8	152.5
Premiums		334.1	362.1
Reserves		1,686.9	1,490.9
Net income, Group share		271.6	242.0
Equity, share of non-controlling interests		**26.1**	**24.2**
Equity		**2,470.5**	**2,271.7**
Non-current liabilities		**2,121.6**	**1,799.4**
Employee benefit liabilities	23.1	306.5	227.1
Other provisions	23.2	258.4	239.3
Loans and financial debts(1)	24.2	1,494.3	1,190.3
Other debts	24.3	11.7	88.3
Derivative financial liabilities	24.4	7.6	0.5
Deferred tax liabilities	13	43.1	53.9
Current liabilities		**830.3**	**793.3**
Other provisions	23.2	24.3	18.3
Trade payables	24.1	411.9	376.3
Income taxes payable		3.0	26.7
Other debts	24.3	307.7	236.0
Derivative financial liabilities	24.4	14.6	6.3
Loans and financial debts(1)	24.2	66.9	124.0
Bank overdrafts(1)	24.2	1.9	5.7
Liabilities related to assets held for sale	**25**	**-**	**8.5**
Consolidated equity and liabilities		**5,422.4**	**4,872.9**
(1) Net financial debt	*24.2*	*869.9*	*885.4*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity, Group share										
			Reserves								
(€ millions)	Capital	Premiums	Treasury shares	Cash flow hedges	Translation reserve	Other reserves	Subtotal	Net income, Group share	Subtotal	Equity, share of non-controlling interests	Total
Equity as of January 1, 2013	**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	**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**
Total comprehensive income	**-**	**-**	**-**	**(8.0)**	**159.7**	**(67.4)**	**84.3**	**271.6**	**355.9**	**3.9**	**359.8**
Transactions with shareholders	**(0.7)**	**(28.0)**	**(3.5)**	**0.0**	**0.0**	**115.2**	**111.7**	**(242.0)**	**(159.0)**	**(2.0)**	**(161.0)**
Allocation of 2013 net income	-	-	-	-	-	242.0	242.0	(242.0)	0.0	-	0.0
Dividend (€1.60 per share)	-	-	-	-	-	(122.4)	(122.4)	-	(122.4)	(2.8)	(125.2)
Capital increases	1.1	26.2	-	-	-	(0.4)	(0.4)	-	26.9	1.1	28.0
Capital decreases	(1.8)	(54.2)	-	-	-	-	0.0	-	(56.0)	-	(56.0)
Transactions on treasury shares	-	-	(3.5)	-	-	(11.0)	(14.5)	-	(14.5)	-	(14.5)
Share-based payments	-	-	-	-	-	9.5	9.5	-	9.5	-	9.5
Transactions with non-controlling interests	-	-	-	-	-	(2.5)	(2.5)	-	(2.5)	(0.3)	(2.8)
Equity as of December 31, 2014[(1)]	**151.8**	**334.1**	**(10.4)**	**(10.9)**	**(236.0)**	**1,944.2**	**1,686.9**	**271.6**	**2,444.4**	**26.1**	**2,470.5**
(1) Proposed dividend (€1.65 per share)	*-*	*-*	*-*	*-*	*-*	*(125.2)*	*(125.2)*	*-*	*(125.2)*	*-*	*(125.2)*
Equity after proposed dividend	*151.8*	*334.1*	*(10.4)*	*(10.9)*	*(236.0)*	*1,819.0*	*1,561.7*	*271.6*	*2,319.2*	*26.1*	*2,345.3*

CONSOLIDATED STATEMENT OF CASH FLOWS

(€ millions)	Notes	2014	2013
Cash flow from operating activities		**434.3**	**463.4**
Cash flow generated by current operations	Appendix 1	654.0	702.8
Interests paid		(53.7)	(53.7)
Income taxes on current operating income and financial income (loss)		(150.9)	(131.5)
Dividends received from available-for-sale financial assets		(0.1)	0.3
Cash flow generated by other operating income and expenses	Appendix 2	(15.0)	(54.5)
Cash flow from investing activities		**(223.1)**	**(362.8)**
Acquisitions of intangible assets and property, plant and equipment	Appendix 3	(241.4)	(252.7)
Acquisitions of investments in consolidated entities after deduction of cash acquired	16	(67.5)	(176.4)
Disposals of intangible assets and property, plant and equipment	Appendix 3	7.9	12.0
Disposals of investments in consolidated entities after deduction of cash disposed of		70.9	58.5
Net change in financial assets		0.5	(8.5)
Paid-in interests		6.5	4.3
Cash flow from financing activities		**92.2**	**25.3**
Capital increases and decreases		(28.0)	40.5
Disposals (acquisitions) of treasury shares		(14.5)	(5.0)
Dividends paid to shareholders		(122.4)	(116.9)
Dividends paid to non-controlling interests		(2.8)	(2.3)
Acquisitions of investments in consolidated entities from non-controlling interests	16	(3.5)	(2.9)
Loan issues[(1)]		607.2	329.9
Loan repayments[(2)]		(307.7)	(142.9)
Net change in other debts		(36.1)	(75.1)
Cash flow from assets held for sale		**0.6**	**-**
Change in cash and cash equivalents		**304.0**	**125.9**

(€ millions)	2014	2013
Opening cash and cash equivalents	**340.2**	**241.3**
Change in cash and cash equivalents	304.0	125.9
Impact of changes due to exchange rate fluctuations	10.3	(27.0)
Closing cash and cash equivalents	**654.5**	**340.2**
Cash[(3)]	218.2	228.8
Cash equivalents[(4)]	438.2	117.1
Bank overdrafts	(1.9)	(5.7)

(1) Of which in 2014, a €600.0 million bond issue as part of the Euro Medium Term Note program (EMTN) (€300.0 million in 2013).

(2) Of which in 2014, a repayment of a bond issue of €300.0 million as part of the Euro Medium Term Note program (EMTN).

(3) As of December 31, 2014, cash comprises a balance of €6.2 million (€6.2 million as of December 31, 2013) not available for Imerys SA and its subsidiaries, of which €1.1 million (€1.1 million as of December 31, 2013) with respect to foreign exchange control legislations and €5.1 million (€5.1 million as of December 31, 2013) 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	2014	2013
Net income		**273.3**	**244.1**
Adjustments		**413.8**	**414.1**
Income taxes	13	117.4	100.1
Share in net income of joint ventures and associates	9	(4.6)	(5.3)
Dividends received from joint ventures and associates		1.7	2.2
Impairment losses on goodwill	10 & 16	30.1	-
Share in net income of associates out of the recurring business	10	1.9	(0.2)
Other operating income and expenses excluding impairment losses on goodwill		27.8	80.3
Net operating amortization and depreciation	Appendix 3	209.2	207.5
Net operating impairment losses on assets		4.8	(6.4)
Net operating provisions		(20.5)	(10.2)
Dividends receivable from available-for-sale financial assets		-	(0.1)
Net interest income and expenses		41.9	46.7
Share-based payments expense	8	9.5	8.3
Change in fair value of hedge instruments		(1.8)	(6.6)
Income from current disposals of intangible assets and property, plant and equipment	9	(2.6)	(2.2)
Net income of assets held for sale		(1.0)	-
Change in the working capital requirement		**(33.1)**	**44.6**
Inventories		(56.3)	25.8
Trade accounts receivable, advances and down payments received		(15.0)	(23.6)
Trade accounts payable, advances and down payments paid		22.6	29.8
Other receivables and debts		15.6	12.6
Cash flow generated by current operations		**654.0**	**702.8**

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Appendix 2: cash flow generated by other operating income and expenses

(€ millions)	Notes	2014	2013
Other operating income and expenses	**10**	**(59.8)**	**(80.1)**
Adjustments		**44.8**	**25.6**
Impairment losses on goodwill	10 & 16	30.1	-
Other net operating amortization and depreciation	Appendix 3	6.5	9.9
Other net operating provisions	10	34.5	22.4
Income from disposals of consolidated investments and available-for-sale financial assets	10	(41.1)	(5.3)
Share in net income of associates out of the recurring business	10	1.9	(0.2)
Income taxes paid on other operating income and expenses		12.9	(1.2)
Cash flow generated by other operating income and expenses		**(15.0)**	**(54.5)**

Appendix 3: table of indirect references to the notes

(€ millions)	Notes	2014	2013
Consolidated statement of cash flows			
Acquisitions of intangible assets and property, plant and equipment		(241.4)	(252.7)
Intangible assets	17	(8.3)	(18.0)
Property, plant and equipment	18	(231.8)	(232.0)
Neutralization of activated restoration provisions	24.2	-	(0.3)
Neutralization of finance lease acquisitions		0.1	0.4
Change in payables on acquisitions of intangible assets and property, plant and equipment		(1.5)	(2.8)
Disposals of intangible assets and property, plant and equipment		7.9	12.0
Property, plant and equipment	18	4.6	9.8
Income on asset disposals	9	2.6	2.2
Change in receivables on disposals of intangible assets and property, plant and equipment		0.7	-
Appendix 1			
Net operating amortization and depreciation		209.2	207.5
Increases in amortization - intangible assets	17	7.8	6.4
Increases in depreciation - property, plant and equipment	18	204.4	204.9
Amortization of prepaid expenses		-	0.1
Amortization and depreciation reversals - intangible assets and property, plant and equipment		(2.7)	(3.5)
Neutralization of finance leases depreciation		(0.3)	(0.4)
Appendix 2			
Other net operating amortization and depreciation		6.5	9.9
Impairment losses - intangible assets	17	0.5	0.1
Impairment losses - property, plant and equipment	18	7.4	11.3
Reversal of impairment losses - property, plant and equipment	18	(1.4)	(1.5)

6.1.2 INFORMATION BY SEGMENTS

Accounting policy

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 business groups of Imerys:

- Energy Solutions & Specialties (ESS): functional additives used in construction (plastics, paints, etc.) and in the production of paper, monolithic refractory products for the protection of high-temperature industrial equipment (iron and steel, foundry, petrochemical, glass and cement industries, etc.) and mineral specialties for the mobile energy, electronics and non-conventional oil exploration markets;
- Filtration & Performance Additives (F&PA): mineral agents for the filtration of edible liquids, performance mineral specialties used in plastics, paints and 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 roof tiles and mineral solutions for floor tiles, sanitaryware, tableware, technical ceramics, paints, plastics and paper;
- 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 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 followed each month by the Executive Management in its business reporting *(Note 19)*. 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). 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. In anticipation of the combination project with the S&B group announced in November 2014 *(Note 25)*, the Group's managerial organization was modified, resulting in a revision of the business groups' structure over the 2014 period. Comparative information was restated.

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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, 2014

(€ millions)	ESS	F&PA	CM	HRM	IS&H	Total
External revenue	**1,274.5**	**652.9**	**1,136.9**	**622.6**	**1.3**	**3,688.2**
Sales of goods	1,014.4	573.5	976.5	606.2	1.1	3,171.7
Rendering of services	260.1	79.4	160.4	16.4	0.2	516.5
Inter-segment revenue	**4.1**	**5.1**	**20.0**	**19.1**	**(48.3)**	**0.0**
Revenue	**1,278.6**	**658.0**	**1,156.9**	**641.7**	**(47.0)**	**3,688.2**
Current operating income	**149.5**	**113.4**	**211.1**	**72.8**	**(52.2)**	**494.6**
of which amortization, depreciation and impairment losses	(57.3)	(34.3)	(85.1)	(30.7)	(2.1)	(209.5)
Other operating income and expenses	**10.3**	**(8.6)**	**(32.6)**	**(58.8)**	**29.9**	**(59.8)**
Operating income	**159.8**	**104.8**	**178.5**	**14.0**	**(22.3)**	**434.8**
Financial income (loss)	**0.7**	**0.3**	**5.4**	**(4.3)**	**(47.2)**	**(45.1)**
Interest income	0.1	0.1	5.6	0.4	0.7	6.9
Interest expenses	(0.7)	(0.1)	(0.7)	(1.6)	(45.4)	(48.5)
Income taxes	**(47.8)**	**(30.4)**	**(49.0)**	**(16.2)**	**26.0**	**(117.4)**
Net income of assets held for sale	**1.1**	**-**	**-**	**(0.1)**	**-**	**1.0**
Net income	**113.8**	**74.7**	**134.9**	**(6.6)**	**(43.5)**	**273.3**

As of December 31, 2013 (restated)

(€ millions)	ESS	F&PA	CM	HRM	IS&H	Total
External revenue	**1,246.6**	**629.9**	**1,190.6**	**635.3**	**(4.8)**	**3,697.6**
Sales of goods	1,015.1	553.9	1,035.0	620.2	(4.6)	3,219.6
Rendering of services	231.5	76.0	155.6	15.1	(0.2)	478.0
Inter-segment revenue	**1.6**	**4.9**	**13.8**	**18.5**	**(38.8)**	**0.0**
Revenue	**1,248.2**	**634.8**	**1,204.4**	**653.8**	**(43.6)**	**3,697.6**
Current operating income	**128.1**	**100.8**	**219.7**	**70.1**	**(41.7)**	**477.0**
of which amortization, depreciation and impairment losses	(54.3)	(33.4)	(90.0)	(29.2)	(0.9)	(207.8)
Other operating income and expenses	**(7.9)**	**(2.0)**	**(55.9)**	**(19.8)**	**5.5**	**(80.1)**
Operating income	**120.2**	**98.8**	**163.8**	**50.3**	**(36.2)**	**396.9**
Financial income (loss)	**(8.1)**	**0.7**	**4.4**	**(8.0)**	**(41.7)**	**(52.7)**
Interest income	0.1	0.1	3.8	0.3	0.3	4.6
Interest expenses	(0.8)	(0.1)	(0.7)	(0.9)	(48.7)	(51.2)
Income taxes	**(34.5)**	**(21.0)**	**(48.6)**	**(14.8)**	**18.8**	**(100.1)**
Net income	**77.6**	**78.5**	**119.6**	**27.5**	**(59.1)**	**244.1**

Consolidated statement of financial position

As of December 31, 2014

(€ millions)	ESS	F&PA	CM	HRM	IS&H	Total
Capital employed - Assets	**1,623.3**	**754.3**	**1,404.3**	**854.4**	**21.7**	**4,658.0**
Goodwill[(1)]	370.8	207.5	254.6	273.2	0.7	1,106.8
Intangible assets and property, plant and equipment[(2)]	768.1	320.3	710.1	237.3	5.4	2,041.2
Inventories	186.2	108.3	166.3	209.2	-	670.0
Trade receivables	224.6	97.6	129.9	94.9	(8.2)	538.8
Other receivables - non-current and current	61.5	20.6	76.9	37.9	21.0	217.9
Joint ventures and associates	12.1	-	66.5	1.9	2.8	83.3
Unallocated assets						**764.4**
Total assets						**5,422.4**
Capital employed - Liabilities	**283.2**	**135.5**	**215.5**	**102.9**	**(2.8)**	**734.3**
Trade payables	173.0	62.9	123.8	70.2	(18.0)	411.9
Other debts - non-current and current	99.1	61.0	91.6	33.7	34.0	319.4
Income taxes payable	11.1	11.6	0.1	(1.0)	(18.8)	3.0
Provisions	**114.7**	**115.4**	**230.8**	**70.0**	**58.3**	**589.2**
Unallocated liabilities						**1,628.4**
Total non-current and current liabilities						**2,951.9**
Total capital employed	**1,340.1**	**618.8**	**1,188.8**	**751.5**	**24.5**	**3,923.7**
(1) Increases in goodwill	*16.5*	*-*	*-*	*3.8*	*-*	*20.3*
(2) Acquisitions of intangible assets and property, plant and equipment	*82.0*	*43.1*	*71.4*	*43.1*	*1.8*	*241.4*

As of December 31, 2013 (restated)

(€ millions)	ESS	F&PA	CM	HRM	IS&H	Total
Capital employed - Assets	**1,430.2**	**692.7**	**1,369.5**	**822.5**	**17.3**	**4,332.2**
Goodwill(1)	333.1	198.1	243.7	284.9	0.7	1,060.5
Intangible assets and property, plant and equipment(2)	687.1	290.9	703.2	213.6	10.8	1,905.6
Inventories	153.5	92.2	162.8	179.8	-	588.3
Trade receivables	199.3	93.0	126.1	102.8	(8.9)	512.3
Other receivables - non-current and current	45.9	18.5	69.8	36.2	12.0	182.4
Joint ventures and associates	11.3	-	63.9	5.2	2.7	83.1
Unallocated assets						**540.7**
Total assets						**4,872.9**
Capital employed - Liabilities	**236.9**	**120.8**	**225.1**	**84.2**	**60.3**	**727.3**
Trade payables	149.3	52.9	120.5	68.4	(14.8)	376.3
Other debts - non-current and current	79.5	56.9	104.7	14.5	68.7	324.3
Income taxes payable	8.1	11.0	(0.1)	1.3	6.4	26.7
Provisions	**86.1**	**99.8**	**221.2**	**60.1**	**17.5**	**484.7**
Unallocated liabilities						**1,380.7**
Total non-current and current liabilities						**2,592.7**
Total capital employed	**1,193.3**	**571.9**	**1,144.4**	**738.3**	**(43.0)**	**3,604.9**
(1) Increases in goodwill	*108.3*	*0.9*	*4.4*	*(1.6)*	*-*	*112.0*
(2) Acquisitions of intangible assets and property, plant and equipment	*90.6*	*27.9*	*68.5*	*58.1*	*7.6*	*252.7*

As of January 1, 2013 (restated)

(€ millions)	ESS	F&PA	CM	HRM	IS&H	Total
Capital employed - Assets	**1,199.7**	**729.7**	**1,631.6**	**841.2**	**0.2**	**4,402.4**
Goodwill(1)	254.5	203.6	252.9	291.2	0.8	1,003.0
Intangible assets and property, plant and equipment(2)	545.4	309.7	879.3	197.4	17.8	1,949.6
Inventories	148.3	94.3	197.6	210.9	-	651.1
Trade receivables	195.0	91.4	128.3	106.5	(7.4)	513.8
Other receivables - non-current and current	44.9	30.7	109.3	30.9	(13.8)	202.0
Joint ventures and associates	11.6	-	64.2	4.3	2.8	82.9
Unallocated assets						**419.2**
Total assets						**4,821.6**
Capital employed - Liabilities	**228.3**	**117.3**	**249.4**	**107.4**	**(18.8)**	**683.6**
Trade payables	137.4	46.6	126.0	81.0	(15.8)	375.2
Other debts - non-current and current	76.4	64.0	115.0	21.6	10.0	287.0
Income taxes payable	14.5	6.7	8.4	4.8	(13.0)	21.4
Provisions	**101.6**	**125.2**	**240.8**	**59.7**	**52.2**	**579.5**
Unallocated liabilities						**1,297.5**
Total non-current and current liabilities						**2,560.6**
Total capital employed	**971.4**	**612.4**	**1,382.2**	**733.8**	**19.0**	**3,718.8**
(1) Increases in goodwill	*1.3*	*12.1*	*11.3*	*-*	*-*	*24.7*
(2) Acquisitions of intangible assets and property, plant and equipment	*94.4*	*26.4*	*77.5*	*49.5*	*9.2*	*257.0*

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 and Vietnam (category C) and Ukraine, Venezuela and Zimbabwe (category D), where the Group is present.

The following table presents revenue by geographical location of the businesses of the Group:

(€ millions)	2014	2013
France	650.8	705.1
Other European countries	1,387.2	1,391.8
North America	995.5	937.8
Asia - Oceania	493.2	493.1
Other countries	161.5	169.8
Revenue by geographical location of the businesses of the Group	**3,688.2**	**3,697.6**

Revenue generated in countries rated C and D by the grading system “Business Environment” of the Coface represents in 2014 0.79% of Group revenue (1.12% in 2013) and 0.60% of current operating income (1.02% in 2013).

The following table presents revenue by geographical location of customers:

(€ millions)	2014	2013
France	470.1	549.3
Other European countries	1,371.3	1,370.3
North America	929.2	876.7
Asia - Oceania	644.1	612.0
Other countries	273.5	289.3
Revenue by geographical location of customers	**3,688.2**	**3,697.6**

The following table presents the carrying amount of goodwill, intangible assets and property, plant and equipment by geographical zone:

	2014			2013		
(€ millions)	Goodwill	Intangible assets and property, plant and equipment	Total	Goodwill	Intangible assets and property, plant and equipment	Total
France	211.6	257.3	468.9	203.1	255.3	458.4
Other European countries	349.2	460.0	809.2	345.2	461.9	807.1
North America	273.8	795.3	1,069.1	239.3	694.4	933.7
Asia - Oceania	206.6	181.5	388.1	207.8	160.9	368.7
Other countries	65.6	347.1	412.7	65.1	333.1	398.2
Total	**1,106.8**	**2,041.2**	**3,148.0**	**1,060.5**	**1,905.6**	**2,966.1**

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, 2013) and - 1.26% of consolidated equity, Group share (- 1.03% as of December 31, 2013).

6.1.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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2014 SIGNIFICANT EVENTS

This paragraph aims at enabling the reader to easily identify the main notes addressing the significant events of the period.

- New operational and managerial organization: *Information by segments; Note 2.2 - Voluntary changes; Note 19 - Impairments tests*. This subject is also addressed by the Board of Directors' management report *(Chapter 2 of the 2014 Registration Document)*.
- Imerys disposes of four Carbonates sites: *Note 10 - Other operating income and expenses; Note 25 - Main consolidated entities - Changes in the scope of consolidation*.
- Imerys withdraws its offer for the acquisition of Amcol: *Note 10 - Other operating income and expenses; Note 25 - Main consolidated entities - Changes in the scope of consolidation*.
- Imerys announces a combination with the S&B group: *Note 25 - Main consolidated entities - Changes in the scope of consolidation*.
- Impairment loss on the goodwill of the Zirconia Cash Generating Unit: *Note 10 - Other operating income and expenses; Note 19 - Impairment tests*.

BASIS OF PREPARATION

Note 1 Referential

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, 2014 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 12, 2015 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. Thus, interpretation IFRIC 21, Levies applicable as of January 1, 2014 according to the IASB (International Accounting Standards Board) is only mandatorily applicable as of January 1, 2015 within the European Union *(Note 3)*. As of December 31, 2014, this temporary time-lag thus creates the only difference between the Referential and IFRSs.

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 17)*, mining assets *(Note 18)* and property, plant and equipment *(Note 18)*. Inventories are measured on the basis of their characteristics in accordance with the "First-In, First-Out" (FIFO) or weighted average cost methods *(Note 20)*. The rules of hedge accounting are applied to the recognition of derivatives hedging currency, interest rate and energy price risks *(Note 24.4)*.

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: greenhouse gas allowances *(Note 17)*, mining assets *(Note 18)* and purchase commitment of non-controlling interests of an entity controlled by the Group *(Note 25)*.

Note 2 Changes in accounting policies and errors

Accounting policy

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 *(Note 2.3)* are corrected retrospectively.

2.1 Mandatory changes

Anticipated application

Imerys is applying by anticipation no standard or interpretation on January 1, 2014. In 2013, Imerys had applied standards IFRS 10, 11 and 12 on January 1, 2013 in accordance with the IASB agenda. Since these standards were mandatorily applicable within the European Union only on January 1, 2014, that application on January 1, 2013 was considered as an anticipated application.

Application upon effective date

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 *(Note 19)*. 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 was never 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 did not encounter any novation of derivatives, neither in 2014, nor in 2013.

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.

2.2 Voluntary changes

In anticipation of the combination project with the S&B group announced in November 2014 *(Note 25)*, the Group's managerial organization was modified, resulting in a revision of the business groups' structure over the 2014 period. 2013 comparative information has been restated. In 2013, Imerys had modified the segments reported within the information by segments.

2.3 Errors

No correction of error was performed in 2014. In 2013, Imerys had performed a correction of error on the tax bases of property, plant and equipment in the United States.

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 4, 2015 published by the EFRAG (European Financial Reporting Advisory Group), Imerys will apply the following standards and interpretations after December 31, 2014.

3.1 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 - Tables of changes)*.

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 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.

3.2 Application in 2016

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture. This amendment provides that where the sale or contribution to an entity under significant influence or joint control relates to a business, the transferor fully recognizes the gain or loss on disposal and fair value remeasurement of any retained residual interest. However, where the sale or contribution relates to an asset, the transferor only recognizes the gain or loss on disposal and fair value remeasurement of any retained residual interest to the extent of the percentage of the transaction realized over third parties.

Amendments to IAS 1: Disclosure Initiative. These amendments aim at improving the relevance of disclosures through increased focus on the issuer’s professional judgment and materiality.

Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortization. Intangible assets and property, plant and equipment standards provide that amortization and depreciation represent the consumption of the economic benefits embodied in an asset. These amendments, whose adoption process is in progress within the European Union as of December 31, 2014, clarify that the level of revenue generated by such assets cannot be considered as an appropriate basis to measure that consumption. The intangible assets and items of property, plant and equipment of Imerys are generally amortized and depreciated on a straight-line basis and by exception, mainly for mining assets, in accordance with the units of production method *(Notes 17 and 18)*. These amendments thus have no impact for the Group.

Besides, the amendments to standards IFRS 10, IFRS 12 and IAS 28 related to consolidation exceptions granted to investment entities, the amendments to standard IFRS 11 concerning the acquisitions of interests in agreements under which the parties are not holding rights into the net asset of a business, but shares of specific assets and liabilities, standard IFRS 14, Regulatory Deferral Accounts, the amendments to standard IAS 27 on the equity method in separate financial statements, as well as the amendments to standards IAS 16 and IAS 41 on bearer plants, do not apply to the transactions, events or conditions existing within the Group.

3.3 Application in 2017

IFRS 15, Revenue from Contracts with Customers. This new standard, whose adoption process is in progress within the European Union as of December 31, 2014 and whose objective is to replace the current standard on revenue, is based upon two principles: recognition of the sale when the customer obtains control over the good or service and measurement for the amount of the expected payment. Considering the nature of the contracts between Imerys and its customers, the Group anticipates impacts limited to sales of goods performed under some specific incoterms, as well as certain service contracts.

3.4 Application in 2018

As of December 31, 2014, the adoption process of the following standard and amendments is in progress within the European Union.

IFRS 9, Financial Instruments. As of February 12, 2015, 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, 2018. 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, 2018. IFRS 9 is intended to replace current standard IAS 39 on financial instruments. The improvements introduced by IFRS 9 include a model for classification and measurement of financial instruments, an impairment loss model based upon expected losses and no longer upon past credit events, as well as a new approach to hedge accounting. Imerys is investigating the impacts related to these changes.

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, 2018 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, 2018.

Note 4 Estimates

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:

- allocation of certain transactions by levels within the income statement *(Notes to the consolidated income statement)*;
- amortization methods of intangible assets *(Note 17)*;
- depreciation methods of mining assets and property, plant and equipment *(Note 18)*;
- 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)*;
- actuarial assumptions of defined benefit plans *(Note 23.1)*; and
- 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 23.2)*.

NOTES TO THE CONSOLIDATED INCOME STATEMENT

Accounting policy

Revenue and expenses recognized in the consolidated income statement are aggregated by natures in accordance with materiality and are only offset in application of a standard or interpretation. Comparative information is disclosed with respect to period N-1, comparative information with respect to period N-2 being 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). 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 three tables hereafter present these decisions by profit or loss level and enable the link with the corresponding note.

Operating income. Operating income includes current operating income and other operating income and expenses. Current operating income *(Notes 5 to 9)* includes the performance of the ordinary activities of Imerys as well as the following items:

	Notes
Share-based payments expense	8
Changes in employee benefits unrelated to restructuring	
▮ plan curtailments, settlements and amendments	8
▮ contributions to the funds and direct payments to beneficiaries	8
▮ liabilities reversals on contributions and direct payments	8
▮ administrative fees of open plans	8
Ineffective portion of operational hedge instruments	11
Assets disposals unrelated to restructuring	9
Net income of associates of the recurring business	9

Other operating income and expenses. 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:

	Notes
Gain or loss from obtaining or losing control	10
Impairment loss on goodwill	10
Restructuring	10
Asset disposal related to restructuring	10
Changes in employee benefits related to restructuring	
▮ plan curtailments, settlements and amendments	10
▮ contributions and direct payments to beneficiaries	10
▮ liabilities reversals on contributions and direct payments	10
Significant litigation	10
Net income of associates out of the recurring business	10

Financial income (loss). 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)*, as well as the following specific items:

	Notes
Ineffective portion of financing hedge instruments	11
Unrealized and realized foreign exchange of operating and financial transactions	12
Financial changes in employee benefits	
▪ unwinding	12
▪ normative return on assets	12
▪ contributions to under-funded closed plans with mandatory funding requirement	12
▪ administrative fees of closed plans with mandatory funding requirement	12
▪ liabilities reversals of closed plans with mandatory funding requirement	12

Note 5 Revenue

Accounting policy

Sales of goods represent the greater part of revenue. They are recognized upon transfer of the risks, rewards and control. 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. Reinvoicing of the freight cost of the product represents the majority of rendering of services and its recognition generally derives from the sale of the transported product. Furthermore, for both goods and rendering of services, a sale is recognized only if the corresponding receivable 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.

Period activity

(€ millions)	**2014**	**2013**
Sales of goods	3,171.6	3,219.6
Rendering of services	516.6	478.0
Total	**3,688.2**	**3,697.6**

Revenue amounts to €3,688.2 million in 2014 (€3,697.6 million in 2013), *i.e.* a decrease of - 0.3% (- 4.8% in 2013), including a negative effect of - €37.3 million due to foreign currency changes (- €115.9 million in 2013) and a negative structure impact of - €90.7 million (- €21.4 million in 2013). At comparable structure and foreign currency rates, revenue increases by + 3.2% (- 1.3% in 2013).

Note 6 Raw materials and consumables used

(€ millions)	**2014**	**2013**
Raw materials	(541.6)	(539.2)
Energy	(367.0)	(377.0)
Chemicals	(71.4)	(78.5)
Other consumables	(164.2)	(168.7)
Merchandises	(122.3)	(100.0)
Change in inventories	56.4	(25.8)
Internally generated property, plant and equipment	10.7	15.4
Total	**(1,199.4)**	**(1,273.8)**

Note 7 External expenses

(€ millions)	2014	2013
Freight	(464.7)	(454.6)
Operating leases	(64.9)	(62.0)
Subcontracting	(111.6)	(107.0)
Maintenance and repair	(103.7)	(100.5)
Fees	(83.4)	(69.8)
Other external expenses	(182.0)	(181.2)
Total	**(1,010.3)**	**(975.1)**

Note 8 Staff expenses

(€ millions)	2014	2013
Salaries	(574.8)	(569.1)
Social security contributions	(116.8)	(121.7)
Net change in employee benefit liabilities	29.5	15.3
Contributions to defined employee benefit plans	(31.1)	(24.0)
Contributions to defined contribution plans	(18.6)	(21.7)
Profit-sharing	(24.3)	(21.9)
Other employee benefits	(10.3)	(10.0)
Total	**(746.4)**	**(753.1)**

Share-based payments management principles

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. The corresponding expense is recognized as "Other employee benefits" for €9.5 million in 2014 (€8.3 million in 2013). 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 (Chairman and 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.

Accounting policy

The fair value of services rendered against the grant of Imerys share options and free shares granted after November 7, 2002 is measured 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 amortized in profit or loss 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.

Share-based payments expense

	Number of options	Exercise price *(€)*	Maturity	Volatility	Turnover rate	Average dividend rate	Performance conditions	Fair value *(€)*	Total cost of each plan *(€M)*	2014 cost of the plans *(€M)*	2013 cost of the plans *(€M)*
Share options plans											
2010	422,800	46.06	5.0 years	28.1%	9.8%	3.0%	-	7.59	(2.9)	-	(0.3)
2010	60,000	46.06	5.0 years	28.1%	33.3%	3.0%	-	7.59	(0.3)	-	-
2010	82,000	44.19	5.0 years	31.0%	0.0%	3.0%	100.0%	9.40	(0.8)	(0.2)	(0.2)
2011	221,874	53.05	5.0 years	29.5%	9.0%	2.9%	-	10.52	(2.1)	(0.2)	(0.7)
2011	70,001	53.05	5.0 years	29.5%	9.0%	2.9%	88.3%	10.52	(0.6)	(0.2)	(0.2)
2011	40,000	53.05	5.0 years	29.5%	0.0%	2.9%	88.3%	10.52	(0.4)	(0.1)	(0.1)
2012	236,719	43.62	5.0 years	31.1%	9.0%	2.9%	-	7.27	(1.6)	(0.5)	(0.5)
2012	82,001	43.62	5.0 years	31.1%	9.0%	2.9%	75.0%	7.27	(0.4)	(0.1)	(0.1)
2012	44,000	43.62	5.0 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	-	5.0%	3.0%	100.0%	29.94	(3.3)	-	(0.1)
2010	129,700	-	3.5 years	-	9.5%	3.0%	100.0%	38.33	(4.5)	-	(1.1)
2010	15,000	-	3.0 years	-	33.3%	3.0%	100.0%	38.90	(0.4)	-	(0.1)
2010	42,000	-	3.3 years	-	0.0%	3.0%	100.0%	39.28	(1.7)	(0.5)	(0.3)
2011	150,971	-	3.5 years	-	9.0%	2.9%	88.3%	45.23	(5.5)	(1.9)	(1.3)
2011	20,000	-	3.0 years	-	0.0%	2.9%	88.3%	45.91	(0.8)	(0.2)	(0.2)
2011	37,400	-	3.6 years	-	9.0%	2.9%	88.3%	38.56	(1.0)	(0.3)	(0.3)
2012	21,500	-	3.0 years	-	0.0%	2.9%	75.0%	35.46	(0.6)	(0.2)	(0.2)
2012	159,402	-	3.5 years	-	9.0%	2.9%	75.0%	34.93	(3.8)	(1.1)	(1.1)
2013	238,500	-	4.0 years	-	10.0%	2.9%	75.0%	45.15	(7.3)	(1.8)	(1.2)
2013	30,000	-	4.0 years	-	0.0%	2.9%	75.0%	45.15	(1.0)	(0.3)	(0.2)
2014	282,475	-	4.0 years	-	8.9%	2.9%	75.0%	55.37	(10.7)	(1.8)	-
Cost of plans recognized as staff expenses										**(9.5)**	**(8.3)**
Weighted average exercise price *(€)*										48.4	43.7

Note 9 Other current income and expenses

(€ millions)	2014	2013
Other income and expenses	9.5	9.8
Income on asset disposals	2.6	2.2
Grants received	4.6	5.8
Net change in operating provisions and write-downs	(2.0)	16.4
Share in net income of joint ventures and associates	4.6	5.3
Total	**19.3**	**39.5**

Imerys is holding investments in businesses over which the Group exercises joint control or significant influence. The net income generated by these investments is disclosed in “Share in net income of joint ventures and associates” for €4.6 million in 2014 (€5.3 million in 2013).

Accounting policy

Imerys measures under the equity method 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 operating income and in the assets.

Main joint ventures and associates

The main investments measured under the equity method are the joint venture The Quartz Corporation and the associates MST Mineralien Schiffahrt and Calderys Iberica Refractarios. 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)	2014	2013	2014	2013	2014	2013
Consolidated income statement						
Revenue	53.5	44.3	90.3	94.6	18.0	17.2
Net income	3.1	0.1	2.5	5.0	2.0	1.5
Consolidated statement of financial position						
Non-current assets	(67.3)	(61.1)	(175.7)	(148.1)	(2.1)	(2.2)
Current assets	(38.5)	(27.2)	(49.8)	(58.5)	(15.7)	(15.1)
Equity	45.1	41.1	77.5	73.6	15.3	14.4
Non-current liabilities	48.4	36.9	129.5	105.8	-	-
Current liabilities	12.3	10.3	18.5	27.2	2.5	2.9

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.

(€ millions)	2014				2013			
	Equity	Interests of other shareholders	Goodwill	Interest of Imerys	Equity	Interests of other shareholders	Goodwill	Interest of Imerys
The Quartz Corporation	45.1	(22.6)	2.4	25.0	41.1	(20.6)	2.5	23.1
MST Mineralien Schiffahrt	77.5	(38.8)	-	38.8	73.6	(36.8)	-	36.8
Calderys Iberica Refractarios	15.3	(7.7)	-	7.6	14.4	(7.2)	-	7.2
Other investments	21.8	(12.6)	2.8	12.0	27.9	(14.1)	2.3	16.1
Total	**159.7**	**(81.6)**	**5.2**	**83.3**	**157.0**	**(78.7)**	**4.8**	**83.1**

The table below analyzes the change in the interest recognized in the assets of Imerys in accordance with the equity method.

(€ millions)	2014	2013
Opening carrying amount	**83.1**	**82.9**
Acquisitions	(0.7)	-
Disposals	(0.7)	(0.7)
Income	2.7	5.5
Dividends distributed by the joint ventures and associates	(1.6)	(2.0)
Other	0.5	(2.6)
Closing carrying amount	**83.3**	**83.1**

Note 10 Other operating income and expenses

(€ millions)	2014	2013
Gain or loss from obtaining or losing control	**58.9**	**(0.9)**
Transaction costs	10.4	(6.1)
Changes in estimate of the contingent remuneration of the seller	7.4	(0.1)
Income from disposal of consolidated businesses	41.1	5.3
Other non-recurring items	**(118.7)**	**(79.2)**
Impairment losses on goodwill	(30.1)	-
Impairment losses on restructuring	(6.5)	(9.9)
Restructuring expenses paid	(45.7)	(47.1)
Change in provisions	(34.5)	(22.4)
Share in net income of associates out of the recurring business	(1.9)	0.2
Other operating income and expenses	**(59.8)**	**(80.1)**
Income taxes	14.1	17.9
Other operating income and expenses net of income taxes, Group share	**(45.7)**	**(62.2)**

2014 other operating income and expenses

Gross "Other operating income and expenses" amount to - €59.8 million: + €10.2 million in the Energy Solutions & Specialties business group (of which mainly the income on disposal of four industrial sites specialized in the transformation of calcium carbonate *(Note 25)* and - €31.0 of provisions, impairment losses *(Note 19)* and restructuring expenses paid); - €8.6 million in the Filtration & Performance Additives business group (of which mainly - €7.8 million of provisions and restructuring expenses paid); - €32.5 million in the Ceramic Materials business group mainly corresponding to provisions, impairment losses *(Note 19)* and restructuring expenses paid; - €58.8 million in the High Resistance Minerals business group (of which mainly - €26.3 million of provisions and restructuring expenses paid and - €30.1 million of impairment loss on the goodwill of the Zirconia Cash Generating Unit *(Note 19)*); and + €29.9 million in the holdings (of which mainly + €20.9 million related to the friendly takeover bid of Imerys over the American group Amcol and including mainly a termination indemnity received from the former *(Note 25)*). Income taxes gains and losses on "Other operating income and expenses" amount to + €14.1 millon. 2014 "Other operating income and expenses net of income taxes, Group share" thus amount to - €45.7 million, of which - €102.8 million with no cash impact and + €57.1 million in cash.

2013 other operating income and expenses

Gross "Other operating income and expenses" 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); - €2.0 million in the Filtration & Performance Additives business group (of which mainly - €2.6 million of restructuring expenses paid); - €56.0 million in the Ceramic Materials business group (of which mainly - €57.9 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 millon. 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.

Note 11 Financial instruments

Accounting policy

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 attached to categories hereafter that represent their measurement bases.

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.

Fair value through profit or loss. Imerys holds non derivative 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. This category also includes the change in fair value of non hedge derivatives *(Note 24.4)*.

Loans and receivables. The greater part of the loans and receivables category corresponds to trade receivables resulting from revenue as well as cash, i.e. cash on hand and 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.

Financial liabilities at amortized cost. 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.

Hedge derivatives. Hedge derivatives *(Note 24.4)* are disclosed in a separate column since the exceptional character of hedge accounting excludes any relation to one of the above categories.

Analysis of financial instruments by categories

Notes 11, 12, 21.1 and 24.1 disclosure revenue, expenses, assets and liabilities related to financial instruments by 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, 2014

(€ 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		
Operating income									
Revenue	-	-	-	3,687.2	-	-	1.0	-	3,688.2
Raw materials and consumables used	-	-	-	-	(1,289.1)	-	(2.9)	92.6	(1,199.4)
External expenses	-	-	-	-	(1,010.3)	-	-	-	(1,010.3)
Other operational income and expenses	-	-	-	31.4	(25.8)	-	0.2	13.5	19.3
Financial income (loss)									
Income from securities	-	6.8	-	-	-	-	-	-	6.8
Gross financial debt expense	-	-	1.6	-	(48.6)	-	-	-	(47.0)
Other financial income and expenses	0.2	-	(0.2)	2.6	3.0	-	-	(10.5)	(4.9)
Equity									
Recognition in equity	-	-	-	-	-	-	(12.8)	-	(12.8)
Reclassification in profit or loss	-	-	-	-	-	-	1.9	-	1.9
Total financial instruments	**0.2**	**6.8**	**1.4**	**3,721.2**	**(2,370.8)**	**0.0**	**(12.6)**	**-**	**-**
of which impairment losses in profit or loss	-	-	-	(9.6)	-	-	-	(8.0)	-
of which reversals of impairment losses in profit or loss	-	-	-	5.3	-	-	-	8.4	-

The columns "Hedge derivatives / Fair value" and "Hedge derivatives / Cash flow" of the above table are analyzed as follows:

(€ millions)	Fair value			Total	Cash flow		Total
	Change in fair value of hedged items	Effective portion of hedges	Ineffective portion of hedges		Effective portion of hedges	Ineffective portion of hedges	
Operating income							
Revenue	-	-	-	0.0	1.0	-	1.0
Raw materials and consumables used	-	-	-	0.0	(2.9)	-	(2.9)
Other operational income and expenses	-	-	-	0.0	-	0.2	0.2
Financial income (loss)							
Gross financial debt expense	-	-	-	0.0	-	-	0.0
Other financial income and expenses	-	-	-	0.0	-	-	0.0
Profit or loss	**0.0**	**0.0**	**0.0**	**0.0**	**(1.9)**	**0.2**	**(1.7)**
Equity							
Recognition in equity	-	-	-	0.0	(12.8)	-	(12.8)
Reclassification in profit or loss	-	-	-	0.0	1.9	-	1.9
Total financial instruments	**-**	**-**	**-**	**0.0**	**-**	**-**	**(12.6)**

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		
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				Cash flow		
	Change in fair value of hedged items	Effective portion of hedges	Ineffective portion of hedges	Total	Effective portion of hedges	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)**

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, 2014

(€ 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**	**6.8**	**1.4**	**0.0**	**(48.4)**	**0.0**	**0.0**	**0.0**	**(40.2)**
Income from securities	-	6.8	-	-	-	-	-	-	6.8
Gross financial debt expense	-	-	1.4	-	(48.4)	-	-	-	(47.0)
Other financial income and expenses	**0.2**	**0.0**	**0.0**	**2.6**	**2.8**	**0.0**	**0.0**	**(10.5)**	**(4.9)**
Net exchange rate differences	-	-	(3.6)	-	6.1	-	0.4	0.2	3.1
Expense and income on derivative instruments	-	-	3.6	-	-	-	(0.4)	-	3.2
Financial income and expenses of defined employee benefit plans	-	-	-	-	-	-	-	(7.6)	(7.6)
Unwinding of other provisions	-	-	-	-	-	-	-	(3.1)	(3.1)
Other financial income and expenses	0.2	-	-	2.6	(3.3)	-	-	-	(0.5)
Financial income (loss)	**0.2**	**6.8**	**1.4**	**2.6**	**(45.6)**	**0.0**	**0.0**	**(10.5)**	**(45.1)**

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
Income and expenses 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)**

Note 13 Income taxes

Accounting policy

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. 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. That principle of linking the tax to its base also applies to the transactions directly recognized in equity.

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 2014, one entity entered and two entities left the French tax consolidation scope. The tax consolidation scope includes 27 entities as of December 31, 2014. 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 paid

The amount of income taxes paid in 2014 amounts to €138.0 million (€132.7 million in 2013).

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 five 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, 2014, these deferred tax assets amount to €23.0 million (€25.0 million as of December 31, 2013). 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, 2014 to respectively €218.2 million (€207.4 million as of December 31, 2013) and €19.4 million (€13.2 million as of December 31, 2013), of which respectively €165.4 million and €19.1 million expire after 2019 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, 2014 amounts to €17.9 million (€15.0 million as of December 31, 2013).

Income taxes recognized in profit or loss

(€ millions)	2014	2013
Payable and deferred income taxes		
Income taxes payable	**(103.6)**	**(107.3)**
Income taxes payable for the period	(107.8)	(109.5)
Income taxes payable - Prior period adjustments	4.2	2.2
Deferred taxes	**(13.8)**	**7.2**
Deferred taxes due to changes in temporary differences	(13.9)	5.2
Deferred taxes due to changes in income tax rates	0.1	2.0
Total	**(117.4)**	**(100.1)**
Income taxes by level of income		
Income taxes on current operating and financial income (loss)	**(131.5)**	**(118.0)**
Current operating and financial income (loss) taxes payable	(114.3)	(107.0)
Current operating and financial income (loss) deferred taxes	(17.2)	(11.0)
Income taxes on other operating income and expenses	**14.1**	**17.9**
Income taxes payable on other operating income and expenses	10.7	(0.3)
Deferred taxes on other operating income and expenses	3.4	18.2
Total	**(117.4)**	**(100.1)**

Income taxes recognized in equity

(€ millions)	2014	2013
Actuarial gains and (losses), excess of the actual return on assets over their normative return in profit or loss and assets limitations	**20.9**	**(18.6)**
Cash flow hedges	**2.9**	**0.3**
Income taxes recognized in equity	3.5	2.9
Income taxes reclassified in profit or loss	(0.6)	(2.6)
Translation reserve	**13.5**	**0.4**
Income taxes recognized in equity	13.5	0.4
Total	**37.3**	**(17.9)**

Tax reconciliation excluding non-recurring items

	2014	2013
Legal tax rate in France	**34.4%**	**34.4%**
National rates differences	(6.9)%	(6.1)%
Europe	(3.3)%	(2.6)%
North America	(3.2)%	(2.6)%
Asia - Oceania	(0.7)%	(0.7)%
Other countries	0.3%	(0.2)%
Permanent differences (including tax incentives)	(1.2)%	(1.0)%
3.0% contribution on the Imerys SA dividend	0.8%	0.8%
Impact of tax losses	1.0%	0.1%
Income taxes at different rates and bases	1.8%	1.3%
Impact of investments under the equity method	(0.3)%	(0.4)%
Others (tax credits, reassessments and tax provisions, deferred taxes adjustments in bases and rates, etc.)	(0.4)%	(1.3)%
Effective tax rate on current operating and financial income (loss)[(1)]	**29.2%**	**27.8%**

(1) 29.2% = €131.5 million (income taxes on current operating income and financial income (loss)) / [€494.6 million (current operating income) - €45.1 million (financial income (loss))].

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Tax reconciliation including non-recurring items

	2014	2013
Legal tax rate in France	**34.4%**	**34.4%**
Impact of national rate differences	(7.2)%	(6.8)%
Europe	(3.3)%	(3.0)%
North America	(4.3)%	(2.9)%
Asia - Oceania	0.2%	(0.9)%
Other countries	0.2%	(0.1)%
Permanent differences (including tax incentives)	(1.8)%	3.4%
3.0% contribution on the Imerys SA dividend	0.9%	1.0%
Impact of tax losses	2.2%	1.1%
Income taxes at different rates and bases	1.9%	1.6%
Impact of investments under the equity method	(0.2)%	(0.5)%
Others (tax credits, reassessments and tax provisions, deferred taxes adjustments in bases and rates, etc.)	(0.1)%	(5.0)%
Effective tax rate on operating and financial income (loss)(1)	**30.1%**	**29.1%**

(1) 30.1% = €117.4 million (income taxes) / [€434.8 million (operating income) - €45.1 million (financial income (loss))].

Change in deferred taxes

As of December 31, 2014

(€ millions)	01/01/2014	Profit or loss	Scope, equity and others	12/31/2014
Deferred tax assets	34.8	(33.7)	33.6	34.7
Deferred tax liabilities	(53.9)	19.9	(9.1)	(43.1)
Net deferred tax position	**(19.1)**	**(13.8)**	**24.5**	**(8.4)**

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)**

Deferred tax breakdown by nature

(€ millions)	2013	Profit or loss	Scope, equity and others	2014
Deferred tax assets	**180.7**	**(8.4)**	**33.6**	**205.9**
Employee benefit liabilities	43.9	(5.8)	24.5	62.6
Other provisions	27.0	(0.4)	1.7	28.3
Intangible assets	3.8	-	0.6	4.4
Property, plant and equipment	37.6	4.4	0.2	42.2
Financial assets	(11.5)	(1.4)	(0.7)	(13.6)
Current assets and liabilities	24.7	0.8	2.2	27.7
Tax losses carried forward	25.0	(3.4)	1.4	23.0
Other	30.2	(2.6)	3.7	31.3
Deferred tax liabilities	**(199.8)**	**(5.4)**	**(9.1)**	**(214.3)**
Intangible assets	(1.1)	0.4	-	(0.7)
Property, plant and equipment	(154.6)	(8.1)	(11.8)	(174.5)
Financial assets	(5.0)	(0.1)	(0.2)	(5.3)
Current assets and liabilities	(3.3)	0.6	(0.1)	(2.8)
Other	(35.8)	1.8	3.0	(31.0)
Net deferred tax position	**(19.1)**	**(13.8)**	**24.5**	**(8.4)**

Note 14 Net income from current operations and net income, Group share

(€ millions)	2014	2013
Current operating income	494.6	477.0
Financial income (loss)	(45.1)	(52.7)
Income taxes on current operating income and financial income (loss)	(131.5)	(118.0)
Non-controlling interests	(1.7)	(2.1)
Net income from current operations, Group share	**316.3**	**304.2**
Other operating income and expenses - gross	(59.8)	(80.1)
Income taxes	14.1	17.9
Net income of assets held for sale	**1.0**	**-**
Net income, Group share	**271.6**	**242.0**

Note 15 Earnings per share

Accounting policy

The Imerys financial statements disclose basic earnings per share and diluted earnings per share. 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 *(Note 22)*. 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 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 8)*, 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.

Earnings per share

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 (€61.06 in 2014 and €51.97 in 2013). Potentially dilutive options of the plans of May 2006 to May 2007 are thus excluded from the calculation of the diluted earnings per share as of December 31, 2014. No significant transaction has changed the number of ordinary shares and potential ordinary shares between December 31, 2014 and February 12, 2015, date of authorization of issue of the financial statements by the Board of Directors.

(€ millions)	**2014**	**2013**
Numerator		
Net income, Group share	271.6	242.0
Net income from current operations, Group share	316.3	304.2
Denominator		
Weighted average number of shares used for the calculation of the basic income per share	76,134,904	75,551,408
Impact of share option conversion	1,151,247	888,822
Weighted average number of shares used for the calculation of the diluted income per share	77,286,151	76,440,230
Basic income per share, Group share *(in €)*		
Basic net income per share	3.57	3.20
Basic net income from current operations per share	4.15	4.03
Diluted income per share, Group share *(in €)*		
Diluted net income per share	3.51	3.17
Diluted net income from current operations per share	4.09	3.98

NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Accounting policy

The assets and liabilities recognized in the consolidated statement of financial position are aggregated by natures in accordance with materiality and classified 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 12 months after the end of the period. They are only offset or incorporate in their cost revenue or expenses in application of a standard or interpretation. Comparative information is disclosed with respect to period N-1, comparative information with respect to period N-2 being incorporated by reference *(Chapter 9, section 9.4 of the Registration Document)*.

Note 16 Goodwill

Accounting policy

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. 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.

Table of changes

The goodwill recognized upon acquisitions mainly represents development prospects of the acquired businesses within Imerys.

(€ millions)	2014	2013
Opening carrying amount	**1,060.5**	**1,003.0**
Gross amount	1,091.2	1,034.2
Impairment losses	(30.7)	(31.2)
Incoming entities	20.3	112.0
Outgoing entities	-	(0.5)
Adjustments and reclassifications	-	(9.3)
Impairment losses[1]	(30.1)	-
Exchange rate differences	56.1	(44.7)
Closing carrying amount	**1,106.8**	**1,060.5**
Gross amount	1,174.0	1,091.2
Impairment losses	(67.2)	(30.7)

(1) Impairment losses on goodwill are disclosed in Note 19.

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The following table analyzes the rows “Acquisitions of investments in consolidated entities” of the consolidated statement of cash flows. In 2013 and 2014, the change in payables on acquisitions of investments mainly corresponds to the contingent consideration due to the Pyramax business' seller.

(€ millions)	**2014**	**2013**
Cash paid	**(72.4)**	**(180.9)**
Cost of investments acquired	(19.3)	(257.6)
Payables on acquisitions of investments	(53.1)	76.7
Cash from acquired entities	**1.4**	**1.6**
Total	**(71.0)**	**(179.3)**
Acquisitions of investments in consolidated entities after deduction of cash acquired	(67.5)	(176.4)
Acquisitions of investments in consolidated entities from non-controlling interests	(3.5)	(2.9)
Incoming entities of the period - Cash paid	(18.5)	(257.3)
Incoming entities of the period - Cash from acquired entities	1.4	1.6
Incoming entities of the period - Payables on acquisitions of investments	-	80.9
Incoming entities of prior periods	(53.9)	(4.5)

Purchase accounting finalized in 2014

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 locally 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 USD 309.6 million (€237.4 million). After fair value measurement of mainly property, plant and equipment and mineral reserves (€158.2 million), final goodwill amounts to €100.2 million.

Others. The final goodwill of other 2013 acquisitions amounts to €12.9 million. It mainly includes the goodwill of Indoporlen, the Indonesian leader in the production and installation of refractory products, in which Imerys acquired 70.00% of the voting rights on June 3, 2013.

The fair values of assets, liabilities and contingent liabilities of the businesses whose purchase accounting was finalized in 2014 present the following amounts:

(€ millions)	Pyramax	Others	Total
Consideration transferred by the Group	**237.4**	**23.7**	**261.1**
Cash remitted to the seller when control was obtained	116.5	23.7	140.2
Contingent consideration of the seller	120.9	-	120.9
Investment of non-controlling interests	**-**	**(1.5)**	**(1.5)**
Shareholders' investment	**237.4**	**22.2**	**259.6**
Assets - non-current	**158.3**	**10.1**	**168.4**
Intangible assets	0.1	-	0.1
Property, plant and equipment	158.2	9.3	167.5
Deferred tax assets	-	0.8	0.8
Assets - current	**12.6**	**16.2**	**28.8**
Inventories	2.8	5.8	8.6
Trade receivables	-	6.2	6.2
Other receivables	9.7	2.3	12.0
Cash and cash equivalents	0.1	1.9	2.0
Liabilities - non-current	**(2.7)**	**(7.8)**	**(10.5)**
Employee benefit liabilities	-	(3.1)	(3.1)
Other provisions	(2.7)	(3.2)	(5.9)
Loans and financial debts	-	(1.5)	(1.5)
Liabilities - current	**(31.0)**	**(9.2)**	**(40.2)**
Trade payables	-	(5.2)	(5.2)
Income taxes payable	-	(0.1)	(0.1)
Other debts	(9.8)	(3.6)	(13.4)
Loans and financial debts	(21.2)	-	(21.2)
Bank overdrafts	-	(0.4)	(0.4)
Identifiable net asset	**137.2**	**9.3**	**146.5**
Goodwill	**100.2**	**12.9**	**113.1**
Goodwill, Group share	100.2	12.9	113.1

Provisional purchase accounting as of December 31, 2014

Imerys did not perform any significant acquisition in 2014. These acquisitions, paid in cash for an amount of €15.0 million generate a provisional goodwill of €13.6 million.

Note 17 Intangible assets

Accounting policy

Intangible assets controlled by Imerys 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. Mining rights are recognized as intangible assets and are initially measured at acquisition cost. 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. 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.

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.

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 within the business group Ceramic Materials. In 2014, over the second period of the third phase of the European market (2013-2020), Imerys has used 88.9% of the greenhouse gas emission quotas granted to the eligible sites in Europe (83.7% in 2013). Since the actual emissions of the Group are inferior to the authorized level, no provision has been recognized as of December 31, 2014.

Table of changes

(€ millions)	Software	Trademarks, patents and licenses	Mining and use rights	Other intangible assets	Total
Carrying amount as of January 1, 2013	**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)
Incoming entities	-	-	-	(0.1)	(0.1)
Acquisitions	2.3	0.3	0.2	5.5	8.3
Increases in amortization	(4.4)	(1.3)	(0.3)	(1.8)	(7.8)
Impairment losses	-	-	(0.5)	-	(0.5)
Reclassification and other	11.8	0.1	-	(10.9)	1.0
Exchange rate differences	1.5	0.2	0.7	2.4	4.8
Carrying amount as of December 31, 2014	**21.1**	**3.4**	**12.5**	**41.3**	**78.3**
Gross amount	84.6	18.5	15.1	73.4	191.6
Amortization and impairment losses	(63.5)	(15.1)	(2.6)	(32.1)	(113.3)

Note 18 Property, plant and equipment

Accounting policy

Property, plant and equipment. Items of property, plant and equipment 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.

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. 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 the table of changes disclosed hereafter. 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 hereafter. 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.

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 (€379.9 million as of December 31, 2014 and €369.6 million as of December 31, 2013) and overburden assets (€79.8 million as of December 31, 2014 and €58.6 million as of December 31, 2013), 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.

Property, plant and equipment leases

Items of property, plant and equipment controlled under finance lease are recognized as assets for an amount of €2.4 million as of December 31, 2014 (€2.5 million as of December 31, 2013). These are essentially freight material. As of December 31, 2014, the financial liability recognized with respect to finance leases amounts to €2.4 million (€2.4 million as of December 31, 2013), of which €0.3 million for 2015, €1.0 million from 2016 to 2019 and €1.1 million beyond. Besides, the Group has entered into operating leases contracts that convey the right of use, but not the control of items of property, plant and equipment. The corresponding assets are thus not presented as assets. The lease fees are recognized in profit or loss in the position “Operating leases” *(Note 7)* and the commitments to pay future rents qualify as off balance sheet commitments *(Note 28 - Commitments given)*.

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, 2013	**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
Depreciation and impairment losses	(271.0)	(215.0)	(2,021.7)	(2.1)	(156.0)	(2,665.8)
Incoming entities	(7.0)	5.0	0.6	4.5	-	3.1
Outgoing entities	-	-	(0.6)	-	(0.2)	(0.8)
Acquisitions	45.4	6.8	45.1	122.9	11.6	231.8
Disposals	(1.1)	(0.8)	(1.7)	(0.1)	(0.9)	(4.6)
Increases in depreciation	(48.5)	(13.5)	(127.8)	-	(14.6)	(204.4)
Impairment losses	-	(0.3)	(5.7)	(1.3)	(0.1)	(7.4)
Reversals of impairment losses	-	0.2	1.2	-	-	1.4
Reclassification and other	12.9	14.5	261.8	(299.0)	7.7	(2.1)
Exchange rate differences	29.8	13.8	52.0	14.4	2.9	112.9
Carrying amount as of December 31, 2014	**459.7**	**304.6**	**1,016.2**	**124.6**	**57.8**	**1,962.9**
Gross amount	766.4	539.8	3,258.6	126.4	231.0	4,922.2
Depreciation and impairment losses	(306.7)	(235.2)	(2,242.4)	(1.8)	(173.2)	(2,959.3)

Note 19 Impairment tests

Accounting policy

An impairment test 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 forecasted 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.

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/or 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 the CGUs. The grouping of CGUs forms the reported segments *(Information by segments)*. In anticipation of the combination project with the S&B group announced in November 2014 *(Note 25)*, the Group's managerial organization was modified, resulting in a revision of the business groups' structure and perimeter of CGUs over the 2014 period.

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 2015 budget and from the plan for 2016 to 2018. 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 2014 (8.00% in 2013), is adjusted in accordance with the tested assets by a country-market risk premium of - 50 to + 170 basis points (- 50 to + 170 basis points in 2013). The average discount rate after income taxes amounts to 8.04% in 2014 (8.04% in 2013). 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:

	2014		2013	
	Discount rate	Perpetual growth rate	Discount rate	Perpetual growth rate
Energy Solutions & Specialties (ESS)	7.89%	1.94%	7.85%	2.00%
Filtration & Performance Additives (F&PA)	8.43%	2.00%	8.29%	2.04%
Ceramic Materials (CM)	7.79%	1.44%	7.71%	2.00%
High-Resistance Minerals (HRM)	8.44%	2.00%	8.53%	2.05%
Total	**8.04%**	**1.80%**	**8.04%**	**2.02%**

Among these estimates, 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, 2014:

(€ millions)	Adverse changes
Forecasted cash flows	**(5.0)%**
Impairment loss on the Zirconia CGU goodwill (HRM)	-
Impairment loss on the Kaolin CGU goodwill (CM)	(18.2)
Discount rates	**+ 1.0%**
Impairment loss on the Zirconia CGU goodwill (HRM)	(5.2)
Impairment loss on the Kaolin CGU goodwill (CM)	(60.3)
Perpetual growth rates	**(1.0)%**
Impairment loss on the Zirconia CGU goodwill (HRM)	(1.1)
Impairment loss on the Kaolin CGU goodwill (CM)	(30.9)

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 2014, this test requires the recognition of an impairment loss of €30.1 million on the goodwill of the Zirconia CGU of the High Resistance Minerals business group. This impairment loss is recognized in “Other operating income and expenses” *(Note 10)*. As of December 31, 2014, the recoverable amount of the Zirconia CGU is valued at €137.9 million on the basis of its value in use and the residual carrying amount of that CGU’s goodwill amounts to €51.5 million. In 2013, this test had required the recognition of no impairment loss on goodwill. In the following table, the carrying amount and the impairment loss on goodwill recognized over the period are disclosed by groups of CGUs (ESS, F&PA, CM and HRM):

	2014		2013	
(€ millions)	Carrying amount	Impairment loss of the period	Carrying amount	Impairment loss of the period
Energy Solutions & Specialties (ESS)	370.8	-	333.1	-
Filtration & Performance Additives (F&PA)	207.5	-	299.0	-
Ceramic Materials (CM)	254.6	-	142.7	-
High-Resistance Minerals (HRM)	273.2	(30.1)	284.9	-
Goodwill of the CGUs	**1,106.1**	**(30.1)**	**1,059.7**	**0.0**
Holdings	0.7	-	0.8	-
Total	**1,106.8**	**(30.1)**	**1,060.5**	**0.0**

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 2014 amount to €7.9 million, of which €5.2 million in the Energy Solutions & Specialties business group and €2.7 million in the Ceramic Materials 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 2014 amount to €1.4 million in the Ceramic Materials business group. These impairment losses, net of reversals thus amount to €6.5 million recognized in “Other operating income and expenses” *(Note 10)*.

In 2013, the tests of individual assets had required the recognition of impairment losses for an amount of €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)*, related to the industrial tool of the business groups. Impairment loss reversals recognized in 2013 amounted to €1.5 million in the Ceramic Materials business group. These impairment losses, net of reversals thus amounted to €9.9 million recognized in “Other operating income and expenses” *(Note 10)*.

Note 20 Inventories

Accounting policy

Inventories 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.

Gross amount and write-down of inventories

	2014			2013		
(€ millions)	**Gross amount**	**Write-down**	**Carrying amount**	**Gross amount**	**Write-down**	**Carrying amount**
Raw materials	299.5	(13.2)	286.3	250.7	(12.2)	238.5
Work in progress	75.1	(0.6)	74.5	62.5	(0.4)	62.1
Finished goods	276.6	(10.1)	266.5	258.5	(8.7)	249.8
Merchandises	44.7	(2.0)	42.7	41.0	(3.1)	37.9
Total	**695.9**	**(25.9)**	**670.0**	**612.7**	**(24.4)**	**588.3**

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, 2014

		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	3.4	-	-	15.8	-	-	-	6.8	26.0
Other receivables	-	-	-	33.5	-	-	-	4.3	37.8
Derivative financial assets	-	-	-	-	11.1	-	0.6	-	11.7
Current assets									
Trade receivables	-	-	-	538.8	-	-	-	-	538.8
Other receivables	-	-	-	100.4	-	-	-	79.9	180.3
Derivative financial assets	-	-	4.5	-	-	1.6	-	-	6.1
Other financial assets	-	29.3	-	-	-	-	-	-	29.3
Cash and cash equivalents	-	-	-	656.4	-	-	-	-	656.4
Total financial assets	**3.4**	**29.3**	**4.5**	**1,344.9**	**11.1**	**1.6**	**0.6**	**-**	**-**

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**	**-**	**-**

21.2 Trade receivables, other receivables and other financial assets

Accounting policy

After their initial recognition, trade receivables 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 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)*.

Table of changes

As of December 31, 2014, other non-current financial assets correspond to loans to joint ventures and associates for €7.9 million (€8.6 million as of December 31, 2013), to loans and deposits for €7.9 million (€7.4 million as of December 31, 2013), to assets related to employee benefits for €6.8 million (€7.7 million as of December 31, 2013) *(Note 23.1)* and to available-for-sale financial assets for €3.4 million (€4.0 million as of December 31, 2013). 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, 2014, they represent an amount of €45.7 million (€46.3 million as of December 31, 2013).

(€ millions)	Other non-current financial assets	Other non-current receivables	Trade receivables	Other current receivables	Total
Carrying amount as of January 1, 2013	**24.9**	**68.0**	**513.8**	**134.3**	**741.0**
Gross amount	33.9	118.0	539.6	136.2	827.7
Write-down	(9.0)	(50.0)	(25.8)	(1.9)	(86.7)
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	(0.5)	(5.7)	4.2	0.2	(1.8)
Other	(0.1)	0.9	(8.0)	(1.6)	(8.8)
Exchange rate differences	(1.2)	(8.1)	(25.3)	(9.0)	(43.6)
Carrying amount as of December 31, 2013	**27.7**	**37.1**	**512.3**	**144.9**	**722.0**
Gross amount	37.0	83.8	533.4	146.7	800.9
Write-down	(9.3)	(46.7)	(21.1)	(1.8)	(78.9)
Changes in the scope of consolidation	1.8	-	2.5	(0.6)	3.7
Net change	(1.1)	(0.6)	17.1	50.0	65.4
Write-down	(2.3)	0.6	(12.3)	(0.4)	(14.4)
Other	(0.1)	(0.1)	0.1	(18.8)	(18.9)
Exchange rate differences	-	0.8	19.1	5.2	25.1
Carrying amount as of December 31, 2014	**26.0**	**37.8**	**538.8**	**180.3**	**782.9**
Gross amount	36.7	84.0	564.8	182.3	867.8
Write-down	(10.7)	(46.2)	(26.0)	(2.0)	(84.9)

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 - Commitments received)*. At the closing date, loans and receivables are reduced to their recoverable amount by an individual write-down. As of December 31, 2014, the maximum exposure of Imerys to credit risk before credit insurance and warranties, i.e. the gross amount of receivables net of write-downs, amounts to €779.5 million (€718.0 million as of December 31, 2013). The table hereafter summarizes the total of write-downs on loans and receivables (€79.4 million as of December 31, 2014; €72.4 million as of December 31, 2013) and write-downs on available-for-sale financial assets (€5.5 million as of December 31, 2014; €6.5 million as of December 31, 2013):

(€ millions)	Other non-current financial assets	Other non-current receivables	Trade receivables	Other current receivables	Total
Balance as of January 1, 2013	**(9.0)**	**(50.0)**	**(25.8)**	**(1.9)**	**(86.7)**
Changes in the scope of consolidation	-	-	(0.2)	-	(0.2)
Increases	(0.7)	(7.7)	(2.9)	-	(11.3)
Utilizations	0.2	2.0	7.1	0.3	9.6
Other	0.1	0.3	-	(0.2)	0.2
Exchange rate differences	0.1	8.7	0.7	-	9.5
Balance as of December 31, 2013	**(9.3)**	**(46.7)**	**(21.1)**	**(1.8)**	**(78.9)**
Changes in the scope of consolidation	-	-	(0.7)	-	(0.7)
Increases	(4.1)	-	(15.5)	(0.8)	(20.4)
Utilizations	1.6	0.6	3.3	0.5	6.0
Other	1.1	-	9.1	(0.2)	10.0
Exchange rate differences	-	(0.1)	(1.1)	0.3	(0.9)
Balance as of December 31, 2014	**(10.7)**	**(46.2)**	**(26.0)**	**(2.0)**	**(84.9)**

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)	2014	2013
Past due trade receivables that are not impaired	**105.0**	**89.5**
Since less than 30 days	65.0	48.6
Since 30 to 89 days	23.4	18.1
Since 90 days and more	16.6	22.8
Undue trade receivables and past-due and impaired trade receivables	**433.8**	**422.8**
Total	**538.8**	**512.3**

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, 2014:

- consolidated equity amounts to €2,470.5 million (€2,271.7 million as of December 31, 2013) on the basis of which the Board of Directors proposes a dividend per share of €1.65 (€1.60 in 2013);
- the 2,484,569 share options and 790,559 conditional free shares not exercised or not vested represent 4.14% of the capital of Imerys SA after dilution (4.76% of the capital after dilution as of December 31, 2013);
- Imerys SA holds, after purchase, sale, cancellation and transfer transactions of the period 179,649 Imerys shares (100,137 as of December 31, 2013).

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*.

Accounting policy

The repurchase by Imerys SA 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.

Period activity

	2014			2013		
(number of shares)	Issued shares	Treasury shares	Outstanding shares	Issued shares	Treasury shares	Outstanding shares
Number of shares at the opening	**76,238,264**	**(120,137)**	**76,118,127**	**75,368,546**	**(159,563)**	**75,208,983**
Capital increases	565,642	-	565,642	913,442	-	913,442
Capital decreases	(918,315)	918,315	0	(43,724)	-	(43,724)
Transactions on treasury shares	-	(977,827)	(977,827)	-	39,426	39,426
Number of shares at the closing(1)	**75,885,591**	**(179,649)**	**75,705,942**	**76,238,264**	**(120,137)**	**76,118,127**

(1) As of December 31, 2013 that balance included 20,000 shares negotiated on December 30, 2013 and delivered on January 3, 2014.

On December 11, 2014, the Board of Directors, as part of the share buy-back programs authorized by the Shareholders' General Meetings of April 25, 2013 and April 29, 2014, and in accordance with the authorization given by the Shareholders' General Meeting of April 25, 2013, cancelled 918,315 treasury shares directly acquired on the market by Imerys and totally allocated to the cancellation objective. This shares cancellation lead to a capital decrease of Imerys SA of a nominal amount of €1,836,630.

On January 7, 2015, the Chairman and Chief Executive Officer, pursuant to the delegation of powers given to him by the Board of Directors on December 11, 2014, noted that, on December 31, 2014, the share capital had been increased by a nominal amount of €1,131,284 as a result of the exercise during the 2014 period of 565,642 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, 2014 totaled €151,771,182; it was made up of 75,885,591 shares with €2.00 par value of which 43,358,189 enjoyed double voting rights pursuant to article 22 of Imerys' by-laws. The total number of theoretical voting rights attached to existing shares was 119,243,780. Considering the 179,649 treasury shares held on December 31, 2014, the total number of net voting rights attached to outstanding shares was 119,064,131 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, 2014 and February 12, 2015, i.e. the date at which the annual consolidated financial statements as of December 31, 2014 were closed by the Board of Directors.

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)	**2014**	**2013**
Retirement plans	269.3	191.9
Medical plans	17.2	17.1
Other long-term benefits	10.0	9.4
Termination benefits	10.0	8.7
Total	**306.5**	**227.1**

Accounting policy

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)*.

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 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. 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.

Defined benefit plans characteristics

As of December 31, 2014, the defined employee benefit obligation of Imerys amounts to €1,427.1 million (€1,210.6 million as of December 31, 2013). 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:

	2014				2013			
(€ millions)	United Kingdom	United States	Rest of the world	Total	United Kingdom	United States	Rest of the world	Total
Retirement indemnities	(944.3)	(263.2)	(192.3)	(1,399.8)	(787.4)	(221.9)	(174.7)	(1,184.0)
Medical post-retirement benefits	-	(9.2)	(8.0)	(17.2)	-	(10.1)	(7.0)	(17.1)
Other pre-retirement benefits	-	-	(10.1)	(10.1)	-	-	(9.5)	(9.5)
Total	**(944.3)**	**(272.4)**	**(210.4)**	**(1,427.1)**	**(787.4)**	**(232.0)**	**(191.2)**	**(1,210.6)**

As of December 31, 2014, these obligations relate to 26,501 beneficiaries (26,636 beneficiaries as of December 31, 2013) 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:

	2014				2013			
	United Kingdom	United States	Rest of the world	Total	United Kingdom	United States	Rest of the world	Total
Headcounts								
Number of active beneficiaries	827	1,511	12,709	15,047	928	1,750	11,099	13,777
Number of deferred beneficiaries	1,916	1,698	345	3,959	1,993	2,802	178	4,973
Number of retired beneficiaries	4,810	1,943	742	7,495	4,855	2,555	476	7,886
Total	**7,553**	**5,152**	**13,796**	**26,501**	**7,776**	**7,107**	**11,753**	**26,636**
Age								
Average age of active beneficiaries	52	48	44	45	52	50	44	46
Average age of deferred beneficiaries	53	52	50	52	53	51	48	52
Average age of retired beneficiaries	74	63	73	71	74	69	75	73
Past service								
Years of past service of active members	25	17	16	16	26	18	16	17

Two plans represent 76.4% of the Group total obligation as of December 31, 2014 (73.2% as of December 31, 2013): 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:

	2014		2013	
	Imerys UK	Imerys USA	Imerys UK	Imerys USA
Obligation by categories of beneficiaries *(€ millions)*				
Active beneficiaries	(200.0)	(52.5)	(161.9)	(38.9)
Deferred beneficiaries	(161.2)	(41.9)	(118.9)	(51.6)
Retired beneficiaries	(583.1)	(51.2)	(473.9)	(41.0)
Total	**(944.3)**	**(145.6)**	**(754.7)**	**(131.5)**
Age				
Average age of active beneficiaries	52	51	52	50
Average age of deferred beneficiaries	53	53	53	52
Average age of retired beneficiaries	74	69	75	67
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
Closing date for future accruals	-	12/31/14	-	-
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	Yes	Yes	Yes

(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 Balance 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, 2014 (79.0% as of December 31, 2013).

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 €1,131.4 million as of December 31, 2014 (€993.1 million as of December 31, 2013). Imerys also holds reimbursement rights, i.e. investments directly held by the Group and amounting to €6.0 million as of December 31, 2014 (€6.8 million as of December 31, 2013). The funding rate of obligations thus amounts to 79.7% as of December 31, 2014 (82.6% as of December 31, 2013). The deficit of funded plans and unfunded plans is accrued for €289.7 million as of December 31, 2014 (€210.7 million as of December 31, 2013), as presented in the following table:

	2014				2013			
(€ millions)	**United Kingdom**	**United States**	**Rest of the world**	**Total**	**United Kingdom**	**United States**	**Rest of the world**	**Total**
Obligations funded by plan assets	(944.3)	(260.5)	(91.8)	(1,296.6)	(787.4)	(219.9)	(87.9)	(1,095.2)
Obligations funded by reimbursement rights	-	-	(30.2)	(30.2)	-	-	(24.9)	(24.9)
Plan assets	877.9	191.3	62.2	1,131.4	745.1	183.7	64.3	993.1
Reimbursement rights	-	-	6.0	6.0	-	-	6.8	6.8
Funded plans surplus (deficit)	**(66.4)**	**(69.2)**	**(53.8)**	**(189.4)**	**(42.3)**	**(36.2)**	**(41.7)**	**(120.2)**
Unfunded obligations	-	(11.9)	(88.4)	(100.3)	-	(12.1)	(78.4)	(90.5)
Total surplus (deficit)	**(66.4)**	**(81.1)**	**(142.2)**	**(289.7)**	**(42.3)**	**(48.3)**	**(120.1)**	**(210.7)**

The following table presents the contributions paid to the funds by profit or loss level in 2013 and 2014 as well as an estimate for 2015. 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)	2015 (estimate)	2014	2013
Contributions in current operating income	(18.5)	(25.2)	(16.4)
Contributions in other operating revenue and expenses	-	(0.8)	(0.6)
Contributions in financial income (loss) - Closed plans	(1.7)	(0.1)	(0.5)
Employer contributions	**(20.2)**	**(26.1)**	**(17.5)**

Plan assets are mainly invested in instruments whose market values are quoted in an active market:

	2014				2013			
	United Kingdom	United States	Rest of the world	Total	United Kingdom	United States	Rest of the world	Total
Assets with a quoted price	**95.1%**	**100.0%**	**18.9%**	**91.7%**	**95.6%**	**100.0%**	**92.8%**	**96.3%**
Equity	41.6%	67.1%	9.6%	44.1%	44.5%	75.7%	11.4%	48.1%
Debt	53.5%	21.4%	5.8%	45.5%	51.0%	23.9%	49.4%	45.9%
Real estate	-	-	-	0.0%	0.1%	-	6.2%	0.5%
Monetary	-	11.5%	3.5%	2.1%	-	0.4%	25.8%	1.8%
Assets without a quoted price	**4.9%**	**0.0%**	**81.1%**	**8.3%**	**4.4%**	**0.0%**	**7.2%**	**3.7%**
Real estate	4.9%	-	-	3.8%	4.4%	-	-	3.3%
Monetary	-	-	81.1%	4.5%	-	-	7.2%	0.4%
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 €146.6 million in 2014 (€92.9 million in 2013), i.e. an actual rate of return of 15.2% in 2014 (10.6% in 2013), 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 €45.0 million in 2014 (€37.7 million in 2013) 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 €101.6 million in 2014 (€55.2 million in 2013).

	2014				2013			
(€ millions)	United Kingdom	United States	Rest of the world	Total	United Kingdom	United States	Rest of the world	Total
Opening assets	**745.1**	**183.7**	**71.1**	**999.9**	**717.7**	**175.0**	**70.4**	**963.1**
Changes in the scope of consolidation	-	-	-	0.0	-	-	(0.1)	(0.1)
Contributions	12.9	10.2	4.1	27.2	10.6	4.5	3.6	18.7
Payments to the beneficiaries	(62.6)	(43.5)	(9.9)	(116.0)	(33.8)	(13.0)	(3.6)	(50.4)
Exchange rate differences	55.1	23.5	1.1	79.7	(14.4)	(8.3)	(1.6)	(24.3)
Actual return on assets	**127.4**	**17.4**	**1.8**	**146.6**	**65.0**	**25.5**	**2.4**	**92.9**
Normative return (financial income (loss))	34.0	9.0	2.0	45.0	29.2	6.4	2.1	37.7
Adjustment to actual return (equity)	93.4	8.4	(0.2)	101.6	35.8	19.1	0.3	55.2
Closing assets	**877.9**	**191.3**	**68.2**	**1,137.4**	**745.1**	**183.7**	**71.1**	**999.9**
Actual rate of return	**17.7%**	**9.6%**	**2.6%**	**15.2%**	**10.0%**	**15.7%**	**3.5%**	**10.6%**

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.

	2014				2013			
	United Kingdom	United States	Rest of the world	Total	United Kingdom	United States	Rest of the world	Total
Discount rate	3.5%	3.5%	2.4%	3.3%	4.5%	4.7%	3.0%	4.3%
Retail price index	2.1%	-	-	2.1%	2.4%	-	-	2.4%
Salary increase	2.9%	3.0%	2.6%	2.9%	2.9%	1.8%	2.3%	2.6%
Medical cost trend rates	-	4.5%	7.2%	4.9%	-	7.5%	4.7%	6.4%
Duration *(years)*	14	11	12	13	15	12	13	14

Among these estimates, 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, 2014 (actual 2014). 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 2014	Higher case
United Kingdom			
Discount rate	3.0%	3.5%	4.0%
Obligation at the closing date	(1,016.1)	(944.3)	(877.8)
Net interest in the profit or loss of the period[(1)]	(3.9)	(2.1)	0.2
Current service cost in the profit or loss of the period	(7.0)	(6.3)	(5.7)
United States			
Discount rate	3.0%	3.5%	4.0%
Obligation at the closing date	(285.2)	(272.4)	(260.1)
Net interest in the profit or loss of the period[(1)]	(2.7)	(2.7)	(2.6)
Current service cost in the profit or loss of the period	(1.4)	(1.3)	(1.3)

(1) Unwinding of the obligation, net of the normative return on assets.

Tables of changes

As of December 31, 2014

(€ millions)	Obligations	Assets	Assets limitation	Asset (liability)
Balance as of January 1, 2014	**(1,210.6)**	**999.9**	**0.0**	**(210.7)**
Plan assets				0.9
Reimbursement rights				6.8
Liabilities				(218.4)
Unwinding	(52.6)	-	-	(52.6)
Current service cost	(20.4)	-	-	(20.4)
Plan amendments	10.1	-	-	10.1
Curtailments	2.6	-	-	2.6
Settlements	7.5	-	-	7.5
Actuarial gains and (losses) of other employee benefits	0.1	-	-	0.1
Normative return on plan assets	-	44.8	-	44.8
Normative return on reimbursement rights	-	0.2	-	0.2
Changes recognized in profit or loss				**(7.7)**
Excess of the actual return on assets over their normative return	-	81.1	-	81.1
Actuarial gains and (losses) of post-employment benefits on				
▮ changes in demographic assumptions	(17.2)	-	-	(17.2)
▮ changes in financial assumptions	(156.9)	-	-	(156.9)
▮ experience adjustments	5.1	-	-	5.1
Changes recognized in equity				**(87.9)**
Incoming entities	(3.1)	-	-	(3.1)
Outgoing entities	0.2	-	-	0.2
Routine benefit payments	70.4	(64.5)	-	5.9
Settlements payments	31.0	(31.0)	-	0.0
Employer contributions	-	26.1	-	26.1
Employee contributions	(1.1)	1.1	-	0.0
Exchange rate differences	(92.2)	79.7	-	(12.5)
Balance as of December 31, 2014	**(1,427.1)**	**1,137.4**	**0.0**	**(289.7)**
Plan assets				0.8
Reimbursement rights				6.0
Liabilities				(296.5)

The row “Changes recognized in profit or loss” of the above table is analyzed as follows:

(€ millions)	Asset (liability)
Current operating income	**(1.6)**
Net change in employee benefit liabilities	29.5
Contributions to defined employee benefit plans	(31.1)
Other operating income and expenses	**1.5**
Net change in employee benefit liabilities	2.3
Contributions to defined employee benefit plans	(0.8)
Financial income (loss)	**(7.6)**
Net change in employee benefit liabilities - Closed plans	0.1
Contributions to defined employee benefit plans - Closed plans	(0.1)
Normative return on assets of defined benefit plans	45.0
Unwinding of defined employee benefit liabilities	(52.6)
Changes recognized in profit or loss	**(7.7)**

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 row “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 - Closed plans	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)**

Changes recognized in equity

	2014				2013			
(€ millions)	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	**(227.7)**	**75.9**	**2.2**	**(149.6)**	**(256.8)**	**23.7**	**2.2**	**(230.9)**
Changes related to obligations	(189.5)	-	-	(189.5)	19.6	-	-	19.6
Changes related to assets	-	101.6	-	101.6	-	55.2	-	55.2
Changes recognized in equity	**(189.5)**	**101.6**	**0.0**	**(87.9)**	**19.6**	**55.2**	**0.0**	**74.8**
Outgoing entities	0.3	-	-	0.3	0.7	-	-	0.7
Exchange rate differences	(29.2)	12.5	0.1	(16.6)	8.8	(2.9)	-	5.8
Closing balance	**(446.1)**	**190.0**	**2.3**	**(253.8)**	**(227.7)**	**75.9**	**2.2**	**(149.6)**

23.2 Other provisions

(€ millions)	2014	2013
Other non-current provisions	258.4	239.3
Other current provisions	24.3	18.3
Total	**282.7**	**257.6**

Accounting policy

A provision 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 12 months after the end of the period or whose settlement may occur at any time are not discounted. Provisions whose settlement is expected after 12 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.

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. The following table discloses the estimate of future cash outflows necessary to settle the obligations of the "Other provisions" position:

(€ millions)	2015 - 2019	2020 - 2029	2030 and later	Total
Products warranties	25.5	-	-	25.5
Environmental and dismantling obligations	19.6	6.7	26.4	52.7
Mine sites restoration	33.8	55.5	11.9	101.2
Legal, social and regulatory risks	103.3	-	-	103.3
Other provisions	**182.2**	**62.2**	**38.3**	**282.7**

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:

	2014			2013		
	Euro zone	United Kingdom	United States	Euro zone	United Kingdom	United States
Time value of money	1.0%	2.3%	2.9%	2.3%	2.7%	3.3%
Monetary inflation	0.1%	0.5%	0.7%	0.8%	2.0%	1.6%

Table of changes

(€ millions)	Products warranties	Environmental and dismantling obligations	Mine sites restoration	Legal, social and regulatory risks	Total
Balance as of January 1, 2013	**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**
Changes in the scope of consolidation	0.8	2.7	-	(11.5)	(8.0)
Increases	5.6	3.7	6.6	54.8	70.7
Utilizations	(4.8)	(3.5)	(4.6)	(16.7)	(29.6)
Non-utilized decreases	(1.6)	(0.8)	-	(13.7)	(16.1)
Unwinding expense	-	0.9	2.2	-	3.1
Reclassification and other	(1.0)	(1.5)	(0.3)	(4.6)	(7.4)
Exchange rate differences	0.1	3.0	5.2	4.1	12.4
Balance as of December 31, 2014	**25.5**	**52.7**	**101.2**	**103.3**	**282.7**

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, 2014

	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	1,483.9	-	(2.7)	11.0	-	2.1	1,494.3
Other debts	4.1	-	-	-	-	7.6	11.7
Derivative financial liabilities	-	7.6	(0.1)	-	0.1	-	7.6
Current liabilities							
Trade payables	411.9	-	-	-	-	-	411.9
Other debts	119.2	-	-	-	-	188.5	307.7
Derivative financial liabilities	-	-	1.1	-	13.5	-	14.6
Loans and financial debts	63.0	-	3.6	-	-	0.3	66.9
Bank overdrafts	1.9	-	-	-	-	-	1.9
Total financial liabilities	**2,084.0**	**7.6**	**1.9**	**11.0**	**13.6**	**-**	**-**

The fair value of fixed rate bonds included in "Loans and financial debts" is superior to their carrying amount by €117.5 million:

			Interest rate				
Nominal amount *(in millions)*	**Maturity**	**Quotation**	**Nominal**	**Effective**	**Carrying amount**	**Fair value**	**Difference**
JPY 7,000.0	9/16/2033	Unlisted	3.40%	3.47%	48.7	68.3	19.7
USD 30.0	8/6/2018	Unlisted	5.28%	5.38%	25.2	28.5	3.3
EUR 500.0	4/18/2017	Listed	5.00%	5.09%	517.7	567.4	49.7
EUR 300.0	11/26/2020	Listed	2.50%	2.60%	300.7	324.3	23.5
EUR 100.0	11/26/2020	Listed	2.50%	1.31%	100.2	108.1	7.8
EUR 500.0	12/10/2024	Listed	2.00%	2.13%	500.6	514.0	13.4
Total as of December 31, 2014 *(€ millions)*					**1,493.2**	**1,610.6**	**117.5**

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:

			Interest rate				
Nominal amount *(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**

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	2014	2013
Non-derivative financial liabilities		**1,563.1**	**1,320.0**
Loans and financial debts - non-current		1,494.3	1,190.3
Loans and financial debts - current		66.9	124.0
Bank overdrafts		1.9	5.7
Non-derivative financial assets		**(685.7)**	**(427.4)**
Other financial assets		(29.3)	(81.5)
Cash and cash equivalents		(656.4)	(345.9)
Hedge derivatives		**(7.5)**	**(7.2)**
Financing hedge instruments - liabilities	24.4	8.7	2.7
Financing hedge instruments - assets	24.4	(16.2)	(9.9)
Net financial debt		**869.9**	**885.4**

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)	2014	2013
Current operating income	494.6	477.0
Operating amortization, depreciation and impairment losses(1)	209.5	207.8
Net change in operating provisions	(27.5)	(31.3)
Share in net income of joint ventures and associates	(4.6)	(5.3)
Dividends received from joint ventures and associates	1.8	2.2
Operating cash flow before taxes (current EBITDA)	**673.8**	**650.4**
Notional taxes on current operating income(2)	(144.6)	(132.7)
Current net operating cash flow	**529.2**	**517.7**
Paid capital expenditures(3) & (4)	**(241.5)**	**(253.1)**
Intangible assets	(8.3)	(18.0)
Property, plant and equipment	(188.9)	(192.9)
Overburden mining assets(5)	(42.8)	(39.4)
Debts on acquisitions	(1.5)	(2.8)
Carrying amount of current asset disposals	**5.3**	**9.8**
Change in the operational working capital requirement	**(48.9)**	**32.0**
Inventories	(56.4)	25.8
Trade accounts receivable, advances and down payments received	(15.0)	(23.6)
Trade accounts payable, advances and down payments paid	22.5	29.8
Current free operating cash flow	**244.1**	**306.4**
(1) Operating amortization, depreciation and impairment losses	*209.5*	*207.8*
Net operating amortization and depreciation (Appendix 1 of the consolidated statement of cash flows)	*209.2*	*207.5*
Finance leases depreciation (Appendix 3 of the consolidated statement of cash flows)	*0.3*	*0.4*
(2) Effective tax rate on current operating income	*29.2%*	*27.8%*
(3) Paid capital expenditure	*(241.5)*	*(253.1)*
Acquisitions of intangible assets and property, plant and equipment (Consolidated statement of cash flows)	*(241.4)*	*(252.7)*
Finance lease acquisitions (Appendix 3 of the consolidated statement of cash flows)	*(0.1)*	*(0.4)*
(4) Recognized capital expenditures / asset depreciation ratio	*114.6%*	*120.5%*
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	*209.5*	*207.8*
(5) Overburden mining assets	*(43.0)*	*(39.4)*
Overburden mining assets - capital expenditure	*(43.0)*	*(39.1)*
Neutralization of activated restoration provisions	*-*	*(0.3)*

Change in net financial debt

(€ millions)	**2014**	**2013**
Current free operating cash flow	**244.1**	**306.4**
Financial income (loss)	(45.1)	(52.7)
Financial impairment losses and unwinding of the discount	10.9	13.8
Income taxes on financial income (loss)	13.2	14.6
Change in income tax debt	(36.6)	(24.5)
Change in deferred taxes on current operating income	17.1	11.0
Change in other items of working capital	15.5	12.6
Share-based payments expense	9.5	8.3
Change in fair value of operational hedge instruments	(1.0)	(1.4)
Change in dividends receivable from available-for-sale financial assets	(0.1)	0.1
Current free cash flow	**227.5**	**288.2**
External growth	**(72.3)**	**(202.1)**
Acquisitions of investments in consolidated entities after deduction of the net debt acquired	(68.8)	(199.2)
Acquisitions of investments in consolidated entities from non-controlling interests	(3.5)	(2.9)
Disposals	**71.5**	**58.5**
Disposals of investments in consolidated entities after deduction of the net debt disposed of	71.5	58.5
Cash flow from other operating income and expenses	**(15.0)**	**(54.5)**
Dividends paid to shareholders and non-controlling interests	**(125.2)**	**(119.2)**
Financing requirement	**86.5**	**(29.1)**
Transactions on equity	(42.5)	35.5
Net change in financial assets	0.3	(4.6)
Cash flow from assets held for sale	**0.6**	**1.4**
Change in net financial debt	**44.9**	**3.2**

(€ millions)	**2014**	**2013**
Opening net financial debt	**(885.4)**	**(874.8)**
Change in net financial debt	44.9	3.2
Impact of changes due to exchange rate fluctuations	(29.4)	(15.8)
Impact of changes in fair value of interest rate hedges	-	2.0
Closing net financial debt	**(869.9)**	**(885.4)**

24.3 Other debts

(€ millions)	2014	2013
Non-current liabilities		
Income taxes payable	0.2	0.9
Tax debts	0.5	0.3
Social debts	5.9	3.5
Other	5.1	83.6
Total	**11.7**	**88.3**
Current liabilities		
Capital expenditure payables	72.0	43.2
Tax debts	42.2	15.4
Social debts	145.2	135.5
Other	48.3	41.9
Total	**307.7**	**236.0**

As of December 31, 2013, 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*.

Accounting policy

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)*.

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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. The effective portion in equity is reclassified in other operating income and expenses only where control on a consolidated business is lost or interest in a business under significant influence is reduced.

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)*. In the consolidated statement of cash flow, the cash flows of derivatives are disclosed in the same levels as the cash flows of the underlying transactions.

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).

	2014			2013		
(€ millions)	Assets	Liabilities	Net	Assets	Liabilities	Net
Foreign exchange risk	**6.1**	**9.7**	**(3.6)**	**3.4**	**6.1**	**(2.7)**
Forward derivative instruments	5.5	9.4	(3.9)	3.4	6.1	(2.7)
Optional derivative instruments	0.6	0.3	0.3	-	-	0.0
Interest rate risk	**11.0**	**0.0**	**11.0**	**6.1**	**0.4**	**5.7**
Forward derivative instruments	11.0	-	11.0	6.1	0.4	5.7
Optional derivative instruments	-	-	0.0	-	-	0.0
Energy price risk	**0.0**	**4.9**	**(4.9)**	**1.0**	**0.2**	**0.8**
Forward derivative instruments	-	-	0.0	-	-	0.0
Optional derivative instruments	-	4.9	(4.9)	1.0	0.2	0.8
Conversion of financial statements risk	**0.7**	**7.6**	**(6.9)**	**1.4**	**0.1**	**1.3**
Forward derivative instruments	0.7	7.6	(6.9)	1.4	0.1	1.3
Optional derivative instruments	-	-	0.0	-	-	0.0
Total	**17.8**	**22.2**	**(4.4)**	**11.9**	**6.8**	**5.1**
Non-current	11.7	7.6	4.1	7.5	0.5	7.0
Current	6.1	14.6	(8.5)	4.4	6.3	(1.9)
Operational hedge instruments	1.6	13.5	(11.9)	2.0	4.1	(2.1)
Financing hedge instruments	16.2	8.7	7.5	9.9	2.7	7.2

As of December 31, 2014, 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 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 €5.6 million as of December 31, 2014 (€3.7 million as of December 31, 2013).

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, 2013	**(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)**
Recognition in equity	(4.3)	-	(8.5)	(12.8)
Reclassification in profit or loss	(0.9)	-	2.8	1.9
Balance as of December 31, 2014	**(10.3)**	**0.0**	**(4.8)**	**(15.1)**
of which reclassification to profit or loss expected within 12 months	(10.3)	-	(4.8)	(15.1)

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)	2014	2013
Opening balance	**(5.1)**	**(0.7)**
Recognition in equity	(4.3)	(9.4)
Reclassification in profit or loss	(0.9)	5.0
Closing balance	**(10.3)**	**(5.1)**
of which reclassification to profit or loss expected within 12 months	(10.3)	(5.1)

The following table presents the impact of a change in foreign exchange rates on the portfolio of derivative instruments held as of December 31, 2014 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 2014 foreign exchange rates *(Note 26)* (actual 2014). 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 2014	Higher case
Foreign currencies exchange rates	(10.0)%	-	10.0%
Effective portion in equity at the closing date	2.2	(10.3)	(17.3)
Ineffective portion in the profit or loss of the period	2.7	-	1.8

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 2014, the Group fixed the interest rate for part of its future financial debt on various terms.

Imerys usually 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)	2014	2013
Opening balance	**0.0**	**(2.0)**
Recognition in equity	-	(0.4)
Reclassification in profit or loss	-	2.4
Closing balance	**0.0**	**0.0**
of which reclassification to profit or loss expected within 12 months	-	-

Furthermore, Imerys holds as of December 31, 2014 an interest rate swap intended to hedge the exposure to changes in fair value of a loan. This instrument qualifies as fair value hedge. It hedges the risk of change in the risk-free rate and not the differential corresponding to the credit risk of the Group. The hedged loan and the derivative instrument present the same characteristics.

Currency	Notional amount *(in millions)*	Fixed rate received	Floating rate paid
JPY	7,000	2.39%	Libor Yen 6 months

The table hereafter provides a breakdown of the financial net debt between floating and fixed rate by currency as of December 31, 2014:

(€ millions)	EUR	USD	JPY	Other foreign currencies	Total
Debt at fixed rate	**1,419.2**	**25.2**	**0.1**	**0.0**	**1,444.5**
Debt at fixed rate on issue	1,419.2	25.2	48.3	-	1,492.7
Swap fixed rate into floating rate	-	-	(48.2)	-	(48.2)
Debt at floating rate	**(519.4)**	**234.7**	**24.2**	**(314.2)**	**(574.6)**
Debt at floating rate on issue	0.1	21.2	1.2	38.5	61.0
Net cash and marketable securities	(422.2)	(49.9)	(8.6)	(203.2)	(683.8)
Swap fixed rate into floating rate	-	-	48.2	-	48.2
Exchange rate swap	(97.4)	263.5	(16.6)	(149.5)	0.0
Net financial debt as of December 31, 2014	**899.7**	**260.0**	**24.4**	**(314.2)**	**869.9**

The following table provides a breakdown of interest rate hedging transactions by foreign currency as of December 31, 2014:

(€ millions)	EUR	USD	JPY	Other foreign currencies	Total
Exposure at floating rate before hedging	**(519.4)**	**234.7**	**24.2**	**(314.2)**	**(574.6)**
Fixed rate hedges	-	-	-	-	-
Swap at average rate of	-	-	-	-	-
Capped rate hedges	-	-	-	-	-
Cap at average rate of	-	-	-	-	-
Exposure at floating rate after hedging	**(519.4)**	**234.7**	**24.2**	**(314.2)**	**(574.6)**

The following table presents an evolution of interest rate hedging transactions as of December 31, 2014 and after by maturity dates:

(€ millions)	2014	2015 - 2019	2020 and later
Total exposure before hedging	**(574.6)**	**(574.6)**	**(574.6)**
Fixed rate hedges	-	-	-
Swap at average rate of	-	-	-
Capped rate hedges	-	-	-
Cap at average rate of	-	-	-
Total exposure after hedging	**(574.6)**	**(574.6)**	**(574.6)**

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, 2014. This simulation is performed through a decrease (lower case) and an increase (higher case) around the 2014 interest rates (actual 2014). 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 2014	Higher case
Interest rates	(0.5)%	-	0.5%
Effective portion in equity at the closing date	-	-	-
Ineffective portion in the profit or loss of the period	0.1	-	0.1

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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)	2014	2013
Opening balance	**0.9**	**(0.7)**
Recognition in equity	(8.5)	1.5
Reclassification in profit or loss	2.8	0.1
Closing balance	**(4.8)**	**0.9**
of which reclassification to profit or loss expected within 12 months	(4.8)	0.9

The following table summarizes the main positions taken as of December 31, 2014 to hedge the energy price risk.

	Net notional amounts *(in MWh)*	**Maturities**
Underlying position	3,857,680	< 12 months
Management transactions	1,513,171	< 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, 2014 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 2014 natural gas and Brent prices (actual 2014). 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 2014	Higher case
Natural gas and Brent prices	(10.0)%	-	10.0%
Effective portion in equity at the closing date	(7.1)	(4.8)	(2.2)
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, 2014 presented hereafter enables to assess the exposure of the Group to this risk.

	2015		2016 - 2020		2021 and later		
(€ millions)	Capital	Interests	Capital	Interests	Capital	Interests	Total
Non-derivative financial liabilities	**65.5**	**47.9**	**927.7**	**162.2**	**548.2**	**61.3**	**1,812.8**
Eurobond / EMTN	-	45.0	903.0	150.1	500.0	40.0	1,638.0
Private placements	-	2.9	24.7	12.1	48.2	21.3	109.3
Commercial paper issues	-	-	-	-	-	-	0.0
Bilateral facilities	-	-	-	-	-	-	0.0
Facilities due within one year	65.5	-	-	-	-	-	65.5
Hedge derivatives	**(7.6)**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**(7.6)**
Financing hedge instruments - liabilities	8.7	-	-	-	-	-	8.7
Financing hedge instruments - assets	(16.3)	-	-	-	-	-	(16.3)
Future cash outflows with respect to gross financial debt	**57.9**	**47.9**	**927.7**	**162.2**	**548.2**	**61.3**	**1,805.3**
Non-derivative financial liabilities	**1.9**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**1.9**
Bank overdrafts	1.9	-	-	-	-	-	1.9
Non-derivative financial assets	**(685.7)**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**(685.7)**
Other current financial assets	(29.3)	-	-	-	-	-	(29.3)
Cash and cash equivalents	(656.4)	-	-	-	-	-	(656.4)
Future cash outflows with respect to net financial debt	**(625.8)**	**47.9**	**927.7**	**162.2**	**548.2**	**61.3**	**1,121.5**
of which items recognized as of December 31, 2014 (net financial debt)	(625.8)	19.8	927.7	-	548.2	-	869.9
Non-derivative financial liabilities	**719.6**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**719.6**
Trade payables	411.9	-	-	-	-	-	411.9
Other debts	307.7	-	-	-	-	-	307.7
Hedge derivatives	**11.9**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**11.9**
Operational hedge instruments - liabilities	13.5	-	-	-	-	-	13.5
Operational hedge instruments - assets	(1.6)	-	-	-	-	-	(1.6)
Future cash outflows	**(105.7)**	**47.9**	**927.7**	**162.2**	**548.2**	**61.3**	**1,853.0**

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)	2015	2016 - 2020	2021 and later	Total
Debt at fixed rate	**19.8**	**924.7**	**500.0**	**1,444.5**
Debt at fixed rate on issue	19.8	924.7	548.2	1,492.7
Swap fixed rate into floating rate	-	-	(48.2)	(48.2)
Debt at floating rate	**(625.8)**	**3.0**	**48.2**	**(574.6)**
Debt at floating rate on issue	58.0	3.0	-	61.0
Net cash and other current financial assets	(683.8)	-	-	(683.8)
Swap fixed rate into floating rate	-	-	48.2	48.2
Net financial debt	**(606.0)**	**927.7**	**548.2**	**869.9**

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, 2014, the ratio amounts to 0.35 (0.39 as of December 31, 2013),
  - 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, 2014, the ratio amounts to 1.29 (1.36 as of December 31, 2013);
- 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, 2014, Imerys has a long-term rating of Baa2 outlook Stable by Moody's (Baa2 outlook Stable as of December 31, 2013).

As of May 15, 2014, 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 of December 31, 2014, outstanding securities total €948.2 million (€348.4 million as of December 31, 2013). Imerys also has a commercial paper program limited to €800.0 million (€800.0 million as of December 31, 2013) rated P-2 by Moody's (P-2 as of December 31, 2013). As of December 31, 2014, outstanding securities total €0.0 million (€60.0 million as of December 31, 2013). As of December 31, 2014, Imerys has access to €1,355.0 million of bank facilities (€1,270.5 million as of December 31, 2013) 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 €2,830.9 million as of December 31, 2014 (€2,458.1 million as of December 31, 2013). 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:

	2014	2013
Financial resources by maturity *(€ millions)*		
Maturity less than one year	-	300.0
Maturity from one to five years	1,782.7	1,809.7
Maturity beyond five years	1,048.2	348.4
Total	**2,830.9**	**2,458.1**
Financial resources by nature *(€ millions)*		
Bond resources	**1,475.9**	**1,173.1**
Eurobond / EMTN	1,403.0	1,103.0
Private placements	72.9	70.1
Bank resources	**1,355.0**	**1,285.0**
Miscellaneous bilateral facilities	1,355.0	1,285.0
Total	**2,830.9**	**2,458.1**
Average maturity of financial resources *(in years)*		
Bond resources	6.4	4.2
Bank resources	3.8	3.6
Total	**5.2**	**3.9**

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, 2014, available financial resources, after repayment of uncommitted resources, total €1,277.2 million (€1,151.0 million as of December 31, 2013), which gives the Group substantial room to maneuver and a guarantee of financial stability.

	2014			2013		
(€ millions)	Resources	Utilization	Available	Resources	Utilization	Available
Bonds	1,475.9	1,475.9	0.0	1,173.1	1,173.1	0.0
Commercial papers	-	-	0.0	-	60.0	(60.0)
Committed bank facilities	1,355.0	-	1,355.0	1,285.0	14.5	1,270.5
Bank facilities and accrued interests	-	23.8	(23.8)	-	28.6	(28.6)
Other debts and facilities	-	54.0	(54.0)	-	30.9	(30.9)
Total	**2,830.9**	**1,553.7**	**1,277.2**	**2,458.1**	**1,307.1**	**1,151.0**

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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, 2014, the loans and exchange rate swaps hedging net investments in foreign entities are the following: USD 386.4 million, CHF 47.4 million, GBP 20.0 million and SGD 5.5 million (USD 370.9 million, CHF 47.4 million, GBP 10.0 million and SGD 5.5 million as of December 31, 2013).

The table below describes the financial debt before and after the impact of these foreign currencies swaps:

	2014			2013		
(€ millions)	**Before exchange rate swap**	**Exchange rate swap**	**After exchange rate swap**	**Before exchange rate swap**	**Exchange rate swap**	**After exchange rate swap**
EUR	1,419.3	(97.4)	1,321.9	1,191.0	(84.9)	1,106.1
USD	46.4	263.5	309.9	26.6	245.6	272.2
JPY	49.6	(16.6)	32.9	50.9	(25.3)	25.6
Other foreign currencies	38.5	(149.5)	(111.0)	38.6	(135.4)	(96.8)
Total	**1,553.7**	**0.0**	**1,553.7**	**1,307.1**	**0.0**	**1,307.1**

As of December 31, 2014, the portion of the financial debt in each foreign currency, after swap, is as follows:

(€ millions)	EUR	USD	JPY	Other foreign currencies	Total
Gross financial debt	1,321.9	309.9	32.9	(111.0)	1,553.7
Net cash and marketable securities	(422.2)	(49.9)	(8.6)	(203.2)	(683.8)
Net financial debt as of December 31, 2014	**899.7**	**260.0**	**24.4**	**(314.2)**	**869.9**

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, 2014 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 2014 foreign exchange rates *(Note 26)* (actual 2014). 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 2014	Higher case
Foreign currencies exchange rates	(10.0)%	-	10.0%
Effective portion in equity at the closing date	(48.2)	(33.7)	25.6
Ineffective portion in the profit or loss of the period	-	-	-

OTHER INFORMATION

Note 25 Main consolidated entities

Accounting policy

The entities controlled by Imerys, i.e. those over which the Group has the power to govern the financial and operating policies, are consolidated. 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. 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.

Changes in the scope of consolidation

Holdings. On November 5, 2014, Imerys announced a combination with the Greek group S&B for the acquisition of its major industrial minerals businesses, mainly in bentonite, continuous casting fluxes, wollastonite and perlite. In the first half of 2014, these businesses located in 22 countries showed revenues of approximately €207.0 million. Subject to the approval of the relevant regulatory authorities, this transaction would be completed in the first half of 2015 for an amount of €558.0 million, of which a maximum of €21.0 million with respect to performance consideration. The transaction, partially compensated in Imerys shares, would enable the founder shareholder of S&B, the Kyriacopoulos family, to hold around 4.7% of the Imerys capital.

Besides on February 12, 2014, Imerys had 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 USD 1.0 billion generated in 26 countries. Imerys' offer, initially set at USD 41.00 per share and unanimously recommended by Amcol's Board of Directors, had been, further to the publication of a competing bid, raised to USD 42.75 on February 26, 2014 and to USD 45.25 on March 4, 2014. On March 7, 2014, Imerys decided not to raise its last bid and the agreements entered into with Amcol were terminated, giving right to the payment by Amcol of a termination indemnity whose amount, reduced by the other costs of the transaction, amounts to €20.9 million *(Note 10)*.

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 January 31, 2014, the business group disposed 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. The gain on disposal is recognized in other operating revenue and expenses *(Note 10)*. 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 for respectively €39.3 and €8.5 million.

Filtration & Performance Additives (F&PA). 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.

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 gain on disposal of €4.7 million before income taxes 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, 2014

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					
Calderys France	ESS	100.00	Imerys Services	Holding	100.00
Imerys SA	Holding	Parent	Imerys Tableware France	CM	100.00
Imerys Ceramics France	CM/F&PA	99.99	Imerys Talc Luzenac France	F&PA	100.00
Imerys Filtration France	F&PA	100.00	Imerys TC	CM	100.00
Imerys Refractory Minerals Clérac	HRM	100.00	Mircal	Holding	100.00
Imerys Refractory Minerals Glomel	HRM	100.00	Mircal Europe	Holding	100.00
Europe					
Austria					
Calderys Austria	ESS	100.00	Imerys Talc Austria	F&PA	100.00
Imerys Fused Minerals Villach	HRM	100.00			
Belgium					
Imerys Graphite & Carbon Belgium	ESS	100.00	Imerys Talc Belgium	F&PA	100.00
Imerys Minéraux Belgique	CM/ESS	100.00			
Finland					
Calderys Finland	ESS	100.00	Imerys Minerals	CM	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	CM/ESS	100.00
Imerys Ceramics Italia	CM	100.00	Imerys Talc Italy	F&PA	99.66
Imerys Fused Minerals Domodossola	HRM	100.00			
Luxembourg					
CE Minerals Europe	HRM	100.00	Imerys Minerals International Sales	F&PA	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	F&PA	100.00
Imerys Diatomita Alicante	F&PA	100.00			
Sweden					
Calderys Nordic	ESS	100.00	Imerys Mineral	CM/ESS	100.00
Switzerland					
Imerys Graphite & Carbon Switzerland	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/F&PA/HRM/Holding	100.00
Goonamarris	CM	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	F&PA	100.00	Imerys Minerals California	F&PA	100.00
Americarb	ESS	100.00	Imerys Oilfield Minerals	ESS	100.00
C-E Newell	HRM	100.00	Imerys Perlite USA	F&PA	100.00
Ecca Calcium Products	ESS	100.00	Imerys Talc America	F&PA	100.00
Imerys Carbonates	ESS	100.00	Imerys USA	Holding	100.00
Imerys Clays	CM	100.00	Kentucky Tennessee Clay Company	CM	100.00
Imerys Fused Minerals Greeneville	HRM	100.00	Mulcoa	HRM	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	F&PA	100.00			
Brazil					
Imerys Do Brasil Comercio	ESS	100.00	Imerys Perlita Paulinia Minerais	F&PA	100.00
Imerys Fused Minerals Salto	HRM	100.00	Imerys Rio Capim Caulim	CM	100.00
Imerys Itatex Solucoes Minerais	F&PA	100.00	Pará Pigmentos	CM	95.88
Canada					
Imerys Canada	CM	100.00	Imerys Mica Suzorite	F&PA	100.00
Imerys Graphite & Carbon Canada	ESS	100.00	Imerys Talc Canada	F&PA	100.00
Chile					
Imerys Minerales Arica	F&PA	100.00			
China					
Calderys China	ESS	100.00	Imerys Yilong Andalusite Xinjiang	HRM	100.00
Imerys Fused Minerals Yingkou	HRM	100.00	Linjiang Imerys Diatomite	F&PA	100.00
Imerys Pigments Wuhu	ESS	100.00			
India					
Calderys India Refractories	ESS	99.99	Imerys Newquest India	ESS	74.00
Indonesia					
PT ECC	ESS	51.00	PT Indoporlen	ESS	70.00
Japan					
Calderys Japan	ESS	100.00	Imerys Specialties Japan	F&PA	100.00
Imerys Minerals Japan	CM/ESS	100.00	Niigata GCC	ESS	60.00
Imerys Refractory Minerals Japan	HRM	100.00			
Malaysia					
Imerys Minerals Malaysia	ESS/F&PA	100.00			
Mexico					
Imerys Diatomita Mexico	F&PA	100.00	KT Clay de Mexico	CM	100.00
Singapore					
Imerys Asia Pacific	CM/ESS	100.00			
South Africa					
Calderys South Africa	ESS	73.95 (1)	Rhino Minerals	HRM	73.95 (1)
Ecca Holdings	HRM	73.95 (1)			
Taiwan					
Calderys Taiwan	ESS	100.00			

(1) *Percentage of control: 100.00%.*

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Note 26 Currency rates

Accounting policy

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. 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 *(Note 10)*.

		2014		2013	
(€1 =)	**Foreign currencies**	**Closing**	**Average**	**Closing**	**Average**
Australia	AUD	1.4829	1.4719	1.5423	1.3771
Brazil	BRL	3.2249	3.1202	3.2307	2.8681
Canada	CAD	1.4063	1.4661	1.4671	1.3686
Chile	CLP (100)	7.3857	7.5666	7.2190	6.5812
China	CNY	7.4291	8.1628	8.4082	8.2292
Hungary	HUF (100)	3.1554	3.0871	2.9704	2.9695
India	INR	76.8908	81.0477	85.3622	77.9272
Indonesia	IDR (100)	150.7610	157.4892	167.6478	138.5982
Japan	JPY (100)	1.4523	1.4031	1.4472	1.2956
Malaysia	MYR	4.2444	4.3443	4.5272	4.1876
Mexico	MXN	17.8679	17.6550	18.0731	16.9750
Russia	RUB	72.3370	50.9518	45.3246	42.3281
Singapore	SGD	1.6058	1.6823	1.7414	1.6621
South Africa	ZAR	14.0353	14.4037	14.5660	12.8320
Sweden	SEK	9.3930	9.0985	8.8591	8.6503
Switzerland	CHF	1.2024	1.2146	1.2276	1.2309
Taiwan	TWD	38.2610	40.2586	41.1160	39.4443
Ukraine	UAH	19.1492	15.8732	11.3583	10.8355
United Kingdom	GBP	0.7789	0.8061	0.8337	0.8493
United States	USD	1.2141	1.3285	1.3791	1.3285

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, 2014 are the 15 members of the Board of Directors (15 members as of December 31, 2013) and the 8 members of the Executive Committee (8 members as of December 31, 2013).

Remuneration and assimilated benefits granted to these related parties are disclosed in the table hereafter:

		2014		2013	
(€ millions)	Notes	Expense	Liability	Expense	Liability
Short-term benefits	1	(6.1)	2.4	(6.3)	2.5
Long-term benefits		-	-	-	-
Directors' attendance fees	2	(0.9)	0.4	(0.8)	0.4
Post-employment benefits	3	(1.5)	9.1	(1.6)	8.4
Contributions to defined contribution plans		(0.4)	-	(0.4)	-
Termination benefits		-	-	(0.4)	-
Share-based payments	4	(3.8)	-	(3.4)	-
Total		**(12.7)**	**11.9**	**(12.9)**	**11.3**

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 (five in 2014, seven in 2013). 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, 2014 (30 times as of December 31, 2013);
- 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 2014 amounts to €26.1 million (€17.5 million in 2013), of which mainly €12.9 million to Imerys UK Pension Fund Trustees Ltd., United Kingdom (€10.2 million in 2013) and €9.8 million to Sun Trust Bank, United States (€4.0 million in 2013).

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 2014 (and 2013) for the FCPE Imerys Actions are immaterial.

6

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	2014	2013
Operating lease	1	143.1	146.2
Site restoration	2	32.2	37.8
Commitments related to operating activities	3	308.4	301.3
Commitments related to treasury	4	49.0	41.0
Other commitments	5	22.8	22.8
Total		**555.5**	**549.1**

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 €143.1 million, of which €30.3 million for 2015, €58.6 million for the period 2016 to 2019 and €54.2 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 entered into with an entity under significant influence) and 2022 (storage and handling contract) for a total amount of €80.2 million as of December 31, 2014 (€94.8 million as of December 31, 2013). The energy supply commitments (mainly electricity and gas) amount to €74.1 million as of December 31, 2014 (€47.7 million as of December 31, 2013).

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	2014	2013
Operating lease	1	8.2	6.8
Commitments related to operating activities	2	24.7	6.0
Commitments related to treasury	3	2.1	2.9
Other commitments	4	54.8	145.6
Total		**89.8**	**161.3**

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 €45.9 million (€91.0 million as of December 31, 2013) received from the Rio Tinto group related to the acquisition in 2011 of the Luzenac group.

Note 29 Events after the end of the period

Accounting policy

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.

Events after the end of the period

The annual consolidated financial statements as of December 31, 2014 were closed by the Board of Directors at its meeting on February 12, 2015. No significant event is to be reported between the closing date and that of the Board of Directors.

6.2 STATUTORY FINANCIAL STATEMENTS

Unless otherwise indicated, all values in the tables are in thousands of Euros.

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 2014, the net income of the Company amounts to €31.2 million whereas the 2013 net income reached €49.1 million.

THE MAIN FACTORS FOR 2014 ARE:

The sustained business growth

Starting with discussions with the Amcol International group announced on February 12, the business continued with the opening of a fused alumina plant in Bahrain in July and the acquisition of Powdertech in carbonates in Asia in August. It concluded in early November by the integration agreement for mining activities of the S&B group.

To acquire the means necessary for this growth, Imerys successfully placed in December a bond issue for an amount of €500.0 million with a maturity of 2024, with an annual coupon of 2.0% and a contribution for the bond issue with a maturity of 2020 for 2.5% for €100.0 million.

The financial strength maintained

The good activity of the Group in 2014 as a whole and the resulting cash generation have increased resources from subsidiaries for €95.0 million. Financial debts at financial institutions increase by + €224.4 million giving additional resources for a total of €319.4 million.

In 2014, marketable securities increase by €291.8 million and cash and cash equivalents decrease by €69.1 million. The financial resources reach €2,831.0 million as of December 31, 2014, against €2,458.1 million at the end of the 2013 period.

The increase of the operating income

Sales of €37.6 million increase by €12.3 million due to the reinvoicing to subsidiaries of a part of the cost related to the grant of free shares.

The operating expenses of the Company increase by €4.8 million, thus recording the sustained business growth.

Staff expenses increase by €1.8 million, impacted by expenses related to the grant of free shares.

In total, the operating loss decreases by €6.7 million and reaches - €44.4 million.

The decrease of the financial income

A financial income of €31.5 million is posted in 2014, compared with €68.5 million in 2013. In 2014, the Company collects €117.0 million in dividends, a €4.4 million decrease compared with 2013.

The Company also recognizes a net exchange rate loss of - €21.7 million in 2014 against a net gain of + €10.9 million in 2013. At the same time net provisions for foreign exchange rate risks increase in 2014 by - €6.9 million and decreased in 2013 by + €11.8 million. The foreign exchange impacts net of provisions thus reach - €28.6 million in 2014 where they amounted to + €22.7 million in 2013.

Net financial expenses decrease by + €7.8 million due to a slight decrease in the Group average net debt and to the benefit of historically low short-term rates over the period.

Excluding foreign exchange, financial write-downs and provisions increase by - €13.5 million in 2014 and increased by - €24.5 million in 2013. These net rises in write-downs and provisions in 2014 concern an increase in a write-down on investments for - €16.0 million, a decrase in a write-down on loans for + €6.6 million, an increase by - €3.0 million in the provision for financial instruments and a last provision for - €1.1 million for various current financial management costs. Movements on investments and loans relate to the Group's interests in Asia.

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 increases by €9.5 million, at + €44.4 million.

The increase in exceptionnal income by + €2.9 million mainly stems from the net decrease in the management risks provision by + €0.1 million in 2014 where it increased in 2013 by - €4.2 million.

The net income amounts to €31.2 million, decreasing by - €17.9 million compared to the 2013 period.

6.2.1 FINANCIAL STATEMENTS

INCOME STATEMENT

(€ thousands)	Notes	2014	2013
Operating revenue		**37,832**	**26,402**
Rendering of services		37,564	25,308
Other revenue and decreases in provisions		268	1,094
Operating expenses		**(82,209)**	**(77,451)**
Purchases and external services		(35,245)	(32,555)
Taxes and duties		(1,845)	(2,194)
Staff expenses		(40,400)	(38,619)
Amortization, depreciation, write-downs and provisions		(3,612)	(3,222)
Other expenses		(1,107)	(861)
Operating income		**(44,377)**	**(51,049)**
Financial income	**10**	**31,493**	**68,546**
Revenue from subsidiaries and affiliates		116,960	121,363
Net financial expenses		(43,306)	(51,059)
Increases and decreases in write-downs and provisions		(20,432)	(12,646)
Exchange rate gains and losses		(21,729)	10,888
Current income		**(12,884)**	**17,497**
Exceptional income (loss)	**11**	**(366)**	**(3,308)**
Exceptional revenue		8,480	1,632
Exceptional expenses		(8,846)	(4,940)
Income taxes	**12**	**44,447**	**34,950**
Net income		**31,197**	**49,139**

BALANCE SHEET

(€ thousands)	Notes	2014	2013
Net intangible assets		**1,232**	**1,216**
Intangible assets	13	11,673	10,798
Accumulated amortization	13	(10,441)	(9,582)
Net property, plant and equipment		**1,233**	**1,467**
Property, plant and equipment	13	8,164	7,815
Accumulated depreciation	13	(6,931)	(6,348)
Net investments		**3,295,179**	**3,295,226**
Investments	14	3,327,119	3,311,166
Write-downs	14 - 20	(31,940)	(15,940)
Loans related to direct investments and other subsidiaries - net value		**703,496**	**744,608**
Loans related to direct investments and other subsidiaries	15 - 17	704,978	752,678
Write-downs	15 - 20	(1,482)	(8,070)
Other financial investments	**16 - 17**	**55**	**28**
Non-current assets		**4,001,195**	**4,042,545**
Other receivables	17	53,995	30,104
Derivative financial assets		555	-
Marketable securities	18	364,090	72,286
Cash and cash equivalents		13,820	82,968
Current assets		**432,460**	**185,358**
Regularization accounts	17	11,944	3,442
Assets		**4,445,599**	**4,231,345**
Share capital		151,771	152,477
Additional paid-in capital		334,111	362,103
Reserves		959,201	959,201
Retained earnings		129,107	202,400
Net income of the period		31,197	49,139
Shareholders' equity	**19**	**1,605,387**	**1,725,320**
Provisions for risks and charges	**20**	**45,741**	**29,286**
Financial debts	21	2,759,436	2,440,043
Other debts	21	27,667	20,942
Derivative financial liabilities	21	817	-
Debts		**2,787,920**	**2,460,985**
Regularization accounts	21	6,551	15,754
Shareholders' equity and liabilities		**4,445,599**	**4,231,345**

CASH FLOW STATEMENT

(€ thousands)	2014	2013
Cash flow from operating activities		
Net income	**31,197**	**49,139**
Expenses and revenue with no impact on cash flow		
Amortization and depreciation	3,409	2,384
Write-downs and provisions	25,013	24,166
Income on disposal of assets	(831)	-
Current operating cash flow before working capital changes	**58,788**	**75,689**
Change in the working capital requirement	(17,566)	(26,101)
Cash flow from operating activities	**41,222**	**49,588**
Cash flow from investing activities		
Acquisitions of assets		
Intangible assets and property, plant and equipment	(1,497)	(899)
Financial (investments and related assets)	(72,101)	(276)
Disposals of assets		
Intangible assets and property, plant and equipment	5	2
Financial (investments and related assets)	6,750	15
Cash flow from investing activities	**(66,843)**	**(1,158)**
Cash flow from financing activities		
Change in financial debts	311,007	254,080
Change in loans and other financial assets	32,327	(114,996)
Cash flow from financing activities	**343,334**	**139,084**
Capital operations		
Capital increase	27,375	39,906
Dividends paid	(122,432)	(116,955)
Cash flow from transactions on equity	**(95,057)**	**(77,049)**
Change in cash and cash equivalents	**222,656**	**110,465**

(€ thousands)	2014	2013
Cash and cash equivalents at the beginning of the period	**155,254**	**44,789**
Change in cash and cash equivalents	222,656	110,465
Cash and cash equivalents at the end of the period	**377,910**	**155,254**

DETAIL OF MOVEMENTS ON TREASURY SHARES

(€ thousands)	2014	2013
Gross amount of treasury shares booked as investments as of January 1	**6,952**	**7,004**
Sales (purchases) of treasury shares	70,609	7,091
Transfer of treasury shares (delivery of conditional free shares)	(11,093)	(5,092)
Capital decrease by cancellation of treasury shares	(56,073)	(2,051)
Gross amount of treasury shares booked as investments as of December 31	**10,395**	**6,952**

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 2014-03 of the Accounting Standard Authority of June 5, 2014 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 2014: Charges Minerales du Perigord and Parnasse 22 and one joined it: Captelia. As of December 31, 2014, the tax consolidation perimeter includes the 27 entities mentioned below:

Ardoise et Jardin	Imerys Services
Ardoisières d'Angers	Imerys Tableware France
Calderys France	Imerys TC
Captelia	La Française des Tuiles et Briques
Doyet Terre Cuite	Mircal
IGM For Fibre Glass	Mircal Asia
Imerys	Mircal Brésil
Imerys Ceramics France	Mircal Chili
Imerys Filtration France	Mircal Europe
Imerys Foundry Minerals Europe	Parimetal
Imerys Kiln Furniture France	Parnasse 25
Imerys Minéraux France	Parnasse 27
Imerys Refractory Minerals Clerac	PLR Réfractaires SAS U
Imerys Refractory Minerals Glomel	

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)	2014	2013
Financial revenue	**189,900**	**243,825**
Revenue from subsidiaries and affiliates(1)	116,960	121,363
Other investment income - net(1)	16,027	13,077
Decreases in provisions and transfer of expenses	12,668	14,218
Exchange rate gains	44,245	95,167
Financial expenses	**158,407**	**175,279**
Financial interests and expenses on financial instruments(2)	61,258	65,102
Increases in financial amortization and provisions	31,174	25,898
Exchange rate losses	65,975	84,279
Financial income	**31,493**	**68,546**
(1) Of which revenue related to controlled entities	*124,997*	*125,498*
(2) Of which expenses related to controlled entities	*4,572*	*3,264*

In 2014, the Company received €117.0 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 2014 a net foreign exchange loss of €21.7 million (a net foreign exchange gain of €10.9 million was realized in 2013) 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)	2014	2013
Gains and losses on disposals of assets	830	-
Other exceptional revenue	1	13
Decreases in provisions and transfer of expenses	1,726	1,603
Increases in provisions	(1,999)	(4,914)
Other exceptional expenses	(924)	(10)
Exceptional income (loss)	**(366)**	**(3,308)**

The decreases in provisions as of December 31, 2014 relate to a provision for management risks (€1.7 million).

A provision for management risks (€1.6 million) and a provision for staff-related risks (€0.4 million) were constituted in 2014.

Note 12 Income taxes

(€ thousands)	2014	2013
Taxes on long-term capital gains	-	-
Income taxes	44,447	34,950
Total	**44,447**	**34,950**

Breakdown of the tax expense of the Company

(€ thousands)	Result before taxes	Taxes	Result after taxes
Current income (loss)	(12,884)	-	(12,884)
Exceptional income (loss)	(366)	-	(366)
Impact of the tax consolidation	-	44,447	44,447
Total	**(13,250)**	**44,447**	**31,197**

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 €44.4 million for the 2014 period.

As regards Imerys, the Company recognizes in 2014 a loss of €104.9 million, increasing the cumulated amount of the carried forward losses of Imerys SA to €918.4 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)

	As of December 31, 2014		As of December 31, 2013	
Description *(€ thousands)*	Assets	Liabilities	Assets	Liabilities
Temporary differences	**7,666**	**27,311**	**770**	**25,358**
Deductible next year	-	14,755	-	5,515
Deductible later	-	6,005	-	4,089
Deducted expenses or taxed revenue not yet recognized	7,666	6,551	770	15,754
Potentially taxable items	**0**	**273,471**	**0**	**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 12/31/2013	Acquisitions	Disposals	Gross amount 12/31/2014
Intangible assets	10,798	875	-	11,673
Property, plant and equipment	7,815	622	273	8,164
Total gross intangible assets and property, plant and equipment	**18,613**	**1,497**	**273**	**19,837**

(€ thousands)	Amortization and depreciation 12/31/2013	Increases	Decreases	Amortization and depreciation 12/31/2014
Amortization of intangible assets	9,582	859	-	10,441
Depreciation of property, plant and equipment	6,348	851	268	6,931
Total amortization and depreciation of intangible assets and property, plant and equipment	**15,930**	**1,710**	**268**	**17,372**

Note 14 Changes in the value of investments

The gross amount of investments increases by €16.0 million during the 2014 period due to the capital increase of the company Mircal Asia for an amount of €16.0 million, the transfer of the company Europe Commerce Refractory to Imerys Minerals International Sales for an amount of €10 thousand and the dissolution of the company Parnasse 22 for an amount of €37 thousand.

Investments write-downs amount to €31.9 million, increasing by €16.0 million further to an allowance in 2014 of a write-down on the shares of Mircal Asia.

Note 15 Loans related to investments

The gross amount of loans related to investments decreases by €47.7 million. These receivables related to investments correspond to loan contracts and intra-group credit agreements aimed at optimizing the cash management.

Loans write-downs amount to €1.5 million, decreasing by €6.6 million mainly further to the decrease in 2014 of the write-down on the loan granted to Mircal Asia for an amount of €6.7 million.

Note 16 Other financial investments

As of December 31, 2014, 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	**704,978**	**595,306**	**92,508**	**17,164**
Loans and receivables related to direct investments	392,344	377,065	15,279	-
Loans and receivables related to other Group subsidiaries	312,634	218,241	77,229	17,164
Other financial investments	**55**	**-**	**-**	**55**
Other receivables	**53,995**	**52,910**	**(948)**	**2,033**
Operating receivables	53,051	53,051	-	-
Bond issuance premium	944	(141)	(948)	2,033
Regularization accounts	**11,944**	**8,777**	**1,941**	**1,226**
Prepaid expenses(1)	586	516	69	1
Bond issuance cost	3,692	595	1,872	1,225
Unrealized exchange rate losses(2)	7,666	7,666	-	-
Total	**770,972**	**656,993**	**93,501**	**20,478**

(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)	2014	2013
SICAVs and mutual funds	53,591	25,282
Deposit certificate	300,104	40,052
Treasury shares	10,395	6,952
Total	**364,090**	**72,286**

As of December 31, 2014, the gross amount of marketable securities amounts to €364.1 million. No impairment loss has been recognized.

Measurement of marketable securities as of December 31, 2014

Nature	Quantity	Average cost price per unit *(€)*	Closing price December 2014 *(€)*
SICAV BNP	1	57,249.82	57,250.45
SICAV SG	2,244	23,856.37	23,856.37
Treasury shares	179,649	57.86	61.01

Note 19 Breakdown of changes in shareholders' equity

(€ thousands)	Capital	Premiums	Reserves[1] Legal	Regulated	Other	Retained earnings	Income of the period	Total
Shareholders' equity as of 01/01/2013 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 12/31/2013	-	-	-	-	-	-	49,139	49,139
Shareholders' equity as of 01/01/2014 before allocation of net income	**152,477**	**362,103**	**15,248**	**273,471**	**670,482**	**202,400**	**49,139**	**1,725,320**
Allocation of 2013 income	-	-	-	-	-	(73,293)	(49,139)	(122,432)
Movements of the 2014 period								
Cancellation of 918,315 shares of €2	(1,837)	(54,236)	-	-	-	-	-	(56,073)
Subscription of 565,642 shares by exercise of options	1,131	26,244	-	-	-	-	-	27,375
Net income as of 12/31/2014	-	-	-	-	-	-	31,197	31,197
Shareholders' equity as of 01/01/2015 before allocation of net income	**151,771**	**334,111**	**15,248**	**273,471**	**670,482**	**129,107**	**31,197**	**1,605,387**
Proposal for allocation of income[2]	-	-	-	-	-	(94,014)	(31,197)	(125,211)
Shareholders' equity as of 01/01/2015 with proposal for allocation of income	**151,771**	**334,111**	**15,248**	**273,471**	**670,482**	**35,093**	**0**	**1,480,176**

(1) Shareholders' equity of Imerys does not include revaluation differences.

(2) Proposed to the Shareholders' General Meeting on April 30, 2015.

Number of shares

	2014	2013
Number of shares outstanding at the opening	**76,238,264**	**75,368,546**
Capital increase	565,642	913,442
Capital decrease	(918,315)	(43,724)
Number of shares outstanding at the closing	**75,885,591**	**76,238,264**

For 2014, the capital movements are the following:

- on December 11, 2014, the Board of Directors, as part of the share buy-back programs authorized by the Shareholders' General Meetings of April 25, 2013 and April 29, 2014, and in accordance with the authorization given to him by the Shareholders' General Meeting of April 25, 2013, cancelled 918,315 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 €1,836,630;
- on January 7, 2015, the Chairman and Chief Executive Officer, pursuant to the delegation of powers given to him by the Board of Directors on December 11, 2014, noted that, on December 31, 2014, the share capital had been increased by a nominal amount of €1,131,284 as a result of the exercise during the 2014 period of 565,642 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	15,940	-	16,000	-	-	-	-	31,940
Trade receivables	-	-	-	-	-	-	-	0
Loans related to investments	8,070	-	76	-	-	(6,664)	-	1,482
Non-consolidated investments	-	-	-	-	-	-	-	0
Bond issuance premium	2,526	-	512	-	-	(112)	-	2,926
Marketable securities	-	-	-	-	-	-	-	0
Prepaid expenses - future employee benefits	-	-	-	-	-	-	-	0
Total assets	**26,536**	**0**	**16,588**	**0**	**0**	**(6,776)**	**0**	**36,348**
Provisions								
Provisions for risks	**24,828**	**17,126**	**13,642**	**1,999**	**(12,869)**	**(3,636)**	**(1,726)**	**39,364**
Management risks	20,327	17,126	61	1,609	(12,869)	-	(1,726)	24,528
Provisions for exchange rate losses	770	-	7,666	-	-	(770)	-	7,666
Staff-related risks	50	-	-	388	-	-	-	438
Environmental risks	-	-	-	-	-	-	-	0
Financial instruments	2,866	-	5,915	-	-	(2,866)	-	5,915
Risks on subsidiaries and investments	815	-	-	2	-	-	-	817
Provisions for charges	**4,458**	**1,891**	**500**	**0**	**(142)**	**(330)**	**0**	**6,377**
Pensions	-	-	-	-	-	-	-	0
Future employee benefits	4,458	1,891	500	-	(142)	(330)	-	6,377
Other social contributions and tax expenses	-	-	-	-	-	-	-	0
Total liabilities	**29,286**	**19,017**	**14,142**	**1,999**	**(13,011)**	**(3,966)**	**(1,726)**	**45,741**
Grand Total	**55,822**	**19,017**	**30,730**	**1,999**	**(13,011)**	**(10,742)**	**(1,726)**	**82,089**

(1) Provisions decreased in accordance with used amounts for €8,882 thousand.

As head of the Group, Imerys recognizes management risk and environmental provisions. They specifically relate to the future grant of conditional free shares.

As of December 31, 2014, a write-down on the investment in Mircal Asia is constituted for an amount of €16.0 million.

A write-down on the loan granted to Mircal Asia is partially reversed in 2014 for €6.7 million. A write-down on the interests of the loan granted to IMT is set up for €0.1 million in 2014.

As of December 31, 2014, a provision for risks on financial instruments is constituted for an amount of €5.9 million. This provision relates to hedging transactions on foreign currencies and on energy prices. The provision for risks on financial instruments increased in 2013 was fully reversed in 2014.

In 2014, a provision for risks increases by an amount of €17.1 million corresponding to the future grant of conditional free shares for 179,649 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 2013 by an amount of €12.8 million is fully reversed in 2014 due to the grant over the period of 185,424 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, 2014 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	1.2%	2.0%
Expected rates of return on plan assets	1.1%	-
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

	2014			2013		
(€ thousands)	**Retirement**	**Other**	**Total**	**Retirement**	**Other**	**Total**
Interest cost	(485)	(15)	(500)	(493)	(20)	(513)
Current service cost	(1,446)	(45)	(1,491)	(1,238)	(41)	(1,279)
Expected return on assets	330	-	330	419	-	419
Past service cost	(296)	-	(296)	(286)	-	(286)
Actuarial gains and (losses)	(32)	45	13	280	(24)	256
Curtailments and settlements	-	-	0	-	-	0
Recognized net expense	**(1,929)**	**(15)**	**(1,944)**	**(1,318)**	**(85)**	**(1,403)**
Assets' effective return	316	-	316	434	-	434

Change in the discounted value of obligations

	2014			2013		
(€ thousands)	**Retirement**	**Other**	**Total**	**Retirement**	**Other**	**Total**
Opening obligations	**(23,717)**	**(698)**	**(24,415)**	**(18,409)**	**(623)**	**(19,032)**
Interest cost	(485)	(15)	(500)	(493)	(20)	(513)
Current service cost	(1,446)	(45)	(1,491)	(1,238)	(41)	(1,279)
Benefit payments	5,706	2	5,708	1,037	10	1,047
Curtailments and settlements	-	-	0	-	-	0
Actuarial gains and (losses)	839	45	884	(4,614)	(24)	(4,638)
Closing obligations(1)	**(19,103)**	**(711)**	**(19,814)**	**(23,717)**	**(698)**	**(24,415)**
Funded by plan assets	(17,810)	-	(17,810)	(22,389)	-	(22,389)
Unfunded	(1,293)	(711)	(2,004)	(1,328)	(698)	(2,026)

(1) *Of which retirement obligations to the benefit of the Executive Management and of members of the Board of Directors: €3,539 thousand in 2014, against €2,140 thousand in 2013.*

Change in fair value of plan assets

	2014			2013		
(€ thousands)	**Retirement**	**Other**	**Total**	**Retirement**	**Other**	**Total**
Opening assets	**15,487**	**-**	**15,487**	**15,399**	**-**	**15,399**
Expected return on assets	330	-	330	419	-	419
Benefit payments	(5,683)	-	(5,683)	(347)	-	(347)
Employer contributions	-	-	0	-	-	0
Actuarial gains and (losses)	(14)	-	(14)	16	-	16
Closing assets	**10,120**	**0**	**10,120**	**15,487**	**0**	**15,487**

Assets / liabilities in the balance sheet

	2014			2013		
(€ thousands)	**Retirement**	**Other**	**Total**	**Retirement**	**Other**	**Total**
Funded obligations	(17,810)	-	(17,810)	(22,389)	-	(22,389)
Fair value of assets	10,120	-	10,120	15,487	-	15,487
Funded status	**(7,690)**	**0**	**(7,690)**	**(6,902)**	**0**	**(6,902)**
Unfunded obligations	(1,293)	(711)	(2,004)	(1,328)	(698)	(2,026)
Unrecognized past service cost	2,069	-	2,069	2,365	-	2,365
Net unrecognized actuarial differences	1,248	-	1,248	2,105	-	2,105
Assets (provisions) in the balance sheet	**(5,666)**	**(711)**	**(6,377)**	**(3,760)**	**(698)**	**(4,458)**
Provisions for retirement	-	-	0	-	-	0
Provisions for future employee benefits	(5,666)	(711)	(6,377)	(3,760)	(698)	(4,458)

Change in assets (provisions) in the balance sheet

	2014			2013		
(€ thousands)	**Retirement**	**Other**	**Total**	**Retirement**	**Other**	**Total**
Opening assets (provisions)	**(3,760)**	**(698)**	**(4,458)**	**(3,132)**	**(623)**	**(3,755)**
Current service cost after curtailments / settlements	(1,929)	(15)	(1,944)	(1,318)	(85)	(1,403)
Contributions	23	2	25	690	10	700
Closing assets (provisions)	**(5,666)**	**(711)**	**(6,377)**	**(3,760)**	**(698)**	**(4,458)**

Note 21 Debts and regularization accounts as of December 31, 2014

(€ thousands)	Amount	Maturity less than one year	Maturity from one to five years	Maturity beyond five years
Financial debts	2,759,436	1,283,545	527,691	948,200
Other debts	28,484	28,484	-	-
Deferred revenue	0	-	-	-
Unrealized exchange rate gains	6,551	6,551	-	-
Total	**2,794,471**	**1,318,580**	**527,691**	**948,200**

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
EUR	2,301,109
USD	176,085
GBP	75,221
JPY	45,989
Other foreign currencies	161,032
Total	**2,759,436**

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	1,475,891	-	527,691	948,200
Commercial papers	0	-	-	-
Bank loans	0	-	-	-
Subsidiary loans	300,051	300,051	-	-
Group financial current accounts	957,301	957,301	-	-
Bank overdrafts and accrued interests	26,193	26,193	-	-
Total	**2,759,436**	**1,283,545**	**527,691**	**948,200**

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, 2014 is presented in *Note 23*.

Note 22 Accrued receivables and payables

(€ thousands)	Accrued receivables	Accrued payables
Operating	-	1,808
Financial	430[(1)]	542
Total	**430**	**2,350**

(1) Accrued receivables mainly comprise accrued interests on financial instruments.

OTHER INFORMATION

Note 23 Off balance sheet commitments

The significant off balance sheet commitments of the Company are detailed in *Notes 24 to 28*.

As of December 31, 2014, the amount of bilateral multi-currencies credit lines confirmed, non-utilized and available for the benefit of Imerys with a maturity from 2016 to 2019 is €1,355.0 million.

Commitments given

	For the benefit of				
(€ thousands)	**Subsidiaries**	**Equity interests**	**Other controlled entities**	**Other**	**Total**
Avals, sureties, guarantees	86,484	-	116,818	9,171	212,473

Commitments received

No commitments were received over 2014.

Note 24 Other commitments in relation to subsidiaries

Considering the commitments which came to maturity in 2014, no other commitments are to report as of December 31, 2014.

Note 25 Commitments on the foreign exchange rate risk

As of December 31, 2014, 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**
AUD	16,855	300	11,366	202
CAD	27,170	6,415	19,320	4,562
CHF	18,395	47,476	15,299	39,484
GBP	63,915	22,985	82,058	29,510
JPY	2,615,070	180,000	18,006	1,239
MXN	344,950	8,000	19,305	448
NOK	-	745	-	82
NZD	3,885	-	2,502	-
SEK	97,455	4,210	10,375	448
THB	-	341,020	-	8,545
USD	33,862	361,945	27,891	298,118
ZAR	55,300	348,400	3,940	24,823
CZK	67,280	-	2,426	-
DKK	11,455	-	1,539	-
HUF	4,920	-	16	-
SGD	152,000	5,490	94,657	3,419
PLN	3,700	-	866	-
Total			**309,566**	**410,880**

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, 2014, 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 JPY 7,000.0 million.

Note 27 Commitments on the energy price risk

The following table summarizes the positions taken as of December 31, 2014 to hedge the energy price risk:

	Net notional amounts *(in MWh)*	**Maturities**
Underlying position	3,857,680	< 12 months
Management transactions	1,513,171	< 12 months

Note 28 Elements recognized under more than one balance sheet item (net value)

(€ thousands)	**Total**	**Of which controlled entities(1)**
Investments	3,295,179	3,294,952
Loans related to direct investments and other subsidiaries	703,496	702,679
Other financial investments	55	-
Operating receivables	53,051	22,468
Financial debts	2,759,436	1,256,651
Other debts	27,667	10,194

(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	56.47%	71.87%
Group employees	154,807	0.20%	0.26%
Self-holding	179,649	0.24%	0.15%
Public	32,699,662	43.09%	27.72%
Total as of December 31, 2014	**75,885,591**	**100.00%**	**100.00%**

(1) Total theoretical voting rights: 119,243,780.

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

The consolidated financial statements of Imerys are included in the scope of consolidation of the Belgian group GBL.

Note 30 2014 average headcount

	Non-executives	Executives	Total
Full-time	23	131	154
Part-time	2	1	3
Total employees of the entity	**25**	**132**	**157**

Note 31 Individual training rights as of December 31, 2014

As of December 31, 2014 the total number of training hours corresponding to the acquired rights in the framework of the individual training right amounts to 10,327 hours. The number of hours not having been requested amounts to 10,219 hours.

As of January 1, 2015 the personal training account will replace the individual training right.

Note 32 Compensation of directors and executive managers

(€ thousands)	2014	2013
Board of Directors(1)	904	788
Executive Management	1,510	1,569
Total	**2,414**	**2,357**

(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*.

Note 33 Post closing events

On November 5, 2014, Imerys announced a strategic combination concerning the integration of S&B's activities. The final regulatory authorizations are expected in the next few days, in which case closing should take place at the end of February 2015.

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	31,197,196.56
Increase in legal reserve in order to reach 10% of the share capital	-
Retained earnings	129,107,183.03
Distributable income	**160,304,379.59**
Dividend of €1.65 to each of the 75,885,591 shares existing as of January 1, 2015(2)	(125,211,225.15)
Retained earnings	**35,093,154.44**

(1) Which will be proposed to the Shareholders' General Meeting on April 30, 2015.

(2) This amount will be adjusted if necessary to the number of shares issued by the Company in consideration for the contributions of S&B shares, subject to their achievement.

Note 35 Table of subsidiaries and equity interests as of December 31, 2014

	Country	SIREN Number	Local units (thousands) Capital	Shareholders' equity other than share capital	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	686,597	80,613,850	shares of €2
Mircal	France	333,160,620	1,034,653	417,869	68,976,891	shares of €15
Imerys USA	United States	-	526,005	595,088	1,000	shares of USD1
Imerys Services	France	320,750,730	371	795	24,700	shares of €15
Mircal Europe	France	444,384,234	56,365	590,706	56,365,195	shares of €1
Mircal Asia	France	444,384,101	5,137	(6,543)	513,700	shares of €10
Mircal Chili	France	434,143,574	1,554	13,931	1,554,000	shares of €1
Imerys (SHANGHAI) Investment Management Company Limited	China	-	14,404	10,335	1	share of CNY 14,404,000

	% of interest held by Imerys	(€ thousands) 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 2014	2014 sales	2014 net income or loss
Subsidiaries (at least 50% of equity held by Imerys)									
Imerys TC	100.00	758,369	758,369	-	310,001	-	33,052	309,415	74,999
Mircal	100.00	1,289,076	1,289,076	48,757	-	-	23,452	-	143,308
Imerys USA	100.00	663,837	663,837	15,284	65,007	86,484	-	-	(1,046)
Imerys Services	100.00	1,043	1,043	1,590	-	-	-	17,834	8
Mircal Europe	100.00	565,483	565,483	324,722	-	-	60,311	-	82,540
Mircal Asia	100.00	28,937	-	-	2,844	-	-	-	(7,059)
Mircal Chili	100.00	15,540	15,540	-	516	-	-	-	(4)
Imerys (SHANGHAI) Investment Management Company Limited	100.00	1,359	1,359	721	-	-	-	6,730	(18)
Equity interests									
10 to 50% of equity held by Imerys		-	-	-	-	-	-	-	-
Miscellaneous equity interests									
Non-significant French entities		3,475	472	1,269	528	-	-	-	-
Total		**3,327,119**	**3,295,179**	**392,343**	**378,896**	**86,484**	**116,815**	**333,979**	**292,728**

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	2014	2013	2012	2011	2010	2009
Audit fees *(€ millions)*	6.2	6.3	6.5	6.2	6.1	6.4
Distribution						
ERNST & YOUNG et Autres	50%	52%	51%	51%	50%	53%
Deloitte & Associés	49%	46%	44%	45%	46%	43%
Other firms	1%	2%	5%	4%	4%	4%

Fees as of December 31, 2014

The total fees paid in 2014 to the two Statutory Audit firms of the parent company Imerys, ERNST & YOUNG et Autres (EY) and Deloitte & Associés (DA), are as follows:

	2014				2013			
	EY		DA		EY		DA	
	(€M)	*(%)*	*(€M)*	*(%)*	*(€M)*	*(%)*	*(€M)*	*(%)*
Audit								
Certification and auditing of individual and consolidated accounts	**3.1**		**3.0**		**3.2**		**2.9**	
Imerys SA	0.8		0.8		0.8		0.7	
Fully integrated subsidiaries	2.3		2.2		2.4		2.2	
Other duties and services directly related to the audit mission	**1.2**		**0.1**		**0.2**		**0.4**	
Imerys SA	0.7		0.1		0.2		0.4	
Fully integrated subsidiaries	0.5		-		-		-	
Subtotal	**4.3**	**95.6%**	**3.1**	**93.9%**	**3.4**	**94.4%**	**3.3**	**89.2%**
Other services rendered by the network to fully integrated subsidiaries								
Legal, fiscal, social	0.1		0.1		0.1		0.3	
Other (to specify if > 10% of audit fees)	0.1		0.1		0.1		0.1	
Subtotal	**0.2**	**4.4%**	**0.2**	**6.1%**	**0.2**	**5.6%**	**0.4**	**10.8%**
Total	**4.5**	**100.0%**	**3.3**	**100.0%**	**3.6**	**100.0%**	**3.7**	**100.0%**

ADDITIONAL INFORMATION

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7.1 INFORMATION ABOUT THE COMPANY

CORPORATE NAME: IMERYS

This name was adopted by the Ordinary and Extraordinary Shareholders' Meeting of September 22, 1999.

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.

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).

The Group had its origins in mining and metallurgy. Its core business at the time was the extraction 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 planned withdrawal from non-ferrous metallurgy.

From 1990 onwards, the Group placed significant emphasis on the development of industrial minerals[(1)]. It acquired major 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 refractory 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 100% a few years later, 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).

In November 2014, Imerys announced a strategic merger with global player S&B, the European leader in bentonite (binders for foundry, watertight coatings, drilling adjuvants and functional additives. S&B is also world number one in smelting for the continuous casting of steel, and world leader in wollastonite (functional additives for polymers and paints). The Company is also present in perlite-based solutions used in building materials and horticulture. The acquisition of S&B's main activities was finalized on **February 26, 2015**.

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.

In 2014, the structure of Imerys' business groups was reorganized due to the announced strategic merger with S&B. The Kaolin activity is therefore included in Ceramic Materials. S&B's activities are included in Filtration & Performance Additives. For further information about the business groups, *see chapter 1 of the Registration Document*.

(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.

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 2014 are presented below:

- the **Carbonates** activity mainly operates and transforms ground and precipitated calcium carbonates for many industries (e.g. paints, plastics, paper, packaging, health & beauty). Carbonates expanded from 2000 with the extension of capacity in South America (Quimbarra, Brazil, in 2000), Asia (Honaik, Malaysia, in 2000) and France (AGS-BMP's carbonates activity, in 2000). Extensive reserves of high quality white marble have been acquired in Malaysia, China and Vietnam as well as in Southern Europe (Gran Bianco Carrara, in Italy and Mikro Mineral, in Turkey, fully-owned since 2008). In Malaysia, the extension of the calcium carbonate plant (Ipoh) was launched and in Japan capacity of the Miyagi plant, rebuilt after the Tsunami in 2011, increased to meet higher demand from its main customer.

  In 2012, the Carbonates activity was launched in Brazil (Dorésopolis) with the construction of a lime production facility, with the view to leverage some of Imerys' calcium carbonate reserves and diversify its product range. The plant's 2014 results were satisfactory.

  In 2014, the Group disposed of four calcium carbonate paper plants in Europe and the United States as well as a production plant in Tunisia. At the same time, it acquired Kinta Powdertec Sdn Bhd, in Malaysia, a natural calcium carbonate producer for plastics, polymers and coatings;
- 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) and Scandinavia (Svenska Silika Verken AB, Sweden, in 2008). Following the incorporation of Arefcon b.v. (Netherlands), Indoporlen (Indonesia) and Tokai (Japan) in 2013, the Group acquired the Finish company Termorak in 2014. This acquisition strengthened its position in the design and installation of refractory materials for the petrochemical and thermal industries. Thanks to these transactions, Imerys is established as a world leader in monolithic refractories;
- with its **Graphite & Carbon** activity, 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). In 2013, to support growing demand from mobile energy segments, the Group doubled the capacity of the Willebroek carbon black plant (Belgium). In 2014, this activity opened an applied R&D center in Japan to support its major local customers;
- the **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 **Filtration & Performance Minerals** activity includes Minerals for Filtration which 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. In terms of **Performance Minerals**, the Group 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 Ceramics** were added to the portfolio, through various acquisitions 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 Minerals, Thailand – 2002). In 2007, it developed its reserves of feldspar 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 2013, Imerys continued to accelerate its geographical expansion with the ramp-up of of a multi-minerals platform and by acquiring Ceraminas (Thailand) Co, Ltd, a Thai feldspar producing company. **In 2014**, the **Kiln Furniture** activity (development, design, and production of firing supports and components for industrial kilns for the ceramic industries) was included in Minerals for Ceramics in order to create market synergies. A new operating plant, Imerys Primary Raw Materials Sourcing, was created in 2014 in Roswell (USA) to strengthen the efficient and sustainable primary management of materials for, in particular, North American activities in Minerals for Ceramics, Kaolin, Oilfield Solutions and Refractory Minerals;

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- Regarding the Building Materials, the divestment of the Imerys Structure activity (wall and partition bricks, chimney blocks) to the Bouyer-Leroux group was completed in 2013. Following the permanent closure of Ardoisières d'Angers **in 2014**, Ceramics Materials refocused on **clay roof tiles**, with Imerys TC being France's largest producer of tiles thanks to high-quality deposits, an efficient production process and innovative and environmentally-friendly products;
- the **Kaolin** activity, previously part of Filtration & Performance Minerals, has been integrated into the Ceramics Materials business group **since 2014**. The acquisition of Pará Pigmentos S.A. in Brazil reinforced the Group's geographic reach in South America in 2010. In 2013, Imerys finalized the acquisition of Goonvean kaolin activities (United Kingdom), which strengthens its high-purity reserves for performance and ceramics applications;
- **Refractory Minerals** expands with the acquisition of AGS (2006 – France) and Vatutinsky (2007 – Ukraine), both companies specializing in calcined clays. In 2010, the commissioning of a new plant increased andalusite production capacity in China. In 2011, the Group increased to 100% its stake into Yilong in China, giving Imerys access to an excellent quality andalusite reserve in order to serve the local refractories market. To diversify its mineral range, Imerys purchased, in 2012, a refractory bauxite deposit in Brazil from the Vale Group. This mineral is essential to several refractory and abrasive applications. **In 2014**, the activity added Europe Commerce Refractories, its exclusive agent;
- the **Fused Minerals** activity was created in 2000 under the name Minerals for Abrasives 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. The activity then changed its name to Fused Minerals. In 2012, the Group enlarged its geographic footprint in the Middle East with the launch of the construction of a fused alumina plant in Bahrain through a joint venture with Al Zayani Investments group. Construction was completed in 2013 and the plant ramped-up in 2014. This joint-venture is Imerys' first industrial base 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 70^{th} birthday.

In accordance with legal provisions and article 12 of the Company's by-laws, the Board of Directors shall also comprise one 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 12, second Director representing employees shall be designated by the France Group Committee.

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*.

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 registration of bearer shares. Registration or deposit formalities must be completed no later than two 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

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 the 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 been designated for that purpose) and the Autorités des marchés financiers (AMF), within four trading days of their holding crossing the threshold in question, in line with article 223-14 of the AMF's General Regulations. 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 AMOUNT

On December 11, 2014, the Board of Directors, as part of the share buy-back programs authorized by the Shareholders' General Meetings of April 25, 2013 and April 29, 2014, and according to the authorization granted by the Shareholders' General Meeting of April 25, 2013, cancelled 918,315 treasury 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 €1,836,630.

On January 7, 2015, the Chairman and Chief Executive Officer, pursuant to the delegation of powers given to him by the Board of Directors on December 11, 2014, acknowledged that, on December 31, 2014, the share capital had been increased by a nominal amount of €1,131,284 as a result of the exercise in 2014 of 565,642 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, 2014 totaled €151,771,182; it was made up of 75,885,591 shares with a €2 par value of which 43,358,189 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 119,243,780. Considering the 179,649 treasury shares held by the Company as on December 31, 2014 *(see paragraph 7.2.4 of this chapter)*, the total number of net voting rights attached to existing shares was 119,064,131 at that date.

Taking into account the 2,484,569 stock options and 790,559 conditional free shares granted to certain employees and executive corporate officers and not yet exercised or acquired at December 31, 2014, the maximum potential dilution of the Company's share capital was 4.14% as on this date (i.e., a nominal amount of €158,321,438).

No directly registered shares have been pledged by the Company.

During its meeting held on February 26, 2015, the Board of Directors acknowledged that the share capital had been increased by a nominal amount of €626,748 as a result of the exercise between January 1 and February 25, 2015 of 313,374 stock options and consequently the creation of an equivalent number of new Imerys shares.

During the same meeting, the Board of Directors, further to the completion of the acquisition of S&B group *(see chapter 1, paragraph 1.2.3 of the Registration Document)*, has approved the contribution to Imerys by S&B Minerals SA of 2,531,964 ordinary shares of S&B Minerals Finance SCA. As consideration of this shares contribution, the Board of Directors, pursuant to the delegation of authority granted by the eighteenth resolution of the Ordinary and Extraordinary Shareholders' Meeting of Imerys held on April 25, 2013, issued 3,728,308 new Imerys shares in favor of S&B Minerals SA. As a result of the operations decided on February 26, 2015, the share capital had been increased by a nominal amount of €8,083,364 and totaled €159,854,546; it was made up of 79,927,273 shares with a €2 par value of which 43,335,108 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 123,262,381.

The share capital has not changed since that date.

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
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*
2014	Cancellation of shares	(1,836,630)	(54,236,971)	(918,315)	2	150,639,898	75,319,949
	Exercise of stock options	1,131,284	26,244,140	565,642	2	151,771,182	75,885,591*

* *As at 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.

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. approximately 50% of the share capital;
- €30 million for the issues carried out with cancellation of Shareholders' preemptive subscription rights, i.e. approximately 20% of the share capital;
- €75 million, as a 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.

(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.*

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 2014
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 million (*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 million (*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 of the 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 of the 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 of the Shareholders' General Meeting of April 25, 2013	None
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 million, 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 or without preemptive subscription right (Shareholders' General Meeting of April 25, 2013, 21st resolution)		Capital: €75 million Debt securities: €1 billion	-
Share buyback and cancellation of shares			
Purchase by the Company of treasury shares(9) (Shareholders' General Meeting of April 29, 2014, 13th resolution)	October 28, 2015 (18 months)	10% of the existing shares as of January 1, 2014	933,251 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	918,315 cancelled shares

(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° paragraph 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, L. 225-129-2 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 to 241-6 of the AMF's General Regulations.

(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 Labour Code.

<table>
<tr><th>Type of authorizations</th><th>Expiry and duration of the authorization</th><th>Maximum nominal authorized amount</th><th>Use in 2014</th></tr>
<tr><td colspan="4">Issues in favor of employees and corporate officers</td></tr>
<tr><td>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)</td><td>June 24, 2015
(26 months)</td><td>€1.6 million</td><td>None</td></tr>
<tr><td>Grant of Imerys stock options to employees and corporate officers, or certain categories of them[11]
(Shareholders' General Meeting of April 29, 2014, 14th resolution)</td><td rowspan="2">June 28, 2017
(38 months)</td><td rowspan="3">Common ceiling: 3% 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
Sub-ceiling of grant of stock options and conditional free shares to executive officers: 0.5% of share capital on the day of the Board's decision to grant</td><td>None [12]</td></tr>
<tr><td>Grant of Imerys conditional free shares to employees and corporate officers, or certain categories of them[13]
(Shareholders' General Meeting of April 29, 2014, 15th resolution)</td><td>282,475 conditional free shares were allotted in 2014, i.e. 0.37% of the capital[14]</td></tr>
<tr><td>Issue of share subscription and/or acquisition warrants to employees and corporate officers, or certain categories of them[15]
(Shareholders' General Meeting of April 29, 2014, 16th resolution)</td><td>October 28, 2015
(18 months)</td><td>None</td></tr>
</table>

(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 Labour 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.

Within the framework of the completion of the S&B group acquisition, the Board of Directors used on February 26, 2015, the delegation of authority granted by the eighteenth resolution of the Ordinary and Extraordinary General Shareholders' Meeting of Imerys held on April 25, 2013. 3,728,308 new Imerys shares with a €2 par value each were then issued in favor of S&B Minerals SA in consideration of the contribution made by S&B Minerals SA in favor of Imerys of 2,531,964 ordinary shares of S&B Minerals Finance SCA (for more information regarding this share contribution, *see paragraph 7.2.1 of this chapter and chapter 8, paragraph 8.1.6 of the Registration Document)*.

The table below sets out the financial authorizations and delegations of authority that expire in 2015 and of which the renewal will be proposed to the Shareholders' General Meeting of April 30, 2015. For more details, *see chapter 8, paragraphs 8.1.5, 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 Ordinary and Extraordinary Shareholders' General Meeting of April 30, 2015

Type of authorizations	Expiry and duration of the authorization	Maximum nominal authorized amount
Issue of shares and debt securities		
Issue of shares or securities giving access to the share capital with preemptive subscription rights(1) (Shareholders' General Meeting of April 30, 2015, 13th resolution)	June 29, 2017 (26 months)	Capital: €75 million (*i.e.* approx. 50% of capital) Securities giving access to the share capital: €1 billion
Issue of shares or 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 30, 2015, 14th resolution)	June 29, 2017 (26 months)	Capital: €15 million (*i.e.* approx. 10% of capital), this amount being a sub-ceiling of issues without preemptive subscription rights Securities giving access to the share capital: €1 billion
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 30, 2015, 15th resolution)	June 29, 2017 (26 months)	15% of the capital on the issue day, the issued amount being charged to the sub-ceiling of the proposed 14th resolution
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 30, 2015, 16th resolution)	June 29, 2017 (26 months)	15% of the initial issue, the issued amount being charged to the sub-ceiling of the proposed 14th resolution and the global ceiling of the proposed 20th resolution
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 30, 2015, 17th resolution)	June 29, 2017 (26 months)	10% of the capital per year, the issued amount being charged to the sub-ceiling of the proposed 14th resolution
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 30, 2015, 18th resolution)	June 29, 2017 (26 months)	10% of the capital per year, the issued amount being charged to the sub-ceiling of the proposed 14th resolution
Increase of share capital by capitalization of reserves, earnings and issue or share premiums(7) (Shareholders' General Meeting of April 30, 2015, 19th resolution)	June 29, 2017 (26 months)	€75 million, the issued amount being charged to the ceiling of the proposed 13th resolution
Overall ceilings of the share capital increases with or without preemptive subscription right (Shareholders' General Meeting of April 30, 2015, 20th resolution)	June 29, 2017 (26 months)	Capital: €75 million Securities giving access to the share capital: €1 billion
Share buyback and share cancellation		
Purchase by the Company of treasury shares(8) (Shareholders' General Meeting of April 30, 2015, 12th resolution)	October 29, 2016 (18 months)	10% of the existing shares as of January 1, 2015 *i.e.* 7,588,559 shares
Share capital decrease by cancellation of treasury shares (Shareholders' General Meeting of April 30, 2015, 22nd resolution)	June 29, 2017 (26 months)	10% of the capital per 24-month period
Issues in favor of employees and corporate officers		
Issue of shares or securities giving access to the share capital reserved for Group employees that joined a company or Group savings plan(9) (Shareholders' General Meeting of April 30, 2015, 21st resolution)	June 29, 2017 (26 months)	€1.6 million

(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° paragraph 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. 225-209 et seq. of the French Code of Commerce and 241-1 to 241-6 of the AMF's General Regulations.

(9) In accordance with the provisions of articles L. 225-129 et seq. and L. 225-138-1 of the French Code of Commerce and L. 3332-1 et seq. of the French Labour Code.

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 29, 2014 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 an initial limit of a maximum annual nominal amount of €1.5 billion and a maximum nominal amount per operation of €350 million.

Under the authorization granted by the Board of Directors on October 30, 2014, the Company completed on December 3, 2014 a bond issue for the amount of €500 million, maturing December 2024, under the Euro Medium Term Notes program (EMTN), and a €100 million tap on its bond issue maturing November 2020 (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 articles L. 228-91 et seq. of the French Code of Commerce, on one or more occasions, 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 financial delegations of authorities granted to the Board of Directors.

In accordance with the reform brought about by the French decree of July 31, 2014 on company law and the new provisions of article L. 228-92 of the French Code of Commerce, compound security issues that do not result in capital increases are henceforth governed by the Board of Directors. The Shareholders' General Meeting of April 30, 2015 will not, therefore, have to rule on the renewal of this delegation of authority, which shall expire on June 24, 2015 and which was not used in 2014.

7.2.4 SHARE BUYBACK PROGRAMS

LEGAL FRAMEWORK OF SHARE BUYBACK PROGRAMS IMPLEMENTED IN 2014

The Ordinary and Extraordinary Shareholders' General Meeting of April 29, 2014 renewed in favor of the Board of Directors and for a period of 18 months, i.e. until October 28, 2015, 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, 2014, i.e. 7,623,826 and within the limit of a global investment amount of €648 milion. 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 €85 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 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, or in any other manner in compliance with current regulations;
- 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 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 paragraph 3 of the French Code of Commerce, the Board of Directors delegated to the Chairman and Chief Executive Officer on April 29, 2014 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 2014(1)

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 2014.

Share purchases made under share buyback programs implemented by the Company are carried out directly and exclusively on the market by the latter.

(1) All prices and amounts are given excluding fees and commissions.

Transactions completed between January 1 and April 29, 2014 within the framework of the previous share buyback program

Between January 1 and April 29, 2014, 230,000 shares were acquired directly by the Company on the market at an average price of €63.86, under the share buyback program approved by the Ordinary and Extraordinary Shareholders' General Meeting of April 25, 2013. 68,361 shares were allocated for the purpose of future granting of conditional free shares to certain employees and corporate officers of the Group and 161,639 were allocated for the purpose of future cancellation.

Transactions completed between April 29 and December 31, 2014 within the framework of the current share buyback program

Under the share buyback program approved by the Ordinary and Extraordinary Shareholders' General Meeting of April 29, 2014, 933,251 shares were acquired directly by the Company on the market at an average price of €59.92. 179,649 shares were allocated for the purpose of future granting of conditional free shares to certain employees and corporate officers of the Group and 753,602 were allocated for the purpose of future cancellation.

Number of treasury shares held as at December 31, 2014

Taking into account:

- the remaining number of treasury shares as on January 1, 2014, i.e. 120,137,
- the number of shares acquired directly on the market in 2014 i.e. 1,163,251,
- the granting in 2014 of 185,424 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 918,315 treasury shares by the Board of Directors of December 11, 2014,

179,649 treasury shares with a par value of €2 and acquired on the market at an average price of €57.86 were self-held by the Company at the end of the year, representing 0.24% of share capital as at December 31, 2014.

It is noted that:

- all transactions conducted in 2014 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 2014 amounted to €70,609. The French tax on financial transactions ("TTF") amounted to €141,218.

RENEWAL OF THE SHARE BUYBACK PROGRAM

As the authorization granted by the Ordinary and Extraordinary Shareholders' General Meeting of April 29, 2014 expires on October 28, 2015, its renewal in favor of the Board of Directors, on a similar basis, will be proposed at the Ordinary and Extraordinary Shareholders' General Meeting of April 30, 2015, for a further period of 18 months, i.e. until October 29, 2016 *(see chapter 8, paragraph 8.1.5 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 the 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 at December 31, 2014, 0.20% of the share capital and 0.26% 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.

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 12/31/2012				As of 12/31/2013				As of 12/31/2014			
	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	56.86	66,052,826	66.21	42,851,473	56.21	85,702,946(3)	71.63	42,851,473	56.47	85,702,946	71.87
M&G Investment Management Ltd(4)	5,146,041	6.83	5,146,041	5.16	1,770,900	2.32	1,770,900	1.48	1,028,500	1.36	1,028,500	0.86
Group employees(5)	181,577	0.24	363,154	0.36	159 ,082	0.21	318,164	0.27	154,807	0.20	183,788	0.15
Treasury shares	159,563	0.21	159,563(6)	0.16	100,137	0.13	100,137(6)	0.08	179,649	0.24	179,649(6)	0.15
Public	27,029,892	35.86	28,047,289	28.11	31,356,672	41.13	31,751,472	26.54	31,671,162	41.74	32,148,897	26.96
Total	**75,368,546**	**100**	**99,768,873**	**100**	**76,238,264**	**100**	**119,643,619**	**100**	**75,885,591**	**100**	**119,243,780**	**100**

(1) In compliance with article 22 of the by-laws, nominal shares registered for at least two years carry a double voting rights.

(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 paragraph 7.3.5 of this 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 at December 31, 2014:

- the total number of net voting rights was 119,064,131, since the 179,649 treasury shares held by the Company at that date do not benefit from voting rights at the Shareholders' General Meetings in accordance with the law;
- the members of the Board of Directors and the Chairman and Chief Executive Officer together held, on a personal basis, 0.13% of the Company's share capital and 0.10% of its voting rights (for further details, *see chapter 3, paragraph 3.1.2 of the Registration Document)*.

It is noted that the Company's share capital was increased from €151,771,182 to €159,854,546 on February 26, 2015. Since that date, it has been made up of 79,927,273 shares with a €2 par value to which 123,262,381 theoretical voting rights are attached. The 3,728,308 Imerys shares issued on February 26, 2015 in favor of S&B Minerals SA *(see paragraph 7.2.1 of the present chapter and chapter 8 paragraph 8.1.6 of the Registration Document)* and transferred on the same day to its ultimate shareholder, Blue Crest Holding SA, represented 4.66% of the share capital and 3.03% of the theoretical voting rights of Imerys as of February 26, 2015.

7.3.2 CROSSING OF THRESHOLDS

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 information no. 214C0158 dated January 27, 2014).

Prudential Plc specified in this 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 as of that date.

No other threshold crossing was brought to the attention of the Company during the 2014 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 of this chapter* directly or indirectly holds more than 5% of the share capital and voting rights of the Company.

7.3.3 CONTROL OF THE COMPANY AND SHAREHOLDERS' AGREEMENT

CONTROL OF THE COMPANY

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 in paragraph 7.3.5 of this chapter)*, 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. 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 Corporate 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)*.

SHAREHOLDERS' AGREEMENT

On November 5, 2014, Groupe Bruxelles Lambert (GBL), Belgian Securities B.V., Blue Crest Holding S.A. and S&B Minerals S.A entered into a shareholders' agreement with respect to their direct or indirect shareholding in the Company. This agreement, governed by Luxembourg law, came into force on February 26, 2015 for a renewable period of seven years and provides for the following:

- a commitment to keep for three years the 3,728,308 shares created as compensation for the contribution of shares by S&B Minerals S.A for the benefit of Imerys, held since February 26, 2015 by Blue Crest Holding SA (as well as the Imerys shares that the latter would receive in consideration of the performance amount by virtue of the share purchase agreement concluded on November 5, 2014);
- a joint tag-along right for three years for Blue Crest Holding SA with respect to GBL, in the event of a transfer of Imerys shares by GBL to a third party with the effect of reducing GBL's interest to less than 40% of Imerys' capital;
- a pre-emptive right for the benefit of GBL, with Blue Crest Holding SA having pledged, after the expiry of its holding commitment, to grant GBL a pre-emptive right on any Imerys shares that Blue Crest Holding SA may wish to sell;
- a right of representation for Blue Crest Holding SA on the Board of Directors and on the Strategic Committee, for as long as Blue Crest Holding SA holds at least 3% of Imerys shares;

This shareholders' agreement also provides for its early termination if any of the following events occur:

- in the event that Blue Crest Holding SA comes to directly or indirectly hold a number of Imerys shares that is less than 50% of the 3,728,308 shares newly created as compensation for the contribution of shares;
- in the event it is terminated by GBL, which it would be authorized to do if Blue Crest Holding SA's current shareholders were to no longer control Blue Crest Holding SA or no longer directly or indirectly hold 100% of Blue Crest Holding SA's capital;
- if GBL's direct or indirect interest in GBL were to fall below 40% of Imerys' capital.

It is specified that this shareholders' agreement does not form a concert in the sense of article L. 233-10 of the French Code of Commerce. It was disclosed to the AMF on March 5, 2015.

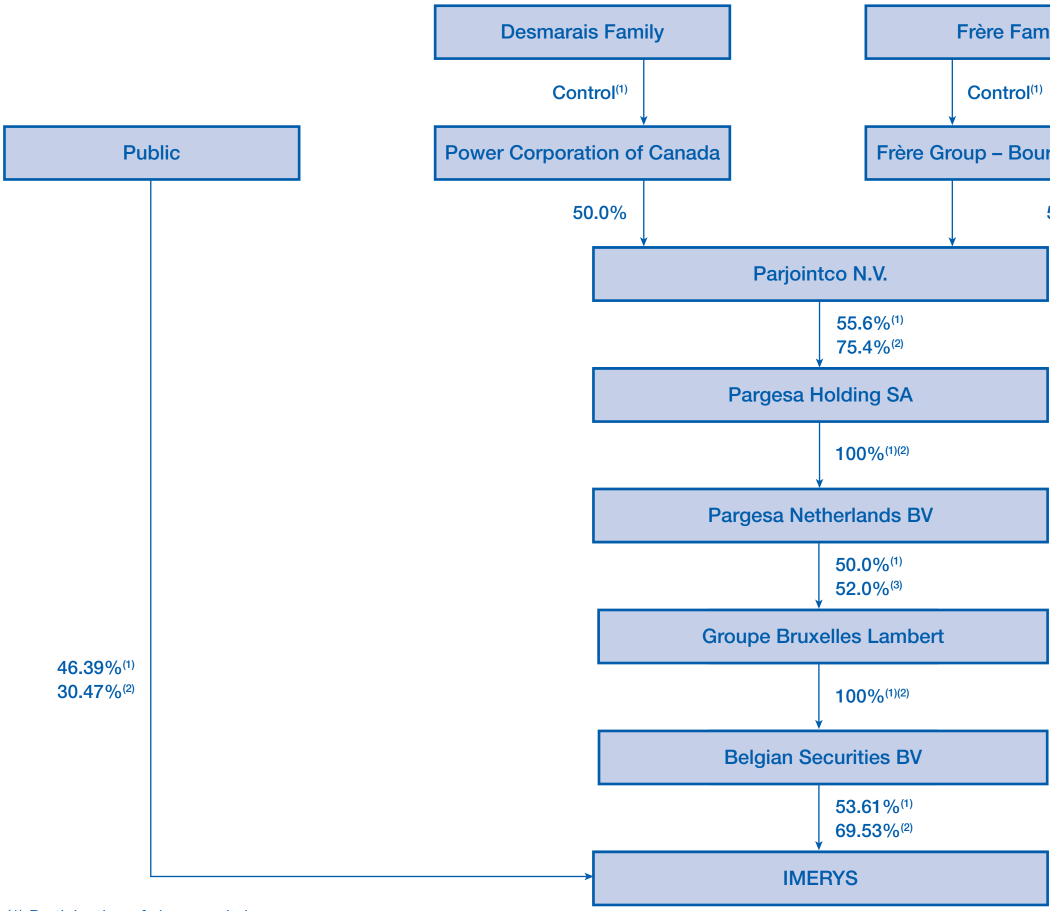
As of the date of this Registration Document, the Company has not been informed of any other agreement between the Company's shareholders, nor of any agreement that, if implemented, could lead to a change of control.

7.3.4 IDENTIFICATION OF BEARER SHAREHOLDERS

In 2014, 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 4,088 bearer shareholders with over 200 shares that together represented 41.23% of share capital as of April 11, 2014 (of which 370 institutional investors holding 38.6% 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, 2014 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 governed by Swiss law with registered offices located at 11 Grand-rue, CH 1204 Geneva (Switzerland). Pargesa Netherlands BV is a company governed by Dutch law, with registered offices located at Herengracht 483, 1017 BT Amsterdam (Netherlands). Groupe Bruxelles Lambert (GBL) is a company governed by Belgian law, with registered offices located at Avenue Marnix 24, 1000 Brussels (Belgium). Belgian Securities BV is a company governed by Dutch law, with registered offices 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 governed by Dutch law, with registered offices located at Veerkade 5, 3016 DE-Rotterdam, Netherlands. It is held 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 the AMF of its intention to reclassify Imerys shares, following which Belgian Securities BV would acquire all of the Imerys shares held by Pargesa Netherlands BV. As 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 an increase of more than 2% in 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. An exemption was granted on March 29, 2011 (AMF Decision and Information no. 211C0389 dated March 31, 2011), and Imerys shares held by Paragesa Netherlands BV were transferred to Belgian Securities BV on April 8, 2011. This transaction, which has no impact on the ultimate control of the Company, resulted in the loss of double voting rights attached to Pargesa Netherlands BV's stake and 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, double voting rights were 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 two-third threshold of these voting rights *(see section 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

See *paragraph 7.3.3 of this chapter*.

Holders of securities granting specific control rights

The Company's by-laws specify that shares registered in the name of the same shareholder for at least two years carry double voting rights *(see section 7.1 of this chapter)*.

Control mechanisms under employee shareholding schemes

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 Company's main financing agreements *(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 end are detailed in *chapter 3, paragraphs 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 code FR 0000120859-Mnemo NK). Imerys is part of the CAC MD (mid 60) index within the SBF 120 which represents the 120 largest stocks listed on Euronext Paris (in terms of market capitalization, free float and trading volumes), as well as of the CAC Basic Materials index. Imerys shares are also part of the "Dow Jones Euro Stoxx", the benchmark index for the euro zone, comprising 294 shares selected from the 12 member countries. 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, Sustainanalytics and FTSE. Since September 2006, Imerys shares have been part of the "FTSE4Good" responsible investing index. They also belong to NYSE Euronext Vigeo Europe 120, Eurozone 120 and Ethibel's "Excellence Europe" responsible indexes, made up of 200 companies belonging to Ethibel's investment register based on a best-in-class approach combined with ethical exclusion criteria. Ethifnance also lists Imerys on its Gaia index, which is made up of the 70 best small & mid stocks in terms of socially responsible investing.

No securities in any Imerys subsidiary are listed on a stock exchange.

7.5.1 HIGHEST AND LOWEST MARKET PRICES BETWEEN 2010 AND 2014

Year	Highest market price* *(€)*	Lowest market price* *(€)*	Final market closing price of the year* *(€)*
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
2014	68.10	50.45	61.01

* *Market prices observed during trading (Sources: Bloomberg and Euronext).*

7.5.2 TRADING SINCE JANUARY 2013

			Total monthly trading volume		Average daily trading		
2013	Highest price* (€)	Lowest price* (€)	Number of shares	Capital (€M)	Number of shares	Capital (€M)	Number of trades
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**			
2014							
January	64.79	59.70	2,421,783	151.87	110,081	6.90	1,390
February	68.10	58.37	1,997,720	127.17	99,886	6.36	1,260
March	67.65	61.57	1,756,172	112.79	83,627	5.37	1,274
April	65.69	60.55	1,269,871	80.18	63,494	4.01	1,047
May	63.99	59.08	1,387,308	85.88	66,062	4.09	931
June	66.10	56.05	1,302,714	81.95	62,034	3.90	1,014
July	64.62	56.71	1,488,343	89.41	64,711	3.89	958
August	62.23	56.00	1,461,417	86.61	69,591	4.12	1,063
September	61.84	56.64	1,607,529	95.34	73,070	4.3	1,041
October	58.57	50.45	2,092,665	114.88	90,985	4.99	1,359
November	61.22	56.35	1,253,867	74.41	62,693	3.72	929
December	62.66	55.76	1,481,924	88.92	70,568	4.23	983
Total 2014			**19,521,313**	**1,189.40**			

* *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. Imerys historical payout ratio is approximately 37% of such income.

In accordance with the provisions of article 243 bis of the French General Tax Code, the dividends distributed with respect to the last three financial years were as follows:

	2013	2012	2011
Net income per share	€4.03	€4.00	€4.03
Net dividend per share	€1.60	€1.55	€1.50
Gross dividend per share	€1.60	€1.55	€1.50
Number of shares entitled to dividend	76,519,723	75,455,357	75,175,846
Total net distribution	**€122.4 M**	**€116.9 M**	**€112.8 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 with 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 which provides 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 Sustainable Development Report;
- a dedicated phone line and e-mail address.

All these documents are published in English and French and are sent to each 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 2014 enabled Executive Management and the Investor Relations team to dialog with financial analysts, institutional investors and international fund managers in the United States, France and United Kingdom as well as in Belgium, Germany, Luxembourg 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 64 01
- Fax: + 33 (0) 1 49 55 63 16
- e-mail address: finance@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, 2014, 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)*. Further to the acquisition of the S&B group, the number of companies was increased to 369 companies based in 57 countries. 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:

- Accounting & Financial Control;
- Audit;
- Communication;
- Environment. Health & Safety;
- Human Resources;
- Information Technology;
- Innovation, Research & Development;
- Insurance;
- Intellectual Property;
- Legal;
- Purchasing;
- Strategy;
- Tax;
- Treasury.

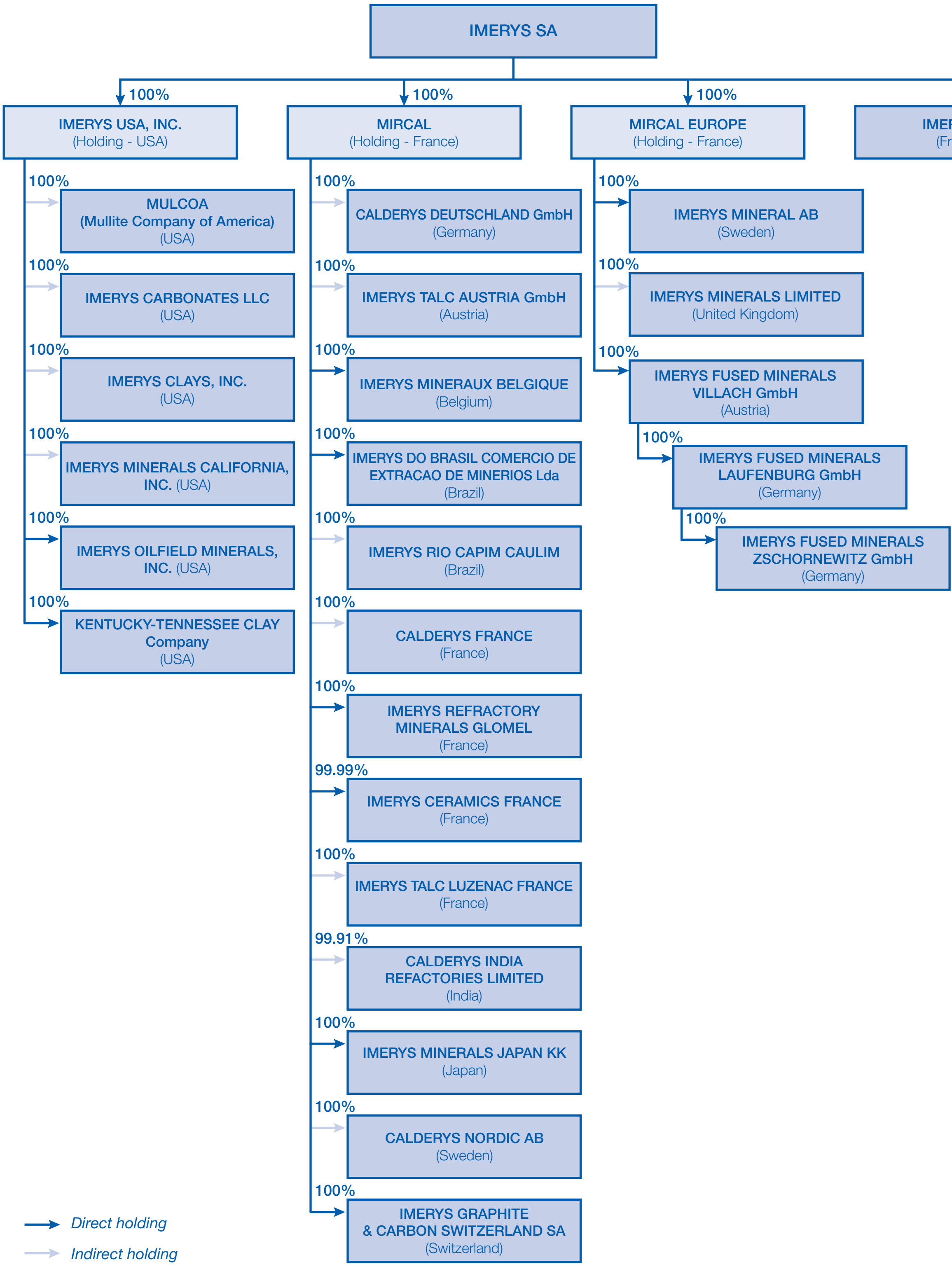
These services include, notably: assistance and advice in response to case-by-case requests from its subsidiaries, as well as more general studies and analyses or even recommendations or proposed actions as preventive measures.

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 revenues compared to the total revenues of the activity 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 €34.5 million in 2014 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, 2014.



ORDINARY AND EXTRAORDINARY SHAREHOLDERS' GENERAL MEETING OF APRIL 30, 2015

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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 12, 2015 and submit for your approval, fall within the scope of the Ordinary part of the Shareholders' General Meeting for resolutions 1 to 12 and 23 and within the scope of the Extraordinary part of the Shareholders' General Meeting for resolutions 13 to 22.

8.1.1 FINANCIAL YEAR 2014 – 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 2014 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 2014 earnings **(third resolution)**.

The Company's net income in 2014 totalled €31,197,196.56 to which we propose that retained earnings appearing in the balance sheet of €129,107,183.03 be added in order to give a total distributable amount of €160,304,379.59.

We propose that you allocate an amount of €131,800,000.45 for the payment of a dividend of €1.65 per share for the 79,927,273 shares comprising the share capital further to the share capital increases completed on February 26, 2015 *(see chapter 7, paragraph 7.2.1 of the Registration Document)* and to allocate the balance, i.e. €28,424,379.14, 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 February 26, 2015 and which would be entitled to the 2014 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 will be payable from May 12, 2015.

Dividends paid out with respect to the previous three financial years were as follows:

Financial year ending	12/31/2013	12/31/2012	12/31/2011
Net dividend per share	€1.60	€1.55	€1.50
Number of shares entitled to dividend	76,519,723	75,455,357	75,175,846

In accordance with the provisions of article 243 bis of the French General Tax Code, the entire proposed dividend with respect to 2014 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. Moreover, in accordance with the provisions of article 117-4 of the French General Tax Code, dividends received by the latter are subject to a non-definitive withholding tax which constitutes an income tax advance.

With a net amount of €1.65 per share, the proposed dividend for this year represents a 3.1% 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 which is included in *chapter 2, paragraph 2.2.3 of the Registration Document.*

In 2014, 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 and the regulated agreements and commitments authorized and concluded during previous fiscal years continued under the same conditions.

Gilles Michel's term of office as Director expires following the present Meeting. Subject to the renewal of this office by the Meeting, the Board of Directors, in its February 12, 2015 meeting, voiced a wish to maintain the combination of the duties of Chairman of the Board and Chief Executive Officer, and to thus renew Gilles Michel in his current duties. Consequently, in accordance with current regulations the Board of Directors reviewed the conditions of all the commitments made by the Company for the benefit of Gilles Michel with respect, on one hand, to the collective pension plans with defined benefits and contributions of which he is a beneficiary, and, on the other hand, to the severance indemnity that the Company would owe him in the event that his duties end on the Company's initiative or in the event of an involuntary departure resulting from a change of control or strategy as well as to the social guarantee for company managers and executives. The details of these commitments are given in chapter 3, paragraph 3.3.1 of the Registration Document.

On the recommendation of the Appointments and Compensation Committee and pursuant to the provisions of article L. 225-42-1 of the French Code of Commerce, the Board of Directors again submits for your approval the commitments made by the Company in favor of Gilles Michel (**fourth resolution**), subject to the renewal of his term of office as Director by the present Meeting (seventh resolution), it being specified that they have not been changed since their approval by the Ordinary and Extraordinary Shareholders' General Meeting of April 26, 2012.

For more details on all of these commitments, you are invited to refer to the Statutory Auditors' special report in *chapter 2, paragraph 2.2.3* and *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 the 2014 financial year to Gilles Michel, as Chairman and Chief Executive Officer, and that are summarized in the table below (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 February 12, 2015, unchanged since 2010.
Annual variable compensation	€758,400 paid in 2014 €666,400 to be paid in 2015	The economic performance criteria for 2014 were related to the achievement of financial targets, (net income, Group operating cash flow for 2014 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 Chairman and Chief Executive Officer.
Multi-annual variable compensation	NA	No multi-annual variable compensation was paid to the Chairman and Chief Executive Officer.
Extraordinary compensation	NA	No extraordinary compensation was paid to the Chairman and Chief Executive Officer.

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Compensation items due or awarded for the year ended	**Amounts or accounting valuation submitted to the vote**	**Presentation**
Stock options, performance shares and any other element of long-term compensation	Vesting of 82,000 performance stock options	No stock options were granted to the Chairman and Chief Executive Officer in 2014. Vesting following the Board of Directors' acknowledgement of the achievement of the economic performance goals on which they were conditioned *(see chapter 3, paragraph 3.4.2 of the Registration Document).*
	Valuation of performance shares awarded = €1,349,677 Vesting of 59,660 Performance shares Other element = NA	32,500 performance shares were granted to the Chairman and Chief Executive Officer representing 0.02% of the Company's share capital after dilution, upon the decision of the Board of Directors of April 29, 2014 pursuant to the Ordinary and Extraordinary Shareholders' General Meeting authorization of the same day (15th 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 per share and of the Group's ROCE (return on capital employed) during the 2014-2016 period. Vesting of 42,000 performance shares granted under the November 3, 2010 Plan and 17,660 performance shares granted under the April 28, 2011 Plan following the Board of Directors' acknowledgement of the achievement of the economic performance goals on which they were conditioned (*see chapter 3, paragraph 3.4.3 of the Registration Document).*
Attendance fees	NA	No attendance fees are allotted to the Chairman and Chief Executive Officer.
Valuation of any benefits	€16,293 (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.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. These commitments were first approved by the Ordinary and Extraordinary Shareholders' General Meeting of April 28, 2011 (4th resolution). Pursuant to legal provisions they wil be submitted again for approval at the present Meeting (4th resolution) on the occasion of the renewal of Gilles Michel's office as Director, as proposed in the 7th resolution.
Indemnity under a noncompetition 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 plans	€0	The Chairman and 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 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%). 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. These commitments were approved by the Ordinary and Extraordinary Shareholders' General Meeting of April 26, 2012 (4th resolution). Pursuant to legal provisions they wil be submitted again for approval at the present Meeting (4*th* resolution) on the occasion of the renewal of Gilles Michel's office as Director, as proposed in the 7th 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 Marie-Françoise Walbaum and Xavier Le Clef, Jocelyn Lefebvre et Gilles Michel 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 12, 2015 to propose as per the **sixth to eighth** resolutions that you renew the terms of office of Mrs. Marie-Françoise Walbaum as well as Messrs. Xavier Le Clef and Gilles Michel for a further three years, i.e. until the close of the Shareholders' General Meeting that will be called in 2018 to rule on the management and financial statements for the 2017 financial year.

At the same meeting, the Board decided to propose to the Shareholders' General Meeting the appointment for a three-year period, *i.e.* until the end of the Shareholders' General Meeting called in 2018 to rule on the 2017 financial statements, Giovanna Kampouri Monnas and Katherine Taaffe Richard, as well as Ulysses Kiriacopoulos as a new Directors ***(ninth to eleventh resolutions)*** to succeed:

- Gérard Buffière 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 the other, Jocelyn Lefebvre 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 Giovanna Kampouri Monnas, Katherine Taaffe Richard and Ulysses Kiriacopoulos is provided below.

Professional information concerning Giovanna Kampouri Monnas (born in 1955, Greek national):

With a Master's degree in Science, Economic Planning and Administration from the London School of Economics, Giovanna Kampouri Monnas began her career in 1981 as a Consultant in the National Economy Ministry in Athens (Greece). In the same year she joined the Procter & Gamble group where she held various management positions in Greece and the United States until 1988. In 1989 she joined the Joh. A. Benckiser GMBH group (Germany) where she successively held the positions of Marketing Coordinator for the coordinator, CEO of the Lancaster group (France), and Group Vice-President Mass Cosmetics & Fragrances. In 1993, Giovanna Kampouri Monnas was appointed President of Benckiser International. Since 1996 she has been an independent consultant.

Professional information concerning Katherine Taaffe Richard (born in 1983, American national):

Graduating from Harvard College in 2004 with a B.A. degree in History, specializing in post-colonial theory and African development, Katherine Taaffe Richard began her career at Goldman Sachs (USA) as an analyst in the Private Equity and investment bank departments in New York, London, Paris and Dallas. In 2007 she joined Serengeti Asset Management (USA), a multi-strategy investing firm, as an analyst in charge of investments in the oil, gas, metals, mining and sovereign debt sectors. From 2009 à 2012, she supervised international investment in the energy field for MSD Capital (USA), a private investment fund. In 2010, Katherine Taaffe Richard founded Warwick Energy Group (USA) of which she has been the CEO since then.

In 2013, Katherine Taaffe Richard was named as a Young Global Leader by the World Economic Forum and recognized in the United States as included in Oil and Gas Investor's Twenty Under 40 for the Energy sector. In 2014 she was listed as a promising Oklahoma leader in the Journal Record's "Achievers Under 40".

Professional information concerning Ulysses Kiriacopoulos (born in 1952, Greek national):

A mining engineer with degrees from Montanuniversität Leoben (Austria) and Newcastle University (UK) and an MBA from l'INSEAD, Ulysses Kyriacopoulos joined his family's company S&B in 1979 as the Chief Financial Officer of Bauxite Parnasse, of which he became CEO in 1986. In 1990 he was appointed CEO of the S&B Industrial Minerals group and has been its Chairman since 2001.

In accordance with the principles used by the Company to determine the independent status of its Directors, and after examining their personal situation, in particular those whom the renewal or the appointment is proposed, the Appointments and Compensation Committee recognized the independent status of Giovanna Kampouri Monnas, Katherine Taaffe Richard and Marie-Françoise Walbaum. Independent status was not awarded to Gilles Michel as Chairman and Chief Executive Officer of the Company neither to Xavier Le Clef who represents Imerys controlling shareholders nor to Ulysses Kiriacopoulos (for more details, *see chapter 3, paragraph 3.1.2 of the Registration Document)*.

Following the Shareholders' General Meeting of April 30, 2015 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
2016	Ian GALLIENNE	No
	Fatine LAYT	Yes
	Robert PEUGEOT	Yes
	Olivier PIROTTE	No
	Amaury de SEZE	No
2017	Aldo CARDOSO	Yes
	Paul DESMARAIS III	No
	Marion GUILLOU	Yes
	Arnaud LAVIOLETTE	No
	Arielle MALARD de ROTHSCHILD	Yes
2018	Xavier Le CLEF	No
	Gilles MICHEL	No
	Giovanna KAMPOURI MONNAS	Yes
	Ulysses KYRIACOPOULOS	No
	Katherine TAAFFE RICHARD	Yes
	Marie-Françoise WALBAUM	Yes

According to legal and statutory provisions, Mrs. Éliane AUGELET-PETIT et Mr. Enrico d'ORTONA were appointed as Directors representing employees on October 6, 2014 for a three-year period (for more details, *see chapter 3, paragraph 3.1.2 of the Registration Document*).

8.1.5 SHARE BUYBACK PROGRAM AND CANCELLATION OF TREASURY SHARES

(Two resolutions, one falling within the scope of the Ordinary Shareholders' General Meeting and one falling within the scope of the Extraordinary Shareholders' General Meeting)

SHARE BUYBACK PROGRAM

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 29, 2014 will expire on October 28, 2015; 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 AMF's General Regulations **(twelfth resolution)**. For further information about the Company's implementation of its share buyback programs in 2014, *see chapter 7, paragraph 7.2.4. of the Registration Document*.

This authorization is intended to enable the Board of Directors to purchase a maximum number of Company shares representing 10% of shares outstanding at January 1, 2015 (i.e. 7,588,559 shares) for the purpose of:

- their subsequent cancellation by reducing the Company's capital, subject to the approval by the present Shareholders' General Meeting of the 22nd resolution;
- covering the stock purchase option plans and/or free share grant plans, as well as any grant of shares under shareholding plans set up by the Company (or assimilated plans), or with respect to profit-sharing and/or any other forms of grant, award or transfer of shares to current employees, former employees and/or corporate officers of the Company and/or any related companies pursuant to articles L. 225-180 and L. 233-16 of the French code of commerce, within the frame of the regulations in force or ad hoc plans set up by the Company;
- awarding or exchanging shares purchased on the occasion, in particular, of rights exercises or issues of securities giving the right by redemption, conversion, swap, warrant or in any other manner to the grant of shares;
- keeping shares with a view to their later transfer for exchange or payment, under or following external growth, merger, split or contribution operations;
- ensuring 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
- more generally, operating for any other purpose that is or may come to be authorized by law, and/or implementing any market practice that may come to be authorized by Autorité des Marchés Financiers.

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 €645 million.

Acquisitions will be carried out by any means, including the transfer of blocks and the use of derivatives.

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 30, 2015. A copy of this description can also be obtained on request from the Company's head office.

CANCELLATION OF TREASURY SHARES

You are also requested to renew the authorization granted to the Board of Directors for the purposes of cancelling all or part of the treasury shares held by the Company under its share buyback programs, within the limit of 10% of its capital per 24-month period, by reducing its share capital accordingly and allocating the difference between the purchase value of the cancelled shares and their par value to available premiums and reserves **(twenty-second resolution)**.

8.1.6 FINANCIAL AUTHORIZATIONS

(Eight resolutions, one within the scope of the Ordinary Shareholders' General Meeting and the seven others of the Extraordinary Shareholders' General Meeting)

The Board of Directors has at its disposal a set of financial authorizations, last renewed by the Ordinary and Extraordinary Shareholders' General Meeting of April 25, 2013, allowing it to increase the net equity of the Company through the issue of shares or any securities that represent a debt or give access, immediately or in the future, to shares in the Company with or without preemptive subscription rights, or by incorporation of reserves, premiums, income or other items (an overview of the financial authorizations and delegations in force is set out in *chapter 7, paragraph 7.2.3 of the Registration Document)*.

Like in the past, these financial authorizations were designed to give the Board of Directors the greatest leeway and flexibility in choosing the issue arrangements that are most favorable and appropriate to the development of the Company and its Group and the most adapted to market fluctuations and the financial context.

These delegations and authorizations will expire in June 2015. You are therefore asked to renew them in similar conditions to those presented below (the table summarizing the financial authorizations and delegations of authority that you are asked to renew is on Imerys website www.imerys.com as well as in chapter 7, paragraph 7.2.3 of the Registration Document). These new delegations and authorizations would be granted for a period of 26 months and would replace those previously given by the Ordinary and Extraordinary Shareholders' General Meeting of April 25, 2013, which would therefore become invalid.

ISSUE OF COMMON SHARES OR SECURITIES GIVING ACCESS TO CAPITAL WITH PREEMPTIVE SUBSCRIPTION RIGHTS

The **thirteenth resolution** concerns the renewal of the delegation of authority granted to the Board of Directors for the purposes of issuing common shares or any other securities with preemptive subscription rights for shareholders. The Board proposes maintaining the ceiling of capital increases that may thus be carried out at €75 million (i.e. approximately 50% of share capital as of December 31, 2014). The total nominal amount of securities that represent a debt which may be issued under this delegation may not be greater than €1 billion, it being specified that the nominal amount of these issues would be deducted from the overall ceiling for issues of debt securities set in the twentieth resolution.

ISSUE OF COMMON SHARES OR SECURITIES GIVING ACCESS TO CAPITAL WITHOUT PREEMPTIVE SUBSCRIPTION RIGHTS

The renewal of the delegation of authority granted to the Board of Directors for the purposes of issuing common shares or any other securities without preemptive subscription rights for shareholders is provided for by the **fourteenth resolution**. The possibility of carrying out such issues would enable your Company, on one hand, to call on a greater number of investors, on both the French and international markets, and, on the other hand, to make it easier to carry out issues, particularly because of the shorter completion time. It is specified that a subscription priority may be granted to shareholders by the Board of Directors for a period and under the terms and conditions that it would define according to current regulations.

To take market practices into account, the Board proposes that the ceiling for capital increases that may be carried out without preemptive subscription rights be lowered from €30 million to €15 million (i.e. approximately 10% of share capital as of December 31, 2014), it being specified that this amount would constitute a sub-ceiling from which the total of any issues to be carried out without such rights would be deducted.

The total nominal amount of securities representing debt that may be issued under this authorization may not be greater than €1 billion, which amount is to be deducted from the overall ceiling for issues of debt securities set in the twentieth resolution.

The subscription price of the shares that may be issued under this delegation would be determined by the Board of Directors in accordance with the provisions of articles L. 225-136 1° and R. 225-119 of the French Code of Commerce and would be at least equal to the weighted average price for the three latest trading sessions leading up to its determination, possibly decreased by a maximum discount of 5%.

Finally, the fourteenth resolution provides for the possibility of issuing common shares in order to compensate securities contributed to the Company with respect to a public exchange offer that fulfills the conditions set down by article L. 225-148 of the French Code of Commerce.

SHARE CAPITAL INCREASES UNDER AN OFFERING BY PRIVATE INVESTMENT

It is proposed under the **fifteenth resolution** to renew the delegation granted to the Board of Directors to carry out capital increases through issuance of shares or securities giving access to the Company's share capital, by private investment. These share capital increases would be carried out with cancellation of preemptive subscription rights in favor of qualified investors or a limited circle of investors as defined in article L. 411-2 of the French Monetary and Financial Codeh which would enable the Company to benefit from flexible, fast access to the market. The Board of Directors proposes that the annual global ceiling of such capital increases be maintained at 15% of the share capital. The nominal amount of the securities to be issued pursuant to this delegation would be charged to the nominal amount of €15 million set for the share capital increases that may be carried out with cancellation of preemptive subscription rights. Lastly, the subscription price of the shares that may be issued pursuant to this delegation, shall be set in accordance with the provisions of article R. 225-119 of the French Code of Commerce: it shall thus be at least equal to the weighted average price of the three trading sessions preceding the determination of such a price, minus a maximum possible discount of 5%. This delegation would enable the Company to propose subscriptions for its securities, particularly to financial partners, with shorter completion times, giving it faster access to the market.

INCREASE IN THE NUMBER OF SHARES TO BE ISSUED IN CASE OF EXCESS DEMAND

In accordance with the provisions of article L. 225-135-1 of the French Code of Commerce, the delegation set in the **sixteenth resolution** would allow the Board of Directors, in case of excess demand for any issue decided under the thirteenth and fourteenth resolutions, to increase the number of shares to be issued in the conditions set forth by the law and within the limits of the global ceilings provided for by such resolutions. Pursuant to provisions of article R. 225-118 of the French Code of Commerce, applicable conditions are currently as follows: increase of the amount of the initial issue within 30 days from the closing of the subscription period, up to 15% of the initial issue and for an equal subscription price.

SETTING OF THE ISSUE PRICE

Moreover, you are asked under the **seventeenth resolution** to renew the authorization granted to the Board of Directors, in the event of the issue of shares and/or securities giving access to capital without preemptive subscription rights, to derogate, within the annual limit of 10% of the Company's capital, from their price-setting conditions and to fix such a price as follows:

- the issue price of ordinary shares should be at least equal to the closing price for Imerys shares on the stock market the day before the issue, minus a maximum possible discount of 10%; and
- the issue price of the securities giving access to capital shall be such that the sum immediately received by the Company plus, as the case may be, any sum that may be received later by the Company, is, for every ordinary share issued as a result of the issue of those securities, at least equal to the issue price of the above-mentioned shares.

This possibility, provided by the provisions of article L. 225-136, 1° paragraph 2 of the French Code Commerce would enable the Company to carry out capital increases in the event of a downward trend in the Imerys share price, which is not possible under the fourteenth resolution.

SHARE CAPITAL INCREASES AS COMPENSATION FOR CONTRIBUTIONS IN KIND

You are also upon called under the **eighteenth resolution** to renew the authorization granted to the Board of Directors to carry out one or more share capital increases as compensation for contributions in kind made to the Company outside any public exchange offer and comprised of securities representing shares in or giving access to capital of another company, within the limit of 10% of the Company's share capital and upon presentation of a report issued by one or more independent auditor(s).

With respect to Imerys' acquisition of the S&B group, announced in November 2014, the Board of Directors made use of the delegation of authority in force on February 26, 2015 for the purposes of issuing, for the benefit of S&B Minerals S.A, 3,728,308 Imerys new shares with a nominal value of 2 euros each, in compensation for the contribution by S&B Minerals S.A to Imerys of 2,531,964 common shares in S&B Minerals Finance SCA, which represents 40.84% of the share capital and voting rights in that company (for more information on the change in Imerys' capital*, see chapter 7, paragraph 7.2.1 of the Registration Document)*.

This share contribution was the subject of a contribution agreement on February 12, 2015 and of the reports by Mr. Jacquemard and Mr. Potdevin, appointed Contributions Auditors by order of the President of the Paris Chamber of Commerce on December 17, 2014, which were drawn up, on one hand, on the value of the contribution in kind in accordance with article L. 225-147 of the French Code of commerce and, on the other hand, on the compensation for the contribution in kind pursuant to Autorité des Marchés Financiers recommendation #2011-11.

Finally, the Board of Directors drew up an additional report on the definitive conditions for this issue and its impact on shareholders' situation and on the value of Imerys shares, which was provided to the shareholders prior to the present Meeting.

SHARE CAPITAL INCREASES BY INCORPORATION OF PREMIUMS, RESERVES OR OTHER ITEMS

The **nineteenth resolution** again provides for the possibility of increasing the share capital by incorporation of premiums, reserves, income or any other amounts that could be capitalized, within the limit of the global nominal amount provided for in the thirteenth resolution, i.e. €75 million. A share capital increase of this kind would involve the creation and allotment of free shares and/or an increase in the nominal value of existing shares.

ISSUE CEILINGS

The overall amount of the increases in Company share capital that may result from the use of the delegations and authorizations granted by the thirteenth, fourteenth, fifteenth, sixteenth, eighteenth and nineteenth resolutions would now be set at €75 million, i.e. around 50% of the share capital as of December 31, 2014 **(twentieth resolution)**. The overall nominal amount of shares that may be issued without preemptive subscription rights under the fifteenth, sixteenth and eighteenth resolutions shall be charged to the specific ceiling of €15 million set in the fourteenth resolution representing approximately 10% of the share capital as of December 31, 2014. The additional amount of any shares to be issued to maintain, in accordance with the law and with any contractual terms providing for other cases of adjustment, the rights of the holders of securities or rights giving access to capital that exist on the issue date, as the case may be, shall be added to that amount.

The maximum nominal amount of the debt securities that may be issued pursuant to the authorizations relating to the issue of securities giving access to capital, immediately or in the future granted by the thirteenth, fourteenth, fifteenth, sixteenth, eighteenth and nineteenth resolutions would be maintained at €1 billion.

8.1.7 SPECIFIC AUTHORIZATION GRANTED IN FAVOR OF EMPLOYEES AND/OR CORPORATE OFFICERS OF THE GROUP

(One resolution falling within the scope of the Extraordinary Shareholders' General Meeting)

SHARE CAPITAL INCREASES RESERVED TO EMPLOYEES THAT JOINED A COMPANY OR GROUP SAVINGS PLAN

As the present Meeting is called to rule on the renewal of delegation and financial authorizations in favor of the Board of Directors that may lead to one or more increases in the Company's capital, you are asked under the **twenty-first resolution** to renew, for a further period of 26 months, the delegation of authority previously granted to the Board of Directors by the Shareholders' General Meeting of April 25, 2013 in order to carry out capital increases reserved for employees and/or corporate officers that have joined a company or Group savings plan. Subject to your approval, this delegation shall replace the previous one which shall thus be rendered null and void.

The conditions of the existing authorization would remain unchanged: cancellation of the preemptive subscription rights in favor of the beneficiaries, price of the shares to be issued at least equal to 80% of the average stock market price for Imerys shares during the 20 trading sessions before the issue date in accordance with the law, and a nominal maximum increase in share capital set at €1.6 million. It is specified that this ceiling would be autonomous and separate from the overall capital increases ceiling set by the twentieth resolution.

8.1.8 POWERS

The **twenty-third 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 ISSUE OF SHARES AND MARKETABLE SECURITIES WITH RETENTION AND/OR WAIVER OF PREFERENTIAL SUBSCRIPTION RIGHTS

Ernst & Young et Autres
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92400 Courbevoie
Paris-La Défense 1

S.A.S. with variable capital
Statutory Auditors
Member of 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 euros
Statutory Auditors
Member of compagnie régionale de Versailles.

Combined Shareholders' Meeting of April 30, 2015

13th, 14th, 15th, 16th, 17th and 18th resolutions

This is a free translation into English of the Statutory Auditors' 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.

To the Shareholders,

In our capacity as Statutory Auditors of your Company (the "Company") and pursuant to the procedures set forth in Articles L. 228-92, L. 225-135 et seq., of the French Commercial Code (Code de commerce), we hereby present to you our report on the proposed delegations of authority to the Board of Directors to carry out various issues of shares and/or marketable securities, transactions on which you are being asked to vote.

Your Board of Directors proposes, based on its report:

- that shareholders delegate to it for a period of 26 months, the authority to decide on the following transactions and to set the final terms and conditions of these issues and proposes, when necessary, that you waive your preferential subscription rights:
  - issue, with retention of preferential subscription rights (13th resolution), of ordinary shares and/or all other marketable securities, whether or not debt securities, conferring entitlement to ordinary shares to be issued, of the Company or, in accordance with Article L.228-93 of the French Commercial Code, or of any company that owns, directly or indirectly more than half of the Company's share capital or in which the Company owns, directly or indirectly, more than half of the share capital,
  - issue, with waiver of preferential subscription rights, by a public offering (14th resolution), of ordinary shares and/or all other marketable securities, whether or not debt securities, conferring entitlement to ordinary shares to be issued, of the Company or, in accordance with Article L.228-93 of the French Commercial Code, or of any company that owns, directly or indirectly more than half of the Company's share capital or in which the Company owns, directly or indirectly, more than half of the share capital, it being specified that these shares may be transferred to the Company as part of a public exchange bid in accordance with the conditions set forth in Article L. 225-148 of the French Commercial Code,
  - issue, with waiver of preferential subscription rights, by an offering referred to in Article L. 411-2 II of the French Monetary and Financial Code (Code monétaire et financier) and up to a maximum of 15% of the share capital per year (15th resolution), of ordinary shares and/or all other marketable securities, whether or not debt securities, conferring entitlement to ordinary shares to be issued,
- that you authorize it, pursuant to the 17th resolution and in connection with the implementation of the delegation referred to in the 14th and 15th resolutions, to set the issue price for up to the annual legal maximum of 10% of the share capital,
- that you delegate to it, for a period of 26 months as from the date of this Shareholders' Meeting, the authority to issue ordinary shares and/or all other marketable securities, whether or not debt securities, conferring entitlement to ordinary shares to be issued, in consideration of in-kind contributions made to the Company that are comprised of equity securities or marketable securities conferring entitlement to the share capital (18th resolution), for up to a maximum of 10% of the Company's share capital.

The total nominal amount of potential capital increases likely to be carried out, immediately or in the future, may not exceed, pursuant to the 20th resolution, € 75 million pursuant to the 13th, 14th, 15th, 16th, 18th and 19th resolutions, it being specified that the total nominal amount of potential capital increases likely to be carried out may not exceed €15 million pursuant to the 14th, 15th, 17th and 18th resolutions. The total nominal amount of debt securities likely to be issued may not exceed, pursuant to the 20th resolution, €1 million pursuant to the 13th, 14th, 15th, 16th and 18th resolutions.

These ceilings include the additional number of marketable securities to be created as part of the delegations of authority resulting from the 13th, 14th and 15th resolutions, under the conditions set forth in Article L. 225-135-1 of the French Commercial Code, should you adopt the 16th resolution.

It is the responsibility of the Board of Directors to prepare a report in accordance with Articles R. 225-113 et seq., of the French Commercial Code. Our role is to express an opinion on the fair presentation of the quantified information extracted from the accounts, on the proposed waiver of preferential subscription rights and on certain other information concerning these transactions, contained in this report.

We performed the procedures that we deemed necessary in accordance with the professional guidelines of the French Institute of Statutory Auditors (Compagnie Nationale des Commissaires aux Comptes) relating to this type of engagement. These procedures consisted in verifying the content of the Board of Directors' report in respect of these transactions and the terms and conditions governing the determination of the issue price of equity securities to be issued.

Subject to a subsequent review of the terms and conditions of proposed issues that may be decided, we have no comments on the terms and conditions governing the determination of the issue price of equity securities to be issued presented in the Board of Directors' report in connection with the 14th, 15th and 17th resolutions.

Furthermore, as the report does not include information on the terms and conditions governing the determination of the issue price of equity securities to be issued pursuant to the 13th and 18th resolutions, we cannot express an opinion on the issue price calculation inputs.

As the final terms and conditions under which the issues will be performed have not yet been decided, we do not express an opinion on the final terms and conditions under which the issues will be performed and, as such, on the proposed waiver of preferential subscription rights submitted for your approval in the 14th and 15th resolutions.

In accordance with Article R. 225-116 of the French Commercial Code, we shall issue an additional report, if necessary, on the performance by your Board of Directors of any issues of marketable securities which are equity securities conferring entitlement to other equity securities or granting entitlement to debt securities, issues of marketable securities conferring entitlement to other equity securities to be issued and issues of shares with waiver of preferential subscription rights.

Paris-La Défense and Neuilly-sur-Seine, March 18, 2015

The Statutory Auditors

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

8.2.2 STATUTORY AUDITORS' REPORT ON THE ISSUE OF ORDINARY SHARES AND/OR MARKETABLE SECURITIES CONFERRING ENTITLEMENT TO SHARE CAPITAL RESERVED FOR EMPLOYEES OF A CORPORATE SAVINGS PLAN OF THE COMPANY OR ITS GROUP

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S.A.S with variable capital
Statutory Auditors
Member of compagnie régionale de Versailles

DELOITTE & ASSOCIES
185, avenue Charles-de-Gaulle
92524 Neuilly-sur-Seine Cedex

S.A. with share capital of €1.723.040
Statutory Auditors
Member of compagnie régionale de Versailles

Combined Shareholders' Meeting of April 30, 2015

Twenty-first resolution

This is a free translation into English of the Statutory Auditors' report issued in Frenchand is provided solely for the convenience of English speaking readers.This report should be read in conjunction with, and construed in accordance with, French lawand professional auditing standards applicable in France.

To the Shareholders,

In our capacity as Statutory Auditors of your Company and in accordance with the procedures provided for in Articles L. 228-92 and L. 225-135 *et seq.* of the French Commercial Code (*Code de Commerce*), we hereby report to you on the proposed delegation to the Board of Directors of the authority to decide on the issue of ordinary shares and/or more generally all marketable securities conferring entitlement to the share capital of the Company, with waiver of preferential subscription rights, reserved for employees who are members of a corporate savings plan of the Company or its Group and/or its affiliated French or foreign companies or groupings within the meaning set forth in Article L. 225-180 of the French Commercial Code and Article L. 3344-1 of the French Labor Code (*Code du travail*), and who satisfy, in addition, all conditions required by the Board of Directors, for a maximum amount of €1,600,000, a transaction on which you are being asked to vote.

This transaction is submitted to you for your approval pursuant to Articles L. 225-129-6 of the French Commercial Code and L. 3332-18 *et seq.* of the French Labor Code.

Based on its report, your Board of Directors recommends that you confer on it, for a period of 26 months, the authority to decide on one or more issues and waive your preferential subscription rights to the marketable securities to be issued. If applicable, it will be responsible for determining the final issuance terms and conditions of this transaction.

It is the Board of Directors' responsibility to prepare a report in accordance with Articles R. 225-113 *et seq.* of the French Commercial Code. Our role is to express an opinion on the fairness of the quantified data extracted from the financial statements, on the proposed waiver of preferential subscription rights and on certain other information pertaining to the issuance as presented in this report.

We performed the procedures that we considered necessary in accordance with the professional guidelines of the French National Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*) applicable to this engagement. Such procedures consisted in verifying the content of the Board of Directors' report as it relates to this transaction and the terms and conditions in which the issue price of the equity securities to be issued was determined.

Subject to our subsequent review of the terms and conditions of the proposed issues, we have no comments to make on the procedures for determining the issue price of the equity securities to be issued presented in the Board of Directors' report.

As the final terms and conditions under which the issues will be carried out have not yet been set, we express no opinion on them and, consequently, on the proposed waiver of the preferential subscription rights on which you are being asked to vote.

In accordance with Article R. 225-116 of the French Commercial Code, we will issue a supplementary report, where necessary, when this delegation of authority is utilized by your Board of Directors in the event of the issue of ordinary shares, in the event of the issue of marketable securities which are equity securities conferring entitlement to other equity securities and in the event of the issue of marketable securities conferring entitlement to equity securities to be issued.

Paris-La Défense and Neuilly-sur-Seine, March 18, 2015

The Statutory Auditors

ERNST & YOUNG et Autres
Jean-Roch VARON

Deloitte & Associés
Arnaud de PLANTA

8.2.3 STATUTORY AUDITORS' REPORT ON THE CAPITAL DECREASE

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S.A. with share capital of €1.723.040
Statutory Auditors
Member of compagnie régionale de Versailles

Combined Shareholders' Meeting of April 30, 2015

Twenty-second resolution

This is a free translation into English of the Statutory Auditors' report issued in Frenchand is provided solely for the convenience of English speaking readers.This report should be read in conjunction with, and construed in accordance with, French lawand professional auditing standards applicable in France.

To the Shareholders,

In our capacity as Statutory Auditors of your Company and in accordance with the procedures provided for in Article L. 225-209 of the French Commercial Code (*Code de Commerce*) on the decrease in share capital by the cancellation of shares purchased, we hereby report to you on our assessment of the reasons for and the terms and conditions of the proposed decrease in share capital.

Shareholders are requested to confer all necessary powers on the Board of Directors, during a period of twenty-six months starting from the day of this Meeting, to cancel, up to a maximum of 10% of its share capital by 24-month periods, the shares purchased by the Company pursuant to the authorization to purchase its own shares under the provisions of the above-mentioned article.

We performed the procedures that we considered necessary in accordance with the professional guidelines of the French National Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*) applicable to this engagement. Our procedures consisted, in particular, in verifying the fairness of the reasons for and the terms and conditions of the proposed decrease in share capital, which does not interfere with the equal treatment of shareholders.

We have no comments on the reasons for and the terms and conditions of the proposed decrease in share capital.

Paris-La Défense and Neuilly-sur-Seine, March 18, 2015

The Statutory Auditors

ERNST & YOUNG et Autres

Jean-Roch VARON

Deloitte & Associés

Arnaud de PLANTA

8.3 AGENDA

ORDINARY PART

1. Approval of the Company's management and annual financial statements for the financial year ended on December 31, 2014;
2. approval of the Group's consolidated financial statements for the financial year ended on December 31, 2014;
3. allocation of earnings and determining of dividend with respect to the financial year ended on December 31, 2014;
4. Statutory Auditors' special report referred to in article L. 225-40 of the French Code of Commerce and approval, pursuant to article L. 225-42-1 of the French Code of Commerce, of the commitments made by the Company in favor of Mr. Gilles Michel, Chairman and Chief Executive Officer;
5. opinion on the compensation items due or awarded for the financial year ended on December 31, 2014 to Mr. Gilles Michel, Chairman and Chief Executive Officer;
6. renewal of the term of office as Director of Mr. Xavier Le Clef;
7. renewal of the term of office as Director of Mr. Gilles Michel;
8. renewal of the term of office as Director of Mrs. Marie-Françoise Walbaum;
9. appointment of Mrs. Giovanna Kampouri Monnas as a new Director;
10. appointment of Mr. Ulysses Kiriacopoulos as a new Director;
11. appointment of Mrs. Katherine Taaffe Richard as a new Director;
12. repurchase by the Company of its own shares.

EXTRAORDINARY PART

13. Delegation of authority to the Board of Directors for the purposes of increasing capital by the issue of shares or securities giving access, immediately or in the future, to capital with shareholders' preemptive subscription right;
14. delegation of authority to the Board of Directors for the purposes of increasing capital by the issue of shares or securities giving access, immediately or in the future, to capital without shareholders' preemptive subscription right;
15. delegation of authority to the Board of Directors for the purposes of increasing capital by the issue of shares or securities giving access, immediately or in the future, to capital without shareholders' preemptive subscription right, under an offering by private investment with respect to section II of article L. 411-2 of the French Monetary and Financial Code;
16. delegation of authority to the Board of Directors for the purposes of increasing the number of shares to be issued under increases of share capital with or without shareholders' preemptive subscription right;
17. authorization to the Board of Directors to set the issue price of shares or securities giving access to capital, in the event of the cancellation of the shareholders' preemptive subscription right, within the limit of 10% of capital per year;
18. delegation of powers to the Board of Directors for the purposes of increasing capital in compensation for contributions in kind comprised of securities representing shares in or giving access to capital, within the limit of 10% of capital per year;
19. delegation of authority to the Board of Directors for the purposes of increasing capital by capitalization of premiums, reserves, income or other items;
20. overall limitation of the nominal amount of share capital increases that may result from the above delegations and authorizations;
21. delegation of authority to the Board of Directors for the purposes of increasing capital by the issue of shares reserved for members of a company savings plan of the Company or its Group with cancellation of the shareholders' preemptive subscription right;
22. authorization to the Board of Directors to reduce share capital by cancelling shares held by the Company;
23. 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, 2014

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, 2014

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, 2014

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:	€31,197,196.56
▮ increased by the retained earnings amounting to:	€129,107,183.03
▮ representing a total distributable amount of:	€160,304,379.59
▮ resolves to pay in respect of financial 2014 a dividend of €1.65 to each of the 79,927,273 shares that make up the share capital as on February 26, 2015, which represents a distribution of:	€(131,880,000.45)
▮ and allocates the remaining amount to retained earnings which now amount to:	€28,424,379.14

The Shareholders' General Meeting decides that the total amount of the dividend paid out shall be adjusted according to the exercise as from February 26, 2015 of subscription options for shares entitled to the dividend with respect to financial year 2014 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 12, 2015.

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 2013	Fiscal year 2012	Fiscal year 2011
Net dividend per share	€1.60[(1)]	€1.55[(1)]	€1.50[(1)]
Number of shares compensated	76,519,723	75,455,357	75,175,846
Total net distribution	€122.4 M	€116.9 M	€112.7 M

(1) Dividend eligible for the 40% allowance.

FOURTH RESOLUTION

Statutory Auditors' special report referred to in article L. 225-40 of the French Code of Commerce and approval, pursuant to article L. 225-42-1 of the French Code of Commerce, of the commitments made by the Company in favor of Mr. Gilles Michel, Chairman and Chief Executive Officer

The Shareholders' General Meeting, ruling in 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 Code of Commerce, and ruling on that report, again approves, in accordance with the provisions of paragraph 4 of article L. 225-42-1 of the French Code of Commerce, the whole commitments made by the Company in favor of Mr. Gilles Michel, Chairman and Chief Executive Officer, concerning the defined benefit and defined contribution supplementary pension plans of which Mr. Gilles Michel, Chairman and Chief Executive Officer, is a beneficiary, the severance indemnity that would be owed to him in the event that his corporate office was terminated and the social guarantee for company managers and executives that he is benefiting, subject to the renewal of his term of office as Director by the present Meeting (7th resolution) and the renewal of his office as Chairman and Chief Executive Officer by the Board of Directors.

FIFTH RESOLUTION

Opinion on the compensation items due or awarded for the financial year ended December 31, 2014 to Mr. Gilles Michel, Chairman and 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 favorable opinion on the compensation items due or awarded for fiscal 2014 to Mr. Gilles Michel, Chairman and Chief Executive Officer, as described in the presentation of the resolutions by the Board of Directors, in chapter 8 of the Company's 2014 Registration Document.

SIXTH RESOLUTION

Renewal of the term of office as Director of Mr. Xavier Le Clef

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. Xavier Le Clef'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 2018 to rule on the management and financial statements for financial year 2017.

SEVENTH RESOLUTION

Renewal of the term of office as Director of Mr. Gilles Michel

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. Gilles Michel'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 2018 to rule on the management and financial statements for financial year 2017.

EIGHTH RESOLUTION

Renewal of the term of office as Director of Mrs. Marie-Françoise Walbaum

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. Marie-Françoise Walbaum'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 2018 to rule on the management and financial statements for financial year 2017.

NINTH RESOLUTION

Appointment of Mrs. Giovanna Kampouri Monnas 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, Mrs. Giovanna Kampouri Monnas for a period that, pursuant to statutory provisions, will expire at the end of the Shareholders' General Meeting called upon in 2018 to rule on the management and financial statements for financial year 2017.

TENTH RESOLUTION

Appointment of Mr. Ulysses Kiriacopoulos 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 Mr. Ulysses Kiriacopoulos for a period that, pursuant to statutory provisions, will expire at the end of the Shareholders' General Meeting called upon in 2018 to rule on the management and financial statements for financial year 2017.

ELEVENTH RESOLUTION

Appointment of Mrs. Katherine Taaffe Richard 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, Mrs. Katherine Taaffe Richard for a period that, pursuant to statutory provisions, will expire at the end of the Shareholders' General Meeting called upon in 2018 to rule on the management and financial statements for financial year 2017.

TWELFTH 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 subsequent cancellation of the shares acquired by reducing the Company's capital, subject to the approval by the present Shareholders' General Meeting of the 22nd resolution;
- covering the stock purchase option plans and/or free share award plans, as well as any grant of shares under shareholding plans set up by the Company (or assimilated plans), or with respect to profit-sharing and/or any other forms of grant, award or transfer of shares to current employees, former employees and/or corporate officers of the Company and/or any related companies pursuant to articles L. 225-180 and L. 23-16 of the French code of commerce;
- awarding or exchanging shares purchased on the occasion, in particular, of rights exercises or issues of securities giving the right by redemption, conversion, swap, warrant or in any other manner to the grant of shares;
- keeping shares with a view to their later transfer for exchange or payment, under or following external growth, merger, split or contribution operations;
- ensuring 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
- more generally, operating for any other purpose that is or may come to be authorized by law, and/or implementing any market practice that may come to be authorized by Autorité des Marchés Financiers.

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, 2015, that is 7,588,559 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 €645 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

THIRTEENTH RESOLUTION

Delegation of authority to the Board of Directors for the purposes of increasing the share capital by the issue of common shares or of securities giving access to capital immediately or in the future with preemptive subscription right

The Shareholders' Meeting, ruling in the quorum and majority conditions required for extraordinary general meetings, after examining the Board of Directors' report and the Auditors' special report and in accordance with the provisions of articles L. 225-129-2, L. 228-91 et seq. of the French Code of Commerce:

1) delegates its authority to the Board of Directors to decide the capital increase of the Company, in one or more times, in the proportions and at the times that it judges fit, on the French market and/or the international market, in euros or any other currency by the issue, with preemptive subscription right, of common shares and/or any other securities in the Company, whether or not they represent debt, giving access by any means, immediately or in the future, at any time or on set dates, to common shares in the Company to be issued, or, in accordance with article L. 228-93 of the French Code of Commerce, in any company that directly or indirectly owns more than half its capital or of which it directly or indirectly owns more than half the capital, whether by subscription, conversion, exchange, redemption, presentation of a warrant of in any other way, such securities being issued in euros or in any monetary unit determined by reference to several currencies;

2) resolves to limit as follows the amounts of the authorized issues in the event of the Board of Directors using the present delegation of authority:

- the total nominal amount of common shares that may be issued, whether directly or on presentation of securities, pursuant to the present delegation shall not be greater than 75 million euros, which represents, for guidance only, 50% of the Company's capital as on December 31, 2014, it being specified that the nominal amount of those issues shall be charged against the total ceiling for rights issues set down in the twentieth resolution, and that any additional nominal amount of shares to be issued to maintain, in accordance with the law and applicable contractual stipulations, the rights of bearers of securities or of rights giving access to capital shall be added to that amount,
- the total nominal amount of debt securities that may be issued pursuant to the present delegation and which give access, whether immediately or in the future, to the Company's capital, shall not be greater than 1 billion euros or the equivalent of that amount on the date of the issue decision, it being specified that the nominal amount of these issues shall be charged against the overall issue ceiling for debt securities set down in the twentieth resolution;

3) in the event of the use of the present delegation of authority:

- resolves that the issue or issues shall be preferentially reserved for shareholders who may subscribe on an irreducible basis,
- grants the Board of Directors the possibility of instituting a reducible subscription right,
- in accordance with the provisions of article L. 225-134 of the French Code of Commerce, resolves that, if the irreducible subscriptions and, as the case may be, any reducible subscriptions have not taken up the whole of an issue as defined above, the Board of Directors may use one or more of the following possibilities in the order that it judges fit:
  - limit the amount of the subscriptions, provided that such amount is at least three-quarters of the intended issue,
  - allocate freely all or part of the unsubscribed securities,
  - offer all or part of the unsubscribed securities to the public;

4) acknowledges that the present delegation entails the waiver by the shareholders of their preemptive subscription right to the shares to which the securities issued pursuant to the present delegation shall give the right;

5) resolves that the Board of Directors shall, within the limits set down above, have the necessary powers to:

- set the terms and conditions of the issue or issues, particularly the forms and characteristics of the securities to be issued, set the subscription opening and closing dates, acknowledge the completion of the resulting capital increases and amend the by-laws accordingly,
- charge, on its sole initiative, the capital increase expenses to the amount of related premiums and take from that amount the sums needed to increase the legal reserve to one-tenth of capital after each increase,
- make any adjustments required in accordance with applicable legal and contractual provisions and determine the arrangements, as the case may be, for maintaining the rights of the holders of securities or rights giving access to capital,
- in turn delegate the powers needed to carry out the issue, or to refrain therefrom, within the limits and according to the terms and conditions that the Board of Directors may set down beforehand, to the Chief Executive Officer or, in agreement with him, to one or more delegate Chief Executive Officers,
- and, more generally, take any measures, enter into any agreements, carry out any formalities and do what is necessary for the satisfactory completion of the issues under consideration;

6) sets at twenty-six months as from the date of the present Shareholders' Meeting the duration 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.

FOURTEENTH RESOLUTION

Delegation of authority to the Board of Directors for the purposes of increasing the share capital by the issue of common shares or securities giving access immediately or in the future to capital, with cancellation of the preemptive subscription right

The Shareholders' Meeting, ruling in the quorum and majority conditions required for extraordinary general meetings, after examining the Board of Directors' report and the Auditors' special report and in accordance with the provisions of articles L. 225-129-2, L. 225-135, L. 225-135-1, L. 225-136 and L. 228-91 et seq. of the French Code of Commerce:

1) delegates to the Board of Directors its authority to decide the capital increase of the Company, in one or more times, in the proportions and at the times that it sees fit, on the French market and/or the international market, by making a public offering by the issue in euros or any other currency of common shares and/or any other securities in the Company, which may or not represent debt, giving access by any means, immediately or in the future, at any time or on set dates, to common shares in the Company to be issued or, in accordance with article L. 228-93 of the French Code of Commerce, in a company that directly or indirectly owns more than half of its capital or of which it directly or indirectly owns more than half the capital, whether by subscription, conversion, exchange, redemption, presentation of a warrant of in any other way, such securities being issued in euros or in any monetary unit determined by reference to several currencies;

2) resolves to limit the amounts of issues authorized in the event of the Board of Directors using the present delegation of authority:

- the total nominal amount of the shares that may be issued, whether directly or on presentation of securities, pursuant to the present delegation shall not be greater than 15 million euros, i.e., for guidance only, approximately 10% of the Company's capital as on December 31, 2014, it being specified that the nominal amount of these issues shall be charged against the overall ceiling for capital issues set down in the twentieth resolution, and that any additional nominal amount of shares to be issued to maintain, in accordance with the law and applicable contractual stipulations, the rights of bearers of securities or of rights giving access to capital shall be added to that amount,
- the total nominal amount of the debt securities that may be issued pursuant to the present delegation and which give access, whether immediately or in the future, to the Company's capital shall not be greater than 1 billion euros or the equivalent amount on the date of the issue decision, it being stipulated that the nominal amount of these issues shall be charged against the overall ceiling for debt securities set down in the twentieth resolution;

3) resolves to cancel the preemptive subscription right of shareholders to the securities concerned by the present resolution, while however giving the Board of Directors the possibility, in accordance with the provisions of article L. 225-135 of the French Code of Commerce, to grant shareholders, for a period and at the terms and conditions that it shall set and for all or part of an issue, a subscription priority that does not give the right to the creation of negotiable rights, which must be exercised in proportion to the number of shares owned by each shareholder;

4) acknowledges that the present delegation entails the waiver by the shareholders of their preemptive subscription right to the shares in the Company to which the securities issued pursuant to the present delegation may give the right;

5) decides that:

- the issue price of the common shares issued pursuant to the present delegation shall be determined by the Board of Directors in accordance with the provisions of articles L. 225-136 1° and R. 225-119 of the French Code of Commerce and shall be at least equal to the weighted average price of the Imerys share for the three trading sessions prior to the determination of that price, minus a maximum possible discount of 5%,
- the issue price of the securities giving access to the Company's capital shall be such that the sum immediately received, plus, as the case may be, the sum that may to be received later, shall, for each common share in the Company issued as a result of the issue of those securities, be at least equal to the minimum price defined in the previous paragraph after correcting, if need be, that amount to take into account the difference in dated date;

6) resolves that the Board of Directors may, within the limit of the overall issue amount authorized in paragraph 2) above, issue common shares and/or securities giving access, whether immediately or in the future, to the Company's capital, in compensation for the securities contributed to the Company with respect to a public exchange offer within the limits and under the conditions provided by article L. 225-148 of the French Code of Commerce;

7) resolves that the Board of Directors shall, within the limits set down above, have the necessary powers to:

- set the terms and conditions of the issue or issues, particularly the forms and characteristics of the securities to be issued, set the subscription opening and closing dates, acknowledge the completion of the resulting capital increases and amend the by-laws accordingly,
- in the event of the issue of securities intended as compensation for securities contributed with respect to a public exchange offer: draw up the number and characteristics of securities contributed in exchange, set the terms and conditions of the issue, the exchange rate and, as the case may be, the amount of the balancing cash adjustment to be made in cash, and determine the arrangements for the issue,
- charge, on its sole initiative, the capital increase expenses to the amount of related premiums and take from that amount the sums needed to increase the legal reserve to one-tenth of capital after each increase,

- make any adjustments required in accordance with applicable legal and contractual provisions and determine the arrangements, as the case may be, for maintaining the rights of the holders of securities or rights giving access to capital,
- in turn delegate the powers needed to carry out the issue, or to refrain therefrom, within the limits and according to the terms and conditions that the Board of Directors may set down beforehand, to the Chief Executive Officer or, in agreement with him, to one or more delegate Chief Executive Officers,
- and, more generally, take any measures, enter into any agreements, carry out any formalities and do what is necessary for the satisfactory completion of the issues under consideration;

8) sets at twenty-six months as from the date of the present Shareholders' Meeting the duration of the present delegation, which renders null and void any previous delegation granted to the Board of Directors for the same purposes.

FIFTEENTH RESOLUTION

Delegation of authority to the Board of Directors for the purposes of increasing capital by the issue of shares or securities giving access, immediately or in the future, to capital without preemptive subscription right, under an offering by private investment with respect to section II of article L. 411-2 of the French Monetary and Financial Code

The Shareholders' Meeting, ruling in the quorum and majority conditions required for extraordinary general meetings, after examining the Board of Directors' report and the Auditors' special report and in accordance with the provisions of articles L. 225-129-2, L. 225-135, L. 225-136 and L. 228-91 et seq. of the French Code of Commerce and article L. 411-2 of the French Monetary and Financial Code:

1) delegates to the Board of Directors its authority to decide the capital increase of the Company, in one or more times, in the proportions and at the times that it sees fit, with respect to an offering by private investment as provided by section II of article L. 411-2 of the Monetary and Financial Code, carried out in France or another country, concerning common shares and/or any other securities in the Company giving access, whether immediately or in the future, at any time or on set dates, to common shares, whether to be issued, in the Company, whether by subscription, conversion, exchange, retirement, presentation of a warrant or in any other way, with the possibility of stating the securities thus issued in foreign currencies or any monetary unit established in reference to several currencies;
2) acknowledges that the issues that may be made pursuant to the present delegation are, in accordance with the law, limited to 15% of capital per year, it being stipulated that this period of one year runs from each issue made pursuant to the present delegation;
3) resolves to set as follows the amount of authorized issues in the event of the Board of Directors' use of the present delegation of authority:

- the total nominal amount of shares that may be issued pursuant to the present delegation shall not be greater than 15% of the Company's capital on the day of issue, it being stipulated that the nominal amount of these issues shall be charged against the specific capital increase ceiling provided by paragraph 2 of the fourteenth resolution below, and that any additional nominal amount of shares to be issued to maintain, in accordance with the law and applicable contractual stipulations, the rights of bearers of securities or of rights giving access to capital shall be added to that amount,
- the total nominal amount of debt securities that may be issued pursuant to the present delegation and which give access, whether immediately or in the future, to the Company's capital shall not be greater than 1 billion euros or the equivalent amount on the date of the issue decision, it being stipulated that the nominal amount of these issues shall be charged against the overall ceiling for issues of debt securities set down in the twentieth resolution;

4) resolves to cancel the preemptive subscription right for shareholders to the securities coming under the present resolution;
5) acknowledges that the present delegation entails the waiver by the shareholders of their preemptive subscription right to the shares in the Company to which the securities issued pursuant to the present delegation may give the right;
6) resolves that:

- the issue price of the common shares issued pursuant to the present delegation shall be set by the Board of Directors in accordance with the provisions of articles L. 225-136 1° and R. 225-119 of the French Code of Commerce and shall be at least equal to the weighted average of Imerys share prices for the last three trading sessions prior to its definition, reduced as the case may be by a maximum 5% discount,
- the issue price of the securities giving access to the Company's capital shall be such that the sum received immediately, plus, as the case may be, the sum to received later, shall, for every common share in the Company issued as a result of the issue of those securities, be at least equal to the minimum price defined in the previous paragraph after correcting, if need be, that amount to take into account the difference in dated date;

7) resolves that the Board of Directors shall, within the limits set down above, have the necessary powers to:

- set the conditions of the issue(s), particularly the forms and characteristics of the securities to be created, set the subscription opening and closing dates, acknowledge the completion of the resulting capital increases, and amend the by-laws accordingly,
- charge, on its sole initiative, capital increase expenses against the amount of related premiums and take from that amount the sums needed to increase the legal reserves to one-tenth of capital after each increase,

- make any adjustments required in compliance with applicable legal and contractual provisions and set down the arrangements, as the case may be, for maintaining the rights of bearers of securities or rights giving access to capital,
- itself delegate to the Chief Executive Officer, or with his agreement to one or more delegate Chief Executive Officers, the powers needed to complete the capital increase and to delay it within the limits and according to the arrangements that Board of Directors may set down beforehand,
- and, more generally, take any measures, enter into any agreements, carry out any formalities and do whatever is necessary to complete the issues under consideration successfully;

8) sets at twenty-six months as from the date of the present Shareholders' Meeting the duration of the present delegation.

SIXTEENTH RESOLUTION

Delegation of authority to the Board of Directors for the purposes of increasing the number of shares to be issued under increases of share capital with or without shareholders' preemptive subscription right

The Shareholders' Meeting, ruling in the quorum and majority conditions required for extraordinary general meetings, after examining the Board of Directors' report and the Auditors' special report and in accordance with the provisions of article L. 225-135-1 of the French Code of Commerce:

1) delegates to the Board of Directors, with the possibility of sub-delegating in the conditions provided by law, its authority to increase the number of securities to be issued under in the initial issue that may be decided under the thirteenth, fourteenth or fifteenth resolutions of the present Shareholders' General Meeting, within the percentage limit of the initial issue provided for by the legal and regulatory provisions in force at the time of issue, it being understood that the issue price shall be the same as that of the initial issue;
2) decides that the nominal amount of the issues that may be decided under the present resolution shall be charged to the specific ceiling applicable to the initial issue amount set up by the thirteenth, fourteenth or fifteenth resolutions of the present Shareholders' General Meeting, as the case may be, and to the overall ceiling set down in the twentieth resolution;
3) sets at twenty-six months as from the date of the present Shareholders' Meeting the duration of the present delegation.

SEVENTEENTH RESOLUTION

Authorization to the Board of Directors for the purposes of setting the issue price of common shares and securities giving access to capital, in the event of cancellation of the preemptive subscription right of shareholders and within the limit of 10% of share capital per year

The Shareholders' Meeting, ruling in the quorum and majority conditions required for extraordinary general meetings, after examining the Board of Directors' report and the Auditors' special report and in accordance with the provisions of articles L. 225-129-2 and L. 225-136, 2° of paragraph 1 of the French Code of Commerce:

1) authorizes the Board of Directors, in the event of an issue of common shares and/or securities giving access to capital without preemptive subscription rights, in the conditions provided by the fourteenth and fifteenth resolutions, within the annual limit of 10% of the Company's capital as it exists at the end of the month prior to the issue date, to derogate from the price-setting conditions and set the issue price of common shares or securities giving access to capital at an amount that shall be at the least equal to:

- in the case of the issue price of common shares, the closing price of Imerys stock on the Euronext Paris market on the trading day prior to the date of setting the issue price, possibly reduced by a maximum 10% discount, and
- in the case of the issue price of securities giving access to capital, the amount such that the sum immediately received by the Company, plus, as the case may be, the amount to be perceived at a later date by the Company, i.e. for every common share issued as a result of the issue of those securities, at least equal to the issue price referred to in the previous paragraph;

2) states, as need be, that the amount of the issues made with respect to the present delegation shall be charged against the specific ceiling for capital increases referred to in paragraph 2 of the fourteenth resolution above;
3) sets at twenty-six months as from the date of the present Shareholders' Meeting the duration of the present delegation, which renders null and void any previous delegation granted to the Board of Directors for the same purposes.

EIGHTEENTH RESOLUTION

Authorization to the Board of Directors for the purposes of increasing the share capital in compensation for contributions in kind made up of securities representing shares in or giving access to capital, within the limit of 10% of the share capital per year

The Shareholders' Meeting, ruling in the quorum and majority conditions required for extraordinary general meetings, after examining the Board of Directors' report and the Auditors' special report and in accordance with the provisions of articles L. 225-147 and L. 228-91 et seq. of the French Code of Commerce:

1) delegates to the Board of Directors the powers needed for the purposes of carrying out, upon the report of one or more capital contributions auditors, within the limit of 10% of the Company's capital, as it exists on the date on which the present delegation is used, the issue of common shares and/or any other securities, whether or not debt securities, which give access by any means, whether immediately or in the future, at any time or at set dates, to common shares, whether in existence or to be created, in the Company, in compensation for the contributions in kind made to the Company and made up of securities representing shares in or giving access to capital, if the provisions of article L. 225-148 of the French Code of Commerce do not apply;
2) resolves that the nominal amount of the issues carried out pursuant to the present delegation shall be charged against the specific ceiling for capital increases referred to in paragraph 2 of the fourteenth resolution, and that any additional nominal amount of shares to be issued to maintain, in accordance with the law and applicable contractual stipulations, the rights of bearers of securities or of rights giving access to capital shall be added to that amount;
3) acknowledges that the present delegation entails the waiver by the shareholders of their preemptive subscription right to the shares in the Company to be issued with respect to the present delegation for the benefit of the bearers of shares or securities representing shares in or giving access to capital which make up the contributions in kind;
4) resolves that the Board of Directors shall have, within the limits set above, the powers needed, with the possibility of sub-delegating in the conditions provided by law, to rule on the appraisal of the contributions and the report of the capital contributions auditor(s), set down the arrangements and conditions for the authorized operations and, in particular, the appraisal of the contributions and, as the case may be, the grant of special advantages, set down the number and characteristics of the securities to be issued in compensation for the contributions, make any charges, as the case may be, to the share premiums, amend the by-laws accordingly, carry out any formalities, make any statements and do what is necessary to complete successfully the operations thus authorized;
5) sets at twenty-six months as from the date of the present Shareholders' Meeting the duration of the present delegation, which renders null and void any previous delegation granted to the Board of Directors for the same purposes.

NINETEENTH RESOLUTION

Delegation of authority to the Board of Directors for the purposes of increasing the share capital by capitalization of premiums, reserves, income or other items

The Shareholders' Meeting, ruling in the quorum and majority conditions required for ordinary general meetings, after examining the Board of Directors' report and in accordance with the provisions of articles L. 225-129, L. 225-129-2 and L. 225-130 of the French Code of Commerce:

1) delegates to the Board of Directors its authority to decide the capital increase of the Company, in one or more times, in the proportions and at the times that it sees fit, by capitalization of all or part of premiums, reserves, income or other items which incorporation to the capital would be admitted, in the form of a free share grant or an increase in the par value of existing shares or by the combined use of those processes;
2) resolves that the total nominal amount of the common shares that may be issued under the present delegation, shall not be greater than the specific ceiling of capital increase set at paragraph 2 of the thirteenth resolution above, it being specified that to such amount shall be added, as the case may be, the additional amount of any shares to be issued to maintain, in accordance with the applicable law and contractual terms, the rights of the holders of securities or rights giving access to capital that shall exist on the issue date;
3) resolves that the Board of Directors shall, within the limits set down above, have the necessary powers to:

- set the terms and conditions of the issue or issues, in particular set the amount and the nature of the reserves or premiums to be incorporated to the share capital, set the number of new shares to be issued or the amount by which the par value of the shares that make up the share capital shall be increased, set the date, even retrospectively, from which the new shares shall give entitlement or from which the increase in nominal amount shall take effect, and acknowledge the completion of the resulting capital increases and amend the by-laws accordingly,
- charge, on its sole initiative, the capital increase expenses to the amount of related premiums and take from that amount the sums needed to increase the legal reserve to one-tenth of capital after each increase,
- make any adjustments required in accordance with applicable legal and contractual provisions and determine the arrangements, as the case may be, for maintaining the rights of the holders of securities or rights giving access to capital,
- resolve, as the case may be, that any rights forming odd lots shall not be negotiable and that the corresponding shares shall be sold, with the sums resulting from the sale allocated to the holders of rights within the timeframe set by legal provisions,
- in turn delegate the powers needed to carry out the issue, or to refrain there from, within the limits and according to the terms and conditions that the Board of Directors may set down beforehand, to the Chief Executive Officer or, in agreement with him, to one or more deputy Chief Executive Officers,
- and, more generally, take any measures, enter into any agreements, carry out any formalities and do what is necessary for the satisfactory completion of the issues under consideration;

4) sets at twenty-six months as from the date of the present Shareholders' Meeting the duration of the present delegation, which renders null and void any previous delegation granted to the Board of Directors for the same purposes.

TWENTIETH RESOLUTION

Overall limitation of the nominal amount of share capital increases that may result from the above delegations and authorizations

The Shareholders' Meeting, ruling in the quorum and majority conditions required for extraordinary general meetings, after examining the Board of Directors' report decides to set:

- at 75 million euros the maximum nominal amount of the capital increase, whether immediate or in the future, that may be carried out pursuant to the delegations and authorizations given by the thirteenth, fourteenth, fifteenth, sixteenth, eighteenth and nineteenth resolutions of the present Meeting, with any additional nominal amount of shares to be issued to maintain, in accordance with the law and applicable contractual stipulations, the rights of bearers of securities or of rights giving access to capital to be added to that amount;
- at 1 billion euros, or the equivalent amount on the date of the issue decision, the maximum nominal amount of the debt securities that may be issued pursuant to the delegations and authorizations relating to the issue of securities giving access, whether immediately or in the future, to a share of capital or securities giving the right to the grant of debt securities, given by the thirteenth, fourteenth, fifteenth, sixteenth and eighteenth resolutions of the present Meeting.

TWENTY-FIRST RESOLUTION

Delegation of authority to the Board of Directors for the purposes of increasing the share capital by the issue of shares or securities giving access to capital reserved for members of a company savings plan of the Company or its Group

The Shareholders' Meeting, ruling in the quorum and majority conditions required for extraordinary general meetings, after examining the Board of Directors' report and the Auditors' special report, with respect to the provisions of articles L. 3332-1 et seq. of the French Labor Code concerning employee shareholding and pursuant to articles L. 225-129-2 to L. 225-129-6 and article L. 225-138-1 of the French Code of Commerce:

1) delegates to the Board of Directors its authority to decide the capital increase of the Company, in one or more times, in the proportions and at the times that is sees fit, by the issue of common shares in the Company and/or any other securities giving access by any means, immediately or in the future to the capital of the Company reserved for members of a company or a group savings plan of the Company and/or of the French or foreign companies or groups affiliated to it in the sense of articles L. 225-180 of the French Code of Commerce and article L. 3344-1 of the French Labor Code, who also meet any other conditions imposed by the Board of Directors;
2) resolves that the nominal amount of the share capital increases that may be carried out pursuant to the present delegation shall not be greater than 1.6 million euros, i.e. for guidance only, approximately 1% of the Company's capital as on December 31, 2012, it being specified that this ceiling is autonomous and separate from the overall capital increase ceiling set by the twenty-first resolution of the present Meeting, and that, as the case may be, the nominal amount of the shares to be issued to maintain, in accordance with the law and applicable contractual stipulations, the rights of bearers of securities or rights giving access to capital, shall be added to that amount;
3) resolves that the subscription price of the shares issued pursuant to the present delegation shall not be less than the average of the last prices listed for the twenty stock market trading days leading up to the date of the Board of Directors' decision setting the subscription opening date, minus, as the case may be, the maximum discount allowed by law on the date of the Board of Directors' decision;
4) resolves to cancel shareholders' pre-emptive subscription right to the securities to be issued in favor of the beneficiaries mentioned above;
5) grants all powers, with the possibility of sub-delegating in the conditions provided by the law, to the Board of Directors to implement the present delegation and, in particular, for the purposes of:
   - determining the companies of which the employees and officers may benefit from the subscription offer for the issues coming under the present delegation,
   - set down the conditions, particularly as regards length of service, that the beneficiaries of those subscription offers must meet,
   - set down the conditions of the issues, acknowledge the capital increase or increases resulting from any issue made using the present delegation, amend the by-laws accordingly,
   - set the subscription opening and closing dates, the price and dated date of the issued securities, and the share paying-up arrangements,
   - decide whether the subscriptions may be carried out directly and/or indirectly through mutual funds,
   - set the arrangements and conditions for joining company or group savings plan, draw up their regulations or, in the event of preexisting plans, modify the regulations, if needed,
   - make, as the case may be, on its sole decision and if it sees fit, any charges to the premium or premiums related to the capital increases, particularly for the expenses, fees and duties arising from the completion of the issues, and take from these premiums the sums needed to increase the legal reserve to one-tenth of the new share capital after each capital increase,
   - make any adjustments required in accordance with applicable legal and contractual provisions and determine the arrangements, as the case may be, for maintaining the rights of the holders of securities or rights giving access to capital,
   - generally take any useful measures, enter into any agreements, carry out or have carried out any acts or formalities and do the necessary to complete successfully the planned issues;
6) sets at twenty-six 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.

TWENTY-SECOND RESOLUTION

Authorization to the Board of Directors to reduce the share capital by cancelling shares held by the Company

The Shareholders' Meeting, ruling in the quorum and majority conditions required for extraordinary general meetings, after examining the Board of Directors' report and the Auditors' special report:

1) authorizes the Board of Directors, with the possibility of sub-delegating in the conditions provided by the law, to cancel, in one or more times, the shares held by the Company in itself within the limit of 10% of capital per twenty-four month period, and to reduce the share capital accordingly by charging the difference between the purchase value and the nominal value of the cancelled shares to available premiums and reserves;
2) grants all powers to the Board of Directors for the purposes of setting the definitive amount of the capital reduction within the limits provided by law and by the present resolution, to set its arrangements, acknowledge its completion, charge the difference between the purchase value and the nominal value of the cancelled shares to the available premiums and reserves of its choice, carry out all acts, formalities or declarations in order to make the capital increases carried out pursuant to the present authorization definitive and amend the by-laws accordingly;
3) sets at twenty-six months from the date of the present Shareholders' Meeting the duration of the present authorization, which renders null and void, any previous delegation granted to the Board of Directors for the same purposes.

TWENTY-THIRD RESOLUTION

Powers

The Shareholders' Meeting, ruling in 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 46 to 57 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 58 to 61. The report on the consolidated statements for the period ending December 31, 2013, incorporated by reference to the corresponding historical financial statements as specified on page 317 of the present Registration Document, contains an observation concerning the financial year's changes of method.

Paris, March 19, 2015

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, 2013, 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 164 to 235, 236 to 256, 66 to 69, 70 to 71, and 54 to 65 of the 2013 Registration Document filed with Autorité des marchés financiers (French Securities Regulator) on March 20, 2014 under number D.14-0173;
- 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.

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

Kriton Anavlavis, 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.

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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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