UNIVERSAL REGISTRATION DOCUMENT

ANNUAL FINANCIAL REPORT

2019

IMERYS

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2019

Universal Registration Document

including the Annual Financial Report

The world's leading provider in mineral-based specialties for industry, Imerys delivers high value-added, functional solutions to a great number of industries, ranging from process manufacturing to consumer goods. The Group draws on its understanding of applications, technological knowledge and expertise in materials science to deliver solutions by beneficiating its mineral resources, synthetic minerals and formulations. Imerys contributes essential properties to customers' products and their performance, including heat resistance, hardness, conductivity, opacity, durability, purity, lightness, filtration, adsorption and water repellency. Imerys meets ambitious targets to develop responsibly, focusing on people, the environment and corporate governance.

AUTORITÉ DES MARCHÉS FINANCIERS
AMF

The French version of this Universal Registration Document was filed on March 24, 2020 with the AMF, in its capacity as competent authority under Regulation (EU) 2017/1129, without prior approval in accordance with Article 9 of said Regulation. The Universal Registration Document can be used for the purposes of a public offering of securities or the admission of securities to trading on a regulated market if it is supplemented by a transaction note and if necessary , a summary and all the amendments made to the Universal Registration Document. The assembly then formed is approved by the AMF in accordance with Regulation (EU) 2017/1129.

OUR GROUP'S FIRST INTEGRATED REPORT

Imerys is launching its first integrated report this year to better present how it creates long-term value for the benefit of its stakeholders. The result of work involving the entire Group Executive Committee and steered by the Financial Communication, this report aims to give the reader a global vision of the Group's main strategic, financial and non-financial challenges before the detailed presentation of items required as part of the Universal Registration Document.

1 INTEGRATED REPORT

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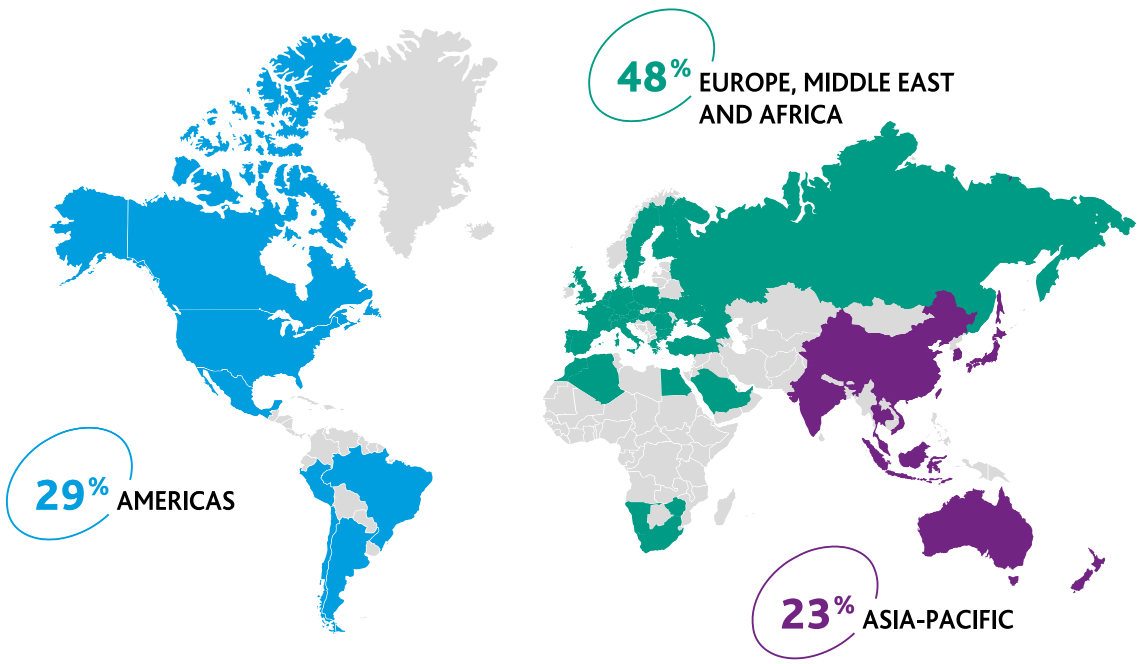
1.1 IMERYS, THE WORLD'S LEADING SUPPLIER OF MINERAL-BASED SPECIALTY SOLUTIONS FOR INDUSTRY

ABOUT IMERYS

As the world's leading supplier of mineral-based specialty solutions for industry, Imerys delivers high value-added, functional solutions to a wide variety of industries, ranging from process manufacturing to consumer goods. The Group draws on its understanding of applications, technological knowledge and expertise in material science to deliver solutions by beneficiating its mineral resources, synthetic minerals and formulations. Imerys contributes essential properties to customers' products and their performance, including heat resistance, hardness, conductivity, opacity, durability, purity, lightness, filtration, adsorption and water repellency. The Group pursues a number of ambitious goals to achieve responsible growth, with respect to the environment, social and its own governance (ESG).

▪ 2019 CONSOLIDATED REVENUE (%)



▪ 2019 KEY FIGURES

€4.4 billion
REVENUE

€3.0 billion
MARKET CAPITALIZATION (31/12)

142 COUNTRIES
COMMERCIAL PRESENCE

224
INDUSTRIAL SITES

16,305
EMPLOYEES

40 COUNTRIES
INDUSTRIAL SITES

>15,000
CUSTOMERS

#1
IN 75% OF MARKETS

KEY FIGURES

	2018	2019	Medium-term objectives[1]
Results and profitability *(€ millions)*		*(post IFRS 16)*	
Revenue	4,590	4,354	
Change at constant scope and exchange rates	+3.4%	-3.8%	▪ Organic growth in line with underlying markets in 2022
Current EBITDA	793	765	▪ Gross cost savings of €100 million by 2022
Current EBITDA margin	17.3%	17.6%	▪ Improvement in current EBITDA margin of 200 basis points compared with 2018
Current operating income	562	439	
Current operating margin	12.2%	10.1%	
Operating income	- 89	229	
Net income from current operations	357	277	
Net income, Group share	560	121	
Capital employed	5,506 [2]	5,635	
Data per share *(€)[2]*			
Net income from current operations, per share	€4.50	€3.50	
Net income per share	€7.06	€1.53	
Dividend per share	€2.150	€2.150 [3]	▪ Increase in dividend in line with the net income from current operations, with a flexible payout ratio
Balance Sheet and Cash Flow *(€ millions)*			
Net current free operating cash flow	286	348	
Capital expenditure	333	292	▪ Annual capital expenditure between €300 million and €350 million
Net financial debt	1,297	1,685	
Net financial debt/current EBITDA	1.6	2.2	
Equity	3,253	3,162	
Gearing	40%	53%	
Financial resources	3,312	3,183	
Moody's/Standard & Poor's rating	Baa2 / BBB	Baa2 / BBB	▪ Maintain a solid investment grade rating
Main non-financial indicators (see chapter 3 for the full list)			
Occupational health & safety:			▪ Improve Group Safety Culture Maturity to Level 3 across all business Area by the end of 2022 [5]
▪ Total recordable accident frequency rate[4]	4.32	3.22	
▪ Average level of maturity of operational sites	2.4	2.6	
Diversity and inclusion: proportion of women within the Group's senior management team	17%	20%	▪ Increase the number of women in senior management to 30% by the end of 2022
Environmental impact management: proportion of audits conducted against an environmental maturity matrix	10%	25%	▪ Conduct 100% of audit using the environmental maturity matrix by the end of 2022
Biodiversity and rehabilitation: level of completion of the biodiversity improvement program	-	43%	▪ Achieve 100% of objectives defined within Group act4nature commitment by the end of 2021
Climate change strategy: % reduction in CO_2 emissions by revenue compared to 2018[6]	-	-11%	▪ Reduce Group CO_2 emission by 36% relative to revenue (tCO_2/Eur) by 2030
Business conduct and responsible supply chain management: proportion of suppliers assessed against environmental, social and governance criteria[7]	13%	16%	▪ Evaluate at least 50% of Group suppliers by spend by end of 2022
Environmental, social and economic impact of products: proportion of product portfolio measured against environmental social and governance criteria	-	5%	▪ Assess Imerys at least 40% of Imerys product portfolio (by revenue) by the end of 2022

For further details on the definition and reconciliation of alternative performance measures, see chapter 5, paragraph 5.5 of the Universal Registration Document.

(1) Medium-term objectives announced at the Investor Day on June 13, 2019.
(2) Including the disposal of Imerys Toiture (October 2018).
(3) Proposal made by the Board of Directors and submitted for approval at the Shareholders' General Meeting.
(4) Includes all accidents without lost time whenever a healthcare professional is involved in the treatment, even if only for first aid.
(5) Level 3 corresponds to 'Proactive' level on the Imerys Safety Culture Maturity Matrix where Imerys Safety System is fully implemented, employees are engaged and contribute actively.
(6) Scopes 1 & 2 – Greenhouse gas emissions.
(7) By expenditure.

1.1.1 IMERYS AND ITS BUSINESS ECOSYSTEM

1.1.1.1 SPECIALTY SOLUTIONS WITH A DIFFERENTIATED VALUE PROPOSITION

As the world's leading supplier of mineral-based specialty solutions for industry, Imerys delivers high value-added, functional solutions to a wide variety of industries, ranging from process manufacturing to consumer goods. The Group draws on its understanding of applications, technological knowledge and expertise in material science to deliver solutions by beneficiating its mineral resources, synthetic minerals and formulations.

Imerys contributes essential properties to customers' products and their performance, including heat resistance, hardness, conductivity, opacity, durability, purity, lightness, filtration, adsorption and water repellency.

Furthermore, the Group pursues a number of ambitious goals to achieve responsible growth, with respect to labor, the environment, business conduct and governance.

Specialty solutions for a variety of markets

Imerys offers value-added solutions that are designed to meet the technical requirements of each customer.

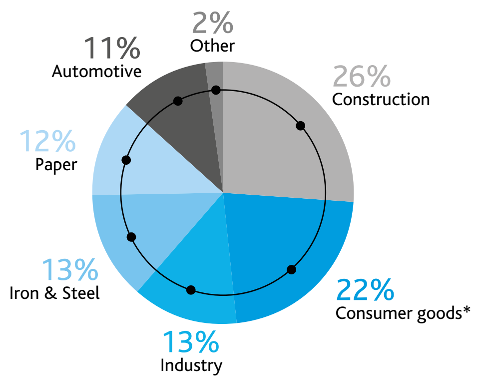
Imerys' solutions boost the performance of a very large number of applications, which can be split into three categories:

- **Functional additives:** added to the mineral formulation of customers' products, but account for only a minor share of the finished product's manufacturing cost (e.g. talc improves the rigidity of polymers used in the automotive industry, calcium carbonate makes plastic films breathable for use in food packaging, and calcium aluminates are used in self-leveling, quick drying cement floor screeds).
- **Mineral components:** essential constituents in the formulation of customers' products (e.g. zirconia oxygen sensors in combustion engine management systems and fused alumina in industrial abrasives).
- **Process enablers:** used in customers' manufacturing processes, but are not found in the end product (for example, diatomaceous earth, which is used to filter liquid foodstuffs and extract proteins from blood plasma by fractionation).

Imerys' mineral specialties are split into two market segments:

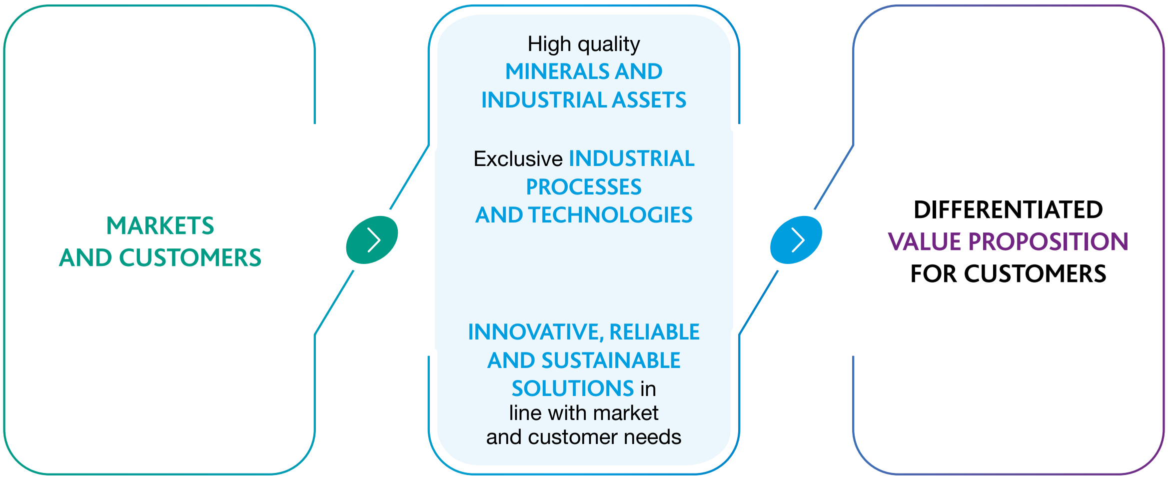
- **Performance Minerals:**
  - Additives for paints and coatings
  - Components for technical ceramics (porcelain insulators) and conventional ceramics (floor and wall tiles, sanitaryware and tableware)
  - Additives for plastics and polymers, especially in the automotive industry
  - Fillers and coatings for printing and writing paper, as well as board and packaging
  - Filtration agents for liquid foodstuffs and blood plasma
  - Specialty graphites for mobile energy and precision industries (lithium-ion batteries for electric vehicles, brake pads, etc.)
- **High Temperature Solutions:**
  - Refractory minerals and solutions for high-temperature industrial processes (refractory linings and insulation materials to protect furnaces and boilers)
  - Bentonite for foundry molds
  - Corundum powders for abrasives (industrial cutting discs and grinding discs)
  - High-performance binders for floor screeds in the construction industry

Imerys offers a wide range of products and solutions to serve many industries such as construction, mobile energy, steelmaking, agri-food, automotive and cosmetics.



** Including food & beverages and health & cosmetics.*
Source: Imerys estimates.

A differentiated value proposition



High quality minerals and industrial assets

Imerys possesses an extensive range of mineral resources, which effectively secures a large proportion of its supply and production costs, as well as highly effective industrial assets using a wide variety of exclusive industrial technologies and processes.

Imerys operates over 100 mineral deposits throughout the world and continues to replace and develop its mineral reserves and resources to ensure it constantly holds an average of 20 years worth of production in reserves. The Group mines and/or processes more than 30 different minerals.

The minerals extracted from mines owned by Imerys or purchased from a third party are systematically processed or synthesized by the Group into mineral solutions designed to develop the properties required for their end-use applications and meet the specifications of its customers.

√ For further details on minerals, *see chapter 5, section 5.7 of the Universal Registration Document*.

Exclusive industrial processes and technologies

The Group has particular expertise in the following conversion processes, which add vital properties for its customers' products and production processes:

- Mechanical treatments: purification, refining, micronization by milling and screening, drying, molding, cycloning, elutriation, classification, flotation, mixing, etc.
- Heat treatments: very high temperature calcination, fusion, sintering, etc.
- Chemical treatments: synthesis, crystallization, precipitation, etc.

The mineral solutions marketed by Imerys normally account for a relatively small portion of its customers' production costs, but they add key properties to their products – such as purity, crystal structure, size and distribution of particles, shape and specific surface area – or industrial processes by making it possible to reduce energy consumption or accelerate production processes.

The solutions are sold as powders, grains, granules, blends, pastes or aqueous dispersions. Depending on the product, production cycles range from a few days to several weeks.

The Group's permanent quest for excellence in its products, production resources, people and safety led it to introduce a program designed to continuously improve its industrial processes and performance entitled Imerys Industrial Improvement (I-Cube). By defining common indicators and standards, as well as developing and sharing best practices, Imerys aims to optimize industrial production (through improved energy efficiency, management of resources and waste/discharges, safety, etc.), and empower employees. In 2019, the program was in place across 196 Group sites.

Innovative, reliable and sustainable solutions in line with market trends

The Group's innovation strategy builds on its ability to combine minerals with applications to provide customers with significant improvements in the characteristics of their products, especially in terms of effectiveness and energy efficiency. This expertise is a valuable asset to help Imerys maintain its leadership position and respond effectively to the major technological challenges facing manufacturing companies going forward.

New products are the result of a continuous flow of innovations driven by new ideas and upgrades of the existing range.

In 2019, Imerys launched 112 new products. Over recent years, Imerys has stepped up its focus on innovation to better respond to market needs. Powerful growth drivers include the technical skills of its teams and the Group's presence across a number of markets.

Imerys protects its innovations with an active industrial property policy: 2,150 patents and over 30 industrial models and applications were registered at end-2019. Furthermore, to protect its extensive product range, the Group owned around 4,000 trademarks at December 31, 2019, including the Imerys brand, which is registered in 80 countries.

New products include:

Market	Applications and Properties
Electric vehicles	▪ Increased performance of lithium-ion batteries for electric vehicles • Lower CO_2 emissions
Health & Beauty	▪ Natural mineral solution for cosmetics • Environmental protection
Industrial equipment	▪ Ultra-fine alumina for high-performance abrasives • Improved resistance of abrasives
Industry	▪ Additives for cryogenic insulation to store liquefied gas • Energy efficiency
Automotive	▪ Rigidity of plastics used in cars • Lighter vehicles
Refractories for high-temperature solutions	▪ High-purity andalusite • Thermo-mechanical stability
Foundry	▪ Bentonite-based binder • Improved molding precision and yield

1.1.1.2 MAJOR TRENDS AND SOURCES OF OPPORTUNITIES

Imerys offers solutions that anticipate needs and support fast changing markets given the emergence of:

- new lifestyles (urbanization, population aging, health and well-being, mobility, recycling, etc.);
- new economic models (the collaborative economy, the sharing economy, automated manufacturing, etc.);
- technological progress (Internet of Things, renewable energy, 3D printing, etc.); and
- changing expectations from stakeholders (sustainable development, transparency, ethical conduct, etc.).

With solutions used in a number of industries, Imerys has a central role to play at the heart of the substantial shifts the future will bring. Confronted with changing lifestyles, new economic models, accelerating technological progress and responsible development, the Group is ready to tackle the major challenges that will shape tomorrow's world.

Challenges	Long-term trends	Examples of opportunities available for Imerys
To deal with urbanization, it is necessary to develop solutions that will stand up to the challenges of tomorrow, such as growing demand in the construction and renovation of infrastructure.	**URBANIZATION** The world's population is expected to reach 10 billion by 2050, with the majority of people living in cities.	▪ **Imerys produces high performance binders** for self-leveling or quick drying floor screeds used in advanced construction/renovation techniques. ▪ **Imerys develops additives** for cements that offer strong resistance to corrosion in wastewater infrastructure.
To deal with population growth and the increase in life expectancy, it is necessary to develop more sustainable methods of farming and innovative solutions for the pharmaceutical industry.	**DEMOGRAPHICS AND EXTENDED LIFE EXPECTANCY** Countries are confronted with the rapid aging of their population and the explosion of healthcare costs.	▪ **Imerys develops filtration solutions** using diatomite for blood plasma fractionation to meet the growing needs of the pharmaceutical industry. ▪ **Imerys develops new ranges of products** using minerals for agriculture to deal with the challenges of a growing world population.
To deal with global warming, it is necessary to exercise even tighter control over the environmental footprint and develop appropriate solutions.	**CLIMATE** Climate change poses an urgent, global, systemic and irreversible risk.	▪ **Imerys develops conductive additives** to extend autonomy and reduce charging time for lithium-ion batteries used in electric vehicles. ▪ **Imerys develops profitable solutions** to refine and purify biodiesel**.**
To deal with the rarefaction of resources, it is necessary to advocate for the sustainable use of resources and bolster environmental and ethical standards.	**RAREFACTION OF RESOURCES** Population growth places a strain on natural resources and disrupts traditional consumption models.	▪ **Imerys develops sustainable solutions** that make vehicles lighter and strengthen plastics while reducing the total weight of components by up to 60%. ▪ **Imerys develops new abrasives** that reduce the consumption of energy and materials while enabling more cuts per unit of abrasive.

1.1.2 GENERAL STRUCTURE

1.1.2.1 A STRUCTURE BUILT AROUND THE MAIN MARKETS

Following an in-depth strategic review, Imerys changed its management organization in 2019 to be more market-focused and further leverage its repositioning as a specialty minerals company.

The new organization provides the basis for the Group's segment reporting from 2019 onwards, is built around two segments, grouping five newly created business areas, which have been aligned to core markets.

- The **Performance Minerals** segment brings together three geographic business areas – Europe Middle East Africa (EMEA), Americas and Asia Pacific (APAC) – serving the plastics, paints & coatings, filtration, ceramics, renewable energy and paper & board markets. Performance Minerals includes the former Performance Additives, Filtration, Carbonates, Ceramics, Kaolin and Graphite & Carbon divisions as well as the Bentonite & Perlite Intermediate business unit (part of the former Metallurgy division).
- The **High Temperature Materials & Solutions** segment regroups two business areas – High Temperature Solutions, and Refractory, Abrasives & Construction – serving the refractory, foundry, metal flow, abrasives and building chemistry markets. High Temperature Materials & Solutions includes the former Monolithic Refractories, Aluminates, Fused Minerals divisions as well as the Metalcasting & Absorbents and Steel Casting Fluxes business units (part of the former Metallurgy division).

This simplified organization with fewer management layers brings the Group closer to its customers and allows it to meet their needs in a more effective way. The Senior Vice Presidents of the five newly created business areas report directly to the Chief Executive Officer. Support functions (Finance, IT, HR, Communications, Legal and Strategy) are led at Group level and operate as business partners to the different business areas, while Innovation and Operations report to the business areas.

The Group's new organization, in which business areas are built around core markets and positioned closer to customers, will enable Imerys to achieve its full organic growth potential and further improve its competitive position to create value over the long term in a highly competitive environment, while also making savings on operating expenses.

To support the new structure, a new Executive Committee was appointed at the end of 2018 and a transformation plan was rolled out in 2019.

Alignment with market needs	The Group has been rebuilt around its markets, rather than its products, to better understand and meet customer needs.
Collaboration	The new organization makes it easier to share ideas and best practice relevant to each business area.
Efficiency	Grouping operations by business area avoids duplicate positions and encourages costs synergies.
Core skill orientation	A structure built around its expertise in each market and segment of customers facilitates revenue growth.

1.1.2.2 A COHERENT STRUCTURE SPLIT INTO TWO SEGMENTS AND FIVE BUSINESS AREAS

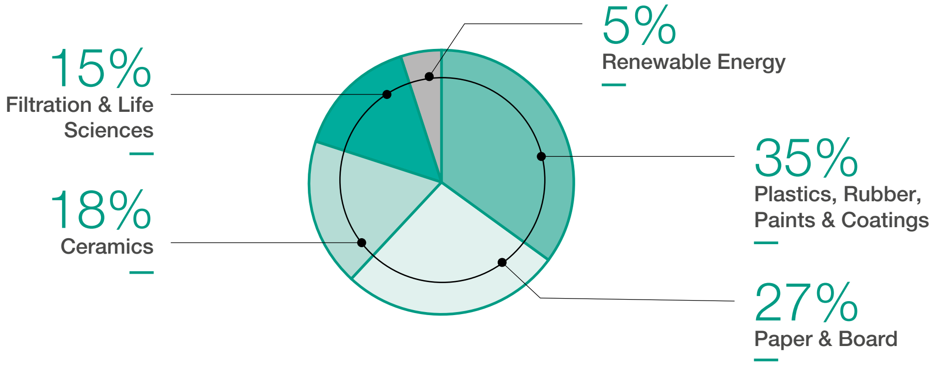
Segments	PERFORMANCE MINERALS			HIGH TEMPERATURE SOLUTIONS	
Business area	Performance Minerals, Europe Middle East and Africa	Performance Minerals, Americas	Performance Minerals, Asia Pacific	High Temperature Solutions	Refractory, Abrasives & Construction
Core markets	> Plastics, Paints, Rubber & Coatings > Paper & Board > Ceramics > Filtration & Life Sciences > Renewable Energy			> Refractory Solutions > Foundry > Metallurgy	> Refractory Materials > Abrasives > Building Chemistry
2019 Revenue *(€ billions)*	1.0	1.1	0.5	0.8	1.2

√ For further details on 2019 earnings, please *see the Comments by Segment in chapter 5, section 5.3, and Information by Segment in the Consolidated Financial Statements in chapter 6 of the Universal Registration Document.*

PERFORMANCE MINERALS

The Performance Minerals segment includes functional additives, which provide unique properties to the products in which they are used and serve five main markets.

2019 Revenue (%)



	PERFORMANCE MINERALS AMERICAS	PERFORMANCE MINERALS ASIA-PACIFIC	PERFORMANCE MINERALS EUROPE, MIDDLE EAST AND AFRICA
KEY FIGURES			
Revenue (€ billions)	1.1	0.5	1.0
Number of customers	3,300	7,500	8,000
Employees	3,081	1,504	3,111
Number of industrial sites	52	38	60
Countries (industrial presence)	6	14	16
Minerals	8	16	19
CORE MARKETS (REVENUE BREAKDOWN)			
Plastics, Rubber, Paints & Coatings	38%	25%	39%
Paper & Board	24%	30%	27%
Filtration & Life Sciences	22%	9%	12%
Ceramics	16%	16%	22%
Renewable Energy	-	20%	-

PERFORMANCE MINERALS

35%
Revenue

> PLASTICS, RUBBER, PAINTS & COATINGS

Plastics and Rubber

Imerys' wide portfolio of minerals enables the Group to offer a comprehensive range of solutions to make plastics and rubber more resistant, lighter and less expensive. The shape, color, particle size and purity of Imerys' plastics and rubber solutions make them effective fillers to bolster the production of lightweight components for vehicles, household appliances, electronics, PVC tubes and cables, as well as food packaging. The mineral solutions help for example to minimize the weight of vehicles and therefore reduce consumption. Carbon-based solutions are used for their exceptional thermal or electrical conductivity, in particular for the future electrical vehicles. Some minerals are also used for permeable plastic films in the hygiene and medical fields.

Minerals	Carbon black/ Carbonate/ Diatomite/ Expanded graphite/ Graphite/ Kaolin/ Mica/ Talc/ Wollastonite
Market positions	**World #1** in minerals for breathable polymer films **World #1** in talc for plastics **World #1** in wollastonite for plastics

Paints and Coatings

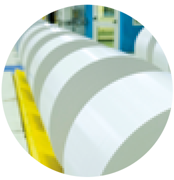
Paints and coatings meet rigorous standards and growing performance expectations in terms of durability (weather and corrosion resistance etc.), aesthetics and healthy lifestyle. Drawing on the strength of its unique portfolio of minerals and its excellent command of optical, mechanical and rheological properties, Imerys provides manufacturers of architectural paints and industrial coatings with the fillers that best suit the various types of paints and coatings (water- and solvent-based, powder, etc.).

Minerals	Carbon black/ Carbonate/ Diatomite/ Kaolin/ Mica/ Perlite/ Synthetic graphite/ Talc/ Wollastonite/ Zirconia-based chemicals
Market positions	**World #1** in mica for high-performance coatings **World #1** in talc for paints **World #1** in wollastonite for paints & coatings **World #1** in perlite for paints & coatings **European #1** in kaolin for paints & coatings

Adhesives, caulks and sealants

Imerys offers tailor-made solutions developed by drawing on its profound understanding of manufacturing processes and industrial implementation constraints of adhesives, caulks and sealants. Precipitated calcium carbonates is used by the major sealant manufacturers to improve rheological properties, reduce costs, enhance mechanical resistance and hardness, increase the opacity and whiteness of their end product. Kaolin is used for example to increase the viscosity of vehicle window sealants.

Minerals	Carbonate/ Kaolin
Market positions	**World #1** in kaolin **World #2** in natural calcium carbonate



27%
Revenue

> PAPER & BOARD

The paper pulp, paper and board industries focus heavily on improving productivity, as well as the surface quality and suitability for print. Imerys offers a unique range of solutions to optimize the manufacturing process for printing and writing paper and board using high quality, environmentally friendly solutions. The breadth of its product range enables the Group to provide paper and board manufacturers with the properties they require, such as shine, opacity, and print quality.

Minerals	Bentonite/ Carbonate/ FiberLean™/ Kaolin/ Talc
Market positions	**World #1** in kaolin **World #1** in talc **World #2** in natural calcium carbonate

18%
Revenue

> CERAMICS

Ceramics

Imerys is a global supplier of ceramic minerals and prepared bodies for the sanitaryware, tableware and decorative tile industries. In the face of changing demand, manufacturers of tableware, sanitaryware and decorative tiles have increasingly stringent requirements with regard to properties such as whiteness, mechanical resistance and dimensional stability. Imerys is a world leading supplier of performance minerals for ceramics, ceramic bodies and glazes, as well as kiln furniture. Engineered mineral blends are also a key asset for high performance solutions.

Minerals	Ball clay/ Bentonite/ Ceramic bodies and glazes/ Chamotte/ Engobes/ Feldspar/ Fused alumina/ Halloysite/ Kaolin/ Kiln furniture/ Mica/ Pegmatite/ Quartz/ Talc/ Wollastonite
Market positions	**World #1** in raw materials and ceramic bodies for sanitaryware **World #1** in kiln furniture for tiles **World #2** in kiln furniture for tableware **European #1** in raw materials and ceramic bodies for tableware

Technical ceramics

Technical ceramics are used in demanding applications such as electrical equipment, thermal equipment and in the automotive, aerospace, military and medical industries. The Group's unique mineral portfolio and treatment processes have enabled it to develop a number of industrial solutions that meet the specific needs of its customers for technical porcelain, steatite, cordierite, silicon carbide, mullite and alumina ceramics.

Minerals	Ball clay/ Ceramic bodies: alumina, cordierite, steatite/ Chamotte/ Feldspar/ Fused aluminas/ Fused zirconia/ Kaolin/ Mullite/ Silicon carbide/ Standard ceramic bodies/ Talc/ Technical ceramic bodies
Market positions	**World #1** in fused zirconia

> FILTRATION & LIFE SCIENCES

15%
Revenue

High quality filtration is essential for many consumer goods and life science industries, including beer, wine, sweeteners, edible oils and blood plasma. Imerys' filtration solutions are formed using naturally occurring minerals with exceptional properties such as low density, chemical inertia, large specific surface area and a high level of porosity. Combined with an unparalleled technical service, these minerals offer a unique blend of features to develop the most suitable filtration substrate, optimize production costs and capacity while also complying with the most rigorous specifications.

Minerals	Diatomite/ Perlite
Market positions	**World #1** in diatomite- and perlite-based products for filtration

> RENEWABLE ENERGY

5%
Revenue

With a unique portfolio of natural and synthetic graphite powders, conductive carbon blacks and tailor-made dispersions, Imerys is the leading provider of highly conductive carbon-based solutions for mobile energy. Imerys' graphite and carbon black represent the most effective conductive additives for lithium-ion batteries, alkaline batteries, advanced and standard lead-acid batteries, zinc-carbon batteries, fuel cells and conductive battery case coatings.

Minerals	Carbon black/ Graphite
Market positions	**World #1** in conductive additives for Li-ion batteries **World #1** in graphite for alkaline batteries

HIGH TEMPERATURE MATERIALS AND SOLUTIONS

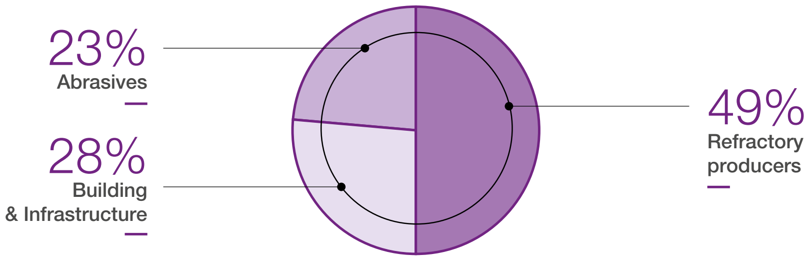
The High Temperature Materials and Solutions segment facilitates high temperature manufacturing processes. It includes the Refractory, Abrasives & Construction and High Temperature Solutions business areas.

	REFRACTORY, ABRASIVES & CONSTRUCTION	HIGH TEMPERATURE SOLUTIONS
KEY FIGURES		
Revenue (€ billions)	1.2	0.8
Number of customers	4,500	6,800
Employees	4,131	2,633
Number of industrial sites	38	36
Countries (industrial presence)	15	18
Minerals	8	NA*
REVENUE BREAKDOWN BY REGION		
Europe, Middle East and Africa	51%	61%
Americas	26%	12%
Asia-Pacific	23%	27%

** NA Non applicable*

REFRACTORY, ABRASIVES & CONSTRUCTION

2019 Revenue (%)



Refractory producers

Each refractory application is unique and requires the most appropriate solution to sustain high temperatures as well as extreme physical and chemical conditions. Imerys works in close collaboration with the refractory producers to develop minerals, binders and additives that enable continuous improvement in the steelmaking, power plant incinerator, biomass boiler, glass, as well as the cement and petrochemical industries.

Minerals	Andalusite/ Ball clay/ Calcium aluminate-based binders/ Chamotte/ Electrically fused aluminas/ Fused mullite/ Fused zirconia/ Graphite/ Molochite
Market positions	**World #1** in high-performance calcium aluminate-based binders for refractories **World #1** in alumino-silicate minerals for refractories

Building & Infrastructure

Imerys develops world renowned cutting-edge solutions that have a wide range of applications, as well as essential properties like rapid setting and aesthetics for the construction and civil engineering industries. Specialty calcium aluminate binders, metakaolin, smart fillers and functional additives like bentonite, perlite and ball clays offer performance to meet our customers expectations. These highly technical products can be used in a number of applications, such as floor coverings, glues and cement-based tile grouts, technical mortars, waterproofing, coatings, external insulation, sealing sleeves, wastewater piping, as well as concrete, tunnel building and mining.

Minerals	Ball clay/ Bentonite/ Calcium aluminate-based binders/ Graphite/ Kaolin/ Metakaolin/ Perlite/ Talc
Market positions	**World #1** in calcium aluminate-based binders

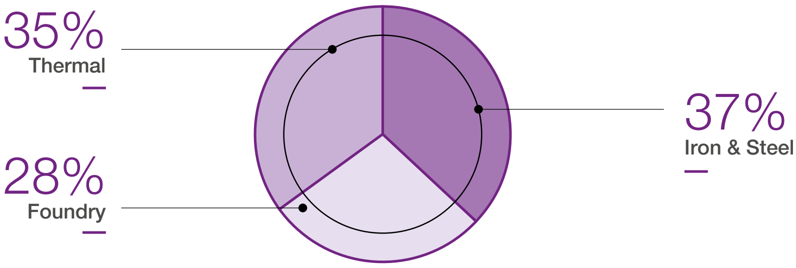
Abrasives

Imerys is the world's largest supplier of electrically fused aluminate-based products. The Group provides highly effective solutions for all kinds of abrasives, including vitrified- or resin-bonded grinding wheels. Different sizes are available for each specific application, such as grinding, machining, sanding and cutting. The wear resistance and thermal properties of these abrasives mean they are generally used in the form of wheels or stones in the automotive, equipment, metallurgy, electricity, electronic, building and construction industries.

Minerals	Electrically fused alumina (corundum)/ Sintered alumina/ Sol Gel alumina
Market positions	**World #1** in fused minerals for abrasives

HIGH TEMPERATURE SOLUTIONS

2019 Revenue (%)



Iron & Steel

Used in a wide range of industries, including aircraft engines, surgical instruments, construction, car manufacturing, buildings and infrastructure, steel is one of the most versatile materials. Imerys provides the steelmaking industry with a number of minerals, refractory solutions and services covering all aspects of the molten steel production process. The main applications range from safety and abrasion coatings to fluxes for continuous casting processes.

Minerals & Solutions	Refractory solutions/ Calcium aluminate fluxes
Market positions	**World #1** in continuous casting **World #1** in alumino-silicate monolithic refractories **World #1** in calcium aluminates for metal casting fluxes

Foundry

The production and casting of molded components has a long history, the origins of which date back over 5,000 years. Today, molds made from sand, ceramic and metal are widely used to make metal components for the automotive, aerospace and farming industries as well as for other equipment manufacturers. Imerys provides customers operating in the foundry market with high performance minerals and innovative solutions for molds and cores used in sand and investment casting. The Group is also a leading supplier of refractory solutions for ferrous and non-ferrous metal foundries.

Minerals and Solutions	Bentonite/ Green sand additives/ Refractory solutions
Market positions	**World #2** in bentonite for metal casting **European #1** in monolithic refractories

Thermal

The refractory solutions developed and implemented by Imerys' teams of engineers and technicians form part of a wide range of industrial equipment. They are used to build and repair refractory linings subject to high temperatures and intensely demanding operating conditions, like for example in power plants, incinerators, biomass boilers, as well as the cement and petrochemicals industries.

Minerals and Solutions	Refractory solutions
Market positions	**World #1** in alumino-silicate minerals for refractories

1.2 A PROFITABLE GROWTH STRATEGY

1.2.1 STRATEGY AND GROWTH DRIVERS

To safeguard its profitable and sustainable growth, the Group has put in place a medium-term plan built around two strategic objectives: to step up organic growth and increase operating profitability.

1.2.1.1 STEPPING UP ORGANIC GROWTH

The Group is seeking to step up its organic growth by implementing an action plan articulated around four pillars to reach the level of its underlying markets by 2022[(1)], while maintaining external growth. The four pillars are as follows:

AN ORGANIZATION BUILT AROUND OUR CUSTOMERS AND OUR MARKETS

The new organization, which is **more market-oriented, helps to improve proximity to customers** and has been implemented alongside a commercial excellence program. The new organization leverages the benefits of a broad portfolio of mineral specialties and expands the opportunities to cross-sell several complementary mineral products to customers. **Commercial excellence** is achieved by taking a personalized approach to managing key accounts to bolster partnerships with customers. Furthermore, **product innovation** is more actively oriented toward meeting the needs of customers and markets.

DIFFERENTIATED BUSINESS MANDATES

The Group takes a tailored approach to managing its operations, **allocating resources in priority to markets with the most promising outlook for growth.** In more mature business areas (where market growth does not exceed 2% per year), the Group seeks to generate cash and optimize its cost structure.

PRIORITY GIVEN TO HIGH-GROWTH REGIONS

The revenue the Group generates in high-growth regions (Asia, the Middle East, Africa and South America) only accounts for 30% of total sales, and its market shares are on average just half the level the Group enjoys in other regions. To boost its rate of organic growth, Imerys **intends to expand its footprint in these zones,** where GDP growth is expected to outpace that of the rest of the world in the coming years.

PORTFOLIO MANAGEMENT

The Group will continue to grow in thriving markets by **maintaining its active acquisitions policy** to consolidate its existing positions, gain a foothold in new regions or new applications and supplement its portfolio of specialty solutions.

(1) ca. 2% per year in value, in normal economic conditions.

1.2.1.2 INCREASE OPERATING PROFITABILITY

To improve profitability, Imerys has put in place an action plan structured around two core pillars with a view to increasing the current EBITDA margin by 200 basis points by 2022 compared with 2018 levels (17.3%) The two pillars stem from the new organization and are as follows:

A LEANER, MORE EFFICIENT ORGANIZATION

The new organization facilitates **swifter decision making** as the number of managerial layers have been stripped back and managers have been empowered with greater levels of responsibility. The 11 divisions have been replaced with five business areas. Imerys has also **decentralized its innovation department** in order to optimize technical support and develop new products in close collaboration with customers.

CORPORATE EXCELLENCE

So as to maximize economies of scale, the Group has implemented a new organization based on **specialized corporate support departments.** Shared service centers will be set up to optimize costs and expertise, in particular in HR and finance. The principle of **corporate excellence** has been applied in plants, quarries, purchasing and marketing to improve the sharing of best practice and boost coordination between segments.

1.2.1.3 EXAMPLES OF OPERATIONAL INITIATIVES

Business	Operational initiatives	Organic growth	Financial performance
Performance Minerals, Europe Middle East Africa	Develop a comprehensive range of products (carbonates, mica, talc, kaolin, diatomite and perlite) to meet all needs in the paint market (matting effect, crack resistance, reduction of TiO_2 and insulating properties) with a personalized approach to managing key accounts and a separate technical support service.	√	
Performance Minerals, Europe Middle East Africa	Enhance Imerys' competitiveness in the paper market by optimizing industrial capacity and implementing a continuous improvement program. Reduce the Group's exposure to the paper market through innovation in specialty applications.	√	√
Performance Minerals, Americas	Increase the proportion of high-purity solutions for filtration (blood plasma fractionation), thermal isolation services for cryogenic applications (liquefied natural gas) and biofuel filtration.	√	
Performance Minerals, Americas	Reduce the Group's exposure to the paper market in Brazil by repositioning to solutions for paints & coatings (wear resistance and color stability for decorative paint) and PVC tubes (dimensional stability and whiteness).	√	
Performance Minerals, Asia Pacific	Develop strengthening solutions for plastics to reduce the weight of vehicles in order to meet new environmental standards in China.	√	
Performance Minerals, Asia Pacific	Continue to grow sales of graphite and carbon black for conductive additives used in lithium-ion batteries.	√	
Performance Minerals, Asia Pacific	Expand the Group's footprint in ceramics, plastics and coatings in China and India through organic and external growth operations.	√	
Refractory, Abrasives & Construction	Integrate Kerneos: growth synergies by developing the complementarity of the Group's geographical presence and costs with economies of scale (purchasing and overheads).	√	√
Refractory, Abrasives & Construction	Leverage corporate social responsibility commitments as a way of standing out from the competition by developing solutions to manage wastewater, reduce greenhouse gas emissions in China and convert conventional furnaces to biomass.	√	√
High Temperature Solutions	Put in place a customer-oriented structure and a comprehensive offer (refractory tubes, taphole clays and steel casting fluxes) to meet growing demand in the Indian steel market.	√	
High Temperature Solutions	Establish a complete product range for fusion, casting and molding in foundries.	√	
High Temperature Solutions	Reduce production costs by recycling raw materials and re-using refractory products.		√

1.2.2 A FIRM COMMITMENT TO CORPORATE SOCIAL RESPONSIBILITY

Imerys respects the world in which it operates. The Group is committed to playing a role in society, meeting its obligations to the countries and communities in which it does business, and implementing responsible and sustainable environment stewardship practices.

Its growth strategy takes into account its Corporate Social Responsibility (CSR), integrating the challenges and expectations of key stakeholders.

Imerys adheres to major international framework agreements such as the United Nations Sustainable Development Goals (UN SDGs), the United Nations Guiding Principles on Business and Human Rights, the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises, and the International Labour Organization (ILO) Fundamental Conventions. Furthermore, Imerys has undertaken two commitments that are also supported by other major companies in France, signing the French Business Climate Pledge to combat climate change and act4nature to protect biodiversity.

The Group's CSR Steering Committee approves and sets the targets for the CSR policy, as well as manages and monitors the implementation of the related action plans.

The Steering Committee is chaired by the Chief Executive Officer and includes members from the Executive Committee (Group General Counsel, Chief Human Resources Officer, Chief Industrial Officer and three Senior Vice Presidents) as well as two senior managers from the Group's other corporate support and operational departments.

The Board of Directors reviews the performance and progress made by the Group against its CSR program every year.

In 2018, Imerys launched a new CSR strategy entitled "SustainAgility". It was developed to factor in contributions from a wide range of stakeholders from both within the Group and beyond, including panels of experts, professional bodies, local forums and customers. The medium- and long-term CSR targets strive for continuous improvement and can be sorted into three main areas:

Making sure employees stay healthy and safe, nurturing talent, promoting diversity and inclusion, fostering social dialogue and safeguarding human rights.

Protecting the environment, promoting non-energetic resources efficiency, respecting biodiversity and acting on climate change.

Behaving ethically, operating fairly, ensuring responsible purchasing, engaging with communities and promoting sustainable products and technologies.

The program is built around six pillars and 16 themes, which are in line with and contribute to the United Nations Sustainable Development Goals (SDG):

Pillars	Priority themes*	SDGs
EMPOWERING OUR PEOPLE		
Health & Safety	Occupational Safety Management Occupational Health Management	3 GOOD HEALTH AND WELL-BEING; 8 DECENT WORK AND ECONOMIC GROWTH
Human Capital	Diversity and Inclusion	5 GENDER EQUALITY; 8 DECENT WORK AND ECONOMIC GROWTH
CARING FOR OUR PLANET		
Environmental Stewardship	Environmental Management	6 CLEAN WATER AND SANITATION; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
	Biodiversity and Land Rehabilitation	15 LIFE ON LAND
Climate Change	Climate Change Strategy	13 CLIMATE ACTION
BUILDING FOR THE FUTURE		
Business Conduct	Fair Operating Practice & Responsible Purchasing	8 DECENT WORK AND ECONOMIC GROWTH; 16 PEACE, JUSTICE AND STRONG INSTITUTIONS
Product Management	Product Sustainability	12 RESPONSIBLE CONSUMPTION AND PRODUCTION

* *This list only includes the themes that were identified as a priority following the Group materiality assessment.*

The Group's firm commitment to sustainable development has been recognized by the leading CSR rating agencies. The following table presents a selection of the non-financial ratings most recently achieved by Imerys.

Indices/Assessment	Latest rating *(year)*
CDP	B (2019)
FTSE4Good Index (0 – 5.5)	3.0 (2019)
MSCI ESG Leaders Index	AA (2019)
Ecovadis (0 – 100)	Gold – 64 (2019)
ISS – oekom	C (2019)
Vigeo Eiris (0 – 100)	58 (2019)

√ For further details on CSR, *see chapter 3 of the Universal Registration Document*.

1.2.3 A BUSINESS MODEL THAT CREATES VALUE

1.2.3.1 A BUSINESS MODEL THAT CREATES VALUE OVER THE LONG TERM

Bolstered by a new organization structured around its core markets, mining resources, high quality industrial assets, unrivaled technological and industrial processes, innovative solutions and leading positions in most of its markets, Imerys has many strengths to guarantee sustained value creation for its key stakeholders.

ASSETS

HUMAN RESOURCES

16,305 employees in 50 countries

76% of employees have benefited from at least one training course

ENVIRONMENTAL RESOURCES

Signatory of the French Business Climate Pledge to combat climate change and emission reduction targets approved by the **Science Based Target initiative (SBTi)**

Member of act4nature and 3-year partnership with UMS *Patrimoine Naturel* for biodiversity

PEOPLE AND SOCIETY

Signatory of the UN Global Compact and alignment with the **Sustainable Development Goals (SDGs)**

FINANCIAL RESOURCES

Equity: €3,162 M

Net debt: €1,685 M
(53% of equity and 2.2x of current EBITDA)

Investment grade credit rating:
BBB- (S&P), Baa2 (Moody's)

INDUSTRIAL AND COMMERCIAL RESOURCES

224 industrial sites and 106 mines in 40 countries

Investment in maintenance and development: €292 M

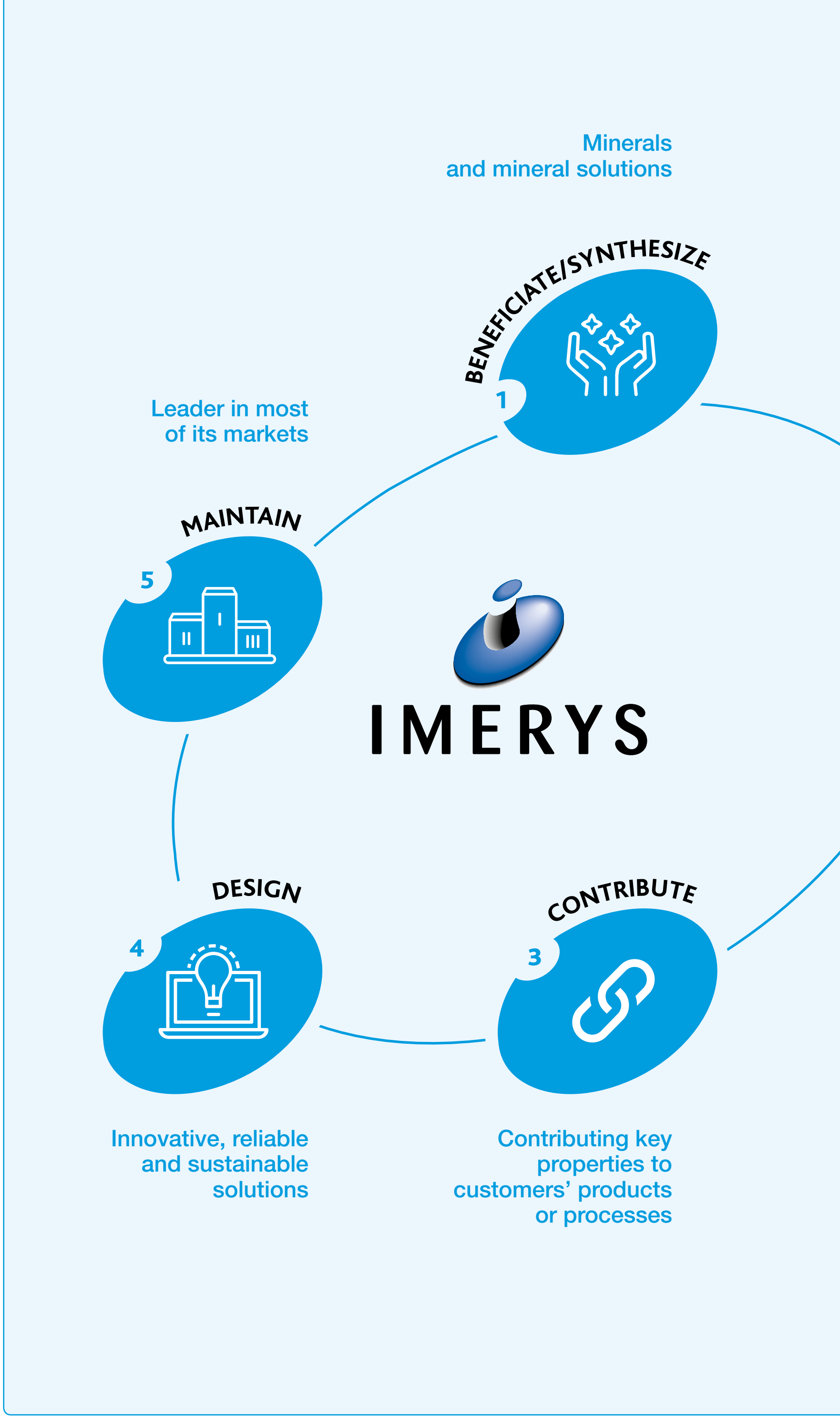
I-Cube industrial improvement program rolled out at 196 sites

INTELLECTUAL RESOURCES

Portfolio of 2,150 **patents**

350 people working in 8 **R&D centers**

BUSINESS MODEL



TRANSFORM

- Exclusive processes and technologies
- High quality industrial assets

IMPACT IN 2019

HUMAN RESOURCES

Safety: 3.22 Total Recordable Injury Rate

Equality and diversity: 20% of women in the Group's senior management team

91.3% of employees hired on unlimited contracts

ENVIRONMENTAL RESOURCES

Fight against climate change: 11% reduction in tons of CO_2 equivalent emitted per euro of revenue since 2018

Optimization of non-energy resources: 51% of water used at Group sites recycled

Biodiversity and land rehabilitation: 436 hectares of land rehabilitated in Western Europe

PEOPLE AND SOCIETY

Local community engagement:
56 new local community relations projects

Business conduct and responsible purchasing:
228 suppliers assessed

Sustainable, eco-friendly solutions: implementation of a method to screen and assess the environmental sustainability of products

LIFE CYCLE ANALYSIS (LCA)

28 products analysed

FINANCIAL RESOURCES

Current EBITDA: €765 M (margin on revenue 17.6%)

Net current free operating cash flow: €348 M

Dividend per share: €2.15*

INDUSTRIAL AND COMMERCIAL RESOURCES

15,000 customers across 142 countries

Market leader in 75% of operations

INTELLECTUAL RESOURCES

Commercial development: 112 new products

* *Proposal made by the Board of Directors and submitted for approval at the Shareholders' General Meeting.*

VALUE CREATED FOR STAKEHOLDERS

IMERYS

€4,354 M
Revenue

EMPLOYEES

€947 M
Salaries and social security contributions, bonuses and investments

COMMUNITIES

€2 M
Contribution to charitable projects, donations, sponsorship and community action (Imerys calculations)

STATES

€107 M including €65 M paid throughout the world in income tax

SHAREHOLDERS

€173 M
Ordinary dividends
€31 M in share buybacks

BANKS

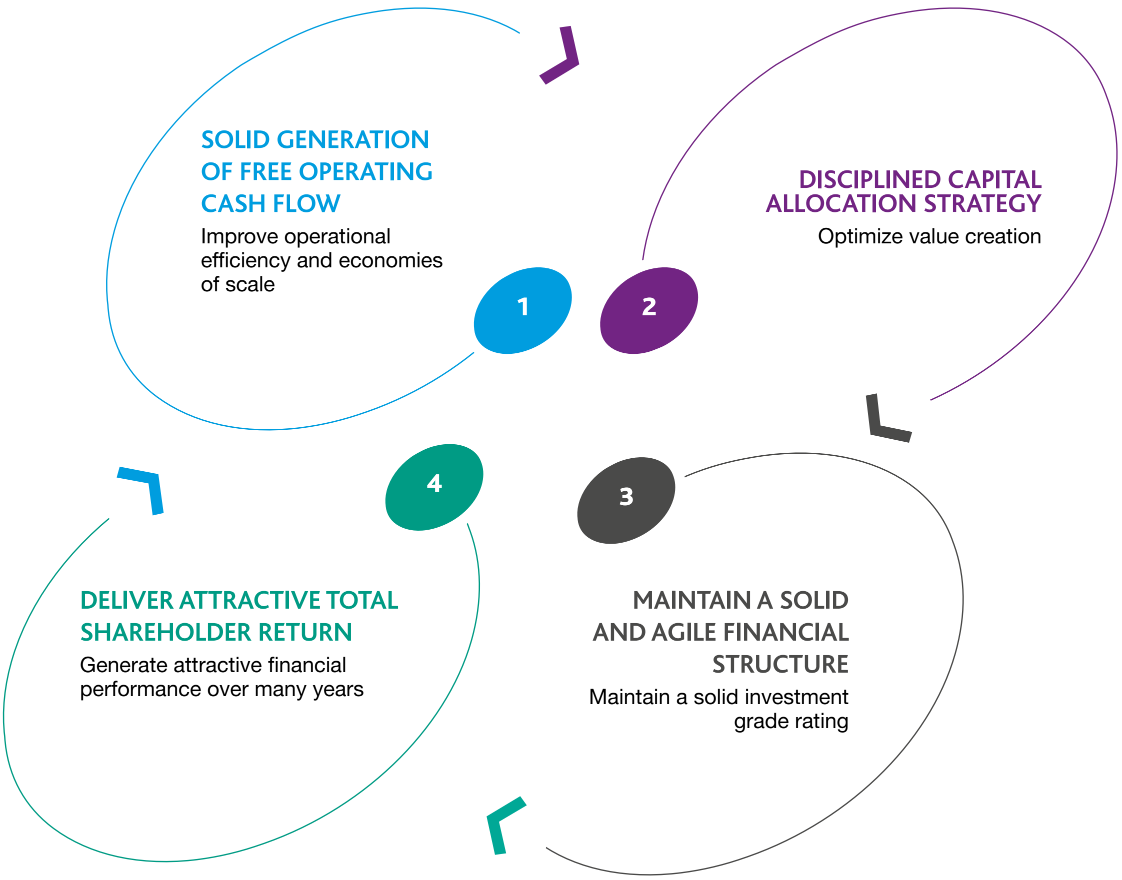
€23 M net interest

SUPPLIERS

€2,614 M
Purchases of raw materials, consumables and services

1.2.3.2 DISCIPLINED CAPITAL ALLOCATION

The Group implements a strategy to allocate its resources that seeks to optimize value creation and deliver an attractive, long-term return on investment for its shareholders.



The Group is seeking to harness its transformation plan to improve its financial performance by stepping up its organic growth and managing costs more closely. It is the combination of these two focus areas and the strength of the Group's business model – built on market leading positions and mineral solutions that contribute key properties to its customers' products – that will generate solid and sustainable free cash flow.

The value created in this way can be:

- reinvested to develop the Group through a disciplined capital allocation strategy combining internal and external investments, which are both subject to strict criteria for return on investment; or
- shared with the Group's stakeholders, in particular its shareholders in the form of a dividend, which is a key priority for Imerys and its Board of Directors.

Imerys also strives to maintain a solid financial position to safeguard its independence and the long-term success of its business model. At the end of 2019, the gearing ratio was calculated as 53%. The financial rating agencies Moody's and Standard & Poor's gave Imerys Baa2, negative outlook and BBB-, stable outlook, respectively.

2017-2019 Cumulative Resources	2017-2019 Use
Current net free cash flow generation before capital expenditures: €1,843 M, *i.e.* 13.9% of revenue for the period	**Capital expenditure:** €944 M, of which €292 M in development **Acquisitions:** €1,123 M, of which €208 M for small and mid-sized acquisitions
Disposals: €863 M, of which €852 M from the disposal of the Roofing division in 2018	**Return of capital:** €521 M, of which €491 M in dividends **Others:** €118 M

1.2.4 AN EFFECTIVE RISK MANAGEMENT

To best manage the risks it faces, the Group relies on the following key tools:

- A rigorous and effective approach to risk management, which is regularly reviewed by senior management.
- A detailed map setting out the main risks the Group faces, identifying in particular any evolution of key risks and ensuring the suitability and implementation of actions to mitigate them.

These tools make it possible to identify the key risks set out in the following pages, factoring in both the prevailing context and Group projects. The risks are countered with mitigating plans, which are detailed in chapter 2 of the Universal Registration Document.

1.2.4.1 OVERVIEW OF RISK MANAGEMENT GOVERNANCE AT IMERYS

BOARD OF DIRECTORS

• Ensures risks are managed effectively

AUDIT COMMITTEE AND STRATEGIC COMMITTEE

• Review the assessment and management of risks in their respective areas and ensure actions are effective
• Report on their work to the Board of Directors

CHIEF EXECUTIVE OFFICER AND THE EXECUTIVE COMMITTEE

• Identify and assess the main risks that could hinder the Group in implementing its strategy
• Build on the work of the core committees and report on their work annually to the Audit Committee and the Strategic Committee

RISK COMMITTEE

• Draws up the map of key risks the Group faces, based in particular on the work of the other committees
• Monitors the effective implementation of actions to manage risks
• Makes suggestions to improve risk management

Foreign Exchange, Interest Rate and Energy Committee

Investment Committee

IT/Cybersecurity Committee

Pensions Committee

Ethics Committee

Corporate Social Responsibility Committee

Safety Committee

• Take decisions regarding the risks they monitor and ensure they are properly implemented
• Quantify these risks and ensure mitigating measures are effective

1.2.4.2 THE RISK MAPPING PROCESS

The risk mapping process is carried out in accordance with the following principles:

- It is conducted once every two years and includes a detailed review of the Group's main risks and the mitigation actions put in place to manage them.
- It involves all internal stakeholders, i.e. the people and groups of people responsible for the Group's main risks and the committees tasked with reviewing and validating their work.
- The risk management action plans drawn up after mapping has been completed are updated and reviewed each year.

1.2.4.3 THE MAIN RISKS IDENTIFIED BY THE GROUP AND HOW THEY HAVE CHANGED OVER RECENT YEARS

The following table sets out the main risks the Group faces by type and degree:

- Risks are categorized as either strategic (that impact the structure of the Group over the medium to long term), operational (that affect the Group's ordinary course of business) or legal (for which Imerys could be held liable should they come to pass).
- Of the 26 risks identified by the Group as part of the risk mapping process, 10 are deemed priorities.
- These risks are presented taking into account the estimated impact of them occurring and the effectiveness of their associated mitigation measures.

Degree / Type	Moderate	Significant	High
Strategic (1)		Transformation of the Group Evolution and volatility of end markets Innovation Digital transformation	Product stewardship
Operational (1)	Mineral reserves and resources Employee health & safety	Cybersecurity Environment and climate change	
Legal (1)		Compliance with laws and regulations	

(1) The description of the strategic, operational and legal risks can be found in chapter 2, section 2.1 of the Universal Registration Document.

1.3 A GOVERNANCE AT THE HEART OF THE GROUP'S STRATEGY

A suitable separated governance structure

In 2018, a new governance structure, involving the separation of the offices of the Chairman of the Board of Directors and of the Chief Executive Officer, was put in place as part of the Group's new strategy and reorganization. The separation seeks to ensure Imerys' governance bodies operate effectively and foster complementary skills and experience among their members. In addition to reducing the number of directors sitting on the Board, which has been an active policy since 2018, this governance structure helps to improve the Board's agility and effectiveness.

Since February 17, 2020, Patrick Kron acts as Chairman of the Board (he was appointed as Chairman of the Board on June 25, 2019 and also acted as interim Chief Executive Officer from October 21, 2019 to February 16, 2020) and Alessandro Dazza acts as Chief Executive Officer.

1.3.1 THE CHIEF EXECUTIVE OFFICER AND THE EXECUTIVE COMMITTEE

At the date this Universal Registration Document was filed, the Group's Management team is headed by Alessandro Dazza, Chief Executive Officer, and assisted by the Executive Committee.

▪ THE EXECUTIVE COMMITTEE

The Executive Committee is made up of the Chief Executive Officer, the heads of corporate support services and the Senior Vice Presidents of the five business areas. Its main role is to implement the strategic priorities set by the Board of Directors and ensure the value creation targets are achieved. The Executive Committee is collectively responsible for the overall performance of Imerys and seeks to defend the Group's interests.

Structure of the Executive Committee

At the date this Universal Registration Document was filed, the Executive Committee was composed of:

1 **Alessandro Dazza**
Chief Executive Officer
Member of the Group and the Executive Committee since February 2020*

2 **Frédérique Berthier-Raymond**
Group General Counsel and Secretary of the Board
Member of the Group since 2008 and the Executive Committee since 2018

3 **Philippe Bourg**
Senior Vice President Refractory Abrasives & Construction
Member of the Group since 1996 and the Executive Committee since 2018

4 **Jean-François Claver**
Chief Industrial Officer
Member of the Group since 2015 and the Executive Committee since 2016

5 **Michel Cornelissen**
Senior Vice President High Temperature Solutions
Member of the Group since 1991 and the Executive Committee since 2018

6 **Guillaume Delacroix**
Senior Vice President Performance Minerals EMEA
Member of the Group since 2004 and the Executive Committee since 2018

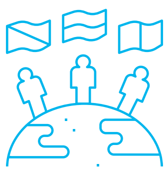
7 **Cyril Giraud**
Senior Vice President Performance Minerals APAC
Member of the Group since 1998 and the Executive Committee since 2018

8 **Olivier Hautin**
Chief Strategy Officer
Member of the Group since 1995 and the Executive Committee since 2008

9 **Vincent Lecerf**
Chief Human Resources Officer
Member of the Group and the Executive Committee since 2017

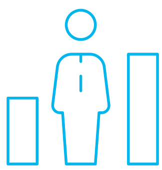
10 **Jim Murberger**
Senior Vice President Performance Minerals Americas
Member of the Group since 1996 and the Executive Committee since 2018

11 **Olivier Pirotte**
Chief Financial Officer
Member of the Group and the Executive Committee since 2015



4
NATIONALITIES

15 years
AVERAGE TIME SPENT WITHIN THE GROUP



51.5 years
AVERAGE AGE OF EXECUTIVE COMMITTEE MEMBERS

* *Alessandro Dazza was previously within Imerys between 2002 to 2018.*

■ A REGULAR DIALOGUE BETWEEN THE CHIEF EXECUTIVE OFFICER, THE EXECUTIVE COMMITTEE AND THE BOARD OF DIRECTORS

The regular dialogue between the Chief Executive Officer, the Executive Committee and the Board of Directors plays a decisive role in defining and implementing the Group's strategy. The effective outcomes achieved through these high-level discussions are encouraged by:

- regular presentations of the Group's business areas and key projects given by members of the Executive Committee to the Board of Directors and its committees;
- the creation of specialized ad hoc committees of the Board of Directors, on which sit members of the Board and key personnel from within the Group, reporting directly to the Board;
- members of the Board having unrestricted access to all useful and necessary information to help them carry out their duties.

■ BALANCED COMPENSATION IN LINE WITH VALUE CREATION OVER THE LONG AND SHORT TERM

Imerys' compensation policy gives its senior management team and the majority of its employees a stake in the long-term and short-term performance of the Group and the value it creates.

The criteria on which the variable compensation of the senior management team is determined are aligned with the Group's financial targets and also take account of non-financial performance, including environmental, social and governance targets.

	Compensation subject to performance conditions			
	Variable (short term)		**Variable (long term)**	
Performance conditions	Quantitative (financial)	Net income from current operations, per share	Quantitative (financial)	Net income from current operations, per share
		Free operating cash flow		
		Return on capital		Return on capital
	Qualitative	Personal targets		
	Safety	Workplace accident frequency rate*		
Performance assessment period		**Annual**		**Three years**
Type of compensation		**Cash**		**Performance shares**

* *For further details on the frequency rate, see chapter 3, paragraph 3.5.1.1 of the Universal Registration Document.*

√ For further details on the Chief Executive Officer, the Executive Committee and the compensation paid to corporate officers, *see chapter 4, sections 4.1 to 4.3 of the Universal Registration Document*.

√ √ For further details on the duties and work of the Board of Directors and its committees, *see chapter 4, section 4.1 of the Universal Registration Document*.

1.3.2 BOARD OF DIRECTORS AND ITS SPECIALIZED COMMITTEES

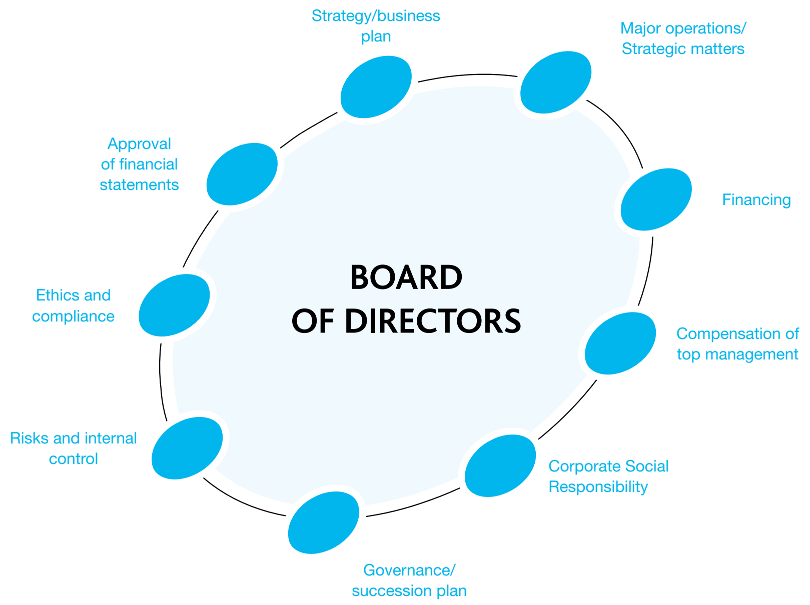
Imerys' Board of Directors is headed by Patrick Kron, appointed to the office of Chairman of the Board on June 25, 2019.

■ DUTIES OF THE BOARD OF DIRECTORS

With support from its committees, the Board of Directors exercises permanent control over the management of the Group, approving its strategic priorities as well as the main focuses of its corporate social responsibility strategy. The Board also approves any significant operations affecting the Group's future and ensures its governance structure is fit for purpose.

The Board of Directors meets as often as required to best serve the interests of the Group. The rights and responsibilities of the members of the Board of Directors as well as the rules governing the fulfillment of their duties during their term of office are set out in Imerys' by-laws and the Internal Charter of the Board of Directors. During their term of office, each member must also comply with the Code of Business Conduct in force within the Group, which applies to all employees.

Experienced and diligent members of the Board



5 years
AVERAGE TIME SPENT ON THE BOARD

57.6
AVERAGE AGE OF BOARD MEMBERS

8
MEETINGS IN 2019

93%
ATTENDANCE RATE

■ STRUCTURE OF THE BOARD OF DIRECTORS

A diverse and balanced international body

At the date of this Universal Registration Document[(1)], the Board of Directors was made up of:

- 13 members, including 2 directors representing employees
- 6 female members, including 1 director representing employees
- 7 independent directors
- 1 observer (attending in an advisory capacity)
- 5 nationalities

√ The composition of the Board of Directors allows the Group to take advantage of the diverse spectrum of capabilities and professional experience accumulated by its members from across a variety of industries and countries.

√ For further details on the composition, duties and operating procedures of the Board of Directors, *see chapter 4, section 4.1 of the Universal Registration Document*.

(1) *For further details on the anticipated changes to the Board of Directors following and subject to the Shareholders' General Meeting of May 4, 2020, see chapter 8, section 8.1.6 of the Universal Registration Document.*

COMMITTEES OF THE BOARD OF DIRECTORS

The Board of Directors has set up a number of committees to improve its effectiveness and assist it in preparing its decisions by making recommendations or giving opinions.

At the date this Universal Registration Document was filed, the committees were as follows:

STRATEGIC COMMITTEE	AUDIT COMMITTEE	APPOINTMENTS COMMITTEE	COMPENSATION COMMITTEE
Chair: Ian Gallienne	Chair: Aldo Cardoso	Chair: Paul Desmarais III	Chair: Paul Desmarais III
6 Members	4 Members	4 Members	5 Members
1/3 Independence	75% Independence	50% Independence	40% Independence
8 Meetings in 2019	8 Meetings in 2019	4 Meetings in 2019	5 Meetings in 2019
90% Attendance rate	97% Attendance rate	100% Attendance rate	93% Attendance rate
Main duties	**Main duties**	**Main duties**	**Main duties**
1. Strategy ▪ Formulate and approve the Group's long-term industrial, commercial and financial strategic orientations and how to pursue them. ▪ Ensure the long-term strategy implemented by Executive Management is in line with the orientations approved by the Board. ▪ Analyze and make recommendations on: • the Group's budget; • the operations likely to significantly modify the purpose or scope of business of the Company or the Group, including: – investments or acquisitions worth more than €20 million per transaction, – material commercial or industrial agreements, – any financing operation for amounts likely to substantially modify the Group's financial structure, – the general orientations of the CSR and INNOVATION POLICIES. **2. Risk** ▪ Analyze matters relating to the way Chief Executive Officer identifies, measures and monitors the main challenges and potential risk facing the Group.	▪ Ensure the relevance, consistency and proper application of and compliance with the accounting standards adopted to prepare the Group's consolidated and statutory financial statements. ▪ Verify the Group's external financial communications prior to publication. ▪ Analyze the accounting and financial treatment of material acquisitions or disposals. ▪ Monitor the application and effectiveness of all processes designed to improve internal control within the Group. ▪ Ensure compliance with the rules, principles and recommendations safeguarding the independence of Statutory Auditors. ▪ Oversee the selection procedure to appoint or re-appoint Statutory Auditors. ▪ Keep abreast of the Group's financial position and the overall orientation of the Group's financial and tax policies. ▪ Keep abreast of insurance policies, IT governance, IT security and cybersecurity.	▪ Examine and submit opinions and recommendations to the Board concerning prospective candidates for the positions of Chairman, Chief Executive Officer, Deputy Chief Executive Officer, directors, and members of (if any) committees. ▪ Present a succession plan for executive corporate officers and the Executive Committee. ▪ Review the independent status of directors. ▪ Consider draft responses to any requests from regulatory authorities (AMF or France's High Committee for Corporate Governance, the HCGE). Make recommendations to the Board to comply with best practice in governance and the recommendations set out in the AFEP-MEDEF Code.	▪ Examine and submit opinions and recommendations to the Board concerning: • the amount of and allocation method applied to determine compensation for directors; • the comprehensive compensation policy for executive corporate officers, which the Board submits for approval at the Shareholders' General Meeting; • the comprehensive compensation policy for the Group's senior executives; • all components of compensation, sign-on bonuses, severance packages and benefits of any kind owed or likely to be owed to each executive corporate officer; • the Group's policy on employee share ownership.

√ For further details on the composition, duties and operating procedures of the specialized committees, including the Chapter 11 monitoring committee, *see chapter 4, section 4.1 of the Universal Registration Document*.

2 RISK FACTORS AND INTERNAL CONTROL

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2.1 RISK FACTORS

The Imerys Group operates throughout the world in a constantly changing economic and political climate that is by nature unpredictable. Such uncertainty may lead to major changes that could have a material negative impact on the Group's operations or financial situation, as well as on external stakeholders associated with Imerys' operations.

The risks that are "material and specific", that result from the risk mapping process (described in chapter 1, on paragraph 1.2.4), facing the Group as well as the methods applied to manage them, are summarized in the following table and detailed below.

Type / Degree	Moderate	Significant	High
Strategic		Transformation of the Group Evolution and volatility of end markets Innovation Digital transformation	Product stewardship
Operational	Mineral reserves and resources Employee health & safety	Cybersecurity Environment and climate change	
Legal		Compliance with laws and regulations	

These risks are split into broad categories. Within each category, risk factors are ranked in order of importance, based on the probable impact of them occurring and the related risk management actions. The risks of the following developments are presented in detail in descending order of importance in each category. These developments describe each risk and the key risk control measures, some of which were taken by the Group before or after risk mapping. The key risk control measures already taken at the date of risk mapping have been taken into account in the estimation of the importance of the risk in question.

Other risks the Group has not yet identified or which are currently considered to be immaterial could nevertheless exist and, if they were to arise, may have a material negative impact. Further information on the environmental, social and governance risks for external stakeholders associated with Imerys' operations, as well as the measures taken to mitigate such risks, are presented in *chapter 3 of the Universal Registration Document*.

Note: *[CSR]* – Non-financial risks (described in *Chapter 3*, "Corporate Social Responsibility").

2.1.1 STRATEGIC RISKS

▪ PRODUCT STEWARDSHIP [CSR]

Description

Imerys manufactures mineral-based products that sometimes include chemical additives. They may potentially have an effect on health due to their intrinsic properties and possible traces of impurities. Exposure to these risk factors can occur through direct contact or inhalation. Uncontrolled exposure to these risk factors could lead to a breach of regulatory compliance and therefore make Imerys liable for fines, trade exclusions, litigation and ultimately, risks the reputation of the Group. Even in the absence of specific regulations, this risk could make the Group liable to litigation in respect of its stakeholders.

Key risk control measures taken

- The Group has set up its own product stewardship team. Headed by the Global Product Stewardship Director, the team is represented in each business area by an expert to whom report the product stewardship managers for each region and end market. In 2019, the Group reinforced the product stewardship team, and the new organization is currently being deployed.
- In 2018, the Group implemented a new product stewardship policy and supporting protocols, which define the objectives, roles and responsibilities, guiding principles and specific requirements, as well as continuous improvement process to be followed. Last year, the Group continued to improve its product stewardship policy, in particular by updating and supplementing the review of its portfolio of minerals and raw materials used to manufacture its products.

- The Group employs state-of-the art analytical methods, equipment, and testing to ensure that product assessments and associated decisions are driven first and foremost by sound science. For certain minerals, the Group applies the Mine to Market Mineral Management (M4) program, both for owned and external deposits. This program, which has been developed over a number of years and is regularly reviewed and enhanced, involves strict quality control at all stages of the process, from mining to manufacturing. The Group continually evaluates testing protocols and invests in innovation to ensure continuous improvement in quality and compliance. Furthermore, product stewardship risks are fully factored into the new product development process.

TRANSFORMATION OF THE GROUP

Description

In late 2018, Imerys launched a wide-scale transformation program in order to shift from a product-oriented organization to a market-oriented focus and thereby even more effectively meet the needs of its customers. At the same time, the Group streamlined its structure and set up specialized support services. An organizational change of this scale has the potential to hamper operating activities, damage employee motivation and cause the loss of market share if it is not implemented properly. As a result of the transformation, the Group has been reorganized into five business areas, and the structures have been gradually put in place as planned since mid-2019.

Key risk control measures taken

- The project team drew up a risk map and an action plan right from the start of the transformation program. The action plan has been monitored on a regular basis by an *ad hoc* committee made up of members of the Board of Directors that was tasked with monitoring the transformation program at the highest level.
- The Group HR Department has worked in close collaboration with the project team to draw up an action plan that allows the Group to retain its talent, expertise and skills and attract the additional skills it requires as part of the new organization.
- Through regular reviews of the marketing and business performance of each business area, the Group analyses any potential impacts resulting from the transformation program. The business development teams underwent a specific transformation program, offering training in particular, in order to mitigate any potential risk of losing market share. These programs will continue in 2020.

CHANGE AND VOLATILITY IN END MARKETS

Description

The Group's earnings are sensitive to the macro economic conditions of the end markets it serves. Cyclical volatility in specific markets, such as the iron and steel or automotive industries, along with the structural decline of certain mature markets, such as the printing and writing paper sector, may adversely affect the individual financial performance of a number of the Group's business areas depending on their exposure to the different markets as described *in chapter 1, paragraph 1.1.1.1 of the Universal Registration Document.*

Key risk control measures taken

- The Group's new organization, which came into effect in late 2018, is structured around its key markets. The business areas are equipped with their own marketing and business development teams focused on analyzing market trends. Their role mainly involves anticipating potential changes and adapting business and industrial initiatives to suit the emerging context. The market analysis is regularly reviewed by the Group's Executive Committee.
- The Group's Strategy Department also works with the business areas to monitor and anticipate market changes in order to gain insight on which it can base the strategic vision for each business area. The review process allows the Group to consider how to best allocate the Group's available resources between operations and more generally manage its portfolio of assets and businesses. The reviews are analyzed by the Executive Committee, under the supervision of the Strategic Committee and the Board of Directors.

INNOVATION [CSR]

Description

In order to maintain its competitive edge, maintain organic growth and increase profitability, the Group has positioned innovation at the heart of its strategy. It is also an effective way for the Group to tackle the sustainable development concerns related to its operations *(see Chapter 3, paragraph 3.7.2 of the Universal Registration Document).* Imerys manages and mitigates the risks related to its innovation policy, including the risk of investing in inadequate technology, the risk of new products not meeting market needs and the risk of delay in commissioning industrial facilities using new manufacturing processes or new product lines.

Key risk control measures taken

- Following the change in the Group's organization, innovation has been put under the responsibility of the various business areas in order to best meet the needs of markets and customers *(see chapter 1, paragraph 1.3.1 of the Universal Registration Document).* Directors of Innovation are tasked with identifying and implementing best practice in their own business area, especially in regard to research project management, intellectual property, skill development, scientific excellence and procedures.
- Centralizing and pooling the Group's intellectual property assets within specially designed entities guarantees better protection, safeguarding and optimization of the Group's innovation efforts.
- Directors of Innovation have access to a project portfolio management system to help them manage, assess and optimize their investments.
- Strict methods have been put in place to ensure products effectively meet the needs of customers in the desired market segments. They include building close relations between the science & technology, marketing and business development teams in each segment and the Group's external customers to better understand their work and technical constraints, and anticipate their needs.
- Any changes to laws and regulations that could potentially affect the Group's operations are anticipated and integrated in its innovation programs in order to rapidly respond to new requirements as and when the time comes while also minimizing costs and/or to take advantage of the business development opportunities arising from such changes.
- The Group's industrial excellence program "I-Cube" *(see chapter 1, section 1.4 of the Universal Registration Document)* includes a robust and stringent procedure to handle capital expenditure requests made by business areas, as well as checks to ensure they are properly implemented in order to avoid any lengthy delays.

▪ DIGITAL TRANSFORMATION

Description

In 2016, Imerys launched its multi-year digital transformation program with a view to upgrading IT and data management systems, tools and operational processes. Certain projects have been completed, while others are still ongoing, such as the deployment of a single ERP in Europe. Imerys is therefore exposed to the risk of such projects being poorly planned or executed, which could potentially cause completion to be delayed, certain projects to run over-budget, and may even affect operations if the tools stop working.

Key risk control measures taken

- Imerys has put in place a coherent governance structure and a robust management procedure with support from internationally recognized specialized consulting firms. Regular progress meetings are held among project steering committees, the Group Executive Committee and the Strategic Committee.
- In addition to the considerable financial resources invested over a period of many years, key people from within the Group (business areas and IT) have been working full time on these projects.
- Internal audit assignments are regularly conducted to ensure that, both in terms of applications and infrastructure, projects are deployed in line with best practice.

2.1.2 OPERATING RISKS

▪ CYBERSECURITY

Description

The day-to-day management of the Group's operations requires reliable technical IT infrastructure, management systems and data processing. As cyberattacks are being carried out with increasing frequency, the consequences of which can be extremely damaging for certain businesses targeted, there is now a considerable risk of core IT infrastructure or systems malfunctioning or shutting down and affecting Group operations, and a greater need to protect confidential data, as well as financial and non-financial reports.

Key risk control measures taken

- With support from a specialized cybersecurity consulting firm, the Group has drawn up and rolled out an action plan over the last two years. As a result, Imerys has set up an IT security team, assessed and fortified its communications network, deployed new IT security systems, reviewed access rights to the Group's various IT systems, carried out a number of initiatives to raise awareness among employees and now systematically develops continuity plans. Furthermore, a separate insurance policy has been taken out to cover the Group from cyber risk.
- The implementation of the plan was reviewed in early 2019 by the same specialized firm, which confirmed it was adequate. New priorities were identified for the next two years to adapt to new threats and supplement the current organization. The new plan is currently being drawn up and will be monitored on a quarterly basis by the IT and Cybersecurity Committee chaired by the Group's Chief Financial Officer.
- These plans are presented to both the Group's Executive Committee and Audit Committee.

ENVIRONMENT AND CLIMATE CHANGE [CSR]

Description

Although industrial mineral processing techniques are mainly physical (crushing, grinding and sorting) and generally require very few chemicals, industrial mining and mineral processing activities may impact the environment (especially soil and water conditions). As a result, the Group may incur expenses (over time or at the end of sites' operating lifecycle) to cover industrial equipment upgrades, industrial site rehabilitation or environmental cleanups. In addition, failure to comply with environmental regulations applicable to the Group's industrial and mining operations may lead to civil or administrative sanctions or even criminal prosecution. Furthermore, climate change may have operational and financial consequences that could cause damage to industrial facilities or injury to employees. The absence of a Group commitment to reduce its carbon footprint could also reduce the appeal of its products and lead to a loss of trust among stakeholders, in particular investors and customers.

Key risk control measures taken

- An effective Environmental Management System (EMS) makes possible to identify, prioritize and roll out checks to manage all potentially material environmental impacts resulting from the Group's industrial operations and includes compliance audits *(see chapter 3, paragraph 3.6.1 of the Universal Registration Document)*.
- A dedicated team has been formed, overseen by the Group Chief Environmental Officer, with representatives in each business area and environment correspondents at each Imerys site.
- A process to identify and analyze the key potential risks inherent to each site operated by the Group is currently being finalized.
- A regulatory watch system is being deployed progressively at each site in the Group's main operating countries.
- Environment protocols and a maturity matrix ensure these matters are handled in the same way across the Group.
- A study into the vulnerability of industrial sites to extreme weather events and natural disasters has been carried out.
- The Group has implemented a method to measure the environmental and social impact of products that includes their carbon footprint. Furthermore, Imerys includes carbon footprint reduction criteria in its investment decision process.

For further details on the Group's objectives, targets and programs to manage environmental risks, *see chapter 3, section 3.6 of the Universal Registration Document.*

MINERAL RESERVES AND RESOURCES [CSR]

Description

The Group's mineral reserves and resources represent one of its most important assets. It is critical to the management and development of Imerys' operations, and therefore profitability, that these assets are accurately assessed and mining licenses are properly handled. The Group may face the unexpected depletion of its mineral reserves, which could impact the continuity of some of its activities. As a result, processes and resources are required to improve the reliability of assessments of these mineral reserves and resources that may be impacted by unforeseeable changes in the technical, regulatory or economic parameters.

Key risk control measures taken

- The Group produces estimates of its resources and reserves in accordance with the PERC Reporting Standard (Pan-European Reserves & Resources Reporting Committee).
- The Group has acquired detailed knowledge of its mineral reserves and resources through its network of experts operating under the supervision of the Mining & Resource Planning Director, who in turn reports directly to the Chief Industrial Officer. These experts carry out an annual consolidated review of the mineral reserves and resources for each site.
- Furthermore, the mineral reserve and resource assessments carried out by each site are audited over a three- to six-year cycle by central in-house experts. The assessment system also undergoes a third party audit every five years.
- Regular reviews are conducted to anticipate the drilling investments required to both increase resources and ensure optimal conversion of resources into reserves.
- Furthermore, the Group adapts its internal procedures to obtain, maintain and renew mining licenses to accommodate the greater technical focus of impact studies and potentially longer application processes.

The processes and resources devoted to supplement, improve the reliability of and estimate the Group's reserves and resources are reviewed each year by the Executive Committee and the Audit Committee.

HEALTH AND SAFETY [CSR]

Description

The industrial nature of the Group's operations entail potential workplace health and safety risks. For example, the personnel (whether employed by Imerys or not) are exposed to high-risk situations and even the risk of serious and fatal accidents when working on or in the vicinity of operations such as industrial processes releasing dust particles, driving heavy mobile equipment, using high-voltage electrical equipment and carrying out maintenance on industrial equipment.

Key risk control measures taken

- The Group has set up the "Imerys Safety System", which was built around three pillars – (i) procedures and standards to be implemented in all Group operations (the "22 safety protocols", the "7 procedures" to handle the most severe risks and the "Five Step" rule to follow before taking any decisive action); (ii) regular communication about these rules, in particular through the "Safety Universities" and "Safety Alerts"; and (iii) regular compliance audits at all Imerys sites.
- The system has recently been supplemented with the introduction of procedures to systematically assess safety risks at each site, new safety protocols and a new campaign to raise awareness of the risk of fatal and serious accidents. A further system designed to collect safety data is currently being deployed.
- The Director of Occupational Health has put together a process to review the risk of industrial operations on employee health, which is currently being rolled out to all Imerys sites. Furthermore, protocols to address key risks are being set up by the Group's recently appointed occupational health managers in each business area.

Each month, the Executive Committee reviews the Group's safety performance. It also periodically examines all health and safety performance indicators and the results of compliance audits. The Board of Directors reviews the Group's safety performance at each of its ordinary meetings and all the other programs implemented are presented to them at least once a year.

For further details on the Group's objectives, targets and programs to safeguard health and safety, see chapter 3, paragraph 3.5.1 of the Universal Registration Document.

2.1.3 LEGAL RISKS

▪ COMPLIANCE WITH LAWS AND REGULATIONS [CSR]

Description

Although they do not operate in a specific regulated area, that may materially affect their business, the Group's companies are subject to a great number of national and regional laws and regulations due to the nature of their work (particularly mining and natural resources) and their extensive geographic distribution. With respect to this matter, the Group is facing three main difficulties:

- some countries may adopt new laws or regulations that could be open to discriminatory interpretation by the local authorities in charge of their application;
- the strengthening of the statutory and regulatory framework in the following areas:
  - ensuring legal compliance in terms of combating corruption and observing anti-trust rules and International Sanctions in particular,
  - protecting the environment and health & safety,
  - promoting the development of local economies and communities,
  - assuming corporate duty of care in the supply chain for goods and services,
  - protecting data,
  - fighting corruption and tax evasion;
- in certain areas of law, technical discrepancies may arise during the course of audits, which could lead to litigation, in particular because of uncertainties in the interpretation of the texts or in the performance of Imerys' obligations.

The identification of any major compliance breaches and/or upgrades necessary to ensure the Group remains in line with the laws, regulations and potential interpretations may have an adverse impact on the competitiveness of its business by exposing the Group to the risk of sanctions, fines, and/or litigation, which could damage the Group's reputation and adversely affect its economic operating conditions.

Key risk control measures taken

- The Group's Code of Business Conduct and Ethics sets out a firm expectation for all employees and stakeholders to comply with all applicable laws and regulations, and states notably zero tolerance for behavior that goes against international or national law in matters of corruption and anti-trust. In 2019, over 16,000 Imerys employees received training on the Group Code of Business Conduct and Ethics.
- The Group's policies and procedures, especially those dealing with compliance, are regularly reviewed and enhanced as part of the continuous improvement program in order to ensure they meet all applicable national and international standards.
- The compliance of local operations with the legal and regulatory requirements in force locally is regularly checked by conducting audits focusing in particular on geology and practices concerning the environment, health & safety, product stewardship, as well as the fight against fraud and corruption.
- When major changes to laws or regulations apply to the Group (or are likely to apply), compliance upgrade projects are launched and overseen by one or several members of the Executive Committee with support from specialized consulting firms.
- Imerys has put together a network of internal legal and tax specialists reporting to the Legal and Finance departments, respectively, based in the Group's main geographic regions, which is supplemented by internal experts in environmental and product stewardship reporting to the Industrial and Innovation departments. This network also receives the input of specialized external legal and tax advisors when necessary.

To the best of Imerys' knowledge, at the date the present Registration Document was filed there was no risk of violation and/or changes in laws and regulations applicable to the Group's operations that could potentially have a significant financial impact on the business.

√ For more information on the Code of Business Conduct and Ethics, *see paragraph 2.2.4 of the present chapter*.

CORONAVIRUS

In addition to these risks, Imerys is currently facing the generic risk posed by the global Coronavirus outbreak. The Group has established a Crisis Management Team to handle the emergency and has set up a strict monitoring process under the supervision of the Executive Committee. The Group has taken measures to ensure the health and safety of its employees and stakeholders and to contain the negative effects the virus might have on its business. Imerys is a global company and the spread of the coronavirus outbreak is expected to cause a drop in activity, potentially resulting in temporary plant shutdowns due to a decline in demand in certain end markets (automotive, iron & steel, construction), legal containment measures ordered by local authorities and/or supply and logistical difficulties. In this context, Imerys, which can count on a strong balance sheet, is implementing any necessary measure to preserve its profitability, liquidity and overall financial structure.

2.1.4 INSURANCE – RISK COVERAGE

To protect its earnings and assets against identifiable risks, the Group seeks the most suitable insurance solutions on the market that offer the best balance between the cost and coverage provided.

The coverage of major risks that are common to all operating activities is almost exclusively integrated into international Group “All risks, with exceptions” insurance policies, which are taken out by Imerys on the market with highly reputed insurers that are internationally recognized for their financial soundness. This means the Group benefits from the most extensive coverage with the highest limits, while optimizing costs. 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 policies or benefit from coverage that is at least equivalent, in which case, they will be added only to the coverage offered by Group policies that exceeds the local insurance policies.

Imerys companies also use the local market, *via* the services of the brokers in charge of managing the Group’s insurance policies, to cover the specific risks inherent to some of their non-recurrent activities or operations or when such insurance is made compulsory by applicable local regulations.

The Group considers its current insurance coverage to be appropriate, in terms of scope, value insured and limits of guarantees, for the most important risks related to its ability to continue conducting business worldwide.

The two main Group insurance policies cover general liability as well as property damage and business interruption.

▪ GENERAL LIABILITY

The purpose of this first insurance policy is to cover liability claims against the Group in the event of bodily injury, property damage or consequential damages that arise during operations or after the delivery of products, as well as any damages resulting from accidental pollution.

The Group’s business is first and foremost covered by local policies taken out in each country (level one), supplemented by a master policy agreed in France and two additional excess policies with higher limits of cover than the master policy.

The master and excess policies are also used to extend the limits and coverage of several specific sub-policies, particularly in North America, for Automobile Liability and Employer Liability coverage, or in addition to the mandatory Employer’s Liability insurance issued in the UK.

The coverage provided by the Group General Liability policy, minus the exclusions that are common practice on the insurance market for this type of risk and the sub-limits applied to certain specified events, amounts to €150 million per claim per year.

▪ PROPERTY DAMAGE AND OPERATING LOSSES

This second insurance policy aims specifically to cover sudden and accidental property damage affecting the insured property as well as any resulting business interruption.

The Group’s activities are insured against property damage and business interruption under a master policy agreed in France that applies directly in most European countries and supplements local policies in other countries, subject to regulations.

Imerys has kept “high-frequency” risks within a captive reinsurance company consolidated in the Group’s accounts with an annual aggregate claims ceiling of €4 million.

The master policy provides the Group, minus 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 per year.

By assigning its property damage and business interruption program to an insurance provider renowned for its expertise in loss prevention engineering, Imerys intends to continue its extensive efforts in raising awareness in and protection from risk across its operations. Around 100 of the Group’s industrial sites are regularly inspected by loss prevention engineers from the insurance company. Imerys uses the subsequent recommendations to improve its industrial risk management.

The risk prevention program is supplemented by an interdisciplinary working group tasked with identifying and prioritizing key industrial risks and defining risk prevention plans, which is overseen by the Industrial Department.

▪ OTHER GROUP-WIDE INSURANCE

The Group’s other main insurance policies aim to cover the following risks, which are common to all its legal entities or several of its businesses, such as directors’ and corporate officers’ liability; commercial auto fleet insurance (Europe, US); as well as cyber and transportation risks (marine cargo and charterer’s liability).

2.2 INTERNAL CONTROL

2.2.1 INTRODUCTION

OBJECTIVES

The Group uses the framework on risk management and internal control systems in addition to the application guide published in 2010 by the French financial markets authority (*Autorité des marchés financiers*, AMF) to define its internal control system and structure its approach. The system incorporates in particular the objectives and components of the AMF framework.

The Imerys internal control system covers all controlled entities in the Group's scope of consolidation, including newly acquired companies. By implementing this system in all its businesses, Imerys aims to ensure it has the means, behaviors and procedures needed to manage the different risks that may arise and provide reasonable assurance that its:

- financial information is reliable;
- activities comply with the laws and regulations in force;
- operating, industrial, environmental, health and safety and other processes are efficient and effective;
- tangible and intangible assets are protected, in particular against fraud.

The internal control system therefore helps the Company protect its value for shareholders and employees and achieve the strategic, financial, compliance and operational goals it sets.

However, by definition, this type of system cannot provide an absolute guarantee that the risks facing Group are completely under control, nor that it will reach its goals.

PRINCIPLES

In line with the objectives outlined above, the Imerys internal control system is based on the following core principles:

- a structure fit for purpose and made up of skilled, accountable professionals;
- a periodic analysis of the Group's main risks;
- appropriate control activities.

2.2.2 A STRUCTURE FIT FOR PURPOSE

ORGANIZATIONAL MODEL

The Imerys' internal control system is underpinned by the Group's operational structure and support departments that are directly or indirectly responsible for controlling the risks faced by the Group or that may impact external stakeholders associated with Imerys' operations.

The control system put in place within the Group relies on a tight governance structure that guarantees the effective circulation of information as well as the transparency and traceability of decisions, while conserving the principles of subsidiarity and decentralization that are deemed essential to the optimal management of Group industrial and commercial operations. It requires a high level of commitment and accountability from all operational and support managers, who must adopt the policies and procedures defined at business area and Group level, make sure they are implemented and followed and enrich them with appropriate measures given the distinct nature of their operations or areas of responsibility. These principles remain unchanged despite the transformation underway within the Group, even though in certain cases, responsibility may shift between different departments or teams.

PEOPLE INVOLVED IN THE INTERNAL CONTROL SYSTEM

The Board of Directors and its committees

The Board of Directors exercises permanent control over the way in which the Chief Executive Officer manages the Group. In particular, it makes sure that internal control mechanisms are correctly implemented throughout the Group.

To assist in this task, the Board has created four specialized committees – the Strategic Committee, the Appointments Committee, the Compensation Committee and the Audit Committee – which carry out their duties under the Board's responsibility. The Strategic Committee and the Audit Committee are responsible for identifying and managing risks, as well as monitoring certain internal control mechanisms, as presented in *chapter 4, section 4.1 of the Universal Registration Document*. For example, twice a year, the Audit Committee reviews the processes in place, analyzes the results of risk assessments and evaluates internal control mechanisms.

The Board of Directors is also able to set up *ad hoc* committees with temporary duties regarding specific project management assignments carried out on behalf of the Board. Indeed in 2019, the Board set up one such committee to oversee the transformation of the Group.

Executive Management and the Executive Committee

The Chief Executive Officer has the operational and functional responsibility to implement the strategy defined by the Board of Directors in all the Group's operations. In particular, he is responsible for effectively implementing internal control mechanisms within the Group.

The Chief Executive Officer is supported by an Executive Committee, which is made up of the Chief Executive Officer, the Senior Vice-Presidents of support departments and the Senior Vice-Presidents of the Group's five business areas. The Executive Committee, under the authority of the Chief Executive Officer, is in charge of implementing the strategic orientations set by the Board of Directors and ensuring that all its members comply with the main decisions that fall within their individual scope of responsibility in relation to the Group's organization or general conduct of its business *(see chapter 4, paragraph 4.2.2 of the Universal Registration Document)*.

Operational departments

In accordance with the Group's decentralized operating principles, the directors of each business area have the necessary powers to organize, manage and oversee their operations at all times and delegate these operations in similar conditions to the operating managers reporting to them.

The directors of each business area are responsible for adopting internal control mechanisms that are consistent not only with its organization, but also with the Group's principles and rules.

Support departments

The role of the Group's support departments is to both:

- organize and oversee the Group's operations in their respective areas of expertise; and
- provide technical assistance to the operational departments in these areas when necessary.

These departments enable the Group to not only benefit from economies of scale as a result of its size and better skill sharing, but also ensure all operations related to their areas of expertise are conducted in a common framework of secure, consistent management and control processes and systems. The Group experts or shared support services that constitute the support departments significantly contribute to the Group's internal control mechanisms. Most of the Group's support managers have at least a functional authority over the operating managers whose responsibilities come under their area of expertise.

Support departments	Main internal control responsibilities
Finance	▪ Implement tools to continuously monitor the Group's results and operating performance ▪ Participate in preparing the budget and quarterly progress review ▪ Oversee financial performance at all operating levels of the organization ▪ Analyze and approve capital expenditure requests made by business areas or other similar investment projects ▪ Define the policy for funding, market risk control and banking relationships for the entire Group ▪ Ensure local tax regulations are properly applied in each country in which the Group operates
Legal	▪ Identify and assess the main legal risks facing the Group and each of its business areas ▪ Define and implement suitable policies and controls to manage these legal risks and comply with applicable laws and regulations ▪ Provide legal advice to operating and support managers to (i) safeguard the rights and interests of the Group and its business areas and comply with legal obligations and (ii) contribute to achieving their objectives with appropriate legal solutions ▪ Identify need and define, implement and manage Group insurance policies to cover or mitigate potential losses resulting from major incidents or liabilities
Strategy, Mergers & Acquisitions and Commercial Excellence	▪ Identify and evaluate Group-wide strategic, marketing and commercial risks ▪ Identify and assess – with support from relevant internal or external experts – the main potential risks or liabilities associated with acquisitions or disposals of assets or businesses, and factor them into the value and terms and conditions of the proposed transactions ▪ Assist the potential geographic expansion of the Group, with a specific focus on monitoring and controlling risks when opportunities are identified in emerging markets
Industrial	▪ Lead and coordinate the Group Purchasing Department by selecting suppliers, negotiating and renegotiating contracts, implementing optimization initiatives and enhancing internal organization ▪ Support, review and approve all material industrial projects proposed by the business areas ▪ Lead and coordinate the implementation of the Imerys industrial improvement program in all operating plants ▪ Lead and coordinate Group standards relating to health, safety, environment and product stewardship ▪ Lead and coordinate Group standards in managing mineral reserves and resources ▪ Identify and assess the main industrial risks within the Group by regularly carrying out risk mapping ▪ Monitor the application of the EHS and geology guiding principles through audits
Human Resources, Communication and CSR	▪ Develop policies to ensure employees have the required skill level for their responsibilities ▪ Put in place checks to ensure the integrity of salary setting and payment processes and supervise the implementation of employment benefits ▪ Monitor compliance with applicable labor laws, regulations and agreements ▪ Develop policies for international mobility and employee travel ▪ Coordinate the Group Corporate Social Responsibility program in liaison with the other departments concerned and ensure the Group's overall compliance with its CSR commitments and regulatory reporting requirements related to the program
IT Systems and Internal Procedures	▪ Define Group policies and best practice for IT systems including computer network security ▪ Manage Group-wide IT projects, monitor and check IT networks and infrastructure (servers, telecoms, etc.) ▪ Develop standardization, automation and efficiency of certain shared internal control processes in the Group

2

Risk Committee

The Risk Committee coordinates risk assessment, management and controls within the Group. It is made up of representatives of the Board committees (the Ethics Committee, the Foreign Exchange, Interest Rate and Energy Committee, the Investment Committee, the IT and Cybersecurity Committee, the CSR Committee and the Safety Committee). It is headed by the Internal Audit & Control Director. The Risk Committee, contributes in particular to the identification and assessment of the main risks facing the Group by drawing up a risk map every two years. The most recent assessment was completed in May 2019, when the risk map was presented to the Audit Committee.

Internal Audit & Control Department

The role of the Internal Audit & Control Department is to regularly check the quality and efficiency of the Group's internal controls and make recommendations to improve them if needed. It alerts management of any internal control failures and produces recommendations to correct them. These reviews are usually conducted six to 18 months after newly acquired businesses are integrated into Imerys.

The Internal Audit & Control Department is independent of the operational and support activities that it audits. The Internal Audit & Control Director therefore reports directly to the Chief Executive Officer and the Audit Committee. A complete report on the activities of the Internal Audit & Control Department is presented and discussed every six months with the Executive Committee, then at an Audit Committee meeting attended by the Statutory Auditors.

At the end of 2019, the Internal Audit & Control Department had 10 staff, working in the areas of internal audit, internal control and risk management.

Internal Audit & Control Department	Main responsibilities	Reference framework and/or mechanisms
Internal audit	▪ Ensure operating entities comply with the principles and rules defined by the Group ▪ Perform IT system audits ▪ Identify and share best practice in the Group ▪ Investigate incidents of fraud ▪ Monitor the implementation of action plans following audits ▪ Review the reliability of self-assessments	▪ Audit cycle of four to seven years ▪ Annual audit plan approved by the Audit Committee ▪ 46 audit reports addressed to the Executive Committee in 2019 ▪ Audit methodology ▪ Fraud investigation reports ▪ Anti-fraud training and awareness-raising ▪ Dashboard for quarterly follow-up of action plans ▪ Sincerity assessments
Internal control	▪ Define and maintain Group internal control standards ▪ Provide internal control training	▪ Group policies and procedures ▪ Six internal control training sessions in 2019
Risk management	▪ Develop risk management methodology ▪ Define and update the Group's risk universe ▪ Map the main risks facing the Group ▪ Review the implementation of action plans defined during risk mapping ▪ See further details in *paragraph 2.2.3 of the present chapter*.	▪ May 2019 update of the Risk Map and approval from the Audit Committee ▪ Review of the 2019 risk management action plans

2.2.3 PERIODIC ANALYSIS OF THE MAIN RISKS FACING THE GROUP

▪ OBJECTIVES

By analyzing risk, Imerys is able to identify the incidents that could seriously threaten the achievement of its strategic, financial and operational goals and the compliance of its operations with applicable local laws and regulations as well as any likely amendments, or adversely impact Imerys' external stakeholders.

Through a structured process designed to enable the Group to understand 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, better protect the Group's value in accordance with applicable the laws and regulations and the expectations of its stakeholders.

▪ STRUCTURE

The risk analysis process is split over three levels:

- all operating and support managers must constantly seek to identify, analyze and manage risks in their areas of responsibility. The identification and management of these risks are periodically reviewed and discussed by the 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 begun a formal, recurrent process to analyze its main risks by preparing a map showing the potential impact of the identified risks and the extent to which they are under control. Key central support and operational managers take part in this process. Results are reviewed and approved by the Executive Committee and presented to the Audit Committee. New actions are then set out to reinforce the Group's control of certain identified risks. The main risks to which the Group is exposed and their management and control methods are detailed in *section 2.1 of the present chapter;*
- lastly, the Risk Committee meets in order to review and coordinate risk and control analysis and management activities within the Group and suggest potential measures to improve them, following its review of the updated risk mapping *(see paragraph 2.2.2 of the present chapter).* The Internal Audit & Control Director regularly reports on its work to the Executive Committee and the Audit Committee.

2.2.4 APPROPRIATE CONTROL ACTIVITIES

Control activities are adapted to the goals set by the Group and intended to ensure that the risks related to a given operating or support process are correctly covered.

▪ FRAMEWORK

Internal rules

Imerys' internal control policy is formally set out in the Code of Business Conduct and Ethics and the Corporate Governance policy, as well as in a number of charters (including the Board of Directors Charter, Corporate Social Responsibility Charter, Health & Safety Charter and Inclusion & Diversity Charter) that apply to the whole Group. These sets of rules aim to create a positive control environment, based on robust principles and experience in Corporate Governance as well as behavior that complies with laws, regulations, ethics and the Group's strategic objectives.

Moreover, the Group's policies developed by the central support departments define the specific organization, responsibilities and operating and reporting principles for their respective areas of expertise.

Lastly, the Group's internal control manual defines the main principles and core activities to be carried out as part of the Group's operating and financial processes.

The Group's charters, manuals, policies and procedures are grouped together in the Blue Book, which all employees can consult on the Group Intranet OneImerys. This fundamental set of rules forms the framework for the Group's operations. It applies to all the companies Imerys controls. Certain communications are subject to electronic certification, through which employees must certify they have read the information and pledge to enforce the internal controls in their area of responsibility.

A second set of rules applies to the Group's operations and defines their specific procedures and reporting principles. In line with Group policies, procedures are adapted to each setup, the management of mining, industrial and commercial activities and any risks related to these activities. They take into account specific requirements set out in applicable local laws and regulations.

Code of Business Conduct and Ethics

The Imerys Code of Business Conduct and Ethics summarizes the ethical behavior that the Group expects from all its employees, especially its senior managers, as well as its contractors, suppliers and other partners with whom it maintains close relations. It is designed so that everyone not only complies with local legislation in their daily work, but also adopts an attitude in line with the Group's values, principles and rules with respect to responsibility, integrity, transparency, fairness and openness. All newly recruited managers at Imerys attend an introductory class on the Code of Business Conduct and Ethics as part of their induction to ensure all Group employees are aware of and follow these rules.

Updated in 2018, the new Code of Business Conduct and Ethics reinforces Imerys' commitment to ethical business conduct, aligning the Group with the most rigorous international standards. It also takes into account the whistleblowing system that has been reinforced with the creation of a new online platform and a reporting hotline managed by an independent organization, ensuring confidentiality throughout the process.

√ For further details, *see chapter 3, paragraph 3.7.1 of the Universal Registration Document*.

IT SYSTEMS

Effective IT systems help ensure reliable and improved management of support and operating processes.

The Group's policy consists of integrating and monitoring as much of its value chain (particularly sales, distribution, purchasing, inventory, fixed assets, production, supply chain and finance) with its enterprise resource planning (ERP) system. Imerys strives to use integrated ERP control systems in order to ensure an optimal level of control while meeting the specific requirements of how to best manage its operating activities.

Imerys uses several ERP systems that have been selected to create synergy between support and maintenance as well as satisfactory consistency, while taking into account the size of operations and the regions in which they will be rolled out. As described in *paragraph 2.1.1 of the present chapter*, the Group has launched a project to streamline and standardize Group operating processes under a single ERP system in Europe.

The Group uses a single software package in all its entities to report and consolidate its accounting and financial information.

In addition, tools for consolidating and monitoring the most important non-financial data have been set up across the Group. They help to:

- gain a clearer view of the performance of the Group's different operations, prevent or resolve difficulties and promote or measure improvement (*e.g.* reporting and consolidating HR or CSR indicators);
- improve the accuracy of data processing and help monitor operational compliance with applicable legal or regulatory obligations, contractual commitments and Group rules (*e.g.* reporting and consolidating legal and administrative information related to the Group's subsidiaries, equity interests and corporate officers as well as, managing and monitoring the approval and fulfillment of contractual commitments).

HUMAN RESOURCES MANAGEMENT

Recruitment and development

To make sure recruitment is consistent and appropriate, the Human Resources Department defines standards and regularly checks the quality of its practices.

In order to develop its employees in line with the needs of its operations, the Group has rolled out several processes described in *chapter 3, paragraph 3.5.2 of the Universal Registration Document*, including an annual individual assessment (Performance Appraisal and Development – PAD) and succession plans for key positions.

Recruitment and development processes are now managed through a common tool, which was rolled out throughout the Group in 2018. This project has enabled the Group to both simplify and standardize HR processes and improve its ability to identify its global talent pool and develop talent internally.

The results and main analyses of human resources and skills management are regularly presented to the Executive Committee.

Training

In addition to the training programs organized by the operational departments, the Imerys Learning Center organizes Group training sessions *(see chapter 3, paragraph 3.5.2 of the Universal Registration Document)* to help employees develop their professional expertise (*e.g.* finance, geology, marketing, project management, *etc.*) and encourage them to share best practices.

Compensation & benefits

Compensation is reviewed annually, focusing mainly on base salary and individual bonuses.

In addition, the key components of social security – especially health and life insurance (death, long-term illness or disability) – are continuously assessed and improved in line with local or regional market practices.

Detailed information on both principles is provided in *chapter 3, paragraph 3.5.2 of the Universal Registration Document*.

RELIABLE ACCOUNTING AND FINANCIAL INFORMATION CONTROL

The same control mechanism and procedures for preparing accounting and financial information are used throughout the Group. This mechanism is made up of a Group-wide accounting setup, consistent accounting standards, a single consolidated reporting system and central quality control of the internal and external financial and accounting information produced.

Organization of the accounting and financial departments

Accounting and financial operations are managed by the Group Finance Department. Its central structure includes:

- an Accounting and Consolidation team, responsible for the preparation and presentation of the Company's financial statements and the Group's consolidated financial statements;
- a Management Control and Budgetary Control team, which prepares and consolidates budget and monthly management reporting data and analyzes operating performance in relation to budget targets and prior year comparatives;

- a Cash and Finance team, in charge of preparing and consolidating data on financial debt and the Group's financial income in particular. Its main duties include centrally managing and optimizing the Group's debt and financial resources, as well as managing liquidity, interest rate, currency and local energy supply price volatility risks, primarily through hedge instruments;
- a Tax team, whose responsibilities include monitoring the local tax consolidation applied in the Group, estimating the subsequent amount of tax payable and checking overall consistency.

In November 2019, the Group began implementing a new financial organization, which is expected to be finalized when the 2019 financial statements are approved. The new setup distinguishes between three separate accounts and finance activities: the "Control" activity, which involves analyzing the financial performance of the various business groups, the "Consolidation, Accounting and Reporting" activity, which is responsible for producing and verifying financial information, and the "Shared Services" activity, which oversees all accounting transactions in accordance with a deployment plan currently being executed in Europe and the Americas.

Accounting framework

The general accounting rules are described in the Blue Book *(see paragraph 2.2.4 of the present chapter)*. These rules apply to all the Group's entities. In accordance with the IFRS standards adopted within the European Union, they include:

- a reminder of the general accounting principles and recommendations to follow;
- a single detailed accounts template adapted to the size and materiality of the Group's transactions;
- a definition of the Group's accounting methods that apply to the most important items and/or operations.

These documents are updated regularly – whenever an amendment is made or new accounting standards are applied – by the Accounting and Consolidation team, after being reviewed by the Audit Committee and approved by the Statutory Auditors. This team also has an advisory role within the Group and is responsible for providing periodic training to the local financial controllers.

Multi year strategic plan

The long-term strategic focus of each business area and the subsequent financial forecasts are formally defined and monitored as part of a multi-year strategic plan for the Group and periodic strategy reviews for each business. They are drawn up under the control and supervision of the Chief Executive Officer. The conclusions are reviewed by the Executive Committee before being presented to the Strategic Committee and submitted to the Board of Directors for approval.

Annual budget and monitoring its execution

Imerys has put in place an annual budget process and monthly report cycle for all Group entities to ensure management information is reliable and consistent. Consistency between accounting data and reporting information is key to ensuring accurate accounting and financial information.

The Group uses the reporting system to accurately monitor monthly results (income and cash flow statements) and financial data for operating activities and compare them with the budget and results for the prior year. The management indicators are reviewed and commented by business area controllers, their teams and the Group Control team.

Consolidation process

A single accounting consolidation system processes all information from across the Group's operating and legal entities.

To guarantee the quality and accuracy of its financial data, Imerys has set up a unified reporting and consolidation system (SAP Business Object Financial Consolidation) to collect budget and management information and produce consolidated financial statements. Deployed across the entire Group, the system uses local accounting data, either retrieved *via* an interface with the financial modules of the entities' ERP systems or input manually. This system makes it possible to check some reported and/or consolidated data automatically.

Earnings review

Every month, each business area examines its management results and analyzes any significant variations on the prior year or budget, deciding any corrective actions that it deems necessary and monitoring their implementation. The Executive Committee reviews and checks the performance of each business area, as well as the comments provided by their financial controllers to explain the main changes.

Earnings are also reviewed at quarterly meetings, where business area directors present their results to the Chief Executive Officer and the Chief Financial Officer. A summary of each of those reviews is also presented to the Strategic Committee and, if necessary, to the Board of Directors.

Lastly, the consolidated financial statements, accounting procedures and complex financial transactions are systematically reviewed by the Executive Committee. The half-yearly and annual consolidated financial statements are then reviewed by the Board of Directors after examination by the Audit Committee, which also reviews the quarterly consolidated accounts prior to publication.

3 CORPORATE SOCIAL RESPONSIBILITY

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3.1 VISION AND AMBITION

3.1.1 STRATEGY AND GOVERNANCE

Imerys respects the world in which it operates. The Group is committed to playing a role in society, to meet its obligations to the countries and communities within which it does business, and to act as responsible environmental stewards and thereby contribute to sustainable development.

To achieve the aforementioned ambitions, in 2018, the Group launched its new CSR program named SustainAgility. The program was developed to take into consideration a wide range of inputs from internal and external stakeholders, including but not limited to publications by expert committees, professional associations, external research and benchmarks, the Group's Risk Committee, forums and dialogue with local communities, customer and market signals and reviews of global megatrends. In particular, the SustainAgility program was also developed duly considering the 2030 Agenda for Sustainable Development[(1)] and the international framework presented in *chapter 1, section 1.2.2 of the Universal Registration Document*.

The SustainAgility program is articulated around three axes as outlined in the Group CSR Charter:

- **empowering our people:** making sure employees and the people Imerys works with stay healthy and safe, nurturing talent, promoting diversity and inclusion, fostering social dialogue and safeguarding human rights;
- **caring for our planet:** protecting the environment, promoting non-energetic resources efficiency, preserving biodiversity, and acting on climate change;
- **building for the future:** behaving ethically, operating fairly, ensuring responsible purchasing, engaging with communities and promoting sustainable products and technologies.

The SustainAgility program is overseen by a CSR Steering Committee, chaired by the Group CEO, which meets quarterly and has the responsibility to establish Group CSR ambitions, validate key milestones and guide and monitor implementation on progress towards the Group objectives. In addition to the CSR governance structure, the functional organization of CSR within the Group is responsible for the elaboration and deployment of the Group CSR program in collaboration with Group functions and Business Areas, and also holds the mandate to develop and provide expert oversight and guidance on specific transversal disciplines.

The Group continues to develop and roll-out the SustainAgility program in an iterative fashion. The mid-term objectives to be achieved through the SustainAgility program are to further embed sustainability within the Group strategy and drive systematic continuous improvement of CSR aspects in operations, thereby continuing to reduce risks, unlock opportunities and build capacity for long-term shared value creation. The continuous improvement approach, new projects, and scientific studies shall continue to be developed and deployed based on a reinforced framework of solid policies, procedures, improved tools, training, as well as series of maturity matrices upon which Group sites are assessed and against which action plans are developed.

√ For more information on the Group CSR governance, *see chapter 1, section 1.3 of the Universal Registration Document*.

√ For more information on SustainAgility, *see "Imerys Replay" at www.youtube.com/user/ImerysReplay*.

(1) *The 2030 Agenda for Sustainable Development with the Sustainable Development Goals (SDGs) at its core was adopted by member States of the United Nations in September 2015. The 2030 Agenda is a commitment to eradicate poverty and achieve sustainable development by 2030 world-wide.*

3.1.2 UNITED NATIONS GLOBAL COMPACT AND SUSTAINABLE DEVELOPMENT GOALS

In 2016, Imerys became a signatory member of the United Nations Global Compact (UNGC) and has committed to base its business approach on the following 10 Principles:

WE SUPPORT

UN GLOBAL COMPACT

Human Rights	▪ Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and ▪ Principle 2: make sure that they are not complicit in human rights abuses.
Labour	▪ Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; ▪ Principle 4: the elimination of all forms of forced and compulsory labour; ▪ Principle 5: the effective abolition of child labour; and ▪ Principle 6: the elimination of discrimination in respect of employment and occupation.
Environment	▪ Principle 7: Businesses should support a precautionary approach to environmental challenges; ▪ Principle 8: undertake initiatives to promote greater environmental responsibility; and ▪ Principle 9: encourage the development and diffusion of environmentally friendly technologies.
Anti-Corruption	▪ Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery

In September 2015, 193 member States of the United Nations adopted 17 Sustainable Development Goals (SDGs) with the aim to end extreme poverty, protect the planet and ensure prosperity for all within a new universal agenda. Imerys supports the ambitions of this global program and has duly identified within the SustainAgility program policies and practices within its operations that directly or indirectly contribute to the SDGs.

The Group is specifically focusing on concretely contributing to nine of the SDGs listed below:

In accordance with the UNGC Principles, the Group is committed to publish its annual Communication on Progress (COP). The Group is committed to supporting Ten Principles of UNGC in the areas of Human Rights, Labor, Environment and Anti-Corruption and embed the UN Global Principles within the Group strategy, operations and corporate values. The Group CSR commitments, objectives and results against 2019 objectives, are presented in the context of continuous progress made towards the UNGC Principles and the aforementioned nine UN SDGs.

√ For more information on Imerys' contribution to the SDGs, *see the film "Fostering positive changes in the world of industrial minerals" on Imerys replay at www.youtube.com/user/ImerysReplay*.

3.2 STAKEHOLDER ENGAGEMENT

The Group depends on the solid long-term relationships it develops with its key stakeholders; respecting the countries, communities and environments across the globe where its operations are located. As such Imerys considers itself accountable to a wide variety of stakeholders, both internal and external. Identifying stakeholders and gaining an understanding of their needs and expectations is a critical step to foster engagement.

The list of stakeholders groups with whom Imerys engages in various capacities across the globe includes: banks & brokers, business partners, competitors and peer companies, customers, employees, government authorities, local community members, media, non-governmental organizations, professional associations, shareholders and investors, and suppliers and subcontractors.

In 2017 and in 2018, in the context of the definition and preparation of the launch of the Group's CSR program, Imerys conducted a **materiality assessment** in order to further integrate stakeholder expectations on environmental, social and governance (ESG) risks, threats and opportunities facing the Group, and define material CSR priorities. This process can be summarized in three phases: **framing, engagement** and **analysis and validation.**

The **first phase** of framing focused on the research and analysis required to identify and verify a list of potentially significant ESG issues, including but not limited to: the identification of megatrends potentially affecting Group business in the future, the 2030 Agenda for Sustainable Development, inputs from the 2050 Roadmap of the Industrial Minerals Association (IMA) Europe[(1)] and other IMA forward-looking reports[(2)], an assessment of selected international companies CSR programs, operational risk related to CSR themes as well as a review of selected climate change, biodiversity, responsible purchasing, diversity and inclusion, and circular economy approaches. This research was supplemented by an assessment of external rating agencies indices, feedback on Imerys CSR performance in 2016 and a review of the Group 2017 senior leadership seminar takeaways and feedback to identify the perception of strengths and areas for improvement. As a result, a preliminary list of potentially significant issues was elaborated and validated by internal operational and functional experts.

A **second phase** of engagement with both external and internal stakeholders was then conducted. The Imerys global Employee Engagement survey launched in early 2017 was used to gain confidential and anonymous insights and feedback from across the Group. Consultation on the CSR themes was gained in 2018 through face-to-face engagement meetings held at various locations across the world. Over 140 senior managers and experts across the Group business and functions, as well as employee representatives were consulted. Feedback was gained from external stakeholders surveyed with the aim of achieving a representative mix in terms of types of organization (customers, investors, banks, suppliers, local community members, and associations) as well as geographic areas.

The **third phase** involved analysis and validation. Several interviews were conducted with Executive Committee members and senior management to structure the final results in 2018. The final assessment and the results were then presented and validated by CSR Steering Committee and Executive Committee.

The materiality assessment was not re-conducted in 2019, but rather the Group continued to focus on the priority CSR themes identified in 2017 and 2018 and the definition of improvement programs.

√ For more information on the Group rating agency indices and assessments related to Group ESG performance, *see chapter 1, section 1.2.2 of the Universal Registration Document*.

√ For more information on the Group Employee Engagement survey, *see section 3.5.2.1 of the present chapter*.

√ For more information on Group CSR Reporting Methodologies, *see section 3.8 of the present chapter*.

3.3 MATERIAL CSR RISKS

A robust assessment of material CSR risks is fundamental to the definition of the Group CSR program consistent with Imerys' long-term business strategy as well as stakeholder expectations. Materiality in this context is about identifying the key issues, threats and opportunities that may negatively impact or have the capacity to create shared value for Imerys and its stakeholders.

Imerys material CSR challenges and opportunities are summarized below under the six SustainAgilty program pillars: safety and health, human capital, environmental stewardship, climate change, business conduct, and product management. They are consistent with the macro approach to Group risk and internal control presented in *chapter 2 of the Universal Registration Document*.

(1) IMA Europe published the "2050 Roadmap" for the industrial mineral sector in September 2014: http://www.imaginethefuture.eu//sites/defaultf/files/imaginethefuture/IMA-Roadmap-2050-bleed-22092014-Web.pdf. This roadmap identifies the megatrends, risks and opportunities of the industrial minerals sector between today and the horizon of 2050.

(2) IMA-Europe's Circular Economy Report published in October 2018: https://www.ima-europe.eu/sites/ima-europe.eu/files/publications/IMA-Europe_Circular%20Economy%20Report_2018.pdf.

Ensuring the **safety and health** of Group employees as well as contractors is Imerys' number one commitment. Being a safe place to work is a cornerstone of Imerys' sustainability. Due to the inherent nature of industrial activities, Imerys employees, contractors, customers' employees may be exposed to risks that, in the event of failings in the safety management hierarchy of controls summarized in *section 3.5.1 of the present chapter*, could result in a fatality, serious life-changing injuries, or short-term health effects. The highest risks activities managed through the "Serious 7" protocols are related to the risk of contact with hazardous energy, interaction with mobile equipment and machinery, working at heights, as well as ground control in surface mines. Occupational health risks in mineral mining and processing activities include ambient dust, noise and vibration. Limited quantities of chemicals are also used during industrial processes and in the laboratories for quality assurance and R&D. Certain jobs also involve lifting or repetitive tasks with the potential to cause ergonomic problems.

Imerys **human capital** is the most important Group asset, thus ensuring the respect of human rights and labor practices, developing tools for talent and skills management, maintaining constructive social dialogue and ensuring a diverse and inclusive environment with equal opportunities for all are crucial to the Group's long-term strategy. The threats in this regard are related to potential violations of the Group Code of Business Conduct and Ethics that could result in potential risk of salient right abuses. While not assessed as a material risk at Group level, the promotion of diversity and inclusion is considered to be a long-term objective that needs constant focus as expressed through the employee engagement survey and as such the development of the Group program shall continue to be a high priority in the mid-term.

Imerys' extractive activities have the potential to modify natural habitats. Group operations may have adverse impacts on local ecosystems and biodiversity, or on water resources in the event of accidental environmental incidents, which may for example, cause the release of discolored water or the release of dust. The techniques used for processing industrial minerals are primarily physical (crushing, milling, and sorting) but also include thermal processes such as calcination and fusion, which result in water consumption, waste and air emission generation. Through sound **environmental stewardship**, the Group ensures to have full compliance with environmental obligations, duly identifying environmental risks and mitigating impacts. Group operations are required to have an effective Environmental Management System (EMS) to identify and control significant environmental risks, optimize the use of mineral resources and processing of mineral whereas finding a solutions to limit the consumption of other non-energetic resources such as water, and preserve biodiversity[1].

Imerys is conscious of the urgent, global, systemic and irreversible risks associated with climate change and is aware of the global trend towards an economy that is low carbon or carbon neutral. Group operations generate greenhouse gas emissions directly through consumption of energy generated from fossil fuels or production of emissions linked to industrial processes. Indirectly emissions are generated through purchased energy as well as through various other activities within the value chain, in particular through transportation and purchase of materials. Imerys is committed to reducing the impacts of its activities on **climate change**. For the transformation of industrial minerals, this requires ensuring greater energy efficiency through new technologies and processes as well as integration of renewable energy sources. While potential climate change impacts linked to Group operations did not emerge amongst the most material topics in the 2018 materiality assessment, Imerys remains committed to its long-term objective to the elaboration and roll-out of the Group climate change strategy, and shall continue to focus on this pillar as a high priority in line with the long-term emission reduction targets that have been set and are described in *section 3.6.2 of this chapter*. The Group risk mapping exercise presented in *chapter 2, section 2.1.2 of the Universal Registration Document* identified the potential long-term risk associated with climate change.

Ensuring ethical **business conduct** in a rapidly evolving global business environment is achieved through strong corporate governance, which is the foundation upon which the Group is built. Yet evolving regulations focusing on fair operating practices, and responsible purchasing require continual adaptation of Group systems and processes. Respect of the Group Code of Business Conduct and Ethics ("the Code") has been an area of particular focus since 2017 and through the reinforcement of internal controls, this risk has been significantly reduced. Yet the risk of Group suppliers not identifying compliance risks and not preventing serious violations of human rights, fundamental freedoms, health & safety of people and environment in their organization and in their own purchasing is still considered material. Additional details on these risks and a focus on their identification is presented in *section 3.7.1.2 of this chapter*. Imerys also faces both challenges and opportunities in its interactions with the communities surrounding its sites, which need to be continuously identified, assessed and managed. More generally, Imerys contributes to a multitude of regional, national and international economies and through local employment and purchasing, it creates concrete socio-economic benefits to employees, to contractors and suppliers, thus, helping to fight poverty and contribute to sustainable development.

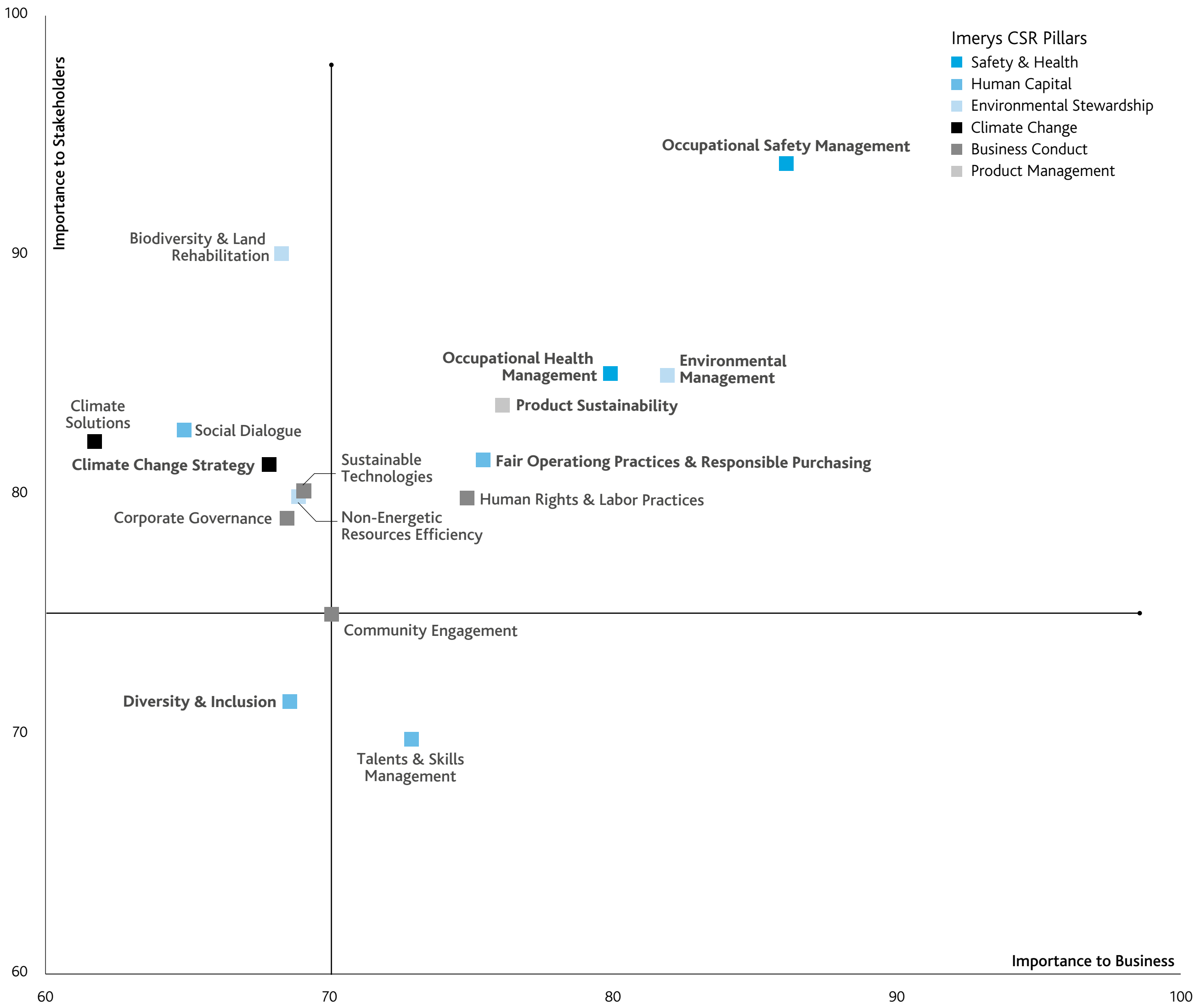
(1) Other environmental aspects such as hazardous substances and noise and vibration may be significant at a local level and as such are managed accordingly within the site Environmental Management System. They are not considered material at global level.

Imerys is fully aware of stakeholder expectations to reduce product environmental footprints while at the same time provide sustainable solutions aligned to global megatrends. **Product management** that incorporates environmental and societal criteria contributes to the development of sustainable business opportunities. The technological expertise within Imerys places the Group in an excellent position to continuously improve the process efficiency and production methods of its operations. At the same time, the Group's innovation capacity together with its awareness of global megatrends will enable the Group to harness opportunities for new product developments, duly considerating sustainability drivers and stakeholders expectations.

By crossing all the data coming from different sources Imerys aims to get a better vision of the most material issues so to orientate its mid and long-term CSR program in an optimal way for the Group and its stakeholders.

The results of the 2018 materiality assessment exercise are presented in the figure below, with the eight most material issues and CSR priority themes identified in bold.

Imerys materiality results



3.4 KEY OBJECTIVES AND PERFORMANCE

In the following sections of this chapter, the Group CSR commitments, objectives and performance in 2019[1] are presented in greater detail together with their alignment to UNGC Principles and the UN Sustainable Development Goals to which they contribute. In 2019, the Group defined mid-term objectives based on the materiality assessment process and results presented in *sections 3.2 and 3.3 of the present chapter*. The specific objectives for each of the eight **CSR priority themes** as well as the performance indicator and timeline to achieve the objective are presented in the following sections.

A complete summary of the Group's non-financial Key Performance Indicators (KPIs), which also reflect local performance at site level, can be found in *section 3.8.2 of the present chapter*. Any changes or evolution in the 2019 Group CSR objectives that occurred during the year are duly noted.

During 2019, the Group made a series of acquisitions and divestitures, which are described in *chapter 1, section 1.2.3 of the Universal Registration Document*. The potential impacts on non-financial indicators of these modifications in the Group operating perimeter are described wherever appropriate in the following sections of this chapter.

In addition to the SustainAgility program, for the past 15 years the Group has organized a company-wide competition called the Sustainable Development Challenge (SD Challenge), which serves as an impetus to develop and share best practices, innovations, and technological solutions, each contributing to the Group CSR commitments and supporting progress towards several UN Sustainable Development Goals. In total, over 1000 projects have been submitted in the SD Challenge since it was launched. In 2019, 165 SD Challenge projects were submitted in the initial phase, with 140 projects qualifying to compete in the final phase. To be considered for the SD Challenge, a project must have concretely contributed to specific CSR themes and focused on creating shared value, contributing to sustainable innovation, and achieving long-term sustainable results together with local partners. Imerys is committed to ensuring that the Group SD Challenge continues to inspire greater awareness and understanding of material CSR themes and continues to serve as a platform to support the realization of the Group CSR vision and ambition.

√ For more information on Group SD Challenge initiatives, *see Imerys.com*.

3.5 EMPOWERING OUR PEOPLE

3.5.1 SAFETY AND HEALTH

Imerys' Commitment	2019 objectives	UNGC Principles	UN SDGS
Ensure that Health and Safety come first by developing and continually improving our health and safety culture and systems, with all our partners, to achieve an injury-free workplace	▪ Occupational Safety Management ✔ Reduce the Group Total Injury Frequency Rate to ≤ 3.5[1] ▪ Occupational Health Management ● Improve global Occupational Health performance across Group sites based on a review of the current level **Mid-term objectives** ▪ Occupational Safety Management ☐ Improve Group Safety Culture Maturity to Level 3[2] across all Business Areas by the end of 2022 ▪ Occupational Health Management ☐ Improve Group occupational health performance by 30% against 2019 baseline assessments by the end of 2022	Principle 1	SDG 3 SDG 8

(1) The 2019 target was revised from 3.6 to 3.5 in April 2019 by the Executive Committee due to the exit of North American talc entities from the Group perimeter (see Note 25, Main consolidated entities).

(2) Level 3 corresponds to 'Proactive' level on the Safety Culture Maturity Matrix, where Imerys safety system is fully implemented, employees are engaged and contribute actively.

(1) 2019 objectives fully achieved are denoted with the symbol "✔". Objectives not fully achieved are denoted with the symbol "●". Details are provided in the corresponding sections.

Safety and health are core values for all Imerys operations worldwide. The Group is committed to developing a proactive safety and health culture through partnerships amongst management, employees, contractors, suppliers, visitors and the communities in which it operates. The Group is likewise committed to a continuous improvement cycle of safety and health performance; setting objectives, reporting, auditing and reviewing. The personal involvement of each individual within Imerys is considered essential to achieving an incident-free workplace. The safety and health framework is fundamental to the Group's success and contributes to SDG 3 to ensure healthy lives and promote well-being for all at all ages and concrete contributes to SDG 8 to promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

3.5.1.1 OCCUPATIONAL SAFETY

Imerys requires each operation to have an effective Safety Management System (SMS). Programs are built within the Imerys Safety System (ISS) based on continuous improvement and the implementation of appropriate hierarchy of controls (elimination, substitution, engineering controls, administrative controls and personal protective equipment). The Group has developed a Safety Culture Maturity (SCM) matrix based on four key elements: leadership and accountability, compliance and continuous improvement, Behavior-Based Safety (BBS) and an integrated approach. The SCM matrix, built considering internationally recognized standards for safety management and aligned to the fundamentals of the Imerys safety protocols and procedures, helps operations to conduct gap analyses and drive their improvement plans in partnership with industrial teams and safety professionals. In 2018, the occupational safety maturity of all Group operations were categorized using the SCM matrix. As a result of the comprehensive assessment, sites have continued to develop specific site-level safety action plans. The mid-term target is for the Group Business Areas to achieve a Level 3 maturity by 2022, which corresponds to 'Proactive' level, where the Imerys Safety System is fully implemented, employees are engaged and contribute actively to safety.

Given the importance of Behavior-Based Safety as an essential component within an effective safety culture, Imerys' operations either implement specialized BBS programs or integrate behavioral factors into regular safety inspections. Improvement in BBS is also supported by a dedicated section in the aforementioned Group Safety Culture Maturity matrix. Safety compliance requirements for each Imerys operation include not only local laws and regulations, but also the Group's policies, protocols and procedures. The Group EHS Audit Team conducted over 51 comprehensive onsite EHS compliance audits across the Group in 2019. Corrective actions are tracked by Corporate and Business Area EHS teams through to completion using a web-based software system.

Safety Culture Improvement Team (SCIT) events are organized by senior EHS professionals within the Group to drive safety culture. In 2019, a total of 25 events were conducted. Since 2017, to support the alignment to Group safety culture expectations, every newly appointed senior operational manager has participated in a specific safety induction with a region EHS Director, followed by participation in a SCIT event. At year-end these managers have a one-on-one face-to-face safety debrief with a Group Senior Vice-President.

Training and awareness on the Group safety and health system are achieved through various communication and training tools, often developed in local languages, including Safety Summits, Imerys Safety University (ISU), web seminars, the Group digital learning path "IM-Pulse", safety toolbox meetings and the Group Welcome Sessions for new managers. Training on EHS topics represents 55% of total training hours in 2019 *(see section 3.5.2.2 within the present chapter)*. A "Serious 7" training program was launched in 2018, which included detailed training and awareness raising on the highest risk areas: lock out, tag out, try out, electrical safety, machine guarding and conveyor safety, mobile equipment, working at heights, ground control and forklift safety. This training was made mandatory in 2019, and as of the end of year, combined in-class and on-line training related to the "Serious 7" was completed by 93% of the registered Group employees. The Group also launched a new Pedestrian Interface Tool (PIT) assessment in 2019. The main aim of the tool is to help sites in the identification of risks related to people and equipment interactions as well as equipment and environmental conditions. The tool can be used to identify good practices and make recommendations for potential improvements.

The Group recognizes the pivotal role that senior management plays within the Group safety culture. Their ability to effectively engage with all employees at site level on safety is fundamental to continually improve safety performance. The Group Safety Summits focus on strengthening Visible Felt Leadership (VFL) within the most senior leadership, while the Imerys Safety University focuses on a tailored approach to coach site managers on how to cascade Visible Felt Leadership within their supervisory teams. At the end of 2019, Group organized a total of ten ISU workshops and two Safety Summits. The events were organized across Europe, Asia Pacific, North America and South America, with over 340 employees taking part in the ISU training and 42 employees involved in the Safety summits.

The third annual Safety Connect Day, on the theme "Identifying and controlling workplace risks", urged all Imerys sites around the world to reconsider the risks encountered in their workplaces and how discussed together how to further mitigate them. In 2019, nearly 17,000 employees and 4,000 subcontractors participated in the various activities organized across the Group. All sites held a risk-assessment workshop on defined tasks. In addition, some sites decided to raise awareness on specific risks.

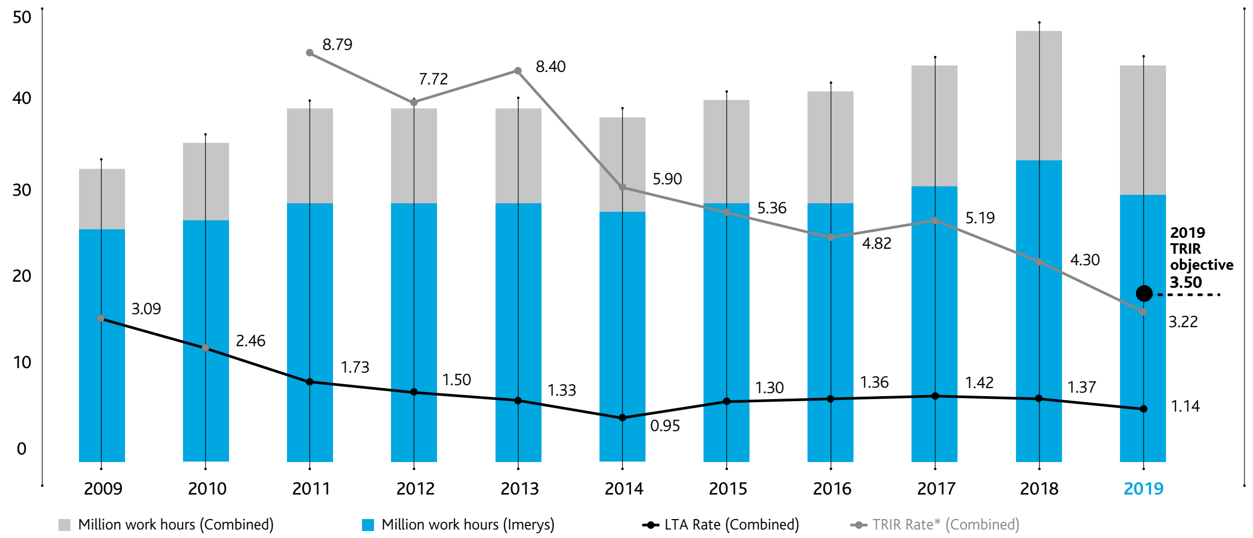
The Group has an internal safety and health incident reporting process. Imerys tracks and analyses safety performance for both employees and contractors on a monthly basis using indicators for fatalities, life-changing injuries, lost-time and non-lost-time accidents at the Group level. All levels of the Group review recorded safety performance metrics every month. The progress on all the aforementioned key objectives and programs is reviewed quarterly by a Safety Steering Committee.. In April 2019, the Group officially launched a new EHS tool, which allows the recording on health, safety and environment incidents, BBS and Safety Observations and Dialogues (SOD) in a single web-based platform. The platform facilitates the collection of details related to any incident, helps to identify the critical factors to prevent further accidents and strengthens the management of incidents across the Group. The platform is available Group wide and approximately 2,500 employees across businesses have already trained through IM-Pulse.

Incident investigations are conducted and corrective actions are implemented at site level with follow-up by Business Area teams. Safety alerts are issued whenever a Lost-Time Accident or a Significant Potential Incident (SPI) occurs to share root causes and lessons learned. An SPI is any reported incident, that had the potential to result in a fatality regardless of the actual severity. Where appropriate, corrective actions identified through an incident investigation are directly integrated into the next update of Group safety protocols to reduce the risk of recurrence. In 2019, 57 safety alerts related to LTAs and 29 related to SPIs were shared across the Group.

√ For more information on Group safety reporting methodologies and metrics, *see section 3.8 of the present chapter*.

√ For more information on supplier Health and Safety requirements, *see section 3.7.1 of the present chapter*.

GROUP LOST TIME ACCIDENT RATE



** The TRIR has been calculated since 2011.*

Note: The English version of this graph differs from the French version in that it rectifies certain inconsistencies in the data labels for LTA Rate.

As of December 2019, the combined LTA rate of the Group was 1.14 and the combined Total Recordable Injury Rate (TRIR)(1) was 3.22. While the 2019 target TRIR was set at 3.50 and was achieved, and despite the continued significant improvements observed across Group operations over the last ten years the Group is not satisfied with the results achieved. Tragically, in 2019 two fatal incidents occurred. On June 9, 2019, in Linjiang, China, a contractor lost his life during the removal of a decommissioned kiln. On September 16, 2019 in Barcarena, Brazil, an employee was electrocuted during the repair of an electrical line. The Group shall continue its unyielding focus on continuously improving safety performance and work towards its goal to achieve an injury-free workplace.

(1) *Imerys has a different TRIR definition than many other Groups. Many Groups consider an injury as "recordable" when its treatment requires more than first aid. However, Imerys considers a recordable injury as an accident without lost-time whenever a medical service provider is involved in the treatment, even if the treatment is first aid.*

3.5.1.2 OCCUPATIONAL HEALTH

For Imerys managing workplace health and wellbeing of Group's employees and contractors is a priority. Imerys occupational health protocols outline an internal framework for controlling and mitigating common occupational health risks. Imerys operations identify the range of occupational health risk scenarios, evaluate and risk assess them and develop control plans proportionate to the risk. As part of this program, appropriate information, instruction and training are provided. Occupational health practices are systematically reviewed to look for improvement, simplification and standardization. Compliance with regulations and the Groups Occupational Health protocols are reviewed regularly through the Group EHS audit program.

Following the appointment of a Group Industrial Hygienist in 2018, a new occupational health strategy was defined starting with a comprehensive baseline assessment (gap analysis) launched in 2019. The baseline assessment focuses on industrial workplace health risk identification, assessment, control, monitoring and review processes. Once completed, the objective evaluation of practices and performance at a site level provides the information needed to generate an action plan to close out any gaps, focusing on short, medium and longer term actions. While the Group made considerable progress on the assessment of Group sites against the baseline criteria, not all of the Group 224 sites were assessed. To that effect the 2019 objective was not fully achieved and the work to achieve it will carry over into 2020.

The Group developed an Occupational Health Maturity Matrix which will, as with the other matrices in the Group "I-Cube" and SustainAgility programs, be used to support the global program deployment in a continuous improvement cycle in the coming years.

The Group occupational health programs implemented cover a range of health and hygiene aspects, with a particular emphasis placed on the management of airborne contaminants, vibration and noise. Across Group locations, health plans and programs are based on site occupational health risks, which integrate wellness initiatives. Wellness and occupational health campaigns are supported by Human Resources, external occupational health nurses/physicians and internal health and safety personnel as well as communication teams.

In 2019, three internal webinars were organized to inform personnel of the baseline assessment process and requirements for completion. The webinars covered managing occupational health, updates in Group Health Protocols (related to respirable protection equipment) and Industrial Hygiene, with a total of 441 participants attending the webinars. In addition to this, site visits were conducted in all geographic regions, in order to train regional personnel on the expectations and format of the assessment.

All Group 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 specific aspects of their implementation through participation in a program organized by the European Network for Silica (NEPSI)(1). The NEPSI reporting campaigns are conducted every two years. Imerys will, as in previous campaigns, report in 2020, and will aim for a successive 100% rate of reporting.

Group Reported Occupational Illnesses

	2019	2018	2017
Occupational illnesses with lost time	1	2	2
Occupational illnesses without lost time	1	0	6
Total	**2**	**2**	**8**

In 2019, two occupational illnesses linked to repetitive actions were reported from one Imerys site located in Spain. Medical treatment and monitoring as well as corrective actions were implemented for each case.

(1) *NEPSI: the European Network for Silica is comprised of employees and associations of European companies that have signed the multi-sectorial social dialogue agreement.*

3.5.2 HUMAN CAPITAL

Imerys' Commitment	2019 objectives	UNGC Principles	UN SDGS
Develop our Human Capital by respecting internationally recognized human rights and labor practices as set out in our Code of Business Conduct and Ethics, investing in the talent and skills of our employees, engaging in constructive social dialogue and fostering a culture of workplace diversity and inclusion based on mutual respect	▪ Human Rights and Labor Practices ✔ Improve human rights awareness by training specific populations of employees in pilot countries ● Ensure implementation of employee change management support throughout new organizational roll-out ▪ Talent and Skills Management ✔ Continue to invest in employees' development by adapting the Group learning offer in alignment with the Group strategy and transformation ▪ Social Dialogue ✔ Ensure constructive social dialogue by conducting regular pulse surveys with employees to gather continuous feedback ▪ Diversity and Inclusion ✔ Increase diversity and inclusion awareness within Group through the implementation of the new diversity and inclusion program **Mid-term objectives** ▪ Diversity and Inclusions □ Increase the number of women in Senior Management to 30% by the end of 2022 □ Fully implement the Group Diversity and Inclusion 3-year program by the end of 2022	Principle 1 Principle 2 Principle 3 Principle 4 Principle 5 Principle 6	SDG 4 SDG 5 SDG 8

Human capital is at the heart of Imerys' business success. Imerys seeks to create an environment that promotes employee's development as a key element of growth and transformation. The Group HR policies and practices are based on fairness, openness and mutual respect. The long-term objectives of the Group are to identify, attract, select and retain talented people; develop and provide essential competencies; share ideas, projects and best practices across the organization; and ensure transparency and compliance with both legal requirements and Imerys' policies and regulations. Through constant engagement on these subjects the Group contributes to SDG 4 to ensure inclusive and equitable quality education and promote lifelong learning opportunities for all; to SDG 5 to achieve gender equality and empower all women and girls; and to SDG 8 to promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

Employment

	2019	2018	2017
Registered employees	**16,305**	**17,769**	**18,359**
of which permanent employees	15,023	16,220	17,381
of which non-permanent employees *(fixed term)*	1,282	1,549	978
External employees (Full-Time Equivalent)[(1)(2)]	**6,205**	**4,204**	**-**

(1) External employees refer to all non-Imerys companies or independent contractors who agree to perform services on Imerys facilities regardless of duration. Total worked hours done by external employees are converted by Full-Time Equivalent.

(2) External employees were not reported in 2017 due to data collection challenges associated with reporting definitions across the Group.

3.5.2.1 HUMAN RIGHTS AND LABOR PRACTICES

Imerys strives to promote mutual respect in all practices and dealings with its employees, and outside contractors. Imerys recognizes that management of relations with employees is critical to the creation of an environment in which all employees can excel. The Group is committed to comply with local legislation in force in the countries where it operates and to respect and promote the International Bill of Human Rights and provisions of the fundamental conventions of the International Labour Organization (ILO), particularly in terms of non-discrimination, privacy, child labor, forced labor, compensation and working hours. Imerys endeavors to have a positive impact through its employment practices upon the welfare of employees, which likewise has both indirect and induced positive impacts also on surrounding communities and thereby contribute to SDG 8 to promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

The Group Code of Business Conduct and Ethics spells out the fundamental principles and shared commitments to ethical behavior, including respect of human rights and labor practices. The Code applies to all Imerys employees, including those of its subsidiaries, as well as those who do business with Imerys. Managers at Imerys have a particular responsibility to ensure its daily application because of their roles and responsibilities with regards to Group operations. Imerys recognizes the right to freedom of association and the right to collective bargaining, which is clearly articulated within the Group Code as well as within the Group Employee Engagement Policy. Approximately 68%(1) of Group employees are covered by Collective Bargaining Agreements (CBAs). These CBAs commonly include subjects such as health and safety, work organization and working hours, training, compensation and benefits, and equal opportunities.

Imerys is fully committed to taking effective measures to end discrimination and to eradicate child labor and forced labor. Compliance with the Code and protocols on human rights and labor practices, including preventing child labor and forced labor, is included within due diligence assessment for new projects and within the scope of internal auditing missions for the Group existing activities. Protocols on prohibition of child labor and forced labor have been in place since 2009.

In 2019, the Group organized three training and awareness raising sessions on Human Rights based on UN Guiding Principles in strategic countries, including Brazil and China as well as one for the Europe Middle East Africa region. The purpose of these workshops was to train groups of employees on human rights and the UN Guiding Principles and support the identification of any potential human rights risks in aforementioned countries or regions. Additional sessions will continue to be conducted to progressively cover more countries and key functions.

√ For more information on the Code of Business Conduct and Ethics, *see paragraph 3.7.1. of the present chapter*.

The Group has developed a global and comprehensive program (Global Benefits Management) that aims at mapping all the healthcare, death and disability benefits provided to its employees, and ensuring that the corresponding levels of coverage are in line with local regulations and market practice. This program currently covers 31 countries where the Group operates. Through the continued expansion of the program, the Group is advancing its employee benefits harmonizing actions in a structured and efficient way.

The Group Pension Committee has reviewed and updated its governance principles, objectives and operating modes *via* the definition and publication of its terms of reference, applicable to all Imerys units.

In April of 2017, Imerys launched its first global employee engagement survey "Your Voice". This survey was conducted confidentially and anonymously offering employees to express their position on a wide range of topics. The questionnaire, composed of 53 questions including one open ended question and available in 17 languages, was shared with all employees with Group emails across all Imerys countries and businesses. The global response rate reached 75%, which provided the Group with clear signals on employee engagement levels and on Group strengths and areas for improvement. The results of the survey showed high levels of engagement and enablement across the Group, driven by a strong loyalty to Imerys. When compared to the industrial benchmark of data collected from over 2.4 million employees in 90 organizations operating in the industrials sector, feedback on Imerys commitment and performance in terms of safety and environment ranked high among Imerys strengths (17% and 9% above the industry average for safety and environment, respectively). The outcomes of this survey were presented across the Group, with focusing on global action plans as well as local results and action plans. In 2020, the Group plans to conduct a second global employee engagement survey, which shall allow for the monitoring of progress against 2017 results.

(1) The survey on collective bargaining coverage was conducted in 2017.

Employee moves

	2019	2018	2017
Net variation of permanent employees (excluding acquisitions and divestitures)	(828)	(438)	0
External recruitments	1,001	1,446	1,717
Mutual agreements(1)	(133)	-	-
Redundancies (economical & non-economical)	(753)	(557)	(523)
Retirements	(301)	(303)	(258)
Voluntary terminations & others	(928)	(1,024)	(936)
Turnover(2)	5.9%	6.1%	5.8%
Net variation of temporary employees (excluding acquisitions and divestitures)	(270)	569	186
Acquisitions – Divestitures	(361)	(721)	2,476
Variation of Registered Headcount	**(1464)**	**(590)**	**2,662**

(1) Mutual agreements is a new termination type tracking in 2019.

(2) The turnover above is based on the number of voluntary termination and other termination in the year, and the average headcount for the year for permanent employees.

Compared to December 2018, the Group's headcount decreased by 8.2%. Part of the observed decrease is due to changes in Imerys' scope associated with acquisitions and divestitures, as detailed in *note 25 of chapter 6 of the Universal Registration Document*.

In November 2018, the Group announced a new organization structure to make Imerys more market-focused, customer-centric and efficient. The shift to the new simplified organizational structure in 2019, likewise contributed to the total Group headcount decreased and the redeployment of some employees. Imerys was conscious that the changes needed to optimize the organization model would impact its people. Additional information on Imerys new organization structure is presented in *chapter 1, section 1.1.2.1. of the Universal Registration Document*.

In order to accompany employees through the changes associated with the future implementation of the new organization model, during the design of the project, the Group began to develop new tools to help clarify the changes to the operating model, including but not limited to standardized processes across businesses, clearly defined roles and responsibilities, and interdisciplinary workshops to define key enablers going forward. The program was not fully implemented and as such change management initiatives shall continue throughout 2020.

3.5.2.2 TALENT AND SKILLS MANAGEMENT

Talent and skill management is essential to maintain an innovative, engaged and motivated workforce and to ensure strong long-term growth within the Group. The Group talent road map continues to improve Human Resources processes focusing on recruitment, employer branding, internal mobility, professional learning, development and retention. All of these processes contribute to the development of human capital in Imerys and thus work towards SDG 4 to ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.

Through the deployment of the new organizational model, the Group aims to create new opportunities for employees, empowering them within a simpler organization, helping them to develop deeper professional capabilities and benefit from more diverse and structured career paths. Supporting internal evolution and career moves across the Group is a priority. Imerys is committed to ensuring its employees' development and specialized committees meet regularly to discuss internal mobility and promotions.

Imerys Leadership Behaviors, which were rolled out in 2016 and have become an integral part of the entire talent management cycle, including recruitment, onboarding, performance as well as, development and succession plans. In order to develop leadership and managerial skills, annual reviews are composed of a shared evaluation between employees and their line managers based on these principles.

To ensure that Imerys not only attracts the right people for the right positions, but also that the process generates a positive candidate experience, and facilitates integration within Imerys, the Group applies a global recruitment policy. This policy addresses five key stages in the recruitment process: preparation, sourcing, selection, decision and onboarding.

The Group global onboarding program includes a clear process to follow as well as learning paths that give each newly recruited employee clear knowledge about Imerys. The onboarding program toolbox contains valuable information on the global process, induction planning, new hiring orientation survey, a welcome pack, *etc.* This onboarding is supported by a dedicated workflow within the Group HR data platform that ensures that all new employees receive key messages and information directly after arrival.

In addition to the above, a global internal mobility policy provides a streamlined process to develop employees by exposing them to new challenges and new businesses within Imerys; to respond to employees' aspirations to evolve; to facilitate the collaboration between all businesses; and contribute to reinforce the Group culture and mindset.

The Group is committed to continuously diversify and increase Group's training program through a blended learning approach, enabling employees to actively lead their own development and learning experience. The Group's entire learning offer is proposed through the Imerys Learning Center for in-class training and through the digital learning platform "IM-Pulse" for the e-learning training offer. The digital platform is accessible to nearly 7,300 employees across the Group. In-class training and e-learning courses coversafety, geology, finance, management, project management, industrial marketing, and leadership amongs topics.

The Group likewise focuses on induction training for Imerys' new plant managers to help them understand the Group's "Raise the Bar" approach to continuous improvement, covering topics such as safety, processes, finance, HR, CSR, as well as I-Cube. In 2019, within the context of the organizational transformation, the Group learning and development program evolved to align the management and leadership development offer to the needs of the new organization. In particular, leadership programs were adapted, with increasing focus on customer centricity, change management, communication, collaboration and inclusion.

To facilitate the integration process for new managers "Welcome Sessions", which provide information about the Group and its ambitions, are regularly organized in Europe, USA, China, India, Brazil, South Africa and South-East Asia.

The Group compensation and benefits systems and policies aim at ensuring both market competitiveness and internal consistency, while being driven by a clear pay-for-performance objective. Fixed compensations are reviewed on a yearly basis under the close coordination of the Human Resources function, supported by regular local and/or sectorial surveys, and conducted with strict financial discipline. Short-term variable pay schemes include both individual and collective objectives, in order to reward both personal and financial collective performance, including objectives related to CSR. Long-term compensation programs, based on Performance Shares, are fully aligned on the Group long-term financial objectives. The Group endeavors to align its remuneration practices across the best international standards.

√ For more information on the Executive Compensation, *see chapter 4, section 4.3 of the Universal Registration Document*.

Group training hours

	2019	2018	2017
Number of trained employees	15,958	13,636	13,166
Number of training hours by year	367,453	508,356	341,927
Number of hours by category of program			
Environment, Health & Safety	200,935	211,645	185,002
Technical skills	127,092	245,078	126,533
Management	39,426	51,633	30,393

In 2019, 60% of employees[(1)] in the Group have benefited from at least one training program in the year. The total number of training hours decreased during 2019, as various training courses were being redeveloped in the context of the organizational transformation.

The Group is committed to continuously invest in its workforce and provide opportunities for its employees to develop new skills. The Group SD Challenge serves as an effective channel to strengthen the focus on talent and skill development and share best practices: a total of 12 projects were entered into the 2019 SD Challenge in this category. For example, in Andersonville, in the United States, an apprenticeship scheme was developed to create opportunities for employees to earn a professional qualification and expand their skills into a new discipline. Since the creation of the training path, developed in partnership with a local Technical College, five employees have participated in and completed the program, qualifying them for available technical positions within the instrumentation and electrical department where there has been a longstanding shortage of available qualified workers.

(1) The training hour's percentage is based on the average registered headcount of Group employees in 2018 and 2019.

3.5.2.3 SOCIAL DIALOGUE AND EMPLOYEE ENGAGEMENT

The Group strives to build constructive, open dialogue with its employees and their representatives in accordance with local regulations and implements best practices in matters of workforce management. Establishing and maintaining this open dialogue is a means to contribute to SDG 10 to reduce inequality within and among countries.

Internal communication campaigns aim to provide all employees with information that can help them understand the Group's strategy, environment and activities, build their sense of belonging and help to strengthen the Group identity. Information is actively shared across the Group *via* various means, including through a collaborative digital platform "OneImerys", which supports daily communication and collaboration. This platform hosts essential information, documentation and protocols, but also social feeds and workspaces, tools and business applications. The intranet is optimized to enable employees to use tools and resources in an agile way – including smartphone access to Group level applications. The intranet facilitates the sharing of projects, initiatives and successes throughout the Group. It is likewise a platform to share information and support discussion on specific topics within specialized communities.

"Communicate and collaborate" are one of Imerys leadership behaviors, and as such the Group privileges regular managerial face-to-face dialogue to share key information within teams. To complement this form of dialogue, in 2019 the Group began hosting live interactive Webcasts with the Group CEO and conducted several town hall meetings led by Executive Committee members to facilitate open exchange with employees. During the course of the year, over 60 town hall meetings were held with the Executive Committee, reaching nearly 3800 employees directly.

As described in *section 3.5.2.1 of the present chapter*, the Group Employee engagement survey is a key tool for fostering social dialogue and serves as a solid metric for assessing and understanding employee engagement across the Group. In addition to the periodic Group-wide engagement survey, pulse surveys were also used to gather feedback from employees on transformation processes. Over 1,300 employees took part in a series of four online interactive sessions, which aimed to collect anonymous feedback from across all of the Group geographic areas. Upwards of 10,000 messages were shared using the virtual platform, providing the Board and Executive Committee with a clear view on employee perceptions and expectations with regards to the organizational transformation.

Imerys is committed to engage in constructive dialogue with employee representatives. In Europe, the European Works Council (EWC) covers all Group employees in 21 countries: Austria, Belgium, Bulgaria, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Italy, Luxembourg, the Netherlands, Poland, Portugal, Romania, Slovenia, Spain, Sweden, Switzerland, and the United Kingdom. The employee delegation consists of 18 members, representing 19 different nationalities. In addition to the annual plenary session, the EWC's five officers meet at least three times a year and act as liaison between representatives and Imerys management. The EWC agreement was signed on May 31, 2018, covering 2018-2022. The term of office of elected representatives of the EWC is four years. The dialogue between Imerys management and the EWC was particularly important and frequent during the information-consultation processes with employee representatives about the target organization in 2019. The number of officers of the EWC was enlarged during the information-consultation processes, so as to have representatives of all the countries where significant changes were likely to occur as a result of the projected organizational change. The information-consultation processes included six extraordinary meetings as well as numerous control sessions between June and October 2019 to ensure that employee representatives had a clear description of the purpose as well as sufficient information to assess and understand the impact of the transformation project prior to rendering their opinion.

Notwithstanding efforts to engage in constructive social dialogue, labor strikes may still occur. In 2019, 3,127 hours were lost due to labor strikes (7,657 in 2017), of which 2,879 hours in France, 169 hours in Belgium, 64 hours in Greece and 15 hours in Spain.

3.5.2.4 DIVERSITY AND INCLUSION

The Group is committed to promote a culture based on mutual respect and appreciation, where the value and contribution of each individual is welcomed and recognized. Imerys does not tolerate any discrimination and/or harassment of its employees, contractors, customers, suppliers or other stakeholder on the basis of gender, age, nationality, citizenship, ethnicity, religious status, educational background, sexual orientation, physical and mental abilities, marital and parental status, or political affiliation or any other dimension of diversity. The Group recognizes that diversity and inclusion are long-term ambitions and while the Group has not yet reached its full ambition, it is fully committed to its accelerate efforts and as such contribute further to SDG 5 to achieve gender equality and empower all women and girls and SDG 8 to promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

The Diversity and Inclusion Charter, signed by the Group Chief Executive Officer, has been translated into 23 languages and is posted across Group sites. The Charter clearly articulates the shared commitment to achieving greater diversity, as well as inclusion across the Group. Over the past year and a half, with broad participation from employees across functions and geographies, the Group has analyzed the key drivers and challenges and structured a new diversity and inclusion program, which was presented to and validated by the entire Executive Committee in 2019. The Group designated a Diversity and Inclusion Steering Committee, composed of four Executive Committee members as well as functional Senior Managers to ensure the program is successfully implemented and the objectives achieved. In addition, the Group nominated a new Diversity and Inclusion coordinator responsible for the planning, coordination and implementation of the new program in close collaboration with Business Areas and functions. The program shall address areas for improvement centered around: decisions process and governance, learning and development, culture and communication, human resources and offices and sites accessibility. The deployment of the 3-year program shall begin fully in 2020 and shall continue to be the focus of particular efforts at all levels of the organization for several years to come.

The Group is committed to develop all its programs focused on achieving greater diversity as well as inclusion both at global and local levels and to respect and promote the principle of non-discrimination and equal opportunity, in particular with regards to human resources management. To this effect Group HR policies and practices are a key element of the diversity and inclusion plan and are regularly updated to include specific diversity and inclusion principles and requirements at the appropriate steps within each process. Diversity and inclusion requirements are likewise a key component of the Group Leadership Behaviors, the behavioral model against which the Group formal performance appraisals are conducted.

To create a truly inclusive culture, the Group continues to work to eliminate barriers, to raise awareness on the effects of implicit and/or unconscious bias and to help employees develop effective strategies for ensuring that such bias do not undermine Group efforts to ensure a diverse and fulfilling workplace for all. In 2019, training and awareness raising sessions were held focusing on inclusion, conscious collaboration and unconscious bias. The Group leadership programs were likewise adapted to include dedicated sessions focusing on unconscious bias and conscious inclusion. A dedicated section on diversity and inclusion within the IM-Pulse e-learning platform is periodically enriched to provide additional practical resources and tools for training and awareness campaigns related to inclusion.

With the introduction of the new Purchasing policy, and in keeping with the commitments outlined in the Group Diversity and Inclusion Charter the Group has also articulated its ambition to ensure inclusive sourcing. Inclusive sourcing is the proactive business process of sourcing products and services from previously under-used suppliers, including but not limited to, local Small Medium Enterprises (SMEs), suppliers that are certified as at least 51% owned, operated and controlled by one or more minority, woman, LGBTQ+, veteran, person with a disability, aboriginal-indigenous person, or a historically underutilized business defined by the local country. This process helps to create competitive intelligence and advantage whilst sustaining and progressively transforming part of the Group supplier panel to quantitatively reflect the demographics of the community in which it operates by recording transactions with diverse suppliers. The intent of inclusive sourcing is not to promote positive discrimination towards diverse suppliers, but to ensure potential suppliers are identified and given the opportunity to compete to win based on merit on a level playing field.

Within the context of the 2019 SD Challenge, diversity and inclusion commitments continue to be given greater visibility, encouraging employees across the Group to develop and submit projects linked to the ambitions expressed in the Imerys Diversity and Inclusion Charter. Numerous initiatives were carried out in France, Brazil, India, the United Kingdom, Denmark, Argentina, Chile and Italy covering a wide range of diversity dimensions, each essential to achieve a more diverse and inclusive mindsets in the workplace. As an example, the 2019 top three projects submitted in the SD Challenge Diversity and Inclusion category focused on the inclusion of women in operational roles in India, provision of job opportunities for employees with special needs in Denmark and the creation of a diversity committee in Brazil to develop local projects and share knowledge about various diversity dimensions.

√ For more information on the Imerys Gender Equality Index, *see Imerys.com*.

√ For more information on the Imerys Purchasing policy, *see section 3.7.1.2 of the present chapter*.

Gender diversity

Percentage of permanent headcount by gender	2019	2018	2017
Percentage of female Board members	45%	42%	40%
Percentage of female Executive Committee members	9%	9%	-
Percentage of females in Senior Management roles	20%	17%	14.4%
Percentage of females in Manager/Expert/Professional roles	27%	26%	-
Percentage of females in Paraprofessional roles(1)	12%	-	-
Percentage of females in the Group	17%	18%	18%

(1) This management level is a new category introduced in the 2019 reporting cycle and thus not available for the previous years.

The number of female senior managers as a proportion of all senior managers increased in 2019, while the overall proportion of women in other roles within the Group have remained relatively stable over the past years.

Disability

	2019	2018	2017
Number of employees with a disability	167	186	242
Percentage of registered headcount with a disability	1%	1%	1%

The percentage of the Group's registered headcount with a declared disability has remained constant over the past years. The Group remains committed to creating an environment where employees of all physical and mental abilities are accepted and valued and this shall remains a key element of the Group Diversity and Inclusion program for the years to come.

Age and seniority

	2019	2018	2017
Percentage of permanent headcount by age bracket			
Less than 30 years	11%	11%	11%
From 30 to 39 years	25%	25%	25%
From 40 to 49 years	29%	29%	30%
From 50 to 54 years	15%	15%	15%
More than 55 years	21%	20%	19%
Percentage of permanent headcount by seniority			
Less than 10 years	50%	50%	50%
More than 10 years	50%	50%	50%
of which more than 20 years	21%	23%	24%

In addition to the dimensions of diversity that are summarized above, a total of over 90 different nationalities are represented within the Group permanent employee headcount.

3.6 CARING FOR OUR PLANET

3.6.1 ENVIRONMENTAL STEWARDSHIP

Imerys' Commitment	2019 objectives	UNGC Principles	UN SDGS
Act as responsible environmental stewards by assessing environmental risks and continually improving control measures to reduce adverse environmental impacts, maximizing the efficient use of natural resources and conserving and creating biodiversity value	■ Environmental Management ● Improve monitoring of environmental regulatory compliance through the roll-out of regulatory watch and compliance tools covering 40% of operations ✔ Reduce environmental impacts through the deployment of a continuous improvement program and conduct 25% of environmental audits using the environmental matrix ■ Non-Energetic Resources Efficiency ✔ Analyze the environmental impacts of Group products by rolling out a product sustainability analysis process and tool ● Monitor indicators on recycling and mineral deposit optimization ● Improve monitoring and reduce water consumption by developing new indicators and dashboards for each site ■ Biodiversity & Land Rehabilitation ✔ Continue deployment of comprehensive biodiversity improvement program **Mid-term objectives** ■ Environmental Management ☐ Reduce environmental impacts through the deployment of a continuous improvement program and conduct 100% of environmental audits using the environmental maturity matrix by the end of 2022 ■ Biodiversity and Land Rehabilitation ☐ Achieve all objectives defined within Group act4nature commitment and renew engagement for an additional midterm cycle by the end of 2021	Principle 7 Principle 8 Principle 9	SDG 6 SDG 12 SDG 15

Imerys is committed to respecting regulations, to minimize negative environmental impacts associated with its operations and to ensure an environmental conservation approach. For this purpose, Imerys ensures it has identified and assessed the environmental risks related to its activities and implemented measures and controls to prevent and limit negative impacts. The efficient use of resources such as minerals and water is therefore at the core of the Group's concern. In parallel, aware of the importance of maintaining functional ecosystems where it operates, Imerys places a special focus on biodiversity preservation. By efficiently exploiting the resources at its disposal and creating positive biodiversity value in the long term, Imerys is committed to SDG 6 to ensure availability and sustainable management of water, to SDG 12 to ensure sustainable consumption and production patterns and SDG 15 to protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss.

3.6.1.1 ENVIRONMENTAL MANAGEMENT

Imerys' Environmental Charter, signed by the Group CEO and to be reviewed annually, forms the basis of the approach taken to the monitoring and continuous improvement with regards to environment. Environmental stewardship rests upon the implementation of a robust Environmental Management System (EMS), which is a key factor to improve operating efficiency while reducing environmental impacts. Imerys requires each operation to have an effective EMS enabling it to identify and establish controls for significant environmental risks. The mandatory EMS requirements for all activities are covered by Group-wide environmental protocols, which include eight pillars aligned to the core elements of the international standards for environmental management systems: policy, aspects and impacts, legislative and regulatory requirements, objectives and targets, roles and responsibilities, training, emergency response, and auditing. The environmental protocols specify the internal requirements applicable to all operations. They define the responsibilities of site-level and senior managers and Group EHS personnel in managing and controlling potential exposures and risks in order to prevent adverse environmental impacts and to reduce the environmental footprint of operations.

In addition to implementation of mandatory EMS requirements, the Group encourages ISO 14001 and Eco-Management and Audit Scheme (EMAS) certifications. As of the end of 2019, 99 of 224 (44%) of Group operations are ISO 14001 or EMAS certified by external certification organizations.

To continue to strengthen environmental management across the Group, a maturity matrix covering the critical elements of sound environmental management was developed in 2018. This maturity matrix which, as with the other continuous improvement matrices developed and deployed across the Group, will be used to assess site level environmental performance and guide the development of action plans. In 2019, the Group piloted the use of the matrix on six Group sites with external auditors and an additional 20 sites used the environmental management maturity matrix to conduct self-assessments.

In 2018, the Group began the testing and pilot roll-out of a new integrated solution to manage environmental legal compliance and regulatory monitoring. This new solution supports the development of updated environmental legal registers, with regular alerts, register updates and regulatory assistance by environmental legal specialists for each country. To date approximately 25% of Group sites, including France, China, Greece, Netherlands, Thailand, US and Brazil sites are covered by this news solution, which shall continue to be progressively deployed in additional countries to reinforce regulatory monitoring and site compliance management. In addition to the new solution developed at Group level, sites across Imerys use various other tools to support regulatory monitoring locally.

To confirm compliance and conformity with regulations and Group protocols, Imerys operations are audited at regular intervals as per the Group auditing protocol. In 2019, 51 Group EHS Audits were conducted, all of which included Environmental Management System audits.

▪ ENVIRONMENTAL INCIDENTS, PROSECUTIONS AND FINES

The Group's ultimate aim is to have zero incidents, but when they do occur, each incident is thoroughly investigated as an opportunity to learn. The Group has a structured internal environmental incident reporting process. Since April 2019, the incident reporting process has been integrated within a new digital platform. This new tool and database support the continuous improvement approach by helping operational teams to gain additional knowledge and understanding of the typologies and causes of the environmental incidents when they do take place and facilitate greater sharing of improvement actions across the Group. The launch of the new tool was widely communicated across the Group, involved dedicated training workshops and created opportunities to focus on and create greater awareness on environmental incident management.

The Group's environmental incident reporting includes detailed information and investigation of the environmental incidents, including its classification related to any release of dust, air emissions, noise, vibration, water, waste, harm to biodiversity, ground and soil or any other type of environmental incidents identified through any internal control, external inspection, or complaint from surrounding communities.

	2019	**2018**	**2017**
Number of environmental incidents	14	6	11
Number of prosecutions	8	5	6
Amount of fines *(€)*	54,571	17,232	148,868

In 2019, 14 environmental incidents were reported within the Group: this increase in number of reported incidents is related to the introduction of the new reporting tool in 2019 as described above. The updated reporting protocol, aimed at capturing a broader classification of environmental incidents to encourage proactive actions to prevent reoccurrence, requires the reporting of any environmental incidents with minor, medium, serious, major or catastrophic consequences. Among the 14 environmental incidents reported in 2019, nine were categorized as minor (no permanent adverse impacts) and five as medium (impacts not going beyond the boundaries of the site and the incident affecting very little or not at all the surrounding areas) according to the Group reporting protocol.

Incident investigations were conducted and all corrective actions were completed and incident reports closed as per the Group protocol.

The environment-related prosecutions that occurred in 2019 concerned three sites located in the United States. They were associated with environmental permitting obligations and agreements related to air emissions limits and the installation of a dust control system. Corrective actions to fully address environmental non-compliance issues have been promptly implemented at the relevant operations.

The probability and the magnitude of the fines that could potentially be imposed on the Group as part of these prosecutions have been estimated by the related business areas and Group managers, with the support of external law firms and consultant for the most significant litigations or complaints. The estimated financial impact has been consolidated into the provisions of "environmental and dismantling obligations", *see note 6.23.2 to the consolidated financial statements*.

WASTEWATER MANAGEMENT

Wastewater discharge is managed and reviewed in the site-specific EMS in compliance with the corresponding regulatory limits. Any release of water that has a potential to create a nuisance is required to be reported into the Group environmental incident reporting platform described above. Each wastewater discharge incident is investigated as per Group protocol, and corrective action plans are followed until closure.

Wastewater discharge incidents

	2019	2018	2017
Number of environmental incidents related to wastewater discharge	3	2	6

Three wastewater discharge incidents occurred in 2019. They included a case of temporary exceed of pH threshold of an effluent and a higher water turbidity due to a leaking air valve at two operations in the United Kingdom. The third incident concerned high levels of suspended sediment at one operation in Bulgaria.

The Group continues to explore solutions to improve discharged water quality through the introduction of new technology. One such example is taken from the Refractories activity in Clérac, France, where a project was developed to identify, evaluate and implement new processes to reduce suspended solids in water effluents discharged towards a Natura 2000 stream.

WASTE MANAGEMENT

Imerys processes minerals using methods that are primarily mechanical and physical. As such the Group's activities generate relatively small quantities of domestic and industrial wastes. The Group is nevertheless committed to reduce waste generation through prevention, reduction, recycling and reuse as a means to contribute further to SDG 12 on sustainable consumption and production patterns.

Overburden and unused mineral solids (*e.g.*, tailings, off-specification materials, *etc.*) are usually stored on or near production areas at the quarries given their potential to be valorized in the future. Overburden and unused minerals are also used in many cases as backfilling or re-profiling materials in post-mining restoration work. As such, this material is not classified as waste.

Waste generation and recycling

	2019	2018	2017
Total industrial waste *(tons)* **of which:**	**203,516**	**278,009**	**248,189**
Non-recycled hazardous industrial waste	2,131	4,017	1,908
Recycled hazardous industrial waste	1,636	2,374	1,763
Non-recycled non-hazardous industrial waste	90,727	155,402	92,712
Recycled non-hazardous industrial waste	109,022	116,215	151,806
Industrial waste generation/revenue *(kg/€)*	**0.05**	**0.06**	**0.05**

The Group's activities generated 204 kt of industrial waste in 2019, 98% of which was non-hazardous. The decrease in waste generation is mainly due to the divestiture of the Roofing activity in 2018, which produced more than 25% of the Group recycled non-hazardous waste.

The industrial waste generation rate per Euro of revenue was 0.05 kg/€ in 2019. The intensity of waste generation has remained steady at a relatively low level for several years. The small amount of hazardous waste generated by most Imerys operations is principally chemical additives, residual oils and associated packaging waste.

The Group is committed to raise awareness on the importance of reducing food waste and organic waste, however, this impact is not material at Group level. The Group has approximately 2,000 employees in France at 28 operations. While most of these operations have dedicated areas where employees can take breaks and eat their meals, the majority do not have canteens that provide prepared food. Some of the largest sites provide access to catered canteens, which are operated by third-party vendors. The waste generated from these third-party canteen facilities is not presently monitored. Likewise, the Group operations do not impact on animal welfare or responsible, equitable and sustainable food purchasing and as such these subjects are not reported on within this Universal Registration Document.

AIR EMISSIONS MANAGEMENT

Several of the Group's mineral conversion processes use calcination, which can emit nitrogen oxide (NO_x) and sulfur dioxide (SO_2). The Group emission estimation methodology is described within a dedicated energy, emissions & production reporting protocol. Since 2018, the Group has focused on continuously improving the SO_2 estimation methodology by updating the emission factors used within the database in order to increase the accuracy of the estimation as well as calculating or conducting additional direct measurements where possible.

√ For more information on Group CSR reporting methodologies, *see section 3.8 of the present chapter*.

Group SO_2 and NO_x emissions

(tons)	2019	2018	2017
Sulfur dioxide (SO_2)	3,767	4,572	4,621
Nitrogen oxide (NO_x)	6,035	7,055	6,549

The Group SO_2 emissions decreased by 805 tons in 2019, partially related to operational shutdown periods as well as reduced energy consumption and divestitures of some Group operations.

NO_x emissions reduced by 1,020 tons. This is partially related to the divestiture of the Roofing activity in 2018 and other top NO_x emitters as well as the reduction of the energy consumption at some Group operations.

The Group continues its efforts to reduce both SO_2 and NO_x emissions related to its operations through technological upgrades and investments. For example, the installation of Flue Gas Treatment (FGT) systems installed in both the Tianjing and Zhengzhou plants in the Refractory, Abrasives & Construction Business Area in China have reduced NO_x and SO_2 emissions. These installations are also equipped with continuous air monitoring systems to directly measure process emissions. The FGT systems permit the plants to reduce emissions well below local regulatory limits and thus not only reduce the environmental risks and impacts of the operational discharge but also reduce operational risks as well. Some of the Group SO_2 emitting sites have likewise launched CAPEX projects to upgrade abatement systems, which once fully in place are expected to considerably reduce Group air emissions from the associated processes.

3.6.1.2 NON-ENERGETIC RESOURCES EFFICIENCY

The technological know-how of Imerys, as a world leader in industrial minerals, enables the Group to be in an excellent position to improve the yield of its mineral resources. At the same time, the strength of the Group's commercial network and strong innovation capacity maximize Group production value and capacity to optimize resource use efficiency across the globe, thereby contributing to SDG 12 to ensure sustainable consumption and production patterns. The Group is continuously improving the production processes by analyzing the environmental impacts associated with Group operations. In 2019, the Group conducted 28 "cradle to gate" Life Cycle Assessment, which provide a detailed inventory of non-energetic resources consumed during each phase of production of the products.

√ For more information on the product Life Cycle Assessments, *see section 3.7.2.1 of the present chapter*.

MINERAL RESOURCES OPTIMIZATION

Establishing and maintaining effective management of mineral resources is the core of what Imerys does. Mineral resources management is defined through a series of geology and mine planning policies, procedures and protocols, which are reviewed regularly. Each mining operation is required to have a Life of Mine Plan (LOM Plan) and create a detailed Five-Year Mine Plan. This approach enables the operations to maximize the efficient use of mineral resources. In addition, in 2019, the Group defined a new tool that will be deployed in 2020 and will improve the monitoring of recycling and mineral deposit optimization across Group sites.

Since 2016, two maturity matrices on "Geology & Mine Planning" and "Mining Operations" have advanced the industrial management of quarries in addition to the previous LOM plans. The matrices are fully integrated into the "I-Cube" program implementation and used to drive continuous improvement and the development of action plans.

√ For more information on the "I-Cube" program, *see chapter 1, section 1.1.1.1. of the Universal Registration Document*.

Opportunities to optimize mineral resource consumption are identified continuously during the implementation process of the "I-Cube" program and through other ongoing initiatives, including the Group SD Challenge. The Group is constantly seeking to develop ways to create a more sustainable, greener value chain and still produce high-performance end-product for customers. An example of this approach is demonstrated by a solid reduction project to increase ore recovery developed by the Performance Minerals Business Area in Brazil. The project consisted of a process change, integrating the use of centrifuges to considerably reduce losses of fine grade kaolin. Since the projects launch, more than 33,000 tons of kaolin have been recovered as a result of this innovation. Similar projects are being investigated in other areas across the Group.

The industrial minerals industry is working in partnership with downstream industries on processes to increase recyclability. The professional association IMA-Europe studied publicly available data on recycling of glass, plastic, concrete and paper and concluded that a total of 40% to 50% of all minerals consumed in Europe are recycled(1). While recycling rates of industrial minerals are relatively high, the Group is committed to continue to identify recycling opportunities and assess circular economy solutions, recognizing the global need to produce with less, for longer and smarter.

In addition, Imerys' commitment to sound mineral resources management, technological improvements and newly-developed applications makes it possible to transform low-grade materials, tailings and wastes into marketable resources. The Imerys ReMined™ products, for example, produced from calcitic white marble, are 100% certified as pre-consumer recycled materials and eligible for various green building credits in the United States (*e.g.*, LEED® Program, National Green Building Standard, NSF/ANSI 140).

WATER MANAGEMENT

Imerys aims to minimize the impact of its operations on the consumption of water resources. The Group is committed to ensure effective management of water resources by focusing on the following axes:

- optimizing water consumption by limiting withdrawal from natural environment; and
- developing recycling possibilities for process water.

Imerys classifies water withdrawals according to source, including groundwater, surface water and water from suppliers. Water moved from one zone to another without being used (water pumped for quarrying operations) is not quantified within this metric as the quality of this water is not altered.

Group water consumption

	2019	2018	2017
Total water withdrawals(1) *(millions of liters)*	40,524	47,128	45,187
Water withdrawn/revenue *(liters/€)*	9.3	10.3	9.9

(1) Additional water consumption related key performance indicators are included in the summary table in section 3.8.2 of this chapter.

The top 10 water users in the Group account for approximately 60% of total annual water withdrawal. Site-specific water management plans have been established at these sites. The plans include a description of current water use, water balance analysis, water accounting, water risk assessment and pertinent action planning to manage high priority water issues. In 2019, the Group designed a new tool to improve monitoring and help reduce of water consumption. The project is planned to be launched and completed in 2020.

The Group has identified 19 operations located in areas of water scarcity using the World Business Council for Sustainable Development's Global Water Tool (GW)(2). Most of the 19 operations use only dry processes for production and have limited water use for other purposes. The aggregated water withdrawal of these operations accounted for 2.1% of the Group's total 2019 withdrawal, representing a decrease of 7% from 2018 related to the closure of a production line at one site in China. These operations have established water management plans and mitigation measures, including awareness of the operational water footprint.

Imerys also reports the amount of water recycled by its operations as recycling water reduces the amount of water being removed from natural habitats, thereby reducing the Group's water footprint. The Group is working towards the identification of innovative ways to reduce its water footprint. As an example, the Katni site in the High Temperature Solutions Business Area in India, has developed a comprehensive water management plan to fight against water scarcity, completely eliminating all ground water extraction. To achieve this, the site constructed a wastewater treatment plant to generate the water needed for the different industrial processes and developed a rainwater filtration system to supply drinking water to the employee facilities and factory in Katni.

(1) Recycling Industrial Minerals https://www.ima-europe.eu/sites/ima-europe.eu/files/publications/IMA-Europe_Recycling%20Sheets_2018.pdf.

(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.

Group water recycling

	2019	2018	2017
Total water recycled[(1)] (millions of liters)	42,518	46,249	44,898
Number of sites reporting recycled water	57	62	62
Recycled water rate[(2)]	0.51	0.50	0.51

(1) *The environmental reporting protocol includes the definition of "recycled water". In 2014, Imerys 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 the Imerys operations.*

(2) *Recycled water rate: total recycled water/(total water withdrawal + total recycled water).*

3.6.1.3 BIODIVERSITY AND REHABILITATION

The question of impacts on the living world arises during the entire life cycle of a quarry, whether for the choice of the site, its operation, its rehabilitation or its post-rehabilitation land use. Imerys activities cause direct and indirect impacts on biodiversity. Imerys has a major responsibility to operate without net biodiversity loss. Aware of this responsibility, Imerys has been committed to preserving biodiversity for many years. Given the serious global threat to biodiversity, Imerys is committed to further structure and harmonize its approach in order to continue mobilizing the Group and its teams around this major issue. Imerys has designed and implemented a biodiversity project, aligned with the main goals of the French National Biodiversity Strategy, to continue to contribute to SDG 15 to protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, halt and reverse land degradation and halt biodiversity loss.

Rehabilitation is integrated into the Life of Mine (LOM) plan of each quarry operation at Imerys and considered throughout the conduct of its activity until closure. Rehabilitation planning starts from the very initial phase of mine permitting as it is included in the environmental impact assessment of the projected site operations. As most countries define the regulatory framework for the preparation, submission, consultation and approval of environmental impact assessments for resource operational permits, in most cases rehabilitation plans are disclosed through a public consultation process prior to final approval.

Starting in 2017, the Group has carried out an assessment of the biodiversity issues associated with its operations, in collaboration with key stakeholders based on the EBEvie[(1)] approach, which resulted in a program designed to respond to the identified challenges. To support the development and implementation of the program, Imerys entered into a three-year scientific partnership (2018-2021) with the UMS Patrimoine Naturel[(2)], an umbrella organization bringing together the French National Museum of Natural History (FNMNH), the French Agency for Biodiversity and the National Center for Scientific Research (CNRS). In addition, Imerys has committed to act4nature[(3)] initiatives that have been launched by "Entreprises pour l'Environnement" (EpE)[(4)] and other partners with the aim of mobilizing businesses to protect biodiversity. In 2018, act4nature partners established ten common commitments to engage businesses to include biodiversity in their global development strategy. Imerys has since articulated the objectives of its program around four pillars, which are linked with the act4nature engagements. At the end of 2019, progress in the development of the program has enabled Imerys to improve technical and scientific knowledge on biodiversity around Group quarries and roll-out actions to address the identified challenges, as described below:

1. Design and deploy a global continuous improvement approach: the diversity of Imerys' activities and geographic location translate into very diverse ecological, regulatory and maturity contexts depending on the site. This is why Imerys designed a maturity matrix, which will be implemented in 2020, that aims to support sites in the assessment of their environmental performance. In addition to that in 2019 Imerys collected ecological data from all its sites in France to assess the challenges and their ecological quality, as well as their potential to promote local fauna and flora. This is accompanied by internal guidelines' co-developed between Imerys and the UMS Patrimoine Naturel[(5)]. These guidlines outline the actions to be implemented to ensure the protection of biodiversity throughout the life of Group quarries.

(1) *EBEvie is a tool for assessing the interdependencies between companies and biodiversity developed by the French Ministry of Ecology, Sustainable Development and Energy.*

(2) *http://www.patrinat.fr/fr/ums-patrimoine-naturel-346.*

(3) *act4nature is an initiative launched by EPE (Entreprises pour l'Environnement) and a number of partners with the aim of mobilizing companies to protect, promote and restore biodiversity.*

(4) *"Entreprises pour l'Environnement" (EpE), is a forum that gathers nearly 40 large French and international companies from all sectors of the economy to work together to better integrate environment into both their strategies and their day-to-day management. http://www.epe-asso.org/en/.*

(5) *UMS Patrimoine Naturel. Nature Data and Expertise Center http://www.patrinat.fr/fr/ums-patrimoine-naturel-346.*

2. Initiate and conduct studies and research on biodiversity knowledge and conservation: in 2019, the French National Museum of Natural History carried out "Évaluation de l'équivalence écologique" (ECOVAL) analysis on one Group sites, as well as three biodiversity diagnostics in quarries in France and Brazil, which helps to improve the quality of the Mitigation Hierarchy[1]. In addition a scientific article was published in Espaces Naturels[2] based on the rehabilitation efforts of Imerys in Milos, Greece. As a result of the studies undertaken, 1,205 data entries on biodiversity were published in The National Inventory of Natural Heritage[3].
3. Develop pilot projects: Imerys deployed three pilot projects sites in Brazil, Greece, and France to improve rehabilitation techniques in different ecological contexts.
4. Raise awareness, train and involve internal and external stakeholders: in 2019, Imerys implemented various activities with internal and external stakeholders to create greater awareness on biodiversity. The Group organized educational sessions on biodiversity with employees in Clérac, France and training sessions on the mitigation hierarchy for all site managers in France. The Group likewise launched a pedagogical film on biodiversity for Group employees to share details on the program and raise awareness on biodiversity.

In parallel with the development of the Group biodiversity roadmap, sites across Imerys have continued to develop local initiatives aimed at supporting biodiversity and promoting innovative rehabilitation projects, both during and after mining activities. In 2019, six biodiversity projects were submitted in the SD Challenge competition. At the Refractory, Abrasives & Construction (RAC) site in Clérac, France, the site created a network with local Non-Governmental Organizations (NGOs) to help to reduce its global environmental footprint and improve biodiversity management. In 2018, the Group site management decided to have all permits that include any biodiversity aspects reviewed by NGOs. The partner NGOs measure the impact on biodiversity at all stages of the mine life; before opening, during exploitation, after reclamation and during the compensation; with a biodiversity indicator which allows to improve the environmental management of sites.

The Group follows two land use indicators across 36 quarries located in Western Europe, quantifying the surface disturbed by the Group's mining activities, as well as the surface rehabilitated. In 2019, the total disturbed surface area by these 36 quarries was 1,387 hectares, and the total rehabilitated area was 436 hectares.

√ For more information on the Group biodiversity roadmap, *see imerys.com*.

3.6.2 CLIMATE CHANGE

Imerys' Commitment	2019 objectives	UNGC Principles	UN SDGS
Reduce the impacts of climate change through the implementation of a long-term climate change strategy to support international commitments and global targets	▪ Climate Change Strategy ✔ Reduce Group CO_2 emissions by 36%(1) relative to revenue *(tCO_2/€)* by 2030 ▪ Climate Solutions ✔ Increase the carbon footprint analysis coverage of Group products to cover 35 new products **Mid-term objectives** ▪ Climate Change Strategy ◻ Reduce Group scope 1 & 2 greenhouse gas emissions by 36% relative to revenue *(tCO_2/€)* by 2030 ◻ Engage 71% of suppliers by spend to have science based targets by 2023	Principle 7 Principle 8 Principle 9	SDG 13

(1) In 2018, Group CO_2 emissions target was 41%. In 2019, the percentage was modified to 36% based on the year of the emission reduction targets by the approval of Science Based Target initiatives (2018).

(1) The mitigation hierarchy is a set of guidelines, established through the International Finance Corporation's Performance Standard 6 that aims to avoid a net loss of biodiversity, managing biodiversity impacts and averting risk.

(2) Academic Journal on biodiversity http://www.espaces-naturels.info/ecosystemes-mediterraneens-mieux-connaitre-pour-mieux-restaurer

(3) The INPN is the reference information system for data related to Nature https://inpn.mnhn.fr/accueil/donnees-referentiels.

Imerys recognizes that climate change is a major global challenge. In 2017, on the occasion of the international One Planet Summit, the Group became a signatory of the French Business Climate Pledge[1]. In 2019, Imerys renewed its commitment during the Meeting of Entrepreneurs of France (LaREF) organized by MEDEF[2]. Through these Pledges, Imerys publicly affirms its engagement to contribute to the collective efforts, drawing up a roadmap compatible with the international commitments formulated in the Paris Agreement and work towards SDG 13 to take urgent action to combat climate change and its impacts. Imerys signed up to the Science Based Targets initiative (SBTi)[3] in 2018 and in the following year set greenhouse gas (GHG) emissions reduction targets, which were subsequently approved by the SBTi. Imerys pledged to define its Climate Change strategy aligning its emission targets and trajectory to a 2° C scenario[4] through a 36% targeted reduction of Scopes 1 and 2 emissions relative to revenue by 2030 (from a baseline year 2018) and for Scope 3 indirect emissions by requiring its suppliers to commit to a low-carbon trajectory.

3.6.2.1 CLIMATE CHANGE STRATEGY

Since the end of 2017, the Group's climate change working group, composed of environmental, energy, industrial, business development as well as financial managers, has been working to address climate change as a priority CSR theme. The cross-functional working group has completed a comprehensive climate change benchmark, assessed risks and opportunities as well as current CO_2 footprint of the Group, and defined relevant KPI and targets. Imerys has likewise identified concrete levers for carbon reduction in the context of the long-term climate change strategy. The defined strategy will ultimately cover every domain: organization, equipment, methods, technology, supplies, transportation, and renewable energies. The Group has defined all its Scope 1[5], 2[6] and 3[7] emissions reduction targets, which have been approved by SBTi.

A preliminary identification of climate change risks to which the Group is exposed was conducted in 2017. This assessment was updated during the Group risk mapping exercise conducted in 2018, which is presented in *chapter 2, sections 2.1.2 of the Universal Registration Document*. The principle climate-related risks identified are associated with transitional risks linked to current or emerging regulatory requirements, increases tax or carbon quotas, or costs of raw materials in the market, and shifting customer preference, which may lead to the substitution of existing products and services with lower emissions options. While the Group exposure to acute physical risk is presently considered not relevant given the geographic spread of the Group activities, it is nevertheless followed together with transitional risks. The type and level of each risk determines the management method including to mitigate, transfer, accept, or control.

For the past 13 years, Imerys has participated in the Carbon Disclosure Project (CDP)[8]. The Group 2019 CDP performance score ranked as Level B, which places the Group in the second highest band, corresponding to management of climate issues in a concrete and systematic way.

▪ SCOPE 1 AND 2 STRATEGY

In 2019, the Group defined two separate GHG emissions targets to reduce its climate change impact. With the first target, the Group is committed to reduce its Scope 1 and 2 emissions by 36% relative to revenue (tCO_2/Euro) by 2030 from a baseline year of 2018. The second target, defined for Scope 3, is described in *section 3.6.2.2 of the present chapter*. The Group's Scope 1 emissions considered as direct emissions are generated from energy-related emission such as fossil fuels, diesel and process related emissions, and the Scope 2 emission are related to electricity consumption. Combined Scope 1 and 2 emissions represent 44.6% of Groups total emissions. As such the strategy and action plans for both scopes are addressed principally through improving energy efficiency and increasing the use of renewable energy.

(1) Page 50: https://www.medef.com/uploads/media/node/0001/13/61b2c23e6aa96457510930a6251b3ac2ea909213.pdf.

(2) Page 54: https://www.medef.com/uploads/media/node/0014/03/11744-les-entreprises-francaises-s-engagent-pour-le-climat-juillet-2019-en-v7.pdf

(3) The Science Based Targets initiative collaboration between CDP, World Resources Institute (WRI), the World Wide Fund for Nature (WWF), and the United Nations Global Compact (UNGC) supports companies to set targets consistent with limiting global warming to well below 2°C.

(4) The Paris Climate agreement in 2015 saw 195 of the world's governments commit to prevent the worst impacts of climate change by limiting global warming to below 2 degrees Celsius, often referred to as the 2° C scenario.

(5) Scope 1: emissions are direct emissions from sources owned or controlled by the Group.

(6) Scope 2: emissions are indirect emissions from the generation of purchased energy.

(7) Scope 3: emissions are all indirect emissions (not included in scope 2) that occur in the Group value chain, including both upstream and downstream emissions.

(8) The CDP is a global environmental impact non-profit organization, providing a platform for all companies and cities to report information on their climate impacts.

ENERGY EFFICIENCY

Imerys has operational energy demand, especially in its mineral transformation processes that use thermal technologies and its quarrying activities that use heavy equipment. Energy efficiency improvement makes it possible to use less energy to achieve the same level of productivity and consequently to contribute to climate change mitigation efforts. The Group energy efficiency strategy is based on two pillars: efficiency, which consists of measuring, decreasing consumption, and recovering energy losses, and sourcing, which is based on using alternative energies, promoting renewables, and building sustainable industrial assets as described in the next section.

The Group energy initiatives are driven collaboratively between the different operational and functional groups at Corporate, Business Area and site levels, including operations, industrial management, environment, purchasing, geology and mining. The Group Corporate Energy function defines the analysis and reporting standards and provides the necessary training to ensure consistency and reliability of the reported results. The Group Energy team is responsible for supporting plants with identified action of potentials savings and implementation of full assessment, definition of method and step-by-step approaches and provision of expertise on technical aspects. Detailed energy efficiency analysis is disclosed in a quarterly energy report. This analysis, together with the improvement plans, is reviewed by the Group senior management. Part of the Group variable performance-related components of compensation for concerned managers (energy managers, facility managers, process operation managers, *etc.*) has also been linked to performance against internal energy efficiency KPIs.

Total energy consumption and breakdown by energy source

	2019	2018	2017
Total energy consumption[(1)] *(Tera Joules, TJ)*	**33,063**	**39,301**	**37,039**
Electricity (net), steam, hot water	30.9%	29.4%	30.3%
Natural gas	39.1%	41.5%	45.7%
Other fossil fuels	27.2%	26.7%	21.6%
Biomass	2.8%	2.4%	2.3%
Energy consumption/revenue *(MJ/€)*	**7.59**	**8.56**	**8.05**

(1) Several Imerys sites use Combined Heat and Power (CHP) facilities. Excess electricity from these facilities is sometimes sold on the grid. The total energy consumption does not count the resold electricity.

Between 2018 and 2019, the total energy consumption decreased by 16%. The overall change is linked in part to the divestiture of the Roofing activity and two other major energy consuming entities.

As Imerys has a product portfolio based upon a wide variety of different minerals, the energy consumption intensity of the Group can be measured in MJ per Euro of revenue. The rate was 7.59 in 2019, which represents an 11% decrease from 2018.

Since 2016, the Group has been focusing in particular on energy management of 12 key industrial sites, which represent approximately 30% of the Group's total energy consumption. Specific energy efficiency improvements projects have been carried out at these sites and the main variations observed are assessed in order to follow the progress on the KPIs. Imerys is improving energy management and driving excellence through the Group "I-Cube" Program. All of the 12 key sites mentioned above are under specific review within the "I-Cube" Program, and the reviews at these sites generated 74% of the energy saved by the Group in 2018. In total, over 100 energy saving projects were identified and initiated in 2018 within the "I-Cube" Program across the entire Group.

√ For more information on the Group "I-Cube" Program, *see chapter 1, section 1.4 of the Universal Registration Document*.

In 2019, as a part of the transformation program, the Group has launched "I-Nergize" assessment methodology in cooperation with Business Area to evaluate the sites energy performance and improve process efficiency, with a particular focus on top energy consuming sites. Ten sites have already been assessed with the objective to evaluate 30 sites by 2021.

Energy workshops are organized to raise awareness and bring ideas related to various energy efficiency topics. In 2019, one of the workshops focused on best practice in crushing and grinding processes. The results of the workshop identified opportunities linked to the modification of grinding systems, which increase its capacity and reduce electrical consumption. Such improvements shall continue to be studied.

Numerous energy-related e-learning modules are available on IM-Pulse to provide an overview of Imerys energy strategy as well as knowledge and awareness on energy efficiency. In addition, internal knowledge databases have been created on Dryers, Rotary Kilns, Motors and Ball Mills to promote the best practice of industrial energy efficiency on key equipment used in Imerys. The Group has also conducted eight virtual classes with more than 800 attendees on various specific energy-related topics such as KPIs, loss analysis, motors, rotary dryers, dryers, fluid bed dryers, contract optimization and supplier relationships.

A dedicated energy community on the Group intranet serves as a platform to share knowledge, good practices and events related to energy. Since 2017, an Energy Challenge have been held to promote best practices development and sharing across the operations and energy communities of the Group.

RENEWABLE ENERGY SOURCES

The Group continues to support the transition to renewable energy and cleaner fossil-fuel technology where feasible. Renewable energy sources (solar, hydropower and wind power) are also being employed in the electrical power grid and indirectly supplied to some of the Imerys operations. To date 19 renewable installations have been developed across Group sites: ten in the United Kingdom, four in France, one Belgium and Austria, two in Australia, and one in India, accounting in total for 52 MW (eight solar units, six wind turbines, four hydraulic systems and one district heating).

The greater integration of renewable energy across the Group has also been highlighted in SD Challenge projects. For example, in 2019, four solar water heaters were installed to replace the gas boiler to supply hot water in Linjiang Imerys Diatomite plant in China.

In 2019, the winner of SD Challenge in India introduced five different combined activities to take climate change actions and contribute to the Group's goal of reducing CO_2 emissions by 36% by 2030. The initiatives include generating energy from solar power installed in plants, improving the energy efficiency in thermal processes through a series of I-Cube projects, using processes rain and wastewater to discharge zero effluent water, utilizing recycled material in formulations and mass tree plantation with the engagement of internal and external stakeholders. These combined projects require close cooperation between the plant and local stakeholders, which have a positive societal impact, generated economic benefits and contributes to the Group’s climate change objective. Another example is the Andersonville plant in the US using grounded peanuts shells as an alternative energy source which is expected to reduce around 4.9% of the Group’s total CO_2 emissions per year.

3

CARBON EMISSIONS MANAGEMENT

The majority of the Group greenhouse gas emissions are generated through the production of thermal energy from natural gas and fossil fuels. Alternatives to these, energy sources, such as biomass and steam are increasingly investigated and used. Indirect emissions from the consumption of electricity are the second source of emissions. Some processes used in Imerys operations result in a direct emission of CO_2 (*e.g.* de-carbonation of raw materials). Measures to monitor and reduce GHG emissions are one of the principal means through which the Group contributes to SDG 13 to take urgent action to combat climate change and its impacts.

Group carbon emissions

(thousands of tons, kt)	2019	2018	2017
Scope 1 CO_2 emissions	1,811	2,207	1,945
Scope 2 CO_2 emissions	1,086	1,214	1,165
Total CO_2 emissions (Scope 1 and Scope 2)	**2,897**	**3,421**	**3,110**
Energy	84.8%	84.1%	85.7%
Processes	15.2%	15.9%	14.3%
CO_2 emission/revenue *(ton CO_2e/€M)*	**665.4**	**745.8**	**676.3**

For 2019 the Group Scope 1 and 2 CO_2 emissions equalled 665 tCO_2e per million euros of revenue, which represents an 11% decrease since 2018. Between 2018 and 2019, the annual total Scope 1 and Scope 2 CO_2 emissions decreased by approximately 524 kt. This reduction is due to the divestiture of the Roofing activity and one major emitter, as well as the decrease of the emissions of the largest emitter within the Group.

SCOPE 3 STRATEGY

Scope 3 is considered an indirect source of emissions, which represents about 55% of total Group emissions. Imerys is committed to address this challenge through science-based targets. The Group’s main source of Scope 3 emissions is generated from the purchased of goods (63.9%). To mitigate this impact, Imerys proposed a supplier engagement target that will cover 71% of suppliers (800 suppliers) by spend within the Scope 3 categories such as purchased goods and services, fuel and energy related activities (not included in Scope 1 or 2), upstream transportation and distribution, waste generated in operations and downstream transportation and distribution. These categories represent around 94.7% of the Group total Scope 3 emissions. Imerys engages to fulfill the target by 2023 (5 years from the submission in 2019). Suppliers will be required to set science-based emissions reduction targets.

Group upstream value chain suppliers

Purchasing categories	Percentage of key purchases[(1)]	Upstream suppliers
Raw materials[(2)]	14%	Principally, but not exclusively, bauxite, zircon sand, soda ash, silica sand
Mining,industrial services and equipment	33%	Mining subcontractors, service vendors for maintenance and repair
Transportation	24%	Freight by rail, truck and ship, and business travel
Energy	12%	See energy mix above, counted in Scope 1 & 2 emissions
Chemicals and other consumables	8%	Mainly chemicals and packaging materials

(1) The analysis was based upon the 2018 data; the total spend of above-mentioned categories represents approximately 90% of Group purchases (€2,762 million).

(2) Imerys self-supplies approximately two-thirds of raw materials and purchases one-third externally.

▪ SCOPE 3 EMISSION ESTIMATION

Reliable emission data from Group suppliers is not readily available; as such the estimation of Scope 3 emissions does not yet represent a full calculation of all Scope 3 emissions linked with Imerys operations. The transportation services by vendors are principally measured by volume and cost, rather than distance traveled. Similarly, it is difficult to calculate the Scope 3 emissions for transportation of finished products. Yet, Imerys is committed to continue to improve the quantification of its Scope 3 emissions.

Source of Scope 3 emissions	Metric tons CO_2	Percent of Scope 3 emissions	Emissions calculation methodology	Explanation
Purchased goods and services	2,717,692	63.9%	Emissions calculated with Scope 3 Evaluator	These emissions include upstream freight and distribution of purchased goods because they are included in the price of the goods. Financial data are used.
Capital goods	264,369	6.2%	Emissions calculated with Scope 3 Evaluator	This category has been calculated taking into account all capital investments and by applying the highest emission factor among the different capital goods to the whole category. Therefore, all the emissions from this category are accounted for.
Fuel-and-energy-related activities (not included in Scope 1 or 2)	657,167	15.4%	Emissions calculated with Scope 3 Evaluator	These estimated emissions come from the production and distribution of energy (as opposed to its combustion), estimates from Scopes 1 and 2 are used to calculate this data.
Waste generated in operations	61,745	1.5%	Emissions calculated with Scope 3 Evaluator	Calculations are based on waste quantity and an approximation of its treatment prices.
Business travel of several regional headquarters	9,359	0.2%	Emissions were calculated from travel distances using GHG Protocol emission factors	Data were provided by Imerys main travel agencies for train, car rental and air travels.
Downstream transportation and distribution	327,247	7.7%	Emissions calculated with Scope 3 Evaluator	Financial from freight purchases have been used. Freight paid by clients is not included in the calculation.
Employee Commuting	20,400	0.5%	Emissions calculated with Scope 3 Evaluator	This data is an estimate calculated with the number of Imerys total employees.
Investments	196,758	4.6%	Emissions calculated with Scope 3 Evaluator	This is based on the emissions of the Group's activity in two joint ventures and an associated company not accounted for in Scope 1 and 2 emissions.
Total	**4,254,737**			

Based on the above high level estimate, Scope 3 emissions equal approximately 4.3 million tons CO_2e and represent 55% of the Group total emissions (Scopes 1, 2 and 3).

3.6.2.2 CLIMATE SOLUTIONS

Imerys is committed not only to the management of emissions related to its operations but also to innovation of solutions at the service of a low-carbon economy and to support customers in this transition.

To this effect Imerys has focused on conducting studies of products within the Group portfolio to determine their carbon footprint. These studies serve a dual purpose as they provide complete and transparent information to customers and give the Group an improved visibility of the impacts linked to specific products or facilities, which is a precursor to initiating any eco-design approach.

In 2019, the Group calculated 30 product carbon footprints, from cradle to gate, using either the Life Cycle Assessment (LCA) approach described in *section 3.7.2.1 of this chapter* or the "Bilan Carbone®" methodology and tool of the French Environment and Energy Agency[1]. Some of these study results were shared with customers to help encourage downstream efforts to calculate product impacts and differentiate Imerys solutions from other competitors' higher carbon products.

√ For more information on product Life Cycle Assessment, *see section 3.7.2.1 of the present chapter*.

3.7 BUILDING FOR THE FUTURE

3.7.1 BUSINESS CONDUCT

Imerys' Commitment	2019 objectives	UNGC Principles	UN SDGS
Ensure exemplary Business Conduct by maintaining the highest standard of corporate governance, respecting and implementing fair operating practices and ensuring responsible purchasing and engaging with local community to create shared value in particular through education and skills development	▪ Corporate Governance • Complete an assessment of the Board, Committees and individual member contributions by an independent third party ▪ Fair Operating Practices & Responsible Purchasing ✔ Improve awareness of updated Code of Business Conduct and Ethics through roll-out of e-learning and training sessions ✔ Ensure Supplier compliance with Imerys Supplier Environmental Social and Governance Standards through the implementation of the supplier audit program ▪ Community Engagement ✔ Reinforce Group Stakeholder Management and Community Relations Protocol to support local community engagement **Mid-term objectives** ▪ Fair Operating Practices & Responsible Purchasing ☐ Improve the external CSR rating of the Group ☐ Deploy a CSR rating scheme covering at least 50% of Group suppliers (by spend) by the end of 2022	Principle 1 Principle 6 Principle 8 Principle 9	SDG 3 SDG 4 SDG 5 SDG 6 SDG 8 SDG 12 SDG 13 SDG 15 SDG 16

Ethical business conduct is the foundation upon which Imerys' business is built. At its core, Imerys is building the future together with stakeholders through ethical behavior and fair operating and responsible purchasing practices, engaging with communities and promoting sustainable products and technologies. This solid foundation is also a guarantee and a source of confidence for Group employees, customers and society at large, as exemplary conduct is proof of reliability and long-term sustainability. In addition to all the other SDGs referred to in this chapter, Imerys' commitment to responsible business conduct contributes to SDG 16 to promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.

(1) Agence de l'environnement et de la maîtrise de l'énergie (ADEME).

3.7.1.1 CORPORATE GOVERNANCE

Imerys is committed to sound corporate governance as a means to ensure the Group continually improves its functioning and management, in an atmosphere of transparency, duly respecting the expectations of investors and other stakeholders. Imerys follows the recommendations of the AFEP-MEDEF Corporate Governance Code(1) applicable to French-listed companies.

As a result of the changes in governance that occurred in 2019, the Group did not complete the assessment of the Board, Committees and individual member contributions *via* an independent third party. The assessment took the form of a formal self-assessment based on a detailed questionnaire. The comprehensive questionnaire covered a range of governance questions in line with the AFEP-MEDEF Corporate Governance Code as well as specific questions related to CSR and climate change related topics in line with the recommendations of the Task Force on Climate related Financial Disclosures (TCFD)(2) The summary of the results is presented in *chapter 4, section 4.1.4.3. of the Universal Registration Document*.

√ For more information regarding Corporate Governance, *see chapter 4 of the Universal Registration Document*.

3.7.1.2 FAIR OPERATING PRACTICES & RESPONSIBLE PURCHASING

Imerys is committed to respecting internationally-recognized human rights, as set out in the International Bill of Human Rights and the ILO's Fundamental Conventions. The Group is committed to respect human rights, avoid complicity in human rights abuses and provide access to remedy, in line with the UN Guiding Principles on Business and Human Rights.

Imerys Code of Business Conduct and Ethics (the Code) summarizes the principles of ethical behavior the Group expects from all of its employees, contractors, suppliers, and other partners. The umbrella principles set forth in the Code are supported by a series of policies and protocols applying to both the general conduct of Imerys and the individual conduct of each employee. The subjects covered by the Code include compliance with laws and regulations, protection of environment and human rights, relations with local communities and trade unions, occupational safety and health, diversity and inclusion, confidentiality, prevention of fraud, prevention of corruption, prevention of insider trading and conflicts of interest, protection of the Group's assets, fair competition, transparency, and integrity.

The Code is a "living document", regularly reviewed and updated in order to take into account internal and external changes and developments in applicable international regulations. This Code, introduced by the Group CEO, and translated into 23 languages, applies to all Imerys employees, Imerys controlled joint ventures, Imerys suppliers, agents and other long-term business partners. In 2019, the Group launched a new compulsory training (e-learning and in-class) on the Code for all employees to ensure the fundamental elements are well understood and respected by all. By the end of 2019, over 16,000 employees had completed the training course.

The Group works continuously to strengthen its compliance programs. The purpose of the Group compliance programs is to identify risks, implement preventive measures and detect non-compliance with local and international rules and regulations related to the fight against corruption and anti-competitive behaviors, the respect of international sanctions and embargoes, and to protect data privacy, human rights, health, safety and environment in Group operations around the world as well as within the Group purchasing activities.

In 2019 the Group created a dedicated Ethics Committee, chaired by the Group General Counsel and composed of Executive Committee members and functional Senior Managers of the Group. The Ethics Committee sets out ethics-related priorities, monitors the achievement of the related objectives, ensures the adequacy, effective dissemination of and training on ethics-related codes, policies and procedures and ensures the adequacy of the systems in place for confirming compliance. The Ethics Committee is likewise responsible for monitoring ethics-related misconducts, reported either via the alert system or other channels.

Within the 2019 action plan validated by the Ethics Committee, the Group strengthened several procedures linked with the Code of Business Conduct and Ethics, including an update of the Group Antibribery policy and the issuance of new Gifts and Entertainment, Conflict of Interest, and Sponsorship and Charitable Donations procedures. All the aforementioned policies and procedures were created under the supervision of the Antitrust & Compliance General Counsel together with functional experts and clearly outline the process, reporting and necessary levels of control to ensure compliance with the procedures (operational, Corporate, Internal Audit).

The Group tax policy is fully in line with the best international standards with respect to anti-tax avoidance and tax evasion practices. It operates in countries chosen solely for industrial or commercial purposes and does not enter into artificial arrangement for tax planning purposes. It is committed to full compliance with its tax obligations, paying the right amount of tax in the right country at the right time.

Imerys fuly supports the principal of open and accountable management of mineral resources. To this effect, and in accordance with the provisions of Article L. 225-102-3 of the French Code of Commerce, Imerys reports on payments greater than or equal to €100,000 made in favor of governmental authorities by Group entities conducting activities in exploration, prospecting, discovery, development or extraction of minerals. This report is filed with the French Register of Commerce and available on the website of the Company as per the conditions prescribed by the Law.

(1) https://afep.com/wp-content/uploads/2020/01/Afep_Medef-Code-revision-2020-EN-.pdf

(2) Task Force on Climate-related Financial Disclosures (TCFD) is a market-driven initiative, set up to develop a set of recommendations for voluntary and consistent climate-related financial risk disclosures in mainstream filings.

Imerys believes that high standards in all environmental, social and governance areas are essential for all of its business operations. The Group expects its business partners and suppliers to adhere to the same principles as elaborated with the Group Code. As such in 2018, Imerys updated and launched new Supplier ESG Standards (the Standards). These Standards, based on the Group Code and CSR Charter and aligned with the SustainAgility program, have been translated into 23 languages. The Standards, which must be formally acknowledged and complied with, are applicable to all suppliers and are considered a prerequisite for doing business with the Group, forming an important part of the Group Purchasing policy.

√ For more information on the Group Code of Business Conduct and Ethics and Imerys Supplier ESG Standards, *see imerys.com*.

√ For more information regarding Imerys Report on payments to governments in 2019, *see imerys.com*.

▪ ESG RISK MAPPING PROCESS

The Group has established a detailed process defined for mapping corruption, human rights, health, safety and environmental risks within its internal and external operations in different geographical areas.

The risk mapping process began with the identification of key ESG risk categories divided between internal Group operations and external purchasing categories. A series of dedicated interviews with key representatives of both businesses and support functions were conducted in 2017 to design the initial version of compliance risk framework. These interviews were complemented by additional consultations with external agencies and non-governmental organizations to collect feedback on the framework and process. The consolidated risk framework was presented to the Executive Steering Committee and validated, and on this basis a first list of risk scenarios (21 corruption and 13 human rights, health, safety and environmental scenarios, respectively) was developed.

The initial Group risk assessments for two first pilot geographic areas were conducted in 2018. These workshops brought together experts representing diverse functions, including but not limited to legal, operations, sales, purchasing, logistics, human resources, CSR, and finance within the geographic area being assessed. These first assessments confirmed the validity of the risk framework in addition to generating the assessments results. The second phase of geographic assessments were conducted in 2018 through questionnaires and interviews with business leaders from each of the remaining geographic areas where the Group operates. In 2019, two additional risk assessment workshops was conducted to continue to expand the geographic areas covered by the expert reviews. The purpose of these workshops is to review and update, if needed, the list of risk scenarios, assess the criticality (inherent impact and probability) of each risk scenario, assess the effectiveness of current mitigation measures and, in addition, for human rights, health, safety and environmental scenarios, identify the highest risk per purchasing categories (criticality).

The risk assessment workshops systematically include a review and eventual update of the risk scenarios to ensure that the list is comprehensive. As a result of the review conducted in 2019, the corruption risk register was updated to include a total of 25 risk scenarios (compared to 19 in 2018). The additional scenarios are the result of a higher degree of granularity in the scenario description and the introduction of one new scenario. The human rights, health, safety and environmental risk scenarios were increased to 15 (compared to 13 in 2018) as two previous scenarios were subdivided.

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In order to prioritize actions with regards to Imerys' suppliers, the criticality risk of each human rights, health, safety and environmental scenario was then ranked by taking into account a "composite country index" (based on the Corruption Perceptions Index[1], Human Freedom Index[2] and Environmental Performance Index[3]) and the economic weight of purchases to assess risk impact and exposure.

▪ EVALUATION OF ESG RISKS

The Group risk assessment workshops of human rights, health and safety and environmental risks described above are covered in two parts: first, the assessment of mitigation effectiveness of Group operations and second, an assessment of criticality of human rights, health,safety and environmental risks for each main purchasing category.

Evaluation of environmental, social and governance risks within Group operations, including identification, analysis and ranking processes are presented *in chapter 2, section 2.1. 2 of the Universal Registration Document*. The results of the review of mitigation effectiveness are presented in the designated section below.

Based on the assessment of human rights, health, safety and environmental scenarios associated with suppliers, the Group has identified potential salient human risks within its value chain. The four salient risks identified include potential:

- impacts on health and safety of supplier workers;
- impacts on supplier workers related to labor practices, including wages, working time, general work conditions;
- increases in air or land pollution due to supplier operations; and
- impacts on supplier workers due to discriminatory practices.

(1) The Corruption Perceptions Index is published annually by Transparency International and ranks 180 countries and territories by their perceived levels of public sector corruption according to experts and businesspeople, uses a scale of 0 to 100, where 0 is highly corrupt and 100 is very clean.

(2) The Human Freedom Index is published by the Fraser Institute in conjunction with the Economic Freedom Network, a group of independent research and educational institutes in 90 nations and territories worldwide. It presents human freedom based on a broad measure that encompasses personal, civil, and economic freedom.

(3) The Environmental Performance Index is produced jointly by Yale University and Columbia University in collaboration with the World Economic Forum and ranks 180 countries on 24 performance indicators across ten issue categories covering environmental health and ecosystem vitality.

Following the assessment of each purchasing category, for all the human rights, health, safety and environmental scenarios assessed, the risks evaluated as being highest are those related to the raw material supplier category.

Based on the risk mapping process and results described above, suppliers in all the highest risk countries were assessed in greater detail in 2018 and 2019. Nearly 500 existing suppliers were assessed against "red flag" criteria linked to the human rights, health and safety and environment risk scenarios and categorized with a specific risk ranking of low, medium or high by local and Corporate CSR and purchasing teams. The final supplier risk ranking of low, medium or high determines the control measures to be put in place to eliminate or mitigate the potential risk.

▪ CONTROL MEASURES

The Group management framework is articulated through a series of policies, protocols and procedures based upon the ambitions and commitments expressed in the Code and the CSR Charter. This framework, covering human rights, health, safety and environment, amongst other themes, defines clear requirements for all Group operations. Implementation of Group policies, protocols and procedures are the responsibility of all business and support functions. Based on the Code, Group requirements for all suppliers are clearly defined within the Imerys Supplier Environmental, Social and Governance Standards. In 2019, the Group defined a new Purchasing policy, which clearly articulates roles and responsibilities, requirements, reporting and necessary approvals. The policy requirements in terms of Supplier Environmental Social and Governance performance is based on the following principles:

1. Supplier Environmental, Social and Governance Standards

   All Suppliers must to be deleted, acknowledge and accept to comply with the Imerys Supplier ESG Standards, which were developed at the end of 2018. The progressive roll-out of these Standards is ongoing and shall be monitored over the next years within internal systems and tools currently being developed and piloted.

   The Group is committed to build strong transparent relationships and mutual trust with its suppliers. To support this ambition, in 2019, the Group organized a series of supplier summits to share the new organization of the Group with its suppliers, which created an opportunity to reiterate the Groups ESG requirements. Eight summits were organized in different countries, including Brazil, USA, United Kingdom, Malaysia, China, India and Germany with a total of 308 suppliers participating in these events.

2. Supplier risk identification and assessment

   The assessment of ESG performance of suppliers starts during supplier qualification and onboarding. In 2019, the Group designed a web-based supplier on-boarding platform to qualify, screen and monitor suppliers environmental, social and governance performance, amongst other functionalities. The platform will be rolled out progressively in 2020 and will require all new suppliers to pass through a series of validations and third-party screening prior to being accepted as suppliers for the Group. The new onboarding process has been designed to ensure that suppliers are aware of and commit to comply with the Group ESG Standards, but also to support suppliers development and continuous improvement in ESG performance.

3. Risk reduction and prioritization

   Purchasing teams are responsible for carrying out reasonable controls before considering and accepting a supplier that has been classified as higher risk (due to a country or category-related risk classification) during the supplier onboarding process in order to make sure that suppliers are able to demonstrate compliance with the Supplier ESG Standards. Purchasing teams have the responsibility to contribute to the identification and prioritization of suppliers within the Group supplier audit program.

   Awareness of and training on the requirements of the Group Code are provided to help managers and employees to understand and respect the Code. By the end of 2019, over 98% of employees have completed the training course *via* IM-Pulse as well as through in class training and internal expert presentations, which ensures the strong protection of all employees through the awareness of ethical issues.

   In addition to the aforementioned dedicated e-learning, Imerys also conducted a series of training and workshops with the purchasing organization focused on the UN Guiding Principles on Business and Human Rights and their application within Imerys. In 2019, the Group organized dedicated purchasing workshops that included approximately 62% of purchasing teams from across the different geographic areas. The purpose of these workshop sessions was to train the purchasing teams on the fundamental elements of the Guiding Principles, helping them to recognize signs of potential violations and based on their knowledge of the supplier panel, prioritize the suppliers where additional risk reduction measures may be required.

4. Supplier ESG audits

   While Imerys is fully committed to support supplier development and continuous improvement, suppliers must be able to demonstrate that they can meet the minimum ESG criteria and where any gaps are identified, through formal or informal assessments or audits, suppliers must be willing to develop a corrective action plan within an agreed timeframe.

Imerys verifies alignment to the Supplier ESG Standards through the use of supplier self-declaration, self-assessments, and assessments by Imerys teams and in designated high-risk countries third-party audits. The Group developed a new ESG supplier assessment checklist to monitor the existing supplier's operations and identify their performance according to the Group's ESG Standards.

In 2019, the Group screened 228 suppliers against ESG criteria. Together these suppliers, which included higher risk categories and countries, represented 16% of the Group spend.

In 2019, the Imerys supplier audits focused on two purchasing categories: raw materials and packaging.

In India, the focus has been on raw material suppliers. The Group has launched a Strategic Supplier Relationship (SSR) project aimed at improving operations of a set of strategic suppliers. The project started with a study to categorize the suppliers based on the needs and resources for the strategic relationship of the Group. Based on the categorization criteria, three critical suppliers have been selected to implement necessary strategic projects such as reducing the raw material consumption, increasing recycling, providing additional safety training and improving the work conditions of employees. The Group has likewise conducted a series of inspections and audits of other raw material suppliers in the country to verify compliance with the Group ESG Standards and develop improvements plans where gaps have been identified.

The Group likewise conducted five audits of packaging supplier facilities. The results of audits demonstrated alignment with the Group ESG requirements.

The Group focuses in particular on assessments and audits of suppliers ranked as "high risk" based on the Group risk mapping and evaluation process described above. In specific cases the Group may conduct additional due diligence or specialized external third-party audits prior to or after contract award.

In addition to the audit program described above, a number of SD Challenge projects have been launched to support the continuous improvement of supplier ESG performance. A High Temperature Solutions site in India is building the capacity of a toll manufacturer, to ensure the production of the bricks meet the quality, safety and other operational expectations of Imerys Group. In a partnership with this supplier, Imerys has improved the production, maintenance, quality and safety standards, and implemented continuous improvement processes.

ALERT MECHANISM

A new alerts system, operated by an independent qualified third-party and open to all employees and external parties was designed and launched in 2018 to enable the reporting of any suspected violations of the Group Code. Reports can be made either by telephone or *via* a web platform[(1)]. Both telephone and web platform reporting is available in all main Imerys languages 24 hours per day, seven days per week. This platform safeguards confidentiality throughout the entire process. Based on the facts presented in all preliminary reports, the Group assigns an investigative team of trained, in-house professionals in the relevant fields to conduct the investigation. The investigative team collects and reviews documents, conducts interviews, inspects locations, and performs any other tasks necessary to come to a conclusion about the allegations in the report. Imerys encourages its employees and stakeholders to share any information believed to represent a threat to the ethical conduct of its business. Accordingly, Imerys and its employees shall take no action in retaliation against any person for making a good faith report or participating in an investigation under the alert system policy.

Imerys created a new Ethics Committee, chaired by the Group General Counsel with the Antitrust & Compliance General Counsel acting as Secretary. The principal mission of this Committee is to validate the Group ethics program, including specific annual objectives and priorities. The Ethics Committee receives statistics on the alert system and establishes a periodic assessment of the reported cases in a Compliance Report that is presented to the Audit Committee.

MONITORING AND EVALUATION OF THE EFFECTIVENESS OF CONTROL MEASURES

In 2019, 13 cases of violations of the Group Code were identified internally or reported using the Group alert mechanism. The reported incidents related to fraud suspicions, environmental, discrimination, and other human resources topics. One reported case was raised by an external stakeholder. Each of the reported cases was reviewed and investigated as per the Group policy (one is still under investigation).

When the reported cases are confirmed remedial actions are immediately implemented and are monitored by the Audit and Internal Control department.

Every year, the Group Internal Control function conducts Internal Control Self-Assessment (ICSA) campaigns. These campaigns are conducted in order to identify any key missing controls and define action plans where any missing internal controls are identified. The 2018 campaign focused on compliance with the Code, thus providing a comprehensive evaluation of the effectiveness of existing control measures across the entire Group on ethics, anti-bribery, antitrust, lands permits and permissions, commercial transactions with sensitive countries, human rights and labor practices, community relations, and environment. Based on this review, the Group has identified specific improvement actions, including but not limited to the roll-out of the new e-learning on the Code as well as the effective dissemination of the updated Imerys Supplier ESG Standards.

(1) https://wrs.expolink.co.uk/Imerys.

During the risk assessment workshops conducted in both 2018 and 2019, the workshop participants reviewed the mitigation effectiveness of existing control measures for each of the human rights, health, safety and environmental risk scenarios. The consolidated review of internal mitigation effectiveness assessed the level of current control as “adequate” for nearly all scenarios and in some cases as “requires minor Improvements”. For scenarios where minor improvements are required, specific actions will be identified and implemented.

The verification of compliance with the Group Code and other Group policies and protocols is conducted through different internal assessment processes at both local and Group level. Such processes are led by different functions within the Group organization, including but not limited to Legal, CSR, Health and Safety, Geology and Mining and Internal Control as described in *chapter 2, section 2.2 of the Universal Registration Document*.

3.7.1.3 COMMUNITY ENGAGEMENT

Working around the world, Imerys’ operations and employees are part of the local communities that surround Group sites and are seen as representatives of the Group. As such, the Group actively encourages sites and employees to contribute to the socio-economic development of their respective communities by not only identifying and understanding stakeholders’ needs and expectations, but also by actively contributing talents and skills and supporting initiatives that create shared value. Working in a collaborative and constructive manner with local partners, communities, associations and other stakeholders helps the Group contribute to numerous SDGs through its operations.

In 2019, the Group updated and enhanced its Stakeholder Management and Community Relations procedure supporting the relations with local stakeholders to generate value for the communities in connection with the Group activities. The procedure, through clear processes and by defining the roles and responsibilities of all parties involved, provides an efficient and dynamic set of rules to guide operations. In 2019, the procedure was piloted in five sites and its full deployment is targeted to be completed in 2020.

Furthermore, and in line with the CSR priorities, the Group has also introduced a Charity and Sponsorship procedure and set up appropriate reporting, accounting and approval processes to avoid the risks of improper conduct. The procedure is enforced across the whole Imerys Group.

In 2017, the Group launched a pilot community stakeholder engagement survey providing valuable insight into the local perception of the Group impact and its potential to create economic, societal, cultural, and environmental value through its activities.

Since its creation, the SD Challenge has helped develop and share best practices in stakeholder and local community engagement. In 2019, over 40% of the 140 SD Challenge initiatives launched were linked to community engagement projects directly developed by Imerys sites and Business Areas in 27 countries across the world.

Community engagement initiatives take many forms across the Group based on the local context. For example, in Katni, Imerys India developed a program called Saksham to connect with local communities where the majority target audience were women, socially outcast people, victims of human trafficking and teenagers. To strengthen its initiatives, the program sought a partnership with the Supreme Court of India to deliver training on computer literacy, English language, tailoring and beautician techniques that can provide financial income and stability to people in vulnerable situations. Since its inception in 2016, the Saksham program has impacted the lives of more than 500 people.

√ For more information on Imerys recent SD Challenge projects, *see “Imerys Replay” on YouTube: www.youtube.com/user/ImerysReplay*.

In 2019, the Group also confirmed its leadership in local community engagement and its continuous dedication to the UN Sustainable Development Goals by organizing site visits for local community members and local authorities on European Mineral Day. These ‘open doors’ days give insights into the mining industry and minerals to local children and adults and, at the same time, help spread knowledge on the Group biodiversity programs amongst employees.

In addition to the above, Imerys remains committed to supporting education within neighboring communities, promoting equal opportunities and focusing its actions towards young adults, women and girls, and people in socially fragile situations in the areas surrounding the Group operations.

As children spend most of their time in school as students, school infrastructure constitutes a major factor impacting on their academic performance. This is why Imerys is continuously involved in local projects to improve school facilities such as in Katni and Nadiad (India), Linjiang (China), Limpopo (South Africa), Chaoyang and Guiyang (China), Luzenac and Montferrier (France), Karabiga (Turkey), Santiago (Chile) and Ipixuna (Brazil). To support secondary school education programs and help ensure students have sufficient skills and information to guide future decisions on their education, Imerys has created vocational orientation programs in Amal (Sweden), Carinthia (Austria), Capim (Brazil) as well as set up apprenticeships and first job experiences in Three Springs (Australia) and Devon and Cornwall (UK).

One of Imerys' key CSR objectives is to empower its people and build strong community relations. For this reason, Imerys' employees have volunteered in events providing essential support to people who need help the most. During 2019, employees devoted time to support education, young people, and people with disabilities across US and Mexico sites, they participated to an integration project with unaccompanied refugees in Höganäs (Sweden) and, through a charity platform, distributed food parcels and other essential goods to the local community in Vereeniging (South Africa). In addition to the direct efforts made locally through the Group operations, Imerys continues to sponsor and collaborate with education partners operating in France and internationally. At Group level, partnerships are established with United Way L'Alliance (UWA)(1) and Institute Télémaque(2).

Imerys is a member of the UWA Coordination Committee together with other large French companies. In September 2017, UWA launched a new program: "Défi Jeunesse". Built upon the framework established by the French Ministry of National Education, the program aims to support young people in secondary school through personalized training, internships, orientation sessions and discovery of the professional world.

With Télémaque in 2019, eight Imerys employees in France have committed to a role as tutors volunteering their time to encourage the students and expose them to new cultural and professional perspectives.

3.7.2 PRODUCT MANAGEMENT

Imerys' Commitment	2019 objectives	UNGC Principles	UN SDGS
Innovate through our product portfolio by assessing the sustainability of our products, *processes* and services to contribute solutions for society	▪ Product Sustainability ✔ Assess Imerys product solutions according to additional sustainability criteria to support sustainable innovation and business development **Mid-term objectives** ▪ Product Sustainability ☐ Assess Imerys Products in Application Combinations (PAC) according to the SPM methodology to cover at least 40% of Imerys product portfolio (by revenue) by the end of 2022 ☐ Ensure at least 50% of Group New Product Developments are scored as 'Sustainable Solutions' by the end of 2022	Principle 7 Principle 8 Principle 9	SDG 12 SDG 13

Imerys is committed to providing high-quality products to its customers, and indirectly, to end-users through sound, responsible and sustainable product management. By identifying and understanding the implications and opportunities linked to the global market trends presented in *chapter 1, section 1.1.1.2 of the Universal Registration Document*, the Group is able to maximize the positive impacts linked to its business and satisfy current and future market and customers' needs. The Group's commitment to sustainable product management and the development of technologies is a means to contribute to SDG 12 to ensure sustainable consumption and production patterns and to SDG 13 to take urgent action to combat climate change and its impacts.

(1) United Way L'Alliance (UWA) is a non-profit organization whose mission is to co-build programs through which private, public and solidarity actors commit to collectively address education, health, economic stability issues across France. https://www.unitedway.fr/en.

(2) Institute Télémaque is a non-profit organization whose mission is to accompany young motivated students from disadvantaged backgrounds through to the end of secondary school. http://www.institut-telemaque.org/

3.7.2.1 PRODUCT SUSTAINABILITY

Imerys' overarching goal is to identify and minimize the health, safety, environmental, and social impacts of all of Group products throughout their lifecycle, while maximizing their economic benefits and positive impacts to customers and their end consumers. Imerys is committed to the quality and safety of its products, which are assured through dedicated product stewardship programs. In 2019, the Group reinforced the product stewardship team, appointing a Global Product Stewardship Director.

The Group employs state-of-the art analytical methods, equipment, and testing to ensure that product assessments and associated decisions are driven first and foremost by sound science. The Group continually evaluates testing protocols and invests in innovation in health, safety, and sustainability across product ranges, locations, and production processes to ensure continuous improvement. These measures enable the Group to produce high-quality products, meet customers' expectations and operate in a stringent, dynamic regulatory environment.

For certain minerals, the Group applies the Mine to Market Mineral Management (M4) program, both for owned and external deposits. Owned deposits are those the Group operates itself. Those deposits are thoroughly vetted for geological properties and employ careful mine planning. The Group may also source from a select number of high-quality external deposits. During the vetting stage, thorough preliminary testing is conducted to ensure the site meets the Group quality and safety standards. Thorough ongoing testing is then conducted before any material from these sites is accepted and materials that do not meet quality standards at any point are refused. In all cases, tests are regularly performed on finished products.

As of the end of 2019, approximately 70% of Imerys operations were certified to the ISO 9001 Quality Management System. In addition, extensive tracking of employees' health is conducted, through ongoing industrial health programs and medical surveillance programs.

√ For more information on Group ISO 9001 certifications, *see chapter 1 of the 2019 Universal Registration Document*.

The Group product stewardship policy and supporting protocols, define the objectives, roles and responsibilities, guiding principles and specific requirements, as well as continuous improvement process to be followed.

For products manufactured in (or imported into) Europe, the Group complies with the European Directive on "Regulation, Evaluation and Authorization of Chemicals" (REACH). Substances marketed by Imerys are frequently subject to risk studies to determine their properties (*e.g.*, pursuant to the GHS/CLP[1] Regulations in Europe). Imerys monitors these studies closely, and labels its products to appropriately reflect the results of these studies.

Going beyond compliance, Imerys is committed to developing materials and expertise to deliver relevant and innovative market-driven solutions to support the growth of the Group while at the same time deliver sustainable solutions to society. The capacity to quantify the environmental and social impacts and steer the Group's product portfolio to ensure long-term product sustainability is a key theme within the Group SustainAgility program. For this purpose, in 2017 an interdisciplinary team consisting of experts in environment, innovation, strategy, marketing, and product stewardship worked to identify a consistent, high quality, scientifically robust and transparent methodology to assess product sustainability within Imerys, including the definition of relevant KPIs and targets. In 2018, Imerys completed the assessment of the various methodologies available and prepared for the launch of an assessment tool in line with the World Business Council for Sustainable Development (WBCSD)[2] framework for Portfolio Sustainability Assessments (PSA)[3], so as to objectively measure the sustainability of Imerys products and identify their environmental and social impacts. Upon completion of the assessment, Imerys selected to progressively deploy the Sustainable Portfolio Management (SPM) methodology[4]. Throughout 2019, the Group reviewed case studies and piloted the application of the SPM methodology on target segments of the Group portfolio. This pilot phase led to the definition of priority markets for the progressive full application of the SPM methodology.

(1) GHS/CLP: Globally Harmonized System/Classification, Labelling and Packaging of chemicals.

(2) The WBCSD is a global, CEO-led organization of over 200 leading businesses working together to accelerate the transition to a sustainable world by making more sustainable businesses more successful.

(3) https://docs.wbcsd.org/2017/10/Framework4Port_Sustainability.pdf

(4) The Sustainable Portfolio Management methodology is a robust, fact-based tool developed by Solvay. Additional details on the methodology are publically available at https://www.solvay.com/en/sustainability/acting-sustainable-business/sustainable-portfolio-management-spm-tool

In parallel with the definition of a larger framework to evaluate the Group products portfolio, Imerys has continued to calculate products' environmental impacts from "cradle-to-gate", using a LCA methodology. In 2019, the Group assessed 28 products following the requirements of ISO 14040 & ISO 14044[1].

Part of the innovation goal is to push the boundaries of Group products so that they are more effective in solving customers' problems and providing over their lifetime more sustainable products in terms of their cost or environmental impact. Initiatives have accomplished both these goals through presenting U-Technology project which was also selected as the project winner of SD Challenges in 2019. The Refractory, Abrasives & Construction (RAC) France has presented new innovation of an ultra-reactive cement which allows a very significant reduction in cement content in rapid setting concrete and mortars while keeping the same level of performance and reducing the overall cost of the product. Thanks to U-Technology, the Portland cement content can be substituted, which leads to a reduction of the carbon footprint of the final product by 30-70%.

3.8 REPORTING METHODOLOGIES

3.8.1 METHODOLOGIES AND PROTOCOLS

Imerys Group reporting complies with the French *"Déclaration de Performance Extra-Financière"* (DPEF) law[2] and other applicable French reporting obligations. The Group CSR program and reporting approach is based on frameworks such as GRI's Sustainability Reporting Guidelines ("Core" option), the UN Global Compact, the UN Guiding Principles on Business and Human Rights, Organisation for Economic Co-operation and Development (OECD) Guidelines, International Organization for Standardization (ISO) 26000 and the ILO Fundamental Conventions.

The Group's CSR reporting covers all of the activities over which it exerts operational control. Protocols and guidelines exist 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.

The Group has also structured the processes for data consolidation and quality control to ensure the reliability and auditability of the reporting, including several layers of internal verifications. Under the regulatory obligations stemming from the "DPEF" law, the Group retains a third-party to verify its sustainability reporting and compliance status. Deloitte provided the verification services for the 2019 reporting and issued the report *in section 3.9 of the present chapter*.

A correlation table with regards to the reporting requirements of the "DPEF" is presented in *chapter 9, section 9.5.5.1 of the 2019 Universal Registration Document*. A correlation table with regards to the requirements of the "Duty of Care" law[3] is presented in *chapter 9, section 9.5.5.2 of the 2019 Universal Registration Document*.

√ For detailed information on the reporting items, frequency, scope and collection systems within the Group, *see CSR Reporting Principles 2019 on www.imerys.com*.

(1) *ISO 14040: 2006 describes the principles and framework for life cycle assessment and ISO 14044: 2006 specifies requirements and provides guidelines for life cycle assessment.*

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

(3) *Law no. 2017-399 of March 27, 2017 related to the "duty of vigilance for parent and instructing companies".*

3.8.2 SUMMARY OF KEY PERFORMANCE INDICATORS

The Group's Key Performance Indicators (KPIs) on Corporate Social Responsibility have been defined and gradually evolved in accordance with pertinent international standards and regulatory framework mentioned above. The following table summarizes the KPI results of three consecutive years (2017-2019). The perimeter of each category is Group level unless explicitly indicated otherwise.

Category	KPIs	Unit	2019	2018	2017	GRI
Empowering our people						
Safety and Health						
Fatalities	Fatalities – Imerys Employees	#	1	1	0	403-2
	Fatalities – Contractor Employees[1]	#	1	0	1	403-2
Life-changing injuries[2]	Life-changing injuries – Imerys Employees	#	0	4	3	403-2
	Life-changing injuries – Contractor Employees	#	2	0	0	403-2
Lost-Time Accident rates[3]	Imerys employees	/	1.03	1.45	1.52	403-2
	Contractor employees	/	1.34	1.16	1.17	403-2
	Combined rate (Imerys employees and Contractor employees)	/	1.14	1.37	1.42	403-2
Total Recordable Incident rates[4]	Imerys employees	/	2.98	4.43	5.03	403-2
	Contractor employees	/	3.71	4.24	5.26	403-2
	Combined rate (Imerys employees and Contractor employees)	/	3.22	4.30	5.19	403-2
Severity rates[5]	Imerys employees	/	0.05	0.07	0.09	403-2
	Contractor employees	/	0.06	0.05	0.05	403-2
	Combined rate (Imerys employees and other employees)	/	0.05	0.07	0.08	403-2
Occupational illnesses	Occupational illnesses with lost time	#	1	2	2	403-2
	Occupational illnesses without lost time	#	1	0	6	403-2
Human Capital						
Employees	Year-to-end total headcount on payroll	#	16,305	17,769	17,359	
	Full-time employees	#	16,109	17,324	-	102-8
	Women employees	#	2,751	2,898	-	102-8
	Men employees	#	13,358	14,426	-	102-8
	Part-time employees	#	373	445	-	102-8
	Women employees	#	209	220	-	102-8
	Men employees	#	164	225	-	102-8
	Permanent employees	#	15,023	16,220	17,381	102-8
	Women employees	#	2,559	2,805	-	102-8
	Men employees	#	12,464	13,415	-	102-8
	Fixed-term contract	#	1,282	1,549	978	102-8
	Women employees	#	262	313	-	102-8
	Men employees	#	1,020	1,236	-	102-8
	External employees (Full-Time Equivalent)	#	6,205	4,204	-	102-8

Category	KPIs	Unit	2019	2018	2017	GRI
Employees by region	Europe	#	7,781	8,455	9,421	102-8
	Permanent employees	#	7,272	7,815	-	102-8
	Fixed-term contract	#	209	640	-	102-8
	Of which France	#	2,080	2,242	-	102-8
	Permanent employees	#	1,980	2,082	-	102-8
	Fixed-term contract	#	100	160	-	102-8
	Americas	#	4,213	4,634	4,419	102-8
	Permanent employees	#	4,186	4,600	-	102-8
	Fixed-term contract	#	27	34	-	102-8
	Asia-Pacific	#	3,543	3,882	3,801	102-8
	Permanent employees	#	2,969	3,242	-	102-8
	Fixed-term contract	#	574	640	-	102-8
	Africa & Middle East	#	768	798	718	102-8
	Permanent employees	#	59	563	202	102-8
	Fixed-term contract	#	172	235	27	102-8
Employees by function(6)	Administration & Support	#	645	689	-	
	Finance	#	853	933	-	
	General Management	#	33	92	-	
	Human Resources	#	323	395	-	
	Innovation / S&T	#	350	488	-	
	IT & Business Process	#	269	263	-	
	Legal	#	71	80	-	
	Operations(7)	#	11,349	13,379	-	
	Sales & Marketing	#	1,372	1,416	-	
	Strategy / Business Development	#	18	34	-	
	Supply Chain(7)	#	1,022	-	-	
Employees by Business Segment(8)	Performance Minerals	#	7,696	9,276	-	
	Americas	#	3,081	3,675	-	
	Asia Pacific	#	1,504	1,817	-	
	Europe Middle East and Africa	#	3,111	3,784	-	
	High Temperature Materials and Solutions	#	6,764	7,858	-	
	High Temperature Solutions	#	2,633	3,100	-	
	Refractory, Abrasives & Construction	#	4,131	4,758	-	
	Ventures & Partnership	#	37	67	-	
	Group(9)	#	1,808	568	-	
Employee moves	Net variation of permanent employees (excluding acquisitions and divestitures)	#	(828)	(438)	0	401-1
	External recruitments	#	1,003	1,446	1,717	401-1
	Mutual agreements	#	(133)	-	-	401-1
	Redundancies (economical & non-economical)	#	(753)	(557)	(523)	401-1
	Retirements	#	(301)	(303)	(258)	401-1
	Voluntary terminations & others	#	(928)	1,024	(936)	401-1
	Turnover	(%)	5.9	6.1	5.8	401-1
	Net variation of temporary employees (excluding acquisitions and divestitures)	#	(207)	569	186	401-1
	Acquisitions – Divestiture	#	(361)	(721)	2,476	401-1

Category	KPIs	Unit	2019	2018	2017	GRI
Absenteeism	Total absenteeism rate	(%)	2.96	2.84	2.78	403-2
	Absenteeism rate by geographical region					
	Europe	(%)	4.44	4.37	4.46	403-2
	Americas	(%)	1.44	1.44	0.98	403-2
	Asia-Pacific	(%)	1.55	1.23	2.00	403-2
	Africa & Middle East	(%)	1.96	1.64	1.22	403-2
Human rights and Labor Practices	Percentage of employees under collective bargaining agreement	(%)	68[10]	68	68	
Talent and Skills Management	Percentage of employees with regular performance and career development reviews	(%)	35	27	-	404-3
	Number of employees who received training at least once in the reporting year	#	15,958	13,636	13,166	
	Training hours	Hours	367,453	508,356	341,927	404-1
	Number of hours by category of program					
	Environment, Health & Safety	Hours	200,935	211,645	185,002	404-2
	Technical skills	Hours	127,092	245,078	126,533	404-2
	Management	Hours	39,426	51,633	30,393	404-2
Social Dialogue	Working hours lost due to strikes	Hours	3,127	7,657	12,828	
	Employee Engagement Survey Results					
	Loyalty Rate[11]	(%)	75	75	75	
Age	Less than 30 years	(%)	11	11	11	405-1
	From 30 to 39 years	(%)	25	25	25	405-1
	From 40 to 49 years	(%)	29	29	30	405-1
	From 50 to 54 years	(%)	15	15	15	405-1
	More than 55 years	(%)	21	20	19	405-1
New permanent hiring by age bracket	Less than 30	(%)	36	35	-	401-1
	More than 55	(%)	4	4	-	401-1
Seniority	Less than 10 years	(%)	50	50	50	405-1
	More than 10 years	(%)	50	50	50	405-1
	of which more than 20 years	(%)	21	23	24	405-1
Gender balance	Percentage of female Board members	(%)	46	41.7	40	405-1
	Percentage of female Executive Committee members	(%)	9	9.1	-	405-1
	Percentage of females in Senior management	(%)	20	17.2	14.4	405-1
	Percentage of females in Manager/Expert/Professional roles	(%)	27	25.6	-	405-1
	Percentage of females in Paraprofessional roles	(%)	12	-	-	405-1
	Total percentage of female employees	(%)	17	17.5	17.5	405-1
Disability	Number of employees with disability	#	167	186	242	405-1

Category	KPIs	Unit	2019	2018	2017	GRI
Caring for our planet						
Environmental Stewardship						
Environmental Management	ISO 14001 or EMAS[12] certified operations	#	99	101	114	103
	Operations with Imerys 8-pillar EMS	#	125	129	153	103
	Number of environmental incidents	#	14	6	11	307
	Number of prosecutions	#	8	5	6	307
	Amount of fines	€	54,571	17,232	148,868	307
Waste	Total industrial waste produced	*Tons*	203,516	278,009	248,189	306-1
	Hazardous industrial waste	*Tons*	2,131	4,017	1,908	306-2
	Recycled hazardous industrial waste	*Tons*	1,636	2,374	1,763	306-2
	Non-hazardous industrial waste	*Tons*	90,727	155,402	92,712	306-2
	Recycled non-hazardous industrial waste	*Tons*	109,022	116,215	151,806	306-2
	Industrial waste generation / Revenue	*kg/euro*	0.05	0.06	0.05	
Air emissions produced	Sulfur dioxide (SO_2)	*Tons*	3,767	4,572	4,621	305-7
	Nitrogen oxide (NO_x)	*Tons*	6,035	7,055	6,503	305-7
Water consumption	Total water withdrawals	*M liters*	40,524	47,128	47,187	303-1
	Water obtained from water groundwater	*(%)*	52.5	55.6	54.5	303-1
	Water withdrawn from suppliers	*(%)*	11.5	10.3	12.6	303-1
	Water withdrawn from surface water	*(%)*	28.7	27.8	28.4	303-1
	Water obtained from other sources[13]	*(%)*	7.3	6.3	4.6	303-1
	Number of sites located in a water-scarcity area	#	19	19	19	303-2
	Quantity of water consumed the sites located in a water-scarcity area	*M liters*	40,387	47,128	45,187	303
	Total water recycled	*M liters*	42,518	46,249	44,898	303-3
	Sites with recycled water reported	#	57	62	62	303-3
Biodiversity and Land Rehabilitation	Surfaces disturbed by the Group's mining activities[14]	*Hectares*	1,387	2,038	2,078	304-3
	Surfaces rehabilitated[14]	*Hectares*	436	396	1,173	304-3
Climate Change						
Energy	Total energy consumption	*TJ*	33,036	39,301	37,039	302-1
	Natural gas	*%*	39.1	41.5	47.5	302
	Other fossil fuels	*%*	27.2	26.7	21.6	302
	Biomass	*%*	2.8	2.4	2.3	302
	Electricity (net) and steam	*%*	30.9	29.4	30.3	302
	Energy consumption / Revenue	*MJ/euro*	7.59	8.56	8.05	302
CO_2 emissions	Total CO_2 emissions	*kt CO_2e*	2,897	3,421	3,110	305
	Scope 1 CO_2 emissions	*kt CO_2e*	1,811	2,207	1,945	305-1
	Scope 2 CO_2 emissions	*kt CO_2e*	1,086	1,214	1,165	305-2
	Emissions by source					
	CO_2 emissions from Energy	*%*	84.8	84.1	87.5	305-1
	CO_2 emissions from Processes	*%*	15.2	15.9	14.3	305-1
	CO_2 emissions / Revenue	*Ton CO_2e/M euro*	665.4	745.8	676.3	
	Scope 3 emission estimation	*kt CO_2e*	4,254.7	4,254.7	379.7	305-3
	Number of product carbon footprints calculated	#	30	20	-	305-3

3

Category	KPIs	Unit	2019	2018	2017	GRI
Building for the future						
Business Conduct						
Corporate Governance	Percentage of independent Board members	(%)	54	50	46.7	405-1
Fair Operating practices	Number of reported violations of the Group Code of Business Conduct and Ethics	#	13	4	0	412-1
Supplier CSR engagement	Number of trainings on responsible purchasing	#	4	10	-	412-1
	Number of suppliers assessed	#	228	484	-	308-1 414-1
Community Engagement	Percentage of sites with a formal action plan managing the impacts of operations on communities	(%)	90	89	88	413-1
	Number of new community engagement initiatives launched	(%)	56	62	64	413-1
	Number of reported external grievances	#	1	0	-	413-2
Product Management						
Product Sustainability	Number of Life Cycle Assessments calculated for Group products	#	28	14	-	301-1

(1) Employees of a company under contract with Imerys, in charge of a specific operation on site or providing a service.
(2) A "life-changing injury" refers to a serious injury with permanent impact to the victim, such as amputation and disability.
(3) Lost-Time Accident (LTA) rate: (number of lost time accidents x 1,000,000)/number of hours worked.
(4) Total Recordable Incident Rate (TRIR): (number of lost time accidents and non-lost time accidents x 1,000,000)/number of hours worked.
(5) Severity rate: (number of lost days x 1,000)/number of hours worked.
(6) A new job catalog was introduced in 2018
(7) The Supply Chain category was part of the Operations function in 2018.
(8) The new business organization was introduced in November 2018.
(9) Support functions (finance, HR, IT & purchasing) as part of the Group segment has been introduced in 2019.
(10) The survey on collective bargaining coverage is conducted every two years. This result refers to the 2017 survey.
(11) The loyalty score is the sum of trust, empowerment and development survey responses.Results refer to 2017 survey.
(12) EMAS: Eco Management and Audit Scheme (European Standard).
(13) Water obtained from sources other than water suppliers, groundwater or surface water (i.e. collection of rainwater or water obtained from customers).
(14) The two land use indicators are only applied to the open mining operations in Western Europe.

3.9 ATTESTATION OF COMPLETENESS AND LIMITED ASSURANCE REPORT OF ONE OF THE STATUTORY AUDITORS

REPORT OF ONE OF THE STATUTORY AUDITORS, APPOINTED AS INDEPENDENT THIRD PARTY, ON THE CONSOLIDATED NON FINANCIAL STATEMENT

This is a free translation into English of the Statutory Auditor's 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 standards applicable in France.

For the year ended December 31, 2019

To the Shareholders,

In our capacity as Statutory Auditor of Imerys SA, appointed as independent third party and accredited by COFRAC under number 3-1048 (scope of accreditation available at www.cofrac.fr), we hereby report to you on the consolidated non financial statement for the year ended December 31, 2019 (hereinafter the "Statement"), presented in the group management report pursuant to the legal and regulatory provisions of Articles L. 225 102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code (Code de commerce).

▪ COMPANY'S RESPONSIBILITY

The Board of Directors is responsible for preparing a Statement pursuant to legal and regulatory provisions, including a presentation of the business model, a description of the main extra-financial risks, a presentation of the policies implemented with respect to these risks as well as the results of these policies, including key performance indicators. The Statement has been prepared by applying the company's procedures (hereinafter the "Guidelines"), summarized in the Statement and available on the company's website or on request from its headquarters.

▪ INDEPENDENCE AND QUALITY CONTROL

Our independence is defined by the requirements of article L. 822-11-3 of the French Commercial Code and the French Code of Ethics for Statutory Auditors (Code de déontologie). In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with the ethical requirements, French professional standards and applicable legal and regulatory requirements.

▪ RESPONSIBILITY OF THE STATUTORY AUDITOR APPOINTED AS INDEPENDENT THIRD PARTY

Based on our work, our responsibility is to express a limited assurance conclusion on:

- the compliance of the Statement with the requirements of article R. 225-105 of the French Commercial Code;
- the fairness of the information provided pursuant to part 3 of sections I and II of Article R. 225 105 of the French Commercial Code, i.e. the outcomes of policies, including key performance indicators, and measures relating to the main risks, hereinafter the "Information."

However, it is not our responsibility to provide any conclusion on the company's compliance with other applicable legal and regulatory provisions, particularly with regard to the duty of vigilance, anti-corruption and taxation nor on the compliance of products and services with the applicable regulations.

NATURE AND SCOPE OF PROCEDURES

We performed our work in accordance with Articles A. 225 1 et seq. of the French Commercial Code defining the conditions under which the independent third party performs its engagement and the professional guidance issued by the French Institute of Statutory Auditors (Compagnie nationale des commissaires aux comptes) relating to this engagement and with ISAE 3000 (Assurance engagements other than audits or reviews of historical financial information).

We conducted procedures in order to assess the Statement's compliance with regulatory provisions, and the fairness of the Information:

- We familiarized ourselves with the Group's business activity and the description of the principal risks associated.
- We assessed the suitability of the Guidelines with respect to their relevance, completeness, reliability, neutrality and clarity, taking into account, where appropriate, best practices within the sector.
- We verified that the Statement covers each category of information stipulated in section III of Article L. 225 102 1 governing social and environmental affairs, the respect for human rights and the fight against corruption and tax evasion.
- We verified that the Statement provides the information required under article R. 225-105 II of the French Commercial Code, where relevant with respect to the principal risks, and includes, where applicable, an explanation for the absence of the information required under article L. 225-102-1 III, paragraph 2 of the French Commercial Code.
- We verified that the Statement presents the business model and a description of principal risks associated with all the entity's activities, including where relevant and proportionate, the risks associated with its business relationships, its products or services, as well as its policies, measures and the outcomes thereof, including key performance indicators associated to the principal risks.
- we referred to documentary sources and conducted interviews to
  - assess the process used to identify and confirm the principal risks as well as the consistency of the outcomes, including the key performance indicators used, with respect to the principal risks and the policies presented, and
  - corroborate the qualitative information (measures and outcomes) that we considered to be the most important (1) ; concerning certain risks ("product management" or "safety and health of Group employees" for instance), our work was carried out on the consolidating entity, for the others risks, our work was carried out on the consolidating entity and on a selection of entities.
- We verified that the Statement covers the consolidated scope, i.e. all companies within the consolidation scope in accordance with Article L. 233-16, with the limits specified in the Statement.
- We obtained an understanding of internal control and risk management procedures the entity has put in place and assessed the data collection process to ensure the completeness and fairness of the Information.
- We carried out, for the key performance indicators and other quantitative outcomes (2) that in our judgment were of most significance:
  - analytical procedures that consisted in verifying the correct consolidation of collected data as well as the consistency of changes thereto;
  - substantive tests, on a sampling basis, that consisted in verifying the proper application of definitions and procedures and reconciling data with supporting documents. These procedures were conducted for a selection of contributing entities (3) and covered between 9 and 44% of the consolidated data for the key performance indicators and outcomes selected for these tests;
- We assessed the overall consistency of the Statement in relation to our knowledge of the company.

We believe that the procedures we have performed, based on our professional judgment, are sufficient to provide a basis for a limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures.

(1) *Qualitative information: safety culture maturity matrix ; occupational health maturity matrix ; water management plans ; purchasing policy defined in 2019 ; "cradle to gate" life cycle assessment.*

(2) *Environmental quantitative information: total industrial waste generated (hazardous and non-hazardous); total industrial waste recycled (hazardous and non-hazardous); total water withdrawals; total energy consumption; total CO_2 emissions (scopes 1 and 2); total SO_2 emissions; total NO_X emissions.*

Social quantitative information: total headcount as of December 31, 2019; external recruitments; leavings (mutual agreements, redundancies, retirements, voluntary terminations and others); lost-time accident rate (Imerys and contractor employees); accident severity rate (Imerys and contractor employees); total number of occupational illnesses.

(3) *Selected entities: Barcarena – Performance Minerals Americas (Brazil) ; Bodio – Performance Minerals APAC (Switzerland) ; Cockeysville – Performance Minerals Americas (United-States) ; Fos-sur-Mer – Refractory Abrasives & Construction (France) ; Laufenburg – Refractory Abrasives & Construction (Germany) ; Lompoc – Performance Minerals Americas (United-States) ; Luzenac – Performance Minerals EMEA (France) ; Metallurgy Bauxite – Refractory Abrasives & Construction (Switzerland) ; Salin de Giraud – Performance Minerals EMEA (France) ; Villach – Refractory Abrasives & Construction (Austria) ; Zhejiang – Refractory Abrasives & Construction (China) ; Zschornewitz – Refractory Abrasives & Construction (Germany).*

MEANS AND RESOURCES

Our work engaged the skills of five people between November 2019 and March 2020.

To assist us in conducting our work, we referred to our corporate social responsibility and sustainable development experts. We conducted around ten interviews with people responsible for preparing the Statement.

CONCLUSION

Based on our work, nothing has come to our attention that cause us to believe that the non financial statement does not comply with the applicable regulatory provisions and that the Information, taken as a whole, is not fairly presented in accordance with the Guidelines.

Paris-La Défense, March 19, 2020

One of the statutory auditors,

Deloitte & Associés

Frédéric Gourd
Partner, Audit

Olivier Jan
Partner, Sustainability Services

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4 CORPORATE GOVERNANCE

Imerys is a French Public Limited Company *(Société Anonyme)* with a Board of Directors *(Conseil d'Administration).*

Governance structure

At the date this Universal Registration Document was filed, the offices of the Chairman of the Board of Directors and Chief Executive Officer were held by:

- **Patrick Kron,** Chairman of the Board of Directors, previously interim Chairman and Chief Executive Officer; and
- **Alessandro Dazza,** Chief Executive Officer.

The governance structure makes it possible to:

- guarantee the effective working of the Group's governance bodies;
- maintain the complementarity of skills and experience between the Chairman and the Chief Executive Officer;
- further develop the efficiency and agility of operating procedures, in addition to the efforts to streamline the Board; and
- continue to apply best practice in corporate governance, taking into account the presence of controlling shareholders.

Corporate Governance Report

The information covered in the present chapter forms an integral part of the Corporate Governance Report, which constitutes a specific section in the Management Report in accordance with article L. 225-37 paragraph 6 of the French Commercial Code *(Code de commerce).* This report, the cross-reference table for which can be found in *chapter 9, paragraph 9.5.4*, was approved by the Board of Directors on February 12, 2020.

The AFEP-MEDEF Code – a corporate governance framework

The Company complies with French regulations in corporate governance as well as the recommendations provided in the AFEP-MEDEF corporate governance code, which are available on the Company's website (the "**AFEP-MEDEF Code**"). At the date this Universal Registration Document was filed, Imerys complied with all the recommendations made by the AFEP-MEDEF Code, except for those outlined below:

AFEP-MEDEF Code recommendation	Reason for not implementing the recommendation
Paragraph 8.5.6 – Independent status criteria *"Not to be, or have been during the past five years: an employee or executive corporate officer of the Company; an employee, executive corporate officer or director of a company consolidated by the Company; an employee, executive corporate officer or director of the parent company (Pargesa-GBL) or a company consolidated by that parent company."*	The Board of Directors has decided to maintain the independent status of Patrick Kron, despite recently having held the position of interim Chief Executive Officer. It was deemed that although Patrick Kron acted as interim Chief Executive Officer for a 3-month transition period, his critical judgment with respect to the Group's executive management was not impaired and he could therefore still be considered independent.
Paragraph 8.5.6 – Independent status criteria *"Not to have been a director of the Company for more than twelve years. Loss of the status of independent director occurs on the date when this twelve-year limit is reached."*	The Board of Directors has decided to maintain the independent status of Aldo Cardoso, whose term of office as director exceeds 12 years, as it considers that: ▪ the duration of his term of office does not affect his critical judgment withrespect to the Group's executive management and his skills and deep understanding of the Group were vitally important notably in the context of the following recent changes to the Group's governance and the Group's transformation plan; ▪ he is renowned for his expertise and authority in finance, control and corporate governance, skills recognized by both market authorities and industry bodies.
Paragraphs 16.1 and 17.1 – Membership of the Appointments and Compensation committees *"The Appointments Committee and the Compensation Committee must mostly consist of independent directors."*	After Martina Merz resigned from her position as member of the Appointments and Compensation committees as of October 31, 2019, these committees temporarily do not consist of a majority of independent directors. The Company will come in line with the recommendations as of and subject to the appointment of Annette Messemer as a new independent director by the Shareholders' General Meeting of May 4, 2020, in accordance with the decision made by the Board of Directors on February 12, 2020 to appoint her as a new member of the aforementioned committees. *See chapter 8, paragraph 8.1.6.*
Paragraph 17.1 – Membership of the Compensation Committee *"It is recommended that the Chairman of the Compensation Committee should be independent [...]."*	The Board of Directors considers that, in a controlled company, it is justifiable for the Chairman of this Committee to represent a controlling shareholder, it being specified that no representative or individual connected with the controlling shareholders shall hold the responsibilities of an executive corporate officer in the Group. Without prejudice to this position, the Company will come in line with this recommendation as of May 4, 2020, when Marie-Françoise Walbaum, independent director, will be appointed the new Chair of the Compensation Committee, replacing Paul Desmarais III who will be stepping down. *See chapter 8, paragraph 8.1.6.*
Paragraph 24.5 – Departure of company officers *"The termination payment must not exceed, where applicable, two years of (annual fixed and variable) compensation. If a non-competition clause has also been stipulated, the Board decides on whether or not to apply this clause at the time of the director's departure [...]. Under no circumstances may the aggregate amount of these two benefits exceed this ceiling."*	In order to ensure the attractiveness of its compensation and the alignment of the latter with the profile and the experience of the new Chief Executive Officer, Alessandro Dazza, the Board has decided to pay and indemnity if it decides to enforce the non-compete indemnity, which, added to the termination benefit would exceed the stated ceiling of two years of compensation. It is reminded that the Board of Directors is able to decide whether or not to enforce the non-compete clause at the time of the director's departure and therefore, no indemnity would be due should the clause be waived.

4.1 BOARD OF DIRECTORS

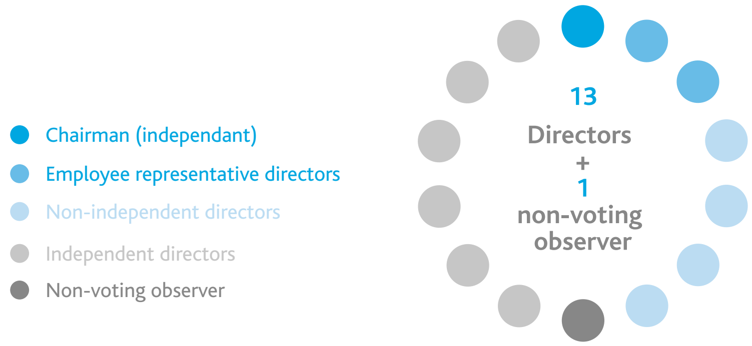
The structure, operating procedures and duties of the Board of Directors (the "**Board**") are defined in French legislation, the Company's by-laws and the Internal Charter of the Board of Directors (the "**Charter of the Board**").

4.1.1 STRUCTURE

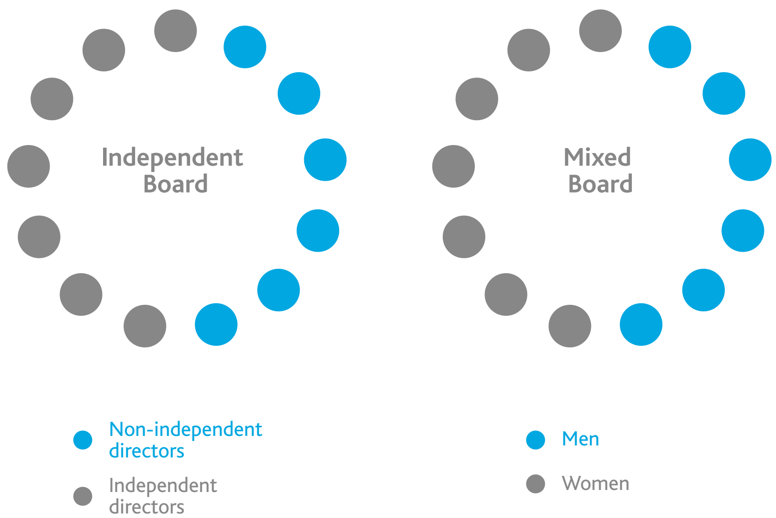
At the date this Universal Registration Document was filed:

The Board of Directors is made up of:

- 13 members, including 2 directors representing employees;
- 6 female members, including 1 director representing employees;
- 7 independent directors;
- 6 nationalities;
- 1 non-voting observer (since May 4, 2018) to support the Board in fulfilling its duties and take part in its discussions in an advisory capacity.



▪ A DIVERSE AND BALANCED INTERNATIONAL BODY



The composition of the Board of Directors allows the Group to take advantage of the diverse spectrum of capabilities and professional experience accumulated by its members from across a variety of industries and countries.

For further details on the anticipated changes to the Board of Directors following and subject to the Shareholders' General Meeting of May 4, 2020, *see chapter 8, paragraph 8.1.6.*

BRIEF OVERVIEW OF THE BOARD

At the date of the present Universal Registration Document:

	Personal details			Experience		Position on the Board				
	Age[1]	Gender	Nationality	Number of shares	Number of directorships in listed companies	Independent	Date first appointed	Expiration of term of office	Number of years on the Board[2]	Involvement in Board committees
Executive corporate officer and director										
Patrick Kron (Chairman)	66	M	FR	600	3	0	Jun. 25, 2019	AGM in 2021[3]	0.9	N/A
Directors										
Paul Desmarais III (Vice-Chairman)	37	M	CAN	600	5	N[4]	April 29, 2014	AGM in 2020	5.9	Chairman of the Appointments and Compensation committees, member of the Strategic Committee
Aldo Cardoso	64	M	FR	1,680	3	Y	May 3, 2005	AGM in 2020	14.9	Chairman of the Audit Committee, member of the Strategic Committee
Ian Gallienne	49	M	FR	600	5	N[4]	April 29, 2010	AGM in 2022	9.9	Chairman of the Strategic Committee, member of the Appointments and Compensation committees
Odile Desforges	70	F	FR	600	4	Y	May 4, 2016	AGM in 2022	3.9	Member of the Strategic Committee
Marion Guillou	65	F	FR	600	3	Y	Sept. 1, 2012	AGM in 2020	7.6	Member of the Appointments and Compensation committees
Colin Hall	49	M	USA	600	4	N[4]	Dec. 15, 2015	AGM in 2020	4.3	Member of the Strategic and Audit Committee
Ulysses Kyriacopoulos	67	M	GRE	600	2	N[5]	April 30, 2015	AGM in 2021	4.9	Member of the Strategic Committee
Martina Merz	57	F	GER	1,150	4	Y	May 3, 2017	AGM in 2020	2.9	N/A (from October 31, 2019)
Lucile Ribot	53	F	FR	600	2	Y	May 4, 2018	AGM in 2022	1.9	Member of the Audit Committee
Marie-Françoise Walbaum	70	F	FR	600	4	Y	April 25, 2013	AGM in 2021	6.8	Member of the Appointments Compensation and Audit committees
Employee representative directors										
Éliane Augelet-Petit	62	F	FR	5	1	N/A	Oct. 6, 2014	2020	5.5	Member of the Compensation Committee
Enrico d'Ortona	56	M	BE	N/A	1	N/A	Oct. 6, 2014	2020	5.5	N/A
Non-voting observer										
Laurent Raets	40	M	BE	600	2	N/A	May 4, 2018	AGM in 2022	1.9[6]	N/A

(1) At March 20, 2020.

(2) At March 20, 2020.

(3) Expiration of the term of office of Gilles Michel, Patrick Kron's predecessor as Chairman of the Board, given his appointment following Gilles Michel's resignation.

(4) Board Member representing a controlling shareholder in the Company.

(5) Director with a business relationship with the Company.

(6) As non-voting observer only. Laurent Raets was previously a director of the Company since July 29, 2015.

CHANGES IN 2019

At the date the Universal Registration Document was filed[1]:

	Departure	Appointment	Re-appointment
Board of Directors	■ Conrad Keijzer (Oct. 21, 2019) ■ Gilles Michel (Chairman) (June 25, 2019)	■ Patrick Kron (Chairman) (June 25, 2019) (Appointed to replace Gilles Michel)	■ Odile Desforges (May 10, 2019) ■ Ian Gallienne (May 10, 2019) ■ Lucile Ribot (May 10, 2019)
Strategic Committee	■ Martina Merz (Oct. 31, 2019) ■ Gilles Michel (June 25, 2019)	N/A	■ Odile Desforges (May 10, 2019) ■ Ian Gallienne (May 10, 2019)
Appointments Committee	■ Martina Merz (Oct. 31, 2019)	N/A	■ Ian Gallienne (May 10, 2019)
Compensation Committee	■ Martina Merz (Oct. 31, 2019)	N/A	■ Ian Gallienne (May 10, 2019)
Audit Committee	N/A	N/A	■ Lucile Ribot (May 10, 2019)

(1) As explained below, the Transformation Committee and the Chapter 11 Monitoring Committee set up in 2019 were disbanded respectively in October 2019 and February 2020, which is why details regarding the body are not included in the present paragraph.

CHANGES PLANNED FOR 2020

The next Shareholders' General Meeting will be asked to approve (i) the renewal of the term of office of Paul Desmarais III, Aldo Cardoso and Colin Hall and (ii) the appointment of Annette Messemer and Véronique Saubot *(see chapter 8, paragraph 8.1.6 of the Universal Registration Document)*.

At the same Shareholders' General Meeting, Marion Guillou, Martina Merz and Odile Desforges (following her decision to step down from office prematurely) will be relieved of their positions.

Furthermore, as of and subject to the decisions taken by the upcoming Shareholders' General Meeting, and in accordance with the decisions taken by the Board of Directors at its meeting of February 12, 2020 and the recommendations of the Appointments Committee:

- Paul Desmarais III has decided to step down from his position as Vice-Chairman of the Board and member and Chairman of the Appointments and Compensation committees. The role of chair of the aforementioned committees will be taken over by Marie-Françoise Walbaum;
- Annette Messemer will be appointed as a member of the Audit, Appointments and Compensation committees;
- Véronique Saubot will be appointed as a member of the Strategic Committee.

INDEPENDENCE

At the date this Universal Registration Document was filed: seven of the 13 directors (including two employee representative directors) qualified as independent. This ratio is well above that of one third recommended by the AFEP-MEDEF Code for companies with controlling shareholders.

At its meeting held on May 3, 2005, the Board of Directors adopted the following definition, which has been maintained every year since: *"the absence of a relationship of any kind with Imerys, the Group or its management that may interfere with a director's freedom of judgment"*.

At its meeting held on February 12, 2020 and in line with the recommendations made by the Appointments Committee, the Board of Directors:

- reviewed the independence criteria (as set out in the following table) and restated that the criteria neither preclude independent status if any are met, nor necessarily permit such status. A member's independent status must be assessed according to their own individual situation or the Company's situation, with respect to its shareholding or any other reason;
- assessed each individual situation, including the business relationships that may exist with any companies of the Group, and the qualification of independence for each director, especially those whose terms of office will be submitted for renewal at the next Shareholders' General Meeting.

Following this exercise, the Board noted, on the basis of the personal information provided by each of the directors and to the best of the Company's knowledge, that:

- no business relationship existed between the directors representing the Company's controlling shareholders other than the capital ties between them and the Company;

- capital ties exist between Ulysses Kyriacopoulos and the Company following the acquisition of S&B group by Imerys, as well as certain business relationships relating to the fulfillment of actions or commitments made after the acquisition was completed. Indeed, at the end of February 2020, the Kyriacopoulos family held 5.25% of Imerys' share capital through Blue Crest Holding S.A. and has entered a shareholders' agreement with the GBL group[(1)];
- no other director had any business relationship with the Group that was likely to affect their independence or create a conflict of interest. With regard to Martina Merz and her directorships in another group (ThyssenKrupp) with which Imerys has commercial relationships, the Board of Directors decided that, given the size of the group, commercial relationships with related turnover inferior to €15,000,000 did not affect per se the independent status of such a director nor create a conflict of interest.

Based on these observations and in line with the recommendations of the Appointments Committee, the Board agreed the following, being specified that in the table below: √ indicates the independence criteria have been met and indicates the independence criteria have not been met, as concluded by the Board of Directors and in line with the recommendations of the Appointments Committee.

Criteria[(1)]	Patrick Kron	Paul Desmarais III	Aldo Cardoso	Odile Desforges	Ian Gallienne	Marion Guillou	Colin Hall	Ulysses Kyriacopoulos	Martina Merz	Lucile Ribot	Marie-Françoise Walbaum	Éliane Augelet-Petit	Enrico d'Ortona	Laurent Raets
Criteria 1: Employee/corporate officer in the past five years	x	√	√	√	√	√	√	√	√	√	√	N/A	N/A	N/A
Criteria 2: Simultaneous directorships	√	√	√	√	√	√	√	√	√	√	√	N/A	N/A	N/A
Criteria 3: Material business relationships	√	√	√	√	√	√	√	√	√	√	√	N/A	N/A	N/A
Criteria 4: Family ties	√	√	√	√	√	√	√	√	√	√	√	N/A	N/A	N/A
Criteria 5: Statutory Auditors	√	√	√	√	√	√	√	√	√	√	√	N/A	N/A	N/A
Criteria 6: Term of office of over 12 years	√	√	X	√	√	√	√	√	√	√	√	N/A	N/A	N/A
Criteria 7: Non-executive corporate officer	√	√	√	√	√	√	√	√	√	√	√	N/A	N/A	N/A
Criteria 8: Significant shareholder	√	X	√	√	X	√	X	X	√	√	√	N/A	N/A	N/A
Independence conclusion (Y/N)	**Y[(2)]**	**N**	**Y[(3)]**	**Y**	**N**	**Y**	**N**	**N**	**Y**	**Y**	**Y**	**N/A**	**N/A**	**N/A**

(1) **Criteria 1:** *be, or have been during the past five years: an employee or executive corporate officer of the Company; an employee, executive corporate officer or director of a company consolidated by the Company; an employee, executive corporate officer or director of the parent company (Pargesa-GBL) or a company consolidated by that parent company.*

Criteria 2: *be an executive corporate officer of a company in which the Company holds, directly or indirectly, a directorship or in which an employee is designated as a director or an executive corporate officer of the Company (whether at present or in the past five years) holds a directorship.*

Criteria 3: *be a customer, supplier, investment banker or commercial banker that is material to the Company or the Group, or for which the Company or its Group represents a significant share of business.*

Criteria 4: *have any close family ties with a corporate officer of the Company or any other Group company.*

Criteria 5: *have been a Statutory Auditor of the Company in the past five years.*

Criteria 6: *have been a director of the Company for more than 12 years.*

Criteria 7: *receive any variable compensation in cash or shares or any performance-based compensation from the Company or the Group.*

Criteria 8: *directors representing the Company's major shareholders may qualify as independent provided that these shareholders do not take part in the control of the Company. However, if shareholders pass the threshold of 10% of capital or voting rights, the Board, on the basis of a report produced by the Appointments Committee, systemically examines if independent status can be retained taking into account the Company's shareholding and any potential conflicts of interest.*

(2) *As previously mentioned, the Board agreed with the recommendation of the Appointments Committee that although Aldo Cardoso has held a directorship with the Company for over 12 years, his critical judgment with respect to the Group's Executive Management was not impaired and reexpressed that his expertise and authority in finance, control and corporate governance was recognized by both market regulators and financial analysts.*

(3) *Comme indiqué ci-avant, le Conseil, suivant les recommandations du Comité des Nominations, a confirmé que la durée du mandat d'Aldo Cardoso bien qu'excédant 12 années n'affectait pas son sens critique à l'égard de la Direction Générale et a réaffirmé que son expertise et autorité étaient reconnues dans les domaines financiers, de gestion et de Gouvernement d'Entreprise, y compris par les autorités et instances de place.*

Furthermore, at its meeting of February 12, 2020 and in accordance with the recommendations of the Appointments Committees, the Board of Directors considered the independent status of Annette Messemer and Véronique Saubot, who have been put forward for appointment at the next Shareholders' General Meeting *(see chapter 8, paragraph 8.1.6)*. The Board recognized both directors as independent, on the basis of the criteria and principles set out above.

(1) *With no intention for the parties to act in concert* *(see chapter 7, paragraph 7.3.5.3 of the Universal Registration Document)*.

EMPLOYEE REPRESENTATIVE DIRECTORS AND THE WORKS COUNCIL

Since October 6, 2014, the Board of Directors has included two employee representative directors, each appointed by the Group's French Works Council and European Works Council, respectively. They are offered specific training to enable them to perform their duties, paid for by the Company and provided by either external organizations or the Imerys Learning Center.

At its meeting of February 12, 2020, the Board of Directors decided employee representative directors must spend a minimum of 40 hours and a maximum of 45 hours in training over the course of their term of office (excluding any language training).The Board also decided to set aside 15 hours of their legally prescribed working hours to prepare for each Board meeting.

The Works Council is represented on the Board of Directors by one person who attends all Board meetings in an advisory capacity.

DIVERSITY

The Board of Directors and its Appointments Committee regularly assess the structure of the Board and its committees, in particular during the process to renew directors' offices and the annual self-assessment. They also identify appropriate orientations to ensure the most balanced structure by striving to involve directors with complementary profiles in terms of nationality, gender, age and experience.

Pursuant to article L. 225-37-4, paragraph 6 of French Commercial Code, the table below presents, inter alia, the diversity policy that was applied to the Board of Directors, setting out the criteria and objectives achieved by the Board as well as their implementation and results.

	Objectives	Implementation measures and results
Board of Directors	Gender-balanced structure	**Female directors (employee representative directors excluded):** ▪ 2013 = 21.4% ▪ 2015 = 26.66% ▪ 2018 = 41.67% ▪ At December 31, 2019 = 45.45% of directors were female, i.e. 5 out of 11
	Well-balanced structure in terms of nationality, expertise and experience	**Nationalities:** ▪ 2013 = 3 nationalities ▪ 2015 = 4 nationalities ▪ 2018 = 7 nationalities ▪ At December 31, 2019 = 6 nationalities **Expertise/Experience:** ▪ Finance/accounting ▪ Operations/marketing/industry/management ▪ Human Resources ▪ Sciences ▪ International ▪ Stable presence on boards of listed companies and international groups ▪ 2019 = Arrival of Patrick Kron, who has extensive experience in managing major international listed companies ▪ 2020 = Renewal of the Board with the arrival of two new female directors, who have significant experience in finance, strategy and industry, as well as being members of other boards and committees in other listed companies
	Presence of employee representative directors	Since 2014 = two employee representative directors
	Independent directors – Minimum 1/3	At December 31, 2019 = 7 out of 11 directors (excluding employee representative directors), i.e. 63.64%
	Age of directors – Maximum 1/3 > 70 years old	At March 20, 2020 = ages ranging from 37 to 70, with an average (excluding employee representative directors) of 59
Executive Committee	Gender-balanced structure	At December 31, 2019 = 1 woman and 10 men
Top 10% of senior positions	Diversity and inclusion	▪ In 2017, the Group put in place an ambitious plan to cultivate diversity, to begin with in regards with respect to gender and nationality. For example, in 2019: • A Diversity and Inclusion Steering Committee was set up among members of the Executive Committee • A Diversity and Inclusion program was approved with a view to being fully operational by the end of 2022 • A Diversity and Inclusion Coordinator was appointed within the CSR team who is responsible for implementing the Group's Diversity and Inclusion program • HR and recruitment policies were updated • Training and awareness campaigns were run focusing on diversity, inclusion and unconscious bias • The Imerys Leadership Behaviors and a Code of Business Conduct and Ethics (updated in 2018) strive to cultivate diversity and inclusion, making it a cornerstone of the Group • A Diversity & Inclusion category was included in the Sustainable Development Challenge ▪ Of the 108 Senior Manager *positions in the Group*, 22 are occupied by women (i.e. 20% *vs.* 17% in 2018) ▪ The Group has set itself the target to increase the proportion of female Senior Managers to *30% by* the end of 2022

OTHER INFORMATION

Expertise and experience of members of the Board

Members of the Board are selected on the strength of their expertise and experience, among other criteria. The members of the Audit Committee are chosen in particular for their financial expertise. The Appointments Committee and the Board of Directors closely focus on assessing these criteria.

The careers and offices held by directors *(see their respective biographies on the following pages)* reflect their individual expertise and experience in different areas such as finance, industry, services, M&A and management, which contribute to the quality of the Board's work and correctly balanced structure.

Family ties between members of the Board

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

Potential conflicts of interest between members of the Board

Pursuant to the recommendations of the AFEP-MEDEF Code, the Charter of the Board specifies that:

- "directors shall inform the Chairman and the Vice-Chairman of the Board of any situation likely to create or potentially create a conflict of interest. They shall inform the Chairman and the Vice-Chairman of any Group transactions in which they hold, directly or indirectly, an interest and of which they have knowledge, before they are completed. They shall abstain from voting in any Board deliberation and even in the discussion prior to the vote where that situation arises; the minutes of the meeting mention this abstention. The Shareholders' General Meeting is informed of any such transaction in accordance with the law;
- directors may not use their position or office to obtain for themselves or for a third party any kind of advantage, monetary or otherwise;
- directors may not personally take on any responsibilities in any company or business in direct or indirect competition with those of the Imerys Group without informing the Chairman and the Vice-Chairman beforehand."

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 affairs and/or other duties, except those mentioned in *the paragraph above on Independence* concerning Ulysses Kyriacopoulos.

However, the following directors of the Company also have executive responsibilities in entities of the group run by the Company's controlling shareholders: Paul Desmarais III, Ian Gallienne, Colin Hall and Laurent Raets (non-voting observer).

No member of the Board has been selected as a result of any arrangement or agreement entered into with the main shareholders, customers, suppliers or other parties, with the exception of the Shareholders' Agreement concluded on November 5, 2014 between Blue Crest Holding S.A., GBL and Belgian Securities *(see chapter 7, paragraph 7.3.5.3 of the Universal Registration Document)*.

Service contracts between the Company and members of the Board

To the best of the Company's knowledge, no service contracts have been agreed between the members of the Board and the Company or any of its subsidiaries that grant any kind of benefit upon expiration.

Convictions for fraud

To the best of the Company's knowledge, no member of the Board has been convicted of fraud in the past five years.

Bankruptcy, receivership or liquidation of companies in which a member of the Board has held an executive position in the past five years

To the best of the Company's knowledge, no member of the Board has held an executive position in a company that has filed for bankruptcy or been placed in receivership or liquidation in the past five years.

Official public incrimination and/or sanction by statutory or regulatory authorities

To the best of the Company's knowledge, no member of the Board has been subject to an official public incrimination and/or sanction in the past five years.

Requirement for directors to hold shares in the Company

The Charter of the Board requires each director to purchase 600 shares in the year following their appointment. They must hold these shares until the expiration of their term of office. For further details on corporate officers' transactions in Company shares, *see section 4.4 of the present chapter*.

4.1.2 PROFILE, EXPERIENCE AND EXPERTISE OF DIRECTORS

The following information was provided to the Company by each member of the Board in office at December 31, 2019. Complementary information, including age, nationality, date they were first appointed, expiration of term of office, the number of shares held and any membership of Board committees, can be found in *paragraph 4.1.1 of the present chapter ("Brief overview of the Board")*.

Furthermore, this paragraph includes the information regarding Annette Messemer and Véronique Saubot, whose appointment as new directors will be put to the next Shareholders' General Meeting. For further details, *see chapter 8, paragraph 8.1.6*.

Patrick Kron

Chairman of the Board of Directors
(and between October 21, 2019 and February 16, 2020, interim Chief Executive Officer)

Born on September 26, 1953
Work address
c/o Imerys
43, quai de Grenelle
75015 Paris
France
Date first appointed
June 25, 2019
(As a director and Chairman of the Board)
Term of office expires
(As a director and Chairman of the Board)
AGM in 2021

Biography

Aged 66 and of French nationality, Patrick Kron graduated from École Polytechnique and has an engineering degree from École nationale supérieure des mines de Paris.

After starting his career at the French Ministry of Industry in 1979, he took on a number of operational responsibilities at the Pechiney group in Greece between 1984 and 1988 before joining the executive committee and occupying managerial positions from 1993 to 1997. From 1998 to 2002, Patrick Kron held the office of Chairman of the Managing Board at Imerys.

Appointed as an independent director to the Board of Alstom in July 2001, he went on to become the Chief Executive Officer of Alstom in January 2003 and Chairman & Chief Executive Officer in March 2003. He left Alstom in January 2016 after finalizing the sale of the group's energy business to General Electric and completing a share buyback program.

In February 2016, Patrick Kron set up a management consulting firm, PKC&I. In November 2016, he integrated Truffle Capital, a venture capital firm specializing in BioMedTech and Digital, as its Chairman.

Appointed as a director and Chairman of the Board of Imerys on June 25, 2019, Patrick Kron was also entrusted with the responsibilities of Chief Executive Officer on an interim basis between October 21, 2019 and February 16, 2020.

Patrick Kron was admitted as a Knight to the Order of Légion d'Honneur in September 2004 and Officer of the Ordre National du Mérite in November 2007.

OFFICES AND POSITIONS HELD AT DECEMBER 31, 2019

Group companies

- Chairman of the Board of Directors and Chief Executive Officer (interim until 16 February, 2020) – Imerys* – France

Non-Group companies

- Chairman – Truffle Capital SAS – France
- Chairman – PKC&I SAS – France
- Director – Sanofi* – France
- Director – Lafarge-Holcim* – Switzerland
- Permanent representative of PKC&I on the Supervisory Board – Segula Technologies – France

OFFICES AND POSITIONS THAT EXPIRED IN THE PAST FIVE YEARS

Group companies

None

Non-Group companies

- Director – Bouygues* – France
- Chairman & Chief Executive Officer – Alstom* – France
- Chairman of Resources Management – Alstom – France
- Director and Managing Director Asia Pte. Ltd – Alstom – Singapore
- Director – Elval-Halcor S.A.* – Greece

* *Listed company.*

Paul Desmarais III

Vice-Chairman of the Board of Directors

Born on June 8, 1982
Work address: Power Corporation of Canada 751, square Victoria – Montreal QC H2Y 2J3 – Canada
Date first appointed: April 29, 2014
Term of office expires: AGM in 2020

Biography

Paul Desmarais III was appointed Vice-President of Power Corporation and Power Financial Corporation in January 2017. He also serves as Chairman of the Board and Head of Sagard Holdings, Executive Chairman of the Board and co-founder of Portag3 Ventures, and Chairman of the Board and co-founder of Diagram. Within the investment portfolio of Portag3 and Sagard Holdings, he serves as Chairman of the Board of Wealthsimple and Peak Achievement Athletics, and director of Koho, Integrate AI and IntegraMed. In addition, he holds directorships at Great-West, London Life, Canada-Vie, Groupe Investors, Mackenzie, Pargesa, Groupe Bruxelles Lambert and Imerys.

Before joining Power as Vice-President in May 2014, he held the position of Deputy Vice-President, Risk Management at Great-West Lifeco since 2012. He previously worked in supply chain management and corporate strategy at Imerys, France. Paul Desmarais III started his career in 2004 at Goldman Sachs in the US, within the Investment Banking and Strategic Investors groups, as well as in the Special Situations Group.

In 2000, he earned the Gold Duke of Edinburgh Award. Paul Desmarais III is founder and honorary president of the Young Canadians in Finance, a non-profit organization that provides young people working in the financial sector with an exclusive network that enables them to take leading roles in business and finance. He was also co-president of the expedition organized by True Patriot Love to reach the Magnetic North Pole in 2014. Furthermore, he sits on the Board of Directors of Next Canada, an organization that helps Canada's most talented young entrepreneurs to boost their careers and become the country's most innovative business leaders. Paul Desmarais III also chaired the Kenojuak Cultural Center and Print Shop campaign.

He obtained a baccalaureate (Economics and Social Science) with distinction from Harvard College and also has a Master's in Business Management from INSEAD, France.

In 2017, Paul Desmarais III was ranked in Canada's Top 40 Under 40.

OFFICES AND POSITIONS HELD AT DECEMBER 31, 2019

Group companies

- Vice-Chairman of the Board of Directors – Imerys* – France

Non-Group companies

- Vice-Chairman – Power Corporation of Canada* – Canada
- Vice-Chairman – Power Financial Corporation* (Holding company) – Canada
- Director – Groupe Bruxelles Lambert* – Belgium
- Director – Sagard Capital Partners GP, Inc. – US
- Director – Sagard Capital Partners Management Corp. – US
- Director – Sagard Holdings ULC – Canada
- Director – Personal Capital Corporation
- Director – Portag3 Ventures GP Inc.
- Director – Portage3 Ventures GP II Inc.
- Director – PFC Ventures Inc.
- Director – Peak Achievement Athletics Inc.
- Director – Wealthsimple Inc. – Canada
- Director – Wealthsimple Financial Corp. – Canada
- Director – Pargesa Holding S.A.* – Switzerland
- Director – Diagram Corporation
- Director – Diagram Ventures GP Inc.
- Director – Koho Financial Inc.
- Director – Bauer* – Canada
- Director – Dialogue

OFFICES AND POSITIONS THAT EXPIRED IN THE PAST FIVE YEARS

Group companies

None

Non-Group companies

- Director – Great-West Life & Annuity Financial Inc. – US
- Director – Great-West Lifeco Inc.* – Canada
- Director – Great-West Financial (Nova Scotia) Co. – Canada
- Director – Putnam Investments, LLC – US
- Director – Mackenzie Inc. – Canada
- Director – Investors Group Inc. – Canada
- Director – Great-West Lifeco Inc.* – Canada
- Director – The Great-West Life Assurance Company – Canada
- Director – London Insurance Group Inc. – Canada
- Director – London Life Insurance Company – Canada
- Director – Canada Life Financial Corporation – Canada
- Director – The Canada Life Assurance Company – Canada
- Director – The Canada Life Insurance Company of Canada – Canada
- Director – The Great-West Life Assurance Company
- Director – IntegraMed America, Inc.
- Director – IntegraMed Fertility Holding, LLC
- Director – IntegraMed Fertility Management Initiative Plan, LLC
- Director – IntegraMed Holding Corp.
- Director – Integrate.ai Inc.

* *Listed company.*

Aldo Cardoso

Director

Born on March 7, 1956
Work address
Imerys
43, quai de Grenelle
75015 Paris
France
Date first appointed
May 3, 2005
Term of office expires
AGM in 2020

Biography
Aldo Cardoso graduated from École supérieure de commerce of Paris and holds a Master's in Law. He started his career in 1979 at Arthur Andersen, where he became a partner in 1989. Appointed Vice-President of Auditing and Consulting Europe in 1996, he served as Chairman of Andersen France from 1998 to 2002, then Chairman of the Supervisory Board of Andersen Worldwide from 2000 to 2002, before becoming Chairman of the Management Board from 2002 to 2003. In that capacity, Aldo Cardoso managed the winding down of Andersen's activities worldwide. He has held directorships at Engie, Rhodia, Accor, Gecina, Mobistar, Orange, AXA Investment Managers, Penauille Polyservices and GE Corporate Finance Bank.

OFFICES AND POSITIONS HELD AT DECEMBER 31, 2019

Group companies

- Director – Imerys* – France

Non-Group companies

- Chairman of the Board of Directors – Bureau Veritas* – France
- Director – Worldline* – France
- Director – DWS -Germany
- Director – Ontex – Belgium

OFFICES AND POSITIONS THAT EXPIRED IN THE PAST FIVE YEARS

Group companies

- None

Non-Group companies

- Director – Engie* – France
- Non-voting observer – AXA Investment Managers – France

* *Listed company.*

Odile Desforges

Director

Born on January 24, 1950
Work address
3, rue Henri-Reine
75016 Paris
France
Date first appointed
May 4, 2016
Term of office expires
AGM in 2022

Biography

A graduate of École Centrale of Paris, Odile Desforges began her career in 1973 as a Research Analyst at the French Transport Research Institute (Institut de recherche des transports). She joined the Renault group in 1981 as a planning officer in the automotive planning department before being promoted to product engineer in 1984. In 1986, she joined the purchasing department and was appointed Body Hardware Purchasing Manager of GIE Renault Volvo Car Purchasing in 1992 then for Renault in 1994. In March 1999, she became Deputy Chief Executive Officer of the Renault VI-Mack group until she was appointed Chair of the AB Volvo group's 3P Business Unit in January 2001. In March 2003, Odile Desforges became Senior Vice-President, Purchasing at Renault and Chair & Chief Executive Officer of the Renault Nissan Purchasing Organization. She also joined Renault's Management Committee at that time. On March 1, 2009, Odile Desforges was appointed a member of the Executive Committee and Vice-President, Engineering and Quality for the Renault group, an office that she held until July 1, 2012 when she retired.

OFFICES AND POSITIONS HELD AT DECEMBER 31, 2019

Group companies

- Director – Imerys* – France

Non-Group companies

- Director and Chair of the Audit & Risk Committee – Safran*
- Director and member of the Audit Committee – Faurecia*
- Director and member of the Audit Committee – DassaultSystèmes*

OFFICES AND POSITIONS THAT EXPIRED IN THE PAST FIVE YEARS

Group companies

None

Non-Group companies

- Director and member of the Audit, Appointments and Compensation committees – Johnson Matthey plc* – UK
- Director and member of the Appointments and Compensation committees – Sequana*
- Director – GIE REGIENOV – France
- Director – Renault España S.A. – Spain
- Director – Renault Nissan Technical Business Center "RNTBCI" – India
- Director – Renault Nissan B.V. – Netherlands

* *Listed company.*

Ian Gallienne

Director

Born on January 23, 1971

Work address

Groupe Bruxelles Lambert
24, avenue Marnix
1000 Brussels
Belgium

Date first appointed

April 29, 2010

Term of office expires

AGM in 2022

Biography

After completing an MBA at INSEAD, France, Ian Gallienne started his career in Spain in 1992 by co-founding his own company. From 1995 to 1997, he was a member of the management team at a consulting firm specialized in turning around struggling businesses in France. From 1998 to 2005, he served as Manager of Rhône Capital LLC, a private equity fund based in New York and London. In 2005, he set up his own private equity fund, Ergon Capital, in Brussels where he worked as Managing Director until 2012. On January 1, 2012, Ian Gallienne was appointed Managing Director of Groupe Bruxelles Lambert.

OFFICES AND POSITIONS HELD AT DECEMBER 31, 2019

Group companies

- Director – Imerys* – France

Non-Group companies

- Director – Pernod Ricard* – France
- Director – Société Civile du Château Cheval Blanc – France
- Legal Manager – Serena 2017 – France
- Director – Marnix French ParentCo (Webhelp) – France
- Managing Director – Groupe Bruxelles Lambert* – Belgium
- Director – Compagnie Nationale du Portefeuille – Belgium
- Director – Frère Bourgeons – Belgium
- Director – SGS* – Switzerland
- Director – Adidas AG* – Germany

OFFICES AND POSITIONS THAT EXPIRED IN THE PAST FIVE YEARS

Group companies

None

Non-Group companies

- Director – Lafarge S.A.* – France
- Director – Steel Partners N.V. – Belgium
- Director – Umicore* – Belgium
- Director – Erbe S.A. – Belgium
- Director – Ergon Capital S.A. – Belgium
- Director – Gruppo Banca Leonardo S.p.A. – Italy
- Member of the Supervisory Board – Kartesia Management S.A. – Luxembourg
- Legal Manager – Ergon Capital II Sàrl – Luxembourg

* *Listed company.*

Marion Guillou

Director

Born on September 17, 1954

Work address

Agreenium
42, rue Scheffer
75116 Paris
France

Date first appointed

September 1, 2012

Term of office expires

AGM in 2020

Biography

Marion Guillou graduated from École Polytechnique Paris (1973) and ENGREF (Rural, Water & Forestry Engineering School) and holds a PhD in physical chemistry specializing in biotransformation. She started her career in 1978 and held various positions in the ministries of Agriculture & Food (Saint-Lo, Paris and Nantes) and Research (Loire region research & technology delegation). In 1986, she moved to the joint Nantes university/CNRS laboratory as a research scientist. From 1993 to 1996, she was the agricultural attaché to the French Embassy in London. Marion Guillou served as 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 Chair & Chief Executive Officer from July 2004 to August 2012. She currently works as a Special State Advisor.

OFFICES AND POSITIONS HELD AT DECEMBER 31, 2019

Group companies

- Director – Imerys* – France

Non-Group companies

- Chair of the Board of Directors – Agreenium – France
- Member of the Board of Directors – Care France – France
- Member of the Board of Directors – Universcience – France
- Member of the Board of Directors – IFRI – France
- Member of the Board of Directors – BNP Paribas* – France
- Member of the Board of Directors – Veolia Environnement* – France
- Member of the National Council of the Legion of Honor – France
- Member of the Board of Directors – Bioversity International
- Member of the Board of Directors – CIAT

OFFICES AND POSITIONS THAT EXPIRED IN THE PAST FIVE YEARS

Group companies

None

Non-Group companies

- Chair & Chief Executive Officer – INRA – France
- Chair of the Board of Directors – École Polytechnique – France
- Member of the Board of Directors – APAVE – France
- Member of the Board of Directors – Fondation Jacques de Bohan – France
- Member of the Board of Directors – National Foundation of Political Science (FNSP) – France
- Member of the Board of Directors – Fondation de l'Université de Lyon – France
- Chair – European Joint Programming Initiative on Agriculture, Food Security and Climate Change – France
- Member – Consultative Group on International Agricultural Research (CGIAR) – France
- Member – National Academy of Technologies – France

* *Listed company.*

Colin Hall

Director

Born on November 18, 1970
Work address
Groupe Bruxelles Lambert
24, avenue Marnix
1000 Brussels
Belgium
Date first appointed
December 15, 2015
Term of office expires
AGM in 2020

Biography
After completing an MBA at Stanford University Graduate School of Business in the US, Colin Hall started his career in 1995 as a financial analyst at Morgan Stanley in New York. In 1997, he joined the Rhône Capital Group, a private equity fund, where he held various management positions in London and New York over the following 10 years. In 2009, he co-founded a hedge fund, Long Oar Global Investors (New York), which he ran until 2011. In 2012, he was appointed Chief Executive Officer at Sienna Capital, a wholly-owned subsidiary of Groupe Bruxelles Lambert combining its alternative activities. In 2016, he became Director of Investments at the Groupe Bruxelles Lambert.

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OFFICES AND POSITIONS HELD AT DECEMBER 31, 2019

Group companies

- Director – Imerys* – France

Non-Group companies

- Director – Marnix French ParentCo (Webhelp) – France
- Director of Investments – Groupe Bruxelles Lambert* – Belgium
- Chief Executive Officer – Sienna Capital – Luxembourg
- Director – Ergon Capital Partners S.A. – Belgium
- Director – Ergon Capital Partners II S.A. – Belgium
- Director – Ergon Capital Partners III S.A. – Belgium
- Director – LafargeHolcim* – Switzerland
- Director – GEA* – Germany

OFFICES AND POSITIONS THAT EXPIRED IN THE PAST FIVE YEARS

Group companies

None

Non-Group companies

- Member of the Supervisory Board – Kartesia Management S.A. – Luxembourg
- Director – Umicore* – Belgium
- Director – Parques ReunidosServicios Centrales S.A.* – Spain

* *Listed company.*

Ulysses Kyriacopoulos

Director

Born on September 25, 1952
Work address
21, Amerikis Street
10672 Athens
Greece
Date first appointed
April 30, 2015
Term of office expires
AGM in 2021

Biography
Ulysses Kyriacopoulos graduated as a mining engineer from Montanuniversität Leoben in Austria and Newcastle University, UK and holds an MBA from INSEAD, France. In 1979, he joined the family business, S&B, as Finance Director of Bauxite Parnasse, before becoming Managing Director in 1986. In 1990, he was appointed Chief Executive Officer of S&B Industrial Minerals. He served as Chairman from 2001 to February 2015, when the S&B group was taken over by Imerys. He was also President of the Greek Employers association (SEV) from 2000 to 2006, Vice-President of UNICE between 2003 and 2006, President of the Greek National Opera between 2006 and 2009, Vice-President of the Athens Stock Exchange from 2006 to 2010 and a Member of the General Council of the Bank of Greece between 2002 and 2011.

OFFICES AND POSITIONS HELD AT DECEMBER 31, 2019

Group companies

- Director – Imerys* – France

Non-Group companies

- Director – ASK Chemicals GmbH – Germany
- Director – Lamda Development S.A.* – Greece
- Director – Blue Crest Holding S.A. – Luxembourg
- Member of the Board of Trustees – American College of Greece (ACG) and College Year in Athens (CYA) – Greece
- Member of the Board – Foundation for Economic and Industrial Research – Greece

OFFICES AND POSITIONS THAT EXPIRED IN THE PAST FIVE YEARS

Group companies

- Chairman of the Board – Imerys Industrial Minerals Greece S.A. – Greece

Non-Group companies

- Director – Motodynamiki S.A.* – Greece
- Chairman of the Board – Foundation for Economic and Industrial Research – Greece

* *Listed company.*

Martina Merz
Director

Born on March 1, 1963
Work address
Robert-Bosch Strasse 21
70192 Stuttgart
Germany
Date first appointed
May 3, 2017
Term of office expires
AGM in 2020

Biography
A mechanical engineering graduate from Stuttgart University, Martina Merz started her career in 1985 at Robert Bosch GmbH (Germany) where she held several positions before becoming Chief Executive of Bosch Closure Systems GmbH in 2001 then Vice-President, Closure Systems division, and a member of the Executive Committee of Brose Fahrzeugteile GmbH & Co. KG until 2005. From 2005 to 2012, she was Vice-President Sales & Marketing for the Chassis System Brakes division at Robert Bosch GmbH. In 2012, she was appointed Chief Executive Officer of the Chassis Brakes International group in France. Since 2015, she has held various independent directorships in listed companies throughout Europe.

OFFICES AND POSITIONS HELD AT DECEMBER 31, 2019

Group companies
- Director – Imerys* – France

Non-Group companies
- Vice-Chair of the Board of Directors – SAF-Holland S.A.* – Luxembourg
- Director – AB Volvo* – Sweden
- Member of the Supervisory Board – Deutsche Lufthansa AG* – Germany
- Chair of the Management Board – Thyssenkrupp AG* – Germany

OFFICES AND POSITIONS THAT EXPIRED IN THE PAST FIVE YEARS

Group companies

None

Non-Group companies
- Chair of the Board of Directors – SAF-Holland S.A.* – Luxembourg
- Director – NV Bekaert S.A.* – Belgium
- Member of the Supervisory Board – Thyssenkrupp AG* – Germany
- Director – Chassis Brakes International N.V. – Netherlands

* *Listed company.*

Lucile Ribot

Director

Born on November 26, 1966
Work address
10, rue Mayet
75006 Paris
France
Date first appointed
May 4, 2018
Term of office expires
AGM in 2021

Biography
After graduating from HEC, France, in 1989, Lucile Ribot started her career at Arthur Andersen, where she conducted audits and provided financial advice to a number of major international groups. In 1995, she joined the industrial engineering group Fives and was appointed Chief Financial Officer in 1998 then a member of the Management Board in 2002. She stayed with the Group, driving growth and strategic development, until 2017. Lucile Ribot is a director and member of the audit committee at HSBC France, Solocal Group and Kaufman & Broad. She became a director of Imerys on May 4, 2018.

OFFICES AND POSITIONS HELD AT DECEMBER 31, 2019

Group companies

- Director – Imerys* – France

Non-Group companies

- Director and member of the Audit Committee – HSBC France
- Director and member of the Audit Committee – Kaufman & Broad* – France

OFFICES AND POSITIONS THAT EXPIRED IN THE PAST FIVE YEARS

Group companies

None

Non-Group companies

- Member of the Management Board – Fives – France
- Member of the Management Board and Chief Executive Officer – Novafives – France
- Director – Fives DMS – France
- Director – Fives Pillard – France
- Director – FL METAL – France
- Director – Solocal Group* – France
- Director – Fives Landis Limited – UK

* *Listed company.*

Marie-Françoise Walbaum

Director

Born on March 18, 1950

Work address

10, rue d'Auteuil

75016 Paris

France

Date first appointed

April 25, 2013

Term of office expires

AGM in 2021

Biography

Marie-Françoise Walbaum holds a degree in Sociology from Paris X University and a Master's in Economics. She started 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 served as Senior Auditor at BNP's Inspectorate General, then Chief Executive Officer for mutual funds before being appointed Chief Executive Officer of the brokerage firm Patrick Dubouzet S.A. In 1994, Marie-Françoise Walbaum became Head of Principal Investments and Private Equity Portfolio Manager at BNP Paribas. She ended her 39-year career when she left BNP Paribas on September 30, 2012.

OFFICES AND POSITIONS HELD AT DECEMBER 31, 2019

Group companies

- Director – Imerys* – France

Non-Group companies

- Director – Thales* – France
- Director, member of the Audit and Financial and the Governance, Appointments & Compensation committees – FFP* – France
- Director and Chair of the Audit & Risk Committee – Esso* – France
- Member of the Supervisory Board – Isatis Capital

OFFICES AND POSITIONS THAT EXPIRED IN THE PAST FIVE YEARS

Group companies

None

Non-Group companies

- Director – Vigeo – France

* *Listed company.*

Éliane Augelet-Petit

Employee representative director

Born on August 29, 1957
Work address
Imerys
43, quai de Grenelle
75015 Paris
France
Date first appointed
October 6, 2014
Term of office expires
AGM in 2020

Biography
Éliane Augelet-Petit started her career in 1973 at Peñarroya, a listed subsidiary of Imerys (then Imetal), as an administrative employee. She joined Imerys' Legal Department in 1978 as a paralegal. She served as an elected CFDT union representative on the Imerys Works Council from 1978 to October 6, 2014, when she was appointed employee representative director. She attended Imerys' Board of Directors meetings in this capacity until that time. Throughout her time in office, she held various positions, including the Group's CFDT union representative and Secretary of the Group's French Works Council and European Works Council.

OFFICES AND POSITIONS HELD AT DECEMBER 31, 2019

Group companies

- Director – Imerys* – France

Non-Group companies

None

OFFICES AND POSITIONS THAT EXPIRED IN THE PAST FIVE YEARS

Group companies

None

Non-Group companies

None

* *Listed company.*

Enrico d'Ortona

Employee representative director

Born on April 11, 1963

Work address

Imerys Minéraux Belgique
Rue du Canal, 2
4600 Visé-Lixhe
Belgium

Date first appointed

October 6, 2014

Term of office expires

AGM in 2020

Biography

Enrico d'Ortona started his career in 1979 as a surveyor in an engineering consulting firm. He went on to hold various positions as a rolling-mill operator then a sheet metal splitter, in particular at Tolmatil then UCA (Belgium), where he headed a team of 60 people. In 2004, he became steelworks and overhead crane operator at Arcelor Mittal before joining Imerys Minéraux Belgium (Belgium) in 2006 as production operator. Since February 2017, he has held the position of I-Cube Team Coordinator. Enrico d'Ortona was a union delegate and a Member of the Works Council at Imerys Minéraux Belgium from 2008 to 2012.

OFFICES AND POSITIONS HELD AT DECEMBER 31, 2019

Group companies

- Director – Imerys* – France
- I-Cube Team Coordinator – Imerys – Belgium

Non-Group companies

None

OFFICES AND POSITIONS THAT EXPIRED IN THE PAST FIVE YEARS

Group companies

None

Non-Group companies

None

* *Listed company.*

Laurent Raets

Non-voting observer

Born on September 9, 1979
Work address
Groupe Bruxelles Lambert
24, avenue Marnix
1000 Brussels
Belgium
Date first appointed
May 4, 2018
Term of office expires
AGM in 2021

Biography
A graduate of École de commerce Solvay, Université Libre de Bruxelles, Laurent Raets started his career in 2002 at Deloitte Corporate Finance in Brussels, Belgium, as a Mergers and Acquisitions Consultant. In 2006, he joined the Investments department of Groupe Bruxelles Lambert as an analyst, and then became its Deputy Director in 2016. He served as a director at Imerys from July 29, 2015 to May 4, 2018, when he was appointed a non-voting observer to the Board of Directors.

OFFICES AND POSITIONS HELD AT DECEMBER 31, 2019

Group companies

- Non-voting observer – Imerys* – France

Non-Group companies

- Director – Umicore* – Belgium

OFFICES AND POSITIONS THAT EXPIRED IN THE PAST FIVE YEARS

Group companies

- Director – Imerys* – France

Non-Group companies

None

* *Listed company.*

Annette Messemer

Director put forward for appointment at the next Shareholders' General Meeting

√ *For further details, see chapter 8, paragraph 8.1.6 of the Universal Registration Document.*

Born on 14 August, 1964
55 years old
(German national)
Work address
Opernplatz 10
60313 Frankfurt
Germany
Number of shares owned: 0

Biography

Until June 2018, Annette Messemer occupied the position of Group Executive and Divisional Board Member of the Corporate Bank at Commerzbank AG in Frankfurt, Germany. During her term, she took on a number of responsibilities, in particular in the Capital Markets Client Franchise and Performance and Steering divisions. She also sat on all the related banking committees, such as the group credit committee.

In addition, Annette Messemer was a member of the Supervisory Board at K+S AG based in Kassel, Germany, until May 2018, as well as at WestLB AG in Düsseldorf, Germany, until 2011 and Commerzreal in Wiesbaden, Germany until 2016.

She started working in investment banking at JP Morgan in New York in 1994 before continuing her career in Frankfurt and London. Over the 12 years Annette Messemer spent at JP Morgan, she acquired experience in finance, strategic M&A, financial transactions and risk management. Having reached the level of Senior Banker, she moved from JP Morgan to Merrill Lynch in 2006 as Managing Director and member of the executive committee in Germany. In 2010, she was appointed to the supervisory committee of WestLB by the German Minister of Finance in order to assist with one of the largest restructuring operations of the German banking system during the financial crisis. She went on to join Commerzbank in February 2013.

Annette Messemer sits as a director and member of the audit and risks, nomination and remuneration committees of EssilorLuxottica.

OFFICES AND POSITIONS HELD AT THE DATE THIS UNIVERSAL REGISTRATION DOCUMENT WAS FILED

Group companies

None

Non-Group companies

- Director – EssilorLuxottica* – France
- Director – Essilor International SA – France

OFFICES AND POSITIONS THAT EXPIRED IN THE PAST FIVE YEARS

Group companies

None

Non-Group companies

- Member of the Executive Committee – Comerzbank AG – Germany
- Member of the Supervisory Board – Commerzreal – Germany
- Member of the Supervisory Board – K+S Aktiengesellshaft – Germany
- Director – Essilor International (Compagnie Générale d'Optique) – France

* *Listed company.*

Véronique Saubot

Director put forward for appointment at the next Shareholders' General Meeting

√ *For further details, see chapter 8, paragraph 8.1.6 of the Universal Registration Document*.

Born on December 27, 1964
55 years old
(French national)
Work address
23, rue Raynouard
75016 Paris
France
Number of shares owned: 0

Biography
Véronique Saubot has over 25 years' experience in consulting and industry. She started her career in 1989 at Arthur Andersen before joining Valeo, where she held a number of operational and support positions over the 13 years she spent with the group. In 2002, she was put in charge of the group's strategic plan.

In 2007, Véronique Saubot founded Coronelli International, offering consulting services in innovation strategy to major international corporations. In 2014, Coronelli International bought out Tykya, a firm set up in *2002* to support innovative start-ups and SMEs in securing public and private funding, formulating their market access strategy and putting them touch with major corporations.

Véronique Saubot graduated from ESCP, INSEAD and IHEDN (Poldef session 69).

OFFICES AND POSITIONS HELD AT THE DATE THIS UNIVERSAL REGISTRATION DOCUMENT WAS FILED

Group companies

None

Non-Group companies

- Senior Partner (as representative of Tykya) – Kairn strategy consulting – France
- Director – Lisi – France
- Director – Harmonie Mutuelle – France
- Director – Dayone invest funds –France
- Director – Aspen Institute Association – France

OFFICES AND POSITIONS THAT EXPIRED IN THE PAST FIVE YEARS

Group companies

None

Non-Group companies

- Director – Force femmes Association – France

* *Listed company.*

4.1.3 POWERS

In accordance with French legislation, the Company's by-laws and the Charter of the Board, the Board is tasked with the following duties:

- protecting the Company's corporate interests and assets;
- determining the strategic focus for the Company's operations and overseeing its fulfillment;
- choosing the Company's corporate governance structure, appointing its executive corporate officers and setting their compensation;
- exercising permanent control over the way in which Chief Executive Officer manages the Company;
- ensuring the quality of information provided to shareholders and markets.

In order to perform its role, the Board of Directors:

- carries out the checks and controls it deems appropriate throughout the year. It may obtain any documents it considers useful to fulfill its duties;
- is informed by Chief Executive Officer of its annual operating objectives for the year ahead and, periodically, its long-term strategic projects;
- receives regular reports from Chief Executive Officer on the state of Company affairs, prepared in the way requested by the Board. The report includes the Group's quarterly and half-yearly financial statements;
- is provided by Chief Executive Officer with the Company's annual financial statements, the Group's consolidated financial statements and its annual report within the first three months following the end of the financial year. The Board reviews and checks the documents before approving the financial statements and the terms of its Management Report, which will be presented to the annual Shareholders' General Meeting.

Furthermore, prior to their implementation by Chief Executive Officer and within the limits of the general powers granted to it by law, the Board examines and approves the following:

- the strategic orientations of the Company and Group and any operations likely to significantly influence such orientations. It also periodically reviews the long-term strategic plan (multi-year plan) drawn up or revised by Chief Executive Officer;
- 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 asset (and any financially comparable transaction, including contributions or exchanges) for more than €75 million per transaction, or the equivalent amount in any other currency,
  - the material commercial or industrial agreements that bind the long-term future of the Company or the Group,
  - any financing operation for amounts likely to substantially modify the Group's financial structure;
- where necessary, the allocation of managerial tasks between the various Deputy Chief Executive Officers, as proposed by the Chief Executive Officer;
- more generally, any commitment made by the Company or the Group that constitutes a related party agreement, in accordance with law.

Finally, the Board of Directors grants any specific delegations of its powers to Chief Executive Officer, where necessary and within the limits and conditions set by law, to:

- grant on behalf of the Company any third-party guarantee (such as sureties and endorsements) or collateral on its assets, within a maximum principal amount determined each year;
- make, 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 increases;
- issue ordinary bonds in one or several transactions.

Reporting to the Board, the specialized committees play an advisory role, submitting opinions and recommendations that help the Board make its decisions. The duties and activities conducted by each Board committee in 2019 are detailed in *paragraph 4.1.4.2 of the present chapter*.

4.1.4 OPERATING PROCEDURES OF THE BOARD

▪ CHARTER OF THE BOARD

As previously mentioned, the Board has adopted a Charter that contains all the principles of conduct applicable to its members and the operating procedures of the Board and its committees. The Charter of the Board is updated regularly in order to include any applicable legal or regulatory developments, corporate governance guidelines and the results of the assessment conducted by the Board each year of its own operating procedures. The latest version of the Charter of the Board (updated on July 25, 2019) is available on the Company's website, www.imerys.com.

4.1.4.1 BOARD OF DIRECTORS

▪ CHAIRMAN, VICE-CHAIRMAN, SECRETARY OF THE BOARD AND NON-VOTING OBSERVER

Chairman

The Chairman organizes and oversees the work of the Board, on which he reports to the Shareholders' General Meeting. He ensures the Company's bodies operate effectively and, along with the Vice-Chairman, ensures directors are able to carry out their duties. He is also charged with calling and chairing Board meetings after setting an agenda with the Chief Executive Officer and the Secretary.

In addition to his legal responsibilities and in collaboration with the Chief Executive Officer, the Chairman may perform the following duties:

- represent the Company in its high-level relations nationally and internationally, in particular with the French State, partners and certain stakeholders of strategic importance to the Company;
- regularly give his opinion on all dealings of material importance to the Company (such as strategic orientations, major investment or divestment projects, significant financial transactions, social responsibility initiatives as well as recruiting business executives and key positions), without prejudice to the prerogatives of the Board of Directors, its committees or the executive responsibilities of the Chief Executive Officer;
- attend the meetings of committees on which he does not sit, if invited to do so by the committee's chair.

Vice-Chairman

When necessary, the Vice-Chairman supports the Chairman in organizing the work of the Board and its committees. Traditionally one of the directors representing the Company's controlling shareholders, the Vice-Chairman ensures the Company's governance bodies operate effectively and chairs Board meetings if the Chairman is absent. He also coordinates the Company's relations with its controlling shareholders and their representatives, seeks to prevent any situations likely to cause potential conflicts of interest for a director and, more generally, ensures that best corporate governance practice is applied.

Secretary

The appointment and, as the case may be, dismissal of the Secretary come within the sole competence of the Board. The Secretary assists the Chairman, Vice-Chairman, committee chairs and the Board, making any helpful recommendations on the procedures and rules that apply to the Board and its committees, as well as their implementation and compliance. The Secretary is authorized to certify copies or extracts of minutes taken at Board meetings.

They also act as Ethics Officer, tasked with giving an opinion prior to any transactions in the Company's shares considered by the Group's directors and senior executives, at their request *(see paragraph 4.4.2 of the present chapter)*.

The current secretary of the Board of Directors is Frédérique Berthier-Raymond, the Group General Counsel.

Non-voting observer(s)

The Board may appoint one or several non-voting observers, who may or may not already be shareholders of the Company, to:

- ensure the proper application of the Company's by-laws and policies applicable to the Board;
- inform and advise the Board, in particular by giving their opinion on any matter put to them by the Board or one of its committees;
- carry out any specific task entrusted to them by the Board or one of its committees;
- more generally, assist the Board in performing its duties without actually getting involved in the management of the Company or acting as a director.

Non-voting observers are subject to the same rules as directors as set out in the Internal Charter of the Board of Directors.

Board meetings

2019	
Number of meetings	8
Average attendance rate	92.97%
2020	
Expected number of meetings	4

The Board meets as often as the interests of the Group require and at least four times a year. Meetings are called by the Chairman, Secretary or Vice-Chairman of the Board, by any means of communication, including verbal.

Sent to each director via a secure digital platform, notices of meetings include all the information and documents concerning the items on the agenda that members require to effectively take part in debates. Such information and documents may include the Group's (provisional or definitive) quarterly, half-yearly or annual financial statements and presentations on the current situation in the Group's various businesses or any other specific items that will be raised. Directors may also be given certain additional documents in meetings, such as draft press releases on the Group's financial statements for the period or information on changes in the Company's share price.

In order to allow directors to carry out their duties in the best possible way, the Chairman and the members of the Executive Committee if so called upon will communicate any important information published about the Group between Board meetings, including critical reports (in particular press articles and financial analysis reports) and any other sufficiently important or urgent information that is relevant to the Group's situation, projects, and economic or market context.

4.1.4.2 COMMITTEES OF THE BOARD OF DIRECTORS

The Board has formed four permanent specialized committees: the Strategic Committee, the Audit Committee, the Appointments Committee and the Compensation Committee. These committees carry out their work under the responsibility of the Board, which defines their duties, structure and the compensation of their members based on proposals made by the Appointments Committee and the Compensation Committee. In addition, in 2019, the Board set up two temporary ad hoc committees – the Chapter 11 Monitoring Committee (which was disbanded in February 2020) and the Transformation Committee (which was disbanded in October 2019), as described below.

The Board committees play an advisory role and do not have the power to make decisions. The chairs of each Board committee are required to regularly provide the Board with reports on their work.

The members of the Board committees are chosen by the Board, based on proposals made by the Appointments Committee, from among the directors (excluding the Chief Executive Officer, who may not be a member of any committee). Committee members are appointed for the same term of office as their directorship. Each committee elects its own chair based on the recommendation of the Appointments Committee.

4

▪ STRATEGIC COMMITTEE

Structure

On the date this Universal Registration Document was filed, the Strategic Committee was made up of six members appointed by the Board, as follows:

Name	Date first appointed to the Committee	Number of years spent on the Committee	Expiration of term of office	Independent
Ian Gallienne, Chairman	April 29, 2010	8.11	AGM in 2022	No
Aldo Cardoso	May 2, 2007	12.10	AGM in 2020	Yes
Odile Desforges	May 4, 2016	3.10	AGM in 2022	Yes
Paul Desmarais III	April 29, 2014	5.11	AGM in 2020	No
Colin Hall	May 4, 2018	1.11	AGM in 2020	No
Ulysses Kyriacopoulos	April 30, 2015	4.11	AGM in 2021	No
Number of members: 6				**2**

Duties

The Charter of the Board defines the duties of the Strategic Committee as follows:

"The duties of the Strategic Committee include examining and submitting opinions and recommendations to the Board of Directors on:

1. Strategy

- Formulate and approve the Group's long-term industrial, commercial and financial strategic orientations and how to pursue them.
- Ensure the long-term strategy implemented by Chief Executive Officer is in line with the orientations approved by the Board of Directors.

It therefore closely analyzes and, where necessary, makes recommendations to the Board on:

- the Group's budget drawn up by Chief Executive Officer;
- 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 asset (and any financially comparable transaction, including contributions or exchanges) for more than €20 million (€20,000,000) per transaction, or the equivalent amount in any other currency,
  - the material commercial or industrial agreements that bind the long-term future of the Company or the Group,
  - any financing operation for amounts likely to substantially modify the Group's financial structure,
  - the orientations, implementation and monitoring of the comprehensive Corporate Social Responsibility (particularly Environment, Health & Safety and Sustainable Development) and Innovation policies conducted by Chief Executive Officer.

At the end of every year, the Strategic Committee presents to the Board its annual schedule for the coming year of the work it plans to undertake to review the strategic issues affecting the future of the Group.

2. Risk

- Analyze matters relating to the way Chief Executive Officer identifies, measures and monitors the main challenges and potential risk facing the Group in the following areas:
  - outside the Group: investor relations and the Group's market positions;
  - Group policies: financial resource management, human resources and skills management, dependence and continuity of key industrial or commercial activities;
  - management information: financial control and reports as well as retrospective checks, where appropriate, on the most material investment projects."

Activity in 2019

The Strategic Committee met to consider the following matters:

- EHS – At each meeting since early 2019, the Committee reviews the accidents with and without lost time that have occurred, which are discussed in-depth with management and those in charge when serious accidents (deaths) occur.
- Review of the Group's financial statements – The Committee regularly monitors the state of the business, focusing on the main markets in which the Group operates. It also systematically analyzes any potential drivers of profitability and cash generation, reviews the monthly and quarterly financial statements and continually analyzes the whether the Group's financial structure is fit for purpose with respect to its targets. As in previous years, the Strategic Committee dedicated its meeting held in December to carry out an in-depth review of the budget forecasts of the Group's business lines presented by each operating manager.
- Portfolio management – The Committee regularly analyzes the need and opportunity to adjust the Group's portfolio. In 2019, this led the Group to decide to step back from the proppants market in the US while maintaining a minority interest in the business, sell the fused magnesia business in the UK where the Group's position was unsustainable, and withdraw from plastics recycling in the UK, which was deemed not to be a core business.
- Approval of the Group's strategic orientations – The Committee regularly conducts strategic reviews of the Group's business lines to confirm the orientations set by management and assess the strategic and financial implications. As a result of this work in 2019, the Group decided to withdraw from unconventional oil and gas exploration in the ceramic proppants business in the US, the graphite and carbon business and expansion opportunities in China. As in previous years, the Group organized a Strategic Week in June to which all Group directors were invited. As part of the event, they visited the HTS plant in Neuwied, Germany, took part in the GIFA convention, where several Imerys business lines were represented, and conducted an in-depth review of the strategy and state of operations in the HTC and RAC businesses.
- M&A projects – The Committee systematically reviews the Group's acquisitions pipeline at each of its meetings. It keeps abreast of the progress of each project, from initial information regarding the strategic overview to the approval of all projects with an enterprise value exceeding €20 million. In the second half of 2019, the Group once again stepped up its M&A efforts, leading to the acquisition at the end of the year of EDK, a calcium carbonate supplier based in Brazil, and Shandong Luxin, a Chinese producer of specialty abrasives. Large-scale acquisition projects are currently being pursued in several of the Group's business lines to strengthen their strategic positioning.

Three matters accounted for a significant proportion of the Strategic Committee's efforts in 2019:

- Monitoring the **Group's transformation program** by analyzing the objectives and ensuring it was implemented in the most appropriate manner. Consequently, a specific monitoring group was set up, putting in place a series of performance indicators to measure any change in the main risks inherent to such a program. The Transformation Committee focused in particular on considering the operational implications of the new organization as well as monitoring cost savings forecasts and employer/employee dialog.
- Monitoring the evolution of management of the **litigation related to talc activities in North America** ensuring that all possible options are analyzed in terms of risk management and their economic consequences.
- Supporting the preparation of the **Capital Market Day** which was held in June 2019, with particular attention to the presentation of the new organization, the strategic directions and the financial perspectives, in particular in terms of improving the level margin and savings plan.

Operating procedures

The Strategic Committee conducts its debates with the majority of its members in attendance and meets as often as its Chairman sees fit or at the request of the Chairman of the Board or the Chief Executive Officer.

2019	
Number of meetings	8
Average attendance rate	90.18%
2020	
Expected number of meetings	6

To perform its duties, the Strategic Committee hears from speakers – including the Chief Executive Officer, the Chief Financial Officer, the General Counsel and the M&A, Strategy & International Development Officer, as well as any other member of the Executive Committee or operating or support department head, depending on the items on the agenda for the meeting. Speakers are invited by the Chief Executive Officer on behalf of either the Committee or himself. The Strategic Committee may, where appropriate, visit industrial sites and take the opportunity to speak with any of the Group's operating managers, as it sees fit in order to carry out its duties.

The position of Strategic Committee Secretary is held by the Group's M&A, Strategy & International Development Officer, who drafts the minutes at its meetings.

▪ APPOINTMENTS COMMITTEE

Structure

On the date this Universal Registration Document was filed, the Appointments Committee was made up of four members appointed by the Board, including the Vice-Chairman of the Board, who chairs the Committee:

Name	Date first appointed to the Committee	Number of years spent on the Committee	Expiration of term of office	Independent
Paul Desmarais III, Chairman	May 4, 2016	3.10	AGM in 2020	No
Ian Gallienne	April 26, 2012	7.11	AGM in 2022	No
Marion Guillou	April 29, 2014	5.11	AGM in 2020	Yes
Marie-Françoise Walbaum	May 4, 2016	3.10	AGM in 2021	Yes
Number of members: 4				**2**

Since Martina Merz resigned from her position as member of the Appointments Committee on October 31, 2019, this committee temporarily does not consist of a majority of independent directors, as recommended by the AFEP-MEDEF Code. The Company will come in line with the recommendations as of and subject to the appointment of Annette Messemer as a new independent director by the Shareholders' General Meeting of May 4, 2020, in accordance with the decision made by the Board of Directors on February 12, 2020 to appoint her as a new member of the aforementioned committee. In addition, at this same date, Marie-Françoise Walbaum will be appointed the new Chair of the Committee, replacing Paul Desmarais III who will be stepping down. *See chapter 8, paragraph 8.1.6 of the Universal Registration Document.*

Duties

The Charter of the Board defines the duties of the Appointments Committee as follows:

"The duties of the Appointments Committee include examining and submitting opinions and recommendations to the Board of Directors to:

- assess prospective candidates for the positions of Chief Executive Officer, Deputy Chief Executive Officer, directors, Chairman of the Board and its committees as well as their members. As such, the Appointments Committee must take into account the structure and changes to the Company's shareholding to ensure the structure of the Board is balanced in terms of:
  - independence,
  - representation of women and men,
  - nationality,
  - international experience and expertise (in particular, the financial and accounting skills required for members of the Audit Committee);
- present a succession plan for executive corporate officers and, as requested by the Chief Executive Officer, members of the Executive Committee;
- consider the independent status of each director, with respect to the definition of independence adopted by the Board, and any changes (or clarification of criteria) to be made to that definition;
- prepare the section of the Board's Corporate Governance Report falling within its responsibility;
- review draft responses to any requests from regulatory authorities (AMF or France's High Committee for Corporate Governance, HCGE).

More generally, the Appointments Committee makes recommendations to the Board to ensure compliance with best practice in governance and the recommendations set out in the AFEP-MEDEF Code. As such, each year the Appointments Committee reviews the conclusions of the self-assessment made by the Board and its committees as well as the key recommendations."

Activity in 2019

In 2019, the Appointments Committee met four times.

It was consulted regarding the structure of the Board of Directors and its committees and it examined the profiles of the directors, especially those whose terms of office were expiring at the end of the upcoming annual Shareholders' General Meeting.

The Appointments Committee also oversaw the self-assessment process conducted by the Board of Directors and its committees, producing a detailed analysis of the assessment, which it shared with the Board.

The Committee was regularly informed of the progress the Group was making in its transformation plan, focusing in particular on organizational and HR matters. The Committee also supervised the process to select a consulting firm to support the Executive Committee in its collective efforts.

Informed by Gilles Michel of his wish to step down from the office of Chairman of the Board of Directors for personal reasons, the Committee considered and supported the appointment of Patrick Kron as a replacement.

After reviewing the governance, and given the end of the duties of the former Chief Executive Officer of the Company, the Committee has recommended the appointment of the Chairman to the position in the interim, temporarily reunifying the two offices. It was also recommended that the Chairman head the search for a new Chief Executive Officer with support from an executive recruitment agency.

Two months later, the Committee scrutinized the profile of Alessandro Dazza, put forward at the end of the selection process for the office of Chief Executive Officer before unanimously recommending him to the Board of Directors.

Operating procedures

The Appointment Committee conducts its debates with at least two of its members in attendance and meets as often as its Chairman sees fit or at the request of the Chairman of the Board or the Chief Executive Officer.

2019	
Number of meetings	4
Average attendance rate	100%

2020	
Expected number of meetings	4

To perform its duties, the Appointments Committee invites speakers – including the Chairman of the Board, the Chief Executive Officer, the Chief Human Resources Officer and, if required, the Secretary of the Board. It also takes advice from independent experts as it sees fit.

The position of Appointments Committee Secretary is held by the Group's Chief Human Resources Officer, who drafts the minutes at its meetings.

COMPENSATION COMMITTEE

Structure

On the date this Universal Registration Document was filed, the Compensation Committee was made up of five members appointed by the Board, including the Vice-Chairman of the Board of Directors, who chairs the Committee:

Name	Date first appointed to the Committee	Number of years spent on the Committee	Expiration of term of office	Independent
Paul Desmarais III, Chairman	May 4, 2016	3.10	AGM in 2020	No
Éliane Augelet-Petit	January 1, 2017	3.3	AGM in 2020	N/A
Ian Gallienne	April 26, 2012	7.11	AGM in 2022	No
Marion Guillou	April 29, 2014	5.11	AGM in 2020	Yes
Marie-Françoise Walbaum	May 4, 2016	3.10	AGM in 2021	Yes
Number of members: 5				**2**

Since Martina Merz resigned from her position as member of the Compensation Committee on October 31, 2019, this committee temporarily does not consist of a majority of independent directors, as recommended by the AFEP-MEDEF Code.

The Company will come in line with the recommendations as of and subject to the appointment of Annette Messemer as a new independent director by the Shareholders' General Meeting of May 4, 2020, in accordance with the decision made by the Board of Directors on February 12, 2020 to appoint her as a new member of the aforementioned committee. In addition, at this same date, Marie-Françoise Walbaum will be appointed the new Chair of the Committee, replacing Paul Desmarais III who will be stepping down. *See chapter 8, paragraph 8.1.6 of the Universal Registration Document.*

Duties

The Charter of the Board defines the duties of the Compensation Committee as follows:

"The duties of the Compensation Committee include examining and submitting opinions and recommendations to the Board of Directors to:

- determine the amount of and allocation method for compensation (fixed and variable components, the latter being higher) paid to directors;
- shape the comprehensive compensation policy for executive corporate officers, which the Board submits for approval at the Shareholders' General Meeting;
- shape the comprehensive compensation policy for the Group's senior executives;
- review all components of compensation (fixed, variable and exceptional), sign-on bonuses, severance packages and benefits of any kind owed or likely to be owed to each executive corporate officer, which the Board submits for approval at the Shareholders' General Meeting;
- shape the comprehensive policy for granting stock options or free shares of the Company and determining the beneficiaries of such plans proposed by the Chief Executive Officer;
- determine individual stock option or free share grants to executive corporate officers as well as the specific terms and restrictions that apply to those grants (achievement of quantitative performance targets, restriction of the number of shares granted, lock-up periods, etc.), in line with the recommendations of the AFEP-MEDEF Code;
- prepare the section of the Board's Corporate Governance Report falling within its responsibility;
- shape the Group policy on employee share ownership and its terms and conditions as proposed by the Chief Executive Officer;
- review draft responses to any requests from regulatory authorities (AMF or France's High Committee for Corporate Governance, HCGE).

More generally, the Compensation Committee makes recommendations to the Board to ensure compliance with best practice in governance and compensation and the recommendations set out in the AFEP-MEDEF Code.

The Compensation Committee predominantly comprises independent members, in accordance with the recommendation of the AFEP-MEDEF Code.

Activity in 2019

In 2019, the Compensation Committee met five times.

The Committee conducted a detailed review of the various components of compensation awarded to corporate officers and in particular recommended to the Board of Directors how to calculate the variable compensation for Conrad Keijzer and Gilles Michel. It also reviewed the components of compensation awarded to the Chief Executive Officer on the basis of market research before making its recommendations to the Board.

The Committee also made recommendations regarding the compensation awarded to Patrick Kron in his position as Chairman and interim Chief Executive Officer. Prior to the departure of Conrad Keijzer, the Committee analyzed the contractual and regulatory requirements in force regarding his departure conditions and recommended the interim Chief Executive Officer have the authority to finalize the conditions within the previously designed framework. It also made recommendations to the Board regarding all components of compensation awarded to Alessandro Dazza, in his role as Chief Executive Officer.

The long-term incentive plan was reviewed, in particular to take into account latest market practices in terms of setting the number of performance shares awarded to executives. The Committee also made recommendations as to how to measure the performance criteria for ongoing plans as well as the new plan set up in May 2019.

Noting that retaining critical talent was of key importance to the Group as it undergoes widespread transformation, the Committee also recommended the Board put in place a special long-term incentive plan for Group employees whose business and trade knowledge is a key factor in Imerys' success. Therefore, the Committee recommended the performance criteria for long-term incentive plans be reviewed to better reflect the specific contribution of teams to the success of the Group by factoring in the state of the economy in which Imerys operates.

Operating procedures

The Compensation Committee conducts its debates with at least two of its members in attendance and meets as often as its Chairman sees fit or at the request of the Chairman of the Board or the Chief Executive Officer.

2019	
Number of meetings	5
Average attendance rate	93.33%
2020	
Expected number of meetings	4

To perform its duties, the Compensation Committee invites speakers – including the Chairman of the Board, the Chief Executive Officer and any relevant Human Resources managers. It also takes advice from independent experts as it sees fit.

The position of Compensation Committee Secretary is held by the Group's Chief Human Resources Officer, who drafts the minutes at its meetings.

▪ AUDIT COMMITTEE

Structure

On the date this Universal Registration Document was filed, the Audit Committee was made up of four members:

Name	Date first appointed to the Committee	Number of years spent on the Committee	Expiration of term of office	Independent
Aldo Cardoso, Chairman	May 3, 2005	14.10	AGM in 2020	Yes
Colin Hall	December 15, 2015	4.4	AGM in 2020	No
Lucile Ribot	May 4, 2018	1.10	AGM in 2022	Yes
Marie-Françoise Walbaum	April 25, 2013	6.10	AGM in 2021	Yes
Number of members: 4				**3**

Over two thirds of the members of the Audit Committee are independent, in accordance with the recommendation of the AFEP-MEDEF Code and the AMF working group on audit committees.

Duties

The Charter of the Board defines the duties of the Audit Committee as follows:

"The duties of the Audit Committee include examining and submitting opinions and recommendations to the Board of Directors on:

1. Financial statements

- the statutory and consolidated annual, half-yearly and quarterly financial statements;
- the scope of consolidation;
- the relevance and consistency of accounting methods, by verifying, in particular, the reliability of internal procedures to collect and check information;
- the method and estimates applied to impairment tests carried out by the Group;
- the Group's debt position;
- any material litigation and off-balance sheet commitments, and their impact on the Group's financial statements;
- the procedure applied to producing and circulating accounting and financial information;
- the analysis of any remarks made by regulatory authorities (AMF) and the draft replies;

2. Financial information

- the policy and procedures applied to financial communication designed to ensure the Group's compliance with regulatory obligations;
- the main components of financial communication relating to the Group and Company financial statements;

3. External control

- the proposals to appoint or re-appoint Statutory Auditors;
- the Statutory Auditors' work plan and any additional assignments they or other members of their network may be given, as well as the corresponding fees;
- the supervision of the rules for calling upon the services of the Statutory Auditors other than for the legal certification of accounts ("authorized non-audit services") and, more generally, compliance with the principles safeguarding the independence of Statutory Auditors and the measures taken by them to mitigate any risk. The Audit Committee therefore reviews and gives prior approval for authorized non-audit services, in line with the conditions set by the Board. Exceptionally, where the total annual amount of fees paid for specific assignments does not exceed the percentages or amounts set by the Board, such fees are simply ratified by the Audit Committee by December 31 of each year at the latest;
- the conclusions of due diligence work by Statutory Auditors as well as their recommendations and follow-up actions;

4. Audit & Internal control

- the annual internal audit programs and internal control assessments and the resources allocated to their implementation;
- the results of the work of the internal and external auditors and the Internal Control Department, following up on any recommendations made, particularly concerning the analysis, corrective measures and preparation of the Group's material risk map as well as the way in which risk and significant off-balance sheet commitments are managed and internal audit teams are organized;
- the preparation and content of the Annual Report of the Board of Directors on the Group's risks and internal control mechanisms;

5. Risk

- the identification, measurement and monitoring by Chief Executive Officer of the main risks facing the Group in the following areas:
  - outside the Group: legal or regulatory developments, crisis or disaster management and cybersecurity,
  - Group processes: monitoring major disputes, compliance with applicable regulations (particularly Environment, Health & Safety and Sustainable Development), business conduct in accordance with regulations and Imerys' core ethical values (conduct and ethics, anti-corruption, anti-trust, etc.),
  - potential mineral reserves and resources;
- the orientations, implementation and monitoring by Chief Executive Officer of the Group's comprehensive policy on internal control, risk prevention (organization, policies and procedures, IT infrastructure and systems, telecommunications and digitization, etc.), Group insurance, and any changes that may be introduced;
- the work plans and findings of internal experts (e.g. auditors and lawyers) and any external experts that may be called upon to analyze, audit or measure the risks and the Group's performance in the aforementioned areas;
- any other subject likely to have a material financial or accounting impact on the Company or the Group."

Activity in 2019

As in previous years, the Audit Committee reviewed Imerys S.A.'s statutory and consolidated financial statements for 2018, as well as the Group's quarterly and half-yearly financial statements in 2019. As part of that work, it examined the period-end procedures and related draft press releases. Following this work, it was able to recommend that the Board approve the definitive financial statements without qualification. The Audit Committee also reviewed the accounting rules applied by the Group and the way in which changes in the IFRS accounting framework, in particular those related to the application of IFRS 16 as of January 1, 2019, as well as the recommendations from the market regulators are reflected. In addition, it examined changes in the effective overall tax rate for the Group and its components and reviewed the results of impairment tests on the Cash Generating Units (CGUs) concerned.

In early 2019, the Audit Committee reviewed the Report on Payments to Governments made by the Group's entities conducting mining operations.

During 2019, the Committee also monitored the progression of the litigation relating to the activities of Imerys' Talc subsidiaries in the United States and the decision to file for the protection of the "U.S. Chapter 11" legal procedure in February 2019 with a view to permanently resolving the long-running talc-related litigation in the U.S. It approved the accounting treatment applied to this operation.

Throughout the year, several presentations were given on the Group's compliance programs, in particular regarding the fight against corruption and compliance with the Sapin II Act.

At the end of each half-year, the Audit Committee examined the operational report produced by the Audit & Internal Control Department. It includes details of audit assignments completed and the progress of implementing action plans put in place following audits in previous years, as well as tests and evaluations of the internal control systems in force in the Group. The Audit Committee also reviewed the audit plan and the specific actions scheduled for 2019. In addition, it was able to study the new risk map drawn up in 2018 and updated in early 2019.

Throughout the year, the Committee also discussed the following matters: the definition of new information by segment following the restructuring plan initiated by the Group toward the end of 2018; the measures implemented to limit the Group's exposure to cybersecurity risks; the accounting of the main restructuring operations; the progress of the Group's transformation plan launched in November 2018; the inventory of the Group's mining reserves and resources; the management and status of main legal risks, and evaluation of the corresponding provisions; as well as the assessment of the Group's tax positions in the main countries in which it is based and any potential related risks.

It also reviewed the Group's new Corporate Social Responsibility (CSR) strategy and the implementation of the CSR roadmap. Furthermore, the Audit Committee received a report on the Group's non-financial performance in 2019 in relation to the key indicators tracked.

Operating procedures

The Audit Committee conducts its debates with the majority of its members in attendance and meets as often as its Chairman sees fit or at the request of its members, the Chairman of the Board or the Chief Executive Officer.

2019	
Number of meetings	8
Average attendance rate	96.87%
2020	
Expected number of meetings	5

To perform its duties, the Audit Committee invites speakers – including the Chairman of the Board, the Chief Executive Officer, the Statutory Auditors and the Chief Financial Officer. Alternatively, the Chief Executive Officer or the Chief Financial Officer may invite or be asked by the Committee to invite any other person involved in preparing and auditing the financial statements or managing or preventing risks to speak (including the Finance Department, the Internal Audit & Control Department and the Legal Department), depending on the items on the agenda for the meeting.

The Audit Committee enjoys unrestricted access to all information available in the Group. It may also visit industrial sites and take the opportunity to speak with any of the Group's operating and support managers as it sees fit in order to carry out its duties. The Committee may also ask for any audit to be conducted, either internally or externally, on any issue it deems to come within its responsibility. The Chairman of the Board and the Chief Executive Officer must be informed of this decision.

The position of Audit Committee Secretary is held by the Group's Chief Financial Officer, who drafts the minutes at its meetings and communicates them to the Statutory Auditors.

▪ *AD HOC* COMMITTEES

On February 13, 2019, upon recommendation of the Appointments Committee, the Board of Directors set up two temporary ad hoc committees specifically to monitor (i) the implementation by the Group or its transformation plan (Transformation Committee) and (ii) the "Chapter 11" proceedings initiated by the North American entities of the Group (Chapter 11 Monitoring Committee). Given the progress of the transformation plan and new monitoring techniques, the Board decided to disband the Transformation Committee as of October 28, 2019.

Transformation Committee (disbanded as of October 28, 2019)

For information purposes only:

Structure

Name	Date first appointed to the Committee	Number of years spent on the Committee	Expiration of term of office	Independent
Paul Desmarais III, Chairman	February 13, 2019	0.8	AGM in 2020	No
Odile Desforges	February 13, 2019	0.8	AGM in 2022	Yes
Martina Merz	February 13, 2019	0.8	AGM in 2020	Yes
Ulysses Kyriacopoulos	February 13, 2019	0.8	AGM in 2021	No
Laurent Raets	February 13, 2019	0.8	AGM in 2022	N/A (non-voting observer)
Number of members: 5				**2**

Duties

The Committee was responsible for monitoring the implementation by the Group of its transformation plan launched in November 2018. Within the Committee, the Chairman organized and led the work of the Committee, and reported to the Board.

Activity in 2019

The Committee monitored the key stages of the Group's transformation program by analyzing the objectives and ensuring it was implemented in the most appropriate manner. The Transformation Committee put in place a series of performance indicators to measure any change in the main risks inherent to such a program. The Committee also implemented to tools required to support the plan.

Operating procedures

The Committee meetings were held on a monthly basis, or more or less frequently as required for the members to carry out their duties effectively. The Committee conducted its debates with the majority of its members in attendance.

The Committee was able to invite speakers including the Chief Executive Officer, the Chief Human Resources Officer, the Chief Financial Officer, and as appropriate, any other member of the Imerys Executive Committee or any employee (in particular members of the Group's Transformation team).

The position of Committee Secretary was held by the Group's Chief Human Resources Officer, who drafted the minutes at its meetings.

Chapter 11 Monitoring Committee (disbanded as of February 12, 2020)

Structure

For information purposes only:

Name	Date first appointed to the Committee	Number of years spent on the Committee	Expiration of term of office	Independent
Aldo Cardoso, Chairman	February 13, 2019	1.1	AGM in 2020	Yes
Colin Hall	February 13, 2019	1.1	AGM in 2020	No
Number of members: 2	-	-	-	**1**

Duties

The Committee was responsible for monitoring the implementation and the progress of the Chapter 11 proceedings with respect to the relevant North American entities of the Group, including the negotiation of the terms of their continuity plan. Within the Committee, the Chairman organized and ruled the debates, and reported to the Board and, as frequently as required, the Audit Committee and Strategic Committee.

Activity in 2019

In 2019, the Chapter 11 Monitoring Committee met 10 times since its first meeting held on February 20, 2019.

Initially, the Committee reviewed: the organization of the administration, subject to the jurisdiction of the Delaware U.S. federal courts, of the Chapter 11 procedure in the Group's North American talc entities; the composition of the team formed in the Group specifically to monitor the procedure; and the related reporting and control mechanisms. The Committee then monitored: the conditions and main stages of the Chapter 11 procedure; the negotiation process and the terms considered for the business continuity plan drawn up between the North American talc entities and the representatives of existing and future claimants in litigation related to their legacy talc business in the U.S. The plan is expected to include conditions to definitively resolve the litigation.

Throughout its regular meetings, the Committee was able to monitor the progress of the Chapter 11 procedure and the negotiations with the people involved, in accordance with the dispositions set out.

Operating procedures

The Committee met as needed, depending on the progress of the Chapter 11 procedure and the negotiations of the business continuity plan for the entities involved and as frequently the Chairman felt necessary for the Committee to effectively carry out its duties. The Committee conducted its debates with the all of its members in attendance.

The Committee generally invited the following people to its meetings: the Chairman of the Board, the Chief Executive Officer and the General Counsel, as well as the Chief Financial Officer where necessary and any other member of Imerys' Executive Committee or qualified Group employee. At each meeting, reports were made concerning the work carried out by managers in the internal and external Chapter 11 monitoring team, in particular the U.S. law firm representing the Company's interests.

The position of Chapter 11 Monitoring Committee Secretary was held by the former Secretary of the Board (Denis Musson), who drafted the minutes at its meetings.

ATTENDANCE RATE OF MEMBERS OF THE BOARD

In accordance with the AFEP-MEDEF Code, the following table presents a summary of the 2019 attendance record of each member of the Board of Directors and its committees (excluding the Transformation Committee, disbanded in October 2019):

	Board of Directors	Strategic Committee	Appointments Committee	Compensation Committee	Audit Committee	Chapter 11 Monitoring Committee
Patrick KRON *Chairman of the Board and director (since June 25, 2019)*	100%	N/A	N/A	N/A	N/A	N/A
Gilles MICHEL *Chairman of the Board and director (from Jan. 1, 2019 to Jun. 25, 2019)*	100%	100%	N/A	N/A	N/A	N/A
Conrad KEIJZER *Chief Executive Officer and director (from Jan. 1, 2019 to Oct. 21, 2019)*	100%	N/A	N/A	N/A	N/A	N/A
Paul DESMARAIS III *Vice-Chairman of the Board and director*	87.50%	50%	100%	100%	N/A	N/A
Aldo CARDOSO *Director*	100%	100%	N/A	N/A	100%	100%
Odile DESFORGES *Director*	100%	100%	N/A	N/A	N/A	N/A
Ian GALLIENNE *Director*	87.50%	100%	100%	80%	N/A	N/A
Marion GUILLOU *Director*	100%	N/A	100%	100%	N/A	N/A
Colin HALL *Director*	100%	100%	N/A	N/A	100%	100%
Ulysses KYRIACOPOULOS *Director*	100%	100%	N/A	N/A	N/A	N/A
Martina MERZ *Director*	62.50%	71.43%	100%	100%	N/A	N/A
Lucile RIBOT *Director*	100%	N/A	N/A	N/A	100%	N/A
Marie-Françoise WALBAUM *Director*	87.50%	N/A	100%	80%	100%	N/A
Éliane AUGELET-PETIT *Director*	100%	N/A	N/A	100%	N/A	N/A
Enrico d'ORTONA *Director*	62.50%	N/A	N/A	N/A	N/A	N/A
Laurent RAETS *Non-voting observer*	100%	N/A	N/A	N/A	N/A	N/A

4.1.4.3 SELF-ASSESSMENT BY THE BOARD OF DIRECTORS

Pursuant to the AFEP-MEDEF Code and in accordance with the terms of the Charter of the Board, every year the Board of Directors reviews and appraises its methods, procedures and activity in the prior year. The key findings are included in the Board's Corporate Governance Report. The Board of Directors also conducts or commissions a third-party consultant to conduct a formal assessment of its operating procedures at intervals determined by the Chairman and at least once every three years.

Given the changes made to the Group's governance structure over recent months, the Board decided the most appropriate course of action was to postpone the third-party assessment that was initially planned for 2019/2020 to 2020/2021.

In early 2020, the Board formally assessed its operating procedures and that of its committees throughout 2019. As part of this process, each of its members was given (i) an individual questionnaire on the role and performance of the Board and its committees, their structure and operating procedures, the organization and format of their meetings, and the information provided to directors, and (ii) a separate questionnaire on the contribution of each director to the work of the Board and, where applicable, its committees.

The results of the 2019 assessment were analyzed by the Appointments Committee and the key findings were presented and discussed at the Board of Directors at its meeting held on February 12, 2020. The following conclusions were drawn:

- generally speaking, the operating procedures of the Board and its committees were considered by their members to be perfectly satisfactory, with most of them recognizing improvements or felt to be stable compared with 2018;
- members of the Board particularly appreciated the quality of the information provided at each of their meetings and the quality and effectiveness of their debates;
- members if the Board expressed their wish to further pursue the efforts to streamline the Board and continue allowing all directors to attend certain meetings of the Strategic Committee during which Group strategy is reviewed. In relation to the structure of the Board of Directors, special attention shall be drawn on potential future changes that could reinforce expertise in commercial, technical and international operations;
- the individual assessment of each director highlighted, generally speaking, a level of involvement and contribution that was considered satisfactory or exceeding expectations.

4.2 MANAGEMENT

4.2.1 STRUCTURE

On the date this Universal Registration Document was filed, the Group's management was headed by:

- Alessandro Dazza, Chief Executive Officer;
- assisted by an Executive Committee made up of the Group's 10 key operating and support executives.

4.2.2 POWERS

Pursuant to legal and statutory provisions, the Chief Executive Officer has the broadest powers to act in all circumstances in the Company's name. He exercises these powers within the scope of the Company's corporate purpose and subject to the powers expressly vested by the applicable laws and regulations in Shareholders' General Meetings and the Board. The Chief Executive Officer represents the Company in its dealings with third parties.

Pursuant to article 18 of the Company's by-laws, the Board may restrict his powers. However, any such restriction is not binding on third parties.

As such and in accordance with the Charter of the Board, *paragraph 4.1.3 of the present chapter* details all transactions that require approval from the Board prior to their implementation by Chief Executive Officer.

The Board may also appoint one or several Deputy Chief Executive Officers upon proposal of the Chief Executive Officer.

4.2.3 EXECUTIVE COMMITTEE

4.2.3.1 STRUCTURE OF THE EXECUTIVE COMMITTEE

Since 2018, Imerys has been organized around two segments, grouping five newly created business areas, which have been built around core markets *(see chapter 1, paragraph 1.1.2 of the Universal Registration Document)*.

The operating and support directors of the five newly created business areas report directly to the Chief Executive Officer:

- the Performance Minerals segment brings together three geographic business areas – Europe, Middle East and Africa (EMEA), Americas and Asia-Pacific (APAC) – serving the plastics, paints & coatings, filtration, ceramics, renewable energy and paper & board markets;
- the High Temperature Materials & Solutions segment regroups two business areas – High Temperature Solutions, and Refractory, Abrasives & Construction – serving the refractory, foundry, metal flow, abrasives and building chemistry markets.

This structure, with business areas built around the Company's core markets:

- enables the Group to achieve its full organic growth potential and further improve its competitive position to boost sustained value creation;
- strips out layers of management to bring the Group closer to its customers and more effectively meet their needs.

On the date this Universal Registration Document was filed, the Executive Committee was composed of the following members:

Name	Title	Nationality	Date first joined the Group	Date first appointed to the Executive Committee
Alessandro Dazza	Chief Executive Officer	Italian	2020*	2020*
Business directors				
Philippe Bourg	Senior Vice President Refractory, Abrasives & Construction	French	1996	2018
Michel Cornelissen	Senior Vice President High Temperature Solutions	Belgian	1991	2018
Guillaume Delacroix	Senior Vice President Performance Minerals EMEA	French	2004	2018
Cyril Giraud	Senior Vice President Performance Minerals APAC	French	1998	2018
Jim Murberger	Senior Vice President Performance Minerals Americas	American	1996	2018
Functional directors				
Frédérique Berthier	Group General Counsel	French	2008	2018
Jean-François Claver	Chief Industrial Officer	French	2015	2016
Olivier Hautin	Chief Strategy Officer	French	1995	2008
Vincent Lecerf	Chief Human Resources Officer	French	2017	2017
Olivier Pirotte	Chief Financial Officer	Belgian	2015	2015

* *Alessandro Dazza worked at Imerys from 2002 to 2018 and was a member of the Executive Committee from 2013 to 2018.*

The Appointments Committee and the Board discuss the importance of diversity and the related action plans, as well as the succession and development plan for executive corporate officers and all members of the Group's Executive Committee *(see paragraph 4.1.4.2 of the present chapter)*.

4.2.3.2 DUTIES OF THE EXECUTIVE COMMITTEE

The Executive Committee is an informative and advisory body. Its duties are to ensure that the organization, resources and general management of the Group's business, as implemented by each member within their individual scope of responsibility and under the authority of the Chief Executive Officer, are in line with the strategy adopted by the Board of Directors and in accordance with the policies and objectives set.

The main duties are as follows:

- review the presentations made on strategy and the budget to the Strategic Committee and the Board, ensuring their implementation, supervising their application, and making any adjustments required to ensure compliance with them;
- define key targets for improving overall Group performance (particularly in terms of operational, financial, labor, social and environmental issues, as well as employee health & safety in the workplace), as well as monitoring those targets and implementing any corrective measures necessary;
- review the suitability, development and mobility of Group managerial resources in accordance with its current and future needs, as well as key planned organizational changes;
- adopt, oversee the deployment and supervise the implementation of the cross-functional and/or transformational policies and actions that apply across the Group (Innovation, CSR, Human Resources, Communication, Operational Excellence, Geology & Mines, Health & Safety, Legal & Regulatory Compliance, Internal Control & Risk Management, IT & Internal Efficiency), and more generally, all plans, operations and/or measures that are submitted to the Executive Committee by the Chief Executive Officer himself or proposed by other members.

The Executive Committee meets every month, and as often as is in the best interests of the Group. It met on 16 occasions in 2019.

4

4.3 COMPENSATION OF THE CORPORATE OFFICERS

The information covered in the present section forms an integral part of the Corporate Governance Report, in accordance with article L. 225-37-2 of the French Commercial Code.

4.3.1 POLICY ON COMPENSATION OF THE CORPORATE OFFICERS

In accordance with articles L. 225-37-2-I and R. 225-29-1-I of the French Commercial Code, the policy on compensation awarded to corporate officers set out below covers all components of fixed and variable compensation and explains the process by which the policy was developed, revised and implemented.

▪ DEVELOPING, REVISING AND IMPLEMENTING THE COMPENSATION POLICY

In general, the policy on compensation of the corporate officers is agreed each year by the Board of Directors, based on proposals made by the Compensation Committee. Where necessary, it is reviewed mid-year. The Committee makes its recommendations to the Board based on assessments and comparisons conducted on a regular basis by specialist consultants. To avoid any conflict of interest, when the Board of Directors or votes on components of compensation, the people concerned do not take part.

This enables the Board of Directors, with support from the Compensation Committee, to ensure the compensation policy protects the Company's corporate interest, contributes to its long-term success and reflects its business strategy. Therefore, the Board pays particular attention to:

- align the policy with the Group's expectations regarding corporate officer performance and engagement, given their profile;
- align the policy, especially any components of variable and long-term incentive payments, with the Company's performance as well as its strategy for the short, medium and long term;
- maintain competitive alignment with best practice applied by comparable listed French companies in the market and monitor recent changes; and
- ensure the policy remains appropriate with respect to the remuneration of Company employees. Therefore, the performance criteria applicable to variable and long-term compensation of executive corporate officers reflect those applicable to other Group employees eligible for this type of remuneration.

The compensation policy is subject to the approval (*ex ante* vote) of the Shareholders' General Meeting each year or whenever significant amendments are made.

The 2020 compensation policy described below was approved by the Board of Directors at its meeting of February 12, 2020 and based on the recommendations of the Compensation Committee. It will be put forward for approval (*ex ante* vote) at the next Shareholders' General Meeting *(see chapter 8, paragraph 8.1.3 of the Universal Registration Document)*. The policy will be published on the Company's website, in accordance with article R. 225-29-1 of the French Commercial Code.

Subject to approval at the Shareholders' General Meeting, the 2020 compensation policy will apply to all corporate officers, including those appointed for the first time or whose directorships are renewed at the same General Meeting *(see chapter 8, paragraph 8.1.6 of the Universal Registration Document)*. Furthermore, the policy will continue to apply to all future corporate officers until it is amended.

In accordance with article L. 225-37-2 of the French Commercial Code, the policy could be disregarded in exceptional circumstances, so long as any non-compliance remains temporary, protects the Company's corporate interest and contributes to its long-term success or viability. After an in-depth review of the situation, any such non-compliance must be based on the recommendation of the Compensation Committee, as well as justified and approved by the Board, which must report on their decision at the following Shareholders' General Meeting. Non-compliance could apply to variable compensation or share based payments awarded to executive corporate officers.

COMPONENTS OF THE 2020 COMPENSATION POLICY

As detailed below, the 2020 compensation policy includes the same components as those provided for by the:

- 2019 compensation policy (applicable only to executive corporate officers), as approved by the Shareholders' General Meeting of May 10, 2019, subject to the removal of the "impatriation bonus" and certain details set out below; and
- Shareholders' General Meeting of May 4, 2018 and the Board of Directors (the bands were most recently reviewed on June 25, 2019) regarding the compensation of members of the Board in 2019.

It is specified that the 2019 compensation policy as well as the other elements of compensation of the executive corporate officers submitted to the vote of the Shareholders' General Meeting of May 10, 2019 (6th, 7th and 8th resolutions) had received a favorable vote (+85% voting rights that approved the resolution). Similarly, the Shareholders' General Meeting of May 4, 2018 (12th resolution) approved (+98% of the voting rights having approved the resolution) the total amount of directors' compensation (formerly directors' attendance fees).

Paragraphs 4.3.3.1 (regarding each executive corporate officer) and 4.3.2.1 (regarding the members of the Board of Directors) supplement the following summary table.

	Executive corporate officers	Members of the Board of Directors
Annual fixed compensation The fixed component of compensation is determined according to the level of experience and responsibility of corporate officers when they take up office. It is reviewed every year to ensure it is in line with market practices and the packages offered at comparable companies. √ For further details, see *paragraph 4.3.3.1 of the present chapter*.	√	N/A
Annual variable compensation The variable component of compensation is calculated according to quantitative and qualitative criteria set at the beginning of each year by the Board of Directors on the basis of recommendations made by the Compensation Committee and in line with best governance practice, in accordance with the relevant recommendation of the AFEP-MEDEF Code. The extent to which these targets are achieved is measured each year by the Board of Directors after evaluating corporate officers' performance and the fulfillment of performance criteria set, as well as after reviewing the Company's overall performance for the past financial year, based on the recommendations of the Compensation Committee. Variable compensation owed with respect to year Y is paid the following year Y+1, when all the component parts are known, in particular once the Group's financial statements for the year Y are definitively approved by the Board of Directors and subject to shareholder approval at the Shareholders' General Meeting. √ For further details, see *paragraph 4.3.3.1 of the present chapter*.	√	N/A
Multi-annual variable compensation As for the variable component of annual compensation, any multi-annual variable compensation is calculated according to quantitative and qualitative criteria set by the Board of Directors and based on the recommendations of the Compensation Committee. Variable compensation is paid only when all the component parts are known and have been approved by the Shareholders' General Meeting (ex post vote). √ For further details, see *paragraph 4.3.3.1 of the present chapter*.	√	N/A
Benefits in kind The Board may award benefits in kind that are appropriate to the corporate officer in question. As such, the contributions paid by Imerys for the unemployment insurance scheme for corporate officers go toward their annual compensation as benefits in kind. √ For further details, see *paragraph 4.3.3.1 of the present chapter*.	√	N/A
Severance package The Board may award corporate officers a severance package, the terms and conditions of which are agreed by the Board and based on the recommendations of the Compensation Committee. √ For further details, see *paragraph 4.3.3.1 of the present chapter*.	√	N/A

	Executive corporate officers	Members of the Board of Directors
Non-compete indemnity The Board may award corporate officers a non-compete indemnity, for which payment is subject to the Board's decision whether or not to enforce the non-compete clause at the time the corporate officer in question leaves office. √ For further details, see *paragraph 4.3.3.1 of the present chapter*.	√	N/A
Post-employment commitments The Board may agree to certain post-employment commitments in the form of defined contribution plans: a) Article 83: A complementary defined contribution pension plan was set up from October 1, 2009 for which certain executive managers at Imerys are eligible. The plan provides for contributions of 8% of the compensation of beneficiaries, capped at eight times the annual French social security ceiling. Beneficiary contributions are set at 3% and Company contributions at 5%. It also allows beneficiaries to top up the mandatory payments with free and voluntary contributions. An independent insurance company has been appointed to manage the scheme. b) Article 82: a further complementary pension plan has been put in place for certain executive managers of Imerys. This plan provides for contributions of a share of the beneficiary's annual fixed compensation. √ For further details, see *paragraph 4.3.3.1 of the present chapter*.	√	N/A
Long-term incentive payments in the form of shares or securities carrying rights to shares Subject to approval by the Shareholders' General Meeting, the Board may award corporate officers and certain employees of the Group shares or securities carrying rights to shares (performance shares in particular). a) As set out in greater detail in *chapter 7, paragraph 7.3.5.4* of the Universal Registration Document, the main characteristics of grants made by the Board are as follows: • fully subject to the fulfillment of performance objectives, which are primarily financial; • except in exceptional circumstances, plans are annual and grants are usually made on the day of the Shareholders' General Meeting. b) This form of long-term incentive plan is subject to further restrictions set out by the Company (by its Shareholders' General Meeting and Board of Directors) and complies with the relevant recommendations of the AFEP-MEDEF Code, including: • compensation awarded to executive corporate officers may not exceed 0.5% of the Company's capital (see chapter 8, paragraph 8.1.8 of the Universal Registration Document); • the IFRS 2 value of performance shares may not exceed 18 months' of gross annual compensation (fixed component + maximum variable compensation). c) As set out in greater detail in *paragraph 4.4.1 of the present chapter,* executive corporate officers are subject to shareholding restrictions. √ For further details, see *paragraph 4.3.4 of the present chapter and chapter 7, paragraph 7.3.5.4 of the Universal Registration Document*.	√	N/A
Directors' compensation (formerly attendance fees) The maximum gross amount of compensation that may be awarded for the year to members of the Board is determined by the Shareholders' General Meeting. The Board decides the most appropriate distribution of this compensation between its members on the basis of a number of allocation bands that are reviewed each year. The allocation bands provide for a fixed component of compensation (that takes into account the duties of the director in question) and a variable component based solely on the attendance of Board members at its meetings or, where applicable, meetings of any committees on which directors sit. In the event directors are unable to attend meetings in person, they may attend by telephone or video conference, in which case they will receive only half the variable component of compensation. √ For further details, *see paragraph 4.3.2.1 of the present chapter*.	N/A	√
Exceptional compensation		
■ Exceptional compensation The Board may award exceptional compensation to corporate officers that have been entrusted with a specific assignment or duties, the terms and conditions of which are agreed at the time by the Board and based on the recommendations of the Compensation Committee. Any such compensation will be paid in cash.	√	√
■ Sign-on bonus The Board may award corporate officers a sign-on bonus, the terms and conditions of which are agreed by the Board and based on the recommendations of the Compensation Committee.	√	N/A

Where necessary (in accordance with article R. 225-91-1 of the French Commercial Code), the 2020 compensation policy does not provide for any deferral period, nor the option to ask any corporate officer to reimburse variable compensation.

4.3.2 MEMBERS OF THE BOARD OF DIRECTORS

4.3.2.1 PRINCIPLES GOVERNING THE COMPENSATION OF MEMBERS OF THE BOARD WITH RESPECT TO THE 2020 FINANCIAL YEAR

In accordance with articles L. 225-37-2-I and R. 225-29-1-II of the French Commercial Code and in addition to paragraph 4.3.1 above, the present paragraph details the 2020 compensation policy applicable to members of the Board of Directors.

■ CHAIRMAN OF THE BOARD

In accordance with the decision made by the Board at its meeting of June 25, 2019 and the compensation policy currently in force, the gross annual compensation awarded to Patrick Kron, in his capacity as Chairman of the Board, was set at €250,000 for 2020 and subsequent years. *See paragraph 4.3.3 of the present chapter.*

■ MAXIMUM AMOUNT AND ALLOCATION BANDS

The maximum gross amount of compensation that may be awarded for the year to members of the Board is determined by the Shareholders' General Meeting. For 2020, this amount has been set at €1,200,000, level since May 4, 2018.

The Board is responsible for distributing compensation between its members using a system of allocation bands agreed and based on the recommendations of the Compensation Committee. The bands are reviewed each year to ensure they remain appropriate and competitive in view of best practice within comparable listed companies in France and any recent changes.

On the date this Universal Registration Document was filed, the allocation bands were as follows:

		Gross amount (€) before tax and social security contributions
Board of Directors	Vice-Chairman	■ Fixed compensation: 30,000/year ■ Variable compensation: 4,000/meeting attended(1)
	Other members	■ Fixed compensation: 10,000/year ■ Variable compensation: 4,000/meeting attended(1)
Strategic Committee	Chair	■ Fixed compensation: 30,000/year
	Other members	■ Variable compensation: 3,500/meeting attended(1)
Audit Committee	Chair	■ Fixed compensation: 30,000/year
	Other members	■ Variable compensation: 4,000/meeting attended(1)
Appointments Committee	Chair	■ Fixed compensation: 10,000/year
	Other members	■ Variable compensation: 3,000/meeting attended(1)
Compensation Committee	Chair	■ Fixed compensation: 10,000/year
	Other members	■ Variable compensation: 3,000/meeting attended(1)
Ad hoc committee: Chapter 11 Monitoring Committee*	All members	■ Variable compensation: 20,000/per year (subject to attendance)
Ad hoc committee: Transformation Committee	All members	■ Variable compensation: 10,000/per year (subject to attendance)

* *The Transformation Committee was disbanded in October 2019 and the Chapter 11 Monitoring Committee in February 2020.*

(1) *Members receive only half the variable component of compensation if they attend meetings of the Board or its committees by telephone or video conference.*

Subject to (i) the elements applicable to the Chairman of the Board, executive corporate officer, as set out in *paragraph 4.3.2.1 of the present chapter* and (ii) the option for exceptional compensation, as described in *paragraph 4.3.1 of the present chapter*, total compensation (including benefits in kind) awarded to members of the Board is the same as detailed above (formerly attendance fees).

4.3.2.2 COMPENSATION OF MEMBERS OF THE BOARD WITH RESPECT TO THE 2019 FINANCIAL YEAR

The structure of the Board of Directors (as set out in *section 4.1 of the present chapter*) is and was throughout 2019 in compliance with the legal requirements in terms of diversity. Therefore, no suspension was applied to the compensation awarded to members of the Board, as provided for in article L. 225-45 of the French Commercial Code.

Patrick Kron

In 2019, the total compensation awarded to Patrick Kron in his capacity as Chairman of the Board corresponded to fixed compensation (excluding the budget and allocation bands detailed above) of €125,000, which was paid in arrears on a monthly basis. No other compensation of benefit was paid or granted in 2019 with respect to his duties as Chairman of the Board. As detailed below, Patrick Kron also did not receive, nor was he granted, any additional compensation or benefits in kind for his duties as Interim Chief Executive Officer.

See paragraph 4.3.3 of the present chapter.

Members of the Board of Directors

The amounts set out in the table below represent total compensation (made up solely of the fixed and variable compensation in line with the allocation bands detailed in *paragraph 4.3.2.1* above and excluding any other compensation or benefit in kind) paid in or granted with respect to 2019 by the Company or its controlling shareholders to each member of the Board of Directors with respect to the offices, responsibilities or other duties performed within or on behalf of the Group, with the exception of:

- compensation paid and/or due to Patrick Kron. For further details, see above;
- compensation paid and/or due to Conrad Keijzer in his capacity as Chief Executive Officer between January 1, 2019 and October 21, 2019. For further details, see *paragraph 4.3.3.2 of the present chapter*; and
- compensation paid and/or due to the two employee representative directors with respect to their positions as employees in the Imerys Group.

Compensation (formerly attendance fees) is paid to members of the Board (other than Patrick Kron) in arrears every half year. Consequently:

- the amount of compensation paid in any given financial year includes the amount due with respect to the second half of the prior year and the amount with respect to the first half of the current year;
- the amount of compensation granted in any given financial year includes the amount due with respect to the first and second half of the current year.

Table summarizing compensation of members of the Board of Directors

All information indicated in the following table is expressed as gross amounts before tax and social security contributions.

	2019		2018	
(€)	**Amount granted**	**Amount paid**	**Amount granted**	**Amount paid**
P. Kron, Chairman of the Board				
Compensation (fixed and variable)	125,000	125,000	N/A	N/A
*Including variable compensation**	*0%*	*0%*	-	-
Other compensation	0	0	N/A	N/A
G. Michel, former Chairman of the Board of Directors(1)				
Compensation (fixed and variable)	71,111	143,611	21,091	93,591
*Including variable compensation**	*31.64%*	*31.33%*	-	-
Other compensation	0	150,000	150,000	0
C. Keijzer, former Chief Executive Officer(2)				
Compensation (fixed and variable)	-	-	-	-
*Including variable compensation**	-	-	-	-
Other compensation	-	-	-	-
P. Desmarais III, Vice-Chairman				
Compensation (fixed and variable)	108,667	106,833	122,193	153,693
*Including variable compensation**	*53.99%*	*53.20%*	-	-
Other compensation	0	0	0	0
A. Cardoso				
Compensation (fixed and variable)	146,333	138,833	112,833	96,333
*Including variable compensation**	*72.67%*	*71.19%*	-	-
Other compensation	0	0	0	0
O. Desforges				
Compensation (fixed and variable)	71,833	65,000	55,000	51,250
*Including variable compensation**	*86.08%*	*84.62%*	-	-
Other compensation	0	0	0	0
I. Gallienne				
Compensation (fixed and variable)	113,000	109,500	102,276	93,276
*Including variable compensation**	*64.60%*	*63.47%*	-	-
Other compensation	0	0	0	0

* *Variable compensation corresponds to the proportion of compensation dependent on the actual presence of the director at Board and committee meetings, as well as the additional exceptional compensation awarded to Gilles Michel – see note (6) below.*

Amount of variable compensation as a relative proportion (%) of total compensation awarded to the director (solely in their capacity as a member of the Board of Directors) in 2019 (cf. article L. 225-37-3-I of the French Commercial Code).

(1) *Chairman of the Board of Directors (from May 4, 2018 to June 25, 2019) and previously Chairman & Chief Executive Officer (until May 4, 2018). Gilles Michel did not receive any compensation in his capacity as a member of the Board of Directors during his time as Chief Executive Officer. The amounts published in this table do not take into account the compensation he was awarded in his capacity as Chief Executive Officer in 2018.*

(2) *Director and Chief Executive Officer (from May 4, 2018 to October 21, 2019) and previously Deputy Chief Executive Officer (from March 8, 2018 to May 4, 2018). Conrad Keijzer did not receive any compensation in his capacity as a member of the Board of Directors – see note (4) below.*

(€)	2019 Amount granted	2019 Amount paid	2018 Amount granted	2018 Amount paid
M. Guillou				
Compensation (fixed and variable)	58,500	57,500	53,500	54,500
*Including variable compensation**	*82.91%*	*82.61%*	-	-
Other compensation	0	0	0	0
C. Hall				
Compensation (fixed and variable)	116,333	108,833	73,500	53,500
*Including variable compensation**	*91.40%*	*90.81%*	-	-
Other compensation	0	0	0	0
G. KampouriMonnas(3)				
Compensation (fixed and variable)	N/A	N/A	17,191	42,941
*Including variable compensation**	-	-	-	-
Other compensation	0	0	0	0
U. Kyriacopoulos				
Compensation (fixed and variable)	66,917	62,083	53,500	49,000
*Including variable compensation**	*85.06%*	*83.89%*	-	-
Other compensation	0	0	0	0
X. Le Clef(3)				
Compensation (fixed and variable)	N/A	N/A	16,941	41,941
*Including variable compensation**	-	-	-	-
Other compensation	0	0	0	0
M. Merz				
Compensation (fixed and variable)	70,000	84,167	67,000	53,500
*Including variable compensation**	*85.71%*	*88.12%*	-	-
Other compensation	0	0	0	0
L. Ribot				
Compensation (fixed and variable)	70,000	78,000	40,559	3,559
*Including variable compensation**	*85.71%*	*87.18%*	-	-
Other compensation	0	0	0	0
K. Taaffe Richard(3)				
Compensation (fixed and variable)	N/A	N/A	9,441	22,441
*Including variable compensation**	-	-	-	-
Other compensation	0	0	0	0
A. Vial(3)				
Compensation (fixed and variable)	N/A	N/A	12,241	30,441
*Including variable compensation**	-	-	-	-
Other compensation	0	0	0	0
M. F. Walbaum				
Compensation (fixed and variable)	92,000	100,000	91,500	79,000
*Including variable compensation**	*89.13%*	*90.00%*	-	-
Other compensation	0	0	0	0

* *Variable compensation corresponds to the proportion of compensation dependent on the actual presence of the director at Board and committee meetings, as well as the additional exceptional compensation awarded to Gilles Michel – see note (4) below.*

Amount of variable compensation as a relative proportion (%) of total compensation awarded to the director (solely in their capacity as a member of the Board of Directors) in 2019 (cf. article L. 225-37-3-I of the French Commercial Code).

(3) Director until May 4, 2018.

(4) Director since May 4, 2018.

	2019		2018	
(€)	**Amount granted**	**Amount paid**	**Amount granted**	**Amount paid**
E. Augelet-Petit				
Compensation (fixed and variable)	57,000	53,000	53,000	50,000
*Including variable compensation**	*82.46%*	*81.13%*	-	-
Other compensation	0	0	0	0
É. d'Ortona				
Compensation (fixed and variable)	30,000	38,000	36,000	36,000
*Including variable compensation**	*66.67%*	*73.68%*	-	-
Other compensation	0	0	0	0
L. Raets				
Compensation (fixed and variable)	46,667	39,333	36,000	36,000
*Including variable compensation**	*78.57%*	*74.58%*	-	-
Other compensation	0	0	0	0
Total	**1,243,361**	**1,459,694**(4)	**1,196,266**	**968,466**

* *Variable compensation corresponds to the proportion of compensation dependent on the actual presence of the director at Board and committee meetings, as well as the additional exceptional compensation awarded to Gilles Michel – see note (4) below.*

Amount of variable compensation as a relative proportion (%) of total compensation awarded to the director (solely in their capacity as a member of the Board of Directors) in 2019 (cf. article L. 225-37-3-I of the French Commercial Code).

(4) Amount including the exceptional compensation awarded to Gilles Michel (€150,000) with respect to 2018 and paid in 2019.

Furthermore, it should be noted that:

- the compensation members of the Board of Directors (excluding the Chairman, as stated above) received or were awarded with respect to the 2019 financial year falls within the maximum gross amount fixed by the Shareholders' General Meeting and the applicable allocation bands (see *paragraph 4.3.2.1*);
- in 2019, no commitment of any kind was given to members of the Board of Directors (indemnities and benefits due or likely to be due in relation to starting, terminating or changing duties, during or at the end of their term of office, in particular post-employment commitments and other life annuities).

For further details on the components of compensation paid and/or due to Conrad Keijzer in his capacity as Chief Executive Officer between January 1, 2019 and October 21, 2019, *see paragraph 4.3.3.2 of the present chapter*;

- where necessary, the provisions stipulated in paragraphs 8 and 10 in article L. 225-37-3-I of the French Commercial Code did not apply to members of the Board of Directors in 2019;
- members of the Board of Directors do not receive any other compensation from a company within the Imerys scope of consolidation as defined in article L. 233-16 of the French Commercial Code.

4.3.3 EXECUTIVE CORPORATE OFFICERS

The following information applied to executive corporate officers of the Company in 2019, including:

- Gilles Michel (Chairman of the Board of Directors from January 1 to June 25, 2019);
- Conrad Keijzer (Chief Executive Officer from January 1 to October 21, 2019);
- Patrick Kron (Chairman of the Board of Directors since June 25, 2019 and interim Chairman and Chief Executive Officer from October 21, 2019 to February 16, 2020).

All information concerning the above and details of the long-term incentive plans awarded to employees and executives *(see chapter 7, paragraph 7.3.5.4 of the Universal Registration Document)* form an integral part of the Corporate Governance Report governed by article L. 225-37 of the French Commercial Code.

All the required components were published on the Company's website, in accordance with the recommendations of the AFEP-MEDEF Code.

4.3.3.1 PRINCIPLES GOVERNING THE COMPENSATION OF EXECUTIVE CORPORATE OFFICERS WITH RESPECT TO THE 2020 FINANCIAL YEAR

In accordance with articles L. 225-37-2-I and R. 225-29-1-II of the French Commercial Code and in addition to paragraph 4.3.1 above, the present paragraph details the 2020 compensation policy applicable to executive corporate officers.

The following components include those approved by the Board of Directors, based on proposals made by the Compensation Committee, for the 2020 compensation package awarded to:

- Patrick Kron at the meetings of June 25 and October 21, 2019;
- Alessandro Dazza at the meetings of December 17, 2019 and February 12, 2020.

These components are consistent with the 2019 compensation policy applicable to executive corporate officers, which was put forward at and fully approved by the Shareholders' General Meeting of May 10, 2019, as well as the 2020 compensation policy applicable to executive corporate officers, which will be put forward at the Shareholders' General Meeting of May 4, 2020. *See paragraph 4.3.1 of the present chapter.*

▪ SUMMARY OF COMPENSATION OF EXECUTIVE CORPORATE OFFICERS WITH RESPECT TO THE 2020 FINANCIAL YEAR

	Employment contract	Complementary pension plan	Indemnities or benefits awarded in relation to terminating or changing duties	Non-compete indemnity
Patrick Kron, Chief Executive Officer from January 1 to February 16, 2020 and Chairman of the Board	No	No	No	No
Alessandro Dazza, Chief Executive Officer from February 17, 2020	No	Yes(1)	Yes	Yes

(1) Complementary defined contribution pension plan as defined in articles 82 and 83 of the French Tax Code (Code général des impôts).

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DETAILS OF COMPENSATION OF EXECUTIVE CORPORATE OFFICERS WITH RESPECT TO THE 2020 FINANCIAL YEAR

	Patrick Kron In his capacity as Chairman of the Board of Directors(1)	Patrick Kron In his capacity as interim Chief Executive Officer(2)
Annual fixed compensation	€250,000	N/A
Annual variable compensation	N/A	N/A
Multi-annual variable compensation	N/A	N/A
Benefits in kind	N/A	N/A
Severance package	N/A	N/A
Non-compete indemnity	N/A	N/A
Post-employment commitments	N/A	N/A
Long-term incentive payments in the form of shares or securities carrying rights to shares	N/A	N/A
Directors' compensation (formerly attendance fees)	N/A	N/A
Exceptional compensation*	N/A	N/A

(1) For details of the duration of his term of office, see paragraph 4.1.2 of the present chapter. The conditions by which Patrick Kron may be removed from office are the same as those applicable to all directors, in accordance with the Company's by-laws and regulations.

(2) Patrick Kron ceased his duties as interim Chief Executive Officer on February 16, 2020.

** Exceptional compensation or sign-on bonus, when justified.*

	Alessandro Dazza *Chief Executive Officer*(1)
Annual fixed compensation	€800,000
Annual variable compensation	The amount of variable compensation will be determined in 2021 by the Board of Directors, based on the recommendations of the Compensation Committee, taking into account the extent to which Alessandro Dazza satisfies quantitative criteria relating to financial performance and qualitative criteria relating to individual performance, as well as the results achieved in terms of the specific workplace health & safety objective. These criteria are set out in detail in Note (A) below. The amount derived from measuring the fulfillment of financial performance criteria is calculated on the basis of 110% of annual fixed compensation. In the event annual quantitative targets are exceeded, the amount of variable compensation awarded for financial performance may be increased to 137.5% of basic salary. A factor of between 0.8 and 1.2 is applied to reflect individual performance. This overall percentage of achievement of individual objectives (expressed as a proportion of annual fixed compensation) may then be increased or decreased by 3% depending on whether or not the workplace health & safety objective (applicable to all senior executives in the Group) is met. The maximum total variable compensation that may be granted is capped at 165% of annual fixed compensation. For 2020, it has been agreed that variable compensation must be equal to at least 82.5% of fixed compensation. The payment of variable compensation is subject to approval by the Shareholders' General Meeting held in 2021 to approve the financial statements for the year ending December 31, 2020 (ex post vote).
Multi-annual variable compensation	N/A
Benefits in kind	▪ Contributions to unemployment insurance for corporate officers ▪ Life insurance plans (covering death, long-term illness or disability) ▪ Official accommodation for a maximum period of two years plus relocation expenses within a capped amount ▪ Company car ▪ Health insurance benefits, tax consultants, annual medical
Severance package	Severance pay would be due in the event of a change in control, strategy or a major disagreement over these issues. The amount paid with respect to this package would be subject and proportionate to performance conditions relating to cash flow and current operating income over a three-year period prior to departure (as explained in greater detail in *Note (B) below*) and capped in any event to two years' annual compensation (fixed and variable for the last two full financial years). Should Alessandro Dazza leave within the first two financial years, the amount of variable compensation taken into account will reflect the sum of the variable components paid over the period, divided by the number of years in office. No compensation would be due if Alessandro Dazza voluntarily steps down and is soon able to claim retirement benefits or if he is dismissed for gross or serious misconduct.
Non-compete indemnity	Alessandro Dazza is subject to a non-compete period of two years following the date at which his duties as Chief Executive Officer are terminated. The Board of Directors reserves the right to decide whether or not to enforce this clause. In the event it is enforced, Alessandro Dazza will receive the equivalent of one year's annual fixed compensation plus the average of the last two years' annual variable compensation. No compensation would be due if Alessandro Dazza opts to claim retirement benefits. When the corporate officer leaves the Company, the Board is able to decide whether or not to enforce the non-compete clause.
Post-employment commitments	The Company makes contributions of 5% of beneficiaries' annual fixed compensation to complementary defined contribution pension plans article 83 (awarded to certain senior executives in the Group, as detailed in the 2020 policy above) and article 82.

(1) Since February 17, 2020 and for an unlimited term of office. The conditions by which Alessandro Dazza may be removed from office are the same as those applicable to any Chief Executive Officer, in accordance with the Company's by-laws and regulations, and without prejudice to any severance package or non-compete clause detailed above.

	Alessandro Dazza *Chief Executive Officer*
Long-term incentive payments in the form of shares or securities carrying rights to shares	Subject to the Shareholders' General Meeting approving the 2020 policy on compensation awarded to corporate officers and granting the necessary authorizations to the Board of Directors, Alessandro Dazza could benefit from free share grants on the condition that he must still be working with the Group and have achieved other performance conditions. For 2020, 120,000 shares are available to be allocated as part of free share grants. These shares will be subject to the vesting and lock-up periods determined by the plan in question (*see chapter 7, paragraph 7.6.5.4* of the Universal Registration Document) and rules regarding restrictions on shareholdings applicable to executive corporate officers (see paragraph 4.4.1 of *the present chapter)*. The grant is intended to tie the compensation awarded to Alessandro Dazza with the Group's overall performance, in line with the aim of the compensation policy. Details of grants will be made public, in accordance with regulatory requirements.
Compensation of members of the Board	N/A
Exceptional compensation*	N/A

* *Exceptional compensation or sign-on bonus, when justified.*

Note (A) – Description of the quantitative and qualitative criteria applicable to the annual variable compensation awarded to Alessandro Dazza

Quantitative criteria	**Weighting**	**Breakdown of variable compensation** *(% of fixed compensation)*
Net income from current operations	50%	55%
Free operating cash flow	30%	33%
Return on capital employed	20%	22%
Total		**110%**

The achievement of financial objectives cannot exceed 125% of the target. Consequently, variable compensation awarded with respect to quantitative criteria can reach up to 137.5% of basic salary.

Qualitative criteria	**Impact on the percentage achieved**	
Organization and leadership Implementation of action plans Operational action plans to grow market share Strategic debates with the Board of Directors Implementation of the "sustainagility" CSR program	Multiplied by a factor between 0.8 and 1.2	
Ceiling		**165%***

* *The overall percentage of achievement of objectives (expressed as a proportion of annual fixed compensation and multiplied by the factor corresponding to the fulfillment of quantitative and qualitative criteria) may then be increased or decreased by 3% depending on whether or not the workplace health & safety objective (applicable to all senior executives in the Group) was met.*

Note (B) – Performance conditions applicable to the severance package package of Alessandro Dazza

1. Cash flow
   - If operating cash flow was positive across each of the past three financial years (or each year in office if the time served is less than three years), 100% of severance pay would be due.
   - If operating cash flow was positive in two of the past three financial years (or for over two thirds of the number of years spent in office if the time served is less than three years), 66% of severance pay would be due.
   - If operating cash flow was positive in one of the past three financial years (or for over one third of the number of years spent in office if the time served is less than three years), 33% of severance pay would be due.
   - If operating cash flow was negative across each of the past three financial years (or each year in office if the time served is inferior to three years), no severance pay would be due.
2. Operating income
   - If Group operating income, calculated at constant scope and exchange rates, fell by over 20% per year over the last three years in office prior to departure, the severance package calculated above would be reduced by 50%.
   - If Group operating income, calculated at constant scope and exchange rates, fell by over 25% per year over the last three years in office prior to departure, no severance pay would be due.

4.3.3.2 COMPENSATION OF EXECUTIVE CORPORATE OFFICERS WITH RESPECT TO THE 2019 FINANCIAL YEAR

Compensation paid and/or awarded to executive corporate officers with respect to the 2019 financial year was in accordance with the 2019 compensation policy applicable to executive corporate officers, which was put forward at and fully approved by the Shareholders' General Meeting of May 10, 2019.

The present paragraph includes all information required by the provisions stipulated by article L. 225-37-3 of the French Commercial Code for each executive corporate officer. Executive corporate officers do not receive any other compensation from a company within the Imerys scope of consolidation as defined in article L. 233-16 of the French Commercial Code.

In accordance with articles L. 225-100 of the French Commercial Code and with respect to each executive corporate officer:

- the Shareholders' General Meeting of May 4, 2020 will approve the fixed, variable and exceptional components of the total compensation and benefits paid in or awarded with respect to the year ended December 31, 2019;
- the payment of all components of variable and exceptional compensation granted with respect to the year ended December 31, 2019 is subject to approval by the Shareholders' General Meeting of May 4, 2020 (ex post vote).

√ For further details, *see chapter 8, paragraphs 8.1.3 and 8.1.4 of the Universal Registration Document*.

▪ SUMMARY OF THE COMPONENTS OF COMPENSATION GRANTED WITH RESPECT TO 2019

(€)	**2019**	**2018**
Gilles Michel, Chairman and Chief Executive Officer until May 4, 2018 then Chairman of the Board of Directors until June 25, 2019		
Compensation granted with respect to the year(1)	71,111	768,487
Value of options awarded during the year	N/A	N/A
Value of performance shares awarded during the year(2)	N/A	N/A
Value of other long-term incentive plans	N/A	N/A
Total	**71,111**	**768,487**

(1) 2018 compensation: excluding benefits in kind (corresponding to €6,315 for 2018) and including directors' compensation (formerly attendance fees, corresponding to a gross amount of €93,591) and exceptional compensation of €150,000. 2019 compensation: includes only the amount awarded in his capacity as a director (formerly attendance fees).

(2) Value of shares at the date they were granted as required by IFRS 2, after taking into account any discount related to performance criteria and the likelihood the beneficiary will still be working with the Company at the end of the vesting period, but before the expense is spread over the vesting period.

(€)	2019	2018
Conrad Keijzer, Chief Executive Officer until October 21, 2019		
Compensation granted with respect to the year(1)	1,081,956	1,391,550
Value of options awarded during the year	N/A	N/A
Value of performance shares awarded during the year(2)	N/A	N/A
Value of other long-term incentive plans	N/A	N/A
Total	**1,081,956**	**1,391,550**

(1) Compensation excluding benefits in kind (corresponding to €46,012 for 2018 and €135,076 for 2019). This figure reflects solely the compensation for his duties as Deputy Chief Executive Officer and Chief Executive Officer. Conrad Keijzer did not receive any additional compensation in his capacity as a director.

Furthermore, this compensation does not include the severance package (€2,239,982) awarded by the Board of Directors at its meeting of February 12, 2020, in accordance with the corporate officer agreement concluded with Conrad Keijzer and the recommendations of the Compensation Committee. *For further details, see chapter 8, paragraph 8.1.5.2 of the Universal Registration Document.*

(2) Value of shares at the date they were granted as required by IFRS 2, after taking into account any discount related to performance criteria and the likelihood the beneficiary will still be working with the Company at the end of the vesting period, but before the expense is spread over the vesting period.

However, at its meeting of February 12, 2020, the Board of Directors acknowledged the loss of all the 95,000 performance shares acquired by Conrad Keijzer, as his departure meant he was unable to meet the condition of presence. Consequently, the value of the shares recognized in the 2019 consolidated financial statements was nil. For the same reason, N/A also appears in the 2018 column (which had previously totaled €1,671,395).

(€)	2019	2018
Patrick Kron, Chairman of the Board of Directors since June 25, 2019 and interim Chairman and Chief Executive Officer from October 21, 2019 to February 16, 2020		
Compensation granted with respect to the year(1)	125,000	N/A
Value of options awarded during the year	N/A	N/A
Value of performance shares awarded during the year	N/A	N/A
Value of other long-term incentive plans	N/A	N/A
Total	**125,000**	**N/A**

(1) This figure reflects solely the compensation for his duties as Chairman of the Board of Directors. Patrick Kron did not receive any additional compensation in his capacity as a interim Chief Executive Officer.

DETAILS OF TOTAL COMPENSATION OF BENEFITS IN KIND PAID IN AND GRANTED WITH RESPECT TO 2019

(€)	2019		2018	
Gilles Michel, Chairman of the Board of Directors until June 25, 2019(1)	**Amount granted**	**Amount paid**	**Amount granted**	**Amount paid**
Fixed compensation	0	0	278,261	278,261
Variable compensation	0	246,635(2)	246,635	996,864
Variable compensation corresponding to a % of fixed compensation	*-*	*100%*	*-*	*-*
Exceptional compensation	0	150,000(3)	150,000	0
Directors' compensation (gross amount)	71,111	143,611	93,591	21,091
Benefits in kind(4)	0	0	6,315	6,315
Total	**71,111**	**540,246**	**746,725**	**1,296,204**

(1) In order to present the most complete information, the tables include all compensation awarded to Gilles Michel in his capacity as Chairman and Chief Executive Officer from January 1 to May 4, 2018, then Chairman of the Board of Directors from May 4, 2018 to June 25, 2019.

(2) Annual variable compensation granted with respect to the 2018 financial year and paid in 2019 as approved by the Shareholders' General Meeting of May 10, 2019.

(3) Exceptional compensation granted with respect to the 2018 financial year and paid in 2019 as approved by the Shareholders' General Meeting of May 10, 2019.

(4) These benefits included a company car with driver and the contributions to an unemployment insurance scheme for corporate officers.

4

(€)	2019		2018	
Conrad Keijzer, Chief Executive Officer until October 21, 2019	**Amount granted**	**Amount paid**	**Amount granted**	**Amount paid**
Fixed compensation	643,478	643,478	570,076	570,076
Variable compensation – *see Note (A) below*	188,796(1)	500,347	500,347	0
Variable compensation corresponding to a % of fixed compensation	*29.34%*	*78%*	*-*	*-*
Impatriation bonus	249,682	379,030	321,127	342,097
Directors' compensation (gross amount)	0	0	0	0
Benefits in kind(2)	135,076	135,076	46,012	46,012
Total(3)	**1,217,032**	**1,657,931**	**1,437,562**	**958,185**

(1) Subject to approval by the Shareholders' General Meeting of May 4, 2020.

(2) These benefits included official accommodation, a company car with driver and the contributions to an unemployment insurance scheme for corporate officers.

(3) At the meeting of February 12, 2020 and in accordance with the corporate officer agreement concluded with Conrad Keijzer and the recommendations of the Compensation Committee, the Board of Directors granted a severance package totaling €2,239,982, which is not included in the table above. For further details, see chapter 8, paragraph 8.1.5.2 of the Universal Registration Document.

(€)	2019		2018	
Patrick Kron, Chairman of the Board of Directors since June 25, 2019 and interim Chairman and Chief Executive Officer from October 21, 2019 to February 16, 2020	**Amount granted**	**Amount paid**	**Amount granted**	**Amount paid**
Fixed compensation(1)	125,000	125,000	N/A	N/A
Variable compensation	N/A	N/A	N/A	N/A
Variable compensation corresponding to a % of fixed compensation	*N/A*	*N/A*	*N/A*	*N/A*
Exceptional compensation	N/A	N/A	N/A	N/A
Directors' compensation (gross amount)(1)	0	0	N/A	N/A
Benefits in kind	N/A	N/A	N/A	N/A
Total	**125,000**	**125,000**	**-**	**-**

(1) As set out in paragraph 4.3.3.2 of the present chapter, the total compensation awarded in 2019 to Patrick Kron in his capacity as Chairman of the Board corresponded to fixed compensation of €125,000, which was paid in arrears on a monthly basis.

All compensation and benefits granted to the Group's executive managers (Executive Committee, including Conrad Keijzer until October 21, 2019) and recognized in expenses for the years in question are included in note 27 to the consolidated financial statements. The criteria used to determine compensation are presented *in chapter 1, paragraph 1.3.2 of the Universal Registration Document*.

Moreover, the amount of the five highest compensation packages paid by the Company with respect to 2019 was certified by the Statutory Auditors.

Note A – Details regarding the variable compensation granted to Conrad Keijzer with respect to 2019

At its meeting of February 12, 2020, the Board of Directors determined the amount of variable compensation awarded to Conrad Keijzer with respect to 2019, which will be paid in 2020 subject to approval by the Shareholders' General Meeting of May 4, 2020, as follows:

Quantitative criteria	Weighting	Breakdown of variable compensation *(% of fixed compensation)*	% achieved *(on the basis of 110%)*
Net income from current operations	50%	55%	0%
Free operating cash flow	30%	33%	40.43%
Return on capital employed	20%	22%	0%
Total		**110%**	**40.43%**

Quantitative criteria	Impact on the percentage achieved	Factor applied	% achieved (after adjustment)
Group organic and external growth, success of the Group's transformation plan, leadership of the senior management team, product stewardship and customer satisfaction	Multiplied by a factor between 0.8 and 1.2	0.8	32.34%
Specific target regarding workplace safety	+/- 3 pts	- 3 pts	29.34%

	Maximum variable compensation *(% of fixed compensation)*	Variable compensation granted *(% of fixed compensation)*	Amount *(€)*
Total	**165%**	**29.34%**	**188,796**

The variable compensation payable to Conrad Keijzer for 2019 amounts to €188,796. This reflects the achievement of 36.75% of quantitative criteria, which, calculated on the basis of 110%, represents 40.43% of fixed compensation multiplied by the minimum factor of 0.8 with respect to the qualitative criteria and including the subtraction of 3% with respect to the specific goal on workplace safety.

4.3.4 LONG-TERM INCENTIVE PLANS

In order to make the present Universal Registration Document easier to read, the table presenting the number of stock options and performance shares previously granted to corporate officers, which forms an integral part of the Corporate Governance Report, has been moved to *chapter 7, paragraph 7.3.5.4*.

■ STOCK OPTIONS

The Company's comprehensive stock option grant policy is agreed by the Board, based on proposals from the Compensation Committee. At its meeting of April 25, 2013, the Board decided to stop granting performance shares, which explains why no performance shares have been granted since the April 2012 plan.

For further details regarding the stock option plans put in place by the Company, *see chapter 7, paragraph 7.3.5.4 of the Universal Registration Document*.

Regarding executive corporate officers:

- the total number of stock options granted to an executive corporate officer at December 31, 2019, all of which are held by Gilles Michel, equaled 65,680, representing 0.04% of Imerys' share capital after dilution at that date. These options have fully and definitively vested in favor of Gilles Michel at a weighted average exercise price of €48.69;
- no stock options were exercised by Gilles Michel in 2019.

PERFORMANCE SHARES

The Company's comprehensive performance share grant policy is agreed by the Board of Directors, based on proposals from the Compensation Committee. For further details regarding the free share plans put in place by the Company, *see chapter 7, paragraph 7.3.5.4 of the Universal Registration Document*. For details regarding performance shares granted to executive corporate officers, see paragraph 4.3.1 above.

Performance shares granted to an executive corporate officer in 2019

	No. and date of plan	Number of shares granted in 2019	Value of shares using the method applied in the consolidated financial statements	Vesting date	Available date	Performance conditions
Conrad Keijzer, Chief Executive Officer (until October 21, 2019)	May 10, 2019	65,000	N/A	N/A	N/A	Yes

At its meeting of May 10, 2019, the Board of Directors awarded Conrad Keijzer in his capacity as Chief Executive Officer a total of 65,000 performance shares subject to the same conditions as those applicable to the general free share plan offered to the Group's executive managers, in particular: the number of performance shares vested is proportionate to achieving a number of financial performance targets, and shares vest after a period of three years on the condition Conrad Keijzer is still a corporate officer of the Group at that date. For further details regarding this plan, *see chapter 7, paragraph 7.3.5.4 of the Universal Registration Document*.

Given Conrad Keijzer left the Group on October 21, 2019 (i.e. before the vesting date), all the performance shares awarded to him have been canceled. Consequently, the value of shares recognized in the 2019 consolidated statements was nil and the vesting and availability dates (initially set at May 9, 2022) no longer apply.

In 2019, no performance shares were granted to either Gilles Michel (Chairman of the Board of Directors until June 25, 2019) or Patrick Kron (Chairman of the Board of Directors since June 25, 2019 and interim Chief Executive Officer since October 21, 2019).

Performance shares that became available to an executive corporate officer in 2019

	No. and date of plan	Number of shares vested in 2019
Gilles Michel, Chairman of the Board (until June 25, 2019)	May 2016 Plan	31,200
	April 2015 Plan	27,370
Conrad Keijzer Chief Executive Officer (until October 21, 2019)	N/A	N/A
Patrick Kron Chairman of the Board of Directors (since June 25, 2019) and interim Chairman and Chief Executive Officer (since October 21, 2019)	N/A	N/A

At December 31, 2019, among the performance shares the Company granted Gilles Michel:

- 181,590 shares vested, representing 0.11% of Imerys' share capital after dilution (compared with 123,020 at December 31, 2018);
- 35,000 shares are subject to achieving the performance targets set.

Gilles Michel did not sell any performance shares in 2019.

Transactions carried out by corporate officers of the Company in Imerys shares are subject to certain specific restrictions, and the executive corporate officer in particular is subject to separate shareholding restrictions. *See section 4.4 of the present chapter*.

4.3.5 EXECUTIVE-EMPLOYEE PAY RATIOS AND YEAR-ON-YEAR CHANGE

■ RATIOS

The ratios published and the annual change over a five-year period, as presented in the following table, include the compensation awarded to the Chairman and Chief Executive Officer, the Chief Executive Officer, and Chairman of the Board and (i) the mean average salary per full time equivalent paid to employees of the Company (excluding corporate officers) and (ii) the median average salary per full time equivalent paid to employees of the Company (excluding corporate officers)

The offices of Chairman of the Board and Chief Executive Officer were separated on May 4, 2018. Therefore, the ratios regarding the compensation paid to the Chairman and Chief Executive Officer, the Chief Executive Officer, and Chairman of the Board with respect to 2018 include the compensation for the Chairman and Chief Executive Officer between January 1 and May 3 and for the Chief Executive Officer, and Chairman of the Board from May 4 to December 31.

Given Conrad Keijzer's duties ended on October 21, 2019 and the office of Chief Executive Officer was temporarily reunified again with the Chairman of the Board without any additional compensation, the compensation indicated for the Chief Executive Officer is based on the amount Conrad Keijzer would have been awarded on an annual basis.

Chairman and Chief Executive Officer	2015	2016	2017	2018
Ratio to mean average salary	30.97	30.16	32.07	10.58
Ratio to median average salary	40.56	39.88	44.70	15.71

Chief Executive Officer	2015	2016	2017	2018	2019
Ratio to mean average salary	N/A	N/A	N/A	20.30	30.46
Ratio to median average salary	N/A	N/A	N/A	30.17	44.14

Chairman of the Board	2015	2016	2017	2018	2019
Ratio to mean average salary	N/A	N/A	N/A	0.17	2.20
Ratio to median average salary	N/A	N/A	N/A	0.26	3.19

■ YEAR-ON-YEAR CHANGE

		2015	2016	2017	2018	2019
Annual compensation of the Chairman and Chief Executive Officer		3,091,475	3,121,763	3,543,284	1,281,440	
Annual compensation of the Chief Executive Officer		N/A	N/A	N/A	2,460,105	3,715,634
Annual compensation of the Chairman of the Board		N/A	N/A	N/A	21,091	268,611
Average full time equivalent salary for employees of the Company		99,824	103,518	110,486	121,166	122,003
Performance	Net income from current operations *(€ millions)*	341	362	403	357	277
	Net current free operating cash flow *(€ millions)*	343	395	358	286	348
	ROCE	11.2%	12.1%	12.2%	9.8%	7.8%

This data has been prepared in accordance with the French official Order of November 27, 2019 on compensation of corporate officers of listed companies.

In accordance with regulatory requirements, components of compensation have been measured against Imerys S.A. and performance data at Group level on a consolidated basis. It should be noted that performance was affected by the disposal of the Roofing business in 2018.

The components of compensation considered include the amounts paid in or granted with respect to year Y, i.e. fixed compensation, variable components paid in year Y with respect to year Y-1, exceptional compensation paid in year Y, performance shares granted in year Y (based on their IFRS value), employee savings schemes and the value of benefits in kind.

The terms and conditions used to determine ratios and set performance are based on analyzing the data available to companies at February 12, 2020, the date at which the Board of Directors met. This information could be subject to change depending on any clarifications made by regulatory and/or market authorities in the future.

4.4 TRANSACTIONS COMPLETED BY CORPORATE OFFICERS IN COMPANY SHARES

4.4.1 RESTRICTIONS ON SHAREHOLDINGS APPLICABLE TO EXECUTIVE CORPORATE OFFICERS

Based on the recommendations of the Compensation Committee and in accordance with the provisions of articles L. 225-185 and L. 225-197-1 of the French Commercial Code, the Board confirmed the restrictions on shareholdings applicable to shares granted to executive corporate officers initially agreed in 2010, which include:

A requirement to hold shares in registered form until the termination of office:

- a number of performance shares that is at least equal to 25% of the total number of shares that will vest;
- until the total amount of shareholding they hold, including stock options (where applicable) and performance shares, reaches 300% of their annual fixed compensation for the prior year.

The total investment in shares of the Company must take into account all the shares held by the executive corporate officer at the date in question, regardless of their origin (purchased on the market, acquired by exercising stock options or acquired through performance share plans).

Furthermore, the Group's policy prohibits any executive corporate officer from making any leveraged or speculative transactions on Imerys shares, in accordance with the recommendations of the AFEP-MEDEF Code. Executive corporate officers must therefore pledge to refrain from (i) using any hedge instruments with respect to any stock options or performance shares that may be granted to him during his term of office and (ii) exercising any stock options that may be granted to him during his term of office during any blackout periods, even if other beneficiaries may be able to exercise their stock options, as such a transaction cannot be speculative as the exercise price has already been set.

As a result of Gilles Michel stepping down from the office of Chief Executive Officer on May 4, 2018, at its meeting on the same date, the Board of Directors removed the shareholding requirements described above, which previously applied to shares held by Gilles Michel, as well as performance shares and shares that he will acquire in the future by exercising stock options.

4.4.2 TRADING POLICY

PRIVILEGED INFORMATION AND INSIDER TRADING POLICY

In accordance with the policy to prevent insider trading applied throughout the Group, (Insider Trading Policy, the most recent version of which was distributed to employees on November 15, 2018), corporate officers and related persons must refrain from carrying out any transaction, including forward transactions, in Imerys shares if they directly or indirectly hold privileged information not yet available to the public. In order to make it easier to implement this policy, the Secretary of the Board acts as Ethics Officer, tasked with giving an opinion prior to completing any transactions in the Company's shares considered by the Group's directors and senior executives, at their request. The opinion given by the Ethics Officer is advisory only.

BLACKOUT PERIODS

The Insider Policy also requires the Group's directors and senior executives to refrain from completing any transaction on Imerys shares (including hedging) ahead of public announcements of the Group's quarterly, half-year and annual results, known as "blackout periods". Pursuant to this policy, are then concerned corporate officers and any people who may have regular or intermittent access to sensitive information about the Company and its subsidiaries prior to it being made available to the public, as well as anyone with close ties to these people.

The blackout periods cover a number of days leading up to the publication of the Group's results as well as the day of the announcement. This period lasts for 30 days prior to statements concerning annual and half-yearly results, and 15 days before quarterly results.

The schedule of announcements of the Group's consolidated results over the next 12 months, as well as the resulting blackout periods are communicated to directors at the end of the year. It may be consulted at any time via the Group's website, is included in the quarterly letter to shareholders and is available on request from the Group's Financial Communication Department.

4.4.3 SUMMARY OF TRANSACTIONS MADE BY CORPORATE OFFICERS IN 2019

Pursuant to the provisions or article 223-26 of AMF's General Regulations, the following table presents a summary of the transactions made in Imerys shares throughout 2019 by corporate officers and any individuals connected to them, where applicable. These transactions must be declared to AMF in accordance with the provisions of article L. 621-18-2 of the French Monetary and Financial Code. All such declarations are available on AMF's website (www.amf-france.org).

Person making the declaration	Position	Financial instrument	Number	Number of transactions	Type of transaction	Gross amount(1) of transactions
Patrick Kron	Chairman of the Board of Directors and director – interim Chairman and Chief Executive Officer	Shares	600	1	Purchase	€24,600
Conrad Keijzer	Former Chief Executive Officer and director	Shares	600	1	Purchase	€29,460
Blue Crest Holding S.A.	Legal entity with ties to Ulysses Kyriacopoulos, director	Shares	100,000	4	Purchase option	€4,600,000
Nikol Oikonomopoulou	Legal entity with ties to Ulysses Kyriacopoulos, director	Shares	1,950	1	Purchase	€97,285.50

(1) Before tax, fees and costs.

5 COMMENTS ON FISCAL YEAR 2019

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At its meeting on February 12, 2020, the Board of Directors drew up the terms of the management report that it will present to the Annual Shareholders' General Meeting.

Imerys uses alternative performance measures in analyzing its business operations. These financial measures are set out in *section 5.5, Definitions and reconciliation of alternative performance measures to IFRS indicators*.

5.1 HIGHLIGHTS

In 2019, deteriorating conditions in industrial markets, particularly in Europe, but also the negative effect of the temporary closure of a wollastonite plant and the deconsolidation of the talc activities in North America, impacted significantly the Group revenue, which declined -5.1%, and weighted on the Group's financial performance. Net income from current operations was down -22.4%, in line with the guidance of -20% decrease in net income from current operations for the full year.

However, the positive price mix and cost reductions helped to mitigate the impact of the unfavorable economic environment; current operating margin and current EBITDA margin amounted to 10.1% and 17.6% respectively. Imerys also generated an improved strong net current free operating cash flow, to 348 million euros, thanks to a tight control of the working capital requirement and capital expenditure.

Consolidated results *(€ millions)*	**2018**	**2019 pre IFRS 16**	**Change** *(%)*	**2019 post IFRS 16**	**Change** *(%)*
Revenue	4,590.0	4,354.5	-5.1%	4,354.5	-5.1%
Organic growth	+3.4%	-3.8%	-	-3.8%	-
Current EBITDA[(1)]	793.2	675.7	-14.8%	764.6	-3.6%
Current EBITDA margin	17.3%	15.5%	-180 bps	17.6%	+30 bps
Current operating income	562.1	433.6	-22.9%	438.8	-21.9%
Current operating margin	12.2%	10.0%	-220 bps	10.1%	-210 bps
Operating income	(89.4)	229,9	N/A	228,5	N/A
Net income from current operations, Group share	356.8	278.3	-22.0%[(2)]	276.9	-22.4%
Net income, Group share	559.6	127.5	-77.2%	121.2	-78.3%
Net current free operating cash flow	285.8	315.3	+10.3%	347.9	+21.7%
Net financial debt	1,297.4	1,419.5	+9.4%	1,685.0	+29.9%
Net income from current operations per share[(3)]	€4.50	€3.52	-21.9%	€3.50	-22.3%

(1) "Current" income is defined in the section 5.5 of the present Universal Registration Document.

(2) In line with the forecast issued by the Group on October 22, 2019, communicating an expected decline in net income from current operations, Group share, for the full year of approximately -20% vs. 2018, -7% due to the deconsolidation of the North American talc subsidiaries from the scope of consolidation and the closure of the Willsboro plant in the first half of the year.

(3) Weighted average number of outstanding shares: 79,089,697 in 2019 compared with 79,238,417 in 2018.

■ A SIMPLIFIED, MORE EFFICIENT CUSTOMER-FOCUSED ORGANIZATION

The new organization announced in December 2018 is now implemented throughout the entire Group. With fewer management layers, it is more market-oriented and helps to respond more effectively to customer needs. The new organization leverages the benefits of a broad portfolio of mineral specialties and expands opportunities to cross-sell several complementary mineral products. It is supplemented with an operational excellence program.

The simplified organization is made up of two segments, grouping five business areas built around the Group's core markets:

- the Performance Minerals segment brings together three geographic business areas – Europe, Middle East and Africa (EMEA), Americas and Asia-Pacific (APAC) – serving the plastics, paints & coatings, filtration, ceramics, renewable energy and paper & board markets.
- the High Temperature Materials & Solutions segment regroups two business areas: High Temperature Solutions, and Refractory, Abrasives & Construction serving the refractory, foundry, iron & steel, abrasives and building chemistry markets.

In addition, product innovation was decentralized to each of these five business areas to ensure it is more effectively oriented toward customer needs in the markets supplied. Technical support teams were also expanded as a result. In order to maximize economies of scale, the Group has put in place specialized support departments, deploying shared service centers, in particular in finance and human resources. Furthermore, centralizing purchasing activities will enable the Group to improve efficiency by significantly reducing the number of suppliers and negotiating payment terms.

The new organization will enable Imerys to achieve its full organic growth potential and further improve its competitive position to boost sustained value creation.

ALESSANDRO DAZZA, NEW CHIEF EXECUTIVE OFFICER AT IMERYS SINCE FEBRUARY 17, 2020

On October 21, 2019, the Imerys Board of Directors asked its Chairman, Patrick Kron, to take over the role of Chief Executive Officer on an interim basis. On December 17, 2019, based on the proposal of the Appointments Committee, the Board of Directors decided to:

- once again separate the offices of Chairman of the Board of Directors and Chief Executive Officer;
- appoint Alessandro Dazza to the position of Chief Executive Officer;
- ask Patrick Kron to continue his role as Chairman of the Board of Directors.

These decisions came into effect on February 17, 2020, the date at which Alessandro Dazza joined Imerys.

A LEANER AND RENEWED BOARD OF DIRECTORS

At its meeting on February 12, 2020, Imerys' Board of Directors also agreed the draft resolutions that will be submitted for approval by the Shareholders' General Meeting on May 4, 2020. These draft resolutions include, in particular, the nomination of two new Board Directors, Mrs Annette Messemer and Véronique Saubot, following the departure of Mrs Odile Desforges, and the non renewal of the terms of offices of Mrs. Marion Guillou and Martina Merz. The Board of Directors would consequently be reduced from 12 to 10 members (plus two directors representing the employees).

√ *See paragraph 8.1.6 of chapter 8.*

CONTINUED DISCUSSION AS PART OF THE U.S. TALC LITIGATION

The North American talc subsidiaries, which were deconsolidated on February 13, 2019 (with a negative impact on revenue and current operating income in 2019 of €126.1 million and €19.1 million, respectively), are now working to permanently resolve all talc-related litigation in the United States under the legal protection of Chapter 11. They have entered into negotiation with the representatives of existing and future claimants over the plan of reorganization, the approval of which by the competent jurisdiction will settle past talc-related liabilities in the U.S.

DIVIDEND PER SHARE MAINTAINED AT €2.15, WITH AN ALTERNATIVE PAYMENT OPTION OF PART OR ALL IN FORM OF NEW SHARES

The Board of Directors has proposed the Shareholders' General Meeting of May 4, 2020 approve the payment of a €2.15 dividend per share, which is level on the dividend paid in 2019 and represents 61% of net income from current operations, Group share.

Subject to approval by the Shareholders' General Meeting, the Board of Directors has decided to offer Imerys shareholders the choice between receiving part or all of the dividend payment (i) in cash and/or (ii) in new shares of the Company. The price of new ordinary shares issued as payment for the dividend will be set, in accordance with the provisions of article L. 232-19 of the French Commercial Code *(Code de commerce)*, at 95% of the average Imerys share price on the Euronext Paris market over the 20 trading days prior to the Shareholders' General Meeting, minus the amount of the dividend per share.

Groupe Bruxelles Lambert (GBL), the Group's majority shareholder owning a 53.9% interest, has indicated its intention to opt for a dividend in shares for the totality of its holdings.

√ *See paragraph 8.1.2 of chapter 8.*

5.2 DETAILED COMMENTS ON THE 2019 ANNUAL RESULTS

REVENUE

Unaudited quarterly data *(€ millions)*	**2018**	**2019**	**Change**	**Organic growth**	**Volumes**	**Price mix**
First quarter	1,129.6	1,124.0	-0.5%	-0.9%	-3.6%	+2.7%
Second quarter	1,180.9	1,139.4	-3.5%	-2.0%	-4.8%	+2.7%
Third quarter	1,153.9	1,081.4	-6.3%	-5.1%	-6.9%	+1.7%
Fourth quarter	1,125.6	1,009.7	-10.3%	-7.3%	-9.0%	+1.7%
Total	**4,590.0**	**4,354.5**	**-5.1%**	**-3.8%**	**-6.1%**	**+2.2%**

In 2019, **revenue** fell -3.8% year on year at constant scope and exchange rates. Market conditions, especially in the automotive, industrial equipment and steel markets in Europe, as well as the paper industry in the U.S. in particular, considerably deteriorated throughout the year, causing Group sales volumes to decrease -6.1% (€277.8 million). In this context, Imerys maintained a positive +2.2% price mix (+€102.7 million).

Revenue also included a positive currency effect of +€96.9 million (+2.1%), primarily as a result of the rise of the U.S. dollar to euro exchange rate. The scope effect was negative in 2019, representing -€157.3 million (-3.4%), the majority of which (-€126.1 million) was due to the deconsolidation of the North American talc subsidiaries after they filed for the protection of the "U.S. Chapter 11" legal procedure on February 13, 2019. The balance (-€31.2 million) corresponds to the disposal of non-core assets.

Revenue by geographical area *(€ millions)*	**2019 Revenue**	**2019** *(%)*	**2018** *(%)*	**Change**
Europe, Middle East and Africa (EMEA)	2,108.5	48%	49%	-5.4%
Americas	1,265.3	29%	30%	-8.3%
Asia-Pacific (APAC)	980.7	23%	21%	+0.1%
Total	**4,354.5**	**100.0%**	**100.0%**	**-5.1%**

CURRENT OPERATING INCOME

Unaudited quarterly data *(€ millions)*	**2018**	**2019 post IFRS 16**	**Change**
First quarter	129.6	109.6	-15.4%
Operating margin	11.5%	9.8%	-170 bps
Second quarter	154.2	135.5	-12.1%
Operating margin	13.1%	11.9%	-120 bps
Third quarter	140.9	113.0	-19.8%
Operating margin	12.2%	10.5%	-170 bps
Fourth quarter	137.5	80.6	-41.4%
Operating margin	12.2%	8.0%	-420 bps
Full year	**562.1**	**438.8**	**-21.9%**
Operating margin	*12.2%*	*10.1%*	*-210 bps*

The year-on-year fall in **current operating income** recognized in 2019 was due to the impact of reduced volumes (-€144.5 million), which the positive price mix and savings achieved only partially offset. The positive price mix, which corresponded to +€100.3 million, continued to easily cover the -€77.8 million rise in variable costs, almost half of which in raw materials, and to a lesser extent, energy and transportation costs.

The +€31.3 million saving in fixed costs and overheads, net of inflation, came from the following areas:

- +€28.0 million in savings translating the initial gains of implementing the Group's transformation plan (streamlined workforce and optimized purchasing processes), in line with the €100 million target by 2022 announced on the Capital Markets Day held on June 13, 2019;

- +€28.5 million in cost reductions generated by industrial measures intended to adapt the Group's cost structure to the challenging market conditions currently prevailing;
- +€11.9 million in savings resulting from the positive impact of decisions taken last year in ceramic proppants and operations in Namibia.

The savings more than compensate the -€27.0 million increase in fixed costs and overheads due to an estimated inflation and the rise in depreciation and amortization (a -€10.2 million outflow after taking into account the +€5.2 million improvement recognized in relation to IFRS 16).

The drop in current operating income also includes the effect of the deconsolidation of the North American talc subsidiaries (-€19.1 million) and the closure of the wollastonite plant in Willsboro, U.S., in the first half of the year (-€13.7 million). The currency effect was positive at +€21.3 million. IFRS 16 also had a positive impact of +€5.2 million on current operating income in 2019.

In a context of considerably reduced sales volumes, **current operating margin** slipped to 10.1% for 2019 as a whole, compared with 12.2% in 2018.

NET INCOME FROM CURRENT OPERATIONS

Net income from current operations, Group share, totaled €276.9 million, down -22.4% on 2018, but in line with the forecast communicated by the Group in October 2019 (down -22.0% before taking into account IFRS 16). Net financial income rose to -€43.7 million in 2019, up +€16.5 million year on year, after the €56 million private placement denominated in Japanese yen that was due to mature in 2033 was fully repaid in March 2019. The income tax expense of -€113.8 million corresponds to an effective tax rate of 28.8%, compared with 28.9% in 2018.

Net income from current operations, Group share, per share shrunk -22.3% to €3.50.

NET INCOME

Other income and expenses, after tax, came out as an overall expense of -€155.7 million in 2019, including:

- -€84.4 million in costs to implement the transformation program; the estimated overall cost of Connect & Shape program is approximately over a year of cost savings;
- -€46.3 million in depreciation and amortization of non-core assets;
- -€25.0 million in restructuring costs and other exceptional items. These include in particular -€7.4 million due to the deconsolidation of the North American talc subsidiaries and -€6.4 million for the temporary closure of the plant in Willsboro, U.S.

Consequently, **net income, Group share** totaled €121.2 million in 2019. As a reminder, net income, Group share, of €559.6 million in 2018 was due to the impact of the capital gain coming from the disposal of the Roofing activity.

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NET CURRENT FREE OPERATING CASH FLOW

(€ millions)	2018	2019 pre IFRS 16	2019 post IFRS 16
Current EBITDA	793.2	675.7	764.6
Change in operating working capital requirement (WCR)	(25.3)	48.4	52.1
Notional tax on current operating income	(162.6)	(125.3)	(126.4)
Other	13.5	8.3	8.3
Net current operating cash flow (before capital expenditure)	**618.8**	**607.0**	**698.6**
Capital expenditure	(333.0)	(291.7)	(291.7)
Right-of-use assets	-	-	(59.0)
Net current free operating cash flow	**285.8**	**315.3**	**347.9**

After taking into account IFRS 16, Imerys generated solid **net current free operating cash flow** of +€347.9 million in 2019, up +21.7%, through careful management in a context of limited growth. This figure included:

- €291.7 million in industrial capital expenditure (representing 6.7% of revenue), down -€41.3 million year on year;
- significant improvement in the operating working capital requirement (up +€52.1 million) compared to last year, in particular through better inventory management.

Furthermore, the decrease in net financial debt compared with 2018 (-€109.4 million post IFRS 16) takes into account the following main expenses:

- -€203.8 million in dividends paid in May 2019 and shares bought back;
- -€75.4 million in other non-recurring income and expenses;
- -€68.3 million in acquisitions and disposals, of which:
  - -€43.1 million in acquisitions,
  - -€25.8 million from the deconsolidation of the cash of the North American talc subsidiaries.

(€ millions)	2018	2019 pre IFRS 16	2019 post IFRS 16
Net current free operating cash flow	**285.8**	**315.3**	**347.9**
Acquisitions and disposals	873.1	(70.9)	(68.3)
Dividend	(167.8)	(172.7)	(172.7)
Change in equity	2.4	(31.1)	(31.1)
Change in non-operating working capital requirement (WCR) (1)	47.6	(78.1)	(77.1)
Other non-recurring income and expenses	(72.8)	(75.4)	(75.4)
Debt servicing costs	(32.0)	(17.5)	(24.5)
Exchange rates and other	12.7	8.4	(8.2)
Change in net financial debt	**949.0**	**(122.1)**	**(109.4)**

(1) Change in income taxes liabilities and receivables.

FINANCIAL STRUCTURE

(€ millions)	2018	2019 pre IFRS 16	2019 post IFRS 16
Net financial debt at January 1	2,246.4	1,297.4	1,575.5
Net financial debt at December 31	1,297.4	1,419.5	1,685.0
Equity at December 31	3,253.5	3,162.0	3,162.0
Current EBITDA	793.2	675.7	764.6
Gearing	39.9%	44.9%	53.3%
Net financial debt/current EBITDA	1.6x	2.1x	2.2x

At December 31, 2019, **net financial debt** totaled €1,419.5 million before taking into account IFRS 16, which corresponds to a ratio between net financial debt and current EBITDA of 2.1x. Lease liabilities that come within IFRS 16 (right-of-use assets) equaled €265.4 million at December 31, 2019, resulting in net financial debt of €1.685.0 million after taking into account IFRS 16, which corresponds to a ratio between net financial debt and current EBITDA of 2.2x.

The Group's solid financial structure is rated Baa2, outlook negative, by Moody's (since January 23, 2020) and BBB-, stable outlook (February 14, 2020).

At December 31, 2019, Imerys' bond financing amounted to €1,924 million with an average maturity of 5.2 years. The Group also benefits from €1,260 million in bilateral credit lines. As a result, the Group's **financial resources** total €3,184 million with an average maturity of 4 years.

5.3 DETAILED COMMENTS BY BUSINESS SEGMENTS

PERFORMANCE MINERALS

(54% of consolidated revenue)

Q4 2019 *(€ millions)*	LFL[1] change *(%)* on Q4 2018	Reported change on Q4 2018	Unaudited quarterly data	2019 *(€ millions)*	LFL[1] change *(%)* on 2018	Reported change on 2018
257.4	-4.1%	-16.9%	Revenue Americas	1,085.0	-3.8%	-11.5%[2]
230.2	-3.8%	-6.4%	Revenue Europe, Middle East and Africa (EMEA)	983.9	-2.8%	-3.4%
116.5	-2.3%	+9.5%	Revenue Asia-Pacific (APAC)	463.0	+0.2%	+8.2%
(29.2)	-	-	Eliminations	(116.6)	-	-
575.0	**-3.9%**	**-9.5%**	**Total revenue**	**2,415.2**	**-3.1%**	**-5.6%[2]**
-	**-**	**-**	**Current operating income**	**279.2**	**-**	**-20.9%**
-	-	-	Current operating margin	11.6%	-	-220 bps

(1) Organic growth: growth at comparable scope and exchange rates, or "like-for-like" (LFL).

(2) Performance Minerals, Americas: -1.4% and Performance Minerals: -0.7% stripping out the impact of removing the North American talc subsidiaries from the scope of consolidation since February 13, 2019.

Revenue

Revenue generated by the **Performance Minerals** segment fell -5.6% in 2019 on a reported basis. This takes into account a significant negative scope effect of -€131.9 million (5.2%), mainly due to the deconsolidation of the North American talc subsidiaries. As part of its strategy to strengthen its portfolio of specialty minerals, Imerys also acquired EDK (November 2019), a calcium carbonate supplier that generated €15 million in revenue in 2018 in the paints and coating market in Brazil. A positive currency effect of +€66.2 million (+2.6%) went some way to offsetting the scope effect. At constant scope and exchange rates, annual revenue dropped -3.1% in a generally depressed market.

Revenue in the **Americas** fell -3.8% at constant scope and exchange rates over the year, or -2.3% after stripping out the impact of the closure of the Willsboro plant[1] (U.S.) in the first half of the year. Although the construction, paints and coating markets resisted well, sales nevertheless suffered from the slowdown in the paper and food and beverage filtration markets in the U.S.

Revenue in **Europe, Middle East and Africa** slid back -2.8% at constant scope and exchange rates in 2019. The slowdown in traditional ceramic (sanitaryware and floor and wall tiles) and paper markets was not offset by the growth in sales in plastics and rubber.

Revenue in **Asia-Pacific** was stable at constant scope and exchange rates. The market context was contrasted across most applications, while trends were positive in the graphite market for lithium ion batteries.

Current operating income

Current operating income for the segment totaled €279.2 million in 2019, down -20.9%, with **operating margin** falling to 11.6% (from 13.8% in 2018). Excluding the removal of the North American talc subsidiaries from the scope of consolidation and the temporary closure of the Willsboro plant, current operating income shrunk by -13.0% and current operating margin came out at 12.1%.

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(1) The plant closure caused a -€16.2 million decrease in net annual income.

HIGH TEMPERATURE MATERIALS & SOLUTIONS

(46% of consolidated revenue)

Q4 2019 *(€ millions)*	LFL[(1)] change *(%)* on Q4 2018	Reported change on Q4 2018	Unaudited quarterly data	2019 *(€ millions)*	LFL change *(%)* on 2018	Reported change on 2018
180.7	-12.6%	-11.6%	Revenue High Temperature Solutions	794.5	-5.8%	-5.9%
269.5	-10.8%	-10.7%	Revenue Refractory, Abrasives & Construction	1,222.5	-4.9%	-3.8%
(6.8)	-	-	Eliminations	(41.0)	-	-
443.5	**-12.0%**	**-11.3%**	**Total revenue**	**1,976.0**	**-5.3%**	**-4.6%**
-	**-**	**-**	**Current operating income**	**150.7**	**-**	**-31.9%**
-	-	-	*Current operating margin*	*7.6%*	-	*-310 bps*

(1) Organic growth: growth at comparable scope and exchange rates, or "like-for-like" (LFL).

Revenue

Revenue generated by the **High Temperature Materials and Solutions** segment fell -4.6% in 2019 on a reported basis. This included a positive currency effect of +€35.8 million (+1.7%) and a negative scope effect of -€22.7 million (-1.1%), primarily due to the disposal of the cat litter business (October 1, 2018) and the non-strategic fused magnesia plant in the UK (March 1, 2019). At constant scope and exchange rates, revenue decreased by -5.3% across the year, after a tough fourth quarter as expected (down -12.0%).

Over the same period, revenue from **High Temperature Solutions** slipped back -5.8% at constant scope and exchange rates due to especially challenging market conditions throughout the second half of the year. While manufacturing in the automotive industry continues to weigh on the European foundry market, the downward trend in the iron and steel sector was exacerbated as a direct result of falling production capacities among steel manufacturers. Furthermore, several kiln renovation projects in the petrochemical, boiler and incinerator industries were postponed in the fourth quarter of the year. On January 17, 2020, Imerys finalized an agreement to acquire India's leading producer of calcium silicate for thermal insulation panels in the cement, metalcasting, refinery, petrochemical and power plant industries. The business generated revenue of €5 million in 2019.

Revenue in **Refractory, Abrasives & Construction** decreased -4.9% at constant scope and exchange rates. Sales slowed throughout the year, in particular in the second half, in the refractory and abrasives markets due to lower production levels and the impact of running down stocks in the steel and automotive industries. The slowdown was partially compensated by refractories in the industrial (cement and aluminum) and building chemistry markets (specialty cements). On December 24, 2019, Imerys completed the acquisition of a 65% stake in Shandong Luxin Mount Tai Co., a major Chinese producer of fused minerals for abrasives (€12 million in revenue in 2018).

Current operating income

Current operating income for the segment totaled €150.7 million, for an **operating margin** of 7.6% in 2019 (compared with 10.7% in 2018), due to the considerable drop in volumes despite a resilient price mix, relaxed raw materials prices (alumina, zirconia, *etc.*) and lower fixed costs and overheads.

5.4 OUTLOOK

As we enter into 2020, the market remains tough. The spreading of the coronavirus is expected to cause a drop in activity. This is why the Group will continue to prioritize cost reduction and cash generation, while maintaining our solid financial structure by tightly managing its capital expenditure and working capital requirement.

The Group is confident in its ability to reach its cost savings target of €100 million gross in 2022. Its ambition is to gradually accelerate its organic growth to achieve, under normal market conditions, that of its underlying markets by 2022[(1)] and improve operating profitability by +200 basis points of current EBITDA margin in 2022 compared to 2018[(2)].

(1) Forecasted growth of underlying markets : approx. 2% per year
(2) Current EBITDA margin 2018 before IFRS 16: 17.3%

5.5 DEFINITIONS AND RECONCILIATION OF ALTERNATIVE PERFORMANCE MEASURES TO IFRS INDICATORS

Imerys' management process is based on the non-IFRS measures within the meaning of the ESMA guidelines (ESMA / 2015/1415) and the AMF Position 2015-12. The Group's management believes the use of these indicators is justified because they are part of the Group's internal reporting and provide valuable additional information for users of the financial statements in understanding the Group's performance. These non-IFRS measures should be considered as complementary to the comparable IFRS measures.

They include in particular "current" indicators that are important to measure the recurring performance of the business, excluding significant items that, because of their nature and their unusual occurrence, can not be considered as inherent to the recurring performance of the Group. The definition and reconciliation of these main indicators with the IFRS indicators of the financial statements are provided below, and are also mentioned in section 5.2 - Detailed comments on the Group's results.

Alternative Performance Indicators	Definitions and reconciliation to IFRS indicators
Growth at constant scope and exchange rates (also called life-for-like growth, LFL, organic growth or internal growth)	Calculated by stripping out the impact of currency fluctuations as well as acquisitions and disposals (scope effect). Restatement of the currency effect consists of calculating aggregates for the current year at the exchange rate of the prior year. The impact of exchange rate instruments qualifying as hedging instruments is taken into account in current data. Restatement of Group structure to take into account newly consolidated entities consists of: ▪ subtracting the contribution of the acquisition from the aggregates of the current year, for entities entering the consolidation scope in the current year; ▪ subtracting the contribution of the acquisition from January 1 of the current year, until the last day of the month of the current year when the acquisition was made the prior year, for entities entering the consolidation scope in the prior year. Restatement of entities leaving the consolidation scope consists of: ▪ subtracting the departing entity's contribution from the aggregates of the prior year as from the first day of the month of divestment, for entities leaving the consolidation scope in the current year; ▪ subtracting the departing entity's contribution from the aggregates of the prior year, for entities leaving the consolidation scope in the prior year.
Volume effect	The sum of the change in sales volumes of each business area between the current and prior year, valued at the average sales price of the prior year.
Price mix effect	The sum of the change in average prices by product family of each business area between the current and prior year, applied to volumes of the current year.
Current operating income	The operating income before other operating income and expenses (income from changes in control and other non-recurring items).
Net income from current operations	The Group's share of income before other operating income and expenses, net (income from changes in control and other non-recurring items, net of tax) and income from discontinued operations.
Current EBITDA	Calculated from current operating income by restating operating amortization, depreciation and impairment, net change in operating provisions, share in net income and dividends received from joint ventures and associates.
Net current operating cash flow	Net current free operating cash flow before capital expenditure and right-of-use assets (to reflect the IFRS 16 calculation).
Net current free operating cash flow	The Group's current EBITDA after deducting notional tax, changes in working capital requirement and paid capital expenditure and including subsidies, value of divested assets and miscellaneous.
Net financial debt	The difference between borrowings and financial debt and cash and cash equivalents.

5.6 ACTIVITIES AND RESULTS OF IMERYS SA IN 2019

INCOME STATEMENT

In 2019, operating income amounted to €105.9 million (€73.5 million in 2018), up €32.4 million after the holding company provided more extensive services to its subsidiaries. Purchases and external services reached €103.6 million (€90.9 million in 2018), which represents a €12.7 million increase on the year, driven by acquisition costs related to the Group's external growth and transformation program. Payroll costs fell by €11.0 million, mainly as a result of the lower cost of free shares grants to certain employees within the Group, offset by rising costs incurred as part of the restructuring plan agreed and implemented before the end of the 2019 financial year.

Investment income amounted to €217.6 million, which corresponds to a €18.9 million improvement on 2018. Imerys S.A. adjusts the proportion of its debt drawn in foreign currencies to manage the foreign exchange risk related to changes in directly or indirectly held foreign net assets, as well as that resulting from loans and advances granted to subsidiaries and entities under cash pooling agreements. In 2019, Imerys S.A. recognized in this respect a net foreign exchange loss of €17.9 million (compared with a loss of €13.5 million in 2018). Net financial expenses included in "Financial interest and expenses on financial instruments" fell after the early reimbursement option was exercised on March 18, 2019 for the investment of JPY7,000 million, which was initially scheduled for September 16, 2033 (3.4% annual coupon). Increases and decreases in financial provisions are presented in *Note 20 of the Statutory Financial Statements*.

Exceptional losses of €8.7 million were recorded in 2018 (€38.3 million in 2018). Reversals of provisions were recorded for management risks for €4.1 million and investment write-downs for €3.0 million. Further provisions of €0.6 million for management risks and €12.1 million for staff-related risks were added in 2019.

In accordance with the terms of the tax consolidation agreements signed by each Imerys Group company in France, the tax expense or savings recognized in the accounts of Imerys S.A. is made up of the tax expense of Imerys S.A., calculated on a stand-alone basis, and the net amount of additional expenses and savings resulting from tax consolidation. In this respect, Imerys S.A. recognized savings of €15.2 million in 2019 (€26.2 million in 2018).

Net income amounted to €139.5 million in 2019 (€72.9 million in 2018).

At the Shareholders' General Meeting of May 4, 2020, the Board of Directors will propose a dividend of €2.15 per share, level on 2018, with an alternative payment option in the form of additional shares, representing a total estimated payout of €171 million equal to 61% of consolidated net income from current operations, Group share (proposed appropriation of profit: *see Note 29 to the Statutory Financial Statements, as well as chapter 8, paragraph 8.1.1 of the Universal Registration Document)*.

FINANCIAL DEBT

(in thousands)	Amount	Maturity in less than 1 year	Maturity from 1 to 5 years	Maturity beyond 5 years
Financial debt	3,855,341	2,027,701	800,000	1,027,640
Other debts	76,885	76,885	-	-
Deferred income	0	-	-	-
Unrealized exchange rate gains	49,074	49,074	-	-
Total	**3,981,300**	**2,153,660**	**800,000**	**1,027,640**

LIST OF EQUITY INVESTMENTS AND MARKETABLE SECURITIES

Subsidiaries and equity interests at December 31, 2019: *see Note 30 to the Statutory Financial Statements.* Marketable securities at December 31, 2019: *see Note 18 to the Statutory Financial Statements*.

SHARE CAPITAL AND DIVIDEND PAYOUTS OVER THE PAST THREE YEARS

Share capital at December 31, 2019: *see Notes 19 and 25 of the Statutory Financial Statements, as well as chapter 7, paragraph 7.3.1 of the Universal Registration Document*.

Dividend distribution policy: *see chapter 7, section 7.6 of the Universal Registration Document*.

Dividends paid over the past three years:

	2019 with respect to the 2018 financial year	2018 with respect to the 2017 financial year	2017 with respect to the 2016 financial year
Gross dividend per share	€2.150	€2.075	€1.87
Net dividend per share	€2.150	€2.075	€1.87
Total net payout	**€170.0 M**	**€164.6 M**	**€148.2 M**

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

Type of indicators *(€)*	**2019**	**2018**	**2017**	**2016**	**2015**
I – Capital and other securities at December 31					
Share capital	158,971,388	158,971,388	159,208,570	159,135,748	159,144,982
Number of ordinary shares at December 31	79,485,694	79,485,694	79,604,285	79,567,874	79,572,491
Par value	€2	€2	€2	€2	€2
Number of preferred shares outstanding (which do not carry voting rights)	-	-	-	-	-
Maximum number of potential ordinary shares by exercising options	233,180	286,113	406,037	865,621	1,459,672
II – Transactions and profit for the period					
Revenue before tax	80,780,558	68,604,506	51,615,496	30,520,557	30,377,768
Income before tax and employee profit-sharing and amortization, depreciation and provisions	127,046,361	27,432,416	357,813,578	67,450,733	267,801,548
Income tax	15,242,689	26,225,775	51,281,606	33,968,800	46,644,138
Employee profit-sharing payable for the year	-	-	-	-	-
Income after tax and employee profit-sharing and amortization, depreciation and provisions	139,509,138	72,901,777	373,430,724	105,574,030	340,118,961
Distributed income (excluding withholding tax)	170,030,460	164,574,788	148,225,995	137,475,762	132,492,560
III – Earnings per share[(1)]					
Income after tax and employee profit-sharing and before amortization, depreciation and provisions	1.79	0.68	5.14	1.27	3.95
Income after tax and employee profit-sharing and amortization, depreciation and provisions	1.76	0.92	4.69	1.33	4.27
Net dividend per share	2.15	2.15[(2)]	2.075	1.87	1.75
IV – Employees					
Average number of employees over the year	236.00	218.00	199.00	168.00	166.00
Payroll for the year	31,006,666	26,598,361	22,332,788	19,057,948	16,867,259
Social security contributions for the year	15,678,343	10,757,042	11,623,061	8,771,366	9,356,639

(1) Based on the number of shares at December 31.
(2) Subject to approval by the Shareholders' General Meeting of May 4, 2020.

SUBSEQUENT EVENTS

The annual statutory financial statements at December 31, 2019 were approved by the Board of Directors at its meeting on February 12, 2020.

SUPPLIER AND CUSTOMER PAYMENT TERMS

Pursuant to article L. 441-6-1 and D. 441-4 of the French Commercial Code *(Code de commerce)*, the following table presents the number and amount excluding VAT of invoices received and issued, past due and unpaid at the end of the reporting period:

	Article D. 441-4-I-1°: Received and unpaid invoices past due at December 31						Article D. 441-4-I-2°: Issued and unpaid invoices past due at December 31					
	0 days (indicative)	**1 to 30 days**	**31 to 60 days**	**61 to 90 days**	**91 days and more**	**Total (1 or more days)**	**0 days (indicative)**	**1 to 30 days**	**31 to 60 days**	**61 to 90 days**	**91 days and more**	**Total (1 or more days)**
(A) Breakdown of payments past due												
Number of invoices	77					56						293
Total amount of invoices excl. VAT *(€ thousands)*	1,224	600	362	21	136	1,119		693	6,910	63	2,668	10,334
Percentage of total purchases excl. VAT in 2019 *(%)*	1.24	0.61	0.37	0.02	0.14	1.13						
Percentage of revenue excl. VAT in 2019 *(%)*								0.75	7.46	0.07	2.88	11.15
(B) Invoices excluded from (A) related to disputed or unrecognized payables and receivables												
Number of invoices excluded												
Total amount of invoices excluded												
(C) Standard payment terms used (contractual or statutory terms – article L. 441-6 or article L. 433-1 of the French Commercial Code)												
Standard payment terms used to calculate late payments	Contractual terms: as indicated on the invoice						Contractual terms: 30 days					
	Statutory terms: 30 days						Statutory terms: 30 days					

5.7 MINERAL RESERVES AND RESOURCES

In accordance with company procedures, Group mineral reserves and resources are regularly audited by internal and external auditors. The mineral reserves and resources data published in this Registration Document have been prepared in accordance with internationally accepted and widely used reporting standards (specifically, the Pan-European Mineral Reserves and Resources Reporting Committee, PERC, Code).

5.7.1 MINERAL REPORTING PRINCIPLES

MINERAL ASSET REPORTING

Imerys reports mineral reserves and resources in full compliances with the PERC Reporting Standard (2013)[1], a European standard for mineral asset reporting. It is a member of the CRIRSCO[2] family of codes, made up of similar codes, such as the JORC (Australia) and CIM Guidelines (Canada).

Mineral Reserves correspond to the portions of a deposit that are demonstrably economic to extract given the prevailing or reasonably forecast economic climate at the time of estimation. Reserves are then classified as Proven or Probable to reflect the level of certainty in the geological understanding of the deposit, Proven being the higher level. Mineral Resources include deposits or portions of deposits for which extraction has yet to be demonstrated as economically profitable, but it is reasonable to expect that extraction will be viable in the future. These assets typically lack the detailed (mining, processing, marketing and/or legal) technical studies required to demonstrate their economic viability. Mineral Resources are classified in ascending order of geological confidence as Inferred, Indicated or Measured.

The Group's production operations consume its mineral reserves. Imerys continuously undertakes initiatives to compensate for the consumption of these reserves in order to maintain the equivalent of around 20 years' worth of production. On existing sites, this involves the exploration and detailed modeling of already identified mineral resources to confirm the potential for exploitation based on quality, quantity, mining parameters and associated costs. Where exploratory work leads to a positive conclusion, Imerys seeks to obtain the necessary exploitation rights (outright ownership, long-term lease, concession or drilling contract), permits and official authorizations. If these elements can be obtained, the resources are converted into reserves. Group mineral reserves can also be replaced or increased through acquisitions from third parties or acquisitions of companies as part of the Group's external growth operations.

MINERAL ASSET AUDITS

To ensure consistent reporting across all Group entities and full compliance with all relevant standards, internal and external audits are conducted on a three to five year cycle. Internal audits are conducted by a group of eight experienced geologists and mining engineers who are completely independent from the sites they audit. Each audit is conducted by two people from this team using assessment matrices. Audit results are published in a report setting out any comments and improvement requirements, the implementation of which is then specifically monitored. These audits are therefore an opportunity to share best practices and drive continuous improvement in mineral resource management and exploitation. The results of mineral reserves and resources reporting are assessed by the Audit Committee.

RISKS AND UNCERTAINTIES

Mineral reserves and resources are estimates of the size and quality of deposits based on the technical, regulatory and economic parameters available at a given point in time. Due to unpredictable changes in these parameters and the natural uncertainty associated with such assessments, estimates of Group mineral reserves and resources presented in the following table may vary over time. Over the course of geological exploration and assessment, mineral reserves and resources may change significantly, either positively or negatively. At this point in time, Imerys has no knowledge of any environmental, legal, political or other factors that may adversely affect the estimates presented in these tables in any material way.

√ For further details, *see chapter 4, paragraph 4.1.1 of the Registration Document*.

(1) The PERC Reporting Standard is a pan-European standard for reporting exploration results, mineral resources and reserves published by the Pan-European Reserve and Resources Reporting Committee.

(2) CRIRSCO: Committee for Mineral Reserves International Reporting Standards.

5.7.2 KEY MINERALS

Ball clays are very fine-grained sedimentary clays with high plasticity. Once extracted, clays are selected, processed and blended to achieve the desired properties, such as rheological stability, high resistance and mechanical strength.

Bentonite is an alumino-silicate sedimentary clay with high rheological and absorbent properties.

Calcium carbonates include marble, limestone and chalk. Processed carbonates are used in different forms. Ground natural calcium carbonate (GCC) is used for its whiteness and alkaline properties. Precipitated calcium carbonate (PCC) is a synthetic product obtained from natural limestone that contributes excellent optical properties to finished products.

Diatomite is a sedimentary mineral composed of the silicon-rich skeletons of diatoms – unicellular algae present in marine and lake environments. It is known for its low density, high surface area, high porosity and mattifying properties.

Feldspars are naturally occurring alumino-silicate minerals containing varying concentrations of potassium, sodium, calcium and/or lithium, and are used for their fusing properties at high and low temperatures.

Kaolin is composed predominantly of kaolinite, a white hydrated alumino-silicate clay produced by the geologic alteration of granite and similar types of rock. The high temperature (700-1,200°C) to which it is subjected during the calcination process transforms kaolin into a whiter and more inert mineral. The kaolin family of minerals also includes halloysite, prized in fine porcelain manufacture for its whiteness and translucence.

Moler is a very lightweight sedimentary rock formed from a natural blend of diatoms and clays with highly absorbent properties.

Perlite is a very specific type of volcanic rock with a natural water content of between 2% and 5%. Perlite is a low-density, high-porosity mineral. Processed and subsequently heated, perlite expands up to 20 times its original volume, creating a multi-cellular material with a large specific surface area at low density.

Refractory minerals are valued for their resistance to extreme temperatures, mechanical stresses and corrosion. They include refractory clays (transformed by calcination to chamotte), bauxite and andalusite.

Talc is a hydrated magnesium silicate with properties unique to the deposit from which it is extracted.

Imerys extracts many other minerals, including bauxite, graphite (one of the crystalline forms of carbon), mica, wollastonite and zeolite. Imerys also produces the high-quality quartz minerals required to produce silicon and ferro-silicon, both of which are used in special steel alloys. Imerys produces a range of high-quality synthetic graphites and talcs as well as the highest quality of fused magnesia, carbon black and zirconia.

The Group also sources and processes certain raw materials from external suppliers to create its specialty products. These materials include bauxite, alumina and zirconia, which are processed to produce synthetic corundums. Tabular alumina is used in refractory applications.

5.7.3 MINERAL RESERVES AND RESOURCES

For the purpose of reporting its reserves and resources in accordance with the «Reporting of Industrial Minerals, Dimension Stone and Aggregates» section of the PERC Reporting Standard, Imerys has grouped mineral category estimates together in order to protect commercially sensitive information.

Reserve estimates are not included in resources. Volumes are expressed in thousands of metric tons of minerals marketable in dry form. The corresponding estimates at December 31, 2017 are presented for the purpose of comparison. Changes in estimates of reserves and resources between December 31, 2017 and December 31, 2018 correspond to resources used in production, the ongoing exploration and assessment of new and existing reserves, technical studies, changes in ownership of certain mining rights, and acquisitions and disposals made as part of normal business. Mining assets totaled €502.9 million at December 31, 2019 (€503.6 million at December 31, 2018).

In accordance with accounting rules, the mineral reserve and resource assets are recognized at historical cost. They are initially measured at acquisition cost, and subsequently at historical cost minus any accumulated depreciation and impairment. Depreciation is estimated on the basis of actual extraction.

▪ MINERAL RESERVES ESTIMATES (AT DEC. 31, 2019 *VS* DEC. 31, 2018)

		Proven	Probable	Total	Proven	Probable	Total
Product	**Region**		**2019** *(kt)*			**2018** *(kt)*	
Ball Clays	Europe	2,694	7,373	10,067	10,094	419	10,513
	Americas	3,378	541	3,919	3,292	541	3,833
	Asia-Pacific	580	0	580	610	0	610
	Africa & Middle East	0	272	272	444	0	444
	Total	**6,652**	**8,186**	**14,838**	**14,440**	**960**	**15,400**
Bentonite	Europe	6,767	1,298	8,065	7,708	1,148	8,856
	Americas	0	376	376	0	395	395
	Africa & Middle East	168	52	220	107	0	107
	Total	**6,935**	**1,726**	**8,661**	**7,815**	**1,543**	**9,358**
Carbonates	Europe	0	17,564	17,564	0	25,880	25,880
	Americas	54,413	100,913	155,326	61,970	100,256	162,226
	Asia-Pacific	0	33,005	33,005	0	34,190	34,190
	Africa & Middle East	0	4,651	4,651	0	4,651	4,651
	Total	**54,413**	**156,133**	**210,546**	**61,970**	**164,977**	**226,947**
Feldspar	Europe	6,036	4,299	10,335	9,168	3,467	12,635
	Africa & Middle East	0	3,062	3,062	3,492	0	3,492
	Total	**6,036**	**7,361**	**13,397**	**12,660**	**3,467**	**16,127**
Kaolin	Europe	4,051	3,508	7,559	4,318	3,748	8,066
	Americas	29,405	45,023	74,428	33,865	42,434	76,299
	Asia-Pacific	314	1,169	1,483	175	1,191	1,366
	Total	**33,770**	**49,700**	**83,470**	**38,358**	**47,373**	**85,731**
Minerals for Refractories	Europe	830	4,931	5,761	548	6,245	6,793
	Americas	3,297	1,287	4,584	3,577	1,289	4,866
	Africa & Middle East	303	1,155	1,458	225	1,026	1,251
	Total	**4,430**	**7,373**	**11,803**	**4,350**	**8,560**	**12,910**
Perlite & Diatomite	Europe	5,867	18,874	24,742	4,416	19,453	23,869
	Americas	28,229	14,580	42,809	29,013	14,661	43,674
	Africa & Middle East	0	871	871	0	1,030	1,030
	Total	**34,096**	**34,325**	**68,421**	**33,429**	**35,144**	**68,573**
Talc	Europe	1,698	13,578	15,276	1,875	13,929	15,804
	Americas	0	0	0	15,032	4,581	19,613
	Asia-Pacific	2,353	780	3,133	2,486	456	2,942
	Total	**4,051**	**14,358**	**18,409**	**19,393**	**18,966**	**38,359**
Other minerals	Europe	1,642	0	1,642	1,777	300	2,077
	Americas	2,615	1,480	4,096	2,678	1,669	4,347
	Africa & Middle East	0	0	0	77	65	142
	Total	**4,257**	**1,480**	**5,738**	**4,532**	**2,034**	**6,566**

Notes: *In addition to the normal activities of production, additional changes occurred due to the Chapter 11 of the North American Talc subsidiaries, as well as significant changes due to closure of a feldspar site in France and reassessments of reserves at sites in Greece and USA (Carbonates) and Italy (Perlite).*

MINERAL RESOURCES ESTIMATES (AT DEC. 31, 20189 *VS* DEC. 31, 2018)

		Measured	Indicated	Inferred	Total	Measured	Indicated	Inferred	Total
Product	**Region**	**2019** *(kt)*				**2018** *(kt)*			
Ball Clays	Europe	6,982	3,037	2,252	12,271	7,199	1,778	2,003	10,980
	Americas	5,628	9,562	10,109	25,299	6,087	9,678	14,511	30,276
	Asia-Pacific	37	740	0	777	61	740	0	801
	Africa & Middle East	0	0	150	150	0	150	0	150
	Total	**12,647**	**13,339**	**12,511**	**38,497**	**13,347**	**12,346**	**16,514**	**42,207**
Bentonite	Europe	47,387	22,648	1,652	71,687	47,584	22,752	1,652	71,988
	Americas	378	2,045	2,849	5,272	378	2,045	2,849	5,272
	Africa & Middle East	65	1,657	290	2,012	1,839	12	295	2,146
	Total	**47,830**	**26,350**	**4,791**	**78,971**	**49,801**	**24,809**	**4,796**	**79,406**
Carbonates	Europe	0	2,989	8,159	11,148	0	9,128	24,477	33,605
	Americas	10,811	77,485	97,906	186,202	10,664	80,300	87,144	178,108
	Asia-Pacific	0	0	512	512	0	0	512	512
	Africa & Middle East	0	0	0	0	0	0	0	0
	Total	**10,811**	**80,474**	**106,577**	**197,862**	**10,664**	**89,428**	**112,133**	**212,225**
Feldspar	Europe	2,084	3,438	7,107	12,629	2,570	1,038	7,107	10,715
	Americas	0	0	1,849	1,849	1,849	5,500	12,700	20,049
	Africa & Middle East	800	2,675	667	4,142	928	4,002	667	5,597
	Total	**2,884**	**6,113**	**9,623**	**18,620**	**5,347**	**10,540**	**20,474**	**36,361**
Kaolin	Europe	1,714	2,370	14,766	18,850	1,764	2,470	15,215	19,449
	Americas	20,263	58,254	52,194	130,711	21,078	58,590	54,709	134,377
	Asia-Pacific	56	5,683	36	5,775	280	5,676	430	6,386
	Total	**22,033**	**66,307**	**66,996**	**155,336**	**23,122**	**66,736**	**70,354**	**160,212**
Minerals for Refractories	Europe	134	3,904	2,723	6,761	402	5,053	2,901	8,356
	Americas	8,057	6,989	137	15,183	7,666	7,547	137	15,350
	Asia-Pacific	0	0	0	0	0	0	0	0
	Africa & Middle East	300	517	1,500	2,317	836	400	1,810	3,046
	Total	**8,491**	**11,410**	**4,360**	**24,261**	**8,904**	**13,000**	**4,848**	**26,752**
Perlite & Diatomite	**Europe**	**1,266**	**20,688**	**57,804**	**79,758**	**972**	**24,329**	**57,564**	**82,865**
	Americas	21,904	29,766	40,959	92,630	22,053	30,647	111,839	164,539
	Asia-Pacific	79	1	0	80	79	1	0	80
	Africa & Middle East	0	1,198	7,592	8,790	0	1,389	7,594	8,983
	Total	**23,249**	**51,654**	**106,355**	**181,258**	**23,104**	**56,366**	**176,997**	**256,467**
Talc	Europe	99	2,071	6,846	9,016	102	1,152	7,749	9,003
	Americas	0	0	0	0	0	0	3,440	3,440
	Asia-Pacific	2,494	1,235	2,760	6,489	2,480	1,235	4,135	7,850
	Total	**2,593**	**3,306**	**9,606**	**15,505**	**2,582**	**2,387**	**15,324**	**20,293**
Other minerals	Europe	1,687	815	650	3,152	1,687	1,315	90	3,092
	Americas	6,270	25,671	66,473	98,414	6,270	25,673	66,478	98,421
	Africa & Middle East	914	749	956	2,619	836	599	956	2,391
	Total	**8,871**	**27,235**	**68,079**	**104,185**	**8,793**	**27,587**	**67,524**	**103,904**

Notes: In addition to the normal activities of exploration, resource development and transfer of resources to reserves, in 2019 there has been additional changes due to the Chapter 11 of the North American talc subsidiaries, divestiture of the Oilfields business, as well as significant resource reassessment of sites in Chile (Perlite) USA (Carbonates), Mexico (Feldspar and Diatomite) and Europe (Feldspar, Perlite, Diatomite and Carbonates).

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6.1 CONSOLIDATED FINANCIAL STATEMENTS

6.1.1 FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

(€ millions)	Notes	2019	2018
Revenue	**5**	**4,354.5**	**4,590.0**
Raw materials and consumables used	6	(1,488.0)	(1,503.2)
External expenses	7	(1,126.5)	(1,267.8)
Staff expenses	8	(947.3)	(997.7)
Taxes and duties		(42.0)	(41.2)
Amortization, depreciation and impairment		(353.6)	(265.9)
Intangible assets, mining assets and property, plant and equipment		(269.9)	(265.9)
Right-of-use assets[1]		(83.8)	-
Other current income and expenses	9	41.7	47.9
Current operating income		**438.8**	**562.1**
Gain (loss) from changes in control	10	(23.0)	3.9
Other non-recurring items	10	(187.2)	(655.5)
Operating income		**228.5**	**(89.4)**
Net financial debt expense		**(50.3)**	**(42.0)**
Income from securities	11	5.9	5.0
Gross financial debt expense	11	(56.2)	(46.9)
Interest expense on borrowings and financial debt		(49.8)	(46.9)
Interest expense on lease liabilities[1]		(6.4)	-
Other financial income (expense)		**6.6**	**(18.2)**
Other financial income		334.4	285.3
Other financial expenses		(327.9)	(303.6)
Financial income (loss)	**12**	**(43.7)**	**(60.2)**
Income tax	13	(65.5)	(89.0)
Net income from discontinued operations[2]		**-**	**788.0**
Net income		**119.4**	**549.4**
Net income, Group share[3]	14	121.2	559.6
Net income attributable to non-controlling interests		(1.9)	(10.2)
(1) Change in accounting policy IFRS 16, Leases (Note 2.1) as of January 1, 2019.			
(2) Roofing division (Note 25).			
(3) Net income per share:			
Basic net income per share (in €)	*15*	*1.53*	*7.06*
Diluted net income per share (in €)	*15*	*1.52*	*6.96*

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(€ millions)	Notes	2019	2018
Net income		**119.3**	**549.4**
Items not to be reclassified in profit or loss, before tax			
Gains (losses) on remeasurements of defined benefit plans	23.1	(68.6)	25.8
Items to be reclassified in profit or loss, before tax			
Cash flow hedges		**(0.5)**	**(8.2)**
Gains (losses)	24.4	(9.2)	(5.3)
Reclassification adjustments	24.4	8.7	(2.9)
Hedges of net investments in foreign operations		**(9.9)**	**(24.3)**
Gains (losses)	26	(9.9)	(24.3)
Exchange rate differences		**42.6**	**(15.3)**
Gains (losses)	26	44.2	(17.2)
Reclassification adjustments	26	(1.6)	2.0
Other comprehensive income (expense), before tax		**(36.4)**	**(22.0)**
Items not to be reclassified in profit, before tax		(68.6)	25.8
Items to be reclassified in profit or loss, before tax		32.2	(47.8)
Income tax on items not to be reclassified in profit or loss	**13**	**13.7**	**(5.4)**
Income tax on items to be reclassified in profit or loss	**13**	**(2.2)**	**2.9**
Other comprehensive income (expense)		**(24.9)**	**(24.5)**
Total comprehensive income (expense)		**94.5**	**524.9**
Total comprehensive income (expense), Group share		95.0	535.2
Total comprehensive income (expense) attributable to non-controlling interests		(0.5)	(10.3)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(€ millions)	Notes	2019	2018
Non-current assets		**5,129.0**	**4,908.3**
Goodwill	16	2,153.1	2,143.3
Intangible assets	17	281.8	277.6
Right-of-use assets[(1)]	18	245.2	-
Mining assets	18	502.9	503.6
Property, plant and equipment	18	1,632.2	1,662.1
Joint ventures and associates	9	105.3	112.8
Other financial assets	21.1	45.8	42.0
Other receivables	21.1	37.8	35.1
Derivative financial assets	21.1	4.5	19.3
Deferred tax assets	13	120.6	112.3
Current assets		**2,345.7**	**2,685.6**
Inventories	20	812.6	867.0
Trade receivables	21.1	623.9	656.6
Other receivables	21.1	231.5	296.9
Derivative financial assets	21.1	6.1	7.3
Other financial assets[(2)]	24.2	11.2	8.9
Cash and cash equivalents[(2)]	24.2	660.4	848.9
Consolidated assets		**7,474.7**	**7,593.9**
Equity, Group share		**3,113.7**	**3,217.2**
Share capital		159.0	159.0
Premiums		520.9	520.4
Treasury shares		(27.5)	(16.8)
Reserves		2,340.0	1,995.0
Net income, Group share		121.3	559.6
Equity attributable to non-controlling interests		**48.3**	**36.4**
Equity	**22**	**3,162.0**	**3,253.5**
Non-current liabilities		**2,834.9**	**3,095.4**
Provisions for employee benefits	23.1	375.7	290.0
Other provisions[(3)]	23.2	446.0	666.1
Borrowings and financial debt[(2)]	24.2	1,689.0	1,995.9
Lease liabilities[(1) & (2)]	24.2	194.6	-
Other debts	24.3	22.0	17.7
Derivative financial liabilities	24.1	0.7	0.4
Deferred tax liabilities	13	106.9	125.3
Current liabilities		**1,477.8**	**1,244.9**
Other provisions	23.2	21.0	23.7
Trade payables	24.1	542.6	557.3
Income tax payable[(3)]		83.2	115.2
Other debts	24.3	343.5	359.0
Derivative financial liabilities	24.1	11.9	9.7
Borrowings and financial debt[(2)]	24.2	397.5	168.5
Lease liabilities[(1) & (2)]	24.2	70.9	-
Bank overdrafts[(2)]	24.2	7.3	11.6
Consolidated equity and liabilities		**7,474.7**	**7,593.9**
(1) Change in accounting policy IFRS 16, Leases (Note 2.1) as of January 1, 2019.			
(2) Included in the calculation of net financial debt.		*1,685.0*	*1,297.4*
(3) Change in accounting policy IFRIC 23, Uncertainty over Income Tax Treatments (Note 2.1) as of January 1, 2019.			

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(€ millions)	Equity, Group share									Equity attributable to non-controlling interests	Total
				Reserves							
	Capital	Premiums	Treasury shares	Cash flow hedges	Translation reserve	Other reserves	Subtotal reserves	Net income, Group share	Subtotal equity, Group share		
Equity at January 1, 2018	**159.2**	**529.1**	**(44.4)**	**2.7**	**(409.4)**	**2,222.1**	**1,815.4**	**368.3**	**2,827.6**	**50.6**	**2,878.2**
Total comprehensive income (expense)	**-**	**-**	**-**	**(5.6)**	**(39.3)**	**20.5**	**(24.4)**	**559.6**	**535.2**	**(10.3)**	**524.9**
Transactions with shareholders	**(0.2)**	**(8.7)**	**27.7**	**0.0**	**0.0**	**203.9**	**203.9**	**(368.2)**	**(145.6)**	**(4.0)**	**(149.6)**
Allocation of prior period net profit	-	-	-	-	-	368.2	368.2	(368.2)	0.0	-	0.0
Dividend (€2.075 per share)	-	-	-	-	-	(164.6)	(164.6)	-	(164.6)	(3.4)	(168.0)
Capital increase	0.2	5.5	-	-	-	-	-	-	5.6	2.1	7.7
Capital decrease	(0.4)	(14.2)	-	-	-	-	-	-	(14.6)	-	(14.6)
Cancellation of treasury shares	-	-	27.7	-	-	(14.3)	(14.3)	-	13.4	-	13.4
Share-based payments	-	-	-	-	-	14.9	14.9	-	14.9	-	14.9
Transactions with non-controlling interests	-	-	-	-	-	(0.3)	(0.3)	-	(0.3)	(2.7)	(3.0)
Equity at December 31, 2018	**159.0**	**520.4**	**(16.7)**	**(2.9)**	**(448.7)**	**2,446.5**	**1,994.8**	**559.6**	**3,217.1**	**36.3**	**3,253.4**
Change in accounting policy[1]	-	-	-	-	-	(2.6)	(2.6)	-	(2.6)	-	(2.6)
Equity after change in accounting policy	**159.0**	**520.4**	**(16.7)**	**(2.9)**	**(448.7)**	**2,443.9**	**1,992.2**	**559.6**	**3,214.5**	**36.3**	**3,250.8**
Total comprehensive income (expense)	**-**	**-**	**-**	**(0.6)**	**29.1**	**(54.7)**	**(26.2)**	**121.2**	**95.0**	**(0.5)**	**94.5**
Transactions with shareholders	**0.0**	**0.5**	**(10.7)**	**0.0**	**0.0**	**374.0**	**374.0**	**(559.6)**	**(195.8)**	**12.5**	**(183.3)**
Allocation of prior period net profit	-	-	-	-	-	559.6	559.6	(559.6)	0.0	-	0.0
Dividend (€2.15 per share)	-	-	-	-	-	(170.0)	(170.0)	-	(170.0)	(2.4)	(172.4)
Capital increase	-	0.5	-	-	-	-	0.0	-	0.5	-	0.5
Cancellation of treasury shares	-	-	(10.7)	-	-	(20.9)	(20.9)	-	(31.7)	-	(31.7)
Share-based payments	-	-	-	-	-	9.6	9.6	-	9.6	-	9.6
Transactions with non-controlling interests	-	-	-	-	-	(4.2)	(4.2)	-	(4.2)	14.9	10.7
Equity at December 31, 2019	**159.0**	**520.9**	**(27.5)**	**(3.5)**	**(419.6)**	**2,763.1**	**2,340.0**	**121.2**	**3,113.7**	**48.3**	**3,162.0**

(1) Change in accounting policy IFRS 16, Leases (Note 2.1) as of January 1, 2019.

CONSOLIDATED STATEMENT OF CASH FLOWS

(€ millions)	Notes	2019	2018
Net income		**119.4**	**549.4**
Adjustments			
Adjustments for amortization expense	Appendix	391.8	495.0
Adjustments for impairment loss (reversal of impairment loss) recognized in profit or loss, trade and other receivables		8.8	6.7
Adjustments for impairment loss (reversal of impairment loss) recognized in profit or loss, inventories		4.0	22.7
Adjustments for provisions	Appendix	14.4	294.2
Adjustments for share-based payments	8	9.6	14.9
Adjustments for losses (gains) on disposal of non-current assets	Appendix	2.6	(774.6)
Adjustments for undistributed profits of investments accounted for using equity method	9	5.5	5.9
Adjustments for net interest income and expense		47.1	38.7
Adjustments for fair value losses (gains)		1.0	(1.5)
Other adjustments without cash effects		2.3	2.1
Other adjustments for which cash effects are investing or financing cash flow		9.4	22.9
Change in working capital requirement		**2.9**	**(28.6)**
Adjustments for decrease (increase) in inventories	24.2	35.4	(99.5)
Adjustments for decrease (increase) in trade receivables	24.2	30.1	15.1
Adjustments for decrease (increase) in suppliers	24.2	(13.4)	59.0
Adjustments for other receivables and debts		(49.3)	(3.3)
Income tax adjustments		**65.5**	**115.4**
Net cash flow from (required for) operations		**684.3**	**763.2**
Interest paid		(52.2)	(46.0)
Income tax paid or reimbursed	13	(122.7)	(107.1)
Adjustments for dividend income		-	0.1
Adjustments for dividend income from joint ventures and investments accounted for using equity method	9	6.2	5.6
Net cash flow from (required for) operating activities		**515.5**	**615.7**
Of which cash flow from discontinued operations[(1)]		-	59.7

(1) Roofing division (Note 25)

(€ millions)	Notes	2019	2018
Acquisitions of intangible assets	Appendix	(24.9)	(28.7)
Acquisitions of property, plant and equipment	Appendix	(287.6)	(313.3)
Change in payables on acquisitions of intangible assets and property, plant and equipment		20.8	(0.8)
Cash flow from gaining control of subsidiaries and other activities		(55.0)	(46.6)
Other cash payments related to the acquisition of equity and debt instruments of other entities		-	(0.1)
Proceeds from disposals of intangible assets and property, plant and equipment		20.5	26.8
Cash flow from losing control of subsidiaries and other activities		(7.2)	743.2
Cash advances and loans granted to third parties		(10.1)	(11.8)
Repayment of cash advances and loans granted to third parties		3.2	4.6
Interest income		6.3	5.2
Cash flow from investing activities		**(334.0)**	**378.5**
Of which cash flow from discontinued operations[1]		-	676.1
Cash from share issues	24.2	0.5	(6.9)
Acquisitions and buybacks of treasury shares	24.2	(31.7)	9.4
Dividends paid	24.2	(172.6)	(167.8)
Loans issued	24.2	6.2	5.6
Repayments of borrowings	24.2	(57.7)	(32.7)
Payments for lease liabilities	24.2	(85.6)	-
Other cash inflows (outflows)	24.2	(27.0)	(336.8)
Cash flow from financing activities		**(367.9)**	**(529.2)**
Of which cash flow from discontinued operations [1]		-	(29.9)
Change in cash and cash equivalents		**(186.4)**	**465.0**

(1) Roofing division (Note 25)

(€ millions)	2019	2018
Cash and cash equivalents at January 1	**837.3**	**379.0**
Change in cash and cash equivalents	(186.4)	464.9
Impact of currency fluctuations	2.3	(6.7)
Cash and cash equivalents at December 31[2]	**653.2**	**837.3**
Cash	370.4	509.1
Cash equivalents	290.0	339.8
Bank overdrafts	(7.3)	(11.6)

(2) At December 31, 2019, "Cash and cash equivalents at December 31" included a restricted balance of €5.8 million (€7.1 million at December 31, 2018) not available for Imerys S.A. and its subsidiaries, of which €4.9 million (€5.6 million at December 31, 2018) due to legal restrictions or foreign exchange controls and €0.9 million (€1.5 million at December 31, 2018) due to statutory requirements.

Appendix: table of indirect references to the notes

The following table is intended to help users of the financial statements reconcile the amounts presented in the consolidated statement of cash flows ("Total" column) and the amounts presented in the notes to the financial statements.

			2018		
(€ millions)	**Notes**	**2019**	**Continuing operations**	**Discontinued operations**	**Total**
Consolidated Statement of Cash Flows					
Adjustments for amortization expense		391.8	489.5	5.5	495.0
Increase in amortization – intangible assets	17	22.3	18.9	0.4	19.3
Increase in depreciation – property, plant and equipment	18	334.9	250.0	5.1	255.1
Amortization and depreciation reversals – intangible assets and property, plant and equipment		(3.6)	(3.1)	-	(3.1)
Neutralization of finance lease depreciation		-	(0.6)	-	(0.6)
Impairment – intangible assets	17	0.1	22.6	-	22.6
Impairment – property, plant and equipment	18	39.1	218.3	-	218.3
Reversal of impairment – intangible assets and property, plant and equipment		(1.1)	(16.6)	-	(16.6)
Adjustments for provisions		14.4	295.9	(1.7)	294.2
Net change in provisions for employee benefits – Current operating income	23.1	(16.0)	(19.3)	-	(19.3)
Net change in provisions for employee benefits – Other operating income and expenses	23.1	(7.2)	4.6	-	4.6
Net change in provisions for employee benefits – Closed plans	23.1	(4.6)	(2.8)	-	(2.8)
Normative return on assets of defined benefit plans	23.1	(31.1)	(29.6)	-	(29.6)
Unwinding of defined employee benefit liabilities	23.1	37.1	35.6	0.1	35.7
Net change in termination benefits		40.0	11.8	-	11.8
Increase in other provisions		64.5	338.1	0.4	338.5
Use of other provisions		(33.7)	(26.9)	(2.2)	(29.1)
Reversals of unused portions of other provisions		(38.9)	(19.6)	-	(19.6)
Unwinding of other provisions	23.2	4.3	4.0	0.1	4.1
Adjustments for losses (gains) on disposal of non-current assets		2.6	(18.3)	(756.3)	(774.6)
Income from asset disposals	9	(6.8)	(2.7)	-	(2.7)
Income from disposals of consolidated businesses	10	13.6	(10.1)	(756.3)	(766.4)
Income from non-recurring asset disposals	10	(4.2)	(5.5)	-	(5.5)
Acquisitions of intangible assets	17	(24.9)	(28.4)	(0.3)	(28.7)
Acquisitions of property, plant and equipment	18	(287.6)	(307.7)	(5.6)	(313.3)
Proceeds from disposals of intangible assets and property, plant and equipment		20.5	26.0	0.8	26.8
Intangible assets	17	0.4	1.8	-	1.8
Property, plant and equipment	18	7.8	16.2	0.8	17.0
Income from asset disposals	9	6.8	2.7	-	2.7
Income from non-recurring asset disposals	10	4.2	5.4	-	5.4
Change in receivables on disposals of intangible assets and property, plant and equipment		1.2	(0.1)	-	(0.1)

6.1.2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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2019 SIGNIFICANT EVENTS

This paragraph helps readers to easily identify the main notes addressing significant events that occurred in 2019.

- "Connect & Shape" transformation plan: *Note 10*.
- Developments in the operational dispute related to past sales of talc in the US: *Notes 23.2*.
- Imerys and Brexit: *Information by Segment – Information by Geographical Location – Exposure to Country Risk*.
- Mandatory change in accounting policy IFRS 16, Leases as of January 1, 2019: *Note 2.1*.
- Change in the presentation of primary financial statements: *Note 2.2*.
- Change to information by segment: *Information by Segment* and *Note 19*.

■ BASIS OF PREPARATION

NOTE 1 ACCOUNTING PRINCIPLES

1.1 STATEMENT OF COMPLIANCE

Pursuant to European regulation no. 1606/2002 of July 19, 2002, the consolidated financial statements of Imerys, a group operating in the industrial minerals sector, headquartered at 43 quai de Grenelle, Paris, France and whose share is listed on compartment A of the Euronext Paris market, have been prepared at December 31, 2019 in accordance with the International Financial Reporting Standards (IFRS) adopted within the European Union at the end of the reporting period (hereinafter "the Principles"). The consolidated financial statements were approved on February 12, 2020 by the Board of Directors of Imerys S.A., 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 PRINCIPLES AND IFRS

The European Union's adoption process may result in temporary differences at the end of the reporting period between the Principles and IFRS. However at December 31, 2019, no differences existed between the Principles and IFRS.

1.3 OPTIONAL STATEMENTS

First-time adoption. The first year the Principles were adopted, the financial statements published by Imerys at January 1, 2004 included a retrospective application, which was limited by some optional exemptions set out in IFRS 1, for the first-time adoption of IFRS and exercised by the Group. Acquisitions completed prior to the first-time adoption have not been adjusted. Carrying amounts of property, plant and equipment have not been adjusted, with the exception of mineral reserves and resources, which have been measured at fair value. The actuarial differences of post-employment benefits unrecognized at the date of first-time adoption were included in plan assets and provisions and measured against reserves. Finally, translation differences of foreign operations were reclassified in reserves.

Other optional statements. Some provisions in the Principles allow for recognition and measurement options. Amortized or depreciated historical cost provides the basis for measuring 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 "First-In, First-Out" (FIFO) accounting or the weighted average cost method *(Note 20)*. The rules of hedge accounting are applied to the recognition of derivatives for hedging exchange rate, 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, Executive Management has defined recognition and measurement policies for the following three areas: greenhouse gas allowances *(Note 17)*, mining assets *(Note 18)* and purchase commitments for non-controlling interests of an entity controlled by the Group *(Note 25)*.

1.5 ALTERNATIVE PERFORMANCE MEASURES (APM)

Definition. APMs are performance indicators that Imerys uses in addition to those reported in accordance with IFRS. The definition of APMs is provided in the notes to the financial statements, so that the users of the financial statements may understand how they are measured and relate to standardized indicators. The main APMs defined by Imerys include current operating income and other operating income and expenses *(Notes to the Consolidated Income Statement – Accounting policy)* as well as net financial debt and net current free operating cash flow *(Note 24.2 – Reconciliation of net financial debt)*. APMs are not displayed with more prominence or emphasis than standardized indicators.

Modification. APMs are applied consistently over time and only changed to make them more reliable and more relevant. If modified, the reason for the change is explained, the new definition is communicated and comparatives are restated. The mandatory change in accounting policy related to the adoption of IFRS 16, Leases, *(Note 2.1)* has led Imerys to question the relevance of its definition of net current free operating cash flow *(Note 24.2 – Reconciliation of net financial debt)*. Having observed the differences that still exist between the various issuers regarding the way the standard impacts APMs, and in order to meet the needs of the various users of the financial statements, Imerys has decided to present two calculations of free operating cash flow in 2019 – a "historical" calculation involving the reconciliation of net financial debt excluding lease liabilities and a "post IFRS 16" calculation involving the reconciliation of financial debt including lease liabilities. In 2018, free operating cash flow was published based on the "historical" calculation and has not been restated.

NOTE 2 CHANGES IN ACCOUNTING POLICIES AND ERRORS

Accounting policy

Accounting policies are identical from one year to the next 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 relevance of information *(Note 2.2)*. Changes in accounting policies are applied retrospectively, unless specific transition measures have been identified in the standard or interpretation. The financial statements for all reported periods are modified, as if the new policy had always applied. Errors *(Note 2.3)* are corrected retrospectively.

2.1 MANDATORY CHANGES

Early adoption

In 2019, Imerys adopted the following interpretation before it became mandatory.

Amendment to IAS 39, IFRS 7 and IFRS 9, Interest Rate Benchmark Reform. The early adoption of this amendment has been made ahead of the phasing out of interbank offered rates (IBORs), which is due to come into effect on December 31, 2021, in favor of new benchmarks that are more consistent and more reliable. It enables issuers to temporarily consider that hedged items, hedging instruments and information about hedging relationships at December 31, 2019 are not affected by the reform. This relief will cease to apply as soon as the uncertainty caused by the IBOR reform has been resolved.

Imerys did not early adopt any standard or interpretation in 2018.

Adoption upon effective date

IFRS 16, Leases. As of January 1, 2019, contracts that convey the right to use an asset for a period of time in exchange for consideration are recognized as right-of-use assets against a lease liability *(Note 18)*. The scope of contracts has been systematically reviewed, reassessing the existence of leases in each contract according to the criteria of the standard and excluding leases with a term of 12 months or less and low-value assets in line with the exemption set out in the standard. Fees for such leases are recognized in expenses *(Note 7)*. The initial direct costs of setting up the contract are excluded from the measurement of right-of-use assets, in accordance with the option set out in the transition provisions of the standard. In the financial statements, the following items are presented separately: right-of-use assets, lease liabilities, amortization and depreciation in this current operating income generated by right-of-use assets and the interest expense generated by lease liabilities in financial income. In the Consolidated Statement of Cash Flows, cash payments for the principal portion of the lease liability are presented in “Payments for lease liabilities” for financing activities and cash payments for the interest portion of the lease liability are presented in “Interest paid” for operating activities. Imerys applied the simplified approach, according to which the cumulative impact of initial adoption is recognized as an adjustment in equity at January 1, 2019. Comparative information for 2018 has not been restated. Right-of-use assets were measured in relation to the amortized value at the date of transition. The non-discounted value of the lease commitment at January 1, 2019 amounted to €325.9 million, which represents a discounted liability of €291.5 million. In the absence of implicit interest rates, the leases were discounted using the lessees’ incremental borrowing rates at January 1, 2019. These rates were calculated over the residual duration of each lease by applying the risk-free rate of the lease currency, increased by Imerys’ credit spread in euros and adjusted for the difference between Credit Default Swaps in France and the lessees’ country. At the date of transition, the average weighted incremental borrowing rate equaled 2.20% corresponding to a lease duration of 4.3 years. Up until December 31, 2018, only finance leases were recognized as lease liabilities. Operating leases were presented as “Operating leases” and “Operating commitments” in the note concerning off balance sheet commitments *(Note 28)*. The following table presents the reconciliation between the off-balance sheet commitments published at December 31, 2018 and the lease liabilities recognized at January 1, 2019.

(€ millions)	**January 1, 2019**
Operating leases	240.3
Operating commitments	241.2
Commitments given including leases[1]	**481.5**
Elimination of operating commitments other than leases[2]	(141.1)
Non-discounted value of off balance sheet operating leases under IAS 17	**340.4**
Elimination of purchase commitments on lease related services	(21.0)
Elimination of lease commitments on low-value assets and other immaterial leases	(7.6)
Elimination of commitments on leases with a term of 12 months or less	(5.0)
Elimination of mine land lease commitments	(5.1)
Elimination of leases starting after the transition date and agreed before December 31, 2018	(3.9)
Elimination (inclusion) of consideration contingent on exercising option to terminate (extend) the lease	13.4
Non-discounted value of finance leases under IAS 17	14.7
Non-discounted value of the IFRS 16 lease commitment	**325.9**
Discount using the incremental borrowing rate	(34.4)
Lease liabilities	**291.5**

(1) Note 28.

(2) Commitments to purchase raw materials, energy and other operating commitments given.

The following table presents the impact the change in accounting policy had on the Statement of Financial Position at January 1, 2019. Deferred tax assets and liabilities have been calculated separately for lease liabilities and right-of-use assets, respectively.

(€ millions)	**January 1, 2019**
Non-current assets	**336.5**
Right-of-use assets	276.0
Property, plant and equipment	(14.3)
Deferred tax assets	74.8
Current assets	**(1.0)**
Other receivables	(1.0)
Consolidated assets	**335.5**
Equity, Group share	**(2.5)**
Reserves	(2.5)
Equity	**(2.5)**
Non-current liabilities	**275.4**
Other provisions	(6.9)
Borrowings and financial debt	(12.8)
Lease liabilities	221.0
Deferred tax liabilities	74.1
Current liabilities	**62.6**
Trade payables	(7.2)
Borrowings and financial debt	(0.7)
Lease liabilities	70.5
Consolidated equity and liabilities	**335.5**

The implementation of IFRS 16 has prompted Imerys to make the following changes to its main Alternative Performance Measures: right-of-use assets are included in capital employed in Information by Segment and the interest expense generated by lease liabilities in financial income is added to the net financial debt expense presented in the Consolidated Income Statement. However, given the differences that still exist between the various issuers regarding the consequences of IFRS 16 on the APMs, and in order to meet the needs of the various users of the financial statements, Imerys has decided to present two calculations of free operating cash flow in 2019 *(Note 24.2 – Reconciliation of net financial debt)* – a "historical" calculation involving the reconciliation of net financial debt excluding lease liabilities and a "post IFRS 16" calculation involving the reconciliation of financial debt including lease liabilities.

IFRIC 23, Uncertainty over Income Tax Treatments. This interpretation clarifies the accounting for uncertainties in the measurement of income tax. Entities must assume that a taxation authority will have full knowledge of all relevant information when examining any amounts reported to it. The interpretation sets out the criteria to determine whether each tax treatment should be considered independently or whether some tax treatments should be considered together. It requires entities to consider whether it is probable that the relevant authority will accept each tax treatment, or group of tax treatments, that it used or plans to use in its income tax filing. Finally, the interpretation requires entities to reassess their judgments and estimates if facts and circumstances change. Imerys already integrated these criteria in its judgment process. The Group therefore has not felt any impact from this interpretation coming into force. Furthermore, even though the IFRIC 23 interpretation does not clarify the uncertainty over income tax treatments in the Statement of Financial Position, the clarifications provided have led Imerys to recognize these items in "Income tax payable" as soon as the interpretation comes into force.

Amendments to IAS 19, Plan Amendment, Curtailment or Settlement. This amendment involves updating the actuarial assumptions used to calculate the current service cost, unwinding and normative return on plan assets and reimbursement rights after a plan amendment, curtailment or settlement. The actuaries at Imerys have already been following the provisions in their work in the interests of best practice. Therefore, the adoption of this interpretation will have no impact.

Furthermore, amendments to IFRS 9, Prepayment Features with Negative Compensation, and IAS 28, Long-term Interests in Associates and Joint Ventures, do not apply to Imerys.

2.2 VOLUNTARY CHANGES

In 2019, Imerys has decided a voluntary change in the following manner. No voluntary changes were applied in 2018.

Change to the format of the primary financial statements. As of the financial year ending December 31, 2020, all issuers listed in the European Union will be required to tag all items included in the five primary financial statements (Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows) filed with the national regulatory authority, in accordance with an accounting structure known as the XBRL taxonomy. In order to use direct and relevant tags, Imerys decided to adapt certain lines of its primary financial statements to match the XBRL taxonomy. This change has been applied in 2019 in order to enable users of the financial statements to become accustomed to the format that will be required in the future. These adaptations are limited and mainly apply to the Consolidated Statement of Cash Flows, which has been simplified. Comparative information has been restated.

2.3 ERRORS

Any material error in the current year financial statements identified before the financial statements are approved for publication is corrected. Any material error in financial statements for prior years is corrected in the comparative information. In 2019, adjustments were made to the lines detailing operating income and raw materials and consumables used in the breakdown between hedged items (column hedge accounting/cash flow/hedged item) and non-hedged items (column amortized cost) presented in the comparative information for 2018 in respect of financial instruments published in *Note 11*, without any impact to the overall total. No errors were corrected in 2018.

NOTE 3 STANDARDS AND INTERPRETATIONS EFFECTIVE AFTER THE CLOSING DATE

In line with the European Union's latest IFRS endorsement status report of January 23, 2020 published by the European Financial Reporting Advisory Group (EFRAG), Imerys will apply the following standards and interpretations after December 31, 2019.

3.1 APPLICATION IN 2020

Amendment to IFRS 3, Business Combinations. This amendment clarifies the definition of a business by setting out three distinguishing elements: inputs, the substantive processes that create outputs, and the outputs themselves. The amendment narrows the definition of a business and outputs by focusing on goods and services provided to customers and removing the reference to an ability to reduce costs.

Amendment to IAS 1 and IAS 8, Definition of Material. By revisiting the definition of materiality, this amendment defines information as material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the users of the financial statements make on the basis of those financial statements.

3.2 APPLICATION IN 2021

IFRS 17, Insurance Contracts, does not apply to Imerys.

NOTE 4 ESTIMATES AND JUDGMENTS

Estimates. Estimates are intended to provide a reasonable assessment of the most recent reliable information available about elements of uncertainty. They are revised to reflect changes in circumstances, newly available information and past experience. Changes in estimates are recognized for future periods. The following significant estimates made by Executive Management are discussed in detail separately in the notes:

- estimated value of the assets and liabilities of an acquired business *(Note 16)*;
- amortization methods of intangible assets *(Note 17)*;
- depreciation methods of property, plant and equipment, in particular mineral reserves, overburden assets and certain industrial assets of discontinuous use *(Note 18)*;
- duration and amount of future cash flows as well as the discount rate and terminal growth rate used to calculate the value in use of CGUs for the impairment tests performed on non-financial assets *(Note 19)*;
- actuarial assumptions applied to defined benefit plans *(Note 23.1)*;
- assessment of the probability of settlement as well as the amount of obligations, the planned schedule of future payments and the discount rates required to recognize and measure provisions *(Note 23.2)*.

Judgments. Judgments are made by analyzing and categorizing elements, transactions and situations. When a judgment is revised, it is recognized for future periods like for changes in estimates, except if the judgment has been revised to correct an error *(Note 2.3)*. The following significant judgments made by Executive Management are discussed in detail separately in the notes:

- aggregation of operating segments in reporting segments *(Information by Segment)*;
- allocation of certain transactions by levels within the income statement *(Notes to the Consolidated Income Statement)*;
- definition of Cash Generating Units (CGUs) and impairment indicators for impairment tests performed on non-financial assets *(Note 19)*.

INFORMATION BY SEGMENT

On November 26, 2018, Imerys announced the implementation of a new structure, organized around two segments – Performance Minerals (PM) and High Temperature Materials & Solutions (HTMS) – and grouping five newly created business areas to focus on Imerys' core markets. Despite the new organization coming into effect of December 1, 2018, Executive Management did not allocate any resources and no changes had been reflected in any of the financial information for 2018. As a result, the Information by Segment has only been presented in line with the new structure from 2019 onward. Comparative information has been restated.

Accounting policy

Imerys delivers high value-added, functional solutions to a wide variety of industries, ranging from process manufacturing to consumer goods. In each of its two segments, the Group draws on its understanding of applications, technological knowledge and expertise in material science to deliver solutions by beneficiating its mineral resources, synthetic minerals and formulations. Imerys' solutions contribute essential properties to customers' products and their performance, including heat resistance, hardness, conductivity, opacity, durability, purity, lightness, filtration, absorption and water repellency.

- The Performance Minerals (PM) segment brings together three geographic business areas – Europe Middle East Africa (EMEA), Americas and Asia Pacific (APAC) – serving the plastics, paints & coatings, filtration, ceramics, renewable energy and paper & board markets;
- The High Temperature Materials & Solutions (HTMS) segment regroups two business areas – High Temperature Solutions, and Refractory, Abrasives & Construction – serving the refractory, foundry, metal flow, abrasives and building chemistry markets.

Each of the reporting segments manufactures and sells goods and services presenting geological, industrial and commercial synergies. They are formed through the aggregation of operating segments that relate to Cash Generating Units monitored each month by Executive Management in its business reporting. In 2019, CGUs used in impairment tests did not lead to the recognition of any additional impairment and nor was any impairment recognized in previous years reversed, in both 2018 and 2019 *(Note 19)*. Executive Management does not consider the holding structure that handles the Group's centralized financing to be a segment. The aggregates for this activity are therefore presented in a reconciliation column with inter-segment eliminations (IS&H). Financial information by segment is measured in accordance with the principles set out in the principles *(Note 1)*. Transactions between segments are measured at the price upon which two independent parties would have agreed on an arm's length basis.

Consolidated Income Statement

The following tables present a breakdown of revenue by segment before and after any inter-segment eliminations, as well as the main levels of the consolidated income statement. Revenue from transactions made by Imerys with each of its external customers never exceeds the threshold of 10.0% of the Group's revenue.

At December 31, 2019

(€ millions)	PM	HTMS	IS&H	Total
External revenue	**2,381.4**	**1,975.2**	**(2.0)**	**4,354.5**
Sale of goods	2,103.1	1,788.4	(2.1)	3,889.4
Rendering of services	278.3	186.8	0.1	465.1
Inter-segment revenue	**33.9**	**0.8**	**(34.7)**	**0.0**
Revenue	**2,415.2**	**1,976.0**	**(36.7)**	**4,354.5**
Current operating income	**279.2**	**150.7**	**8.9**	**438.8**
Of which amortization, depreciation and impairment	(223.3)	(108.2)	(22.1)	(353.6)
Other operating income and expenses				**(210.2)**
Operating income				**228.5**
Financial income (loss)				**(43.7)**
Interest income				6.4
Interest expense				(47.6)
Income tax				**(65.5)**
Net income				**119.4**

At December 31, 2018

(€ millions)	PM	HTMS	IS&H	Total
External revenue	**2,520.5**	**2,070.1**	**(0.6)**	**4,590.0**
Sale of goods	2,230.4	1,872.4	(1.4)	4,101.4
Rendering of services	290.1	197.7	0.8	488.6
Inter-segment revenue	**38.5**	**2.2**	**(40.7)**	**0.0**
Revenue	**2,559.0**	**2,072.3**	**(41.3)**	**4,590.0**
Current operating income	**352.8**	**221.3**	**(12.0)**	**562.1**
Of which amortization, depreciation and impairment	(166.6)	(93.9)	(5.4)	(265.9)
Other operating income and expenses				**(651.5)**
Operating income				**(89.4)**
Financial income (loss)				**(60.2)**
Interest income				5.3
Interest expense				(45.0)
Income tax				**(89.0)**
Net income from discontinued operations				**788.0**
Net income				**549.4**

Consolidated Statement of Financial Position

At December 31, 2019

(€ millions)	PM	HTMS	IS&H	Total
Capital employed – Assets	**3,654.7**	**2,785.2**	**186.2**	**6,626.1**
Goodwill(1)	1,167.3	985.0	0.8	2,153.1
Intangible assets and property, plant and equipment(2)	1,610.1	958.3	93.6	2,662.0
Inventories	382.8	433.7	(4.0)	812.6
Trade receivables	342.8	290.2	(9.0)	623.9
Other receivables – non-current and current	135.8	77.9	55.6	269.3
Joint ventures and associates	15.9	40.2	49.2	105.3
Unallocated assets				**848.6**
Total assets				**7,474.7**
Capital employed – Liabilities	**544.7**	**441.8**	**4.8**	**991.3**
Trade payables	282.0	259.3	1.3	542.6
Other debts – non-current and current	237.7	168.5	(40.7)	365.5
Income tax payable	25.0	13.9	44.2	83.2
Provisions	**485.4**	**228.8**	**128.5**	**842.7**
Unallocated liabilities				**2,478.8**
Total non-current and current liabilities				**4,312.8**
Total capital employed	**3,110.0**	**2,343.5**	**181.4**	**5,634.8**
(1) Increase in goodwill	*20.7*	*5.3*	*-*	*26.0*
(2) Acquisitions of intangible assets and property, plant and equipment	*199.8*	*120.1*	*51.6*	*371.5*

At December 31, 2018

(€ millions)	PM	HTMS	IS&H	Total
Capital employed – Assets	**3,621.5**	**2,760.2**	**173.4**	**6,555.1**
Goodwill(1)	1,166.1	976.4	0.8	2,143.3
Intangible assets and property, plant and equipment(2)	1,500.0	902.5	40.9	2,443.4
Inventories	409.6	458.3	(0.9)	867.0
Trade receivables	367.4	296.0	(6.8)	656.6
Other receivables – non-current and current	160.8	91.4	79.8	332.0
Joint ventures and associates	17.6	35.6	59.6	112.8
Unallocated assets				**1,038.8**
Total assets				**7,593.9**
Capital employed – Liabilities	**555.7**	**460.8**	**32.5**	**1,049.0**
Trade payables	282.3	264.0	11.0	557.3
Other debts – non-current and current	208.2	169.6	(1.2)	376.6
Income tax payable	65.2	27.2	22.7	115.1
Provisions	**591.9**	**226.5**	**161.5**	**979.9**
Unallocated liabilities				**2,311.4**
Total non-current and current liabilities				**4,340.3**
Total capital employed	**3,065.8**	**2,299.4**	**140.9**	**5,506.1**
(1) Increase in goodwill	*(0.9)*	*21.9*	*-*	*21.0*
(2) Acquisitions of intangible assets and property, plant and equipment	*201.1*	*115.4*	*19.4*	*335.9*

Information by region

Country risk. Due to the Group's mining activity and the variety of its end markets, its entities operate across many countries. Therefore, Imerys may be exposed to certain risks specific to these countries that may impact its financial statements in the future. Country risk includes two factors. The first concerns transfer and convertibility risk, *i.e.* the risk that government-imposed capital and exchange controls by a sovereign entity would prevent or materially impede the ability to convert local currency into foreign currency and/or transfer funds to non-resident creditors. The second factor takes into account the overall economic context, mainly in relation to the quality of public and private governance, as well as the risk of conflicts, expropriation, or civil and political instability.

Exposure to country risk. The transfer and convertibility component of country risk resulted in an unavailable cash balance of €4.9 million at December 31, 2019 (€5.6 million at December 31, 2018) *(Consolidated Statement of Cash Flows)*. Country risk is also taken into account in the country-market risk premium of the discount rates used for impairment tests *(Note 19)*.

However, the majority of the Group's sources of supply and end markets are located in developed countries, which limits Imerys' exposure to country risk. In order to identify high-risk countries, Imerys uses the "Business Climate" risk assessment published by Coface, the leading French insurance company specialized in international credit insurance, which measures the potential influence of a country's economic, financial and political outlook on businesses' financial commitments. Coface's risk assessment uses an eight-level ranking system from A1 to E, in ascending order of risk. Countries in which the Group operates ranked in categories C to E, the highest levels of risk, include Algeria and Ukraine (category C) as well as Venezuela (category E). In addition, Imerys may decide to conduct studies on specific situations. One such study has been being carried out since 2016 to monitor the consequences of the UK's decision to leave the European Union (Brexit) on January 31, 2020. It found the potential risk to Imerys to be immaterial, affecting 5.80% of revenue by geographical location of Group operations in 2019 (6.19% in 2018), 3.55% of revenue by geographical location of customers in 2019 (3.46% in 2018) and 5.41% of the statement of financial position at December 31, 2019 after eliminating intragroup transactions (5.45% at December 31, 2018).

The following table presents a breakdown of revenue by geographical location of Group operations:

(€ millions)	**2019**	**2018**
France	530.9	537.8
Other European countries	1,713.9	1,827.0
North America	1,162.2	1,284.1
Asia – Oceania	748.0	733.8
Other countries	199.5	207.3
Revenue by geographical location of Group operations	**4,354.5**	**4,590.0**

In 2019, countries rated C to E by Coface's "Business Climate" risk assessment accounted for 0.37% of Group revenue (0.35% in 2018) and 0.03% of current operating income (0.42% in 2018).

The following table presents a breakdown of revenue by geographical location of customers:

(€ millions)	**2019**	**2018**
France	237.5	250.7
Other European countries	1,746.9	1,842.7
North America	1,083.9	1,187.3
Asia – Oceania	976.3	974.5
Other countries	309.9	334.8
Revenue by geographical location of customers	**4,354.5**	**4,590.0**

At December 31, 2019, countries rated C to E by Coface's "Business Climate" risk assessment accounted for 0.19% of the statement of financial position (0.22% at December 31, 2018) and -0.38% of consolidated equity, Group share (-0.72% at December 31, 2018).

NOTES TO THE CONSOLIDATED INCOME STATEMENT

Accounting policy

Income and expenses recognized in the consolidated income statement are grouped according to materiality and are only offset when required by a standard or interpretation. Comparative information is presented for the prior year Y-1, while comparative information for Y-2 is incorporated by reference *(chapter 9, section 9.4 of the Universal Registration Document)*. The income statement is structured across two main levels: operating income and financial income (loss). Although in the majority of cases, the allocation of transactions by level of profit or loss does not require any specific comment, the options available in some standards and the absence of guidance from other standards have led Executive Management to make certain judgments and decisions about presentation. The following three tables present these decisions and specify the corresponding note.

Operating income. Operating income is made up of current operating income and other operating income and expenses. Current operating income *(Notes 5 to 9)* includes revenue generated by Imerys as well as the following items:

	Notes
Share-based payment expenses	8
Changes in employee benefits excl. restructuring	
▪ plan curtailments, settlements and amendments	8
▪ contributions to funds and direct payments to beneficiaries	8
▪ decrease in provisions for contributions and direct payments	8
▪ administrative fees for open plans	8
Hedge accounting	
▪ ineffective portion of operational hedge instruments	11
▪ amortization of the effective portion of de-designated operational hedge instruments	11
Asset disposals excl. restructuring	9
Net income from recurring operations of associates	9

Other operating income and expenses. In accordance with the ANC Recommendation No. 2013-03 issued by France's national accounting standards board on how to present IFRS financial statements, other operating income and expenses *(Note 10)* corresponds to items of income and expenses resulting from a limited number of clearly identified, non-recurring and significant events, such as the impact in profit or loss of acquiring or losing control of a business, restructuring including any related asset disposals, impairment loss recognized against goodwill or major disputes. In particular, since applicable standards do not define restructuring as an infrequent or unusual occurrence, Executive Management has put in place approval criteria to ensure that only management decisions defined as both restructuring and non-recurring may be recognized in other operating income and expenses.

	Notes
Gain (loss) from changes in control	10
Impairment loss recognized against goodwill	10
Restructuring	10
Asset disposals due to restructuring	10
Changes in employee benefits due to restructuring	
▪ plan curtailments, settlements and amendments	10
▪ contributions and direct payments to beneficiaries	10
▪ decrease in provisions for contributions and direct payments	10
Major disputes	10
Net income from recurring operations of associates	10

Financial income (loss). Financial income (loss) is primarily made up of the cost of debt, exchange rate fluctuations, the financial components of defined benefit plans, the unwinding of discounts on provisions and impairment loss on financial assets *(Note 12)*, as well as the following specific items:

	Notes
Hedge accounting	
▪ ineffective portion of financial hedge instruments	11
▪ amortization of the effective portion of de-designated financial hedge instruments	11
Unrealized and realized translation gains (losses) on 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 for closed plans with mandatory funding requirement	12
▪ decrease in provisions for closed plans with mandatory funding requirement	12

NOTE 5 REVENUE

Accounting policy

Revenue is made up of two elements: (i) sales of goods, *i.e.* material specialties generally extracted from mineral deposits controlled by the Group and beneficiated in its plants, and (ii) services rendered, mainly invoicing customers the cost of shipping goods and providing industrial services. The contractual commitments made by the Group to transfer these goods and services to customers are categorized as performance obligations. When control of goods or services is transferred to customers, the performance obligation is deemed to have been satisfied and the revenue is recognized. Material specialties are therefore transferred to customers at a given point in time, which coincides with the transfer of all the risks and rewards defined in the contractual incoterms. The contract includes multiple incoterms due to the specificities of packaging (bulk, powder, paste and slurry *etc.*) and freight (sea, rail and road *etc.*). However, while certain services, such as molding work, are rendered at a given point in time, most are transferred to customers over time. This is the case for shipping services, the revenue for which is recognized after the delivery has been made, and certain specialized services spread over two to seven months in the construction of industrial facilities, for which the degree of completion is measured based on the actual level of production costs committed. Collateral requirements on the sale of goods and rendering of services offer customers guarantees about the specifications agreed in the contracts, rather than an additional service on top of these guarantees. Consequently, guarantees are not recognized as performance obligations but as provisions *(Note 23.2)*. Sale of goods and rendering of services are measured at the fair value of the transaction, minus trade and volume rebates, as well as discounts for early payment.

Activity for the period

The following table presents a breakdown of revenue by sale of goods and rendering of services. In 2019, total revenue fell by 5.10% to €4,354.5 million (€4,590.0 million in 2018, up 6.8% in 2018), including a positive currency effect of €96.9 million (€147.1 million in 2018) and a negative scope effect of €157.3 million (€290.4 million in 2018). At constant scope and exchange rates, revenue decreased by 3.8% (compared with a 3.4% increase in 2018).

(€ millions)	2019	2018
Sale of goods	3,889.4	4,101.5
Rendering of services	465.1	488.6
Total	**4,354.5**	**4,590.0**

The following table presents a different breakdown of revenue by the time at which goods or services are transferred to customers, distinguishing between goods and services transferred to customers at a given point in time and services transferred to customers over time.

(€ millions)	2019	2018
Goods and services transferred to customers at a given point in time	**3,896.3**	**4,108.1**
Sale of material specialties	3,889.4	4,101.5
Rendering of industrial services	6.1	5.4
Rendering of other services	0.8	1.2
Services transferred to customers over time	**458.2**	**481.9**
Shipping revenue	287.3	303.1
Rendering of industrial services	169.7	177.7
Rendering of other services	1.2	1.1
Total	**4,354.5**	**4,590.0**

Furthermore, other breakdowns of revenue are presented in *Information by Segment*: by segment before and after inter-segment eliminations, by geographical location of Group operations and by geographical location of customers.

NOTE 6 RAW MATERIALS AND CONSUMABLES USED

(€ millions)	2019	2018
Raw materials	(730.7)	(877.8)
Energy	(350.4)	(335.8)
Chemicals	(62.4)	(62.8)
Other consumables	(198.1)	(242.3)
Merchandise	(121.1)	(101.2)
Change in inventories	(34.4)	102.1
Self-constructed assets	9.1	14.6
Total	**(1,488.0)**	**(1,503.2)**

NOTE 7 EXTERNAL EXPENSES

(€ millions)	2019	2018
Transportation	(520.9)	(601.0)
Operating leases	-	(80.9)
Lease payments recognized in expenses(1)	(30.2)	-
Lease term of 12 months or less	(20.0)	-
Leases of low-value assets	(0.9)	-
Variable payments and services	(9.4)	-
Impact of reductions in the scope of leases	0.1	-
Subcontracting	(154.3)	(140.2)
Maintenance and repair	(123.2)	(131.9)
Fees	(103.7)	(116.0)
Other external expenses	(194.1)	(197.7)
Total	**(1,126.5)**	**(1,267.8)**

(1) Change in accounting policy IFRS 16, Leases (Note 2.1) as of January 1, 2019.

NOTE 8 STAFF EXPENSES

(€ millions)	2019	2018
Salaries	(729.0)	(784.3)
Social security contributions	(138.9)	(138.5)
Net change in provisions for employee benefits	16.0	19.3
Contributions to defined benefit plans	(25.6)	(21.8)
Contributions to defined contribution plans	(31.3)	(29.0)
Profit-sharing schemes	(27.2)	(26.4)
Other employee benefits	(11.3)	(17.0)
Total	**(947.3)**	**(997.7)**

Management principles – Share-based payments

Since 2008, the Group's long-term incentive scheme has involved granting free performance shares acquired on the market. The corresponding expense is recognized in "Other employee benefits" and amounted to €10.0 million in 2019 (€14.1 million in 2018). The management principles applied to share-based payments are agreed by the Board of Directors based on proposals made by the Compensation Committee. With the exception of grants made as part of the Group's employee shareholding operations, free shares are in principle subject and proportionate to the achievement of economic and/or financial performance objectives set by the Board of Directors. Share-based payment plans are annual and the total number of rights granted each year is adjusted in accordance with the Group's overall performance or specific events. Grants are usually awarded on the date of the Shareholders' General Meeting. The actual or probable beneficiaries include the Group's executive directors (such as the Chief Executive Officer, members of the Executive Committee, the management committees of segments and operations, as well as managers of the Group's main corporate support departments) and certain key employees reporting to them, as well as managers with considerable potential and employees who make an outstanding contribution to the Group's performance.

Accounting policy

The fair value of services rendered against the grant of Imerys free shares is measured using the Black & Scholes pricing model in reference to the fair value of instruments at the grant date. This measurement takes into consideration the life of instruments, the underlying share price, as well as the turnover rate of beneficiaries. In the majority of cases, the rights vest depending on employees' length of service in the Group and the fair value of services rendered is amortized in profit or loss over the vesting period against an increase in equity. The accounting treatment is identical when, in addition to the length of service condition, the rights vest subject to the achievement of pre-determined quantitative performance conditions. Volatility and assumptions related to the probability of rights vesting are revised at each closing date. The turnover rate of beneficiaries is adjusted definitively as vesting periods are closed.

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Share-based payment expenses

	Number of free shares	Maturity	Turnover rate	Average dividend rate	Performance conditions	Fair value *(€)*	Total cost by plan *(€M)*	Cost of the plan in 2019 *(€M)*	Cost of the plan in 2018 *(€M)*
2014	276,975	4.0 years	14.2%	2.9%	78.6%	55.37	(10.3)	-	(0.7)
2015	309,550	4.0 years	25.5%	2.9%	78.4%	61.17	(11.3)	(0.5)	(1.7)
2016	32,500	3.0 years	0.0%	2.9%	96.0%	58.29	(1.8)	(0.3)	(0.7)
2016	270,000	3.0 years	20.9%	2.9%	96.0%	57.43	(11.5)	(1.9)	(3.8)
2017	35,000	3.0 years	0.0%	3.0%	75.0%	70.66	(1.9)	(0.6)	(0.6)
2017	258,400	3.0 years	29.2%	3.0%	75.0%	70.66	(9.5)	(2.3)	(3.5)
2018	265,200	3.0 years	32.5%	3.0%	80.0%	67.12	(9.8)	(2.8)	(2.7)
2018	30,000	3.0 years	100.0%	3.0%	80.0%	69.64	-	0.4	(0.4)
2019	427,500	3.0 years	28.5%	3.0%	80.0%	35.75	(8.7)	(2.0)	-
Cost of plans recognized as staff expenses								**(10.0)**	**(14.1)**
Payment in equity instruments								(9.6)	(14.1)
Payment in cash								(0.4)	-
Income from continuing operations								(9.6)	(14.9)
Income from discontinued operations								-	0.8
Weighted average exercise price *(€)*								34.5	48.9

NOTE 9 OTHER CURRENT INCOME AND EXPENSES

(€ millions)	2019	2018
Other income and expenses	15.0	21.5
Income from asset disposals	6.8	2.7
Grants received	1.9	2.6
Net change in operating provisions and write-downs	13.5	19.4
Share in net income of joint ventures and associates	4.5	1.7
Total	**41.7**	**47.9**

Imerys holds stakes in businesses over which it exercises joint control or significant influence. The net income generated by these investments is presented under "Share in net income of joint ventures and associates" and corresponded to €4.5 million in 2019 (€1.7 million in 2018).

Accounting policy

Imerys uses the equity method to measure the value of its investments under joint control (joint ventures, *i.e.* those whose financial and operating strategy are subject to a unanimous vote from Imerys and a third party) and the investments over which it exercises significant influence (associates, *i.e.* those whose financial and operating strategy are governed by a third party and Imerys only participates in the strategies, without having control over them). The stakes held in the net assets and earnings of such entities are presented in distinct lines in operating income and assets.

Main joint ventures and associates

The main investments accounted for using the equity method include The Quartz Corporation, Stollberg & Samil (joint ventures) and MST Mineralien Schiffahrt (associate). The summarized financial information from these investments is presented hereinafter as 100.00% amounts. Debit amounts are negative and credit amounts are positive. Information is reported at December 31, except for MST Mineralien Schiffahrt where data is taken from the most recent financial statements to which the Group has access, *i.e.* those published for the end of their annual reporting period at September 30.

	Joint ventures				Associates	
	The Quartz Corporation		Stollberg & Samil		MST Mineralien Schiffahrt	
(€ millions)	2019	2018	2019	2018	2019	2018
Consolidated Income Statement						
Revenue	89.6	84.5	38.1	43.3	90.0	90.0
Net income	2.6	0.8	2.6	3.3	(32.4)	1.6
Consolidated Statement of Financial Position						
Non-current assets	(84.9)	(80.5)	(20.0)	(18.2)	(171.3)	(207.8)
Current assets	(49.9)	(31.9)	(25.6)	(25.6)	(41.8)	(41.8)
Equity	55.2	52.0	30.7	28.6	52.6	84.9
Non-current liabilities	43.1	40.9	9.7	9.9	125.7	125.7
Current liabilities	36.5	19.5	5.2	5.3	34.8	39.0

Imerys holds a 50.00% stake (50.00% at December 31, 2018) in The Quartz Corporation (joint venture), a group of companies specialized in extracting and beneficiating high purity quartz in the US and Norway. It holds a 50.00% stake (50.00% at December 31, 2018) in Stollberg & Samil (joint venture), an entity that produces and distributes products for the foundry industry in South Korea. Imerys also holds a 27.34% stake (27.34% at December 31, 2018) in MST Mineralien Schiffahrt (associate), a German minerals shipping company. The commitment given by the Group to this company as part of a contract of affreightment is a lease liability of €34.9 million at December 31, 2019. The following table presents the 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.

	2019				2018			
(€ millions)	Equity	Stake attributable to other shareholders	Goodwill	Imerys' stake	Equity	Stake attributable to other shareholders	Goodwill	Imerys' stake
The Quartz Corporation	55.2	(27.6)	2.3	29.9	52.0	(26.0)	2.3	28.3
Stollberg & Samil	30.7	(15.4)	-	15.4	28.6	(14.3)	-	14.3
MST Mineralien Schiffahrt	52.6	(38.2)	-	14.4	84.9	(61.7)	-	23.2
Other investments	120.4	(77.0)	2.2	45.6	108.8	(64.0)	2.2	47.0
Total	**258.9**	**(158.2)**	**4.5**	**105.3**	**274.3**	**(166.0)**	**4.5**	**112.8**

The following table analyzes the change in the carrying amount recognized in the Group's assets in accordance with the equity method.

(€ millions)	2019	2018
Carrying amount at January 1	**112.8**	**115.5**
Income	(5.5)	(5.9)
Dividends distributed by joint ventures and associates	(6.2)	(5.6)
Other	4.1	8.9
Carrying amount at December 31	**105.3**	**112.8**

NOTE 10 OTHER OPERATING INCOME AND EXPENSES

(€ millions)	2019	2018
Gain (loss) from changes in control	**(23.0)**	**3.9**
Transaction costs	(9.4)	(5.4)
Changes in the estimated contingent consideration of the seller	-	(0.8)
Income from disposals of consolidated businesses	(13.6)	10.2
Other non-recurring items	**(187.2)**	**(655.5)**
Impairment due to restructuring	(38.2)	(224.2)
Income from non-recurring asset disposals	4.2	5.4
Restructuring expenses paid	(93.9)	(76.3)
Change in provisions	(49.4)	(352.7)
Share of net income from non-recurring operations of associates	(10.0)	(7.7)
Other operating income and expenses	**(210.2)**	**(651.5)**
Income tax	48.3	56.2
Other operating income and expenses, net of income tax	**(161.9)**	**(595.3)**

Other operating income and expenses in 2019

In 2019, gross "Other operating income and expenses" represented a €210.2 million expense (of which €92.2 million are related to the Group transformation project "Connect&Shape"). Income tax gains on "Other operating income and expenses" amounted to €48.3 million. Therefore, "Other operating income and expenses, net of income tax" reflected a total expense of €161.9 million, of which €105.3 million with no cash impact and a €56.7 million decrease in cash.

Other operating income and expenses in 2018

In 2018, gross "Other operating income and expenses" represented a €651.5 million expense. Income tax gains on "Other operating income and expenses" amounted to €56.2 million. Therefore, "Other operating income and expenses, net of income tax" reflected a total expense of €595.3 million, of which €597.8 million with no cash impact and a €2.5 million increase in cash.

NOTE 11 FINANCIAL INSTRUMENTS

Accounting policy

Financial instruments are defined as any contract that gives rise to a financial asset in one entity and a financial liability or equity instrument in another entity. Financial instruments are divided into categories set by IFRS 9 in order to reflect their business model and contractual cash flow characteristics as well as to determine how they must be measured and recognized.

Amortized cost. Financial assets are measured at amortized cost when the objective of the business model is to collect the contractual cash flows. This applies to trade receivables from revenue *(Note 5)* as well as cash, *i.e.* cash on hand, bank deposits and cash equivalents. Cash equivalents are highly liquid investments indexed on a money market rate and the value of which is known or subject to very little uncertainty. In the Statement of Cash Flows, cash and cash equivalents also include "Bank overdrafts" presented as a liability. Borrowings *(Note 24.2 – Reconciliation of net financial debt)* are also included in the amortized cost category. They are initially measured at fair value of the amount borrowed, minus any transaction costs. They are subsequently measured at amortized cost using the effective interest rate method. The Group purchases raw materials and energy for its own use and not for trading purposes. Consequently, the purchase contracts are recognized as trade payables and not as derivatives. Trade payables and other financial liabilities *(Note 24.1)* are measured at amortized cost.

Fair value through profit or loss. Financial assets are measured at fair value through profit or loss when the objective of the business model is to both collect the contractual cash flows and make a trading profit in the short term. They are non-derivative financial assets held for trading and recognized as assets between the dates of purchase and disposal. Any change in fair value is recognized in other financial income and expenses *(Note 12)* at market prices published at the end of the reporting period. Assets designated at fair value through profit or loss also include investments in non-listed companies over which the Group does not exercise control, joint control or significant influence, nor does it intend to dispose of the investment in the short term *(Note 21.2)*, as well as non-hedge derivatives *(Note 24.4)*.

Analysis of financial instruments by category

Notes 11, 12, 21.1 and 24.1 analyze the income, expenses, assets and liabilities from financial instruments by category, which is presented in columns. They distinguish between the categories applied by default to all non-hedged items and those to which hedge accounting is applied on an exceptional basis. The categories of amortized cost and fair value through profit or loss set out in IFRS 9 and defined above apply to the majority of non-hedged items. Hedged items and hedging instruments are categorized by their qualifications as a fair value hedge or cash flow hedge *(Note 24.2 – Accounting policy)*, distinguishing in separate columns the value of hedged items and hedging instruments and in separate lines the type of risk hedged *(Note 24.2 – Foreign exchange risk – Interest rate risk – Energy price risk)*. Furthermore, in order to make the reconciliation between the IFRS 9 categories and the financial statements, *Notes 11, 12, 21.1 and 24.1* include a column containing the following items not covered by IFRS 9: share-based payments (IFRS 2), mining assets (IFRS 6), inventories (IAS 2), income tax assets and liabilities (IAS 12), property, plant and equipment (IAS 16), short-term employee benefit assets and liabilities (IAS 19), subsidies and grants (IAS 20), provisions (IAS 37), intangible assets and prepaid expenses (IAS 38), overburden assets (IFRIC 20) and levies and taxes (IFRIC 21). The categorization of financial assets *(Note 21.1)* and liabilities *(Note 24.1)* is applied across all divisions of the Group to the change in profit or loss *(Notes 11 and 12)*. For example, "Revenue" is included in "Amortized cost" as its consideration in "Trade receivables" or "Cash and cash equivalents" belong to this category in assets.

The following tables present income and expenses before income tax recognized in profit or loss and equity by category of financial instruments. The balances of "Other financial income and expenses" are analyzed in more detail in *Note 12*.

At December 31, 2019

	Non-hedge accounting			Hedge accounting				
	IFRS 9 categories			Fair value		Cash flow		
(€ millions)	Amortized cost	Fair value through profit or loss	Non IFRS 9	Hedged item	Hedge	Hedged item	Hedge	Total
Operating income								
Revenue	3,949.7	-	-	-	-	407.9	(3.1)	4,354.5
Transactional currency risk	-	-	-	-	-	407.9	(3.1)	404.8
Raw materials and consumables used	(1,323.9)	-	(6.7)	-	-	(147.8)	(5.6)	(1,484.0)
Transactional currency risk	-	-	-	-	-	(77.9)	-	(77.9)
Energy price risk	-	-	-	-	-	(69.9)	(5.6)	(75.4)
External expenses	(1,126.5)	-	-	-	-	-	-	(1,126.5)
Other current income and expenses	8.3	-	33.4	-	-	-	-	41.7
Financial income (loss)								
Income from securities	-	5.9	-	-	-	-	-	5.9
Gross financial debt expense	(56.1)	(0.1)	-	-	-	-	-	(56.2)
Interest rate risk – discontinued hedges	-	(0.1)	-	-	-	-	-	(0.1)
Other financial income (expense)	20.5	(2.9)	(11.0)	16.2	(16.2)	-	-	6.6
Transactional currency risk – change in fair value	-	(0.9)	-	-	-	-	-	(0.9)
Interest rate risk – effective portion	-	-	-	16.2	(16.2)	-	-	0.0
Other financial assets – change in fair value	-	(2.0)	-	-	-	-	-	(2.0)
Equity								
Recognition in equity	-	-	-	-	-	-	(9.2)	(9.2)
Reclassification in profit or loss	-	-	-	-	-	-	8.7	8.7
From the cash flow hedge reserve	-	-	-	-	-	-	8.7	8.7
Total	**1,472.0**	**2.9**	**15.7**	**16.2**	**(16.2)**	**260.1**	**(9.2)**	**1,741.5**
Of which impairment in profit or loss	(14.8)	(2.7)	(5.9)	-	-	-	-	-
Of which reversals of impairment in profit or loss	8.6	0.6	3.1	-	-	-	-	-

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At December 31, 2018

	Non-hedge accounting			Hedge accounting				
	IFRS 9 categories			Fair value		Cash flow		
(€ millions)	Amortized cost	Fair value through profit or loss	Non IFRS 9	Hedged item	Hedge	Hedged item	Hedge	Total
Operating income								
Revenue	4,145.9	-	-	-	-	450.7	(6.6)	4,590.0
Transactional currency risk	-	-	-	-	-	450.7	(6.6)	444.1
Raw materials and consumables used	(1,497.5)	-	129.0	-	-	(144.1)	9.4	(1,503.2)
Transactional currency risk	-	-	-	-	-	(72.0)	0.8	(71.2)
Energy price risk	-	-	-	-	-	(72.1)	8.6	(63.5)
External expenses	(1,267.8)	-	-	-	-	-	-	(1,267.8)
Other current income and expenses	13.7	-	34.2	-	-	-	-	47.9
Financial income (loss)								
Income from securities	-	4.9	-	-	-	-	-	4.9
Gross financial debt expense	(46.9)	-	-	-	-	-	-	(46.9)
Other financial income (expense)	(6.1)	1.2	(13.3)	(1.3)	1.3	-	-	(18.2)
Transactional currency risk – change in fair value	-	1.2	-	-	-	-	-	1.2
Interest rate risk – effective portion	-	-	-	(1.3)	1.3	-	-	0.0
Other financial assets – change in fair value	-	(0.2)	-	-	-	-	-	(0.2)
Equity								
Recognition in equity	-	-	-	-	-	-	(5.3)	(5.3)
Reclassification in profit or loss	-	-	-	-	-	-	(2.9)	(2.9)
From the cash flow hedge reserve	-	-	-	-	-	-	(2.9)	(2.9)
Total	**1,341.3**	**6.1**	**149.9**	**(1.3)**	**1.3**	**306.6**	**(5.4)**	**1,798.5**
Of which impairment in profit or loss	(16.0)	(0.3)	(0.4)	-	-	-	-	-
Of which reversals of impairment in profit or loss	7.1	-	1.9	-	-	-	-	-

NOTE 12 FINANCIAL INCOME (LOSS)

The following tables present the financial income (loss) by category of financial instrument. A description of the categories of financial instruments is provided in *Note 11*.

At December 31, 2019

	Non-hedge accounting			Hedge accounting				
	IFRS 9 categories			Fair value		Cash flow		
(€ millions)	Amortized cost	Fair value through profit or loss	Non IFRS 9	Hedged item	Hedge	Hedged item	Hedge	Total
Net financial debt expense	**(56.1)**	**5.9**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**(50.3)**
Income from securities	-	5.9	-	-	-	-	-	5.9
Gross financial debt expense	(56.1)	(0.1)	-	-	-	-	-	(56.2)
Other financial income (expense)	**20.6**	**(2.9)**	**(11.0)**	**16.2**	**(16.3)**	**0.0**	**0.0**	**6.6**
Net exchange rate differences	6.8	(0.9)	0.8	-	-	-	-	6.7
Expense and income on derivative instruments	-	-	-	16.2	(16.3)	-	-	0.0
Financial income and expenses of defined benefit plans	-	-	(7.1)	-	-	-	-	(7.1)
Unwinding of other provisions	-	-	(4.3)	-	-	-	-	(4.3)
Other financial income (expense)	13.7	(2.0)	(0.3)	-	-	-	-	11.4
Financial income (loss)	**(35.6)**	**2.9**	**(11.0)**	**16.2**	**(16.3)**	**0.0**	**0.0**	**(43.7)**

At December 31, 2018

	Non-hedge accounting			Hedge accounting				
	IFRS 9 categories			Fair value		Cash flow		
(€ millions)	Amortized cost	Fair value through profit or loss	Non IFRS 9	Hedged item	Hedge	Hedged item	Hedge	Total
Net financial debt expense	**(46.9)**	**4.9**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**(42.0)**
Income from securities	-	4.9	-	-	-	-	-	4.9
Gross financial debt expense	(46.9)	-	-	-	-	-	-	(46.9)
Other financial income (expense)	**(5.9)**	**1.0**	**(13.3)**	**(1.3)**	**1.3**	**0.0**	**0.0**	**(18.2)**
Net exchange rate differences	(4.8)	1.2	(0.4)	-	-	-	-	(4.0)
Expense and income on derivative instruments	-	-	-	(1.3)	1.3	-	-	0.0
Financial income and expenses of defined benefit plans	-	-	(8.6)	-	-	-	-	(8.6)
Unwinding of other provisions	-	-	(4.0)	-	-	-	-	(4.0)
Other financial income (expense)	(1.1)	(0.2)	(0.3)	-	-	-	-	(1.6)
Financial income (loss)	**(52.8)**	**5.9**	**(13.3)**	**(1.3)**	**1.3**	**0.0**	**0.0**	**(60.2)**

NOTE 13 INCOME TAX

Accounting policy

Income tax is made up of two components: (i) tax paid in France and overseas on taxable profits, including similar contributions calculated on the difference between income and expenses, such as the French companies' added value contribution (*Cotisation sur la Valeur Ajoutée des Entreprises*, CVAE); and (ii) withholding tax paid by entities on the dividends they distribute to the Group. Income tax is broken down into payable tax and deferred tax. Payable tax is recognized as a liability until it has been paid and an asset when the amount paid exceeds the amount due. Deferred tax assets and liabilities are accounted for with respect to all taxable temporary 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 carrying amount and tax value of investment securities, when the Group is able to control the date of reversal of the temporary difference and it is probable that the temporary difference will not be reversed in the 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 they will yield taxable amounts in the future, or there are taxable temporary differences in the same tax group that mature during the period these items remain recoverable. Imerys applies the tax rates and laws that have been enacted or substantively enacted at the end of the reporting period and will be applicable over the period of reversal of the temporary difference. Deferred tax is not discounted. The amount of income tax payable includes uncertainties in the measurement of income tax. Each uncertainty is assessed individually, unless it affects several entities in the same way. The assessment of uncertainties assumes that the taxation authority has full knowledge of all relevant information when examining any amounts reported to it and considers whether it is probable that the relevant authority will accept each tax treatment. Judgments and estimates made about uncertainties are reassessed if facts and circumstances change. Deferred tax assets and liabilities are offset by tax group, *i.e.* by legal entity or tax consolidation group. Payable and/or deferred tax is recognized in the same level of profit or loss as the item to which it is related. The principle of linking tax to its base also applies to transactions recognized directly in equity.

Tax consolidation scope

In several countries, Imerys has set up tax consolidation systems that enable the Group to offset potential tax gains and losses within the consolidation group. Such tax consolidation systems exist in France, the US, the UK, Spain, Germany and Italy.

Income tax paid

In 2019, income tax paid in cash and using tax credits amounted to €122.7 million (€107.1 million in 2018).

Tax losses carried forward

Deferred tax assets are recognized as carried forward tax losses when they are deemed to be recoverable and the expected recovery time frame does not exceed five years. Deferred tax assets recognized in this way are based on analyzing past losses, whether it is probable these losses will be incurred again in future, the business outlook and national legislation limiting the use of carried forward tax losses. At December 31, 2019, deferred tax assets represented €15.9 million (€19.5 million at December 31, 2018). On the other hand, deferred tax assets not recognized as a tax loss or tax credit (because their recovery is uncertain) amounted to €380.8 million and €19.0 million, respectively, at December 31, 2019 (€236.4 million and €14.7 million, respectively, at December 31, 2018), of which €358.9 million and €19.0 million, respectively, expire after 2024 or may be carried forward without any time limit. Deferred taxes are calculated using effective rates over the period in question in accordance with the tax laws applicable in each country.

Temporary differences controlled by the Group

No deferred tax liability is recognized for taxable temporary differences between the carrying amount and tax value of investment securities, when the Group is able to control the date of reversal of the temporary difference and it is probable that the temporary difference shall not be reversed in the foreseeable future. The Group reported €18.4 million in unrecognized deferred tax liabilities at December 31, 2019 (€16.4 million at December 31, 2018).

Income tax recognized in profit or loss

(€ millions)	2019	2018
Payable and deferred income tax		
Income tax payable	**(84.7)**	**(97.5)**
Income tax payable for the year	(95.5)	(117.3)
Income tax payable – prior year adjustments	10.8	19.8
Deferred tax	**19.2**	**8.5**
Deferred tax due to changes in temporary differences	18.9	7.1
Deferred tax due to changes in income tax rates	0.3	1.4
Total	**(65.5)**	**(89.0)**
Income tax by level of profit		
Income tax on current operating and financial income (loss)	**(113.8)**	**(145.2)**
Current operating and financial income (loss) tax payable	(113.1)	(127.1)
Current operating and financial income (loss) deferred tax	(0.7)	(18.1)
Income tax on other operating income and expenses	**48.3**	**56.2**
Income tax payable on other operating income and expenses	28.4	29.6
Deferred tax on other operating income and expenses	19.9	26.6
Total	**(65.5)**	**(89.0)**

Income tax recognized in equity

(€ millions)	2019	2018
Gains (losses) on remeasurements of defined benefit plans	13.7	(5.4)
Income tax on items not to be reclassified	**13.7**	**(5.4)**
Cash flow hedges	**(0.1)**	**2.6**
Income tax recognized in equity	2.9	1.6
Income tax reclassified in profit or loss	(3.0)	1.0
Translation reserve	**(2.1)**	**0.3**
Income tax recognized in equity	(2.1)	0.3
Income tax reclassified in profit or loss	-	-
Income tax on items to be reclassified	**(2.2)**	**2.9**
Total	**11.5**	**(2.5)**

Tax reconciliation excluding non-recurring items

	2019	2018
Standard tax rate in France	**34.4%**	**34.4%**
National rate differences	(10.6)%	(9.9)%
Europe	(6.0)%	(5.3)%
North America	(2.7)%	(3.9)%
Asia – Oceania	(2.2)%	(1.6)%
Other countries	0.3%	0.9%
Permanent differences	(1.9)%	(0.8)%
Tax losses	6.4%	3.4%
Income tax at different rates and bases	2.9%	3.3%
Impact of equity-accounted companies	(0.4)%	(0.1)%
Other (tax credits, reassessments and tax provisions, deferred tax adjustments in bases and rates, etc.)	(2.0)%	(1.4)%
Effective tax rate on current operating and financial income (loss)(1)	**28.8%**	**28.9%**

(1) In 2019, 28.8% = €113.8 million (income tax on current operating income and financial income (loss))/[€438.8 million (current operating income) - €43.7 million (financial income (loss))]. In 2018, 28.9% = €145.2 million (income tax on current operating income and financial income (loss))/ [€562.1 million (current operating income) - €60.2 million (financial income (loss))].

Tax reconciliation including non-recurring items

	2019	2018
Standard tax rate in France	**34.4%**	**34.4%**
National rate differences	(9.2)%	(18.0)%
Europe	(4.0)%	3.7%
North America	(2.3)%	(25.6)%
Asia – Oceania	(4.3)%	6.3%
Other countries	1.4%	(2.4)%
Permanent differences	(1.2)%	(40.1)%
Tax losses	15.8%	(19.6)%
Income tax at different rates and bases	4.7%	(3.5)%
Impact of equity-accounted companies	(0.9)%	0.4%
Other (tax credits, reassessments and tax provisions, deferred tax adjustments in bases and rates, etc.)	(8.1)%	(13.0)%
Effective tax rate on current operating income from continuing operations(1)	**35.5%**	**(59.4)%**

(1) In 2019, 35.5% = €65.5 million (income tax)/[€228.5 million (operating income (expense)) - €43.7 million (financial income (loss))]. In 2018, (59.4)% = €89.0 million (income tax)/[€89.4 million (operating income (expense)) - €60.2 million (financial income (loss))]. In 2018, the total gap between the theoretical income tax rate and the effective income tax rate equaled 94 basis points. This difference was mainly attributable to non-recurring expenses with no tax impact, regarding in particular the North American talc subsidiaries (58 basis points), ceramic proppants (27 basis points) and the Graphite & Carbon division (12 basis points).

Change in deferred taxes

At December 31, 2019

(€ millions)	Jan. 1, 2019	Profit or loss	Scope, equity and others	Dec. 31, 2019
Deferred tax assets	112.4	(61.2)	69.5	120.7
Deferred tax liabilities	(125.3)	80.4	(62.0)	(106.9)
Net deferred tax positions	**(12.9)**	**19.2**	**7.5**	**13.8**

At December 31, 2018

(€ millions)	Jan. 1, 2018	Profit or loss	Scope, equity and others	Dec. 31, 2018
Deferred tax assets	85.5	19.6	7.3	112.4
Deferred tax liabilities	(134.7)	(11.1)	20.5	(125.3)
Net deferred tax positions	**(49.2)**	**8.5**	**27.8**	**(12.9)**

Deferred tax breakdown by nature

(€ millions)	2018	Profit or loss	Scope, equity and others	2019
Deferred tax assets	**293.7**	**(27.0)**	**69.4**	**336.1**
Provisions for employee benefits	46.0	(2.8)	12.2	55.4
Other provisions	39.9	3.7	(1.1)	42.5
Intangible assets	5.4	14.1	0.2	19.7
Property, plant and equipment	75.3	(15.2)	48.6	108.7
Long-term investments	4.0	0.5	(1.1)	3.4
Current assets and liabilities	65.8	(13.8)	(5.2)	46.8
Tax losses carried forward	19.5	(3.2)	(0.4)	15.9
Other	37.8	(10.3)	16.2	43.7
Deferred tax liabilities	**(306.6)**	**46.2**	**(61.9)**	**(322.3)**
Intangible assets	(66.4)	2.1	(0.1)	(64.4)
Property, plant and equipment	(176.1)	7.4	(44.8)	(213.5)
Long-term investments	(24.3)	8.9	(0.2)	(15.6)
Current assets and liabilities	(14.6)	10.7	(1.8)	(5.7)
Other	(25.2)	17.1	(15.0)	(23.1)
Net deferred tax positions	**(12.9)**	**19.2**	**7.5**	**13.8**

NOTE 14 NET INCOME FROM CURRENT OPERATIONS AND NET INCOME, GROUP SHARE

(€ millions)	2019	2018
Current operating income	438.8	562.1
Financial income (loss)	(43.7)	(60.2)
Income tax on current operating income and financial income (loss)	(113.8)	(145.2)
Current operating income (expense) and financial income (loss) attributable to non-controlling interests	(4.4)	0.1
Net income from current operations, Group share	**276.9**	**356.8**
Other operating income (expense), gross	(210.2)	(651.5)
Income tax on other operating income (expense)	48.2	56.2
Other operating income (expense) attributable to non-controlling interests	6.3	10.1
Net income from discontinued operations[1]	**-**	**788.0**
Net income, Group share	**121.2**	**559.6**

(1) Roofing division (Note 25).

NOTE 15 EARNINGS PER SHARE

Accounting policy

In its financial statements, Imerys presents both basic earnings per share and diluted earnings per share. Basic earnings per share is equal to 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 can be 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 increased by the average number of ordinary shares that would have been issued between the start and the end of the reporting period if all dilutive options had been exercised by the end of the reporting period. The number of dilutive shares is equal to the difference between the number of shares to be issued through free shares and options and the number of shares that would be issued at the average market price over the year for an issue of the same amount. To calculate the amount of this issue, each share issued by exercising share options is valued at the share option exercise price plus the fair value of services to be rendered *(Note 8)*, while each free share is valued solely at the fair value of services to be rendered with an exercise price of nil. The surplus number of shares to be issued as free shares and options above the number of shares issued under market conditions corresponds to the number of dilutive shares. However, shares to be issued through options are only taken into account in the calculation for diluted earnings per share when the options are in the money, *i.e.* the exercise price plus the fair value of services to be rendered is below the average market price for the Imerys share over the year.

Earnings per share

The number of potential ordinary shares taken into account to calculate diluted earnings per share excludes share options out of the money, *i.e.* options where the exercise price plus the fair value of services to be rendered is above the average market price of the Imerys share over the year (€41.50 in 2019 and €67.82 in 2018). All option plans were excluded from the calculation of diluted earnings per share at December 31, 2019. No significant transaction has changed the number of ordinary shares and potential ordinary shares between December 31, 2019 and February 12, 2020, date at which the financial statements were approved for publication by the Board of Directors.

(€ millions)	**2019**	**2018**
Numerator		
Net income from continuing operations, Group share	121.2	(228.4)
Net income from discontinued operations(1)	-	788.0
Net income, Group share	**121.2**	**559.6**
Net income from current operations, Group share	276.9	356.8
Denominator		
Weighted average number of shares used to calculate basic income per share	79,089,697	79,238,417
Impact of share option conversion	819,899	1,133,473
Weighted average number of shares used to calculate diluted income per share	79,909,596	80,371,890
Basic income per share, Group share *(in €)*		
Basic net income per share	1.53	7.06
Basic net income from current operations per share	3.50	4.50
Diluted income per share, Group share *(in €)*		
Diluted net income per share	1.52	6.96
Diluted net income from current operations per share	3.46	4.44

(1) Roofing division (Note 25).

▪ NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Accounting policy

The assets and liabilities recognized in the consolidated statement of financial position are grouped by materiality and ranked in ascending order of liquidity and due date distinguishing between non-current and current items, according to whether they will be recovered or settled in more or less than 12 months after the end of the reporting period. They are only offset or incorporate the cost of revenue when required by a standard or interpretation. Comparative information is presented for the prior year Y-1, while comparative information for Y-2 is incorporated by reference *(chapter 9, section 9.4 of the Universal Registration Document).*

NOTE 16 GOODWILL

Accounting policy

Goodwill is recognized when the acquisition price of a business is greater than the sum of the fair value of the identifiable assets acquired and liabilities assumed. Goodwill is recognized at the date control is acquired. Transaction costs are recognized as they are incurred in profit under other operating income and expenses *(Note 10)*. When the value of the identifiable net assets of the acquired business is greater than its acquisition price, negative goodwill is credited to the acquirer's profit or loss account for the reporting period in which the entity was acquired under other operating income and expenses *(Note 10).* The definitive value of goodwill is finalized within 12 months following the date at which control was acquired. Goodwill for a foreign company is measured in the functional currency of the company and translated in accordance with the rules applicable to translating financial statements of foreign operations. Goodwill is not amortized and 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 end of the reporting period during which the entity was acquired and subsequently at least once a year or more frequently if there is an indication that it may be impaired. Impairment loss on goodwill is recognized in other operating income and expenses *(Note 10)* and cannot be reversed.

Estimates

The value of the assets and liabilities of an acquired business is estimated by Executive Management on the basis of a series of assumptions. Assets and liabilities are measured at their acquisition-date fair value except for certain items measured in accordance with specific rules, such as income tax, measured using the principles set out in *Note 13*, or employee benefits, measured using the principles set out in *Note 23.1.* When making its estimates, Executive Management may consult third-party specialists, in particular to estimate the value of certain material assets and liabilities or that require complex valuation techniques.

Table of changes

The goodwill recognized on acquisitions represents in particular the development prospects of the acquired businesses within Imerys. Impairment loss on goodwill is presented in *Note 19*. When an impairment loss is recorded against goodwill, it is only maintained on the Statement of Financial Position in the event of a partial write-down, as presented in the following table. When goodwill is fully impaired, the gross amount and impairment loss are removed from the Statement of Financial Position and no longer appear in the table. Imerys made a few minor acquisitions in 2019. Paid for in cash and totaling €48.3 million, they generated provisional goodwill of €26.0 million.

(€ millions)	2019	2018
Carrying amount at January 1	**2,143.4**	**2,135.5**
Gross amount	2,220.5	2,212.6
Impairment	(77.2)	(77.1)
Incoming entities	26.0	21.0
Outgoing entities	(25.8)	(11.6)
Exchange rate differences	9.6	(1.4)
Carrying amount at December 31	**2,153.2**	**2,143.4**
Gross amount	2,230.4	2,220.5
Impairment	(77.7)	(77.2)

NOTE 17 INTANGIBLE ASSETS

Accounting policy

Intangible assets controlled by Imerys are recognized as assets over their useful life. They are measured at acquisition cost, minus accumulated amortization and any impairment loss. The expenditure incurred by the research teams at Imerys in their efforts to improve the quality and properties of the Group's products is generally in response to customers' specific requirements. Such costs are therefore recognized immediately as an expense in current operating income. They are capitalized only if they correspond to a new or improved industrial process that is both technically feasible and a driver of future economic benefits. In the absence of any applicable standard or interpretation, Executive Management considers greenhouse gas emission rights as an intangible asset. Imerys uses this allocation with the sole intent to justify its emissions volume and not for trading purposes by making forward purchases or sales. Rights granted free of charge are recognized to have zero value and rights acquired on the market are recognized at acquisition cost. If at the end of the reporting period, the total rights allocation is not sufficient to cover actual emissions, a provision is recognized in current operating income for the value of rights to be acquired, measured at market value (net liability method). Disposals only relate to surplus rights and are recognized in current operating income as asset disposals *(Note 9)*. Executive Management makes estimates regarding the amortization methods applied to intangible assets.

Estimates

In the ordinary course of its business, Imerys uses intangible assets, the consumption of which is represented by amortization. Executive Management believes the best way to estimate this consumption is by using the straight-line method over the assets' useful life applied as follows:

- software: 1 to 5 years;
- trademarks, patents and licenses: 5 to 40 years;
- industrial processes and others: maximum 10 years.

The Group's greenhouse gas emission rights cannot be amortized.

Emission rights

Imerys is subject to greenhouse gas regulation schemes at 10 of its facilities in Europe and one facility in the US. In 2019, Imerys used 89.0% of the greenhouse gas emission allocation granted to its eligible sites (96.0% in 2018). Given the Group's actual emissions are below the authorized level, no provision was recognized at December 31, 2019.

Table of changes

(€ millions)	Software	Trademarks, patents and licenses	Industrial processes and others	Total
Carrying amount at January 1, 2018	**19.1**	**180.7**	**105.7**	**305.5**
Gross amount	94.2	200.9	171.9	467.0
Amortization and impairment	(75.1)	(20.3)	(66.1)	(161.5)
Incoming entities	(0.6)	(12.2)	1.8	(10.9)
Outgoing entities	(1.3)	(0.5)	(0.6)	(2.5)
Acquisitions	3.9	0.2	24.4	28.4
Disposals	(0.9)	-	(0.8)	(1.8)
Amortization	(7.6)	(1.4)	(10.0)	(18.9)
Impairment	-	-	(22.6)	(22.6)
Reversals of impairment	0.1	-	-	0.1
Reclassification and other	5.6	(3.4)	(2.6)	(0.5)
Exchange rate differences	0.2	0.3	0.4	0.9
Carrying amount at December 31, 2018	**18.4**	**163.6**	**95.6**	**277.6**
Gross amount	96.5	180.3	195.4	472.2
Amortization and impairment	(78.2)	(16.6)	(99.8)	(194.6)
Outgoing entities	(0.6)	-	-	(0.6)
Acquisitions	1.5	0.4	23.1	24.9
Disposals	-	-	(0.4)	(0.4)
Amortization	(11.0)	(1.5)	(9.9)	(22.4)
Impairment	-	-	(0.1)	(0.1)
Reclassification and other	12.1	1.2	(11.4)	1.9
Exchange rate differences	0.2	0.1	0.6	0.9
Carrying amount at December 31, 2019	**20.4**	**163.8**	**97.5**	**281.8**
Gross amount	108.2	180.4	168.1	456.7
Amortization and impairment	(87.7)	(16.5)	(70.6)	(174.9)

NOTE 18 PROPERTY, PLANT AND EQUIPMENT

Accounting policy

Freehold property, plant and equipment. Items of property, plant and equipment for which Imerys owns the property rights are initially measured at acquisition or production cost. The cost of property, plant and equipment includes the cost of borrowings that finance their construction or production, when this process takes a substantial period of time. Where applicable, the cost of property, plant and equipment is reduced by the value of government grants awarded to finance their acquisition or construction. Maintenance and repair costs are immediately recognized as an expense in current operating income. The cost of property, plant and equipment also includes the discounted value of restoring or dismantling obligations, where a present obligation exists, in particular for satellite industrial facilities built on land owned by customers *(Note 23.2)*. Items of property, plant and equipment are subsequently measured at cost, minus accumulated depreciation and any impairment loss. Executive Management makes estimates regarding the depreciation methods applied to property, plant and equipment.

Leasehold property, plant and equipment. All contracts that convey the right to use an item of non-substitutable property, plant and equipment for a period of time in exchange for consideration are recognized as right-of-use assets against a lease liability *(Note 24.2 – Reconciliation of net financial debt)*. This treatment applies to all leases except mine land leases, which are recognized in the manner described in the following paragraph, as well as immaterial leases (leases with terms of 12 months or less and low-value assets), for which payments are recognized as an expense *(Note 7)*. Easements, especially for pipelines used to connect mineral deposits, processing facilities and shipping facilities are analyzed as non-mine land leases. Right-of-use assets are initially measured at the value of the lease liability, plus any initial direct costs and equipment dismantling costs where necessary. Lease liabilities are measured at the discounted value of future lease payments due in accordance with a contractual payment schedule, adjusted for rent-free periods. Payments are therefore scheduled through to the reasonably certain end date of the lease, reflecting the date beyond which the lease ceases to be legally enforceable. This date represents the end of the lease, adjusted for any options the lessee is able to exercise regarding early termination or extension and any restrictions the lessor is able to exercise. The lease payments taken into account in the calculation of the lease liabilities include the unconditional payments due in exchange for the right to use the asset, as well as the cost related to the early termination, extension or purchase clauses when it is reasonably certain they will be exercised. The liability calculation excludes any variable payment related to the use of the asset (for example, a payment dependent on the actual number of hours a piece of mining equipment is used), as well as any payment for services rendered by the lessor (for example, rail car maintenance). In the absence of implicit interest rates, future payments determined in this way are discounted using the lessees' incremental borrowing rate. These rates are calculated over the duration of each lease by applying the risk-free rate of the lease currency, increased by Imerys' credit spread in euros and adjusted for the difference between Credit Default Swaps in France and the lessees' country. The first time deferred tax assets and liabilities are recognized, they are calculated separately for lease liabilities and right-of-use assets, respectively. In subsequent years, right-of-use assets are amortized in current operating income and lease liabilities are measured at amortized cost, which generates an interest expense that is recognized in financial income (loss). When an option is exercised, the lease must be reassessed to symmetrically adjust the carrying amounts of the lease liability and the right of use. Any modification to leases gives rise to such a symmetrical adjustment, except when the scope of the lease is restricted to reduce the capacity of the asset leased or the duration of the lease. In this situation, the carrying amount of the lease liability and the right of use are reduced in proportion to the reduction of the scope, generating an impact recognized in current operating income *(Note 7)*. In the financial statements, the following items are presented separately: right-of-use assets, lease liabilities, amortization and depreciation in current operating income generated by right-of-use assets and the interest expense generated by lease liabilities in financial income. In the Consolidated Statement of Cash Flows, cash payments for the principal portion of the lease liability are presented in "Payments for lease liabilities" for financing activities and cash payments for the interest portion of the lease liability are presented in "Interest paid" for operating activities.

Mining assets. In the absence of any specific applicable standard or interpretation, Executive Management has defined the following methods to recognize and measure mining assets. Prospection expenditure, *i.e.* searching for new sites with mineral producing potential and studying the technical feasibility and commercial viability of a geographical area, is immediately recognized as an expense in current operating income. Mineral reserves are included in property, plant and equipment. Freehold mineral deposits are initially measured at acquisition cost minus subsoil. Leasehold mineral deposits are measured at a value of nil if the lease is entered into in the ordinary course of business. If the lease is acquired through a business combination, the acquisition cost of the deposit is measured at the fair value of the ore. Costs incurred to determine the tonnage of ore present in the deposit are added to the acquisition cost. Overburden work, *i.e.* the process of removing the topsoil to gain access to the deposit, is considered a component of mineral reserve assets. The initial measurement of overburden work includes production cost and the discounted value of restoration obligations as a result of the deterioration caused by such work. Mineral reserves and overburden assets form the "Mining assets" column in the table of changes below. Mining assets are subsequently measured at cost, minus accumulated depreciation and any impairment loss. Executive Management makes estimates regarding the depreciation methods applied to mining assets. Mining assets are allocated to Cash Generating Units *(Note 19)* in the same way as the Group's other assets and are subject to the same impairment tests.

Estimates

In the ordinary course of its business, Imerys uses property, plant and equipment, the consumption of which is represented by depreciation. Executive Management believes the best way to estimate this consumption is by using the straight-line method over the assets' useful life applied as follows:

- 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.

Right-of-use assets held through leases are depreciated over the reasonably certain end date of the lease. If the lessee is considering exercising their right to purchase the asset, the useful life of the asset leased is applied. Rights of use are depreciated or amortized on a straight-line basis, except those applicable to bulk carriers, which are depreciated by the number of journeys made. Freehold and leasehold equipment is depreciated over its useful life, up to the end of the reasonably certain end date of the lease. Furthermore, Executive Management does not consider the straight-line depreciation method appropriate to reflect the consumption of property, plant and equipment related to mining activities such as mineral reserves (representing €393.0 million at December 31, 2019 and €392.6 million at December 31, 2018) and overburden assets (€123.6 million at December 31, 2019 and €111.0 million at December 31, 2018), as well as certain industrial assets of discontinuous use. Depreciation of mining assets is therefore estimated in units of production on the basis of actual extraction, while operational monitoring units such as production or operating hours are used to estimate depreciation of industrial assets. A mineral reserve is depreciated to the quantity of the geological inventory of the deposit minus discounts for the geological uncertainty inherent to the resources. Overburden assets, a component of mineral reserve assets, are depreciated over the quantity of reserve to which they specifically give access. Subsoil, *i.e.* the area of land not part of the mineral deposit, is not depreciated since it is not consumed by mining operations.

Table of changes

The following table shows the change in the carrying amount of property, plant and equipment owned by the Group between the beginning and end of the periods presented. The "Right-of-use assets" column presents the change in rights conveyed by leases to use property, plant and equipment. The "Mining assets" column includes the carrying amount of mineral deposits that Imerys owns or leases, as well as the overburden work required to gain access to the deposit. The other columns in the table analyze the change in freehold movable and immovable property, depending on their nature.

(€ millions)	Right-of-use assets[(1)]	Mining assets	Land and buildings	Plant and equipment	Down payments and plants under construction	Other plant and equipment	Total
Carrying amount at January 1, 2018	**-**	**592.6**	**394.6**	**1,203.6**	**221.8**	**76.0**	**2,488.6**
Gross amount	-	968.3	665.2	4,059.4	225.5	323.1	6,241.4
Depreciation and impairment	-	(375.6)	(270.6)	(2,855.8)	(3.6)	(247.1)	(3,752.8)
Incoming entities	-	(26.7)	4.8	153.3	(6.4)	(109.7)	15.3
Outgoing entities	-	(51.0)	(34.1)	(77.8)	(11.0)	(1.0)	(174.9)
Acquisitions	-	61.7	14.3	51.6	162.4	17.4	307.5
Disposals	-	(1.0)	(8.5)	(5.3)	(0.6)	(0.7)	(16.2)
Depreciation	-	(58.7)	(15.7)	(154.4)	(0.5)	(20.6)	(250.0)
Impairment	-	(6.8)	(35.8)	(145.8)	(29.2)	(0.7)	(218.3)
Reversals of impairment	-	0.9	1.4	14.3	-	0.1	16.6
Reclassification and other	-	(4.4)	5.9	12.3	(137.9)	124.6	0.5
Exchange rate differences	-	(2.9)	(1.9)	2.1	(0.7)	0.2	(3.3)
Carrying amount at January 1, 2019	**-**	**503.6**	**324.9**	**1,053.8**	**197.9**	**85.5**	**2,165.8**
Gross amount	-	896.2	575.4	3,903.0	228.4	319.3	5,922.3
Depreciation and impairment	-	(392.6)	(250.5)	(2,849.2)	(30.5)	(233.7)	(3,756.5)
Change in accounting policy[(1)]	276.0	-	(5.4)	(7.3)	-	(1.6)	261.7
Incoming entities	-	0.6	4.1	12.1	0.4	0.1	17.2
Outgoing entities	(2.5)	(10.2)	(4.7)	(45.5)	(3.7)	(11.2)	(77.8)
Acquisitions	-	61.9	4.4	54.1	158.2	9.0	287.6
Acquisition cost and subsequent adjustments	59.0	-	-	-	-	-	59.0
Disposals	-	(0.2)	(2.4)	(4.2)	(0.8)	(0.2)	(7.8)
Depreciation	(83.8)	(59.4)	(15.9)	(154.9)	(0.1)	(20.8)	(334.9)
Impairment	(6.6)	(14.7)	(0.4)	(15.3)	(0.6)	(1.6)	(39.1)
Reversals of impairment	-	-	-	1.0	-	-	1.0
Reclassification and other	-	14.1	17.7	105.1	(136.4)	15.7	16.2
Exchange rate differences	3.0	7.1	3.2	13.9	2.8	1.3	31.4
Carrying amount at December 31, 2019	**245.2**	**502.9**	**325.4**	**1,012.8**	**217.5**	**76.4**	**2,380.2**
Gross amount	499.5	947.1	589.1	3,735.9	243.2	303.3	6,318.1
Depreciation and impairment	(254.4)	(444.2)	(263.7)	(2,723.1)	(25.6)	(226.9)	(3,937.9)

(1) Change in accounting policy IFRS 16, Leases (Note 2.1).

Leases

The Group negotiates leases to obtain from the lessor the right to use certain mining, industrial and logistics equipment, as well as immovable administrative, industrial and logistical property. At December 31, 2019, the value of these rights, recognized in "Right-of-use assets", amounted to €245.2 million (€276.0 million at January 1, 2019). The following table presents the change in the carrying amount of "right-of-use assets" by asset type.

(€ millions)	Industrial land, plants and warehouses	Offices and housing	Bulk carriers	Rail cars	Mining equipment	Other equipment	Right-of-use assets
Carrying amount at January 1, 2019	**79.2**	**71.8**	**64.8**	**30.5**	**16.2**	**13.5**	**276.0**
Gross amount	127.4	107.7	111.9	77.3	32.5	27.5	484.3
Depreciation and impairment	(48.2)	(35.9)	(47.0)	(46.9)	(16.4)	(14,0)	(208.4)
Outgoing entities	-	-	-	(2.5)	-	-	(2.5)
Acquisition cost and subsequent adjustments	15.5	5.6	(5.3)	3.7	6.7	32.8	59.0
Acquisition cost	9.5	3.0	-	3.3	6.7	33.7	56.2
Exercise of contractual options	(0.6)	0.8	-	-	0.1	-	0.3
Modification of leases	6.5	1.8	(5.3)	0.4	-	(1.0)	2.5
Depreciation	(16.4)	(13.6)	(21.2)	(9.7)	(7.4)	(15.4)	(83.8)
Impairment	-	(6.6)	-	-	-	-	(6.6)
Exchange rate differences	0.6	0.9	0.7	0.6	0.3	(0.1)	3.0
Carrying amount at December 31, 2019	**78.9**	**58.1**	**39.0**	**22.6**	**15.8**	**30.8**	**245.1**
Gross amount	133.0	106.6	108.0	64.2	32.0	55.9	499.7
Depreciation and impairment	(54.1)	(48.3)	(69.0)	(41.6)	(16.2)	(25.3)	(254.5)

The right-of-use and lease liability model is applied to all leases, except leases with a term of 12 months or less, leases of low-value assets and variable lease payments and services, which are recognized in expenses (€30.2 million at December 31, 2019, as detailed in *Note 7*). At December 31, 2019, "Lease liabilities" recognized against "Right-of-use assets" amounted to €265.5 million (€291.5 million at January 1, 2019, as detailed in *Note 24.2 – Reconciliation of net financial debt*) and generated interest expense of €6.4 million recognized in financial income (loss) *(Consolidated Income Statement)*. Cash payments made in 2019 totaled €92.0 million, broken down as €85.6 million for the principal and €6.4 million in interest, in financing and operating activities, respectively in the Consolidated Statement of Cash Flows. *Note 24.5 – Borrower's liquidity risk* presents the schedule of future payments for lease liabilities in that of financial liabilities. It also analyzes the sensitivity of such future payments to early termination and extension options. The Group does not generate any material revenue from leasing the freehold assets it owns, nor from the sub-lease of assets leased.

NOTE 19 IMPAIRMENT TESTS

Accounting policy

Impairment tests are performed every 12 months on all Cash Generating Units (CGUs) at the end of the reporting period. The test compares the carrying amount of assets to their recoverable amount (fair value minus costs to sell or value in use, whichever is higher). 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, eventually, disposal. Consequently, a CGU's recoverable amount may not be considered an indicator of the price at which that CGU could be sold. In addition to the annual test, impairment indicators may trigger immediate testing in the event of an unfavorable development. Furthermore, each director of operations, under the supervision of segment directors, ensures that the individual assets within a CGU do not present any impairment risk. Impairment loss is recognized as soon as the recoverable amount of a CGU or an individual asset falls below 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, within the carrying amount that would have been obtained in the absence of impairment. Impairment losses on goodwill cannot be reversed. Executive Management makes judgments to define CGUs and impairment indicators along with estimates regarding the timeframe and amount of cash flow forecasts as well as the discount rates used to calculate the value in use of CGUs.

Judgments

Cash Generating Units (CGUs). Executive Management makes judgments to define CGUs in a way that corresponds to the smallest identifiable group of assets that meets the following three criteria:

- a homogeneous production process for the mineral portfolio, transformation processes and applications;
- an active market with homogeneous macroeconomic characteristics;
- a level of operating power in terms of continuation, restructuring or discontinuation of mining, industrial and/or business activity.

When a CGU satisfies these three criteria, their respective cash flows are deemed to be independent. CGUs are formed directly from the analysis structure monitored each month by Executive Management in its business reporting. All assets within the Group including right-of-use assets net of lease liabilities, mining assets and goodwill, are allocated to a CGU. The CGUs used in impairment tests in 2019 reflect the change in structure developed by Executive Management *(Information by Segment)*. This change to the make-up of CGUs did not lead to any additional impairment or reversal of impairment previously recognized in 2018 or 2019.

Impairment indicators. Executive Management makes judgments as to which events should trigger an impairment test. They mainly include significant changes in the business, interest rates, technology, obsolescence, return on assets and the value of market capitalization falling below consolidated equity. An adverse change to one of these factors will trigger an immediate impairment test, conducted either on a CGU or an individual asset.

Estimates

Recoverable amount. The recoverable amount of a CGU or individual asset is equal to its fair value minus costs to sell or its value in use, whichever is higher. In practice, fair value is able to be reliably measured for individual assets only, where it corresponds to the transaction price of recently disposed similar assets. Value in use is the most frequently used measurement for both CGUs and individual assets.

Cash flow forecasts. The cash flow forecasts used to estimate value in use are taken from the 2020 budget and 2021-2022 plan. The key underlying assumption of these forecasts is the level of organic growth. To calculate the terminal growth rate, Imerys uses the Gordon Growth Model. Future cash flows correspond to the past net current free operating cash flow, *i.e.* after payment of lease payments *(Note 24.2 – Reconciliation of net financial debt)* adjusted for "Change in non-operational working capital requirement" *(Note 24.2 – Reconciliation of net financial debt)*.

Discount rates. The discount rate used to calculate value in use is determined using the weighted average cost of capital of groups comparable to Imerys in the industrial minerals sector, *i.e.* the rate of return demanded by the community of industry donors, on both equity and debt instruments, with the exception of lease liabilities, because the impact of IFRS 16 on the industry weighted average cost of capital cannot be measured the first year the standard is applied due to a lack of observable data. This rate, set at 6.75% for 2019 (6.50% for 2018), is adjusted for a country-market risk premium, which depending on the CGU or individual assets tested ranged from 41 to 145 basis points in 2019 (0 to 170 basis points in 2018). In 2019, the average discount rate after income tax amounted to 7.50% (6.93% in 2018). The calculations net of income tax are the same as those that would be performed with cash flows and rates before income tax, as required by applicable standards. In the following table, the discount and terminal growth rates used to calculate the value in use are presented by groups of CGUs and weighted by the cash flow forecasts of each CGU.

	2019		2018	
	Discount rate	Terminal growth rate	Discount rate	Terminal growth rate
Performance Minerals (PM)	7.67%	2.05%	7.09%	1.91%
High Temperature Materials & Solutions (HTMS)	7.25%	1.99%	6.69%	1.86%
Total	**7.50%**	**2.02%**	**6.93%**	**1.89%**

Changes in cash flow forecasts, discount rates and terminal growth rates have the most significant impact on the Group's financial statements. The following table presents impairment by CGU that would be recognized as a result of adverse changes to the assumptions retained in the financial statements at December 31, 2019.

(€ millions)	Adverse change
Cash flow forecasts	**5.0% decrease**
Impairment	None
Discount rate	**1.0% increase**
Impairment	None
Terminal growth rate	**1.0% decrease**
Impairment	None

Annual impairment tests on CGUs

By allocating goodwill to all CGUs, Imerys must systematically test each CGU for impairment once a year. This test on CGUs did not lead to the recognition of any impairment loss in 2018 or 2019. The following table presents the carrying amount and impairment loss on goodwill recognized for the year by groups of CGUs (PM and HTMS).

	2019		2018	
(€ millions)	Carrying amount	Impairment loss for the year	Carrying amount	Impairment loss for the year
Performance Minerals (PM)	1,167.3	-	1,166.1	-
High Temperature Materials & Solutions (HTMS)	985.0	-	976.4	-
Goodwill in CGUs	**2,152.3**	**-**	**2,142.5**	**-**
Holding	0.8	-	0.8	-
Total	**2,153.1**	**-**	**2,143.3**	**-**

Impairment tests on individual assets

An adverse change in impairment indicators may trigger an immediate impairment test on individual assets, in addition to the test carried out on CGUs. In 2019, Imerys recognized impairment of €39.3 million on the Group's industrial production assets, of which €14.6 million in the Performance Minerals segment and €24.7 million in the High Temperature Materials & Solutions segment. In 2019, €1.1 million was recognized in reversals of impairment, of which €0.4 million in the Performance Minerals segment and €0.7 million in the High Temperature Materials & Solutions segment. As a result, €38.2 million was recognized for impairment loss, net of reversals in "Other operating income and expenses" *(Note 10)*. In 2018, tests on individual assets led to the recognition of €240.0 million in impairment loss, of which €76.9 million in the Performance Minerals segment, €7.6 million in the High Temperature Materials & Solutions segment and €155.5 million primarily in the Oilfield Solutions division. This impairment loss, recognized in "Other operating income and expenses" *(Note 10)*, related to the industrial production assets of the segments in question. In 2018, €15.8 million was recognized in reversals of impairment, of which €14.4 million in the Performance Minerals segment and €1.4 million in the Oilfield Solutions division. As a result, €224.2 million was recognized for impairment loss, net of reversals 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. When sold, inventories are recognized as an expense in current operating income at the same date as the corresponding revenue. Inventories are measured at cost of production or net realizable value, whichever is lower. When production is below normal capacity, fixed production overheads specifically exclude any idle capacity costs. Inventories with similar characteristics are measured using the same method. The Group uses "First-In, First-Out" (FIFO) accounting and the weighted average cost method. If the cost of production is not recoverable, it is written down to its net realizable value in accordance with the conditions existing at the end of the reporting period.

Gross amount and write-down of inventories

	2019			2018		
(€ millions)	**Gross amount**	**Write-down**	**Carrying amount**	**Gross amount**	**Write-down**	**Carrying amount**
Raw materials	375.8	(24.3)	351.5	437.5	(40.9)	396.6
Work in progress	119.2	(1.8)	117.4	89.1	(2.1)	87.0
Finished goods	284.1	(16.1)	268.0	341.5	(24.6)	316.9
Merchandise	78.8	(3.1)	75.7	69.1	(2.5)	66.5
Total	**857.9**	**(45.3)**	**812.6**	**937.1**	**(70.1)**	**867.0**

NOTE 21 FINANCIAL ASSETS

21.1 CATEGORIES OF FINANCIAL ASSETS

The following tables present the value of financial instruments with respect to consolidated assets. The categories used to present the carrying amounts of financial instruments are explained in *Note 11*. The totals distinguish between operational hedge derivatives (hedge of operational foreign exchange risk and energy price risk) and financial hedge derivatives (hedge of financial foreign exchange risk, interest rate risk and conversion of financial statements risk). Financial hedge derivatives are used to calculate net financial debt *(Note 24.2 – Reconciliation of net financial debt)* The carrying amounts represent fair value, insofar as they correspond to the amount of cash to be received.

At December 31, 2019

	Non-hedge accounting			Hedge accounting						
	IFRS 9 categories			Fair value		Cash flow		Net investment		
	Amortized cost	Fair value through profit or loss	Non IFRS 9	Hedged item	Hedge	Hedged item	Hedge	Hedged item	Hedge	Total
Non-current assets										
Other financial assets	39.2	-	6.6	-	-	-	-	-	-	45.8
Other receivables	10.4	-	27.4	-	-	-	-	-	-	37.8
Derivative financial assets	-	-	-	-	-	-	-	-	4.5	4.5
Conversion of financial statements risk	-	-	-	-	-	-	-	-	4.5	4.5
Current assets										
Trade receivables	623.9	-	-	-	-	-	-	-	-	623.9
Other receivables	53.2	-	178.3	-	-	-	-	-	-	231.5
Derivative financial assets	-	0.9	-	-	-	-	5.1	-	-	6.0
Transactional currency risk	-	0.9	-	-	-	-	3.2	-	-	4.1
Energy price risk	-	-	-	-	-	-	1.9	-	-	1.9
Other financial assets	2.4	8.9	-	-	-	-	-	-	-	11.2
Cash and cash equivalents	660.4	-	-	-	-	-	-	-	-	660.4
Total	**1,389.4**	**9.8**	**212.3**	**0.0**	**0.0**	**0.0**	**5.1**	**0.0**	**4.5**	**1,621.2**
Of which operational derivatives	-	-	-	-	-	-	5.1	-	-	5.1
Of which financial derivatives	-	0.9	-	-	-	-	-	-	4.5	5.5

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At December 31, 2018

	Non-hedge accounting			Hedge accounting						
	IFRS 9 categories			Fair value		Cash flow		Net investment		
	Amortized cost	Fair value through profit or loss	Non IFRS 9	Hedged item	Hedge	Hedged item	Hedge	Hedged item	Hedge	Total
Non-current assets										
Other financial assets	33.0	2.5	6.5	-	-	-	-	-	-	42.0
Other receivables	6.9	-	28.2	-	-	-	-	-	-	35.1
Derivative financial assets	-	-	-	-	16.2	-	-	-	3.1	19.3
Interest rate risk	-	-	-	-	16.2	-	-	-	-	16.2
Conversion of financial statements risk	-	-	-	-	-	-	-	-	3.1	3.1
Current assets										
Trade receivables	656.6	-	-	-	-	-	-	-	-	656.6
Other receivables	71.8	-	225.1	-	-	-	-	-	-	296.9
Derivative financial assets	-	3.5	-	-	-	-	3.8	-	-	7.3
Transactional currency risk	-	3.5	-	-	-	-	1.7	-	-	5.2
Energy price risk	-	-	-	-	-	-	2.1	-	-	2.1
Other financial assets	1.6	7.3	-	-	-	-	-	-	-	8.9
Cash and cash equivalents	848.9	-	-	-	-	-	-	-	-	848.9
Total	**1,618.8**	**13.3**	**259.8**	**0.0**	**16.2**	**0.0**	**3.8**	**0.0**	**3.1**	**1,915.0**
Of which operational derivatives	-	-	-	-	-	-	3.8	-	-	3.8
Of which financial derivatives	-	3.5	-	-	16.2	-	-	-	3.1	22.8

21.2 TRADE RECEIVABLES, OTHER RECEIVABLES AND OTHER FINANCIAL ASSETS

Accounting policy

After their initial recognition, receivables are measured at their amortized cost. At the end of the reporting period, a write-down is recognized for the value of expected credit losses. Such losses correspond to the estimated weighted probability of credit losses, *i.e.* the expected loss of cash over the life of the trade receivable, minus cash to be received from credit insurance where applicable *(Note 21.3)*. A receivable sold to a banking institution for financing purposes is only derecognized if the factoring agreement also transfers to the factor all the risks and rewards incidental to the receivable.

Table of changes

At December 31, 2019, other non-current financial assets corresponded to €35.6 million in loans to joint ventures and associates (€22.3 million at December 31, 2018), €10.5 million in loans and deposits (€10.7 million at December 31, 2018), €6.4 million in assets related to employee benefits (€6.5 million at December 31, 2018) *(Note 23.1)* and investments in equity instruments, which at December 31, 2019 corresponded to a carrying amount of nil (€2.5 million at December 31, 2018). A significant proportion of other non-current receivables and related write-downs is made up of tax receivables excluding income tax in Brazil. Other current receivables are also mainly made up of tax receivables excluding income tax.

(€ millions)	Other non-current financial assets	Other non-current receivables	Trade receivables	Other current receivables	Other current financial assets	Total
Carrying amount at January 1, 2018	**52.1**	**46.3**	**676.1**	**302.3**	**8.8**	**1,085.6**
Gross amount	65.1	82.4	707.2	309.7	8.8	1,173.2
Write-down	(13.0)	(36.1)	(31.1)	(7.4)	-	(87.6)
Change in the scope of consolidation	(1.8)	(2.3)	(9.8)	(22.0)	(0.1)	(36.0)
Net change	8.6	(23.0)	(13.8)	22.9	0.4	(4.9)
Write-downs	(8.4)	0.2	(0.2)	1.3	-	(7.1)
Other	(8.8)	16.6	3.6	(9.3)	-	2.1
Exchange rate differences	0.3	(2.7)	0.7	1.8	(0.2)	(0.1)
Carrying amount at December 31, 2018	**42.0**	**35.1**	**656.6**	**297.0**	**8.9**	**1,039.6**
Gross amount	63.2	66.5	688.5	303.0	8.9	1,130.1
Write-down	(21.2)	(31.4)	(31.9)	(6.0)	-	(90.5)
Change in accounting policy(1)	-	-	-	(1.0)	-	(1.0)
Change in the scope of consolidation	3.5	(0.1)	(24.7)	(18.8)	(16.6)	(56.7)
Net change	1.3	0.6	(33.6)	(42.3)	(0.4)	(74.4)
Write-downs	(0.3)	0.4	(4.4)	(3.2)	(1.3)	(8.8)
Other	(1.9)	2.3	21.5	(4.5)	20.5	37.9
Exchange rate differences	1.2	(0.5)	8.5	4.3	0.1	13.6
Carrying amount at December 31, 2019	**45.8**	**37.8**	**623.9**	**231.5**	**11.2**	**950.2**
Gross amount	69.3	68.2	658.6	236.1	12.5	1,044.7
Write-down	(23.5)	(30.4)	(34.7)	(4.6)	(1.3)	(94.5)

(1) Change in accounting policy IFRS 16, Leases (Note 2.1).

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The table below presents details of the main factoring agreement signed by the Group as well as the amount derecognized at the end of the reporting period.

(€ millions)	**PM**
Effective date of the agreement	Sept.-09
Possible redress for factor from Imerys on derecognized receivables	No
Since 90 days and more	20
Contractual duration	Unlimited
Maximum outstanding amount including all taxes	21.0
Pre-identification of derecognized receivables	Yes
Transfer of all risks and benefits to the factor, including default and late payment risks	Yes
Carrying amount of derecognized receivables at December 31, 2019	8.4
Carrying amount of derecognized receivables at December 31, 2018	8.9

21.3 MANAGING RISK IN RESPECT OF FINANCIAL ASSETS

Credit risk

Description. Credit risk is the risk that a debtor of Imerys does not reimburse their debt at the agreed due date. It mainly affects the trade receivables category.

Management. Credit risk is monitored at entity level by analyzing the breakdown of receivables by maturity. Generally due between 30 and 90 days, the Group's receivables are not covered by any material financing component. The following table presents the change in write-downs of receivables and other financial assets:

(€ millions)	**2019**	**2018**
Receivables not yet due	**508.9**	**526.1**
Receivables due	**201.4**	**222.6**
1 to 30 days	129.2	129.6
31 to 60 days	29.4	37.5
61 to 90 days	8.1	35.1
More than 90 days	34.7	20.4
Total	**710.3**	**748.7**

At the end of the reporting period, receivables and other financial assets are written down to their recoverable amount *(Note 21.2)*. Group entities may hedge credit risk through credit insurance contracts or warranties *(Note 28 – Commitments received)*.

At December 31, 2019, the Group's maximum exposure to credit risk before credit insurance and warranties, *i.e.* gross receivables net of write-downs, amounted to €950.2 million (€1,039.6 million at December 31, 2018).

The following table presents the change in write-downs of receivables and other financial assets:

(€ millions)	**Other non-current financial assets**	**Other non-current receivables**	**Trade receivables**	**Other current receivables**	**Other current financial assets**	**Total**
Balance at January 1, 2018	**(13.0)**	**(36.1)**	**(31.1)**	**(7.4)**	**-**	**(87.6)**
Change in the scope of consolidation	0.3	0.3	(0.4)	-	-	0.2
Increases	(9.6)	-	(6.6)	(0.4)	-	(16.6)
Utilizations	1.2	0.2	6.4	1.7	-	9.5
Other	-	0.5	(0.5)	-	-	0.0
Exchange rate differences	(0.1)	3.7	0.3	0.1	-	4.0
Balance at December 31, 2018	**(21.2)**	**(31.4)**	**(31.9)**	**(6.0)**	**-**	**(90.5)**
Change in the scope of consolidation	-	-	0.3	1.8	-	2.1
Increases	(6.0)	0.2	(10.0)	(6.1)	(1.5)	(23.4)
Utilizations	5.6	0.2	5.6	2.9	0.2	14.5
Other	(1.7)	-	1.6	2.8	-	2.7
Exchange rate differences	(0.1)	0.5	(0.3)	-	-	0.1
Balance at December 31, 2019	**(23.4)**	**(30.5)**	**(34.7)**	**(4.6)**	**(1.3)**	**(94.5)**

Transactional currency risk

Description. Transactional currency risk is the risk whereby a cash flow labeled in foreign currency may be subject to a deterioration caused by unfavorable fluctuations in its cross-entry in functional currency. In assets, transactional currency risk mainly affects trade receivables.

Management. In assets, 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 SHAREHOLDERS' EQUITY

Management principles

The management of capital covers three main fields: consolidated equity, share-based payments and share buybacks. Consolidated equity is managed to maintain a stable financial structure that generates dividends for shareholders by increasing earnings at a sustained, regular pace. Incentive schemes in which share options and free shares are granted to certain key employees help Imerys to reach this objective *(Note 8)*. Share buyback programs are intended to improve the transaction liquidity and price stability of the Imerys share and well as make certain share-based payments and cancellations necessary to offset the dilutive impact of exercised share options and vested free share grants.

Consolidated equity is composed of the capital and premiums of Imerys S.A. as well as its consolidated income and reserves. There are no hybrid instruments that combine the characteristics of liabilities and equity instruments. At December 31, 2019:

- consolidated equity amounted to €3,162.0 million (€3,253.5 million at December 31, 2018) on the basis of which the Board of Directors has proposed a dividend of €2.15 per share (€2.15 in 2018);
- a total of 233,180 share options and 721,675 performance shares have not been exercised or not yet vested, which represents 1.19% of the capital of Imerys S.A. after dilution (1.59% of the capital after dilution at December 31, 2018);
- after transactions made throughout the year to purchase, sell, cancel or transfer shares, Imerys S.A. held 540,759 Imerys shares (237,342 shares at December 31, 2018).

The capital of Imerys S.A. is subject to a number of mandatory requirements under the French Commercial Code (*Code de commerce*). These requirements do not have any material impact on the financial statements. However, the Statutory Auditors carry out verifications to ensure Imerys S.A. is compliant. Furthermore, part of the Group's financing is secured through debt instruments, issued on the condition of compliance with a covenant related to the amount of consolidated equity. The covenant and the corresponding values recorded at the end of the reporting period are presented in *Note 24.5 – Borrower's liquidity risk*.

Accounting policy

Treasury share buybacks are recognized at acquisition cost against equity. The income generated from any subsequent disposal is directly recognized in equity.

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Activity for the period

	2019			2018		
(number of shares)	Shares issued	Treasury shares	Outstanding shares	Shares issued	Treasury shares	Outstanding shares
Number of shares at January 1	**79,485,694**	**(237,342)**	**79,248,352**	**79,604,285**	**(632,227)**	**78,972,058**
Capital increase	-	-	-	117,290	-	117,290
Capital decrease	-	-	-	(235,881)	235,881	-
Treasury share transactions	-	(303,417)	(303,417)	-	159,004	159,004
Number of shares at December 31	**79,485,694**	**(540,759)**	**78,944,935**	**79,485,694**	**(237,342)**	**79,248,352**

Imerys' fully-paid up share capital amounted to €158,971,388. It was made up of 79,485,694 shares with a par value of €2, which is unchanged on January 1, 2019.

On February 12, 2020, the Board of Directors:

- canceled 157,342 treasury shares acquired on the market through an investment services provider as part of the share buyback programs authorized by the Shareholders' General Meeting held on May 10, 2019. The cancellation of these shares caused the share capital of the Company to decrease by a nominal amount of €314,684;
- acknowledged that the share capital had increased by a nominal amount of €29,526 after 14,763 stock options were exercised between January 1 and December 31, 2019, which consequently created an equal number of new Imerys shares.

As a result of these transactions, Imerys' fully paid up share capital at February 12, 2020 totaled €158,686,230 divided into 79,343,115 shares each with a par value of €2.

NOTE 23 PROVISIONS

23.1 PROVISIONS FOR EMPLOYEE BENEFITS

In accordance with the regulatory framework and business practices in each country, Imerys makes contributions to pension plans for its employees. Benefits are granted either through defined contribution plans, the future value of which is not guaranteed by Imerys *(Note 8)*, or defined benefit plans, the future value of which is guaranteed by Imerys by the provisions analyzed in this note.

(€ millions)	**2019**	**2018**
Pension plans	278.5	232.2
Health insurance	20.1	21.9
Other long-term employee benefits	12.2	11.5
Termination benefits	64.8	24.4
Total	**375.7**	**290.0**

Accounting policy

Defined contribution plans. In accordance with the regulatory framework and business practices in each country, Imerys makes contributions to pension plans for its employees by making, either on a mandatory or voluntary basis, contributions to third-party institutions such as pension funds, insurance companies or financial institutions. These plans, called defined contribution plans, do not provide beneficiaries with a guarantee of the total benefit that will be paid in the future. Contributions to these plans are recognized as "Staff expenses" *(Note 8)*.

Defined benefit plans. In contrast, Imerys provides beneficiaries of defined benefit plans with a guaranteed future benefit. The corresponding obligations are measured using the Projected Unit Credit Method by means of economic and demographic actuarial assumptions. These assumptions are used to measure the value of the rights acquired by beneficiaries on the basis of an estimated salary at retirement date. Provisions and assets are recognized for the discounted value of the obligation, minus the fair value of plan assets, and capped where necessary. The rates used to discount obligations and calculate the normative return on assets in profit or loss are fixed by reference to the rates of bonds issued by AA-rated companies (high quality) within the main iBoxx GBP and USD Corporate AA indices. Where negative interest rates arise, they are applied as published, without a lower limit of zero. Executive Management make estimates concerning actuarial assumptions. Contributions to the funds and direct payments to beneficiaries are recognized in current operating income *(Note 8)* except for contributions and payments related to restructuring operations, which are recognized in other operating revenue and expenses *(Note 10)* and contributions to under-funded closed plans with mandatory funding requirements, which are recognized in financial income (loss) *(Note 12)*. The impact in profit or loss of these contributions is neutralized by decreases in provisions recognized in each of these three levels of profit or loss. Other items of change in post-employment plans are recognized in current operating income *(Note 8)*, except for amendments, curtailments and settlements related to restructuring operations, which are recognized in other operating income and expenses *(Note 10)* and unwinding of obligations and normative return on assets, which are recognized in financial income (loss) *(Note 12)*. Administrative fees are recognized in current operating income *(Note 8)* except for administrative fees for under-funded closed plans with mandatory funding requirements, which are recognized in financial income (loss) *(Note 12)*. Plan amendments, curtailments and settlements are immediately recognized in profit or loss. Actuarial differences and caps on post-employment plan assets are fully recognized in equity, net of asset management fees, with no subsequent reclassification in profit or loss.

Characteristics of defined benefit plans

At December 31, 2019, the Group's defined employee benefit obligations totaled €1,465.6 million (€1,374.6 million at December 31, 2018), made up of retirement benefits, post-employment health insurance and other pre-retirement benefits such as jubilee awards. The obligations, the value of which is presented as negative values in the following table, are mainly incurred in the UK and the US.

	2019				2018			
(€ millions)	**UK**	**US**	**Rest of the world**	**Total**	**UK**	**US**	**Rest of the world**	**Total**
Pension plans	(965.9)	(234.2)	(232.0)	(1,432.1)	(852.6)	(244.7)	(242.5)	(1,339.6)
Post-employment health insurance	-	(13.3)	(6.8)	(20.1)	-	(14.9)	(6.9)	(21.8)
Other pre-retirement benefits	-	-	(13.4)	(13.4)	-	-	(13.0)	(13.0)
Total	**(965.9)**	**(247.4)**	**(252.2)**	**(1,465.6)**	**(852.6)**	**(259.6)**	**(262.4)**	**(1,374.6)**

At December 31, 2019, 24,091 beneficiaries were covered by these obligations (25,257 beneficiaries at December 31, 2018), including employees who have been granted rights in return for the years of service they accumulate within the Group (active beneficiaries), employees who will no longer acquire rights in return for the years of service accumulated within the Group as well as former employees still in employment outside the Group (deferred beneficiaries) and former employees now in retirement (retired beneficiaries). The following table breaks down the main characteristics of these beneficiaries:

	2019				2018			
(€ millions)	**UK**	**US**	**Rest of the world**	**Total**	**UK**	**US**	**Rest of the world**	**Total**
Headcount								
Active beneficiaries	503	1,176	12,295	13,974	544	1,324	12,774	14,642
Deferred beneficiaries	1,556	1,277	464	3,297	1,629	1,395	424	3,448
Retired beneficiaries	4,002	2,030	788	6,820	4,041	2,346	780	7,167
Total	**6,061**	**4,483**	**13,547**	**24,091**	**6,214**	**5,065**	**13,978**	**25,257**
Average age								
Active beneficiaries	55	50	45	45	54	51	43	46
Deferred beneficiaries	55	53	50	55	54	55	50	54
Retired beneficiaries	75	74	71	74	75	73	71	74
Years of service								
Active beneficiaries	30	16	14	15	29	17	14	16

At December 31, 2019, 76.4% of the Group's total obligation was accounted for by just two plans (69.9% at December 31, 2018) – the Imerys UK Pension Scheme (Imerys UK) and the Imerys USA Retirement Growth Account Plan (Imerys USA). The following table breaks down the main characteristics of these two plans:

	2019		2018	
	Imerys UK	**Imerys USA**	**Imerys UK**	**Imerys USA**
Obligation by category of beneficiaries *(€ millions)*				
Active beneficiaries	(171.1)	(51.7)	(154.5)	(38.0)
Deferred beneficiaries	(198.9)	(46.3)	(168.9)	(36.0)
Retired beneficiaries	(595.9)	(55.9)	(529.2)	(34.2)
Total	**(965.9)**	**(153.9)**	**(852.6)**	**(108.2)**
Average age				
Active beneficiaries	54	54	54	54
Deferred beneficiaries	54	56	54	55
Retired beneficiaries	75	72	75	72
Eligibility				
Recruitment cut-off date	Dec. 31, 2004	Mar. 31, 2010	Dec. 31, 2004	Mar. 31, 2010
Retirement age	65	65	65	65
Description of the benefit				
Type of payment	Annuity(1)	Capital(2)	Annuity(1)	Capital(2)
Pegged to retail price index	Yes	No	Yes	No
Closing date for future accruals	Mar. 31, 2015	Dec. 31, 2014	Mar. 31, 2015	Dec. 31, 2014
Regulatory framework				
Minimum employer funding requirement	Yes(3)	Yes(3)	Yes(3)	Yes(3)
Minimum beneficiary contribution requirement	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 responsibility				
Defining the investment strategy	Yes	Yes	Yes	Yes
Negotiating deficit refinancing with the employer	Yes	-	Yes	-
Administrative management of the benefit payment	Yes	Yes	Yes	Yes

(1) The annuity is calculated according to the number of years of service accumulated, annual salary at retirement and an 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 accumulated at 100.0% on the basis of a funding valuation.

Managing employee benefit risk

Description. Through the financial management of employee benefits, Imerys seeks to 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 be deteriorated by a decorrelation between a change in value (generally negative) of plan assets and a change in value (generally positive) of obligations. The value of plan assets may be reduced by deteriorating the fair value of investments. The value of obligations may rise for (i) all plans after a drop in discount rates or (ii) benefits paid as life annuities, either due to an increase in the inflation rates used to remeasure the obligations of certain plans, or due to an increase in the life expectancy of beneficiaries.

Management. In order to control the funding ratio of obligations, Imerys aims first and foremost to optimize the value of plan assets. Investment strategies are therefore devised to deliver a steady return while also taking advantage of opportunities with limited or moderate risks levels. The choice of investments is specific to each plan and factors in the duration of the plan as well as minimum funding regulatory constraints. Since 2011, Imerys has pursued a specific strategy to control the funding ratio of obligations in the UK in particular, which defines plan asset investments to match the obligation. The strategy, known as Liability Driven Investment (LDI), controls the funding ratio of the obligation by pegging cash inflows to cash outflows over the duration of the obligation. In practice, it involves 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. It hedges the risk of an increase in the obligation due to a drop in discount rates (or an increase in inflation rates) by covering a portion of the value of the regularly revised obligation.

Financing employee benefits

Imerys finances the majority of employee benefits with investments unavailable to third parties in trusts or insurance contracts legally separate from the Group. At December 31, 2019, the value of these investments designated as plan assets amounted to €1,155.4 million (€1,109.9 million at December 31, 2018). Imerys also holds reimbursement rights, *i.e.* investments held directly by the Group, which amounted to €6.0 million at December 31, 2019 (€5.7 million at December 31, 2018). Therefore, the funding ratio of obligations equaled 79.2% at December 31, 2019 (81.2% at December 31, 2018). The total deficit of funded plans and unfunded plans amounted to €304.3 million at December 31, 2019 (€259.0 million at December 31, 2018), as disclosed in the following table:

	2019				2018			
(€ millions)	**UK**	**US**	**Rest of the world**	**Total**	**UK**	**US**	**Rest of the world**	**Total**
Obligations funded by plan assets	(965.9)	(232.9)	(109.1)	(1,307.9)	(852.6)	(243.5)	(130.0)	(1,226.1)
Obligations funded by reimbursement rights	-	-	(29.9)	(29.9)	-	-	(25.8)	(25.8)
Plan assets	917.5	173.5	64.4	1,155.4	847.5	186.7	75.7	1,109.9
Reimbursement rights	-	-	6.0	6.0	-	-	5.7	5.7
Funded plans surplus (deficit)	**(48.5)**	**(59.4)**	**(68.7)**	**(176.6)**	**(5.1)**	**(56.8)**	**(74.4)**	**(136.3)**
Unfunded obligations	-	(14.6)	(113.2)	(127.8)	-	(16.1)	(106.6)	(122.7)
Total surplus (deficit)	**(48.5)**	**(73.9)**	**(181.9)**	**(304.3)**	**(5.1)**	**(72.9)**	**(181.0)**	**(259.0)**

The following table presents the contributions paid to the funds by profit or loss level in 2018 and 2019 as well as an estimate for 2020. Contributions are generally recognized in current operating income. They are recognized in other operating revenue and expenses when they relate to restructuring. Contributions recognized in financial income (loss) are intended to recover the deficit of closed plans (absence of current service) with mandatory funding requirements. In this respect, each euro of service rendered before the plan was closed has been funded by a contribution of the same amount in current operating income. However, a drop in discount rates, increase in inflation rates and reduction in the fair value of investments has broken this initial balance and additional contributions are now required to restore it.

(€ millions)	2020 (estimate)	2019	2018
Contributions in current operating income	(16.0)	(16.4)	(12.1)
Contributions in financial income (loss) (closed plans)	(5.8)	(5.8)	(5.4)
Employer contributions	**(21.8)**	**(22.2)**	**(17.5)**

Plan assets are mainly invested in instruments whose market values are listed on an active market:

	2019				2018			
(€ millions)	UK	US	Rest of the world	Total	UK	US	Rest of the world	Total
Listed assets	**100.0%**	**100.0%**	**61.5%**	**97.9%**	**100.0%**	**99.0%**	**69.0%**	**97.7%**
Equity	4.1%	50.0%	-	10.7%	3.2%	51.7%	7.9%	11.7%
Debt	94.4%	50.0%	0.9%	82.5%	94.2%	47.0%	6.1%	80.3%
Real estate	0.9%	-	-	0.7%	2.4%	-	-	1.8%
Money market investments	0.5%	-	60.6%	4.0%	0.2%	0.3%	55.0%	4.0%
Unlisted assets	**-**	**-**	**38.5%**	**2.1%**	**-**	**1.0%**	**31.0%**	**2.3%**
Money market investments	-	-	38.5%	2.1%	-	1.0%	31.0%	2.3%
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

In 2019, the assets held by Imerys to finance employee benefits generated €109.8 million in actual interest earnings (an expense of €12.7 million in 2018), *i.e.* an actual rate of return, including currency effects of 11.0% in 2019 (-1.1% in 2018), as presented in the following table. In accordance with applicable legal and regulatory standards, this return was only credited to financial income (loss) to the extent of a normative share of €31.1 million in 2019 (€29.6 million in 2018), calculated on the basis of the risk-free rate used to discount the obligations. The surplus of the actual return above the normative return was credited to equity for €78.7 million in 2019 (a deficit of €42.3 million debited in 2018).

	2019				2018			
(€ millions)	UK	US	Rest of the world	Total	UK	US	Rest of the world	Total
Assets at January 1	**847.5**	**186.7**	**81.4**	**1,115.6**	**900.5**	**214.4**	**83.1**	**1,198.0**
Change in the scope of consolidation	-	(5.8)	(10.5)	(16.3)	-	-	(0.2)	(0.2)
Contributions	1.6	4.2	17.6	23.4	1.5	6.2	11.2	18.9
Payments to beneficiaries	(45.8)	(53.9)	(21.2)	(120.9)	(36.3)	(42.3)	(12.9)	(91.5)
Exchange rate differences	44.4	3.6	1.7	49.7	(6.9)	9.0	1.0	3.1
Actual return on assets	**69.8**	**38.7**	**1.3**	**109.8**	**(11.3)**	**(0.6)**	**(0.8)**	**(12.7)**
Normative return (financial income (loss))	22.8	7.3	1.0	31.1	21.3	7.3	1.0	29.6
Adjustment to actual return (equity)	46.9	31.4	0.4	78.7	(32.6)	(7.9)	(1.8)	(42.3)
Assets at December 31	**917.4**	**173.5**	**70.4**	**1,161.3**	**847.5**	**186.7**	**81.4**	**1,115.6**
Actual rate of return	**8.8%**	**24.7%**	**3.5%**	**11.0%**	**(1.3)%**	**(0.3)%**	**(0.8)%**	**(1.1)%**

Estimates

Executive Management makes estimates regarding the actuarial assumptions used to measure defined benefit plans. The following assumptions are weighted by the amount of obligations or assets, depending upon the item to which they apply.

	2019				2018			
(€ millions)	UK	US	Rest of the world	Total	UK	US	Rest of the world	Total
Discount rates	1.90%	2.80%	1.06%	1.91%	2.70%	4.09%	1.69%	2.77%
Retail price index	2.15%	-	-	2.21%	2.20%	-	-	2.20%
Salary increase rate	2.85%	-	2.37%	2.59%	2.55%	0.21%	2.29%	2.31%
Changes in medical expense rates	-	-	7.65%	7.65%	-	-	7.04%	7.04%
Duration *(years)*	15	10	11	14	14	9	12	11

Among these estimates, it is the discount rate that has most significant impact on the Group's financial statements. The following table presents the impact of a reasonably estimated change in discount rates following a possible decrease (lower case) or increase (higher case) in the assumption applied to the financial statements at December 31, 2019 (actual 2019). The impact of these changes is measured on three aggregates (obligation, net interest and current service cost) in the two monetary zones in which the most significant obligations have been undertaken (UK and US). The reasonably estimated change in discount rates has been set at 50 basis points, based on the weighted average change in discount rates in the UK and the US over the last five years.

(€ millions)	Lower case	Mid case	Higher case
UK			
Discount rates	1.4%	1.9%	2.4%
Obligation at December 31	(1,040.7)	(965.9)	(900.5)
Net interest in 2020 profit or loss(1)	(1.7)	(0.9)	0.4
Current service cost in 2020 profit or loss(2)	-	-	-
US			
Discount rates	2.3%	2.8%	3.3%
Obligation at December 31	(262.7)	(247.4)	(234.0)
Net interest in 2020 profit or loss(1)	(1.6)	(1.5)	(1.3)
Current service cost in 2020 profit or loss	(2.6)	(2.5)	(2.4)

(1) Unwinding of the obligation, net of normative return on assets.

(2) Plan closed and frozen since April 1, 2015.

Table of changes

At December 31, 2019

(€ millions)	Obligations	Assets	Assets (provisions)
Balance at January 1, 2019	**(1,374.6)**	**1,115.6**	**(259.0)**
Plan assets			0.8
Reimbursement rights			5.7
Provisions			(265.5)
Unwinding	(37.1)	-	(37.1)
Current service cost	(12.6)	-	(12.6)
Plan amendments	(0.6)	-	(0.6)
Curtailments	3.9	-	3.9
Settlements	(1.5)	-	(1.5)
Actuarial gains (losses) of other employee benefits	(0.8)	-	(0.8)
Normative return on plan assets	-	31.1	31.1
Normative return on reimbursement rights	-	0.1	0.1
Change recognized in profit or loss			**(17.5)**
Surplus (deficit) of actual return on assets over normative return	-	78.7	78.7
Actuarial gains (losses) of post-employment benefits on:			
▪ changes in demographic assumptions	(0.8)	-	(0.8)
▪ changes in financial assumptions	(137.4)	-	(137.4)
▪ experience adjustments	(9.1)	-	(9.1)
Change recognized in equity			**(68.6)**
Outgoing entities	21.6	(16.3)	5.3
Routine benefit payments	100.7	(85.8)	14.9
Settlement payments	37.3	(35.1)	2.2
Employer contributions	-	22.2	22.2
Employee contributions	(1.2)	1.2	-
Exchange rate differences	(53.4)	49.6	(3.8)
Balance at December 31, 2019	**(1,465.6)**	**1,161.3**	**(304.3)**
Plan assets			0.6
Reimbursement rights			5.8
Provisions			(310.7)

"Change recognized in profit or loss" can be broken down as follows:

(€ millions)	Assets (provisions)
Current operating income	**(9.6)**
Net change in provisions for employee benefits	16.0
Contributions to defined benefit plans	(25.6)
Other operating income and expenses	**(0.8)**
Net change in provisions for employee benefits	7.2
Contributions to defined benefit plans	(7.9)
Financial income (loss)	**(7.1)**
Net change in employee benefit liabilities – Closed plans	4.6
Contributions to defined employee benefit plans – Closed plans	(5.8)
Normative return on assets of defined benefit plans	31.1
Unwinding of defined employee benefit liabilities	(37.1)
Change recognized in profit or loss	**(17.5)**

At December 31, 2018

(€ millions)	Obligations	Assets	Assets (provisions)
Balance at January 1, 2018	**(1,500.3)**	**1,198.0**	**(302.3)**
Plan assets			0.2
Reimbursement rights			6.3
Provisions			(308.8)
Unwinding	(35.6)	-	(35.6)
Current service cost	(17.6)	-	(17.6)
Plan amendments	1.8	-	1.8
Curtailments	10.0	-	10.0
GMP Equalization(1)	(5.0)	-	(5.0)
Actuarial gains (losses) of other employee benefits	0.6	-	0.6
Normative return on plan assets	-	29.5	29.5
Normative return on reimbursement rights	-	0.1	0.1
Change recognized in profit or loss			**(16.2)**
Surplus (deficit) of actual return on assets over normative return	-	(42.3)	(42.3)
Actuarial gains (losses) of post-employment benefits on:			
▪ changes in demographic assumptions	25.9	-	25.9
▪ changes in financial assumptions	52.2	-	52.2
▪ experience adjustments	(10.0)	-	(10.0)
Change recognized in equity			**25.8**
Outgoing entities	9.5	(0.2)	9.3
Routine benefit payments	79.1	(69.5)	9.6
Settlement payments	22.6	(22.0)	0.6
Employer contributions	-	17.5	17.5
Employee contributions	(1.4)	1.4	0.0
Exchange rate differences	(6.4)	3.1	(3.3)
Balance at December 31, 2018	**(1,374.6)**	**1,115.6**	**(259.0)**
Plan assets			0.8
Reimbursement rights			5.7
Provisions			(265.5)

(1) The Imerys pension plan in place in the UK includes the Guaranteed Minimum Pension (GMP). The GMP system applies to employees that contracted the second component of the old UK state pension before April 6, 1997. In the past, inequalities existed between men and women with GMP benefits. On October 26, 2018, the UK's High Court ruled that benefits had to be equalized between men and women for the unequal effect of GMPs and clarified how this could be achieved. Given this new information, Imerys applied the equalization between men and women, which led to an expense of €5.0 million being recognized in Other operating income and expenses (Note 10).

"Change recognized in profit or loss" can be broken down as follows:

(€ millions)	Assets (provisions)
Current operating income	**(2.5)**
Net change in provisions for employee benefits	19.3
Contributions to defined benefit plans	(21.8)
Other operating income and expenses	**(5.1)**
Net change in provisions for employee benefits	(4.6)
Contributions to defined benefit plans	(0.5)
Financial income (loss)	**(8.6)**
Net change in employee benefit liabilities – Closed plans	2.8
Contributions to defined employee benefit plans – Closed plans	(5.4)
Normative return on assets of defined benefit plans	29.6
Unwinding of defined employee benefit liabilities	(35.6)
Change recognized in profit or loss	**(16.2)**

Change recognized in equity

(€ millions)	2019				2018			
	Actuarial gains (losses)	Surplus of actual return on assets over normative return in profit or loss	Asset cap	Total	Actuarial gains (losses)	Surplus of actual return on assets over normative return in profit or loss	Asset cap	Total
Balance at January 1	**(538.0)**	**335.4**	**2.4**	**(200.2)**	**(598.3)**	**370.9**	**2.4**	**(225.0)**
Change in obligations	(147.3)	-	-	(147.3)	68.1	-	-	68.1
Change in assets	-	78.7	-	78.7	-	(42.3)	-	(42.3)
Change recognized in equity	**(147.3)**	**78.7**	**0.0**	**(68.6)**	**68.1**	**(42.3)**	**0.0**	**25.8**
Outgoing entities	2.3	-	-	2.3	3.1	-	-	3.1
Exchange rate differences	(14.8)	8.9	0.1	(5.8)	(10.9)	6.8	-	(4.1)
Balance at December 31	**(697.8)**	**423.0**	**2.5**	**(272.3)**	**(538.0)**	**335.4**	**2.4**	**(200.2)**

23.2 OTHER PROVISIONS

(€ millions)	2019	2018
Other non-current provisions	446.0	666.2
Other current provisions	21.0	23.7
Total	**467.0**	**689.9**

Accounting policy

A provision is recognized as soon as it becomes likely that a present obligation will require settlement and a reliable estimate can be made of the amount of that obligation. Provisions are recognized against profit or loss, except provisions for dismantling and certain provisions for restoration, which are included in the cost of the assets of which the construction created the obligation. This treatment mainly applies to certain industrial facilities and mining overburden assets. Provisions are measured using the best estimate of the amount required to settle the obligation. Discounts are not applied to provisions that are expected to be settled within 12 months after the end of the reporting period and those that may be settled at any time. Discounts are applied to provisions that are not expected to be settled within 12 months after the end of the reporting period. This treatment applies in particular to provisions accrued with respect to environmental obligations for pollution remediation (€14.9 million at December 31, 2019 and €8.5 million at December 31, 2018), obligations to dismantle plants (€111.9 million at December 31, 2019 and €105.2 million at December 31, 2018) and obligations to restore mine sites that are no longer operational (€153.2 million at December 31, 2019 and €137.3 million at December 31, 2018). Changes in discounted provisions after revisions to the amount of the obligation, the timing of settlement or the discount rate are recognized in profit or loss or as an adjustment to the cost of assets for provisions recognized against assets. Unwinding is recognized as a debit in other financial income and expenses *(Note 12)*. Executive Management makes estimates to assess the probability of settlement, amount of the obligation, expected timing of future payments and discount rates.

Estimates

Probability of settlement and amount of the obligation. The probability of settlement and the amount of the obligations are estimated by Executive Management, who generally call upon in-house company experts to approve the key assumptions, taking into account the anticipated effects, regulatory changes where applicable, and independent counsel regarding material disputes and claims. Independent counsel handles allegations of personal injury or financial losses implicating the civil liability of Imerys and potential breaches of contractual obligations or regulations covering HR, real estate and environmental issues. The provisions for these risks are included in the €183.3 million set aside for legal, social and regulatory risks in the table of changes published at the end of the present note. This includes in particular the balance of the provision set aside to resolve the litigation involving the Group's talc operations in the US. On February 13, 2019, the Group's three North American subsidiaries decided to file for the protection, with immediate effect, of the special legal process of Chapter 11 under US law in order to permanently resolve the long-running talc-related litigation in the United States. Under Chapter 11, the Group remains the legal owner of all the share capital of the three North American entities, but these assets are subject to the jurisdiction of the US Delaware federal courts, which will oversee the continuing operations of the entities concerned as well as the conclusion and execution of a business continuity plan that these entities have sought to negotiate with representatives of existing claimants currently involved in the ongoing litigation as well as any future claimants. The Chapter 11 process also suspends all ongoing and future litigation proceedings and prevents any further claims being brought against these entities relating to past and current talc operations in the US. Given effective control of the three entities was transferred on February 13, 2019 to the court to repay creditors, the assets and liabilities held by the entities were removed from the scope of consolidation of the Group's financial statements from this date forward, which led to an additional expense of €5.6 million being recognized in other operating income and expenses *(Note 10)*. The negotiation between all those involved in the draft business continuity plan for these entities is ongoing. As is often the case in the Chapter 11 process, the North American talc entities have called upon the services of an investment banker to advise them in assessing their options before exiting Chapter 11, including the potential disposal of their business. In light of the latest developments in the Chapter 11 process and the ongoing negotiations at the date the Group's 2019 financial results were approved and in agreement with independent experts, Executive Management reviewed and reiterated its prior estimate of the risk related to the resolution of the Chapter 11 procedure and the forecast financial impact for the Group. The balance of the provision recognized in the Group's consolidated financial statements since December 31, 2018 was deemed to be sufficient to cover the best estimate of this risk, given the current situation and the valuation of the market potential of the talc business in North America. Due to ongoing discussions, the information provided about this procedure has been presented in accordance with IAS 37.92.

Expected timing of future payments. The following table presents the discounted value of future cash outflows required to settle the obligations included in "Other provisions":

(€ millions)	2020-2024	2025-2034	2035 and beyond	Total
Product warranties	3.8	-	-	3.8
Environmental and dismantling obligations	33.5	42.5	50.7	126.7
Mine site restoration	40.6	48.5	64.0	153.2
Legal, social and regulatory risks	183.3	-	-	183.3
Other provisions	**261.2**	**91.0**	**114.8**	**467.0**

Discount rates. Discount rates integrate the time value of money and monetary inflation at the date of future payments. The following assumptions are applied to the major monetary zones:

	2019			2018		
	EUR	GBP	USD	EUR	USD	GBP
Time value of money – environment and dismantling	0.5%	1.7%	2.8%	1.3%	2.4%	4.1%
Time value of money – mine site restoration	0.4%	1.7%	2.8%	1.0%	2.5%	3.9%
Inflation	1.2%	1.3%	2.3%	1.5%	2.1%	1.9%

Table of changes

(€ millions)	Product warranties	Environmental and dismantling obligations	Mine site restoration	Legal, social and regulatory risks	Total
Balance at January 1, 2018	**30.2**	**95.1**	**123.3**	**173.1**	**421.7**
Change in the scope of consolidation	(22.2)	0.8	6.1	4.3	(11.0)
Increases	1.7	24.1	10.3	308.7	344.8
Utilizations	(2.1)	(3.8)	(6.1)	(14.9)	(26.9)
Unused decreases	(2.7)	(4.6)	-	(38.9)	(46.2)
Unwinding expense	-	1.1	2.8	0.1	4.0
Reclassification and other	(0.2)	1.3	0.1	(4.1)	(2.9)
Exchange rate differences	(0.1)	(0.3)	0.8	6.0	6.4
Balance at December 31, 2018	**4.6**	**113.7**	**137.3**	**434.3**	**689.9**
Change in accounting policy(1)	-	0.2	-	(7.1)	(6.9)
Change in the scope of consolidation	-	(3.5)	(5.6)	(165.3)	(174.4)
Increases	1.8	10.7	23.2	28.8	64.5
Utilizations	(1.7)	(5.3)	(6.2)	(20.5)	(33.7)
Unused decreases	(0.8)	(4.8)	(1.0)	(32.3)	(38.9)
Unwinding expense	-	1.4	2.8	0.1	4.3
Reclassification and other	-	11.2	0.2	(60.9)	(49.6)
Exchange rate differences	(0.1)	3.1	2.5	6.2	11.7
Balance at December 31, 2019	**3.8**	**126.7**	**153.2**	**183.3**	**467.0**

(1) Change in accounting policy IFRS 16, Leases (Note 2.1).

NOTE 24 FINANCIAL LIABILITIES

24.1 CATEGORIES OF FINANCIAL LIABILITIES

The following tables analyze the value of financial instruments with respect to consolidated liabilities. The categories used to present the carrying amounts of financial instruments are explained in *Note 11*. The totals distinguish between operational hedge derivatives (hedge of operational foreign exchange risk and energy price risk) and financial hedge derivatives (hedge of financial foreign exchange risk, interest rate risk and conversion of financial statements risk). Financial hedge derivatives are used to calculate net financial debt *(Note 24.2 – Reconciliation of net financial debt)*.

Since they correspond to the amount of cash to be paid, carrying amounts represent fair value for all instruments except bonds. The tables are followed by an analysis of the difference between carrying amounts and fair value. The fair value of listed bonds is directly observable as it corresponds to the market value at the end of the reporting period (level 1 fair value). The fair value of unlisted bonds including accrued interests is calculated by a model using observable data, *i.e.* a revised valuation of discounted future contractual flows (level 2 fair value).

At December 31, 2019

(€ millions)	Non-hedge accounting – IFRS 9 categories: Amortized cost	Non-hedge accounting – IFRS 9 categories: Fair value through profit or loss	Non-hedge accounting: Non IFRS 9	Hedge accounting – Fair value hedge: Hedged item	Hedge accounting – Fair value hedge: Hedge	Hedge accounting – Cash flow hedge: Hedged item	Hedge accounting – Cash flow hedge: Hedge	Hedge accounting – Net investment hedge: Hedged item	Hedge accounting – Net investment hedge: Hedge	Total
Non-current liabilities										
Borrowings and financial debt	1,687.8	(0.1)	1.2	-	-	-	-	-	-	1,689.0
Interest rate risk – discontinued hedges	-	(0.1)	-	-	-	-	-	-	-	(0.1)
Lease liabilities	194.6	-	-	-	-	-	-	-	-	194.6
Other debts	1.4	-	20.6	-	-	-	-	-	-	22.0
Derivative financial liabilities	-	-	-	-	-	-	-	-	0.7	0.7
Current liabilities										
Trade payables	542.6	-	-	-	-	-	-	-	-	542.6
Other debts	141.3	-	202.2	-	-	-	-	-	-	343.5
Derivative financial liabilities	-	2.1	-	-	-	-	9.7	-	-	11.9
Transactional currency risk	-	2.1	-	-	-	-	1.5	-	-	3.6
Energy price risk	-	-	-	-	-	-	8.3	-	-	8.3
Borrowings and financial debt	399.2	(1.7)	-	-	-	-	-	-	-	397.5
Transactional currency risk	-	(1.7)	-	-	-	-	-	-	-	(1.7)
Lease liabilities	70.9	-	-	-	-	-	-	-	-	70.9
Bank overdrafts	7.3	-	-	-	-	-	-	-	-	7.3
Total	**3,045.0**	**0.4**	**224.0**	**0.0**	**0.0**	**0.0**	**9.7**	**0.0**	**0.7**	**3,279.9**
Of which operational derivatives	-	-	-	-	-	-	9.7	-	-	9.7
Of which financial derivatives	-	2.1	-	-	-	-	-	-	0.7	2.9

The fair value of fixed rate bonds included in "Borrowings and financial debt" exceeded their carrying amount by €58.8million:

Nominal amount *(in millions)*		Maturity	Listing	Interest rate: Nominal	Interest rate: Effective	Carrying amount	Fair value	Difference
167.6	EUR	Nov. 26, 2020	Listed	2.50%	2.60%	167.7	170.8	3.1
55.9	EUR	Nov. 26, 2020	Listed	2.50%	1.31%	56.0	57.0	1.0
300.0	EUR	Mar. 31, 2022	Listed	0.88%	0.96%	303.0	305.7	2.7
300.0	EUR	Mar. 31, 2028	Listed	1.88%	1.92%	305.9	318.2	12.3
500.0	EUR	Dec. 10, 2024	Listed	2.00%	2.13%	504.4	536.3	31.9
600.0	EUR	Jan. 15, 2027	Listed	1.50%	1.63%	616.3	624.1	7.8
Total at December 31, 2019 *(€ millions)*						**1,953.3**	**2,012.1**	**58.8**

At December 31, 2018

(€ millions)	Non-hedge accounting			Hedge accounting						
	IFRS 9 categories			Fair value hedge		Cash flow hedge		Net investment hedge		
	Amortized cost	Fair value through profit or loss	Non IFRS 9	Hedged item	Hedge	Hedged item	Hedge	Hedged item	Hedge	Total
Non-current liabilities										
Borrowings and financial debt	1,922.2	(0.1)	1.7	55.9	16.2	-	-	-	-	1,995.9
Interest rate risk – continued hedges	-	-	-	55.9	16.2	-	-	-	-	72.1
Interest rate risk – discontinued hedges	-	(0.1)	-	-	-	-	-	-	-	(0.1)
Other debts	1.1	-	16.6	-	-	-	-	-	-	17.7
Derivative financial liabilities	-	-	-	-	-	-	-	-	0.4	0.4
Conversion of financial statements risk	-	-	-	-	-	-	-	-	0.4	0.4
Current liabilities										
Trade payables	557.3	-	-	-	-	-	-	-	-	557.3
Other debts	138.2	-	220.7	-	-	-	-	-	-	358.9
Derivative financial liabilities	-	1.6	-	-	-	-	8.1	-	-	9.7
Transactional currency risk	-	1.6	-	-	-	-	3.5	-	-	5.1
Energy price risk	-	-	-	-	-	-	4.6	-	-	4.6
Borrowings and financial debt	167.7	0.4	0.4	-	-	-	-	-	-	168.5
Transactional currency risk	-	0.4	-	-	-	-	-	-	-	0.4
Bank overdrafts	11.6	-	-	-	-	-	-	-	-	11.6
Total	**2,798.1**	**1.9**	**239.4**	**55.9**	**16.2**	**0.0**	**8.1**	**0.0**	**0.4**	**3,120.0**
Of which operational derivatives	-	-	-	-	-	-	8.1	-	-	8.1
Of which financial derivatives	-	1.6	-	-	-	-	-	-	0.4	2.0

The fair value of fixed rate bonds included in “Borrowings and financial debt” exceeded their carrying amount by €14.1 million:

Nominal amount *(in millions)*		Maturity	Listing	Interest rate – Nominal	Interest rate – Effective	Carrying amount	Fair value	Difference
7,000.0	JPY	Sept. 16, 2033	Unlisted	3.40%	3.47%	72.1	80.6	8.5
167.6	EUR	Nov. 26, 2020	Listed	2.50%	2.60%	168.7	174.7	6.0
55.9	EUR	Nov. 26, 2020	Listed	2.50%	1.31%	55.9	58.3	2.4
300.0	EUR	Mar 31, 2022	Listed	0.88%	0.96%	300.6	304.1	3.5
300.0	EUR	Mar 31, 2028	Listed	1.88%	1.92%	302.3	296.4	(5.9)
500.0	EUR	Dec 10, 2024	Listed	2.00%	2.13%	496.1	513.8	17.7
600.0	EUR	Jan 15, 2027	Listed	1.50%	1.63%	600.1	582.0	(18.1)
Total at December 31, 2018 *(€ millions)*						**1,995.8**	**2,009.9**	**14.1**

24.2 CASH FLOWS RELATED TO FINANCIAL LIABILITIES

Changes in liabilities arising from financing activities

The *Consolidated Statement of Cash Flows* analyzes the change in "Cash and cash equivalents" broken down across operating activities, investing activities and financing activities. In the following tables, "Cash flow from financing activities" is presented in the "Cash changes" column, in accordance with their source positions in the Statement of Financial Position.

In 2019, "Cash flow from financing activities" represented a net cash outflow of €367.9 million, including €164.1 million broken down in the following table that arose from changes in liabilities arising from financing activities. The majority of this decrease was driven by the reimbursement for the principal portion of lease liabilities (€85.6 million), the early reimbursement of a private placement worth JPY7 billion (€55.4 million) due to mature in 2033 using part of the cash generated by the disposal of the Clay business toward the end of 2018 and the reimbursement of the NEU CP short-term negotiable securities (€20.0 million).

			Non-cash changes						
(€ millions)	Jan. 1, 2019	Cash changes	Change in the scope of consolidation	Change in lease liabilities adjusted for rights of use	Accrued interest	Fair value	Reclas-sification	Exchange rate differences	Dec. 31, 2019
Non-current assets	**(19.3)**	**(0.1)**	**0.0**	**0.0**	**0.0**	**0.0**	**14.9**	**0.0**	**(4.5)**
Derivative financial assets	(19.3)	(0.1)	-	-	-	-	14.9	-	(4.5)
Current assets	**(16.2)**	**(0.3)**	**16.6**	**0.0**	**0.7**	**16.1**	**(35.5)**	**(0.1)**	**(18.7)**
Derivative financial assets	(7.3)	-	-	-	-	16.1	(14.9)	-	(6.1)
Other financial assets	(8.9)	(0.3)	16.6	-	0.7	-	(20.5)	(0.1)	(12.5)
Non-current liabilities	**2,204.5**	**(71.1)**	**(1.5)**	**59.0**	**2.3**	**(16.2)**	**(312.3)**	**19.6**	**1,884.3**
Borrowings and financial debt	2,204.2	(71.1)	(1.5)	59.0	2.3	(16.2)	(312.7)	19.6	1,883.6
Derivative financial liabilities	0.4	-	-	-	-	-	0.3	-	0.7
Current liabilities	**247.9**	**(92.6)**	**(1.7)**	**0.0**	**1.3**	**1.6**	**332.9**	**(9.1)**	**480.3**
Hedge instruments – liabilities	9.7	-	-	-	-	2.6	(0.4)	-	11.9
Borrowings and financial debt	238.3	(92.6)	(1.7)	-	1.3	(1.0)	333.3	(9.1)	468.4
Total	**2,416.9**	**(164.1)**	**13.4**	**59.0**	**4.3**	**1.5**	**0.0**	**10.5**	**2,341.5**
Loans issued	-	6.2	-	-	-	-	-	-	-
Repayments of borrowings	-	(57.7)	-	-	-	-	-	-	-
Payments for lease liabilities		(85.6)		-					
Other cash inflows (outflows)	-	(27.0)	-	-	-	-	-	-	-

In 2018, "Cash flow from financing activities" represented a net cash outflow of €529.2 million, including €363.9 million broken down in the following table that arose from changes in liabilities arising from financing activities. The majority of this €363.9 million decrease was driven by the reimbursement of short-term negotiable bonds maturing before December 31, 2018, made possible by the receipt of proceeds from the disposal of the Roofing division *(Note 25)*.

(€ millions)	Jan. 1, 2018	Cash changes	Non-cash changes					Dec. 31, 2018
			Change in the scope of consolidation	Accrued interest	Fair value	Reclassification	Exchange rate differences	
Non-current assets	**(22.5)**	**-**	**-**	**-**	**-**	**3.2**	**-**	**(19.3)**
Derivative financial assets	(22.5)	-	-	-	-	3.2	-	(19.3)
Current assets	**(15.8)**	**(0.3)**	**-**	**-**	**2.8**	**(3.1)**	**0.2**	**(16.2)**
Derivative financial assets	(7.0)	-	-	-	2.8	(3.1)	-	(7.3)
Other financial assets	(8.8)	(0.3)	-	-	-	-	0.2	(8.9)
Non-current liabilities	**1,989.0**	**663.5**	**(186.0)**	**1.5**	**1.3**	**(496.0)**	**23.0**	**1,996.3**
Borrowings and financial debt	1,986.3	663.5	(186.0)	1.5	1.3	(493.7)	23.0	1,995.9
Derivative financial liabilities	2.7	-	-	-	-	(2.3)	-	0.4
Current liabilities	**670.9**	**(1,027.1)**	**34.9**	**(2.0)**	**2.5**	**500.9**	**(1.9)**	**178.2**
Hedge instruments – liabilities	6.0	-	-	-	1.3	2.4	-	9.7
Borrowings and financial debt	664.9	(1,027.1)	34.9	(2.0)	1.2	498.5	(1.9)	168.5
Total	**2,621.6**	**(363.9)**	**(151.1)**	**(0.5)**	**6.6**	**5.0**	**21.3**	**2,139.0**
Loans issued	-	5.6	-	-	-	-	-	-
Repayments of borrowings	-	(32.7)	-	-	-	-	-	-
Net change in other debts	-	(336.8)	-	-	-	-	-	-

Reconciliation of net financial debt

Net financial debt reflects the Group's net position on the market and with financial institutions. It is used to manage the Group's financial resources, in particular to calculate covenants with which Imerys has to comply as part of the financing agreements entered into with financial markets *(Note 24.5 – Borrower's liquidity risk)*.

Net financial debt corresponds to the total financing liabilities subscribed on the market and with financial institutions in the form of bonds, bank credits and bank overdrafts, minus cash, cash equivalents and other current financial assets. Although offset in the calculation of net financial debt, overdrafts and surplus cash are presented separately on the statement of financial position, either in the form of bank overdrafts or cash, in accordance with the agreements signed between Imerys and its bank counterparties. In general, these agreements stipulate that the various accounts opened at the bank counterparties remain as debit or credit balances, without any offset. However, some netting agreements exist within the Group in order to achieve a single position with certain bank counterparties across a given scope. A single position is organized by the entity heading the netting scope, either directly through its own bank account, or indirectly through an investment made at the bank counterparty that is credited in the form of loans to the entities within the scope. Direct netting is practiced on agreements in force in Europe and the US, while indirect netting is applied in China. Due to the differences that still exist between the various issuers regarding the consequences of IFRS 16, which entered into force at January 1, 2019 *(Note 2.1)* and because of the differing needs of the various users of the financial statements, the Group has decided to present two calculations for net financial debt in 2019 – one that excludes lease liabilities (the "historical" calculation) and one that includes lease liabilities (the "post IFRS 16" calculation).

The following table presents the link between 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 net financial debt correspond to financing hedge assets and liabilities since they are part of the future cash outflows of this aggregate *(Note 24.5 – Borrower's liquidity risk)*. Operational hedge instruments *(Note 24.4 – Derivative instruments in the financial statements)* are not included in the calculation of net financial debt.

(€ millions)	Notes	2019	2018
Non-derivative financial liabilities		**2,093.8**	**2,176.0**
Borrowings and financial debt – non-current		1,689.0	1,995.9
Borrowings and financial debt – current		397.5	168.5
Bank overdrafts		7.3	11.6
Non-derivative financial assets		**(671.6)**	**(857.8)**
Other financial assets		(11.2)	(8.9)
Cash and cash equivalents		(660.4)	(848.9)
Hedge derivatives		**(2.7)**	**(20.8)**
Financing hedge instruments – liabilities	24.1	2.9	2.0
Financing hedge instruments – assets	21.1	(5.6)	(22.8)
Net financial debt		**1,419.5**	**1,297.4**
Lease liabilities – non-current(1)		194.6	-
Lease liabilities – current(1)		70.9	-
Net financial debt post IFRS 16		**1,685.0**	**1,297.4**

(1) Change in accounting policy IFRS 16, Leases (Note 2.1) as of January 1, 2019.

In 2019, the change in net financial debt corresponded to a net cash outflow of €101.2 million (compared with a net cash outflow of €981.7 million in 2018) as presented in the following table.

	2019		2018
(€ millions)	Historical	Post IFRS 16	Historical
Net financial debt at January 1	**(1,297.4)**	**(1,297.4)**	**(2,246.4)**
Cancellation of IAS 17 finance lease liabilities	-	13.4	-
Recognition of IFRS 16 lease liabilities	-	(291.5)	-
Net financial debt at January 1 after change in accounting policy	**(1,297.4)**	**(1,575.5)**	**(2,246.4)**
Change in net financial debt excl. currency fluctuations	(130.5)	(101.2)	981.7
Cancellation of IAS 17 finance lease liabilities	13.4	-	-
Impact of currency fluctuations	(5.0)	(8.2)	(32.7)
Change in net financial debt	**(122.1)**	**(109.4)**	**949.0**
Net financial debt at December 31	**(1,419.5)**	**(1,685.0)**	**(1,297.4)**

The following tables analyze the change in net financial debt in two steps. Firstly, cash flow from recurring operations (net current free operating cash flow); and secondly, cash flow from non-recurring operations.

Net current free operating cash flow corresponds to the residual cash flow from recurring operations after current operating income tax and operating capital expenditure, taking into account proceeds from operating asset disposals and cash changes in operational working capital requirement. In comparison with the cash flow presented in the *Consolidated Statement of Cash Flows*, net current free operating cash flow corresponds to the recurring portion of "Net cash flow from (required for) operating activities" adjusted for acquisitions and disposals of intangible assets and property, plant and equipment in "Cash flow from investing activities" after income tax.

		2019		2018
(€ millions)	**Notes**	**Historical**	**Post IFRS 16**	**Historical**
Consolidated Income Statement				
Revenue	5	4,354.5	4,354.5	4,590.0
Raw materials and consumables used	6	(1,488.0)	(1,488.0)	(1,503.2)
External expenses	7	(1,126.5)	(1,126.5)	(1,267.8)
Integration of lease expenses	18	(88.8)	-	-
Staff expenses	8	(947.3)	(947.3)	(997.7)
Taxes and duties (1)		(42.0)	(42.0)	(41.2)
Other current income and expenses	9	41.7	41.7	47.9
Adjustments				
Change in provisions for employee benefits	8	(16.0)	(16.0)	(19.3)
Change in write-downs and current operating provisions	9	(13.5)	(13.5)	(19.4)
Cash flow hedges – ineffective portion		-	-	-
Income from joint ventures and associates	9	(4.5)	(4.5)	(1.7)
Dividends received from associates	9	6.2	6.2	5.6
Current EBITDA		**675.7**	**764.6**	**793.2**
Income tax				
Notional tax on current operating income		(125.3)	(126.4)	(162.6)
Adjustments				
Change in operational working capital requirement(2)		48.4	52.1	(25.3)
Carrying amount of intangible assets and property, plant and equipment sold(2)		8.3	8.3	13.5
Net current operating cash flow		**607.0**	**698.6**	**618.8**
Investing activities				
Acquisitions of intangible assets and property, plant and equipment	17-18	(291.7)	(291.7)	(333.0)
Increase in rights of use	18	-	(59.0)	-
Net current free operating cash flow		**315.3**	**347.9**	**285.8**
(1) Consolidated statement of comprehensive income				
(2) Change in operating working capital requirement (consolidated statement of cash flows)		*48.4*	*52.1*	
Adjustments for decrease (increase) in inventories		*35.4*	*35.4*	
Adjustments for decrease (increase) in trade receivables		*30.1*	*30.1*	
Adjustments for decrease (increase) in suppliers		*(13.4)*	*(13.4)*	
Reclassifications of payments for lease liabilities in trade payables		*(3.7)*	*-*	

The following table presents the cash flow from non-recurring operations, *i.e.* non-recurring operating transactions, changes in the scope of consolidation, financing transactions and transactions with shareholders. These cash flows, added to the net current free operating cash flow from the previous table, give the total change in net financial debt.

	2019		2018
(€ millions)	**Historical**	**Post IFRS 16**	**Historical**
Net current free operating cash flow	**315.3**	**347.9**	**285.8**
Income tax			
Notional tax paid on financial income (loss)	11.2	12.6	17.4
Change in deferred taxes on current operating income and financial income (loss)	1.3	0.8	17.9
Change in income tax debt and receivables	(38.3)	(38.2)	15.9
Income tax paid on non-recurring income and expenses	28.4	28.4	29.6
Consolidated Income Statement			
Financial income (loss)	(43.7)	(43.7)	(60.2)
Other operating income and expenses	(210.2)	(210.2)	(651.5)
Adjustments			
Change in non-operational working capital requirement	(49.3)	(49.3)	(9.2)
Change in financial write-downs and provisions	6.7	6.6	10.9
Interest expense on lease liabilities	7.0	-	-
Change in fair value of hedge instruments	-	-	(0.7)
Non-recurring impairment	(0.4)	(0.4)	-
Non-recurring impairment in rights of use	6.6	-	-
Change in non-recurring write-downs and provisions	80.4	87.0	577.0
Income from joint ventures and associates	10.0	10.0	7.7
Gains (losses) on disposals of businesses	14.0	14.0	(10.2)
Gains (losses) on disposals of intangible assets and property, plant and equipment	(4.2)	(4.2)	(5.4)
Investing activities			
Acquisitions of businesses	(43.1)	(43.1)	(22.9)
Disposals of businesses	(25.7)	(23.1)	42.2
Disposals of intangible assets and property, plant and equipment	5.5	5.5	9.7
Loans and advances in cash received from (granted to) third parties	(7.7)	(7.7)	(7.1)
Acquisitions and disposals of equity investments	-	-	(0.3)
Equity			
Capital increase (decrease)	0.5	0.5	(6.9)
Disposals (acquisitions) of treasury shares	(31.7)	(31.7)	9.4
Share-based payments	9.6	9.6	14.9
Dividends	(172.7)	(172.7)	(104.8)
Change in cash of assets held for sale	-	-	822.6
Change in net financial debt excl. currency fluctuations	**(130.5)**	**(101.3)**	**981.7**

24.3 OTHER DEBTS

(€ millions)	2019	2018
Non-current liabilities		
Income tax payable	0.4	0.4
Debt on assets	1.3	0.8
Tax debt	0.6	1.0
Social security debt	15.4	13.7
Other	4.3	1.8
Total	**22.0**	**17.7**
Current liabilities		
Debt on assets	90.1	69.0
Tax debt	35.4	34.1
Social security debt	164.1	184.5
Contract liabilities	2.7	10.2
Other	51.2	61.1
Total	**343.5**	**358.9**

Contract liabilities correspond to the value of goods and services to be transferred after the end of the reporting period as part of agreements signed with customers *(Note 5)* for which compensation is due before the transfer of the good or service. Of the €12.3 million of goods and services to be transferred at December 31, 2019 (€10.2 million at December 31, 2018), €9.6 million had been received (€8.0 million at December 31, 2018) and €2.7 million was still outstanding (€2.2 million at December 31, 2018).

24.4 DERIVATIVE INSTRUMENTS

Management principles

The use of derivative instruments is controlled by a policy defined and implemented by the Group Treasury Department and periodically presented to the Board of Directors. The policy specifies that derivative instruments are exclusively used to hedge risks related to operating transactions (transactional currency risk and energy price risk), foreign investments (conversion of financial statements risk) and financing (transactional currency risk and interest rate risk). Imerys does not take speculative positions. Derivative instruments are negotiated centrally by the Group Treasury Department on over-the-counter markets with the highest rated banking institutions. Imerys prohibits its entities from subscribing derivative instruments directly outside the Group, except to comply with local legal or regulatory requirements. The application of this policy to foreign exchange risk (transactional currency and conversion of financial statements), interest rate risk and energy price risk is detailed in *Note 24.5*.

Accounting policy

Derivatives are recognized at the transaction date, *i.e.* the date at which the hedging contract is agreed, in non-current and current assets and liabilities by maturity and that of underlying transactions. Derivatives are initially measured at fair value and subsequently re-measured at the end of each period in line with market conditions. The fair value including accrued interests of derivatives is measured by a model using observable data, *i.e.* prices at the closing date provided by third parties active on financial markets (level 2 fair value). These values are adjusted for counterparty credit risk and the Group's own credit risk. Therefore, when the market value of a derivative is positive (derivative asset), its fair value includes the probability of counterparty default (Credit Value Adjustment, CVA). When the market value of a derivative is negative (derivative liability), its fair value includes the probability of Imerys defaulting (Debit Value Adjustment, DVA). These adjustments are measured using the spread of bonds outstanding on the secondary market, as issued by Imerys and its counterparties (level 2 fair value). The sole purpose of these instruments is to hedge the financial risks to which the Group is exposed. However, only those that meet hedge accounting criteria undergo the accounting treatment described below. All hedge accounting transactions are documented in reference to the hedging strategy by identifying the risk hedged, item hedged, hedging instrument, hedging relationship and method used to measure the hedge effectiveness. The measurement of hedge effectiveness is reviewed at the end of each reporting period. The recognition of hedge derivatives may vary depending upon their designation as either a fair value hedge, a cash flow hedge or a hedge of a net investment in foreign operations *(Notes 11, 12 and 24.5)*. Any derivative that is not eligible for hedge accounting is recognized in financial income (loss).

Fair value hedges. When changes in the fair value of a recognized asset or liability or an unrecognized firm commitment are likely to impact profit or loss, they may be hedged using a fair value hedge. The hedged item and hedging instrument are both re-measured against profit or loss at the end of each reporting period. The impact in profit is limited to the ineffective portion of the hedge *(Note 11)*.

Cash flow hedge. Cash flow hedges cover adverse changes in the cash flow of a recognized asset or liability or a highly probable future transaction, if these changes are likely to impact profit or loss. At the end of each reporting period, the effective portion of the hedge and any fluctuations in the time value of options or forward points of forward contracts are recognized in equity. The ineffective portion is recognized in profit or loss. When the transaction is recognized, the items previously recognized in equity are reclassified in profit at the same time the hedged item is recognized *(Note 11)*. If a derivative is de-designated, *i.e.* hedge accounting is discontinued, the effective portion of the hedge previously recognized in equity is amortized in operating income or financial income (loss), depending on the nature of the hedged item.

Hedge of a net investment in foreign operations. Currency fluctuations generated by 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 reporting 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 when control over 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). 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 Flows, the cash flows of derivatives are presented in the same levels as the cash flows of the underlying transactions.

Derivative instruments in the financial statements

Assets and liabilities. Derivative instruments recognized in assets and liabilities are presented by type of risk covered, *i.e.* foreign exchange risk, interest rate risk, energy price risk and conversion of financial statements risk, in *Notes 21.1 and 24.1*. At December 31, 2019, no legally enforceable right existed to offset the amounts recognized above. Imerys intends neither to settle the net amount, nor to realize the asset and settle the liability simultaneously. However, in accordance with applicable framework agreements, 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 the event of default would reduce total derivative assets and liabilities by €4.6 million at December 31, 2019 (€4.2 million at December 31, 2018).

Equity. As part of its strategy to manage foreign exchange, interest rate and energy price risks, Imerys holds derivative instruments to hedge certain future purchases and sales in foreign currencies, as well as part of its floating rate financing and part of its future energy consumption in the US, UK and France. These positions are considered cash flow hedges. The following table presents the amounts before income tax recognized in equity in this respect as well as the reclassifications in profit or loss. Details of these reclassifications in underlying income and expenses are presented in *Note 11*. Cash flow hedges are further outlined in the context of managing foreign exchange, interest rate and energy price risks in *Note 24.5*.

(€ millions)	Transactional currency risk	Interest rate risk	Energy price risk	Total
Balance at January 1, 2018	**0.6**	**0.0**	**2.5**	**3.1**
Continuing hedges	0.6	-	2.5	3.1
Effective portion of hedges	(3.9)	-	3.7	(0.2)
Forward points of forward derivative instruments	(5.1)	-	-	(5.1)
▪ Transaction related hedged item	(5.1)	-	-	(5.1)
Recognition in equity	**(9.0)**	**0.0**	**3.7**	**(5.3)**
Continuing hedges	5.7	-	(8.6)	(2.9)
Reclassification in profit or loss	**5.7**	**0.0**	**(8.6)**	**(2.9)**
Balance at December 31, 2018	**(2.7)**	**0.0**	**(2.4)**	**(5.1)**
Continuing hedges	(2.7)	-	(2.4)	(5.1)
Effective portion of hedges	(4.8)	-	(9.4)	(14.2)
Time value of optional derivative instruments	1.9	-	-	1.9
▪ Transaction related hedged item	1.9	-	-	1.9
Forward points of forward derivative instruments	3.0	-	-	3.0
▪ Transaction related hedged item	3.0	-	-	3.0
Recognition in equity	**0.2**	**0.0**	**(9.4)**	**(9.2)**
Continuing hedges	3.1	-	5.6	8.7
Reclassification in profit or loss	**3.1**	**0.0**	**5.6**	**8.7**
Balance at December 31, 2019	**0.7**	**0.0**	**(6.3)**	**(5.7)**
Continuing hedges	0.7	-	(6.3)	(5.7)

24.5 MANAGING RISKS ARISING FROM FINANCIAL LIABILITIES

Transactional currency risk

Description. Transactional currency risk is the risk whereby a cash flow labeled in foreign currency may be subject to a deterioration caused by unfavorable fluctuations in its cross-entry in functional currency.

Management. The transactions performed by the Group's entities are accounted for, wherever possible, in the functional currency of the entity that carries out the transaction.

The following table presents the impact of a change in foreign exchange rates on the underlying items of net financial debt, *i.e.* before foreign exchange rates derivatives at December 31,2019. The analysis involves simulating both a decrease (lower case) and an increase (higher case) in 2019 foreign exchange rates *(Note 26)* (actual 2019).

(€ millions)	Lower case	Actual 2019	Higher case
Foreign exchange rates	10.0% decrease	-	10.0% increase
Net financial debt	1,663.2	1,685.0	1,706.6

When it is not possible to record a transaction in the functional currency of the entity, the transactional currency risk may be hedged on an individual basis using forwards, swaps or options. These instruments are used to hedge highly probable budget flows and qualify as cash flow hedges. At December 31, 2019, Imerys held €193.1 million in transactional currency hedges at nominal value (€159.9 million at December 31, 2018). The following table presents the amount before income tax recognized in equity within the translation reserve as well as the reclassifications in profit or loss.

(€ millions)	2019	2018
Balance at January 1	**(2.7)**	**0.6**
Recognition in equity	0.2	(9.0)
Reclassification in profit or loss	3.1	5.7
Balance at December 31	**0.7**	**(2.7)**
Of which reclassification in profit or loss expected within 12 months	0.7	(2.7)

The following table presents the impact of a change in foreign exchange rates on the portfolio of derivative instruments held at December 31, 2019 with respect to highly probable future purchases and sales in foreign currencies. The analysis involves simulating both a decrease (lower case) and an increase (higher case) in 2019 foreign exchange rates *(Note 26)* (actual 2019). The impact of changes in the effective portion of cash flow hedges is measured in equity while the impact of changes in the ineffective portion of cash flow hedges and non-hedge derivative instruments is measured in profit or loss.

(€ millions)	Lower case	Actual 2019	Higher case
Foreign exchange rates	10.0% decrease	-	10.0% increase
Effective portion in equity at December 31	(3.0)	0.7	3.8
Ineffective portion in profit or loss for the year	-	-	-

Interest rate risk

Description. Interest rate risk is the risk whereby interest due on financial debt may be subject to a deterioration by a rise in the market interest rates.

Management. Managing interest rate risk aims to guarantee the medium-term cost of net financial debt. Net financial debt is calculated in a report that records the financial debt of each entity with details of its components and characteristics. Reviewed each month by the Financial Department and each quarter by the Board of Directors, the report makes it possible to monitor the debt situation and adapt the management strategy where necessary. The management strategy 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 the highest rated banking institutions and obtains financial data and pricing from information providers. The Group's strategy focuses on obtaining finances mainly in euros, which is the most accessible fixed-rate financial resource. Medium-term fixed-rate bond issues are converted to floating rates using interest rate swaps. Given the expected trends in interest rates in 2019, the Group has fixed the interest rate for part of its future financial debt on various terms. The following table presents the impact of a change in interest rates on the interest expense generated by the underlying items of net financial debt, *i.e.* before interest rate derivatives at December 31, 2019. The analysis involves simulating both a decrease (lower case) and an increase (higher case) in 2019 interest rates (actual 2019).

(€ millions)	Lower case	Actual 2019	Higher case
Interest rate	0.5% decrease	-	0.5% increase
Net financial debt expense	(52.8)	(50.3)	(47.8)

Imerys usually holds a certain number of derivative instruments to hedge a portion of its floating rate debt. These instruments include interest rate swaps as well as options, including caps, floors, swaptions and futures. These instruments qualify as cash flow hedges. At December 31, 2019, Imerys did not hold any interest rate risk hedges. The nominal value at December 31, 2018 equaled €55.6 million. The following table presents the amounts before income tax recognized in equity in this respect as well as the reclassifications in profit or loss.

(€ millions)	2019	2018
Balance at January 1	**0.0**	**0.0**
Recognition in equity	-	-
Reclassification in profit or loss	-	-
Balance at December 31	**0.0**	**0.0**
Of which reclassification in profit or loss expected within 12 months	-	-

The following table presents a breakdown of financial net debt between floating and fixed rate by currency at December 31, 2019:

(€ millions)	EUR	USD	JPY	Other foreign currencies	Total
Debt at fixed rate	**2,051.1**	**96.1**	**0.0**	**41.0**	**2,188.2**
Debt at fixed rate on issue	2,051.1	96.1	-	41.0	2,188.2
Fixed-for-floating swap	-	-	-	-	-
Debt at floating rate	**(583.1)**	**319.5**	**8.7**	**(248.3)**	**(503.2)**
Debt at floating rate on issue	109.1	28.3	4.4	19.3	161.1
Net cash and marketable securities	(344.9)	(53.5)	(13.9)	(252.0)	(664.3)
Fixed-for-floating swap	-	-	-	-	-
Exchange rate swap	(347.3)	344.7	18.2	(15.6)	(0.0)
Net financial debt at December 31, 2019	**1,468.0**	**415.6**	**8.7**	**(207.3)**	**1,685.0**

The following table presents a breakdown of interest rate hedging transactions by foreign currency at December 31, 2019:

(€ millions)	EUR	USD	JPY	Other foreign currencies	Total
Exposure at floating rate before hedging	**(583.1)**	**319.5**	**8.7**	**(248.3)**	**(503.2)**
Fixed rate hedges	-	-	-	-	-
Swap at average rate of	-	-	-	-	-
Capped rate hedges	-	-	-	-	-
Cap at average rate of	-	-	-	-	-
Exposure at floating rate after hedging	**(583.1)**	**319.5**	**8.7**	**(248.3)**	**(503.2)**

The following table presents the changes in interest rate hedging transactions at December 31, 2019 for 2019 and beyond by maturity:

(€ millions)	2019	2020-2024	2025 and beyond
Total exposure before hedging	**(503.2)**	**(503.2)**	**(503.2)**
Fixed rate hedges	-	-	-
Swap at average rate of	-	-	-
Capped rate hedges	-	-	-
Cap at average rate of	-	-	-
Total exposure after hedging	**(503.2)**	**(503.2)**	**(503.2)**

The following table presents the impact of a change in the interest rate of net financial debt on the portfolio of interest rate derivative instruments held at December 31, 2019. The analysis involves simulating both a decrease (lower case) and an increase (higher case) in 2019 interest rates (actual 2019). The impact of changes in the effective portion of cash flow hedges is measured in equity while the impact of changes in the ineffective portion of cash flow hedges and non-hedge derivative instruments is measured in profit or loss.

(€ millions)	Lower case	Actual 2019	Higher case
Interest rate	0.5% decrease	-	0.5% increase
Effective portion in equity at December 31	-	-	-
Ineffective portion in profit or loss for the year	-	-	-

Energy price risk

Description. Energy price risk is the risk whereby the cash outflow due in relation to energy purchases may be subject to a deterioration by a rise in its market price. Imerys is exposed to the price risk of energy used in the production cycle of its activities, mainly natural gas, electricity and, to a lesser extent, coal.

Management. To manage energy price risk, Imerys sources its energy from a variety of geographical locations and sources. The Group looks to pass on any energy price increases in the selling price of its products. Furthermore, Imerys has centralized price risk management for natural gas in Europe and the US. The Group Treasury Department is responsible for implementing the framework and resources needed for the single management strategy, which includes the appropriate use of financial instruments available in the market. Since 2006, the Group has strengthened its research programs on alternative energy sources as well as its projects to reduce energy consumption under the supervision of a Group Energy Supervisor. Since 2008, energy managers have been appointed across the Group. Energy price risk is hedged using forward and option contracts, instruments that qualify as cash flow hedges. At December 31, 2019, Imerys held €46.0 million in energy price risk hedges at nominal value (€21.5 million at December 31, 2018). The following table presents the amounts before income tax recognized in equity in this respect as well as the reclassifications in profit or loss.

(€ millions)	2019	2018
Balance at January 1	**(2.4)**	**2.5**
Recognition in equity	(9.4)	3.7
Reclassification in profit or loss	5.6	(8.6)
Balance at December 31	**(6.3)**	**(2.4)**
Of which reclassification in profit or loss expected within 12 months	(6.3)	(2.4)

The following table summarizes the main energy price risk hedge positions at December 31, 2019.

	Net notional amounts *(in MWh)*	Maturity
Underlying position	6,145,098	<24 months
Management transactions	1,906,618	<24 months

The following table presents the impact of a change in natural gas and Brent prices on the portfolio of derivative instruments held at December 31, 2019 with respect to highly probable future purchases of natural gas and Brent crude. The analysis involves simulating both a decrease (lower case) and an increase (higher case) in 2019 natural gas and Brent prices (actual 2019). The impact of changes in the effective portion of cash flow hedges is measured in equity while the impact of changes in the ineffective portion of cash flow hedges and non-hedge derivative instruments is measured in profit or loss.

(€ millions)	Lower case	Actual 2019	Higher case
Natural gas and Brent prices	10.0% decrease	-	10.0% increase
Effective portion in equity at December 31	(4.8)	(6.3)	3.3
Ineffective portion in profit or loss for the year	-	-	-

Borrower's liquidity risk

Description. Borrower's liquidity risk is the risk whereby Imerys would not be in a position to meet the repayment obligations of its financial liabilities. To assess the exposure of the Group to this risk, the following table presents maturity on issue at December 31, 2019. The maturity of lease liabilities presented below represents future cash outflows for the lease liability measured across a reasonably certain lease term *(Note 18 – Accounting policy)*. If all early termination options were exercised, future cash outflows for lease liabilities would total €273.0 million. If all extension options were exercised, future cash outflows for lease liabilities would total €313.4 million.

	2020		2021-2025		2026 and beyond		
(€ millions)	Capital	Interest	Capital	Interest	Capital	Interest	Total
Non-derivative financial liabilities	**443.7**	**28.0**	**958.3**	**94.0**	**964.9**	**24.0**	**2,512.9**
Eurobond/EMTN	223.5	28.0	800.0	94.0	900.0	24.0	2,069.5
Private placements	-	-	-	-	-	-	-
Short-term negotiable debt securities issued	100.0	-	-	-	-	-	100.0
Bilateral facilities	-	-	-	-	-	-	-
Other facilities	46.9	-	-	-	-	-	46.9
Lease liabilities	73.3	-	158.3	-	64.9	-	296.5
Hedge derivatives	**(2.6)**	**-**	**-**	**-**	**-**	**-**	**(2.6)**
Financing hedge instruments – liabilities	2.9	-	-	-	-	-	2.9
Financing hedge instruments – assets	(5.5)	-	-	-	-	-	(5.5)
Future cash outflows with respect to gross financial debt	**441.1**	**28.0**	**958.3**	**94.0**	**964.9**	**24.0**	**2,510.3**
Non-derivative financial liabilities	**7.3**	**-**	**-**	**-**	**-**	**-**	**7.3**
Bank overdrafts	7.3	-	-	-	-	-	7.3
Non-derivative financial assets	**(671.6)**	**-**	**-**	**-**	**-**	**-**	**(671.6)**
Other current financial assets	(11.2)	-	-	-	-	-	(11.2)
Cash and cash equivalents	(660.4)	-	-	-	-	-	(660.4)
Future cash outflows with respect to net financial debt	**(223.2)**	**28.0**	**958.3**	**94.0**	**964.9**	**24.0**	**1,846.0**
Of which items recognized at December 31, 2019 (Net financial debt)	(223.2)	(15.0)	958.3	-	964.9	-	1,685.0
Non-derivative financial liabilities	**886.1**	**-**	**-**	**-**	**-**	**-**	**886.1**
Trade payables	542.6	-	-	-	-	-	542.6
Other debts	343.5	-	-	-	-	-	343.5
Hedge derivatives	**4.6**	**-**	**-**	**-**	**-**	**-**	**4.6**
Operational hedge instruments – liabilities	9.7	-	-	-	-	-	9.7
Operational hedge instruments – assets	(5.1)	-	-	-	-	-	(5.1)
Future cash outflows	**667.5**	**28.0**	**958.3**	**94.0**	**964.9**	**24.0**	**2,736.7**

As a large portion of the debt issued at a fixed rate is swapped into floating rates, the maturity of the net financial debt after interest rate swaps is as follows:

(€ millions)	2020	2021-2025	2026 and beyond	Total
Debt at fixed rate	**265.1**	**958.3**	**964.9**	**2,188.3**
Debt at fixed rate on issue	265.1	958.3	964.9	2,188.3
Fixed-for-floating swap	-	-	-	-
Debt at floating rate	**(503.3)**	**-**	**-**	**(503.3)**
Debt at floating rate on issue	161.1	-	-	161.1
Net cash and other current financial assets	(664.4)	-	-	(664.4)
Fixed-for-floating swap	-	-	-	-
Net financial debt	**(238.2)**	**958.3**	**964.9**	**1,685.0**

Management. Imerys is required to maintain one covenant for a portion of its finance agreements. The main restrictive terms and conditions attached to certain bilateral facilities are as follows:

- purpose: general corporate financing requirement;
- covenant compliance obligations: consolidated net financial debt/consolidated equity shall, in accordance with the related financing agreements, be less than or equal to 1.50 or 1.60 at the end of each reporting period for half yearly or annual consolidated financial statements. At December 31, 2019, the ratio worked out at 0.44 (0.40 at December 31, 2018);
- absence of any collateral in favor of lenders.

Failure to comply with the above obligations in any of the related financing agreements could lead to the available amount being canceled and the corresponding financial debt becoming immediately due, upon demand of the lender(s) in question. Other than with two exceptions, the Group's financing agreements do not provide for any cross default if a mandatory covenant is breached. At December 31, 2019, Moody's changed its long-term rating into Baa2, rating under review (Baa2, outlook stable at December 31, 2018). Similarly, S&P modified its rating into BBB credit watch negative (BBB, outlook stable at December 31, 2018).

On June 24, 2019, Imerys updated its Euro Medium Term Note program (EMTN) with the Financial Industry Regulatory Authority in Luxembourg, the *Commission de Surveillance du Secteur Financier*. The program amounted to €3.0 billion and is approved to issue notes similar to ordinary bonds with maturities from one month to 30 years. At December 31, 2019, outstanding securities amounted to €1,923.5 million (€1,979.1 million at December 31, 2018). Imerys also has a short-term negotiable securities program (NEU CP) capped at €1,000.0 million (€1,000.0 million at December 31, 2018) rated P-2 by Moody's (P-2 at December 31, 2018). At December 31, 2019, outstanding short-term negotiable securities amounted to €100.0 million (€120.0 million at December 31, 2018). At December 31, 2019, Imerys had access to €1,260.0 million in bilateral facilities (€1,330.0 million at December 31, 2018), a portion of which secures the short-term negotiable securities issued, in accordance with the Group's financial policy.

Market liquidity risk

Description. Market liquidity risk is the risk whereby a non-confirmed financial resource (short-term negotiable securities [NEU CP], bank facility and accrued interests, or other debt and facilities) would not be renewed.

Management. Imerys tends to use financial resources to adjust its financing capabilities, which exist either as financial debt that has been drawn or financing commitments granted by the highest rated banking institutions. Medium-term financial resources provided by bilateral facilities may be used over very short drawing periods (between one and 12 months) while remaining available over longer maturities (five years). The financial resources of the Group amounted to €3,183.5 million at December 31, 2019 (€3,312.1 million at December 31, 2018). Imerys manages the value of financial resources through regular comparison with the amount drawn down in order to measure available funds to which the Group may have access.

The robustness of financial resources is assessed on the basis of their amounts and average maturity as presented in the following table:

	2019	2018
Financial resources by maturity *(€ millions)*		
Maturity within one year	373.5	120.0
Maturity between one and five years	1,910.0	1,736.5
Maturity beyond five years	900.0	1,455.6
Total	**3,183.5**	**3,312.1**
Financial resources by nature *(€ millions)*		
Bond resources	**1,923.5**	**1,982.1**
Eurobond/EMTN	1,923.5	1,926.5
Private placements	-	55.6
Bank resources	**1,260.0**	**1,330.0**
Miscellaneous bilateral facilities	1,260.0	1,330.0
Total	**3,183.5**	**3,312.1**
Average maturity of financial resources *(in years)*		
Bond resources	5.2	6.5
Bank resources	2.1	2.8
Total	**4.0**	**5.0**

The following table measures the available financial resources after repayment of financing from uncommitted resources. It measures the actual exposure of Imerys to an illiquidity crisis on both financial and banking markets. At December 31, 2019, available financial resources after repayment of uncommitted resources corresponded to €834.1 million (€1,168.5 million at December 31, 2018), which gives the Group substantial room for maneuver and guarantees financial stability.

	2019			2018		
(€ millions)	**Resources**	**Utilization**	**Available**	**Resources**	**Utilization**	**Available**
Bonds	1,923.5	1,923.5	-	1,982.1	1,982.1	-
Short-term negotiable securities	-	100.0	(100.0)	-	120.0	(120.0)
Committed bank facilities	1,260.0	-	1,260.0	1,330.0	-	1,330.0
Bank facilities and accrued interests	-	31.9	(31.9)	-	9.6	(9.6)
Other debts and facilities	-	294.0	(294.0)	-	31.9	(31.9)
Total	**3,183.5**	**2,349.4**	**834.1**	**3,312.1**	**2,143.6**	**1,168.5**

Conversion of financial statements risk

Description. Conversion of financial statements risk is a form of foreign exchange risk whereby the value in euros of the financial statements of a foreign operation may be subject to a deterioration due to an unfavorable change in the foreign exchange rate of the functional currency of that business.

Management. Imerys hedges part of its net investments in foreign operations by granting loans specifically allocated to financing the operations in the long term and by controlling the proportion of its financial debt stated in foreign currencies. The exchange rate differences generated by the loans and borrowings qualified as hedges of net investments in foreign operations are recognized in equity *(Note 26 – Translation reserve)* so as to neutralize, to a certain extent, the translation gains or losses on hedged net investments. At December 31, 2019, the borrowings and exchange rate swaps taken out to hedge net investments in foreign entities included: USD568.3 million, CHF47.4 million, GBP74.8 million, ZAR568.3 million and SGD5.5 million (USD679.0 million, CHF47.5 million, GBP34.5 million, ZAR503.6 million and SGD5.5 million at December 31, 2018).

The following table presents financial debt before and after the impact of these foreign currency swaps.

	2019			2018		
(€ millions)	Before currency swap	Currency swap	After currency swap	Before currency swap	Currency swap	After currency swap
EUR	2,160.2	(347.3)	1,812.9	2,053.8	(255.2)	1,798.6
USD	124.4	344.7	469.1	4.5	332.8	337.3
JPY	4.4	18.2	22.6	56.0	(22.7)	33.3
Other foreign currencies	60.4	(15.6)	44.8	29.3	(54.9)	(25.6)
Total	**2,349.4**	**(0.0)**	**2,349.4**	**2,143.6**	**0.0**	**2,143.6**

At December 31,2019, the portion of financial debt in each foreign currency, after swaps, was as follows:

(€ millions)	EUR	USD	JPY	Other foreign currencies	Total
Gross financial debt	1,812.9	469.1	22.6	44.8	2,349.4
Net cash and marketable securities	(344.9)	(53.5)	(13.9)	(252.1)	(664.4)
Net financial debt at December 31, 2019	**1,468.0**	**415.6**	**8.7**	**(207.3)**	**1,685.0**

The following table presents the impact of a change in foreign exchange rates on the portfolio of foreign exchange swaps held at December 31, 2019 with respect to hedges of net investments in foreign operations. The analysis involves simulating both a decrease (lower case) and an increase (higher case) in 2019 foreign exchange rates *(Note 26)* (actual 2019). The impact of changes in the effective portion of hedges of net investments in foreign operations is measured in equity while the impact of changes in the ineffective portion of hedges of net investments in foreign operations and non-hedge derivative instruments is measured in profit or loss.

(€ millions)	Lower case	Actual 2019	Higher case
Foreign exchange rates	10.0% decrease	-	10.0% increase
Effective portion in equity at December 31	(275.5)	(201.9)	(139.7)
Ineffective portion in profit or loss for the year	-	-	-

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 contribute to the various items in the consolidated financial statements. Intragroup transactions are eliminated. An entity's losses are allocated to non-controlling interests in proportion to the interest held, even if the result presents a negative balance. Where there is no impact on control, changes in interest are recognized in equity. In the absence of sufficient detail in existing standards and interpretations, Executive Management considers that any commitment entered into by Imerys with the intent to acquire shares from non-controlling interests is recognized as 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 non-controlling interests is recognized in equity. If, at the end of the reporting period, it is highly probable that non-current assets or groups of directly related assets and liabilities will be disposed of, they are designated as non-current assets or groups of assets held for sale. Disposal is considered highly probable if, at the end of the reporting period, a plan to sell them at a reasonable price given their fair value has been initiated to identify a buyer and definitively conclude the disposal within a maximum of one year. Non-current assets or groups of assets held for sale are presented in separate items in the financial statements. They cease to be amortized or depreciated and are measured either at carrying amount or fair value less costs to sell, whichever is lower. Non-current assets or groups of assets that are to be closed rather than sold are considered non-current assets to be abandoned and not held for sale. When non-current assets corresponding to a disposal, held for sale or to be abandoned are allocated to a separate line item for the main operation and are to be abandoned as part of a single coordinated plan, they are categorized as discontinued operations and their related flows are disclosed separately in the income statement and statement of cash flows.

Changes in the scope of consolidation

Performance Minerals (PM). On February 13, 2019, the segment relinquished control of its three North American entities specialized in manufacturing and selling talc products. Following their placement under the legal control of the court as part of seeking protection under Chapter 11 of the US Bankruptcy Act *(Note 23.2)*, this loss of control led to an additional expense of €5.6 million being recognized in other operating income and expenses *(Note 10)*.

High Temperature Materials & Solutions (HTMS). The segment has not undergone any material change in the scope of consolidation since the acquisition on July 18, 2017 of the French group Kerneos, the world's leading manufacturer of high performance calcium aluminate binders.

In 2019, Imerys relinquished control of its Oilfield Solutions division following the decision taken to withdraw from the market in 2018. The assets and liabilities of this division were therefore transferred to an entity over which Imerys does not exercise control but in which the Group does hold a minority stake, the value of which is measured using the equity method. Furthermore, the Group sold its Roofing division on October 11, 2018, generating a gain of €756.3 million before tax, which was recognized in net income from discontinued operations *(Consolidated Income Statement)*. As the Roofing division constituted a significant business line, it was accounted for in discontinued operations at June 30, 2018.

2019 Scope of consolidation

The following table presents the main consolidated entities in 2019. The percentages of interest are identical to the percentages of control, unless otherwise indicated. The Group holds no unconsolidated structured entity.

Country Entity	Segment	% interest	Entity	Segment	% interest
France					
Calderys France SAS U	HTMS	100.00	Imerys Refractory Minerals Glomel SAS	HTMS	100.00
Imerys Aluminates S.A.	HTMS	100.00	Imerys Refractory Minerals International Sales SAS U	HTMS	100.00
Imerys Ceramics France SAS	PM	99.99	Imerys S.A.	Holding	Parent
Imerys Filtration France SAS U	PM	100.00	Imerys Services SAS U	Holding	100.00
Imerys Fused Minerals Beyrede SAS U	HTMS	100.00	Imerys Tableware France SAS	PM	100.00
Imerys Metalcasting France Sarl	HTMS	100.00	Imerys Talc Luzenac France SAS U	PM	100.00
Imerys PCC France SAS	PM	100.00	Mircal S.A.	Holding	100.00
Imerys Refractory Minerals Clérac SAS U	HTMS	100.00	Mircal Europe SAS	Holding	100.00
Europe					
Austria					
Imerys Fused Minerals Villach GmbH	HTMS	100.00	Imerys Talc Austria GmbH	PM	100.00
Belgium					
Imerys Graphite & Carbon Belgium S.A.	PM	100.00	Imerys Minéraux Belgique S.A.	PM	100.00
Imerys Kaolin Belgium S.A.	PM	100.00	Imerys Talc Belgium NV	PM	100.00
Denmark					
Imerys Industrial Minerals Denmark A/S	HTMS	100.00			
Finland					
Calderys Finland O.Y.	HTMS	100.00	Imerys Minerals O.Y.	PM	100.00
Germany					
Calderys Deutschland GmbH	HTMS	100.00	Imerys Fused Minerals Zschornewitz GmbH	HTMS	100.00
Imerys Aluminates GmbH	HTMS	100.00	Imerys Metalcasting Germany GmbH	HTMS	100.00
Imerys Fused Minerals Laufenburg GmbH	HTMS	100.00	Imerys Minerals GmbH	PM	99.99[1]
Imerys Fused Minerals Murg GmbH	HTMS	100.00	Imerys Tableware Deutschland GmbH	PM	100.00
Imerys Fused Minerals Teutschenthal GmbH	HTMS	100.00			
Greece					
Elmin Bauxites S.A.	HTMS	100.00	Imerys Industrial Minerals Greece S.A.	PM	100.00
Hungary					
Imerys Kiln Furniture Hungary KFT	PM	100.00			
Italy					
Calderys Italia Srl	HTMS	100.00	Imerys Minerali SpA	PM	100.00
Imerys Aluminates Italia Srl	HTMS	100.00	Imerys Talc Italy SpA	PM	99.66
Imerys Bentonite Italy SpA	HTMS	100.00	QS Abrasivi Marengo Srl	HTMS	51.00
Imerys Fused Minerals Domodossola SpA	HTMS	100.00			
Luxembourg					
Imerys Minerals International Sales S.A.	PM	100.00			
Netherlands					
Calderys The Netherlands B.V.	HTMS	100.00			
Russia					
OOO Calderys	HTMS	100.00			
Slovenia					
Imerys Fused Minerals Ruse doo	HTMS	100.00			
Spain					
Imerys Diatomita Alicante S.A.	PM	100.00	Imerys Perlita Barcelona S.A.	PM	100.00
Sweden					
Calderys Nordic A.B.	HTMS	100.00	Peramin A.B.	HTMS	100.00
Imerys Mineral A.B.	PM	100.00			
Switzerland					
Imerys Graphite & Carbon Switzerland S.A.	PM	100.00			
UK					
Imerplast UK Ltd	PM	100.00	Imerys PCC UK Ltd	PM	100.00
Imerys Aluminates Ltd	HTMS	100.00	Imerys UK Ltd	Holding	100.00
Imerys Minerals Ltd	PM/Holding	100.00			
Ukraine					
Vatutinsky Kombinat Vognetryviv PSC	HTMS	89.39			

(1) Percentage of control: 100.00%

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Country Entity	Segment	% interest	Entity	Segment	% interest
US					
Americarb Inc.	PM	100.00	Imerys Perlite USA Inc.	PM	100.00
Calderys USA Inc.	HTMS	100.00	Imerys Refractory Minerals USA Inc.	HTMS	100.00
Imerys Carbonates USA Inc.	PM	100.00	Imerys Steelcasting USA Inc.	HTMS	100.00
Imerys Clays Inc.	PM/Holding	100.00	Imerys Talc America Inc.	PM	100.00
Imerys Filtration Minerals Inc.	PM	100.00	Imerys USA Inc.	Holding	100.00
Imerys Fused Minerals Greeneville Inc.	HTMS	100.00	Imerys Wollastonite USA LLC	PM	100.00
Imerys Fused Minerals Niagara Falls Inc.	HTMS	100.00	Kentucky-Tennessee Clay Company Corp.	PM	100.00
Imerys Minerals USA Inc.	HTMS	100.00	Kerneos Inc.	HTMS	100.00
Rest of the world					
Australia					
Imerys Talc Australia Pty Ltd	PM	100.00			
Bahrain					
Imerys Al Zayani Fused Minerals Co. WLL	HTMS	70.00			
Brazil					
Imerys Do Brasil Comercio De Extracao de Minerios Ltda	PM	100.00	Imerys Rio Capim Caulim S.A.	PM	100.00
Imerys Fused Minerals Salto Ltda	HTMS	100.00	Micron-Ita Industria e Comercio de Minerais Ltda	PM	100.00
Imerys Itatex Solucoes Minerais Ltda	PM	100.00	Pará Pigmentos S.A.	PM	100.00
Canada					
Imerys Canada LP	PM	100.00	Imerys Mica Suzorite Inc.	PM	100.00
Imerys Graphite & Carbon Canada Inc.	PM	100.00			
Chile					
Imerys Minerales Chile SpA	PM	100.00			
China					
Calderys China Co. Ltd	HTMS	100.00	Kerneos China Aluminate Technologies Co. Ltd	HTMS	100.00
Guiyang Jianai Special Aluminates Co. Ltd	HTMS	100.00	Linjiang Imerys Diatomite Co. Ltd	PM	100.00
Imerys Fused Minerals Yingkou Co. Ltd	HTMS	100.00	S&B Bentonite Chaoyang Co. Ltd	HTMS	50.00
Imerys Shanghai Investment Management Co. Ltd	HTMS/PM/Holding	100.00	Zhengzhou Jianai Special Aluminates Co. Ltd	HTMS	90.00
Imerys Zhejiang Zirconia Co. Ltd	HTMS	100.00			
India					
Calderys India Refractories Ltd	HTMS	100.00	Imerys Minerals India Private Ltd	PM	100.00
Imerys Ceramics India Private Ltd	PM	100.00	Imerys Newquest India Private Ltd	PM	74.00
Indonesia					
PT ECC Corp.	PM	51.00	PT Indoporlen Corp.	HTMS	70.00
Japan					
Calderys Japan Co. Ltd	HTMS	100.00	Imerys Specialities Japan Co. Ltd	PM	100.00
Imerys High Resistance Minerals Japan KK	HTMS	100.00	Niigata GCC Co. Ltd	PM	60.00
Imerys Minerals Japan KK	PM	100.00			
Malaysia					
Imerys Minerals Malaysia SDN BHD	PM	100.00			
Mexico					
Imerys Diatomita Mexico SA de CV	PM	100.00	Minera Roca Rodando S. de RL de CV	PM	100.00
Imerys Ceramics Mexico SA de CV	PM	100.00			
Singapore					
Imerys Aluminates Asia Pacific Pte Ltd	HTMS	100.00	Imerys Asia Pacific Pte Ltd	PM	100.00
South Africa					
Calderys South Africa Pty Ltd	HTMS	73.95(1)	Kerneos Southern Africa Pty Ltd	HTMS	100.00
Imerys Refractory Minerals South Africa Pty Ltd	HTMS	73.95(1)			
South Korea					
Imerys Graphite & Carbon Korea Ltd	PM	100.00	Imerys Minerals Korea Ltd	PM	100.00
Taiwan					
Calderys Taiwan Co. Ltd	HTMS	100.00			
Thailand					
MRD ECC Co. Ltd	PM	68.89			

(1) Percentage of control: 100.00%

NOTE 26 TRANSLATION OF FOREIGN CURRENCIES

Accounting policy

The consolidated financial statements of Imerys are presented in euros. The main consolidated entities *(Note 25)* use the local currency as their functional currency. The accumulated impact of translating the financial statements of foreign operations is recognized in equity within the translation reserve. Assets and liabilities of foreign operations are translated at the exchange rate at the end of the reporting period and their income and expenses at the average exchange rate for the year. Non-monetary assets and liabilities from transactions in foreign currencies are measured at the exchange rate of the day or the average rate for the month of the transaction. With the exception of derivative financial instruments, monetary assets and liabilities from transactions in foreign currencies are measured at the exchange rate at the end of the reporting period. The corresponding exchange rate differences are recognized in other financial income and expenses *(Note 12)* except for those generated by monetary assets and liabilities from net investments in foreign operations and their hedges, which are recognized in equity within the translation reserve *(Note 24.5 – Conversion of financial statements risk)*. Upon disposal of a foreign operation, the accumulated impact of translating financial statements and hedges is recognized in other operating income and expenses with the proceeds from the disposal of the business segment *(Note 10)*.

Exchange rate

The following table presents the exchange rates applied to translate the financial statements of the main consolidated entities at December 31, 2019 *(Note 25)*.

		2019		2018	
(€1 =)	**Foreign currencies**	**Closing**	**Average**	**Closing**	**Average**
Australia	AUD	1.5995	1.6109	1.6220	1.5798
Bahrain	BHD	0.4228	0.4221	0.4323	0.4455
Brazil	BRL	4.5281	4.4127	4.4366	4.3092
Canada	CAD	1.4598	1.4855	1.5605	1.5294
Chile	CLP (100)	8.4113	7.8663	7.9551	7.5682
China	CNY	7.8371	7.7223	7.8611	7.8033
Denmark	DKK	7.4715	7.4661	7.4673	7.4532
Hungary	HUF (100)	3.3053	3.2530	3.2098	3.1888
India	INR	80.0692	78.8129	79.9122	80.7041
Indonesia	IDR (100)	155.9560	158.3527	165.0000	168.0413
Japan	JPY (100)	1.2194	1.2201	1.2585	1.3040
Malaysia	MYR	4.5977	4.6373	4.7433	4.7623
Mexico	MXN	21.2202	21.5565	22.4921	22.7017
Russia	RUB	69.9563	72.4553	79.7153	74.0465
Singapore	SGD	1.5111	1.5273	1.5591	1.5927
South Africa	ZAR	15.7773	16.1757	16.4594	15.6180
South Korea	KRW (100)	13.0067	13.0489	12.8067	12.9888
Sweden	SEK	10.4468	10.5891	10.2548	10.2582
Switzerland	CHF	1.0854	1.1125	1.1269	1.1550
Taiwan	TWD	33.6679	34.6180	34.9674	35.6010
Thailand	THB	33.4150	34.7570	37.0520	38.1648
UK	GBP	0.8508	0.8778	0.8945	0.8847
Ukraine	UAH	26.6796	28.8954	31.7750	32.0999
US	USD	1.1234	1.1195	1.1450	1.1810

Translation reserve

The following table presents the amount before income tax recognized in equity within the translation reserve with respect to the translation of the financial statements of entities in the main foreign currencies. This table provides details of movements related to hedges of net investment in foreign operations *(Note 24.5 – Conversion of financial statements risk)*.

(€ millions)	BRL	GBP	INR	SGD	TRY	USD	Other foreign currencies	Total
Balance at January 1, 2018	**(217.0)**	**(77.9)**	**(63.2)**	**97.0**	**(37.4)**	**(64.4)**	**(90.8)**	**(453.7)**
Of which net investment hedge reserve	1.7	(27.9)	(0.7)	(2.2)	(6.3)	(106.3)	(25.3)	(167.0)
▪ continuing hedges	1.7	(27.9)	(0.7)	(2.2)	(6.3)	(106.3)	(25.3)	(167.0)
Recognition in equity	(44.6)	(3.8)	(8.7)	13.1	(6.3)	19.3	(10.6)	(41.6)
Of which net investment hedge reserve	(2.2)	(0.1)	(0.1)	(0.6)	(0.1)	(22.0)	0.7	(24.4)
Reclassification in profit or loss	0.7	-	-	-	-	(0.2)	1.5	2.0
Change in the scope of consolidation	-	-	-	-	-	-	1.3	1.3
Balance at December 31, 2018	**(260.9)**	**(81.7)**	**(71.9)**	**110.1**	**(43.7)**	**(45.3)**	**(98.6)**	**(492.0)**
Of which net investment hedge reserve	(0.5)	(28.0)	(0.8)	(2.8)	(6.4)	(128.3)	(24.6)	(191.4)
▪ continuing hedges	(0.5)	(28.0)	(0.8)	(2.8)	(6.4)	(128.3)	(24.6)	(191.4)
Change in accounting method	-	(1.9)	-	-	-	-	0.1	(1.8)
Recognition in equity	(8.0)	21.9	(4.0)	16.0	(2.1)	5.7	4.8	34.3
Of which net investment hedge reserve	-	(1.7)	0.2	(0.4)	-	(7.3)	(0.7)	(9.9)
Reclassification in profit or loss	-	1.4	-	-	-	(5.2)	2.2	(1.6)
Changes in the scope of consolidation	-	-	-	-	-	0.1	0.1	0.2
Balance at December 31, 2019	**(268.9)**	**(60.3)**	**(75.9)**	**126.1**	**(45.8)**	**(44.7)**	**(91.4)**	**(460.9)**
Of which net investment hedge reserve	(0.5)	(29.7)	(0.6)	(3.2)	(6.4)	(135.6)	(25.3)	(201.3)
▪ continuing hedges	(0.5)	(29.7)	(0.6)	(3.2)	(6.4)	(135.6)	(25.3)	(201.3)

NOTE 27 RELATED PARTIES

Related parties outside Imerys

Imerys has related party relationships with 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 jointly control the Swiss group Pargesa, which 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 involved in any transactions with these related parties.

Key management personnel of Imerys

The managers qualifying as related parties at December 31, 2019 are the 12 members of the Board of Directors, including the Chief Executive Officer (13 members at December 31, 2018) and the 11 members of the Executive Committee, including the Chief Executive Officer (10 members at December 31, 2018). In 2019, PropCo2, an entity affiliated with Blue Crest Holding S.A., which holds 6.30% of voting rights in Imerys, reimbursed Imerys Industrial Minerals Greece S.A., which owns land in the name and on behalf of these entities, for the expenses it incurred in relation to its ownership of this land, in accordance with the amended acquisition agreement concluded between Imerys, S&B GP, Blue Crest and K and R Holdings Sàrl on November 5, 2014. As Imerys and Blue Crest Holding S.A. have a director in common, this reimbursement of €0.3 million constitutes a related party transaction. On December 21, 2018, Imerys signed a rider to the acquisition contract of the S&B group with Blue Crest Holding S.A., holder of 6.37% of the voting rights in Imerys. As Imerys and Blue Crest Holding S.A. have a director in common, this rider was deemed to be a related party transaction.

Compensation and assimilated benefits granted to these related parties are presented in the following table:

		2019		2018	
(€ millions)	Notes	Expense	Liability	Expense	Liability
Short-term benefits	1	(7.8)	2.4	(7.7)	3.2
Long-term benefits		-	-	-	-
Directors' compensation	2	(1.3)	0.4	(1.0)	0.5
Post-employment benefits	3	(0.3)	1.4	(1.4)	12.3
Contributions to defined contribution plans		(0.6)	-	(0.8)	-
Termination benefits		(3.0)	(2.5)	-	-
Share-based payments	4	(3.3)	-	(4.6)	-
Total		**(16.3)**	**6.7**	**(15.5)**	**16.0**

Note 1. Short-term benefits. These amounts include the fixed part of the compensation paid for the year as well as the variable part also due for the year, but paid the subsequent year.

Note 2. Directors' attendance fees. These amounts correspond to the attendance fees paid to the members of the Board of Directors.

Note 3. Post-employment benefits. These amounts include in particular post-employment defined benefit plans available to the main executives of the Group's entities in France who meet the eligibility criteria. They are recognized for the beneficiaries qualifying as related parties, some of whom are among the above-mentioned executives (one in both 2018 and 2019). The maximum life annuity that can be paid to the beneficiaries of these plans upon liquidation of their retirement rights is calculated to guarantee a life annuity:

- equal to a total gross annual amount (after recognition of pensions from mandatory and complementary retirement plans) that corresponds to 60.0% of their reference salary, which is capped at 30 times the annual French Social Security ceiling at December 31, 2019 (30 times at December 31, 2018);
- subject to a payment ceiling of 25.0% of the above-mentioned reference salary over the last 12 calendar months preceding the withdrawal from the Group's payroll.

Note 4. Share-based payments. These amounts correspond to expenses recognized with respect to Imerys share options and free shares granted to related parties.

Post-employment benefits for Imerys employees

The post-employment benefit plans to which Imerys employees are entitled are deemed to be related party agreements. The amount of the contributions to external funds recognized as an expense in 2019 amounted to €22.2 million (€17.5 million in 2018), including €1.6 million for Imerys UK Pension Fund Trustees Ltd, United Kingdom (€1.5 million in 2018) and €3.2 million for Comerica, United States (€5.6 million in 2018).

FCPE Imerys Actions

The corporate mutual fund holding Imerys shares, known as FCPE Imerys Actions, is managed by BNP Paribas Asset Management SAS and overseen by a Supervisory Board of eight members made up of four shareholder representatives and four Imerys representatives. As Imerys, together with the shareholders, exercises joint control over FCPE Imerys Actions, the fund is deemed to be a related party. The amounts recognized in 2018 and 2019 for the FCPE Imerys Actions are immaterial.

NOTE 28 COMMITMENTS

To the best of Imerys' knowledge, other than contracts agreed (i) in the ordinary course of business, including contracts covering operating rights for mineral reserves and resources, (ii) as part of an acquisition or disposal of assets or companies already completed or announced or (iii) in relation to the financing operations mentioned in the present Universal Registration Document, no major contracts have been signed by any Group company in the two years prior to the date the present Universal Registration Document was filed that are currently still in force and contain provisions imposing any obligations or commitments likely to have a material impact on the Group's business, financial position or cash flow. Nevertheless, in the ordinary course of its business, Imerys is liable to third parties for obligations, often related to conditions or subsequent events, that do not (or only partially) meet the criteria for recognizing liabilities but may impact the future financial position. The unrecognized portion of the obligation is designated hereinafter by the term commitment. Identified in accordance with applicable accounting standards, material commitments, both given and received, are presented in the following tables.

Commitments given

(€ millions)	Notes	2019	2018
Operating leases	1	-	240.3
Mineral leases and services on lease contracts	2	10.7	-
Site restorations	3	49.8	58.0
Operating commitments	4	129.8	241.2
Financial commitments	5	64.7	146.4
Other commitments	6	165.5	126.6
Total		**420.5**	**812.5**

Note 1. Operating leases. These commitments correspond to commitments to pay future rent as part of lease contracts for real estate, equipment, rail cars, trucks and vehicles under which Imerys is the lessee and meet the definition of an operating lease set out in IAS 17, Leases, in force until December 31, 2018.

Note 2. Mineral leases and services on lease contracts. Since January 1, 2019, IFRS 16 transferred the majority of former operating leases *(see Note 1 above)* to the balance sheet. Off balance sheet items are limited to contracts outside the scope of IFRS 16, in particular mineral leases and commitments to purchase services related to lease contracts *(Note 2.1)*.

Note 3. Site restorations. These commitments correspond to sureties and guarantees obtained from financial institutions in accordance with legal requirements minus any recognized provisions *(Note 23.2)*. Sureties and guarantees are generally taken out with government agencies to secure the financial capacity of Imerys to meet its environmental obligations.

Note 4. Operating commitments. These commitments correspond to firm purchase commitments made by Imerys as part of purchase contracts of goods, services, energy and freight. Up to December 31, 2018, they were mainly made up of two commitments totaling €97.4 million, aiming to guarantee the Group's shipping logistics until 2022 (contracts of affreightment entered into with an entity over which Imerys exercises significant influence, the main elements of which are set out in *Note 9*, and a storage and handling contract entered into with a third party). At January 1, 2019, these contracts were included in the scope of IFRS 16 *(Note 2.1)*. Energy supply commitments (mainly electricity and gas) amounted to €63.7 million at December 31, 2019 (€64.5 million at December 31, 2018).

Note 5. Financial commitments. These commitments correspond to letters of credit as well as sureties, guarantees, mortgages and pledges obtained by Imerys from financial institutions in order to guarantee operating treasury requirements in favor of customers.

Note 6. Other commitments. This item encompasses all commitments given that are not mentioned above, including seller warranties and price adjustment clauses given by the Group upon business disposals.

Commitments received

(€ millions)	Notes	2019	2018
Operating leases	1	18.3	17.3
Operating commitments	2	62.2	51.0
Financial commitments	3	3.7	0.2
Available financial resources	4	1,260.0	1,330.0
Other commitments	5	83.7	75.4
Total		**1,427.9**	**1,474.0**

Note 1. Operating leases. These commitments correspond to future rent payments on lease contracts in which Imerys is the lessor.

Note 2. Operating commitments. These commitments correspond to firm purchase commitments made by customers in favor of Imerys as part of sales contracts of goods and services.

Note 3. Financial commitments. These commitments correspond to letters of credit as well as sureties, guarantees, mortgages and pledges obtained by certain suppliers from their financial institutions, in order to guarantee operating treasury requirements in favor of Imerys.

Note 4. Available financial resources. These commitments correspond to the amount of available financial resources after the repayment of financing from uncommitted resources. *(Note 24.5 – Market liquidity risk)*.

Note 5. Other commitments. This item encompasses all the commitments received not mentioned above, including €64.5 million at December 31, 2019 (€63.5 million at December 31, 2018) in seller warranties and price adjustment clauses in favor of the Group upon business acquisitions.

NOTE 29 AUDIT FEES

For many years, the Group has endeavored to appoint in priority ERNST & YOUNG et Autres and Deloitte & Associés as the two Statutory Auditors of Imerys to audit its entities across equal scopes. However, for practical or historical reasons, other audit firms have been involved in a marginal capacity. The following table presents the fees charged for the statutory audit of the consolidated financial statements broken down by firm.

Year	2019	2018
Audit fees *(€ millions)*	9.5	8.1
Breakdown of fees		
ERNST & YOUNG et Autres	47%	49%
Deloitte & Associés	44%	43%
Other firms	9%	8%

The following table presents the breakdown of fees awarded to ERNST & YOUNG et Autres (EY) and Deloitte & Associés (DA) by the type of service rendered. "Other services" correspond to services other than statutory audit services as defined in French legal and regulatory texts, various tax services and services provided when conducting agreed procedures, issuing various declarations and auditing consolidated, social, environmental and societal information.

	2019				2018			
	EY		DA		EY		DA	
	(€M)	*(%)*	*(€M)*	*(%)*	*(€M)*	*(%)*	*(€M)*	*(%)*
Individual and consolidated statutory audit services	**4.5**	**91.8%**	**4.1**	**93.2%**	**4.0**	**85.1%**	**3.5**	**87.5%**
Imerys S.A.	1.0		1.0		0.7		0.7	
Consolidated entities	3.5		3.1		3.3		2.8	
Other services	**0.4**	**8.2%**	**0.3**	**6.8%**	**0.7**	**14.9%**	**0.5**	**12.5%**
Imerys S.A.	-		0.1		0.1		0.3	
Consolidated entities	0.4		0.2		0.6		0.2	
Total	**4.9**	**100.0%**	**4.4**	**100.0%**	**4.7**	**100.0%**	**4.0**	**100.0%**

NOTE 30 SUBSEQUENT EVENTS

Accounting policy

Events occurring between the end of the reporting period and the date at which the Board of Directors approve the financial statements for publication result in an adjustment to the financial statements only if they reveal, specify or confirm situations existing at the end of the reporting period.

Subsequent events

The annual consolidated financial statements at December 31, 2019 were approved by the Board of Directors at its meeting held on February 12, 2020. No significant event occurred between the end of the reporting period and the meeting of the Board of Directors.

6.2 STATUTORY FINANCIAL STATEMENTS

6.2.1 FINANCIAL STATEMENTS

▪ INCOME STATEMENT

(€ thousands)	Notes	2019	2018
Operating revenue		**105,875**	**73,515**
Rendering of services		92,654	68,605
Other revenue and decreases in provisions		13,221	4,910
Operating expenses		**(156,885)**	**(159,928)**
Purchases and external services		(103,656)	(90,978)
Taxes and duties		(1,233)	(1,299)
Staff expenses		(40,827)	(51,872)
Amortization, depreciation, write-downs and provisions		(6,884)	(14,101)
Other expenses		(4,285)	(1,678)
Operating income	**10**	**(51,010)**	**(86,413)**
Financial income	**11**	**183,968**	**171,369**
Revenue from subsidiaries and affiliates		217,601	198,641
Net financial expenses		(13,118)	(41,805)
Increases and decreases in write-downs and provisions		(2,545)	28,046
Exchange rate gains (losses)		(17,970)	(13,513)
Current income		**132,958**	**84,956**
Exceptional income (loss)	**12**	**(8,692)**	**(38,280)**
Exceptional revenue		7,940	729,345
Exceptional expenses		(16,632)	(767,625)
Income tax	**13**	**15,243**	**26,226**
Net income		**139,509**	**72,902**

BALANCE SHEET

(€ thousands)	Notes	2019	2018
Net intangible assets		**36,021**	**22,108**
Intangible assets	14	54,259	35,531
Accumulated depreciation	14	(18,238)	(13,423)
Net property, plant and equipment		**7,164**	**6,773**
Property, plant and equipment	14	13,009	11,430
Accumulated depreciation	14	(5,845)	(4,657)
Net investments		**4,518,882**	**4,517,447**
Equity interests	15	4,518,882	4,520,450
Write-downs	15	-	(3,003)
Loans related to direct investments and other subsidiaries, net value	**16**	**1,044,420**	**1,217,697**
Loans related to direct investments and other subsidiaries		1,044,474	1,217,723
Write-downs		(54)	(26)
Other financial investments	**17**	**25,244**	**17,357**
Other financial investments		25,244	18,283
Write-downs		-	(926)
Non-current assets		**5,631,731**	**5,781,382**
Other receivables	16	61,843	68,689
Marketable securities	18	83,803	160,090
Cash and cash equivalents		270,293	348,013
Current assets		**415,939**	**576,792**
Regularization accounts	16	55,934	34,342
Assets		**6,103,604**	**6,392,516**
Share capital		158,971	158,971
Additional paid-in capital		520,412	520,412
Reserves		959,939	959,939
Retained earnings		299,534	396,663
Net income for the year		139,509	72,902
Shareholders' equity	**19**	**2,078,365**	**2,108,887**
Provisions for risks and expenses	**20**	**43,939**	**56,656**
Financial debt	21	3,855,341	4,111,370
Other debts	21	76,885	83,919
Debt		**3,932,226**	**4,195,289**
Regularization accounts	21	49,074	31,684
Shareholders' equity and liabilities		**6,103,604**	**6,392,516**

6.2.2 NOTES TO THE STATUTORY FINANCIAL STATEMENTS

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ACCOUNTING PRINCIPLES AND POLICIES

Imerys S.A. presents its annual financial statements in accordance with the accounting principles and policies established by the General Accounting Plan, as required by ANC Regulation No. 2014-03 issued by France's national accounting standards board on June 5, 2014 and amended by subsequent regulations. French generally accepted accounting principles were applied using a conservative approach in accordance with the following fundamental assumptions: going concern, consistent accounting policies from one year to the next, independence of financial years and in accordance with the general rules of preparation and presentation of annual financial statements. The generally applied methodology uses the historical cost method for the items recognized in the financial statements. The statutory financial statements present comparative information for the prior year Y-1. Comparative information for Y-2 is incorporated by reference to the financial statements included in the Y-2 Registration Document *(chapter 9, section 9.4 of the Universal Registration Document)*.

NOTE 1 INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

Intangible assets

Intangible assets recorded on the balance sheet are measured at acquisition cost. Software is amortized over three years using the straight-line method.

Property, plant and equipment

Property, plant and equipment are measured at acquisition cost or contribution value.

Depreciation methods are representative of economic depreciation; therefore, no excess tax depreciation was recognized as liabilities on the balance sheet.

The depreciation methods and useful lives are applied as follows:

- machinery and equipment: straight-line method, over 10 years;
- equipment and office furniture: straight-line method, over 5 to 10 years;
- office equipment: straight-line method, over 5 years
- IT equipment: straight-line method, over 3 to 5 years

NOTE 2 LONG-TERM INVESTMENTS

Long-term investments are measured at acquisition cost, excluding ancillary expenses. Securities and other long-term investments are measured at value in use. Value in use is calculated on the basis of the equity value of the entities concerned at end of the reporting period, as well as their level of profitability and business forecasts. If value in use exceeds the carrying amount recognized on the balance sheet, the carrying amount is not modified. On the contrary, if value in use is less than the carrying amount recognized on the balance sheet, the investment is written down. Securities and other long-term investments in foreign currencies are not remeasured at the closing exchange rate. Unrealized losses from fluctuations in foreign currencies in which long-term investments are denominated are not destined to realize. Therefore, unrealized foreign exchange losses are not in themselves sufficient to systematically justify a write-down.

NOTE 3 RECEIVABLES AND DEBT IN FOREIGN CURRENCIES

Receivables and debt in foreign currencies are translated at the closing exchange rate.

NOTE 4 MARKETABLE SECURITIES

Their value in use is assessed at the average market price over the last month of the period for listed securities, at the last known redemption price for money market funds and at net asset value for mutual funds. Unrealized losses result in a write-down and unrealized gains are not recognized.

NOTE 5 PROVISIONS

Provisions for risks

Provisions for risks cover identified risks and are determined as follows:

- provisions for management risks include ongoing disputes related to recurring operations;
- provisions for restructuring relate to restructuring plans that have been officially approved and initiated before the end of the reporting period;
- provisions for the risk of fluctuations in the value of certain equity interests are determined in accordance with the latest financial information available taking into account the outlook for the future;
- provisions for risks relating to free share grants are determined by maturity, on the basis of the opening share price at the date of their allocation to the plan or, if the shares have not been purchased before the end of the reporting period, at the share price at that date, in accordance with CNC Recommendation No. 2008-17 issued by France's national accounting standards commission. The calculation for these provisions takes into account an assessment of the fulfillment of economic and/or financial performance objectives to which the shares are conditioned and apportioned. Increases and decreases in provisions and expenses for employer contributions are presented in staff expenses.

Provisions for expenses

Provisions for expenses include:

- Provisions for the refurbishment of the company headquarters.
- Provisions for complementary pension plans and retirement benefits for former employees.
- The retirement indemnities expense, calculated using the Projected Unit Credit Method. Imerys applies ANC Recommendation No. 2013-R02 to recognize and measure retirement benefit commitments and similar benefits. Actuarial differences are recognized using the corridor rule.

NOTE 6 FINANCIAL DEBT

Financial debt includes:

- commission due and external costs incurred in connection with new borrowings, which are recognized in “Expenses to be allocated over several periods” and are spread on a straight-line basis over the maturity of borrowings;
- bond reimbursement premiums, which are amortized on a straight-line basis over the maturity of each bond.

NOTE 7 DERIVATIVE INSTRUMENTS

Management principles

As the holding company of the Imerys Group, Imerys S.A. implements the Group’s risk management strategy relating to the financial markets identified within the Group: foreign exchange risk, interest rate risk and energy price risk. Derivatives subscribed by Imerys S.A. are intended solely to hedge the financial risks to which the Group is exposed. Derivative instruments are negotiated centrally by the Group Treasury Department on over-the-counter markets with the highest rated banking institutions. Imerys prohibits its entities from subscribing derivative instruments directly outside the Group.

Accounting policy

Derivative instruments are accounted for in accordance with ANC Regulation No. 2015-05 issued on July 2, 2015 by France's national accounting standards board.

Simple hedge. A derivative instrument qualifies as a simple hedge if it is the subject of documentation identifying the hedged item, the type of hedging instrument, the type of risk hedged, the hedging relationship and the method used to assess its effectiveness. When the swap is agreed, the nominal value of the derivative instrument is recognized in off balance sheet commitments *(Note 23 – Commitments on interest rate risk)*. Realized and unrealized interest coupons are recognized symmetrically with the hedged item in profit. The simple hedge categorization was only tested for the swap agreed to hedge the interest rate risk of borrowings in JPY until March 18, 2019, the date at which the debt was due to be repaid and the rate swap unwound.

Isolated open position. Any derivative instrument that does not meet the documentation criteria of a simple hedge is classified as an isolated open position. This designation applies in particular to derivative instruments subscribed to hedge foreign exchange risk (swaps, forwards and options) and energy price risk (swaps and options). When the instruments are agreed, the nominal value of the derivative instrument is recognized in off balance sheet commitments *(Note 23 – Commitments on foreign exchange risk, Commitments on energy price risk)*. Subsequently, the fair value of derivative instruments is measured as follows. With foreign exchange risk hedges, the value of derivatives measured at the closing exchange rate is aggregated with the value of the underlying assets (loans and borrowings in foreign currencies) in a comprehensive foreign exchange position calculated by currency or strongly correlated currencies. The resulting unrealized exchange rate gains and losses are recognized separately in regularization accounts – in assets for unrealized exchange rate losses *(Note 16)* and in liabilities for unrealized exchange rate gains *(Note 21)*. A provision is recorded to fully cover unrealized exchange rate losses *(Note 20)*. With energy price risk, the value of derivative instruments measured at the closing price is aggregated into a comprehensive commodity position calculated for all energy sources. A provision is recorded to fully cover unrealized losses *(Note 20)*.

Fair value

The following table presents the derivative instruments held by Imerys S.A. at the end of the reporting period for interest rate risk (simple hedging) as well as foreign exchange and energy price risks (isolated open positions).

	2019				
	Derivative assets		Derivative liabilities		Net
(€ millions)	External	Internal	External	Internal	
Foreign exchange risk (forwards, swaps, options)	**4.2**	**0.6**	**3.6**	**2.5**	**(1.3)**
Forward derivative instruments	3.8	0.6	3.6	2.1	(1.3)
Optional derivative instruments	0.4	-	-	0.4	0.0
Interest rate risk (swaps)	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Forward derivative instruments	-	-	-	-	0.0
Optional derivative instruments	-	-	-	-	0.0
Energy price risk (swaps, options)	**1.9**	**4.8**	**8.3**	**0.4**	**(2.0)**
Forward derivative instruments	1.9	4.8	8.3	0.4	(2.0)
Optional derivative instruments	-	-	-	-	0.0
Total	**6.1**	**5.4**	**11.9**	**2.9**	**(3.3)**

NOTE 8 TAX CONSOLIDATION

Since 1993, Imerys S.A. and some of its French subsidiaries have been taxed in accordance with article 223-A of the French Tax Code (Code général des impôts) on tax consolidation. In 2019, one entity left the tax consolidation scope: Ardoise et Jardin. At December 31, 2019, the tax consolidation scope included the following 27 entities:

▪ Ardoisières d'Angers	▪ Imerys Metalcasting France Sarl
▪ Calderys France	▪ Imerys Tableware France
▪ Imertech	▪ Imerys Talc Europe SAS
▪ Imerys	▪ Imerys Talc Luzenac France
▪ Imerys Aluminates S.A.	▪ Kerneos Corporate
▪ Imerys Ceramics France	▪ Kerneos Group
▪ Imerys Filtration France	▪ Mircal
▪ Imerys Fused Minerals Beyrede	▪ Mircal Brésil
▪ Imerys PCC France	▪ Mircal Europe
▪ Imerys Refractory Minerals International Sales	▪ Parimetal
▪ Imerys Minéraux France	▪ Parnasse 32
▪ Imerys Refractory Minerals Clerac	▪ Parnasse 33
▪ Imerys Refractory Minerals Glomel	▪ Société de Valorisation des Mineraux Industriels
▪ Imerys Services	

Relationships within the tax group, headed by Imerys S.A., are governed by an agreement that sets out the following principles:

- each entity in the tax group records in its accounts the amount of tax that it would have paid on a stand-alone basis;
- all additional liabilities arising as a result of tax consolidation are recorded by Imerys S.A., which benefits from any savings resulting from consolidation.

NOTE 9 TRANSFER OF EXPENSES

"Transfer of expenses" includes:

- transfers of expenses to balance sheet accounts (expenses incurred on new borrowings and capital increase expenses);
- transfers 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 OPERATING INCOME

In 2019, operating income amounted to €105.9 million (€73.5 million in 2018), up €32.4 million after the holding company provided more extensive services to its subsidiaries. Purchases and external services represented €103.6 million (€90.9 million in 2018), *i.e.* a €12.7 million increase attributable to expenses related to sustained business growth. Payroll costs fell by €11.0 million, mainly as a result of the lower cost of free shares grants to certain employees within the Group, offset by the costs incurred as part of the restructuring plan implemented before the end of the 2019 reporting period.

NOTE 11 FINANCIAL INCOME

(€ thousands)	2019	2018
Financial revenue	**543,222**	**479,337**
Revenue from subsidiaries and affiliates(1)	217,601	198,641
Other financial income(1)	77,733	37,352
Decrease in provisions and transfer of expenses	7,750	37,971
Exchange rate gains	240,138	205,373
Financial expenses	**359,254**	**307,968**
Financial interest and expenses on financial instruments(2)	90,851	79,157
Increase in financial amortization and provisions	10,295	9,925
Exchange rate losses	258,108	218,886
Financial income	**183,968**	**171,369**
(1) Of which revenue related to controlled entities	*260,837*	*211,717*
(2) Of which expenses related to controlled entities	*23,634*	*21,904*

Revenue from subsidiaries and affiliates amounted to €217.6 million, up €18.9 million on 2018. Imerys S.A. manages the foreign exchange risk related to changes in directly or indirectly held foreign net assets, as well as that resulting from loans and advances granted to subsidiaries and entities under cash pooling agreements, by adjusting the proportion of its debt drawn in foreign currencies. In 2019, Imerys S.A. recognized in this respect a net foreign exchange loss of €17.9 million (compared with a loss of €13.5 million in 2018). Increases and decreases in financial provisions are presented in *Note 20*. Net financial expenses included in "Financial interest and expenses on financial instruments" fell after the early reimbursement option was exercised on March 18, 2019 for the investment of JPY7,000 million, which was initially scheduled for September 16, 2033 (3.4% annual coupon).

NOTE 12 EXCEPTIONAL INCOME (LOSS)

(€ thousands)	2019	2018
Gains (losses) on asset disposals	(3,830)	(38,809)
Other exceptional revenue	13	0
Decrease in provisions and transfer of expenses	7,920	1,780
Increase in provisions	(12,684)	(1,227)
Other exceptional expenses	(111)	(24)
Exceptional income (loss)	**(8,692)**	**(38,280)**

Provisions of €4.1 million for management risks and €3.0 million for investment write-downs were reversed. Further provisions of €0.6 million for management risks and €12.1 million for staff-related risks were added in 2019.

NOTE 13 INCOME TAX

(€ thousands)	2019	2018
Tax on long-term capital gains	-	-
Income tax	15,243	26,226
Total	**15,243**	**26,226**

Breakdown of tax expenses

(€ thousands)	Profit or loss before tax	Tax	Profit or loss after tax
Current income	132,958		132,958
Exceptional income (loss)	(8,692)		(8,692)
Impact of tax consolidation	-	15,243	15,243
Total	**124,266**	**15,243**	**139,509**

In accordance with the terms of the tax consolidation agreements signed by each company from the Imerys Group in France, the tax expense or saving recognized in the accounts of Imerys S.A. is made up of the tax expense of Imerys S.A., calculated on a stand-alone basis, and the net amount of additional expenses and savings resulting from tax consolidation. In this respect, Imerys S.A. recognized savings of €15.2 million in 2019 (€26.2 million in 2018).

In 2019, Imerys S.A. recorded a loss of €103.3 million on a stand-alone basis. Imerys S.A. carried forward losses on a stand-alone basis for a cumulated amount of €1,366.3 million at December 31, 2019 (€1,263.0 million at December 31, 2018).

Deferred tax

The deferred tax position is due to temporary differences in the treatment of certain items of revenue and expenses between tax rules and accounting rules. In accordance with French generally accepted accounting principles, decreases and increases in the future tax expense resulting from such differences are not recognized, but are subject to the following disclosure:

(€ thousands)	2019	2018
Deferred tax assets (decrease in the future tax expense)	6,755	12,355
Deferred tax liabilities (increase in the future tax expense)	1,658	2,472

NOTES TO THE BALANCE SHEET

NOTE 14 CHANGE IN INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

(€ thousands)	Gross amount at Dec. 31, 2018	Acquisitions	Disposals	Gross amount at Dec. 31, 2019
Intangible assets	35,531	18,728	-	54,259
Property, plant and equipment	11,430	1,579	-	13,009
Total gross intangible assets and property, plant and equipment	**46,961**	**20,307**	**0**	**67,268**

(€ thousands)	Amortization and depreciation at Dec. 31, 2018	Increase	Decrease	Amortization and depreciation at Dec. 31, 2019
Amortization of intangible assets	13,423	4,815	-	18,238
Depreciation of property, plant and equipment	4,657	1,188	-	5,845
Total amortization and depreciation of intangible assets and property, plant and equipment	**18,080**	**6,003**	**0**	**24,083**

NOTE 15 CHANGE IN THE VALUE OF INVESTMENTS

In 2019, the gross value of investments fell by €1.6 million as a result of the €0.8 million share capital increase of its subsidiary Nizerolles and €1.4 million in consideration for the earnout clause tied to shares of S&B Minerals Finance Sarl. In 2019, the Company disposed of its subsidiary Parnasse 33 and placed Nizerolles in liquidation, representing a total value of €3.8 million.

NOTE 16 RECEIVABLES AND REGULARIZATION ACCOUNTS

(€ thousands)	Gross amount	Maturity in less than 1 year	Maturity from 1 to 5 years	Maturity beyond 5 years
Loans and receivables related to investments	**1,044,420**	**303,601**	**386,627**	**354,192**
Loans and receivables related to direct investments	481,904	76,661	295,843	109,400
Loans and receivables related to other Group subsidiaries	562,516	226,940	90,784	244,792
Other receivables	**61,843**	**54,248**	**5,792**	**1,803**
Operating receivables	53,052	53,052	-	-
Bond issuance premium	8,791	1,196	5,792	1,803
Regularization accounts	**55,934**	**51,957**	**2,903**	**1,074**
Prepaid expenses[(1)]	2,319	2,296	23	-
Bond issuance cost	4,935	981	2,880	1,074
Unrealized exchange rate losses[(2)]	48,680	48,680	-	-
Total	**1,162,197**	**409,806**	**395,322**	**357,069**

(1) Prepaid expenses mainly comprise purchases of external services.

(2) Unrealized exchange rate gains and losses derive from remeasuring loans and receivables in foreign currencies at the closing exchange rate and adjustments on cash instruments.

The gross amount of loans and receivables related to investments fell by €173.2 million. Loans and receivables related to investments are governed by loan agreements and intragroup credit agreements aimed at optimizing cash management.

NOTE 17 OTHER FINANCIAL INVESTMENTS

At December 31, 2019, other financial investments represented €25.2 million and primarily corresponded to treasury shares held to be canceled.

NOTE 18 MARKETABLE SECURITIES

Net securities

(€ thousands)	2019	2018
Money market funds and mutual funds	81	81
Deposit certificates	80,015	160,009
Treasury shares	3,707	-
Total	**83,803**	**160,090**

At December 31, 2019, the gross amount of marketable securities amounted to €83.8 million.

Value of marketable securities at December 31, 2019

Type	Quantity	Average cost price per unit *(€)*	Closing price December 2019 *(€)*
BNP mutual fund	1	57,261.81	56,503.45
SG money market fund	1	23,895.95	23,705.16

NOTE 19 CHANGE IN SHAREHOLDERS' EQUITY

(€ thousands)	Share capital	Premiums	Reserves[1] Legal	Reserves[1] Regulated	Reserves[1] Other	Retained earnings	Income for the year	Total
Equity at Jan. 1, 2018 before appropriation of profit	**159,209**	**529,149**	**15,986**	**273,471**	**670,482**	**187,807**	**373,431**	**2,209,535**
Appropriation of 2017 profit	-	-	-	-	-	208,856	(373,431)	(164,575)
Movements in 2018								
Cancellation of 235,881 shares at €2	(472)	(14,232)	-	-	-	-	-	(14,704)
Options exercised granting 117,290 shares	234	5,495	-	-	-	-	-	5,729
Profit at Dec. 31, 2018	-	-	-	-	-	-	72,902	72,902
Equity at Jan. 1, 2019 before appropriation of profit	**158,971**	**520,412**	**15,986**	**273,471**	**670,482**	**396,663**	**72,902**	**2,108,887**
Appropriation of 2018 profit	-	-	-	-	-	(97,129)	(72,902)	(170,031)
Movements in 2019								
Profit at Dec. 31, 2019	-	-	-	-	-	-	139,509	139,509
Equity at Jan. 1, 2020 before appropriation of profit	**158,971**	**520,412**	**15,986**	**273,471**	**670,482**	**299,534**	**139,509**	**2,078,365**
Proposed appropriation of profit[2]	-	-	-	-	-	(31,385)	(139,509)	(170,894)
Shareholders' equity at Jan. 1, 2020 incl. proposed appropriation of profit	**158,971**	**520,412**	**15,986**	**273,471**	**670,482**	**268,149**	**0**	**1,907,471**

(1) Imerys' shareholders' equity does not include remeasurement differences.

(2) Submitted for approval to the Shareholders' General Meeting on May 4, 2020.

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Number of shares

	2019	2018
Number of shares outstanding at January 1	**79,485,694**	**79,604,285**
Capital increase	-	117,290
Capital decrease	-	(235,881)
Number of shares outstanding at December 31	**79,485,694**	**79,485,694**

At December 31, 2019, Imerys' fully-paid up share capital amounted to €158,971,388. It was made up of 79,485,694 shares with a par value of €2, which is unchanged from January 1, 2019.

On February 12, 2020, the Board of Directors:

- canceled 157,342 treasury shares acquired on the market through an investment services provider as part of the share buyback programs authorized by the Shareholders' General Meeting held on May 10, 2019 (for further detail, *see chapter 7, paragraph 7.3.4 of the Universal Registration Document*). The cancellation of these shares caused the share capital of the Company to decrease by a nominal amount of €314,684;
- acknowledged that the share capital had increased by a nominal amount of €29,526 after 14,763 stock options were exercised between January 1 and December 31, 2019, which consequently created an equal number of new Imerys shares.

As a result of these transactions, Imerys' fully paid up share capital at February 12, 2020 totaled €158,686,230 divided into 79,343,115 shares each with a par value of €2. Detailed information about the share capital is presented in *chapter 7, paragraph 7.3.1 of the Universal Registration Document*.

Change in treasury shares

(€ thousands)	2019	2018
Gross amount of treasury shares at January 1	**16,802**	**44,360**
Disposals (acquisitions) of treasury shares	30,702	4,441
Transfer of treasury shares (free shares)	(19,985)	(17,295)
Capital decrease by canceling treasury shares	-	(14,704)
Gross amount of treasury shares at December 31[(1)]	**27,519**	**16,802**

(1) At December 31, 2019, €27.5 million in treasury shares was recognized in other financial investments.

NOTE 20 WRITE-DOWNS AND PROVISIONS

		Increases			Decreases (1)			
(€ thousands)	Amount at January 1	Operating	Financial	Exceptional	Operating	Financial	Exceptional	Amount at December 31
Write-downs								
Equity interests	3,003	-	-	-	-	-	(3,003)	0
Trade receivables	0	-	-	-	-	-	-	0
Loans and receivables related to investments	26	-	28	-	-	-	-	54
Non-consolidated investments	926	-	-	-	-	(926)	-	0
Bond issuance premium(2)	737	-	1,779	-	-	(633)	-	1,883
Marketable securities	0	-	-	-	-	-	-	0
Total assets	**4,692**	**0**	**1,807**	**0**	**0**	**(1,559)**	**(3,003)**	**1,937**
Provisions								
Provisions for risks	**42,650**	**11,620**	**7,132**	**4,077**	**(22,746)**	**(6,126)**	**(4,917)**	**31,690**
Management risks	35,617	11,620	13	577	(22,746)	-	(4,100)	20,981
Provisions for exchange rate losses	6,126	-	5,178	-	-	(6,126)	-	5,178
Staff-related risks	90	-	-	3,500	-	-	-	3,590
Financial instruments	0	-	1,941	-	-	-	-	1,941
Risks related to subsidiaries and investments	817	-	-	-	-	-	(817)	0
Provisions for expenses	**14,006**	**881**	**165**	**8,606**	**(11,344)**	**(65)**	**0**	**12,249**
Refurbishment of Company premises	1,496	-	-	-	-	-	-	1,496
Future employee benefits	12,510	881	165	-	(11,344)	(65)	-	2,147
Termination benefits	0	-	-	8,606	-	-	-	8,606
Total liabilities	**56,656**	**12,501**	**7,297**	**12,683**	**(34,090)**	**(6,191)**	**(4,917)**	**43,939**
Total write-downs and provisions	**61,348**	**12,501**	**9,104**	**12,683**	**(34,090)**	**(7,750)**	**(7,920)**	**45,876**

(1) Provisions decreased €31,128 thousand, in line with amounts used.

(2) No new bond issuance premiums were recognized at December 31, 2019.

As head of the Group, Imerys S.A. recognizes provisions for management risk, specifically in relation to future performance share grants, as well as environmental provisions. In 2019, an €11.6 million provision for risks was set aside in view of future performance share grants with respect to shares not yet acquired. The €22.7 million provision for risks recorded in 2018 was fully reversed in 2019 following the grant of 416,583 treasury shares during the year and new plans granted in 2019.

Future employee benefits

The defined benefit plans represent the retirement benefits awarded in accordance with the collective bargaining agreement applicable to the metalworking industry. The French managers' complementary pension plan was closed to active beneficiaries in 2019. The provision for future employee benefits is calculated using the following assumptions:

	Pension plans	Other long-term employee benefits
Discount rate	0.7%	0.7%
Expected rate of salary increases	2.5%	2.5%
Annual turnover rate:		
▪ Managers and non-managers under 30 years old	8.4%	8.4%
▪ Managers and non-managers between 30 and 40 years old	5.7%	5.7%
▪ Managers and non-managers between 40 and 49 years old	4.0%	4.0%
▪ Managers and non-managers between 50 and 55 years old	2.3%	2.3%
▪ Managers and non-managers over 55 years old	-	-

Change in the discounted value of obligations

	2019			2018		
(€ thousands)	Retirement	Other	Total	Retirement	Other	Total
Obligations at January 1	**(18,823)**	**(680)**	**(19,503)**	**(18,871)**	**(712)**	**(19,583)**
Interest cost	(112)	(7)	(119)	(75)	(4)	(79)
Current service cost	278	(67)	211	(482)	(70)	(552)
Benefit payments	11,542	11	11,553	4,613	20	4,633
Curtailments and settlements	(549)	(424)	(973)	31	19	50
Actuarial gains (losses)	(662)	(41)	(703)	(4,039)	67	(3,972)
Obligations at December 31	**(8,326)**	**(1,208)**	**(9,534)**	**(18,823)**	**(680)**	**(19,503)**
Funded by plan assets	(5,876)	-	(5,876)	(17,475)	-	(17,475)
Unfunded	(2,450)	(1,208)	(3,658)	(1,348)	(680)	(2,028)

Change in fair value of plan assets

	2019			2018		
(€ thousands)	Retirement	Other	Total	Retirement	Other	Total
Assets at January 1	**6,722**	**0**	**6,722**	**7,327**	**0**	**7,327**
Expected return on assets	64	-	64	41	-	41
Benefit payments	(11,542)	-	(11,542)	(4,613)	-	(4,613)
Employer contributions	11,065	-	11,065	4,613	-	4,613
Actuarial gains (losses)	84	-	84	(646)	-	(646)
Assets at December 31	**6,393**	**0**	**6,393**	**6,722**	**0**	**6,722**

Assets/liabilities recorded in the balance sheet

(€ thousands)	2019			2018		
	Retirement	Other	Total	Retirement	Other	Total
Funded obligations	(5,876)	-	(5,876)	(17,475)	-	(17,475)
Fair value of assets	6,393	-	6,393	6,722	-	6,722
Funded status	**517**	**0**	**517**	**(10,753)**	**0**	**(10,753)**
Unfunded obligations	(2,450)	(1,208)	(3,658)	(1,348)	(680)	(2,028)
Unrecognized past service cost	70	-	70	78	-	78
Net unrecognized actuarial differences	925	-	925	194	-	194
Assets (provisions) in the balance sheet	**(938)**	**(1,208)**	**(2,146)**	**(11,829)**	**(680)**	**(12,509)**
Provisions for pensions	-	-	0	-	-	0
Provisions for future employee benefits	(938)	(1,208)	(2,146)	(11,829)	(680)	(12,509)

Change in assets (provisions) in the balance sheet

(€ thousands)	2019			2018		
	Retirement	Other	Total	Retirement	Other	Total
Assets (provisions) at January 1	**(11,829)**	**(680)**	**(12,509)**	**(5,368)**	**(712)**	**(6,080)**
Current service cost after curtailments/ settlements	(174)	(539)	(713)	(11,106)	(7)	(11,113)
Contributions	11,065	11	11,076	4,645	39	4,684
Assets (provisions) at December 31	**(938)**	**(1,208)**	**(2,146)**	**(11,829)**	**(680)**	**(12,509)**

NOTE 21 DEBT AND REGULARIZATION ACCOUNTS

(€ thousands)	Amount	Maturity in less than 1 year	Maturity from 1 to 5 years	Maturity beyond 5 years
Financial debt	3,855,341	2,027,701	800,000	1,027,640
Other debts	76,885	76,885	-	-
Deferred income	0	-	-	-
Unrealized exchange rate gains	49,074	49,074	-	-
Total	**3,981,300**	**2,153,660**	**800,000**	**1,027,640**

The Group's various bank overdrafts do not provide any grants or guarantees to the benefit of the lending banks. The following table presents the breakdown of financial debt by foreign currency:

(€ thousands)	Amount
EUR	3,253,779
USD	328,091
GBP	39,434
JPY	5,275
Other foreign currencies	228,762
Total	**3,855,341**

The following table analyzes financial debt by type and maturity:

(€ thousands)	Amount	Maturity in less than 1 year	Maturity from 1 to 5 years	Maturity beyond 5 years
Bonds	1,926,482	226,482	800,000	900,000
Commercial papers	100,000	100,000	-	-
Bank loans	0	-	-	-
Subsidiary loans	128,290	650	-	127,640
Group financial current accounts	1,681,995	1,681,995	-	-
Bank overdrafts and accrued interests	18,574	18,574	-	-
Total	**3,855,341**	**2,027,701**	**800,000**	**1,027,640**

Debt due to mature in less than one year is 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 at December 31, 2019 is presented in *Note 23*.

NOTE 22 ACCRUED RECEIVABLES AND PAYABLES

(€ thousands)	Accrued receivables	Accrued payables
Operating	-	15,832
Financial	420 (1)	951
Total	**420**	**16,783**

(1) Accrued receivables are mainly made up of accrued interests on financial instruments.

▪ OTHER INFORMATION

NOTE 23 OFF BALANCE SHEET COMMITMENTS

Endorsements, sureties, guarantees

At December 31, 2019, the amount of confirmed, non-utilized and available multi-currency bilateral credit lines granted to Imerys and maturing between 2020 and 2024 totaled €1,260.0 million.

The following table presents the amount of commitments received and given for endorsements, sureties and guarantees to subsidiaries (direct investment), equity interests (indirect investment) and other entities:

Commitments given

(€ thousands)	Subsidiaries	Equity interests	Other	Total
Endorsements, sureties, guarantees	102,368	163,756	119,027	385,151

Commitments of foreign exchange risk

The following table presents the breakdown of net commitments on forward purchases and sales against euros by foreign currency at December 31, 2019:

	(local currency thousands)		*(€ thousands)*	
	Forward purchases	**Forward sales**	**Forward purchases**	**Forward sales**
AUD	40,147	389	25,100	243
BRL	14,143	-	3,123	-
CAD	1,930	12,708	1,322	8,706
CHF	-	105,176	-	96,900
CLP	-	3,489,010	-	4,148
CNY	103,073	-	13,152	-
CZK	-	12,332	-	485
DKK	-	307,491	-	41,155
GBP	54,342	80,042	63,872	94,078
HUF	-	79,961	-	242
INR	379,777	-	4,743	-
JPY	1,069,029	3,281,926	8,767	26,914
MXN	1,099,187	438,997	51,799	20,688
NZD	4,210	1,678	2,528	1,008
SEK	169,019	-	16,179	-
SGD	311,351	104,334	206,043	69,045
THB	-	393,824	-	11,786
USD	192,095	575,157	170,994	511,979
ZAR	-	786,552	-	49,853
Total			**567,622**	**937,230**

These transactions were entered into to hedge the foreign exchange risk generated by intragroup funding and investments in foreign currencies. They also include the net positions between internal and external derivatives on transactions carried out in relation with the Group's strategy to manage foreign exchange risk.

Commitments on interest rate risk

Until March 16, 2019, Imerys S.A. held an interest rate swap with a nominal amount of JPY7,000.0 million as part of its strategy to manage interest rate risk.

Commitments on energy price risk

The following table presents the positions taken at December 31, 2019 to hedge energy price risk:

	Net notional *amounts (MWh)*	**Maturity**
Underlying position	6,145,098	<24 months
Management transactions	1,906,618	<24 months

NOTE 24 ITEMS RECOGNIZED IN MORE THAN ONE LINE ON THE BALANCE SHEET (NET VALUE)

(€ thousands)	**Total**	**Of which controlled entities(1)**
Investments	4,518,882	4,518,715
Loans related to direct investments and other subsidiaries	1,044,420	1,042,646
Other financial investments	25,244	-
Operating receivables	53,052	30,396
Financial debt	3,855,341	1,807,884
Other debts	76,885	34,694

(1) Controlled entities are companies that are fully consolidated in the same group.

NOTE 25 MAJOR SHAREHOLDERS

	Number of shares	% of interest	% of voting rights[1]
Belgian Securities B.V.[2]	42,851,473	53.91%	67.59%
Blue Crest Holding S.A.	4,166,275	5.24%	6.30%
Group employees	857,091	1.08%	1.03%
Treasury shares	540,759	0.68%	0.43%
Public float	31,070,096	39.09%	24.65%
Total at December 31, 2019	**79,485,694**	**100.00%**	**100.00%**

(1) Total theoretical voting rights: 126,794,914.

(2) A wholly-owned subsidiary of Groupe Bruxelles Lambert.

The consolidated financial statements of Imerys are included in the scope of consolidation of the Belgian group GBL.

NOTE 26 2019 AVERAGE HEADCOUNT

	Non-managers	Managers	Total
Full time	14	219	233
Part time	1	2	3
Total employees of the entity	**15**	**221**	**236**

NOTE 27 COMPENSATION AWARDED TO DIRECTORS AND EXECUTIVE MANAGERS

(€ thousands)	**2019**	**2018**
Board of Directors	1,243	1,046
Executive management	1,422	2,152
Total	**2,665**	**3,198**

The total amount of retirement commitments contracted for members of the Board of Directors and Executive Management is presented in *Note 20*.

NOTE 28 SUBSEQUENT EVENTS

The annual statutory financial statements at December 31, 2019 were approved by the Board of Directors at its meeting on February 12, 2020.

NOTE 29 ALLOCATION OF PROFIT

The appropriation of profit is proposed in accordance with the provisions of article L. 232-7 of the French Commercial Code *(Code de commerce)*[1].

(€)	
Income for the period	139,509,137.76
Allocation to the legal reserve to reach 10% of the share capital	-
Retained earnings	299,534,101.54
Distributable profit	**439,043,239.30**
Dividend of €2.15 paid for each of the 79,500,457 shares outstanding at January 1, 2020[2]	(170,925,982.55)
Retained earnings	**268,117,256.75**

(1) Which will be submitted for approval at the Shareholders' General Meeting on May 4, 2020.

(2) Dividend paid out with an alternative payment option in shares.

NOTE 30 TABLE OF SUBSIDIARIES AND EQUITY INTERESTS

	Country	SIREN number	Share capital *(local currency thousands)*	Shareholders' equity other than share capital *(local currency thousands)*	Number of treasury shares held	Type of securities
Subsidiaries (at least 50% of equity held by Imerys)						
Mircal	France	333 160 620	1,352,038	1,616,818	90,135,848	shares of €15
Imerys USA	US	-	594,700	620,349	1,000	shares of USD1
Imerys Services	France	320 750 730	371	1,665	24,700	shares of €15
Mircal Europe	France	444 384 234	56,365	823,120	56,365,195	shares of €1
S&B Minerals Finance	Luxembourg	-	121,505	212,394	12,150,505,599	shares of €0.01
Imertech	France	509 434 296	5,037	(486)	503,700	shares of €10
Imerys (SHANGHAI) Investment Management Company Limited	China	-	14,404	60,458	1	shares of CNY14,404,000

(€ thousands)

	% of interest held by Imerys	Gross carrying amount of securities held	Net carrying amount of securities held	Loans and advances granted by Imerys and not repaid	Borrowings taken out by Imerys and not repaid	Sureties and endorsements given by Imerys	Dividends received by Imerys in 2019	2019 revenue	2019 net profit (loss)
Subsidiaries (at least 50% of equity held by Imerys)									
Mircal	100.00	2,511,060	2,511,060	-	247,069	-	150,527	-	2,883
Imerys USA	100.00	721,734	721,734	411,963	143,395	102,368	-	-	(6,158)
Imerys Services	100.00	1,043	1,043	898	-	-	-	-	1,028
Mircal Europe	100.00	565,483	565,483	63,495	-	-	67,074	-	243,098
S&B Minerals Finance	100.00	712,768	712,768	-	59,492	-	-	-	263
Imertech	100.00	5,037	5,037	5,548	-	-	-	-	(45)
Imerys (SHANGHAI) Investment Management Company Limited	100.00	1,359	1,359	-	-	-	-	34,324	1,418
Equity interests									
Between 10 and 50% of equity held by Imerys	-	-	-	-	-	-	-	-	-
Miscellaneous equity interests									
Immaterial French entities		398	398	-	455	-	-	-	-
Total		**4,518,882**	**4,518,882**	**481,904**	**450,411**	**102,368**	**217,601**	**34,324**	**242,487**

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6.3 STATUTORY AUDITORS' REPORTS

6.3.1 STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

DELOITTE & ASSOCIÉS
6, place de la Pyramide
92908 Paris-La Défense Cedex

S.A.S. with a capital of € 2,188,160
572 028 041 RCS Nanterre
Statutory Auditors
Member of the Compagnie régionale de Versailles

ERNST & YOUNG et Autres
Tour First
TSA 14444
92037 Paris-La Défense Cedex

French simplified joint-stock company with variable capital
438 476 913 RCS Nanterre
Statutory Auditors
Member of the Compagnie régionale de Versailles

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For the year ended December 31, 2019

To the IMERYS Shareholders' Meeting,

OPINION

In compliance with the engagement entrusted to us by your Shareholders' Meeting, we have audited the accompanying consolidated financial statements of Imerys ("the Group") for the year ended December 31, 2019.

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, 2019 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

BASIS FOR OPINION

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the "Statutory Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report.

Independence

We conducted our audit in compliance with independence rules applicable to us, for the period from January 1, 2019 to the issue date of our report and in particular we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) no. 537/2014 or in the French Code of ethics for statutory auditors (*Code de déontologie*).

OBSERVATION

Without qualifying the aforementioned opinion, we draw your attention to the change in accounting method arising from the mandatory application as of January 1 of IFRS 16 "Leases" described in Note 2.1 to the consolidated financial statements.

JUSTIFICATION OF ASSESSMENTS - KEY AUDIT MATTERS

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we bring your attention to the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period, as well as our responses to those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon. We do not provide a separate opinion on specific elements, accounts or items of the consolidated financial statements.

Impact of the Group's reorganization regarding the definition of the segments to be presented – "Segment reporting" Note

Risk identified

On November 18, 2018, Imerys announced the set-up of a more market-oriented managerial and operational organization. Segment reporting in accordance with the new organization is only reflected in the 2019 consolidated financial statements for the reasons described in the "Segment reporting" note to the consolidated financial statements.

This note presents segment reporting based on the new organization.

The new organization is structured around five operating segments grouped into two segments for reporting purposes:

- "Performance minerals" combines three operating segments corresponding to different geographical regions: Europe Middle East and Africa, America and Asia Pacific. It mainly serves the plastics, painting and surfacing, filtration, ceramics, renewable energies, paper and cardboard industries.
- "High Temperature Materials and Solutions" combines two operating segments: High Temperature Solutions and Refractories, Abrasives & Construction. It mainly serves the refractory, foundry, metals, abrasives and building chemicals markets.

We considered these changes to be a key audit matter due to the weight of segment reporting in the assessment of the Group's financial performance and the judgments applied by Management in this respect; these judgments were decisive mainly for the regrouping of the new operating segments.

Response as part of our audit

Our work consisted in:

- Interviewing management to understand the operating characteristics and procedures of the new organization and the differences with the previous organization;
- Analyzing the consistency of the operating segments adopted for segment reporting with the management indicators used by Group management;
- Assessing the judgments adopted by management for the regrouping of the operating segments presented in the "Segment reporting" note;
- Verifying that the comparative segment information is presented using the same bases;
- Verifying that the disclosure in the "Segment reporting" note complies with IFRS 8 'Operating segments'.

Impairment of non-current assets (including goodwill) – Note 19

The carrying value of non-current assets on the balance sheet amounts to €4,815.2 million as of December 31, 2019 and includes goodwill for an amount of €2,153.1 million. Such goodwill is allocated to CGUs.

An impairment test is carried out every 12 months at the end of the period in all CGUs, including goodwill. During the year, Management reviews any indicators of impairment for CGUs or non-current individual assets. As soon as facts indicating that a CGU or an individual non-current asset may be impaired, Management performs an impairment test at an interim date.

An impairment test consists in comparing the carrying value of the CGUs tested, including the goodwill which is allocated to them, or an individual non-current asset in the scope of IAS 36 with its recoverable amount, corresponding to the highest amount between its value in use, estimated based on discounted future cash flows and its fair value less cost to sell.

We considered the impairment of non-current assets (including goodwill) to be a key audit matter for the following reasons:

- The amount of goodwill is material in the consolidated financial statements;
- The definition of the CGUs and determination of indications of impairment represent major judgments exercised by management;
- The determination of the parameters used to implement impairment tests require management to make significant estimates, such as the levels of expected organic growth underlying the projected cash flows and perpetual growth and discount rates, which, by nature, depend on the economic environment;
- The Group reviewed its profit outlook downwards on October 22, 2019.

Response as part of our audit

We held meetings with Management to identify possible indications of impairment loss.

We analyzed the consistency with IAS 36 'Impairment of assets' of the method used by Management to determine the recoverable amount of each CGU and, where necessary, each individual non-current asset falling within the scope of the standard, presenting an indication of impairment.

We have also, with the assistance of our valuation experts, carried out a critical review of the implementation terms of this methodology and analyzed in particular:

- The reasonableness of the cash flow projections relating to each CGU compared to the economic and financial context in which they operate;
- The consistency of these cash flow projections with the most recent Management estimates that were presented to the Board of Directors as part of the budget process;
- The consistency of the growth rate adopted for the projected cash flows with market analysis and the consensus of the main players;
- The calculation of the discount rates applied to future cash flows;
- The consistency of the CGU definition with the new Imerys organization and IAS 36.

We have also:

- Verified the sensitivity calculations performed by Management, in particular, for forecast cash flows, discount rates and perpetual growth rates, in order to determine the amount from which an impairment loss should be recognized;
- Verified arithmetical calculations.

Assessment of provisions for industrial site dismantling and mining site restoration – note 23.2

Risk identified

Imerys is subject to different regulatory requirements relating to the restoration and dismantling, at the end of their operations, of the mining and industrial sites that the Group operates.

Provisions have been recognized on the balance sheet for this purpose, for an amount of €265.1 million as of December 31, 2019 (€153.2 million for mining site restoration and €111.9 million for industrial site dismantling).

The calculation of these provisions requires Management to make assumptions to estimate the useful life of the mining sites and industrial sites as well as to determine the costs related to the aforementioned regulatory requirements and the implementation timetable with regard to the specificities of each site, the time frame considered and local regulatory requirements. The determination of the discount rates for forecast costs is also an important assumption

Management relies on in-house experts to determine the main assumptions, by taking into account the expected impacts, where applicable, of regulatory changes.

The valuation of provisions for restoration of mining sites and dismantling of industrial sites are therefore considered to be a key audit matter.

Response as part of our audit

We familiarized ourselves with the procedures set up by Management to determine these provisions and have performed certain specific tests on a sampling of operating entities. As part of our tests:

- We have examined the competence and objectivity of the in-house experts contacted by the Group;
- We have assessed the pertinence of the method adopted and analyzed the reasonableness of the cost estimates with respect to applicable legal or contractual requirements;
- We have analyzed the method for determining discount rates and reconciled the component parameters with market data.

For the other entities, we have analyzed the changes in provisions to identify any possible inconsistencies with respect to our understanding of the relevant site restoration or dismantling programs.

Assessment of the financial impacts relating to the talc litigation– Note 23.2

Certain Group subsidiaries, which mine talc in North America, are among the defendents in claims on the possible risks relating to the use of talc in certain products. Most of these disputes concern sales realized prior to Imerys' acquisition of these companies in 2011. In Q4 2018, the relevant entities were faced with these disputes in growing number and intensity.

As of December 31, 2018, a provision was recorded, corresponding to the most reasonable estimate made by Management of the amount needed to extinguish the historical liabilities of the subsidiaries involved in this situation and the expected impacts for the Group.

In February 2019, the North American entities exposed to these disputes filed for Chapter 11 bankruptcy protection. Under this procedure, the Group remains legal owner of the relevant entities. However, the analysis of their placement under the legal control of the Court of the State of Delaware (United States) requested to negotiate a business reorganization plan resulted in their exit from the Group's consolidation scope as from February 13, 2019, as the latter lost the previous control it exercised over them.

The ongoing negotiations for the reorganization of these entities with all the relevant parties are ongoing. Based on the available information, Imerys' management reassessed with the help of independent experts the estimated risk relating to the resolution of the aforementioned Chapter 11 proceedings and its potential impact for the Group.

The assessment of a provision depends on management's judgment of the probability of a negative outcome for the Group and the possibility of making a reliable estimate of the resulting obligation and all the related costs, where necessary. Management also exercised its judgment in determining the provision amount to be recorded.

Considering the material financial impacts for the Group and the decisive nature of the judgments and estimates made by Management to assess the potential liability, we considered the assessment of the provision set aside for the risk relating to the resolution of the Chapter 11 proceedings to be a key audit matter.

Response as part of our audit

We assessed the reasonableness of the residual provision recorded in the balance sheet, based on:

- The internal analysis prepared by Group management presenting the potential results of the proceedings, using various possible scenarios;
- Extracts from the minutes of the Company's various Audit Committee and Board of Directors' meetings, featuring the exchanges relating to this talc dispute in the US and the Chapter 11 proceedings.

We obtained confirmation from the external legal advisors representing the Company in connection with the Chapter 11 proceedings of its North American subsidiaries that the provision reflected a reasonable estimate of the net financial impact for the Group arising from the potential resolution of these proceedings.

We assessed the disclosure in the notes to the consolidated financial statements with regard to IAS 37 'Provisions, contingent liabilities and contingent assets' and the limits set out in paragraph 92 insofar as the supply of information fully or partly imposed by paragraphs 84 to 89 may cause serious damage to the entity.

SPECIFIC VERIFICATIONS

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

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

We attest that the consolidated non-financial performance statement provided for in Article L. 225-102-1 of the French Commercial Code is included in the disclosures relating to the Group presented in the management report, it being specified that, in accordance with Article L. 823-10 of the Code, we have not verified the fairness of the information contained in this declaration or its consistency with the consolidated financial statements that must be verified in a report by an independent third party.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Appointment of the Statutory Auditors

We were appointed statutory auditors of Imerys by the Shareholders' Meeting of May 5, 2003 for DELOITTE & ASSOCIÉS and April 29, 2010 for ERNST & YOUNG et Autres.

As of December 31, 2019, DELOITTE & ASSOCIÉS was in its 17th year of uninterrupted engagement and ERNST & YOUNG et Autres in its 10th year.

Previously, ERNST & YOUNG Audit had been the statutory auditor of Imerys since 1986.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease its operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems and, where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements have been approved by the Board of Directors.

STATUTORY AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Objective and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code (*Code de commerce*), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements;
- assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;

- evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as significant audit findings.

We also bring to its attention any significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters. We describe these matters in the audit report.

We also provide the Audit Committee with the declaration referred to in Article 6 of Regulation (EU) no. 537/2014, confirming our independence pursuant to the rules applicable in France as defined in particular by Articles L. 822-10 to L. 822-14 of the French Commercial Code and in the French Code of ethics for statutory auditors. Where appropriate, we will discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris-La Défense, March 19, 2020

The Statutory Auditors

ERNST & YOUNG et Autres	DELOITTE & ASSOCIÉS
Sébastien HUET	Frédéric GOURD

6.3.2 STATUTORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

DELOITTE & ASSOCIÉS
6, place de la Pyramide
92908 Paris-La Défense Cedex

S.A.S. with a capital of € 2,188,160
572 028 041 RCS Nanterre
Statutory Auditors
Member of the Compagnie régionale de Versailles

ERNST & YOUNG et Autres
Tour First
TSA 14444
92037 Paris-La Défense Cedex
French simplified joint-stock company with variable capital
438 476 913 RCS Nanterre
Statutory Auditors
Member of the Compagnie régionale de Versailles

This is a translation into English of the statutory auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users. This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

For the year ended December 31, 2019

To the Imerys Shareholders' Meeting,

▪ OPINION

In compliance with the engagement entrusted to us by your Shareholders' Meeting, we have audited the accompanying financial statements of Imerys for the year ended December 31, 2019.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at December 31, 2019 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit Committee.

▪ BASIS FOR OPINION

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the "Statutory Auditors' Responsibilities for the Audit of the Financial Statements" section of our report.

Independence

We conducted our audit in compliance with independence rules applicable to us, for the period from January 1, 2019 to the issue date of our report and in particular we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 or in the French Code of ethics for statutory auditors (*Code de déontologie*).

▪ JUSTIFICATION OF ASSESSMENTS - KEY AUDIT MATTERS

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we bring your attention to the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period, as well as our responses to those risks.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon. We do not provide a separate opinion on specific elements, accounts or items of the financial statements.

Valuation of equity interests

Risk identified

Equity interests, appearing on the balance sheet as of December 31, 2019 for a net amount of €4,520 thousand, represent one of the most significant balance sheet items. They are recognized on their entry date at acquisition cost and impaired, where necessary, based on their value in use, representing the amount that the company would agree to pay to obtain them if it had to acquire them. As indicated in Note 2 to the financial statements, the value in use is estimated by Management based on the value of equity at the year end of the entities concerned, their level of profitability and their business forecasts. The estimate of the value in use of these securities requires Management to exercise its judgment in its choice of items to consider according to the type of equity interests concerned. Such items may correspond to historical items such as equity, and for others, (earnings outlooks and economic situation).

Competition and the economic environment confronted by certain subsidiaries as well as the geographical location of some of them can lead to a decrease in their activity and a deterioration in their operating income. In this context and because of uncertainties inherent to certain items and specifically the probability of attaining forecasts, we considered the valuation of equity interests to be a key audit matter.

Our response

To assess the reasonableness of the estimate of value in use of equity interests, based on the information communicated to us, our work mainly consisted in verifying that the estimate of these values, as determined by Management, is based on an appropriate justification of the valuation method and the figures used.

For the valuations based on historical items, our work consisted in verifying that the equity retained is consistent with the accounts of the entities that were the subject of an audit or analytical procedures.

For the valuations based on forecast items, our work consisted in:

- Obtaining the cash flow forecasts of the entities concerned prepared by Management and assessing their consistency with budget forecasts;
- Analyzing the consistency of the assumptions adopted with the economic environment on the dates the accounts were prepared and closed;
- Verifying that the value resulting from cash flow forecasts was adjusted for the debt of the entity considered.

SPECIFIC VERIFICATIONS

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

Information given in the Management Report and in the Other Documents Addressed to Shareholders on the Financial Position and the Financial Statements

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

We attest that the Board of Directors' report on corporate governance contains the information required by Articles D.441-4 of the French Commercial Code.

Report on corporate governance

We attest that the Board of Directors' report on corporate governance contains the information required by Articles L. 225-37-3 and L. 225-37-4 of the French Commercial Code.

Concerning the information presented in accordance with the requirements of Article L. 225-37-3 of the French Commercial Code relating to remuneration and benefits received by 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 controlled by it that are included in the scope of consolidation. Based on this work, we attest the accuracy and fair presentation of this information.

Concerning the information relating to the elements that your Company considered likely to have an impact in the event of a takeover bid or exchange offer, provided pursuant to Article L. 225-37-5 of the French Commercial Code, we have verified their compliance with the documents on which they are based and which have been provided to us. Based on our work, we have no comment to make on this information.

Other information

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Appointment of the statutory auditors

We were appointed statutory auditors of Imerys by the Shareholders' Meeting of May 5, 2003 for Deloitte & Associés and April 29, 2010 for ERNST & YOUNG et Autres

As of December 31, 2019, Deloitte & Associés was in its 17th year of uninterrupted engagement and ERNST & YOUNG et Autres in its 10th year.

Previously, ERNST & YOUNG Audit had been the statutory auditor of Imerys since 1986.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease its operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems and, where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements have been approved by the Board of Directors.

STATUTORY AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Objective and audit approach

Our role is to issue a report on the financial statements. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code, our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management in the financial statements;
- assesses the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If we conclude that a material uncertainty exists, we draw attention in our audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, we modify our opinion;
- evaluates the overall presentation of the financial statements and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as significant audit findings. We also bring to its attention any significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters. We describe these matters in the audit report.

We also provide the Audit Committee with the declaration referred to in Article 6 of Regulation (EU) no. 537/2014, confirming our independence pursuant to the rules applicable in France as defined in particular by Articles L.822-10 to L.822-14 of the French Commercial Code and in the French Code of ethics for statutory auditors. Where appropriate, we will discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris-La Défense, March 19, 2020

The Statutory Auditors

ERNST & YOUNG et Autres	DELOITTE & ASSOCIÉS
Sébastien HUET	Frédéric GOURD

6.3.3 STATUTORY AUDITORS' SPECIAL REPORT ON REGULATED AGREEMENTS

DELOITTE & ASSOCIÉS
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Statutory Auditors
Member of the Compagnie régionale de Versailles

This is a free translation into English of the statutory auditors' special report on regulated agreements issued in the French language and is provided solely for the convenience of English speaking readers. This report on regulated agreements should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France. It should be understood that the agreements reported on are only those provided by the French Commercial Code and that the report does not apply to those related party transactions described in IAS 24 or other equivalent accounting standards.

Shareholders' Meeting held to approve the financial statements for the year ended December 31, 2019

To the Shareholders of Imerys,

In our capacity as statutory auditors of your Company, we hereby present to you our report on regulated agreements.

The terms of our engagement require us to communicate to you, based on information provided to us, the principal terms and conditions of those agreements brought to our attention or which we may have discovered during the course of our audit, as well as the reasons justifying that such agreements are in the Company's interest, without expressing an opinion on their usefulness and appropriateness or identifying such other agreements, if any. It is your responsibility, in accordance with Article R. 225-31 of the French Commercial Code (*Code de commerce*), to assess the relevance of these agreements prior to their approval.

Our role is also to provide you with the information stipulated in Article R. 225-31 of the French Commercial Code relating to the implementation during the past year of agreements previously approved by the Shareholders' Meeting, if any.

We performed those procedures which we deemed necessary in compliance with professional guidance issued by the French Institute of Statutory Auditors (Compagnie nationale des commissaires aux comptes) relating to this type of engagement. These procedures consisted in verifying the consistency of the information provided to us with the relevant source documents.

▪ AGREEMENTS SUBMITTED FOR APPROVAL TO THE SHAREHOLDERS' MEETING

Agreements authorized and concluded during the year

We hereby inform you that we have not been notified of any agreements authorized during the year ended December 31, 2019 to be submitted to the Annual General Meeting for approval in accordance with Article L. 225-38 of the French Commercial Code.

▪ AGREEMENTS PREVIOUSLY APPROVED BY THE SHAREHOLDERS' MEETING

Agreements approved in prior years

In accordance with Article R. 225-30 of the French Commercial Code, we have been notified that the following agreements, already approved by the Shareholders' Meeting in prior years, had continuing effect during the year.

With Mr. Gilles Michel, Chairman of the Board of Directors until June 25, 2019

Specific transition mission for Mr. Conrad Keijzer, Chief Executive Office until October 21, 2019

Nature and purpose

On May 4, 2018, your Board of Directors assigned Mr. Gilles Michel to assist Mr. Conrad Keijzer to ensure a smooth transition within the Group's Executive Management.

Terms and conditions

In consideration for this assignment, Mr. Gilles Michel has received in 2019 an exceptional compensation totaling €150,000, the initially agreed amount. This final amount was determined, according to the assessed level of achievement for this assignment, by your Board of Directors on February 13, 2019 using qualitative criteria defined by independent consultants and upon recommendation of the Compensation Committee.

With Mr. Conrad Keijzer, Chief Executive Officer until October 21, 2019

Unemployment insurance plan for corporate officers

Nature and purpose

Your Board of Directors, held on March 8, 2018, granted Mr. Conrad Keijzer, as an in-kind benefit, rights to the unemployment insurance plan for corporate officers, subscribed to by your Company.

Terms and conditions

This plan involves voluntary insurance subscribed to by your Company for corporate officers, enabling them to receive compensation in proportion to their previous income in the event of an involuntary loss of employment. The plan is subscribed with Association GSC, the insurance broker and managed by Groupama. The Group is currently subscribed to the 70 contract over a period of 12 months.

For fiscal year 2019, the contributions incurred by your Company into this plan are €16,152.

Paris-La Défense, March 19, 2020

The Statutory Auditors

ERNST & YOUNG et Autres	DELOITTE & ASSOCIÉS
Sébastien HUET	Frédéric GOURD

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The details included in the present chapter regarding the terms and conditions of shareholders' participation in the Shareholders' General Meeting (*see section 7.1 of the present chapter*), financial authorizations currently in force (*see paragraph 7.3.3 of the present chapter*), elements that could have an impact in the event of a takeover bid (*see section 7.4 of the present chapter*) and the assessment process to which related party agreements are subject (*see section 7.8 of the present chapter*) form an integral part of the Corporate Governance Report. This report, the cross-reference table for which can be found in *chapter 9*, was approved by the Board of Directors on February 12, 2020. For all other elements of the Corporate Governance Report, see *chapter 4* and *chapter 8*.

7.1 INFORMATION ABOUT IMERYS

CORPORATE NAME

Imerys.

REGISTERED OFFICE

43, quai de Grenelle, 75015 Paris, France.

Telephone: +33 (0) 1 49 55 63 00.

INCORPORATION DATE AND TERM

Imerys was incorporated on April 22, 1880.

An extension to the Company's term was approved by the Shareholders' General Meeting held on May 3, 2017 until May 3, 2116 (article 5 of the by-laws).

REGISTRATION

The Company is registered at the Paris Trade and Companies Registry under number 562 008 151. Its N.A.F. code (French industry classification) is 7010Z.

LEGAL FORM AND APPLICABLE LEGISLATION

Imerys is a French Public Limited Company (*Société Anonyme*) with a Board of Directors (*Conseil d'Administration*) governed by French law.

TIMELINE – KEY DATES

The Group was originally formed as a mining and metallurgy business. Initially, its core business involved extracting and processing non-ferrous metals. Numerous acquisitions led the Group to withdraw from the metallurgy of non-ferrous metals to focus on industrial minerals.

In the early 1970s, united under the name Imetal, the Group acquired the French company Huguenot Fenal, marking its entry into the clay roof tile market. It then purchased Copperweld Corporation (US), a company specialized in steel production and metals processing.

In 1985, the Group made its first material investment in refractory minerals and ceramics with the acquisition of Damrec (France). It then structured its business around three sectors: Building Materials, Industrial Minerals and Metals Processing. This reorganization was part of the Group's later withdrawal from non-ferrous metallurgy activities.

From 1990, the Group began to focus heavily on developing industrial minerals[1], entering the markets for kaolin (Dry Branch Kaolin Company, US), calcium carbonate (Georgia Marble, US), refractory minerals (C-E Minerals, US), monolithic refractories (Plibrico, Luxembourg), ball clays (Ceratera, France), ceramic bodies (KPCL, France), graphite (Stratmin Graphite, Canada and Timcal, Switzerland) and technical ceramics (Imerys Kiln Furniture, France). Through its Timcal subsidiary (North America, Europe, Asia) acquired in 1994, Imerys became a leading supplier of technical applications for high performance graphite.

In 1999, the Group became one of the world's leading producers[2] of white pigments following the acquisition of industrial mineral specialist English China Clays plc (ECC, UK). It then strengthened its presence in kaolin resources by acquiring Rio Capim Caulim S.A. (Brazil) and continued to grow its industrial base in refractory minerals with the acquisitions of Transtech and Napco (US) and Rhino Minerals (South Africa). By acquiring ECC and consequently divesting from Copperweld (US) and ECC's specialty chemicals business (Calgon, US), the Group focused on processing industrial minerals. To reflect this development, Imetal changed its name to Imerys.

Since then, Imerys has kept developing by continually growing its range of products, extending its geographic network into high-growth areas and expanding into new markets.

(1) *Industrial minerals: non-metallic and non-combustible rocks or minerals, mined and processed for industrial purposes.*

(2) *Throughout the Universal Registration Document, information on market positions corresponds to assessments made by Imerys on the basis of its market knowledge, or is derived from trade publications such as Roskill and Industrial Minerals.*

From 2000 to 2002, Imerys added new minerals to its portfolio, including halloysite (New Zealand China Clays, New Zealand), clays and feldspar (K-T Clay, US and Mexico). The Group increased its carbonate resources in South America (Quimbarra, Brazil), Asia (Honaik, Malaysia) and France (AGS-BMP's carbonate activity). The takeover of the world's leading producer of corundum (fused alumina and bauxite), Treibacher Schleifmittel (Austria), was followed by further acquisitions in the sector in Brazil, China, the Czech Republic and Germany. By acquiring local kaolin producer MRD-ECC (Thailand), the Group increased its presence in the Asian market for applications designed mainly for the sanitaryware industry.

In early 2005, Imerys became the leading European supplier of monolithic refractories following the acquisition of Lafarge Réfractaires Monolithiques. The merger of these activities with Plibrico, acquired a few years earlier, led to the creation of a new entity, Calderys. In July, Imerys acquired World Minerals (US), a leading producer of filtration and performance minerals, which introduced diatomite and perlite into the Group's activities. The year ended with the acquisition of Denain Anzin Minerals, providing the Group with deposits of feldspar, mica, quartz and kaolin in Europe.

From 2006 to 2008, the Group continued to grow, acquiring calcined clay specialists AGS (France) and Vatutinsky (Ukraine), extensive reserves of high-quality white marble in China, Malaysia and Vietnam as well as Europe, and several feldspar mines across the world including Jumbo Mining (India), The Feldspar Corporation (US) and others in Turkey. The acquisition of ACE, the leading monolithic refractory company in India, took Calderys to a new level, further reinforced by the acquisitions of B&B (South Africa) and Svenska Silikaverken A.B. (Sweden). Imerys added fused zircon (a mineral for the refractory, technical ceramics and automotive markets) to its portfolio, becoming the world's leading provider with the successive acquisitions of UCM Group Plc (UK) and Astron China. The perlite businesses were bolstered in South America with the acquisition of Perfiltra (Argentina). The acquisitions of Kings Mountain Minerals, Inc. (North Carolina, US) and Suzorite Mining, Inc. (Quebec, Canada) added high-quality mica to the Group's mineral portfolio.

In 2010, the acquisition of Pará Pigmentos S.A. increased the Group's kaolin resources in Brazil.

In 2011, Imerys acquired the Luzenac Group and became the world's leading talc processing company. A production unit was inaugurated in Andersonville (Georgia, US) to manufacture ceramic proppants, used to keep fractures open in unconventional oil and gas exploration. Through "The Quartz Corp S.A.S.", a joint venture created with the Norwegian group Norsk Mineral A.S., the Group was able to meet the increasing demand for high-purity quartz in the semiconductor and photovoltaic markets. The Group extended the production capacity of its calcium carbonate plant in Malaysia and the Miyagi plant in Japan, which was rebuilt after the tsunami, in order to meet demand from its main customer.

In 2012, the Group strengthened its operations in Brazil, extending its product range for the paint, polymer and rubber markets with the acquisition of Itatex and a refractory bauxite deposit from the Vale Group.

In 2013, several acquisitions were made by the Group's businesses: PyraMax Ceramics LLC (US) and its ceramic proppant manufacturing plant, Goonvean (UK) and its kaolin reserves in Cornwall, and local feldspar producer Ceraminas (Thailand). To support soaring demand in the mobile energy sector, the Group doubled capacity at the Willebroek carbon black plant (Belgium). The lime production plant in Deresopolis (Brazil) was completed and put into production. Arefcon B.V. (Netherlands), Indoporlen (Indonesia) and Tokai (Japan) were brought into the Group's Monolithic Refractories division. The disposal of Imerys Structure (brick walls, partitions and flues) to Bouyer Leroux group (France) was completed.

In 2014, the acquisition of Termorak (Finland) strengthened the Group's expertise in designing and installing refractory materials for the petrochemical and thermal industries. The Group expanded its geographical footprint in natural calcium carbonate with the integration of Kinta Powdertec Sdn Bhd (Malaysia). An applied R&D center opened in Japan to support the Group's major local graphite and carbon black customers. The result of a joint venture with Al Zayani Investments, the fused alumina production plant in Bahrain went into production after construction began in 2012. It represented Imerys' first industrial base in the Middle East, enabling the Group to gain a foothold in the region. At the same time, the Group disposed of four calcium carbonate paper plants in Europe and the US as well as a production plant in Tunisia, and it permanently closed the Ardoisières d'Angers site (France).

In 2015, Imerys acquired the S&B Group, the world's leading producer of steel casting fluxes, wollastonite and perlite-based solutions and the leading European supplier of bentonite. The Group also acquired the Precipitated Calcium Carbonate divisions (Austria, France, Germany and UK) of the Solvay Group, Europe's leading producer of fine and ultrafine PCC, which is used as a functional additive in specialty applications (polymers, paints, hygiene, health and beauty), and the Matisco Development Group (France), a company specialized in metal profile manufacturing.

In 2016, Imerys stepped up its development strategy by signing an agreement to acquire the Kerneos group, a leading global expert in high-performance calcium aluminate-based binders. The Group also purchased the specialty alumina business from the Alteo group (France and Germany) and completed its geographical coverage of monolithic refractories by acquiring the industrial production site SPAR (US), and extending its service offer with the acquisition of Fagersta Eldfasta (Sweden).

In 2017, Imerys completed its acquisition of the Kerneos group initiated in 2016. A major year in the rollout of Imerys' strategy, 2017 also saw the completion of several further acquisitions, allowing the Group to broaden its specialty offering and continue to develop its presence in countries such as Brazil, China and India.

In 2018, Imerys completed the disposal of its Roofing division to the private equity fund Lonestar.

In 2019, Imerys disposed of its ceramic proppants business (IOS) in the US and its plastics recycling business (Imerplast) in the UK. The Company acquired certain assets from EDK (a leading producer of Ground Calcium Carbonate) in Brazil, as well as a 65% stake in Shandong Luxin Mount Tai, the foremost producer of abrasive grains in China.

CORPORATE PURPOSE *(ARTICLE 3 OF THE BY-LAWS)*

Imerys is the parent company of an industrial and business group that is the world's leading supplier of mineral-based specialty solutions for industry.

Under the terms of article 3 of the by-laws, "The Company's purpose, in France and overseas, is:

- the research, acquisition, farmout, sale and operation of mines and quarries, of any kind whatsoever;
- the processing, transformation and trading of any minerals, metals, organic or non-organic materials and mineral substances, as well as their by-products and alloys;
- the manufacturing of any product in which minerals, metals, organic or non-organic materials and mineral substances are used;
- the purchase, acquisition, operation, concession, sale and full or partial, temporary or permanent handover, of any patents, certificates or licenses pertaining to the aforementioned purposes;
- the creation, acquisition, sale and concession of any buildings, plants, means of transportation and energy sources;
- the participation in any country in any mining, quarrying, commercial, industrial and maritime operations to promote or develop the Company's own industries and businesses, through the creation of new companies, alliances, joint ventures or otherwise; and, generally, any mining, quarrying, commercial, industrial, maritime, real estate, personal property and financial operations related directly or indirectly, in whole or in part, to any of the purposes specified above or any other similar or related purposes."

FINANCIAL YEAR *(ARTICLE 28 OF THE BY-LAWS)*

The financial year spans a 12-month period that 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 composed of at least three but no more than eighteen members, subject to certain exceptions permitted by law.

Directors are appointed for a three-year term of office, renewed by the Ordinary Shareholders' General Meeting, which may remove them at any time. In accordance with legal provisions, the number of directors over the age of 70 may not exceed one third of all directors in office. In the event that this limit should be exceeded, the oldest director shall automatically be deemed to have resigned. The Board of Directors also includes one employee representative director designated by the European Works Council. When the Shareholders' General Meeting appoints more than 12 directors, the Group Works Council in France designates a second employee representative director.

Furthermore, the Board of Directors may appoint up to two non-voting observers for a three-year term, who may or may not already be Imerys shareholders.

√ For further details regarding the powers, structure and operating procedures of the Board of Directors, *see chapter 4, section 4.1 of the Universal 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 at the registered office or any other place specified in the notice of meeting.

Admission

All shareholders have the right to take part in Shareholders' General Meetings – whether in person, by proxy or by post – simply by providing proof of their identity and share ownership by means of either registering shares, or providing a share certificate proving the registration of bearer shares. These formalities must be completed no later than two business days prior to the meeting. Shareholders may also, by decision of the Board of Directors indicated in the notice of meeting, take part in General Meetings and vote electronically and/or by any other means of communication under the conditions provided by current legal provisions.

Exercising voting rights

All documents specified by articles R. 225-81 and R. 225-83 of the French Commercial Code (*Code de commerce*), including a postal or proxy voting form, are sent to shareholders on request. This form can only be effectively taken into account if it is completed in accordance with current legislation and returned to the registered office or to the address given in the notice of meeting. Moreover, any shareholder may, by decision of the Board of Directors indicated in the notice of meeting, receive and return the voting form by post, proxy, email or by any other means of communication, under the terms and conditions provided by current legal provisions.

Double voting rights

Shares held in registered form under the name of the same shareholder for at least two years carry double voting rights. This right is provided by article 22 of the by-laws and aims to reward the Company's loyal shareholders. Double voting rights are also granted to new free shares in the event of a capital increase, on the basis of the old shares that also carried this right. The double voting right ceases automatically when a registered share is converted to a bearer share or is transferred, except in cases of collateral assignment, transfer as life interest, inheritance or family bequest. Finally, double voting rights may be canceled by decision of an Extraordinary Shareholders' General Meeting after having obtained the prior authorization of the Special General Meeting of the holders of this right.

Restriction of voting rights

None.

ALLOCATION OF INCOME *(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 income for the financial year, less any prior losses where applicable, is withheld to be allocated to the legal reserve. This withholding ceases to be a mandatory requirement when the reserve reaches 10% of the share capital;
- income for the financial year, less any prior losses and increased by any earnings carried forward, subject to the Shareholders' General Meeting deducting any retained earnings carried forward or assigning them to one or more reserves, is 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, the option to choose between payment of the dividend in cash or in shares.

IDENTIFIABLE BEARER SHARES *(ARTICLE 9 OF THE BY-LAWS)*

The Company is authorized to ask Euroclear France to supply it with, under the terms and conditions provided by current legal provisions, 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, where applicable, any restrictions that may apply to these securities.

DISCLOSURE OF THE CROSSING OF THRESHOLDS

The Imerys by-laws do not contain any clauses requiring disclosures to be made when thresholds are crossed, other than those required by law.

Any shareholder, whether acting alone or in concert, whose ownership exceeds or drops below one of the 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 Commercial Code and, more specifically, notify the Company (or, where applicable, any person that the Company has designated for that purpose) and the French financial markets authority (*Autorité des marchés financiers,* AMF), within four trading days of the threshold in question being crossed, in accordance with article 223-14 of the AMF's General Regulations. If they fail to meet this requirement, the provisions of article L. 233-14 of the French Commercial Code shall apply.

PUBLICLY AVAILABLE DOCUMENTS

The by-laws, minutes of Shareholders' General Meetings, statutory and consolidated financial statements, Statutory Auditors' reports and all documents made available to shareholders may be accessed *via* the Company's registered office or on the Company's website (www.imerys.com – Finance – Shareholders' corner).

7.2 RELATIONS WITH SHAREHOLDERS

7.2.1 GENERAL INFORMATION

Imerys pays special attention to its shareholders, ensuring they are regularly informed about changes in its business, strategy, investments, earnings and outlook. This is reflected in the various communication tools that are made available to involve shareholders in the life of the Group, such as:

- the website www.imerys.com, which enables shareholders to keep up to date in real time with changes in the Group and share prices, including a specific section dedicated to individual shareholders, where they can find the "Shareholders' Guide";
- a Letter to Shareholders published several times a year, detailing the Group's news, earnings and outlook;
- the Annual Report;
- the Universal Registration Document (formerly known as the Registration Document) including the Integrated Report and the Annual Financial Report, as well as a Half-year Financial Report;
- the Sustainable Development Report;
- a direct phone number and e-mail address.

All these documents are published in both English and French and are sent to every holder of registered or bearer shares that wishes to receive them regularly.

Imerys also informs the financial community and individual shareholders about the Company's business through financial announcements published in the press (print and web format) whenever results are published and the annual Shareholders' General Meeting is held.

Through the intermediary of CACEIS Corporate Trust, in charge of share registry services, Imerys provides holders of shares in registered form with an online service that allows them to consult their share portfolio *via* the secure website www.nomi.olisnet.com. The website gives shareholders access to the prices and characteristics of the shares in their portfolio, their recent transactions as well as the availability of their stocks and the attached voting rights. It also contains all documentation concerning the annual Shareholders' General Meeting and gives them the option to vote on-line ahead of the day.

Imerys maintains regular, open and transparent relations with the entire financial, institutional and socially responsible community through individual meetings, industry conventions and conference calls. Executive Management and the Investor Relations team organized nearly 400 meetings throughout 2019 to connect with financial analysts, institutional investors and international fund managers in the US, France, and the UK as well as in Germany, Spain and Italy. On June 13, 2019, the Group also presented its medium-term strategy at the Capital Markets Day in London.

The Group Finance Department is responsible for Financial Communication:

- Telephone: +33 (0) 1 49 55 64 01
- Fax: +33 (0) 1 49 55 63 16
- e-mail: finance@imerys.com

Imerys share registry services are provided by:

- 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: ct-contact@caceis.com

CACEIS Corporate Trust is more specifically at the service of registered shareholders to provide support and manage their Imerys shares.

7.2.2 IMERYS STOCK MARKET INFORMATION

Imerys shares are listed on Euronext Paris and are eligible for the deferred settlement service (*Service à Règlement Différé* – SRD) (ISIN code FR 0000120859-Mnemo NK). Imerys is included in 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 in the CAC Basic Materials index. Imerys shares are also included in "Dow Jones Euro Stoxx", the benchmark index for the euro zone. Since November 2, 2009, Imerys shares have been listed on the SBF 120 and Dow Jones Euro Stoxx 600 under the general mining sector ("1775 General Mining" according to ICB classification) and are also included in more than 60 international indices.

The Group also places great importance on the ratings of non-financial rating agencies *(see chapter 3, section 3.2 of the Universal Registration Document)*.

No shares belonging to any subsidiary of Imerys are traded on a stock exchange.

▪ STOCK MARKET HIGHS AND LOWS BETWEEN 2015 AND 2019

Full year	Highest market price* (€)	Lowest market price* (€)	Market closing price for the year (€)
2015	73.93	56.85	64.42
2016	72.24	50.38	72.07
2017	81.54	71.40	78.54
2018	87.45	41.04	41.98
2019	51.65	32.10	37.68

* *Market prices observed during trading (sources: Bloomberg and Euronext).*

TRADING SINCE JANUARY 2018

	Highest market price* (€)	Lowest market price* (€)	Total monthly trading volume		Average daily trading		
			Number of shares	Capital (€ millions)	Number of shares	Capital (€ millions)	Number of transactions
2017							
January	77.30	71.40	1,720,370	127.03	78,199	5.77	1,420
February	78.66	72.66	1,887,300	142.43	94,365	7.12	1,776
March	80.11	73.65	2,201,228	167.03	95,706	7.26	1,635
April	81.54	76.70	1,697,489	134.30	94,305	7.46	1,835
May	79.43	75.43	2,015,028	156.19	91,592	7.10	1,712
June	79.44	75.46	2,337,091	181.38	106,231	8.24	1,551
July	81.48	72.52	2,257,272	174.71	107,489	8.32	2,036
August	74.62	71.75	1,629,444	119.79	70,845	5.21	1,492
September	78.10	73.15	1,713,352	129.65	81,588	6.17	1,455
October	79.63	75.47	1,587,711	122.07	72,169	5.55	1,413
November	80.96	74.54	1,587,674	123.37	72,167	5.61	1,433
December	79.81	75.60	1,251,465	97.54	65,867	5.13	1,177
2017 Total			**21,885,424**	**1,675.51**			
2018							
January	86.85	78.05	1,736,353	144.40	78,925	6.56	1,073
February	87.80	77.55	1,865,177	154.53	93,259	7.73	1,282
March	84.00	77.50	1,825,129	146.69	86,911	6.99	1,122
April	81.65	75.05	2,005,247	157.26	100,262	7.86	1,249
May	77.40	71.00	2,433,704	180.66	110,623	8.21	1,374
June	75.00	64.85	2,707,496	190.00	128,928	9.05	1,385
July	69.95	64.45	2,227,391	149.29	101,245	6.79	1,084
August	65.95	61.70	2,092,422	132.85	90,975	5.78	1,006
September	65.30	58.55	2,244,191	138.22	112,210	6.91	1,039
October	63.80	52.10	2,502,720	144.14	108,814	6.27	1,073
November	57.40	47.20	2,552,616	130.31	116,028	5.92	1,319
December	49.54	39.72	2,751,137	121.65	144,797	6.40	1,461
2018 Total			**26,943,583**	**1,790.0**			
2019							
January	47.40	40.60	2,424,934	108.14	110,224	4.92	1,201
February	51.15	44.76	2,981,564	144.61	149,078	7.23	1,556
March	51.65	41.88	3,640,868	171.77	173,375	8.18	1,693
April	49.72	44.84	2,750,313	129.81	137,516	6.49	1,402
May	48.64	37.54	6,190,799	252.69	281,400	11.49	2,348
June	47.42	37.24	5,790,284	253.12	289,514	12.66	2,135
July	46.88	37.84	4,030,795	173.59	175,252	7.55	1,844
August	38.62	34.60	2,788,460	101.49	173,953	6.50	1,576
September	40.12	35.00	3,653,014	136.48	257,751	8.91	2,214
October	37.66	32.10	5,928,284	205.04	375,800	13.78	2,099
November	38.38	34.64	7,891,800	289.37	165,842	6.05	1,376
December	38.38	34.50	3,316,846	121.00	173,953	6.50	1,576
2019 Total	**-**	**-**	**51,387,961**	**2,087.11**	**-**	**-**	**-**

* *Market prices observed during trading (sources: Bloomberg and Euronext).*

7

7.3 SHARE CAPITAL AND SHAREHOLDING

7.3.1 SHARE CAPITAL

SHARE CAPITAL AT DECEMBER 31, 2019

At December 31, 2019, Imerys' fully-paid up share capital amounted to €158,971,388. It was made up of 79,485,694 shares with a par value of €2, carrying a total of 126,254,155 net voting rights and 126,794,914 theoretical voting rights.

OUTSTANDING CAPITAL AND POTENTIAL DILUTION AT DECEMBER 31, 2019

Taking into account the stock options exercised in 2019 (as detailed below), the number of shares outstanding at December 31, 2019 equaled 79,500,457, including 47,309,220 shares that carried double voting rights, pursuant to article 22 of Imerys' by-laws. At that date, the total number of theoretical voting were attached to these outstanding shares corresponded to 126,809,677. Taking into account the 540,759 treasury shares held by the Company at December 31, 2019 *(see paragraph 7.3.4 of the present chapter)*, the total number of net voting rights attached to outstanding shares was 126,268,918 at that date.

Taking into account the 233,180 share options and 721,675 free shares granted to certain employees and executive corporate officers and not yet exercised or acquired at December 31, 2019, the maximum potential dilution of the share capital was 1.20% at this date (*i.e.* a nominal amount of €1,909,710).

SHARE CAPITAL AT THE DATE OF THE UNIVERSAL REGISTRATION DOCUMENT

On February 12, 2020, the Board of Directors:

- canceled 157,342 treasury shares acquired on the market through an investment services provider as part of the share buy-back programs authorized by the Shareholders' General Meeting and pursuant to the authorization granted by the Shareholders' General Meeting held on May 10, 2019 (for further details, *see paragraph 7.3.4 of the present chapter*). The cancellation of these shares caused the share capital of the Company to decrease by a nominal amount of €314,684;
- acknowledged that the share capital had increased by a nominal amount of €29,526 after 14,763 stock options were exercised between January 1 and December 31, 2019, which consequently created an equal number of new Imerys shares.

As a result of these transactions, Imerys' fully paid up share capital at February 12, 2020 totaled €158,686,230 divided into 79,343,115 shares each with a par value of €2.

PLEDGES

The Company has not pledged any pure registered shares.

7.3.2 CHANGES IN SHARE CAPITAL OVER THE PAST FIVE YEARS

Over the past five years, the following changes have occurred in the number of shares and the Company's share capital:

Full year	Transaction	Nominal change in capital (€)	Additional paid-in capital/ Issue premium (€)	Number of shares created	Par value (€)	Company capital (€)	Number of shares that make up the capital
2015	Exercise of stock options	626,748	15,747,996	313,374	2	152,397,930	76,198,965
	Share capital increase as consideration for a contribution in kind	7,456,616	206,943,483	3,728,308	2	159,854,546	79,927,273
	Cancellation of shares	(2,000,000)	(60,381,827)	(1,000,000)	2	157,854,546	78,927,273
	Exercise of stock options	1,290,436	34,552,929	645,218	2	159,144,982	79,572,491*
2016	Cancellation of shares	(600,000)	(16,046,322)	(300,000)	2	158,544,982	79,272,491
	Exercise of stock options	590,766	15,582,577	295,383	2	159,135,748	79,567,874*
2017	Cancellation of shares	(800,000)	(23,841,188)	(400,000)	2	158,335,748	79,167,874
	Exercise of stock options	872,822	22,418,675	436,411	2	159,208,570	79,604,285*
2018	Cancellation of shares	(471,762)	14,232,373	(235,881)	2	158,736,808	79,368,404
	Exercise of stock options	234,580	5,495,695	117,290	2	158,971,388	79,485,694*
2019**	Cancellation of shares	0	0	0	2	158,971,388	79,485,694*
	Exercise of stock options	0	0	14,763	2	158,971,388	79,485,694*

* *At December 31.*

** *As detailed above, the cancellation of treasury shares and the increase in capital due to stock options exercised in 2019 were decided by the Board of Directors on February 12, 2020. Consequently, the change in share capital only took effect at this date.*

7.3.3 FINANCIAL AUTHORIZATIONS

SUMMARY OF THE FINANCIAL AUTHORIZATIONS AND DELEGATIONS OF AUTHORITY IN FORCE

Type of authorization	Expiration and term of the authorization	Maximum nominal amount authorized	Use in 2019
Share buy-back and cancellation of shares			
Treasury share purchase by the Company[1] (Shareholders' General Meeting of May 10, 2019, 12th resolution)	November 9, 2020 (18 months)	10% of outstanding shares at January 1, 2019 (representing 7,948,569 shares)	879,642 shares purchased[2]
Share capital decrease by canceling treasury shares (Shareholders' General Meeting of May 10, 2019, 22nd resolution)	July 9, 2021 (26 months)	10% of capital per 24-month period	None
Issue of shares and securities			
Issue of shares or securities carrying rights to shares with pre-emptive subscription rights[3] (Shareholders' General Meeting of May 10, 2019, 13th resolution)	July 9, 2021 (26 months)	Capital: €75 million (representing approx. 47% of capital) Debt securities: €1 billion	None
Issue of shares or securities carrying rights to shares without pre-emptive subscription rights, but with, where applicable, a priority period granted by the Board of Directors open to the public[4] (Shareholders' General Meeting of May 10, 2019, 14th resolution)	July 9, 2021 (26 months)	Capital: €15 million (representing approx. 9.4% of capital) Debt securities: €1 billion	None
Issue of shares or securities carrying rights to shares through private placements without pre-emptive subscription rights[5] (Shareholders' General Meeting of May 10, 2019, 15th resolution)	July 9, 2021 (26 months)	10% of the capital at the date of issue, the amount issued being included in the ceiling set in the 14th resolution of the Shareholders' General Meeting of May 10, 2019	None
Authorization to increase the number of shares to be issued in the event of excess demand for shares or securities issued with or without pre-emptive subscription rights[6] (Shareholders' General Meeting of May 10, 2019, 16th resolution)	July 9, 2021 (26 months)	10% of the capital at the date of issue, the amount issued being included in the sub-ceiling set in the 13th, 14th and 15th resolutions of the Shareholders' General Meeting of May 10, 2019 (see above)	None
Authorization to set the issue price of shares or securities carrying rights to shares in the event pre-emptive subscription rights are canceled[7] (Shareholders' General Meeting of May 10, 2019, 17th resolution)	July 9, 2021 (26 months)	10% of the capital per year, the amount issued being included in the sub-ceiling set in the 14th resolution of the Shareholders' General Meeting of May 10, 2019 (see above)	None
Issue of shares or securities carrying rights to shares in consideration for contributions in kind made up of shares or securities carrying rights to shares without pre-emptive subscription rights[8] (Shareholders' General Meeting of May 10, 2019, 18th resolution)	July 9, 2021 (26 months)	10% of the capital per year, the amount issued being included in the sub-ceiling set in the 14th resolution of the Shareholders' General Meeting of May 10, 2019 (see above)	None
Increase of share capital paid up by capitalizing retained earnings, profits, additional paid-in capital or issue premiums[9] (Shareholders' General Meeting of May 10, 2019, 19th resolution)	July 9, 2021 (26 months)	€75 million, the amount issued being included in the ceiling set in the 13th resolution of the Shareholders' General Meeting of May 10, 2019 (see above)	None
Overall ceiling for share capital increases with or without pre-emptive subscription rights (Shareholders' General Meeting of May 10, 2019, 20th resolution)	July 9, 2021 (26 months)	Capital: €75 million Debt securities: €1 billion	-

Type of authorization	Expiration and term of the authorization	Maximum nominal amount authorized	Use in 2019
Issues granted to employees and executives			
Issue of shares or securities carrying rights to shares reserved for Group employees who are members of a Company or Group savings plan(10) (Shareholders' General Meeting of May 10, 2019, 21st resolution)	July 9, 2021 (26 months)	€1.6 million	None
Grant of Imerys stock options to employees and corporate officers or certain categories among them(11) (Shareholders' General Meeting of May 3, 2017, 23rd resolution)	July 2, 2020 (38 months)	Common ceiling: 3% of the share capital at the date of the Board's decision to grant stock options or free shares Sub-ceiling for stock option and free share grants to executive corporate officers: 0.5% of share capital at the grant date	None(12)
Free Imerys share grant to employees and corporate officers or certain categories among them(13) (Shareholders' General Meeting of May 4, 2018, 14th resolution)	July 3, 2020 (26 months due to aligning the term of this authorization with that of the authorization to grant stock options or share purchase options approved by the Shareholders' General Meeting of May 3, 2017 in its 23rd resolution)		427,500 performance shares were granted in 2019, representing 0.53% of the Company's share capital(14)

(1) *In accordance with articles L. 225-209* et seq. *of the French Commercial Code and articles 241-1 to 241-7 of the AMF's General Regulations.*

(2) *For further details regarding corporate actions taken as part of the Company share buy-back program,* *see paragraph 7.3.4 of the present chapter.*

(3) *In accordance with articles L. 225-129* et seq. *and L. 228-91* et seq. *of the French Commercial Code.*

(4) *In accordance with articles L. 225-129 et seq., L. 225-135 et seq., L. 225-136 and L. 228-91* et seq. *of the French Commercial Code.*

(5) *In accordance with articles L. 225-129-2, L. 225-135, L. 225-136, L. 228-91* et seq. *of the French Commercial Code and article L. 411-2 of the French Monetary and Financial Code.*

(6) *In accordance with article L. 225-135-1 of the French Commercial Code.*

(7) *In accordance with articles L. 225-129-2 and L. 225-136-1 paragraph 2 of the French Commercial Code.*

(8) *In accordance with articles L. 225-147 and L. 228-91* et seq. *of the French Commercial Code.*

(9) *In accordance with articles L. 225-129, L. 225-129-2* et seq. *and L. 225-130 of the French Commercial Code.*

(10) *In accordance with articles L. 225-129* et seq. *and L. 225-138-1 of the French Commercial Code and L. 3332-1* et seq. *of the French Labor Code.*

(11) *In accordance with articles L. 225-177* et seq. *of the French Commercial Code.*

(12) *For further details regarding stock options grants in prior years,* *see paragraph 7.3.5.4 of the present chapter.*

(13) *In accordance with articles L. 225-197-1* et seq. *of the French Commercial Code.*

(14) *For further details regarding performance share grants,* *see paragraph 7.3.5.4 of the present chapter.*

SUMMARY OF THE FINANCIAL AUTHORIZATIONS FOR WHICH RENEWALS HAVE BEEN SUBMITTED FOR APPROVAL AT THE ORDINARY AND EXTRAORDINARY SHAREHOLDERS' GENERAL MEETING OF MAY 4, 2020

The following table presents the financial authorizations submitted to the approval of the Ordinary and Extraordinary Shareholders' General Meeting of May 4, 2020.

√ For further details *see chapter 8, paragraphs 8.1.5 and 8.1.6 of the Universal Registration Document*.

Type of authorization	Expiration and term of the authorization	Maximum nominal amount
Share buy-back and cancellation of shares		
Treasury share purchase by the Company(1) (Shareholders' General Meeting of May 4*, 2020,* 18th resolution)	November 3, 2021 (18 months)	10% of outstanding shares at January 1, 2020 (representing 7,950,045 shares)
Issue of shares and securities		
Issue of shares or securities carrying rights to shares without pre-emptive subscription rights, but with, where applicable, a priority period granted by the Board of Directors open to the public(2) (Shareholders' General Meeting of May 4, 2020, 19th resolution)	July 9, 2021 (13 months due to aligning the term of this authorization with those concerning other issues of shares and securities in force – see above)	Capital: €15 million (representing approx. 9.4% of capital) Debt securities: €1 billion
Issue of shares or securities carrying rights to shares through private placements without pre-emptive subscription rights granted to qualified institutional buyers or a limited number of investors(3) (Shareholders' General Meeting of May 4, 2020, 20th resolution)	July 9, 2021 (13 months due to aligning the term of this authorization with those concerning other issues of shares and securities in force – see above)	10% of the capital at the date of issue, the amount issued being included in the ceiling set in the 21st resolution of the Shareholders' General Meeting of May 4, 2020 (see above)
Issues granted to employees and executives		
Grant of Imerys stock options to employees and corporate officers or certain categories among them(4) (Shareholders' General Meeting of May 4, 2020, 22nd resolution)	July 3, 2023 (38 months)	Common ceiling: 3% of the share capital at the date of the Board's decision to grant stock options or free shares Sub-ceiling for stock option and free share grants to executive corporate officers: 0.5% of share capital at the grant date
Free Imerys share grant to employees and corporate officers or certain categories among them(5) (Shareholders' General Meeting of May 4, 2020, 23rd resolution)	July 3, 2023 (38 months)	
Issue of shares or securities carrying rights to shares reserved for Group employees who are members of a Company or Group savings plan (6) (Shareholders General Meeting of May 4th, 2020, 24th resolution)	July 9, 2021 (13 months due to aligning the term of this authorization with those concerning other issues of shares and securities un force - see above)	€1.6 million

(1) *In accordance with articles L. 225-209* et seq. *of the French Commercial Code and articles 241-1 to 241-7 of the AMF's General Regulations.*

(2) *In accordance with articles L. 225-129-2, L. 225-135, L. 225-136, L. 228-91* et seq. *of the French Commercial Code and article L. 411-2 of the French Monetary and Financial Code.*

(3) *In accordance with article L. 225-135-1 of the French Commercial Code.*

(4) *For further details regarding stock options grants in prior years, see paragraph 7.3.5.4 of the present chapter.*

(5) *In accordance with articles L. 225-197-1* et seq. *of the French Commercial Code.*

(6) *In accordance with articles L. 225-129 et seq. and L. 225-138-1 of the French Commercial Code and L. 3332-1 et seq. of the French Labor Code.*

OTHER SECURITIES

On May 10, 2019, as the decision to issue ordinary bonds falls within the authority of the Board of Directors, in accordance with article L. 228-40 of the French Commercial Code, the Board of Directors delegated full powers to the Chief Executive Officer for the purposes of carrying out such issues and deciding their conditions, in particular for the Company's Euro Medium Term Note ("EMTN") program, within the period of one year and a maximum nominal amount per year of €1.5 billion and a maximum nominal amount per operation of €350 million.

This authorization was not exercised in 2019.

7.3.4 SHARE BUYBACK PROGRAM

▪ LEGAL FRAMEWORK OF SHARE BUY-BACK PROGRAMS IMPLEMENTED IN 2019

The Ordinary and Extraordinary Shareholders' General Meeting held on May 10, 2019 renewed for a period of 18 months, *i.e.* until November 9, 2020, the authorization previously granted to the Board of Directors by the Ordinary and Extraordinary Shareholders' General Meeting held on May 4, 2018. In accordance with articles L. 225-209 *et seq.* of the French Commercial Code, this authorization enables the Company to buy back its own shares within the limit of 10% of the shares existing and outstanding at January 1, 2019, representing 7,948,569 shares, and within the limit of a total investment of €675.6 million. It was also decided at the 2019 Shareholders' General Meeting that the number of shares likely to be held by the Company, directly or indirectly, at any time, shall not exceed 10% of the total share capital. Lastly, the maximum acquisition price was set at €85 per share.

On May 10, 2019, in accordance with article L. 225-209 paragraph 3 of the French Commercial Code, the Board of Directors delegated full powers for the purposes of purchasing Company shares to the Chief Executive Officer, within the conditions and limits set by the Shareholders' General Meeting.

▪ TRANSACTIONS CARRIED OUT IN 2019[(1)]

In accordance with article L. 225-211 of the French Commercial Code, the following transactions were carried out as part of the Company's share buy-back programs in force in 2019.

Transactions completed between January 1 and May 9, 2019 as part of the share buy-back program approved by the Shareholders' General Meeting of May 3, 2018

As part of the liquidity agreements, which comply with the Code of Conduct drawn up by the French association of financial and investment firms (*Association française des marchés financiers*, AMAFI) and approved by the AMF on March 21, 2011, and AMF decision n°2018-01 of July 2, 2018, concluded by the Company with Rothschild & Cie Banque on February 16, 2017 (the **"2017 Liquidity Agreement"**) and February 14, 2019 (the **"Liquidity Agreement"**):

- 73,500 shares were purchased on the market at an average weighted price of €44.9630; and
- no shares were sold on the market.

Furthermore, on June 1, 2016, the Company granted a share purchase authorization, which was renewed on June 7, 2018, to an investment services firm ("PSI"), in accordance with Regulation (EC) No 2273/2003, articles 241-1 *et seq.* and 631-5 *et seq.* of the AMF's General Regulations and the AMF's position on the implementation of share buy-back programs (the **"2017 Purchase Authorization"**).

Under the 2017 Purchase Authorization, 500,000 shares were purchased on the market at an average weighted price of €47.382.

Transactions completed between May 10 and December 31, 2019 as part of the share buy-back program approved by the Shareholders' General Meeting of May 10, 2019

As part of the Liquidity Agreement:

- 506,142 shares were purchased on the market at an average weighted price of €38.0036; and
- 659,642 shares were sold on the market at an average weighted price of €39.4518.

Furthermore, on July 26, 2019, the Company granted a new share purchase authorization to an investment services firm ("PSI"), in accordance with Regulation (EC) No 2273/2003, articles 241-1 *et seq.* and 631-5 *et seq.* of the AMF's General Regulations and the AMF's position on the implementation of share buy-back programs (the **"Purchase Authorization"**).

Under the Purchase Authorization, 300,000 shares were purchased on the market at an average weighted price of €38.170.

Treasury shares held at December 31, 2019

Taking into account:

- the balance of treasury shares held at January 1, 2019, representing 237,342 shares;
- the delivery in 2019 of 416,583 vested shares to the beneficiaries of performance share grants (for further details, *see paragraph 7.3.5.4 of the present chapter*);
- the 879,642 shares purchased and the 659,642 shares sold in 2019 under the 2017 Liquidity Agreement, the Liquidity Agreement, the 2017 Purchase Authorization and the Purchase Authorization;
- the balance of treasury shares held at December 31, 2019 totaled 540,759. These shares, which have a par value of €2 and were purchased on the market at an average weighted price of €50.89, represented 0.68% of the number of shares outstanding at December 31, 2019.

It should be noted that:

- the transactions carried out by the Company in 2019 as part of its share buy-back programs were made in full and without opening any buying or selling positions;
- the Company does not use derivatives as part of its share buy-back programs;
- as a result of the purchases made under the Purchase Authorization in 2019, the Company incurred trading fees and paid financial transaction tax of €17,570.73 and €105,435.70, respectively.

(1) All prices and amounts are given excluding fees and commission.

▪ RENEWAL OF THE SHARE BUY-BACK PROGRAM

As the authorization granted to the Board of Directors by the Ordinary and Extraordinary Shareholders' General Meeting held on May 10, 2019 expires on November 9, 2020, its renewal will be submitted for approval at the Ordinary and Extraordinary Shareholders' General Meeting held on May 4, 2020 for a further period of 18 months, *i.e.* until November 3, 2021 *(see chapter 8, paragraph 8.1.6 of the Universal Registration Document)*.

Details of the new program, drawn up in accordance with articles 241-1 to 242-6 of the AMF's General Regulations, will be sent to the AMF and published on the Company's website (www.imerys.com – Finance – Publications & Regulated Information). The details can also be received by simply sending a request to the Company's headquarters.

7.3.5 SHAREHOLDING

7.3.5.1 BREAKDOWN OF SHARE CAPITAL AND VOTING RIGHTS OVER THE PAST THREE YEARS

The following changes in the breakdown of share capital and voting rights have occurred over the past three years:

	At December 31, 2017				At December 31, 2018				At December 31, 2019			
	Number of shares	% of share capital	Voting rights(1)	% of voting rights(2)	Number of shares	% of share capital	Voting rights(1)	% of voting rights(2)	Number of shares	% of share capital	Voting rights(1)	% of voting rights(2)
Belgian Securities B.V.	42,851,473	53.83	85,702,946	67.47	42,851,473	53.91	85,702,946	67.67	42,851,473	53.91	85,702,946	67.59
Blue Crest Holding S.A.	4,116,981	5.17	8,089,765	6.37	3,866,275	4.86	7,628,425	6.02	4,166,275	5.24	7,983,256	6.30
Group employees	604,757	0.76	1,068,091	0.84	500,648	0.63	881,303	0.70	857,091	1.08	1,309,042	1.03
Treasury shares	632,227	0.79	632,227(3)	0.50	237,342	0.30	237,342(3)	0.18	540,759	0.68	540,759(3)	0.43
Public float	31,398,847	39.44	31,526,945	24.82	32,029,956	40.30	32,201,253	25.43	31,070,096	39.09	31,258,911	24.65
Total	**79,604,285**	**100**	**127,019,974**	**100**	**79,485,694**	**100**	**126,651,269**	**100**	**79,485,694(4)**	**100**	**126,794,914**	**100**

(1) In accordance with article 22 of the by-laws, shares held in registered form for over two years carry double voting rights.

(2) Percentages are calculated on the basis of the theoretical voting rights existing at December 31 of each year (on the basis of the share capital for 2019 – see paragraph 7.3.1 of the present chapter).

(3) These figures reflect theoretical voting rights, as treasury shares are stripped of voting rights at Shareholders' General Meetings.

(4) Number of shares outstanding equal to the share capital at December 31, 2019. See paragraph 7.3.1 of the present chapter.

7.3.5.2 CROSSING OF STATUTORY THRESHOLDS

No disclosures were made to the Company to report a threshold being crossed in 2019 and up to the date the Universal Registration Document was filed.

To the best of Imerys' knowledge, no shareholder other than those mentioned in *paragraph 7.3.5.1 of the present chapter* either directly or indirectly held more than 5% of the Company's share capital or voting rights at the date of the Universal Registration Document was filed.

7.3.5.3 CONTROL OF THE COMPANY AND SHAREHOLDERS' AGREEMENT

Control of the Company

Given the number of voting rights held by Belgian Securities B.V., which is directly controlled by Groupe Bruxelles Lambert and indirectly by Pargesa Holding S.A. (for further details, *see the organization chart in paragraph 7.3.5.6 of the present chapter*), the Pargesa-GBL concert party exercises control rights over the Company. Nevertheless, the Company does not believe there is a risk such control be exerted abusively. The Company and its Board of Directors have always considered protecting shareholder interests to be of great importance and consistently spare no effort to comply with Corporate Governance rules and best practices, as demonstrated, in particular, by the number of independent members sitting on the Board of Directors and its committees (for further details on the structure of the Board of Directors and its committees*, see chapter 4, paragraph 4.1.1 of the Universal Registration Document*).

Shareholders' agreement

On November 5, 2014, Groupe Bruxelles Lambert, 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. Governed by Luxembourg law, the agreement came into force on February 26, 2015 for a renewable period of seven years and includes the following conditions:

- a commitment to hold for a period of three years (which expired on February 26, 2018) the 3,728,308 shares created as consideration for the shares transferred from S&B Minerals S.A. to Imerys and held since February 26, 2015 by Blue Crest Holding S.A. (as well as the Imerys shares that Blue Crest Holding S.A. received as consideration for the earnout clause contained in the acquisition agreement concluded on November 5, 2014);
- joint tag-along rights granted by Groupe Bruxelles Lambert to Blue Crest Holding S.A. for a three-year period, in the event that Groupe Bruxelles Lambert transfers Imerys shares to a third party, causing its interest to fall below 40% of Imerys' capital;
- a pre-emptive right granted to Groupe Bruxelles Lambert, as Blue Crest Holding S.A. pledged, after its holding commitment expired, to grant Groupe Bruxelles Lambert a pre-emptive right to purchase any Imerys shares that Blue Crest Holding S.A. may wish to sell;
- a right for Blue Crest Holding S.A. to be represented on the Board of Directors and the Strategic Committee for as long as Blue Crest Holding S.A. holds at least 3% of Imerys shares.

The shareholders' agreement also includes an early termination clause in the event that:

- Blue Crest Holding S.A. comes to directly or indirectly hold less than 50% of the 3,728,308 shares created as consideration for the share transfer completed on February 26, 2015;
- the agreement is terminated by Groupe Bruxelles Lambert, which it would be authorized to do if Blue Crest Holding S.A.'s current controlling shareholders were to change or no longer directly or indirectly hold 100% of capital in Blue Crest Holding S.A.;
- Groupe Bruxelles Lambert's direct or indirect interest in Imerys was to fall below 40%.

It should be noted that the shareholders' agreement does not constitute a concert party as defined in article L. 233-10 of the French Commercial Code. A copy of the agreement was sent to the AMF and the Company on March 5, 2015 (AMF decision and information No. 215C0360 dated March 27, 2015, and available on the AMF website: www.amf-france.org).

At the date this Universal Registration Document was filed, the Company has not been made aware of any other agreement between its shareholders, nor of any agreement that, if implemented, could trigger a change of control.

7.3.5.4 EMPLOYEE SHAREHOLDING, STOCK OPTIONS AND PERFORMANCE SHARES

Employee shareholding

At December 31, 2019, Group employees held 1.08% of outstanding share capital and 1.03% of theoretical voting rights in the Company, particularly through operations intended to promote employee share ownership (*see paragraph 7.3.1 of the present chapter*).

Stock options

Previous stock option grants

	2012 Plan	2011 Plan	2010 Plan	2009 Plan	2008 Plan
Date of Shareholders' General Meeting	Apr. 28, 2011	Apr. 28, 2011	Apr. 30, 2008	Apr. 30, 2008	Apr. 30, 2008
Date of Board of Directors or Management Board Meeting	Apr. 26, 2012	Apr. 28, 2011	Apr. 29, 2010	Jul. 29, 2009	Apr. 30, 2008
Number of shares that may be subscribed or purchased, of which those that may be subscribed or purchased by:	362,720	331,875	482,800	464,000	497,925
▪ Gilles Michel, Chairman and Chief Executive Officer until May 4, 2018 then Chairman of the Board until June 25, 2019	44,000	40,000	N/A	N/A	N/A
▪ Other corporate officers	N/A	N/A	N/A	N/A	N/A
Start of option exercise period	Apr. 26, 2015	Apr. 28, 2014	Apr. 29, 2013	Aug. 14, 2012	Apr. 30, 2011
End of option exercise period	Apr. 25, 2022	Apr. 27, 2021	Apr. 28, 2020	Aug. 13, 2019	Apr. 29, 2018
Subscription or purchase price	€43.62	€53.05	€46.06	€34.54	€54.19
Exercise conditions (for plans with several tranches)	N/A	N/A	N/A	N/A	N/A
Total number of shares subscribed at December 31, 2019	195,645	188,604	333,400	423,000	495,291
Total number of stock options canceled or forfeited at December 31, 2019	84,352	62,214	80,000	41,000	2,634
Number of stock options outstanding at December 31, 2019	82,723	81,057	69,400	0	0

Changes in the number of options in 2019

The total number of stock options outstanding at December 31, 2019 totaled 233,180, representing 0.29% of Imerys' share capital after dilution at that date. The weighted average exercise price was €47.62.

In 2019, 38,170 stock options were canceled and 14,763 were exercised by 11 beneficiaries at a weighted average price of €34.54.

Performance shares

Grant policy

The main characteristics of grants made by the Board of Directors are as follows:

- grants take the form of performance shares that, in principle, are fully subject to financial performance targets;
- except in exceptional circumstances, plans are annual and grants are usually made on the day of the Shareholders' General Meeting;
- actual or likely beneficiaries of performance share grants include the Group's executive managers (members of the Executive Committee as well as the operating and support executives reporting to them) and employees whose career potential or individual performance has been recognized as outstanding.

Main characteristics of performance shares

Vesting period

In accordance with current legal provisions, free shares are subject to a vesting period that may not be less than one year following the grant date (since the "Macron law" of August 6, 2016) or two years for grants made before August 8, 2015, subject, in principle, to fulfilling certain economic and financial performance criteria that cannot be assessed on the basis of a single year. The number of shares vested is subject and proportionate to achieving these targets.

Loss of shares

If the beneficiary leaves the Group before the end of the vesting period for any reason (including, in principle, if the company by which they are employed leaves the Group's scope of consolidation), they will lose (in principle, subject to derogation approved by the Board of Directors) all rights to performance shares, except in the event of death, long-term disability or retirement, in which case their rights will be maintained according to the specific terms and conditions of each plan.

Lock-up period

Since the Macron law, a lock-up period (between the vesting date and the availability date) is no longer mandatory for free share grants. Nevertheless, the total duration of vesting and lock-up periods for performance share grants may not be less than two years.

Following any such lock-up period, beneficiaries are able to transfer or sell the shares as they wish.

Performance share plan adopted in 2019

- In 2019, the Board of Directors granted 427,500 performance shares to 179 Group managers residing in France or overseas. With the exception of Conrad Keijzer, the former Chief Executive Officer, the 10 beneficiaries receiving the highest number of performance shares in 2019 were granted a total of 109,400 shares.

  The number of performance shares granted with respect to the 2019 plan is subject and proportionate to meeting a set of objectives common to all beneficiaries. Based on the recommendation of the Compensation Committee, the Board of Directors was able to verify the demanding nature of these objectives, which are based on two equally weighted quantitative criteria: the Group's annual growth in net income from current operations, per share and return on capital employed for 2019-2021. After being reviewed by the Compensation Committee, the extent to which these objectives have been met will be agreed by the Board of Directors at the end of each financial year on the basis of the Group's consolidated financial statements.
- In early 2020, the Board of Directors granted 154,150 performance shares to 75 Group managers residing in France or overseas.

  The number of performance shares granted with respect to the exceptional 2020 plan is subject and proportionate to meeting a set of objectives common to all beneficiaries. Based on the recommendation of the Compensation Committee, the Board of Directors was able to verify the demanding nature of these objectives, which are based on two quantitative criteria: the Group's annual growth in net income from current operations, per share (weighted at 60%) and return on capital employed for 2020-2022 (weighted at 40%). After being reviewed by the Compensation Committee, the extent to which these objectives have been met will be agreed by the Board of Directors at the end of each financial year on the basis of the Group's consolidated financial statements.
- All performance shares will vest according to the extent to which the objectives have been achieved, three years after being granted. Consequently, in accordance with article L. 225-197-1-I, paragraph 7 of the French Commercial Code, these shares are not subject to any lock-up period once vested.

Previous performance share grants

	January 2020 Plan	May 2019 Plan	May 2018 Plan	May 2017 Plan	May 2016 Plan	April 2015 Plan	April 2014 Plan
Date of Shareholders' General Meeting	May 4, 2018	May 4, 2018	May 4, 2018	May 4, 2016	May 4, 2016	Apr. 29, 2014	Apr. 29, 2014
Date of Board meeting	Dec. 17, 2019[(1)]	Oct. 5, 2019	May 4, 2018	May 3, 2017	May 4, 2016	Apr 30, 2015	Apr. 29, 2014
Total number of shares granted, of which to corporate officers:	154,150	427,500	295,200	293,400	302,500	309,550	282,475
▪ Conrad Keijzer, Chief Executive Officer until October 21, 2019	N/A	65,000	30,000	N/A	N/A	N/A	N/A
▪ Gilles Michel Chairman and Chief Executive Officer until May 4, 2018 then Chairman of the Board of Directors until June 25, 2019	N/A	0	0	35,000	32,500	35,000	32,500
▪ Other corporate officers	0	0	0	0	0	0	0
Vesting date[(2)]	Jan. 14, 2023	May 9, 2022	May 4, 2021	May 3, 2020	May 4, 2019	Apr. 30, 2019	Apr. 29, 2018
End of lock-up period[(2)]	Jan. 14, 2023	May 9, 2022	May 4, 2021	May 3, 2020	May 4, 2019	Apr. 30, 2019	Apr. 29, 2018
Performance conditions	Net income from current operations, per share Free cash flow	Net income from current operations, per share Return on capital employed	Net income from current operations, per share Return on capital employed	Net income from current operations, per share Return on capital employed	Net income from current operations, per share Return on capital employed	Net income from current operations, per share Return on capital employed	Net income from current operations, per share Return on capital employed
Total number of shares vested at December 31, 2019	**N/A**	**N/A**	**N/A**	**N/A**	**236,352**	**180,231**	**0**
Total number of shares canceled or forfeited at December 31, 2019[(3)]	**N/A**	**89,300**	**113,650**	**88,475**	**55,480**	**128,639**	**0**
Remaining performance shares at December 31, 2019	**N/A**	**338,200**	**178,550**	**204,925**	**0**	**0**	**0**

(1) Granted on January 14, 2020 by the Chief Executive Officer acting with the authorization of the Board.

(2) For shares awarded to all beneficiaries, irrespective of their tax residence.

(3) After beneficiaries leave the Group or fail to meet the performance conditions.

In 2019, 240,215 performance shares were canceled, while 416,583 performance shares vested and were transferred to their respective beneficiaries.

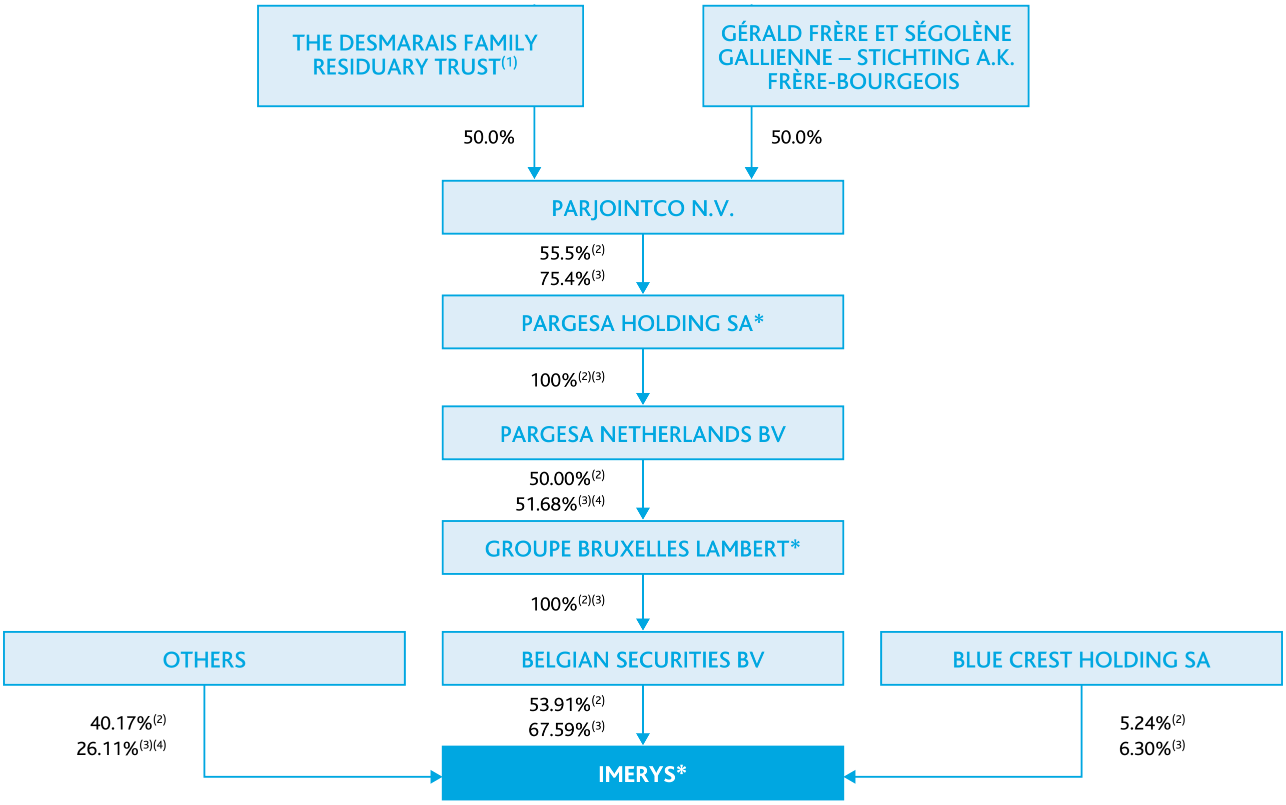
The total number of performance shares outstanding at December 31, 2019 equaled 721,675, representing 0,91% of Imerys' share capital after dilution at that date.

7.3.5.5 IDENTIFICATION OF BEARER SHARES

Imerys has tasked Euroclear France with conducting a survey of identifiable bearer shares in the Company among financial intermediaries with holding thresholds over 30,000 shares. Excluding the controlling shareholder (Belgian Securities B.V.), the survey identified 4,221 holders of bearer shares, each with over 200 shares, representing 37.4% of share capital at December 31, 2019 *(see paragraph 7.3.1 of the present chapter)* (of which 254 institutional investors holding 34.8% of share capital).

7.3.5.6 GROUP SHAREHOLDING STRUCTURE

The following diagram represents the relationships between Imerys shareholders by share capital and voting rights at December 31, 2019 (*see paragraph 7.3.1 of the present chapter*):



** Listed entity/** excluding treasury shares.*
(1) i.e. Paul Desmarais, Jr. et André Desmarais.
(2) Stake held in share capital.
(3) Stake held in voting rights.
(4) Given treasury share with no voting rights.

Parjointco is a company governed by Dutch law whose registered office is located at Veerkade 5, 3016 DE-Rotterdam (Netherlands). It is jointly owned and controlled by The Desmarais Family Residuary Trust, held by the Desmarais family (Canada), and Stichting A.K. Frère Bourgeois controlled by the Frère family (Belgium).

Pargesa Holding S.A. is a company governed by Swiss law whose registered office is located at 11, Grand-Rue, CH-1204 Geneva (Switzerland). Pargesa Netherlands B.V. is a company governed by Dutch law whose registered office is located at Herengracht 483, 1017 BT Amsterdam (Netherlands).

Groupe Bruxelles Lambert is a company governed by Belgian law whose registered office is located at Avenue Marnix 24, 1000 Brussels (Belgium). Belgian Securities B.V. is a company governed by Dutch law whose registered office is located at Herengracht 555, 1017 BW Amsterdam (Netherlands).

The direct affiliation of Imerys to the Pargesa-GBL concert party resulted from the Company's merger with Parfinance completed on June 30, 1998. Parfinance was the Company's controlling shareholder at that time and had been so for several years.

Blue Crest Holding S.A. is a company governed by Luxembourg law whose registered office is located at 19, rue Eugène Ruppert, L-2453 Luxembourg (Luxembourg). It is owned and controlled by the Kyriacopoulos family (Greece).

7.4 ELEMENTS THAT COULD HAVE AN IMPACT IN THE EVENT OF A TAKEOVER BID

It should be noted 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 Company's share ownership (structure of the share capital, threshold crossings and control of the Company) appear in *section 7.3 of the present chapter*.

Restrictions on voting rights and transfers of shares or agreements known by the Company

See paragraph 7.3.5.3 of the present chapter.

Holders of shares carrying specific control rights

The Company's by-laws state that shares held in registered form by the same shareholder for over two years carry double voting rights *(see section 7.1 of the present chapter)*.

Control mechanisms applied to employee shareholding schemes

None.

Agreements between shareholders known by the Company that could lead to restrictions of share transfers and voting rights

See paragraph 7.3.5.3 of the present chapter.

Specific rules governing the appointment or replacement of directors and amendments to the Company's by-laws

None.

Powers of the Board of Directors, in particular regarding issues of shares or share buy-backs

The terms and conditions of share buy-backs are set out in *paragraphs 7.3.3 and 7.3.4 of the present chapter*.

It should be noted that when expired financial authorizations were submitted for renewal at the Ordinary and Extraordinary Shareholders' General Meetings held on May 3, 2017, May 4, 2018 and May 10, 2019, shareholders excluded the option for the Board of Directors to buy back shares or use the delegations of authority granted to it during a takeover bid for the Company's shares.

Agreements that may be amended or terminated in the event of a change of control of the Company

Among the Company's main financing agreements *(see Note 24.5 to the consolidated financial statements set forth in chapter 6, paragraph 6.1.2)* some contain a clause that provides for 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 include an exit clause in the event of a change of control.

Agreements including compensation clauses to be paid to members of the Board of Directors or employees if they resign or are dismissed without genuine or serious cause or if their contract is terminated as a result of a takeover bid

The terms and conditions applicable to compensation payable to executive managers for termination of office are detailed in *chapter 4, section 4.3 of the Universal Registration Document*.

7

7.5 DIVIDENDS

Imerys bases the distribution of dividends on the consolidated net income from current operations recorded in the financial year in question.

In accordance with the provisions of article 243 *bis* of the French General Tax Code (*Code général des impôts*), the dividends paid in respect of the last three financial years were as follows:

	2018	2017	2016
Net income from current operations, per share	€4.5	€5.11	€4.60
Net dividend per share	€2.15	€2.075	€1.87
Gross dividend per share	€2.15	€2.075	€1.87
Number of shares receiving the dividend	79,083,935	79,313,151	79,265,238
Total net distribution	**€170 million**	**€164.6 million**	**€148.2 million**

As a general rule, Imerys does not distribute interim dividends. Dividends are paid once a year following the Shareholders' General Meeting held to approve the management and financial statements for the previous financial year.

Dividends that have not been claimed within five years after the dividend payment date are time-barred. Unclaimed dividends are paid to the French State in the first 20 days of January of the year following the expiration of the period of limitation.

7.6 PARENT COMPANY/SUBSIDIARY ORGANIZATION

At December 31, 2019, the Group was made up of 317 companies based in 58 countries (the main consolidated entities of the Group are listed in *Note 25 to the consolidated financial statements set forth in chapter 6, paragraph 6.2.2*). The Group's organizational structure is detailed in *chapter 1, paragraphs 1.1.2 et seq. of the Universal Registration Document*.

Imerys is the Group's holding company and therefore does not directly carry out any industrial or business activity. The Company's assets are mainly comprised of the investments it holds directly in certain Group subsidiaries. For further details about the subsidiaries directly controlled by the Company, *see Note 30 to the statutory financial statements set forth in chapter 6, paragraph 6.1.2*.

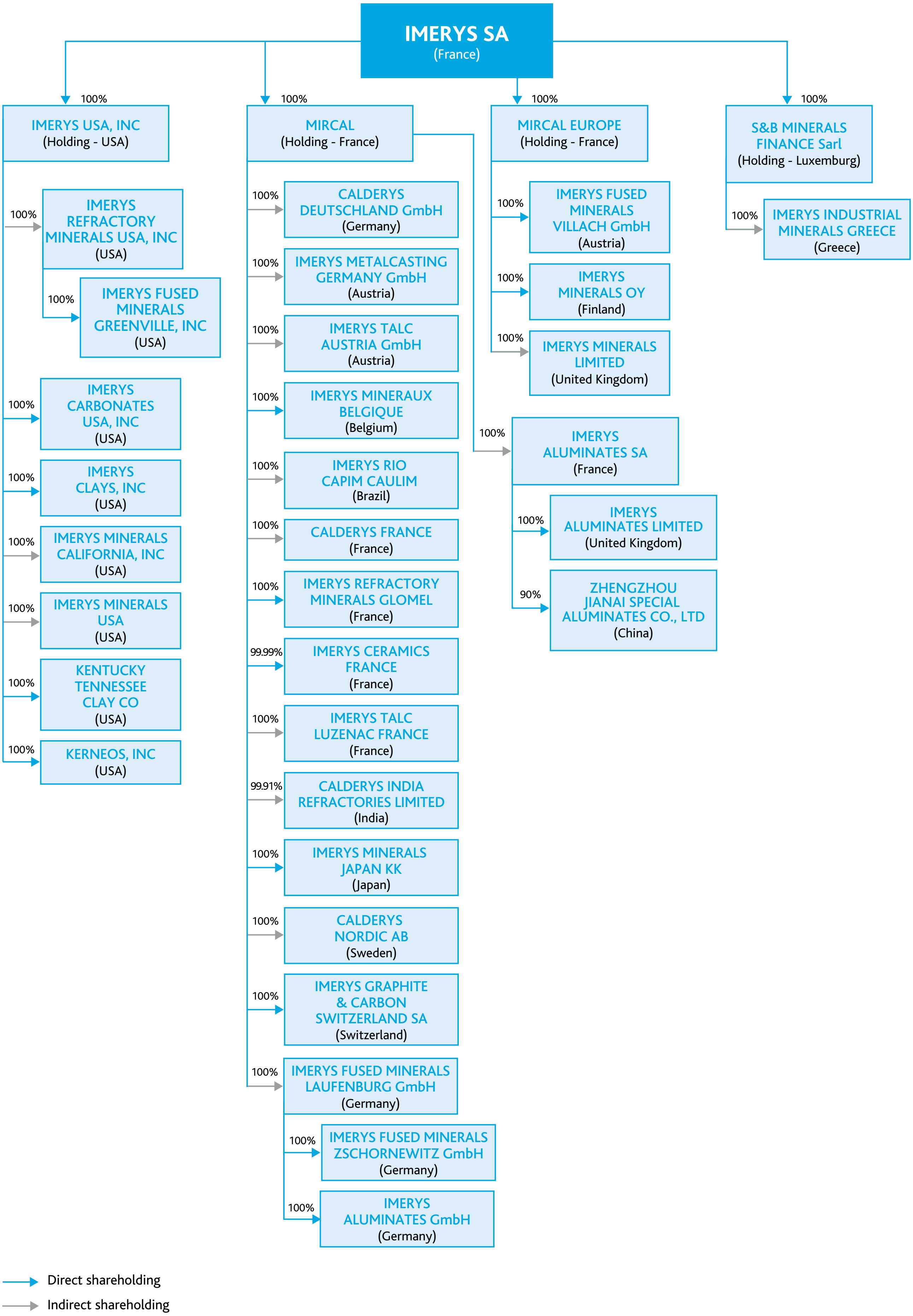
Imerys, along with certain local holding companies (in Belgium, Brazil, China, Singapore, the UK and the US), provides all their subsidiaries with general support and expertise in the following areas in particular:

- Accounting & Financial Control;
- Audit;
- Cash;
- Communication;
- Environment, Health & Safety;
- Human Resources;
- Insurance;
- Innovation, Research & Development;
- Intellectual Property;
- IT;
- Legal;
- Purchasing;
- Strategy;
- Tax.

These services include: support and advice in *ad-hoc* requests from its subsidiaries, as well as more general studies and analyses or even recommendations or suggested preventive measures.

Compensation for these services is determined on the basis of the costs incurred by Imerys and its local holding companies. These costs are allocated to the subsidiaries that benefit from the services, either in proportion to their total revenue compared to the total revenue of their operating segment or in proportion to the number of their employees. In addition, external costs incurred specifically on behalf of a subsidiary along with the cost of seconding employees to a subsidiary are allocated to that subsidiary separately. In 2019, the Company invoiced a net total amount of €88 million for services provided to its subsidiaries. Imerys is also the parent company of the tax consolidation group for the Group's companies based in France, more than 95% of the share capital of which is held by Imerys (*see Note 8 to the statutory financial statements set forth in chapter 6, paragraph 6.2.2*).

The simplified organization chart presented below illustrates the main operating entities of the Group whose gross revenue exceeded €50 million at December 31, 2019:


IMERYS SA
(France)
100%
IMERYS USA, INC
(Holding - USA)
100%
IMERYS REFRACTORY MINERALS USA, INC
(USA)
100%
IMERYS FUSED MINERALS GREENVILLE, INC
(USA)
100%
IMERYS CARBONATES USA, INC
(USA)
100%
IMERYS CLAYS, INC
(USA)
100%
IMERYS MINERALS CALIFORNIA, INC
(USA)
100%
IMERYS MINERALS USA
(USA)
100%
KENTUCKY TENNESSEE CLAY CO
(USA)
100%
KERNEOS, INC
(USA)
100%
MIRCAL
(Holding - France)
100%
CALDERYS DEUTSCHLAND GmbH
(Germany)
100%
IMERYS METALCASTING GERMANY GmbH
(Austria)
100%
IMERYS TALC AUSTRIA GmbH
(Austria)
100%
IMERYS MINERAUX BELGIQUE
(Belgium)
100%
IMERYS RIO CAPIM CAULIM
(Brazil)
100%
CALDERYS FRANCE
(France)
100%
IMERYS REFRACTORY MINERALS GLOMEL
(France)
99.99%
IMERYS CERAMICS FRANCE
(France)
100%
IMERYS TALC LUZENAC FRANCE
(France)
99.91%
CALDERYS INDIA REFRACTORIES LIMITED
(India)
100%
IMERYS MINERALS JAPAN KK
(Japan)
100%
CALDERYS NORDIC AB
(Sweden)
100%
IMERYS GRAPHITE & CARBON SWITZERLAND SA
(Switzerland)
100%
IMERYS FUSED MINERALS LAUFENBURG GmbH
(Germany)
100%
IMERYS FUSED MINERALS ZSCHORNEWITZ GmbH
(Germany)
100%
IMERYS ALUMINATES GmbH
(Germany)
100%
MIRCAL EUROPE
(Holding - France)
100%
IMERYS FUSED MINERALS VILLACH GmbH
(Austria)
100%
IMERYS MINERALS OY
(Finland)
100%
IMERYS MINERALS LIMITED
(United Kingdom)
100%
IMERYS ALUMINATES SA
(France)
100%
IMERYS ALUMINATES LIMITED
(United Kingdom)
90%
ZHENGZHOU JIANAI SPECIAL ALUMINATES CO., LTD
(China)
100%
S&B MINERALS FINANCE Sarl
(Holding - Luxemburg)
100%
IMERYS INDUSTRIAL MINERALS GREECE
(Greece)
Direct shareholding
Indirect shareholding

7

7.7 STATUTORY AUDITORS

STATUTORY AUDITORS

Deloitte & Associés	**Ernst & Young et Autres**
represented by Frédéric Gourd	Represented by Sébastien Huet
6, place de la Pyramide, 92908 Paris-La Défense, France	1/2, place des Saisons, 92400 Courbevoie, Paris-La Défense 1, France
first appointed by the Extraordinary and Ordinary Shareholders' General Meeting held on May 5, 2003 and most recently re-appointed by the Extraordinary and Ordinary Shareholders' General Meeting held on May 4, 2016	first appointed by the Extraordinary and Ordinary Shareholders' General Meeting held on April 29, 2010 to replace Ernst & Young Audit and most recently re-appointed by the Extraordinary and Ordinary Shareholders' General Meeting held on May 4, 2016

Deloitte & Associés and Ernst & Young et Autres are members of the Auditors' Regional Company of Versailles (*Compagnie régionale des Commissaires aux comptes de Versailles*).

ALTERNATE AUDITORS

BEAS	**Auditex**
195, avenue Charles-de-Gaulle, 92200 Neuilly-sur-Seine-Cedex, France part of the Deloitte network	1/2, place des Saisons, 92400 Courbevoie, Paris-La Défense 1, France part of the Ernst & Young network
first appointed by the Extraordinary and Ordinary Shareholders' General Meeting held on May 5, 2003 and re-appointed for the last time by the Extraordinary and Ordinary Shareholders' General Meeting held on May 4, 2016	first appointed by the Extraordinary and Ordinary Shareholders' General Meeting held on April 29, 2010 to replace Jean-Marc Montserrat and most recently re-appointed by the Extraordinary and Ordinary Shareholders' General Meeting held on May 4, 2016

7.8 RELATED PARTY AGREEMENTS

In accordance with the charter on related party and arm's length agreements adopted by the Board of Directors on July 25, 2019, each year the Board reviews all agreements concluded with related parties. As part of the review process, the Board assesses the categorization of agreements as related parties agreements (*conventions réglementées*) or standard agreements with related parties (*conventions libres*) (given the criteria set out in the aforementioned charter).

At its meeting on February 12, 2020, the Board of Directors conducted its annual review of agreements with any related party for 2019, in accordance with the aforementioned charter.

As mentioned in the Statutory Auditors' special report published in *chapter 6, section 6.3 of the Universal Registration Document* and detailed in *chapter 8, paragraph 8.1.2 of the Universal Registration Document*, it should be noted that:

- no related party agreements (*conventions réglementées*) were concluded in 2019 and no agreement concluded in 2018 was no longer or newly considered to be a related party agreement (*convention réglementée*);
- related party agreements and commitments (*conventions réglementées*) concluded in 2018 that continued to apply in 2019 maintained the terms and conditions applicable in the previous year.

8 ORDINARY AND EXTRAORDINARY SHAREHOLDERS' MEETING OF MAY 4, 2020

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8.1 PRESENTATION OF THE RESOLUTIONS BY THE BOARD OF DIRECTORS

The resolutions agreed by the Board of Directors at its meeting of February 12, 2020 are submitted for approval at the Shareholders' General Meeting. Resolutions 1 through 18 and 26 will be put to the Ordinary Shareholders' Meeting and resolutions 19 through 25 will be put to the Extraordinary Shareholders' Meeting.

Pursuant to the provisions of articles L. 225-37, L. 225-37-2, L. 225-37-3, L. 225-37-4 and L. 225-100 of the French Commercial Code *(Code de commerce)*, *paragraphs 8.1.3 to 8.1.6 and section 8.4 of the present chapter* form an integral part of the Corporate Governance Report.

8.1.1 2019 ANNUAL FINANCIAL STATEMENTS AND APPROPRIATION OF PROFIT

(Three resolutions put to the Ordinary Shareholders' General Meeting)

Shareholders are invited to approve the Company's annual financial statements **(first resolution)** and the Group's consolidated financial statements **(second resolution)** for the year ended December 31, 2019.

These financial statements, along with the financial situation, business and results of the Group and the Company for the year ended December 31, 2019, as well as various items of information required by current laws and regulations, are published in *chapter 5 (Comments on fiscal year 2019) and chapter 6 (Financial statements)*.

Shareholders are then called upon to approve the appropriation of the Company's distributable profit for 2019 **(third resolution)**. In 2019, the Company's distributable profit totaled €439,043,239.30, which can be broken down as €139,509,137.76 in net income plus €299,534,101.54 in retained earnings brought forward from the prior year. The Board of Directors recommends paying a per-share dividend of €2.15, which is level on the dividend paid in 2019 with respect to the previous financial year.

The total dividend payout will be adjusted according to the number of shares issued for stock options exercised since January 1, 2020 that are eligible for the 2019 dividend at the date of payment. Consequently, the amount allocated to retained earnings will be determined on the basis of the total actual dividend payout. Furthermore, if the Company holds any treasury shares on the date at which the dividend is paid, the corresponding unpaid dividends will also be allocated to retained earnings.

Pursuant to the provisions of article 243 *bis* of the French Tax Code *(Code général des impôts)*, individual shareholders domiciled for tax purposes in France may benefit from a 40% tax allowance on the totality of the proposed dividend for 2019, as stipulated in article 158-3-2° of the French Tax Code, subject to the taxpayer opting to be taxed according to the standard progressive income tax bands set out in article 200-A-2 of said Code.

Dividends paid for the past three financial years were as follows:

Financial year ending	Dec. 31, 2018	Dec. 31, 2017	Dec. 31, 2016
Net dividend per share	€2.15*	€2.075*	€1.87*
Number of shares carrying dividend rights	79,083,935	79,313,151	79,265,238
Total net payout	**€170 M**	**€164.6 M**	**€148.2 M**

* *Fully eligible for the 40% tax allowance for individual shareholders domiciled in France for tax purposes stipulated in article 158-3-2° of the French Tax Code.*

8.1.2 OPTION FOR PAYMENT OF DIVIDEND IN CASH AND/OR SHARES

(One resolution put to the Ordinary Shareholders' General Meeting)

Shareholders are asked under the **fourth resolution** to offer all shareholders the option of choosing whether to receive payment for the dividend approved in the third resolution in cash and/or shares.

Shareholders living outside France must themselves inquire about and comply with the terms and conditions applicable locally to this alternative option. Shareholders deciding whether or not to opt for payment in shares for all or part of the dividend they are eligible to receive should take into consideration the risk inherent to such an investment.

The new shares will be issued at a price equal to 95% of the average opening market price for the Imerys share traded on Euronext Paris over the last 20 trading days prior to the date of the present Shareholders' General Meeting, minus the net dividend amount rounded up to the nearest euro cent.

As previously stated, shareholders must decide whether to receive the dividend payment in cash and/or in shares between May 19, 2020 and June 8, 2020 inclusive, and inform the financial intermediaries authorized to pay the dividend or, for holders of shares in pure registered form, the account holder of the Company, CACEIS Corporate Trust – Service Assemblées Générales – 14, rue Rouget de Lisle – 92862 ISSY-LES-MOULINEAUX Cedex 9, France. Any shareholder who has not made their choice known to receive payment for all or part of the dividend in shares within this period will receive the full dividend payment in cash.

If the amount of the dividend payable in shares does not correspond to a whole number in the equivalent of shares, shareholders will receive the amount of shares rounded down to the nearest whole number and the remaining balance in cash paid by the Company.

The dividend will be payable from June 12, 2020. Shareholders who opt for the alternative payment option for all or part of the dividend will receive their shares on this same date.

8.1.3 RELATED PARTY AGREEMENTS AND COMMITMENTS

(One resolution put to the Ordinary Shareholders' General Meeting)

Pursuant to the provisions of article L. 225-40 of the French Commercial Code, shareholders are asked to approve the Statutory Auditors' special report on related party agreements and commitments *(conventions réglementées)* governed by articles L. 225-38 *et seq.* of said Code and published in *chapter 6, section 6.3* **(fifth resolution).**

Without prejudice to the commitments given by the Company to Alessandro Dazza, who on December 17, 2019 was appointed to the office of Chief Executive Officer of the Company as of February 17, 2020, which are detailed in *chapter 4, paragraph 4.3.3*, the Company did not enter into any new related parties agreements or commitments *(conventions réglementées)* in 2019.

Shareholders are also informed that at its meeting held on February 12, 2020 and in accordance with legal requirements and its internal charter on related party agreements and commitments *(conventions réglementées)* and standard agreements and commitments with related parties *(conventions libres)* (*see chapter 7, section 7.8*), the Board of Directors reviewed all the related party agreements and commitments *(conventions réglementées)* that were authorized and concluded by the Company in previous years and remained in force in 2019.

The Board of Directors noted that:

- no related party agreements *(conventions réglementées)* were concluded in 2019; and
- the related party agreements *(conventions réglementées)* concluded in previous years that have already been approved by the Shareholders' General Meeting and continued to apply in 2019 were conducted in accordance with the terms and conditions applicable in 2018. The related party agreements *(conventions réglementées)* that continued to apply throughout part or the whole of 2019 were as follows:
  - commitments given to Gilles Michel (as described in further detail in *paragraph 8.1.5*):
    - the specific responsibility to support Conrad Keijzer in order to guarantee a smooth handover as Chief Executive Officer office in 2018 but amount of which was determined in 2019 and its payment authorized,
    - obligations covered by the Company for the actual payment of all rights due as part of the defined benefit pension plan, which occurred in 2019,
  - commitments given to Conrad Keijzer (as described in further detail in *paragraph 8.1.4*):
    - termination benefit (due to a change in control, strategy or a major disagreement over these issues),
    - complementary defined contribution pension plan,
    - unemployment insurance for corporate officers (GSC).

All related party agreements *(conventions réglementées)* and subject to the procedure set forth in the article L. 225-38 of the French Commercial Code are detailed in the Statutory Auditors' special report published in *chapter 6, paragraph 6.6.3*.

8

8.1.4 POLICY ON COMPENSATION AWARDABLE TO CORPORATE OFFICERS

(Two resolutions put to the Ordinary Shareholders' General Meeting)

Pursuant to the provisions of article L. 225-37-2 of the French Commercial Code, shareholders are asked to approve the policy on compensation awardable to corporate officers (executive corporate officers and members of the Board of Directors), which protects the Company's corporate interests, contributes to its long-term success and reflects its business strategy **(sixth and seventh resolutions)**. The Board of Directors determined this policy at its meeting held on February 12, 2020, based on proposals made by the Compensation Committee. It includes the same items as in 2019, with the exception of the impatriation bonus, which has not been renewed for 2020, and the possibility to award long-term compensation, which has been expressly specified.

The corporate officers' compensation policy (applicable to executive corporate officers and members of the Board of Directors in 2020) is set out in detail in *chapter 4, paragraph 4.3.1.*

8.1.5 COMPONENTS OF COMPENSATION PAID OR AWARDED TO CORPORATE OFFICERS IN 2019

(Four resolutions put to the Ordinary Shareholders' General Meeting)

8.1.5.1 INFORMATION ON COMPONENTS OF COMPENSATION AWARDED TO CORPORATE OFFICERS (EIGHTH RESOLUTION)

Pursuant to the provisions of article L. 225-100 II of the French Commercial Code, shareholders are asked to approve the information set forth in article L. 225-37-3 I. of said Code *(new report on compensation)* included in the Corporate Governance Report, as set out in *chapter 4, section 4.3*.

8.1.5.2 COMPONENTS OF COMPENSATION PAID OR AWARDED TO CONRAD KEIJZER FOR THE YEAR ENDED DECEMBER 31, 2019 (NINTH RESOLUTION)

Conrad Keijzer held the following positions:

- Deputy Chief Executive Officer (from March 8, 2018 to May 4, 2018);
- Chief Executive Officer and director (from May 4, 2018 to October 21, 2019).

Components of compensation subject to approval	Amount paid in the year ended December 31, 2019	Amount granted in the year ended December 31, 2019 or equivalent accounting value	Details
Fixed compensation	€643,478.29 *(Cf. fixed compensation for 2019, prorata temporis)*	€643,478.29 *(Cf. fixed compensation for 2019, prorata temporis)*	The amount of annual gross fixed compensation agreed by the Board of Directors (at its meeting of February 13, 2019) for 2019 totaled €800,000. √ *For further details, see chapter 4, paragraph 4.3.3.2.*
Annual variable compensation	€500,347 *(Cf. variable compensation for 2018)*	€188,796 *(Cf. variable compensation for 2019)*	Annual variable compensation for 2018 The annual variable compensation granted by the Board of Directors (at its meeting of March 8, 2018) for 2018, the amount of which was set by the Board of Directors (at its meeting of February 13, 2019) and paid in 2019 as approved by the Shareholders' General Meeting of May 10, 2019 (seventh resolution). Annual variable compensation for 2019 At its meeting of February 12, 2020 and based on the recommendations of the Compensation Committee, the Board of Directors considered the extent to which Conrad Keijzer had achieved the quantitative and qualitative targets set for 2019 in order to determine the amount of variable compensation payable for the year. The quantitative criteria for 2019 were tied to targets for the Group's net income from current operations, free operating cash flow and return on capital employed, accounting for 50%, 30% and 20%, respectively. The qualitative criteria are based on achieving objectives linked to the Group's organic and external growth the success of the Group's transformation plan, the leadership of the senior management team, product stewardship and customer satisfaction. After assessing the extent to which the quantitative criteria have been met, the resulting amount of annual variable compensation is calculated based on the reference compensation equal to 110% of annual fixed compensation, multiplied by a factor of between 0.8 and 1.2 depending on the fulfillment of the qualitative criteria. The overall percentage achievement for these criteria may be increased or decreased by 3% depending on whether or not the workplace health & safety objective (applicable to all senior executives in the Group) was met. The maximum total variable compensation that may be granted was capped at 165% of annual fixed compensation. Consequently, the variable compensation payable to Conrad Keijzer for 2019 amounts to €188,796, representing 29.34% of his fixed compensation paid in 2019. This figure reflects the achievement of 36.75% of the quantitative targets, a minimum individual performance component (i.e. 0,8, factor between 0.8 and 1.2) and the application of a 3% reduction given the specific workplace health & safety objective was not achieved. This sum will be paid to Conrad Keijzer, subject to the approval of the **ninth resolution** submitted to the Shareholders' General Meeting of May 4, 2020. √ *For further details, see chapter 4, paragraph 4.3.3.2.*
Multi-annual variable compensation	N/A	N/A	No decision regarding multi-annual variable compensation in 2019.
Impatriation bonus	€379,030	€249,682	Conrad Keijzer received an annual impatriation bonus equal to 30% of the fixed and variable compensation paid to him each year. Conrad Keijzer was awarded €379,030 in 2019, the difference of €129,348 between the amount paid and the amount due will be added to the annual variable compensation. √ *For further details, see chapter 4, paragraph 4.3.3.2.*
Exceptional compensation	N/A	N/A	No decision regarding exceptional compensation in 2019.

Components of compensation subject to approval	Amount paid in the year ended December 31, 2019	Amount granted in the year ended December 31, 2019 or equivalent accounting value	Details
Stock options, performance shares and any other long-term benefit	N/A	N/A	Performance shares At its meeting held on May 10, 2019 and based on the recommendations of the Compensation Committee, the Board of Directors decided to grant Conrad Keijzer 65,000 performance shares. This grant was made pursuant to the authorization granted by the Ordinary and Extraordinary Shareholders' General Meeting of May 4, 2018 (fourteenth resolution). The shares were subject to the same financial performance conditions as those applicable to the 2018 General Performance Share Plan offered to the Group's executive managers. The objectives were equally weighted between the increase in net income from current operations per share and the Group's return on capital employed over the period 2019-2021. Given Conrad Keijzer is no longer with the Group, all the performance shares awarded to him (95,000 shares) have been canceled. Consequently, the value of shares recognized in the 2019 consolidated statements was nil. No other benefit/long-term compensation was granted in 2019. √ *For further details, see chapter 7, paragraph 7.3.5.4.*
Severance package	N/A	€2,239,982	Termination benefit: Conrad Keijzer was owed a severance package when he had to step down from his duties following a change of control or strategy or a major disagreement over such issues. No compensation would have been due had Conrad Keijzer voluntarily stepped down and was soon able to claim retirement benefits or had he been dismissed for gross or serious misconduct. If the term of his office exceeded two years, the maximum amount of the severance package was calculated on the basis of two years' compensation (fixed and variable). Its payment was subject and proportionate to meeting a performance condition appraised on the mean of the percentage to which he achieved the quantitative targets over the last three financial years, as set to determine variable compensation for each year. The condition was as follows: ▪ If the average achievement percentage (calculated over the last three years) for such objectives were less than 40%, no severance pay would be due. ▪ If the percentage exceeded 80%, the maximum amount of severance pay would be due. At its meeting held on February 12, 2020 and based on the recommendations of the Compensation Committee, the Board of Directors set the severance pay due to Conrad Keijzer, whose duties were terminated on October 21, 2019, at €2,239,982. √ *For further details, see chapter 4, paragraph 4.3.2.* Non-compete indemnity: A two-year non-compete period was agreed, starting on the date at which Conrad Keijzer's duties as Chief Executive Officer were terminated, with no compensation other than the aforementioned severance package. The Board of Directors reserved the right to decide whether or not to enforce this clause. At its meeting held on February 12, 2020 and based on the recommendations of the Compensation Committee, the Board of Directors decided to apply the non-compete clause.

Components of compensation subject to approval	Amount paid in the year ended December 31, 2019	Amount granted in the year ended December 31, 2019 or equivalent accounting value	Details
Complementary pension plan	N/A	N/A	Conrad Keijzer benefited from a complementary defined contribution pension plan, which the Company put in place on October 1, 2009 to contribute 8% of the compensation of eligible employees, capped at eight times the annual French social security. Contributions from the beneficiary are set at 3% and employer contributions at 5%. √ *For further details, see chapter 4, paragraph 4.3.3.*
Directors' compensation	N/A	N/A	Conrad Keijzer did not receive any compensation for his duties as a director.
Benefits in kind	€135,076	€135,076	Benefits in kind include official accommodation, a company car with driver and the contributions to an unemployment insurance scheme for corporate officers.

8.1.5.3 COMPONENTS OF COMPENSATION PAID OR AWARDED TO GILLES MICHEL FOR THE YEAR ENDED DECEMBER 31, 2019 (TENTH RESOLUTION)

Gilles Michel held the following positions:

- Chairman & Chief Executive Officer until May 4, 2018;
- Chairman of the Board from May 4, 2018 to June 25, 2019.

Components of compensation subject to approval	Amount paid in the year ended December 31, 2019	Amount granted in the year ended December 31, 2019 or equivalent accounting value	Details
Fixed compensation	N/A	N/A	N/A
Annual variable compensation	€246,635 *(Cf. variable compensation for 2018)*	N/A	The annual variable compensation granted by the Board of Directors (at its meeting of February 14, 2018) for 2018, the amount of which was set by the Board of Directors (at its meeting of February 13, 2019) and paid in 2019 as approved by the Shareholders' General Meeting of May 10, 2019 (eighth resolution).
Multi-annual variable compensation	N/A	N/A	N/A
Impatriation bonus	N/A	N/A	N/A
Exceptional compensation	€150,000 *(Cf. exceptional compensation for 2018)*	N/A	Exceptional compensation for 2018 covered the specific mission of Gilles Michel to support Conrad Keijzer, as decided by the Board of Directors (at its meeting held on May 4, 2018) and approved as a related party agreement (*convention réglementée*) by the Shareholders' General Meeting of May 10, 2019 (fifth resolution). The amount was set by the Board of Directors (at its meeting held on February 13, 2019) and paid in 2019.
Stock options, performance shares and any other long-term benefit	N/A	N/A	No shares or other long-term benefit were granted to Gilles Michel in 2019. √ *For further details, see chapter 7, paragraph 7.3.5.4.*
Severance package	N/A	N/A	N/A
Complementary pension plan	€8,923,692.19 *(gross amount before contributions)*	N/A	Payment of all rights due to Gilles Michel under the defined benefit pension plan – *see paragraph 8.1.3 above*.
Directors' compensation	€143,611 *(including €72,500 in respect of 2018)*	€71,111	In line with the allocation bands set by the Board and its committees in force at the date and as per the attendance of Gilles Michel at meetings of the Board and the Strategic Committee of which he was a member. √ *For further details, see chapter 4, paragraph 4.3.2.*
Benefits in kind	N/A	N/A	N/A

8.1.5.4 COMPONENTS OF COMPENSATION PAID OR AWARDED TO PATRICK KRON FOR THE YEAR ENDED DECEMBER 31, 2019 (ELEVENTH RESOLUTION)

Patrick Kron held the following positions:

- Chairman of the Board of Directors (from June 25, 2019);
- Interim Chief Executive Officer (from October 21, 2019). His duties in this role were terminated on February 16, 2020, the date at which Alessandro Dazza took up the office of Chief Executive Officer.

Components of compensation subject to approval	Amount paid in the year ended December 31, 2019	Amount granted in the year ended December 31, 2019 or equivalent accounting value	Details
Fixed compensation	€125,000	€125,000	Annual gross fixed compensation (€125,000 for 2019 and €250,000 going forward) approved by the Board of Directors (at its meeting held on June 25, 2019) for the office of Chairman of the Board. Patrick Kron did not receive any additional compensation for his duties as Interim Chief Executive Officer. √ *For further details, see chapter 4, paragraphs 4.3.2 and 4.3.3.*
Annual variable compensation	N/A	N/A	N/A
Multi-annual variable compensation	N/A	N/A	N/A
Impatriation bonus	N/A	N/A	N/A
Exceptional compensation	N/A	N/A	N/A
Stock options, performance shares and any other long-term benefit	N/A	N/A	N/A
Severance package	N/A	N/A	N/A
Complementary pension plan	N/A	N/A	N/A
Directors' compensation	N/A	N/A	*See details under "fixed compensation" above*.
Benefits in kind	N/A	N/A	N/A

8.1.6 COMPOSITION OF THE BOARD OF DIRECTORS

(Six resolutions put to the Ordinary Shareholders' General Meeting)

The terms of office of Aldo Cardoso, Paul Desmarais III, Marion Guillou, Colin Hall and Martina Merz are due to expire at the close of the present Shareholders' General Meeting. Furthermore, Odile Desforges has confirmed her decision to step down from her duties on the Board of Directors at the close of the present Shareholders' General Meeting.

At its meeting held on February 12, 2020 and having considered the opinion given by the Appointments Committee, the Board of Directors:

- took note of the decision made by Martina Merz and Marion Guillou not to seek the renewal of their term of office, and Odile Desforges to step down from her duties at the close of the present Shareholders' General Meeting;
- decided to submit for approval at the Shareholders' General Meeting on May 4, 2020:
  - the renewal for a term of three years, *i.e.* until the Shareholders' General Meeting held in 2023 to approve the financial statements for the year ending December 31, 2022, the directorships of Aldo Cardoso, Paul Desmarais III and Colin Hall **(thirteenth to fifteenth resolutions),**
  - the appointment of Annette Messemer and Véronique Saubot as new directors **(sixteenth and seventeenth resolutions)** for a term of three years, *i.e.* until the Shareholders' General Meeting held in 2023 to approve the financial statements for the year ending December 31, 2022,
  - the ratification of Patrick Kron as a director, after he was appointed by the Board of Directors on June 25, 2019 for the remainder of the term of office of his predecessor, Gilles Michel, *i.e.* until the Shareholders' General Meeting held in 2021 to approve the financial statements for the year ending December 31, 2020 **(twelfth resolution).**

Details of the careers of the directors put forward for re-appointment or ratification are published in *chapter 4, paragraph 4.1.2.*

Furthermore, in accordance with article R. 225-83, 5° of the French Commercial Code, the details of the careers of Annette Messemer and Véronique Saubot who have been put forward for appointment are also published in *chapter 4, paragraph 4.1.2.*

In accordance with the principles applied by the Company to determine the independent status of its directors, and after assessing their individual situations, based on the recommendations of the Appointments Committee, the Board of Directors recognized the independent status of Patrick Kron, Aldo Cardoso, Marie-Françoise Walbaum, Annette Messemer and Véronique Saubot, but not Paul Desmarais III and Colin Hall (for further details, *see chapter 4, paragraph 4.1.1).*

At the close of the Shareholders' General Meeting of May 4, 2020 and subject to approval of the above proposals, the Board of Directors will be made up of the following 12 people:

Expiration of term of office	Name	Independent
2020	Éliane Augelet-Petit, employee representative director	N/A
	Éric d'Ortona, employee representative director	N/A
2021	Patrick Kron	Yes
	Ulysses Kyriacopoulos	No
	Marie-Françoise Walbaum	Yes
2022	Ian Gallienne	No
	Lucile Ribot	Yes
2023	Aldo Cardoso	Yes
	Paul Desmarais III	No
	Colin Hall	No
	Annette Messemer	Yes
	Véronique Saubot	Yes

Laurent Raets is also a non-voting observer on the Board.

8.1.7 SHARE BUY-BACK PROGRAM

(One resolution put to the Ordinary Shareholders' General Meeting)

Share buy-back program

The authorization to buy back the Company's shares, granted to the Board of Directors for an 18-month period by the Ordinary and Extraordinary Shareholders' General Meeting of May 10, 2019 will expire on November 9, 2020. Shareholders are therefore asked to renew the authorization in accordance with the provisions of articles L. 225-209 *et seq.* of the French Commercial Code, articles 241-1 to 241-7 of the AMF's General Regulations and Regulation (EU) No. 596/2014 of the European Parliament and of the Council of April 16, 2014 on market abuse **(eighteenth resolution)**.

√ For further details about the way in which the Company implemented its share buy-back programs in 2019, *see chapter 7, paragraph 7.3.4*.

This authorization enables the Board of Directors to purchase a maximum of 10% of Company shares outstanding at January 1, 2020 (*i.e.* 7,950,045 shares) mainly for the purpose of:

- canceling the shares at a later date to reduce the Company's share capital, in accordance with the authorization granted to the Board of Directors by the twenty-second resolution of the Shareholders' Meeting held on May 10, 2019;
- covering stock option plans and/or free share grants, as well as any shares granted under employee share ownership plans set up by the Company (or assimilated plans), or with respect to profit-sharing programs for current employees, former employees and/or corporate officers of the Company and/or any related companies as defined by articles L. 225-180, L. 225-197-2 and L. 233-16 of the French Commercial Code, within the current legal framework or ad hoc plans set up by the Company;
- granting or exchanging shares purchased, in particular, on exercise of rights or issue of shares or securities redeemable, convertible, exchangeable or otherwise exercisable for shares of the Company;
- maintaining the liquidity of the market through an investment services firm acting in the name and on behalf of the Company, under a liquidity agreement 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 the AMF.

The number of shares that may be held, directly or indirectly at any time, may not exceed 10% of the Company's share capital. Finally, the purchase price may not exceed €85 per share, representing a maximum total investment of €675.6 million.

Shares may be purchased by any means, including block transfers and with the use of derivatives, at any time except during a public offer for the Company's shares.

Details of this new program, drawn up in accordance with the provisions of articles 241-1 to 241-7 of AMF's General Regulations, will be available on the Company's website (www.imerys.com – Finance – Publications & Regulated Information) prior to the Shareholders' General Meeting of May 4, 2020. A copy of this information can also be obtained on request from the Company's headquarters.

8.1.8 FINANCIAL AUTHORIZATIONS

(Three resolutions put to the Extraordinary Shareholders' General Meeting)

The Board of Directors has been granted a number of financial authorizations, renewed most recently at the Ordinary and Extraordinary Shareholders' Meeting held on May 10, 2019, which enable it to increase the Company's capital by issuing shares, debt securities or securities carrying rights to shares of the Company, either immediately or at a later date, with or without preferential subscription rights, or by capitalizing retained earnings, profits, additional paid-in capital or any other means (the table summarizing the delegations and financial authorizations currently in force is published in *chapter 7, paragraph 7.3.3)*.

As in previous years, these financial authorizations are designed to give the Board of Directors the greatest scope and flexibility to decide the most effective and appropriate way of issuing shares to drive growth for the Company and the Group that are also the best suited to market conditions and the economic context at that time.

In light of recent regulatory changes regarding certain financial delegations of authority already in place, shareholders are asked to renew these authorizations for the sole purpose of reflecting said regulatory changes. The new delegations and authorizations will expire on July 9, 2021 to align them with the other financial authorizations and delegations of authority. They will supersede those previously granted by the Ordinary and Extraordinary Shareholders' Meeting held on May 10, 2019, which will then cease to be valid.

Furthermore, the Board of Directors cannot exercise these delegations and authorizations during a public offer for the Company's shares without prior approval from the Shareholders' General Meeting.

Issue of shares or securities carrying rights to shares without preferential subscription rights

The **nineteenth resolution** proposes to renew the delegation of authority granted to the Board of Directors to issue ordinary shares or any other securities without preferential subscription rights open to the public, excluding the offers referred to in article L. 411-2 1° of the French Monetary and Financial Code and provided for in the twentieth resolution. The possibility to carry out such issues enables the Company to attract a wider pool of investors both in France and overseas as well as reduce the time it takes to implement share issues, making them easier to carry out. The Board of Directors may grant shareholders a priority subscription period, set up in accordance with the legal requirements in force.

The Board of Directors proposes to maintain the ceiling for capital increases of this kind at €15 million (representing approximately 9.4% of the Company's share capital at December 31, 2019). The amount would constitute a sub-ceiling in which all issues without preferential subscription rights would be included.

The total par value of debt securities that may be issued under the present delegation may not exceed €1 billion. The amount is included in the overall ceiling for issues of debt securities set in the **twenty-third resolution.**

The subscription price for shares that may be issued under this delegation is set by the Board of Directors in accordance with the provisions of articles L. 225-136 1° and R. 225-119 of the French Commercial Code. The price must be equal to at least the weighted average of the Imerys share price from the last three trading days preceding the issue date, which may be discounted by a maximum of 10%.

The **nineteenth resolution** proposes that ordinary shares or securities carrying rights to shares may be issued in consideration for securities tendered to the Company as part of a public share exchange offer that meets the conditions stipulated by article L. 225-148 of the French Commercial Code.

Share capital increases granted to qualified institutional buyers or a limited number of investors

Shareholders are asked to approve in the **twentieth resolution** the renewal of the delegation granted to the Board of Directors to carry out share capital increases by issuing shares or securities carrying rights to shares of the Company to qualified institutional buyers or a limited number of investors. These capital increases would entail a waiver of shareholders' preferential subscription rights in favor of qualified institutional buyers or a limited number of investors as defined by article L. 411-2 1° of the French Monetary and Financial Code *(Code monétaire et financier)*, offering the Company greater flexibility and faster access to the market. The Board of Directors proposes to set the overall ceiling for capital increases that may be carried out under the present delegation at 10% of the Company's share capital at the date of issue. This amount is included in the total ceiling of €15 million for any capital increases carried out without preferential subscription rights. The subscription price for shares that may be issued under the present delegation is set in accordance with the provisions of article R. 225-119 of the French Commercial Code. The price must be equal to at least the weighted average Imerys share price from the last three trading days preceding the issue date, which may be discounted by a maximum of 10%. The present delegation would make it possible to offer financial partners in particular the option of buying shares in the Company by reducing implementation time, and therefore offering faster access to the market.

Issue ceilings

The overall ceiling applicable to increases of the Company's share capital that may result from using the delegations and authorizations granted by the nineteenth and twentieth resolutions is set at €75 million, representing approximately 47% of capital at December 31, 2019 **(twenty-first resolution).** Furthermore, shareholders are reminded that the capital increases carried out without preferential subscription rights under the nineteenth and twentieth resolutions are included in a separate ceiling set in the nineteenth resolution of €15 million, representing approximately 9.4% of capital at December 31, 2019. Where necessary, the ceilings are increased by the par value of shares to be issued due to adjustments required to maintain the rights of bearers of securities or other shares carrying rights to shares that may exist at the date at which the issue in question is carried out.

The maximum par value of debt securities that may to be issued under authorizations to issue securities carrying rights, immediately or at a later date, to a proportion of share capital granted by the **nineteenth and twentieth resolutions** remains at €1 billion.

8.1.9 SPECIFIC AUTORIZATIONS GRANTED TO EMPLOYEES AND/OR CORPORATE OFFICERS OF THE GROUP

(Two resolutions put to the Extraordinary Shareholders' General Meeting)

Shareholders are asked to renew the authorizations previously granted to the Board of Directors by the Ordinary and Extraordinary Shareholders' Meeting of May 3, 2017 and May 4, 2018 to issue stock options **(twenty-second resolution)** and free share grants **(twenty-third resolution)** to employees and/or corporate officers of the Group in order to retain and closely tie them to its development (the policy and detail of stock option and free share grants agreed by the Board of Directors under existing authorizations is published in *chapter 7, paragraph 7.3.5.4*).

The terms and conditions attached to these new authorizations, which are similar to those existing, are as follows:

- in the event of a stock option grant, the subscription price would be equal to the average opening price for the Imerys share from the twenty trading days preceding the issue date, which therefore precludes the Board from applying a discount;
- in the event of a stock purchase plan, the purchase price would be equal to average price at which the Company purchased its treasury shares under articles L. 225-208 and L. 225-209 of the French Commercial Code, which therefore precludes the Board from applying a discount;
- stock option grants, stock purchase plans and free share grants may be subject to fulfilling one or several performance criteria set by the Board of Directors at the issue date. Performance criteria will always apply for any grants awarded to the Group's executive corporate officers;
- the total number of shares to which stock options or purchase plans carry rights, as well as the total number of performance shares awarded to executive corporate officers under these authorizations may not exceed 0.5% of the share capital at the date at which the Board of Directors issue the plans.

Furthermore, in the event of a free share grant, the minimum vesting and lock-up periods will be set in accordance with the regulations in force at the issue date.

The total number of shares awarded through stock options, purchase plans or free share grants may not exceed the overall ceiling of 3% of the Company's share capital. At its meeting of April 25, 2013 and based on the recommendations made by the Appointments and Compensation committees, the Board of Directors reviewed its policy and decided to award free shares subject to the fulfillment of quantitative objectives within a given timeframe (called "performance shares"), with the exception of any stock options with which they had previously been combined.

Shareholders are asked to grant the Board of Directors the authorization to award stock options and free shares of the Company for a period of 38 months from the date of the present Shareholders' General Meeting **(twenty-second resolution)**.

Shareholders are also asked to grant the Board of Directors the authorization to award performance shares to employees and/or executive corporate officers of the Group **(twenty-third resolution)**. This authorization will supersede the previous one approved by the Ordinary and Extraordinary Shareholders' General Meeting of May 4, 2018. The terms and conditions attached to this new authorization, which is identical to the existing one, are as follows:

- free share grants may be subject to fulfilling one or several performance criteria set by the Board of Directors at the issue date. Performance criteria will always apply for any grants awarded to the Group's executive corporate officers;
- the total number of performance shares awarded to executive corporate officers under this authorization may not exceed 0.5% of the share capital at the date at which the Board of Directors issue the grant;
- shares that currently exist or will be issued under this authorization cannot represent more than 3% of the Company's share capital at the date the Board decides to award the shares;
- the aforementioned ceilings of 0.5% and 3% both come within those set for stock option and free share grants;
- the minimum vesting period would be set at (i) one year, following which the shares remain subject to a further lock-up period of one year, or (ii) two years, following which no lock-up period would apply. The Board of Directors has the choice between these two options and may use them alternatively or concurrently. The Board also has the possibility of extending the vesting and/or lock-up periods in scenario (i) or extend the vesting period and/or introduce a lock-up period in scenario (ii).

8.1.10 CAPITAL INCREASES RESERVED FOR MEMBERS OF A COMPANY OR GROUP SAVINGS PLAN

(One resolution put to the Extraordinary Shareholders' General Meeting)

As the present Shareholders' General Meeting has been asked to approve the renewal of a number of delegations and financial authorizations granted to the Board of Directors that may lead to increases on one or several occasions in the Company's capital, shareholders are asked under the **twenty-fourth resolution** to renew the delegation of authority previously granted by the Shareholders General Meeting dated May 10th, 2019 to the Board of Directors for a period expiring on July 9, 2021 to carry out capital increases reserved for employees and/or corporate officers who are members of a Company or Group savings plan. Subject to shareholders' approval, the present delegation will supersede the previous one, which would cease to be valid.

8.1.11 AMENDMENTS TO THE COMPANY'S BY-LAWS

(One resolution put to the Extraordinary Shareholders' General Meeting)

The **twenty-fifth resolution** seeks to amend, supplement or remove certain provisions in the Company's by-laws regarding the composition, powers or workings of the Board of Directors, related party agreements *(conventions réglementées)* or the organization of Shareholders' Meetings, primarily in order to reflect changes to laws and regulations in force and to improve legibility.

Shareholders are therefore asked to approve the new language of articles 4, 12, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23 and 29 presented hereinafter, and more generally, the by-laws as a whole. Amendments appear in bold.

Article 4 – Registered office

The language currently used in article 4 reflects the legal rule in force before the introduction of France's Sapin II Act (No. 2016-1691 of December 9, 2016), which limited the competence of the Board of Directors to transfer the Company's registered office to within the same or neighboring *département*. The provisions of article L. 225-36 of the French Commercial Code introduced by the Sapin II Act stipulate the Board of Directors may now transfer the registered office to anywhere within France, subject to the decision being ratified at the next Ordinary General Meeting of the Shareholders. In order to be able to apply these new provisions, the following amendments will be made to paragraph 2 of article 4:

"It may be transferred to any other place in ***France*** *by decision of the Board of Directors, subject to ratification by the next Ordinary General Meeting of the Shareholders, and anywhere else pursuant to a decision by an Extraordinary General Meeting of the Shareholders."*

All other paragraphs in article 4 remain unchanged.

Article 12 – Composition of the Board of Directors

The language of article 12 as it currently stands stipulates that the Board of Directors must include an employee representative director when the number of directors appointed by the Shareholders' General Meeting is below or equal to 12 and that it must include two employee representative directors when the number of directors appointed by the Shareholders' General Meeting exceeds 12. Furthermore, the article stipulates that the first employee representative director will be appointed by the European Works Council and the second by the France Group Committee.

In order to comply with the provisions of article L. 225-27-1 of the French Commercial Code, as amended by the French law No. 2019-486 of May 22, 2019, the following amendments will be made to paragraphs 2 and 4 of article 12 of the Company's by-laws:

"In accordance with legal provisions, the Board of Directors shall also comprise one (1) Director representing employees who is designated by the ***France Group Committee.*** *When the number of Directors appointed by the Shareholders' General Meeting is higher than* ***eight (8),*** *a second Director representing employees shall be designated by the* ***European Works Council*****.**

(…)

In the event that the number of Directors appointed by the Shareholders' General Meeting falls to ***eight (8) or fewer***, *the second Director representing employees shall remain in office until his/her term expires."*

All other paragraphs in article 12 remain unchanged.

Article 14 – Organization of the Board of Directors

The official Order 2017-1162 of July 12, 2017 introduced an obligation for the Board of Directors of French Public Limited Companies to prepare a corporate governance report. This report replaces the report prepared by the Chairman of the Board that was previously only required for listed companies.

In order to reflect the regulations in force, the third and fourth sentences of paragraph 3 of article 14 of the Company's by-laws, which are now obsolete given the Chairman's report is no longer required, will be removed.

All other paragraphs in article 14 remain unchanged.

Article 15 – Workings of the Board of Directors

In order to simplify the workings of the Board of Directors, the following amendments will be made to article 15 of the Company's by-laws in order to authorize the Board, after taking into account opinions submitted in writing, to take decisions for which such advice is permitted in application of the new provisions of article L. 225-37 paragraph 3 of the French Commercial Code introduced by the French law No. 2019-744 of July 19, 2019.

Consequently, article 15 will be supplemented with a new paragraph that reads as follows:

"The decisions that fall within the responsibility of the Board of Directors, as stipulated by article L. 225-24 of the French Commercial Code (provisional appointment of directors), the last paragraph of article L. 225-35 of the French Commercial Code (authorization of endorsements, sureties and guarantees given by the Company), the second paragraph of article L. 225-36 of the French Commercial Code (necessary amendments to the Company's by-laws to ensure compliance with legal and regulatory provisions) and the first paragraph of article L. 225-103 of the French Commercial Code (notice of meeting sent to shareholders prior to the General Meeting), as well as the decision to relocate the registered office within the same département, can also be taken by the Chairman, Secretary of the Board or one of the Vice-Chairmen of the Board of Directors, after taking into account the opinions submitted by directors in writing. The terms of gathering the written opinions of directors are set out in the Internal Charter of the Board of Directors."

Article 16 – Powers of the Board of Directors

In accordance with legal provisions, the following amendments will be made to the first paragraph:

"The Board of Directors lays down the orientations of the Company's business and ensures that they are implemented ***in accordance with its corporate interest and taking into account the social and environmental impact of its business.*****"**

In order to comply with legal provisions regarding oversight of executive pay, in particular with respect to say on pay, the following amendments will be made to the sixth paragraph:

*"The Board determines****, in accordance with the law****, the compensation and allowances, whether fixed, proportional or both, of the Chairman of the Board of Directors and of any person temporarily delegated to the duties of the Chairman, Chief Executive Officer, or of any Delegate Chief Executive Officers, of any other officers or persons with an assignment or who are part of the Committees provided for in the previous paragraph, all of which shall be charged to general expenses, subject to compliance with legal provisions."*

All other paragraphs in article 16 remain unchanged.

Article 17 – Compensation of members of the Board of Directors

In order to ensure the change in terminology used to refer to executive pay (previously known as attendance fees) is reflected in the Company's by-laws and complies with the legal provisions regarding the oversight of executive pay, in particular with respect to say on pay, the following amendments will be made to article 17:

"The Directors shall receive as remuneration for their activity a fixed and/or proportional sum as ***executive pay,*** *the maximum* ***annual*** *amount of which shall be determined by the General Meeting of the Shareholders and shall be maintained until a decision to the contrary is made.*

The Board shall distribute the amount among its members in accordance with the law.

In particular, the Board may allocate a greater share to the Directors that are members of the Committees.

It may also allocate exceptional remunerations, ***in accordance with the law,*** *for any assignments or offices given to Directors. Such remunerations shall be subject to the legal provisions relating to agreements subject to the prior authorization of the Board of Directors."*

Article 18 – Chief Executive Officer/Delegate Chief Executive Officer(s)

In order to comply with legal provisions regarding the appointment of Delegate Chief Executive Officer(s) and the oversight of executive pay, in particular with respect to say on pay, the following amendments will be made to:

- the sixth paragraph:

  "In accordance with the law, *on the proposal of the Chief Executive Officer, the Board of Directors may appoint one or more natural persons to assist the Chief Executive Officer, with the title of Delegate Chief Executive Officer. The maximum number of Delegate Chief Executive Officers is set at five (5).";*

- the tenth paragraph:

"The Board of Directors shall determine the remuneration of the Chief Executive Officer and of the Delegate Chief Executive Officers ***in accordance with the law.*** *Such remuneration may be fixed and/or proportional."*

All other paragraphs in article 18 remain unchanged.

Article 19 – Related party and prohibited agreements

In order to reflect in the Company's by-laws the legal provisions in force regarding related party agreements *(conventions réglementées)*, the following amendments will be made to article 19:

"Any agreement, whether direct or via an intermediary, between the Company and its Chief Executive Officer, any of its Delegate Chief Executive Officers, any of its Directors, any of its shareholders with a share of voting rights greater than the threshold provided by the regulations in force or, in the case of a shareholding company, the company controlling it in the sense of article L. 233-3 of the French Code of Commerce, shall be subject to the prior authorization of the Board of Directors.

The same applies to agreements in which any of the above-mentioned persons is involved.

Agreements between the Company and another company are also subject to the prior authorization of the Board of Directors, if the Chief Executive Officer, one of the Delegate Chief Executive Officers or one of the Directors of the Company is an owner, partner with unlimited liability, manager, director or member of the Supervisory Board or, in general, runs such company.

The person in question shall inform the Board as soon as he or she becomes aware of an agreement that requires authorization. He or she may not take part in ***either deliberations or the*** *vote on the requested authorization.*

Prior authorization of the Board of Directors is justified on the basis of the interest of the agreement for the Company, namely by specifying the related financial conditions.

In accordance with applicable regulations, the Company will publish information regarding the agreements subject to prior authorization by the Board of Directors on its website no later than the conclusion of the agreement.

The Chairman of the Board of Directors shall notify the Statutory Auditors of all agreements authorized and concluded and shall submit such agreements to the approval of the General Meeting of the Shareholders.

Statutory Auditors shall present a special report on such agreements to the General Meeting of the Shareholders, which will vote on the report.

The person directly or indirectly concerned by the agreement cannot take part in the vote. His or her shares are not taken into account in the calculation of the majority.

The agreements concluded and authorized in previous financial years that remain effective in the last financial year will be examined every year by the Board of Directors and communicated to the Statutory Auditors in order to establish their report.

Under penalty of making the contract null and void, the Directors other than legal entities are prohibited from taking out borrowings in any form whatsoever with the Company, having the Company grant them an overdraft, a current or other account, or having the Company guarantee or stand surety with third parties for their commitments.

The same prohibition applies to the Chief Executive Officer, to the Delegate Chief Executive Officers and to the permanent representative of the legal entity Directors. It also applies to the spouses, ancestors and descendants of the above-mentioned persons, and to any intermediary."

Article 20 – Statutory Auditors

In order to reflect in the provisions of article L. 823-17 of the French Code of Commerce, the following correction will be made to the language of the final paragraph of article 20 of the Company by-laws with respect to convening Statutory Auditors to the meetings of the Board of Directors:

"The Statutory Auditors shall be convened to those meetings of the Board of Directors which ***review or*** *vote on the* ***annual or interim*** *financial statements, and to all General Meetings of the Shareholders."*

All other paragraphs in article 20 remain unchanged.

Article 21 – Effect of decisions – calling of meetings – attendance

In order to reflect that the works council was replaced by the social and economic council, the following amendments will be made to paragraph 4 of the section "Calling of meetings":

"General Meetings shall be called by the Board of Directors and shall be held at the registered office or any other place indicated in the notice of meeting. Failing that, they may also be called:

- *by the Statutory Auditors under the conditions set forth by the applicable regulations;*
- *by a representative appointed by the courts following an application by any interested party or the* ***social and economic council*** *if the matter is urgent, or by one or more shareholders representing the percentage of capital required by the applicable regulations, or by any group of shareholders which complies with the conditions provided by law."*

All other paragraphs in article 21 remain unchanged.

Article 22 – Organization of General Meetings

In order to reflect the legal provisions applicable to the double voting right, the following amendments will be made to paragraph 5:

"The double voting right shall automatically cease for any share that is registered as a bearer share or transferred and shall only be regained when the new owner has registered said share in a registered account in his, her or its own name for at least two (2) years. Nevertheless, such period shall not be interrupted and any rights acquired shall be retained when a registered share is transferred and retains the registered form following an intestate or testate succession, a division of the marital community of property, or an inter vivos donation in favor of a spouse or a relative entitled to inherit. ***The same applies in the event of a transfer following a merger or a split of a shareholder company."***

All other paragraphs in article 22 remain unchanged.

Article 23 – Powers

For the sake of consistency with the amendments proposed above for articles 14 and 17, the following amendments will be made to article 23:

"The Annual Ordinary General Meeting of the Shareholders shall take note of the corporate and consolidated financial statements, the management report for the Company and the Group, ***the corporate governance report prepared by the Board of Directors,*** *the general and special reports by the Statutory Auditors on the corporate financial statements, and their report on the consolidated financial statements.*

The General Meeting shall discuss, approve, correct or reject the corporate financial statements and fix the dividend to be distributed and the profits or losses to be carried forward.

It shall decide whether to create any reserve funds.

It shall fix the amounts to be withdrawn from them and rule on the distribution thereof.

It shall determine the amount of ***total maximum annual amount of executive pay to be distributed among the members of the Board.***

It shall appoint, replace, re-elect or remove from office the members of the Board of Directors and shall ratify their provisional appointments by the Board of Directors.

It shall deliberate on any issues which do not fall within the exclusive scope of the Extraordinary General Meeting of the Shareholders."

Article 29 – Financial documents

For the sake of consistency with the amendments proposed above for articles 14 and 23, the following amendments will be made to paragraph 1 of article 29:

"At the close of each financial year, the Board of Directors shall draw up the corporate accounts, the management report ***and the corporate governance report.*** *It shall also examine the consolidated financial statements and the Group management report, in accordance with the law."*

All other paragraphs in article 29 remain unchanged.

All other provisions included in the Company's by-laws, in particular with respect to the Company name, purpose, registered office and share capital, remain unchanged.

8.1.12 POWERS

(One resolution put to the Ordinary Shareholders' General Meeting)

As in previous years, the **twenty-fifth resolution** grants all necessary powers to carry out 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/OR VARIOUS MARKETABLE SECURITIES WITH CANCELLATION OF PREFERENTIAL SUBSCRIPTION RIGHTS

DELOITTE & ASSOCIÉS
6, place de la Pyramide
92908 Paris-La Défense Cedex

S.A.S. with a capital of € 2,188,160
572 028 041 RCS Nanterre
Statutory Auditors
Member of the Compagnie régionale de Versailles

ERNST & YOUNG et Autres
Tour First
TSA 14444
92037 Paris-La Défense Cedex

French simplified joint-stock company with variable capital
438 476 913 RCS Nanterre
Statutory Auditors
Member of the Compagnie régionale de Versailles

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

Combined Shareholders' Meeting of May 4, 2020

Nineteenth and twentieth resolutions

To the Imerys Shareholders' Meeting,

As Statutory Auditors of your company (the "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 present our report on the proposed delegations of authority to the Board of Directors to issue shares and/or marketable securities, transactions on which you are being asked to vote.

Based on its report, the Board of Directors asks that you delegate to it, for a period commencing on the date of this Shareholders' Meeting until July 9, 2021, the authority to decide the following transactions, set the definitive issue terms and conditions and, where necessary, cancel your preferential subscription rights:

- issue with cancellation of preferential subscription rights, by way of a public offer - except offers referred to in paragraph 1 of Article L. 411-2 of the French Monetary and Financial Code (*Code monétaire et financier*) - (nineteenth resolution), of shares and/or other marketable securities of the Company, that may or may not represent debt securities, granting access to ordinary shares to be issued by the Company or, in accordance with Article L. 228-93 of the French Commercial Code, by any company which holds, directly or indirectly, more than half of the Company's share capital or any company in which the Company holds, directly or indirectly, more than half of the share capital, it being specified that these securities may be issued in consideration of securities contributed to the Company as part of a public exchange offer within the limits and under the conditions set forth in Article L. 225-148 of the French Commercial Code;
- issue with cancellation of preferential subscription rights, by way of offers referred to paragraph 1 of Article L. 411-2 of the French Monetary and Financial Code (twentieth resolution), of ordinary shares and/or other marketable securities of the Company, that may or may not represent debt securities, granting access to ordinary shares to be issued by the Company.

The overall par value amount of share capital increases that may be carried out, immediately or in the future, may not, under the twenty-first resolution, exceed €75,000,000 pursuant to the nineteenth and twentieth resolutions of this Shareholders' Meeting and the thirteenth, sixteenth, eighteenth and nineteenth resolutions of the Shareholders Meeting of May 10, 2019, it being specified that the total par value amount of share capital increases that may be carried out, immediately or in the future, may not exceed:

- €15,000,000 under the nineteenth resolution, this limit representing a sub-limit applicable to all the issues that may be carried out with cancellation of preferential subscription rights, and
- 10% of the Company's share capital on the issue date, under the twentieth resolution of this Shareholders' Meeting, this amount being deducted from the above limit, referred to in paragraph 2. of the nineteenth resolution.

The overall par value amount of debt securities that may be issued may not, under the twenty-first resolution, exceed €1,000,000,000 pursuant to the nineteenth and twentieth resolutions of this Shareholders' Meeting and the thirteenth, sixteenth, eighteenth and nineteenth resolutions of the Shareholders Meeting of May 10, 2019, it being specified that this amount represents the limit for each of the nineteenth and twentieth resolutions of this Shareholders' Meeting.

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 financial information extracted from the accounts, on the proposal to cancel preferential subscription rights and on certain other information concerning these transactions, as set out 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. These procedures consisted in verifying the content of the Board of Directors' report relating to these transactions and the terms and conditions governing the determination of the issue price of the equity securities to be issued.

Subject to a subsequent review of the terms and conditions of the proposed issues, we have no comments on the terms and conditions governing the determination of the issue price of the equity securities to be issued, as presented in the Board of Directors' report pursuant to the nineteenth and twentieth resolutions, pertaining to the issues for which the provisions of Article L. 225-136 of the French Commercial Code are applicable.

Furthermore, as this report does not include information on the terms and conditions governing the determination of the issue price of the equity securities to be issued pursuant to the nineteenth resolution in the event of offers referred to paragraph 1 of Article L. 411-2 of the French Monetary and Financial Code which are excluded from the scope of

Article L. 225-136 of the French Commercial Code, we cannot express an opinion on the issue price calculation inputs.

As the final terms and conditions of the issues have not been determined, we do not express an opinion thereon and, as such, on the proposed cancellation of preferential subscription rights submitted for your approval in the nineteenth and twentieth resolutions.

In accordance with Article R. 225-116 of the French Commercial Code, we will prepare an additional report, if required, should these delegations be exercised by your Board of Directors, in the event of issues of ordinary shares and marketable securities representing equity securities granting access to other equity securities or in the event of issues of marketable securities granting access to equity securities to be issued.

Paris-La Défense, March 19, 2020

The Statutory Auditors

ERNST & YOUNG et Autres	DELOITTE & ASSOCIÉS
Sébastien HUET	Frédéric GOURD

8.2.2 STATUTORY AUDITORS' REPORT ON THE AUTHORIZATION TO GRANT SHARE SUBSCRIPTION OR PURCHASE OPTIONS

DELOITTE & ASSOCIÉS
6, place de la Pyramide
92908 Paris-La Défense Cedex

S.A.S. with a capital of € 2,188,160
572 028 041 R.C.S. Nanterre
Commissaire aux comptes
Membre de la compagnie régionale de Versailles

ERNST & YOUNG et Autres
Tour First
TSA 14444
92037 Paris-La Défense Cedex

S.A.S. à capital variable
438 476 913 R.C.S. Nanterre
Commissaire aux comptes
Membre de la compagnie régionale de Versailles

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Combined Shareholders' Meeting of May 4, 2020

Twenty-second resolution

To the Imerys Shareholders' Meeting,

In our capacity as statutory auditors of your Company, and in accordance with the procedures provided for in Articles L. 225-177 and R. 225-144 of the French Commercial Code (*Code de commerce*), we hereby report to you on the authorization to grant share subscription or purchase options to the employees and corporate officers of your Company and, where applicable, of the companies and groupings affiliated with it under the conditions set out in Article L. 225-180 of the French Commercial Code, or certain categories of them, a transaction on which you are being asked to vote.

The number of options which may be granted pursuant to this authorization may not confer entitlement to subscribe or purchase a total number of shares greater than 3% of the share capital of the Company at the date of the Board's option grant decision; furthermore, the number of options which may be granted to corporate officers pursuant to this authorization may not confer entitlement to subscribe or purchase a total number of shares greater than 0.5% of the share capital at the date of the Board's option grant decision. These caps are common to this resolution and to the twenty-third resolution of this shareholders' meeting.

Your Board of Directors proposes that, on the basis of its report, it be authorized for a period of thirty-eight months as of the date of this Shareholders' Meeting to grant share subscription or purchase options.

The Board of Directors is responsible for preparing a report on the reasons for granting share subscription or purchase options, as well as the proposed terms and conditions for setting the subscription or purchase price. Our role is to inform you of our opinion on the proposed terms and conditions for setting the share subscription or purchase price.

We have performed those procedures which we considered necessary to comply with the professional guidance issued by the French national auditing body (*Compagnie Nationale des Commissaires aux Comptes*) for this type of engagement. These procedures consisted in verifying whether the proposed terms and conditions for setting the share subscription or purchase price were specified in the Board of Directors' report and assessing their compliance with the law and regulations.

We have no matters to report on the proposed terms and conditions for setting the share subscription or purchase price.

Paris-La Défense, March 19, 2020

The Statutory Auditors

ERNST & YOUNG et Autres
Sébastien HUET

DELOITTE & ASSOCIÉS
Frédéric GOURD

8.2.3 STATUTORY AUDITORS' REPORT ON THE FREE GRANT OF EXISTING SHARES OR SHARES TO BE ISSUED

DELOITTE & ASSOCIÉS
6, place de la Pyramide
92908 Paris-La Défense Cedex

S.A.S. with a capital of € 2,188,160
572 028 041 R.C.S. Nanterre
Commissaire aux comptes
Membre de la compagnie régionale de Versailles

ERNST & YOUNG et Autres
Tour First
TSA 14444
92037 Paris-La Défense Cedex

S.A.S. à capital variable
438 476 913 R.C.S. Nanterre
Commissaire aux comptes
Membre de la compagnie régionale de Versailles

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Combined Shareholders' Meeting of May 4, 2020

Twenty-third resolution

To the Imerys Shareholders' Meeting,

In our capacity as Statutory Auditors of your Company and in compliance with Article L. 225-197-1 of the French Commercial Code (*Code de commerce*), we hereby report on the proposed free grant of existing shares or shares to be issued, reserved for employees and corporate officers of your Company and, where applicable, of the companies and groupings affiliated with it under the conditions set out in Article L. 225-197-2 of the French Commercial Code, or certain categories of them, a transaction upon which you are called to vote.

The number of existing shares or shares to be issued which may be granted pursuant to this authorization may represent no more than 3% of the share capital of the Company at the date of the Board's grant decision; furthermore, the number of existing shares or shares to be issued which may be granted to corporate officers pursuant to this authorization may represent no more than 0.5% of the share capital at the date of the Board's grant decision. These caps are common to this resolution and to the twenty-second resolution of this shareholders' meeting.

Your Board of Directors proposes that, on the basis of its report, it be authorized for a period of thirty-eight months as of the date of this Shareholders' Meeting to grant, for free, existing shares or shares to be issued.

It is the responsibility of the Board of Directors to prepare a report on the proposed transaction. Our role is to report on any matters relating to the information regarding the proposed transaction

We have performed those procedures which we considered necessary to comply with the professional guidance issued by the French national auditing body (*Compagnie Nationale des Commissaires aux Comptes*) for this type of engagement. These procedures consisted in verifying that the proposed methods described in the Board of Directors' report comply with the legal provisions governing such operations.

We have no matters to report as to the information provided in the Board of Directors' report relating to the proposed free grant of shares.

Paris-La Défense, March 19, 2020

The Statutory Auditors

ERNST & YOUNG et Autres
Sébastien HUET

DELOITTE & ASSOCIÉS
Frédéric GOURD

8.2.4 STATUTORY AUDITORS' REPORT ON THE ISSUE OF ORDINARY SHARES AND/OR MARKETABLE SECURITIES CONFERRING ENTITLEMENT TO SHARE CAPITAL RESERVED FOR EMPLOYEE MEMBERS OF A CORPORATE SAVINGS PLAN OF THE COMPANY OR ITS GROUP

DELOITTE & ASSOCIÉS
6, place de la Pyramide
92908 Paris-La Défense Cedex

S.A.S. with a capital of € 2,188,160
572 028 041 R.C.S. Nanterre
Commissaire aux comptes
Membre de la compagnie régionale de Versailles

ERNST & YOUNG et Autres
Tour First
TSA 14444
92037 Paris-La Défense Cedex

S.A.S. à capital variable
438 476 913 R.C.S. Nanterre
Commissaire aux comptes
Membre de la compagnie régionale de Versailles

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

Combined Shareholders' Meeting of May 4, 2020

Twenty-fourth resolution

To the Imerys Shareholders' Meeting,

In our capacity as Statutory Auditors of your Company ("the 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 all marketable securities conferring entitlement to the share capital of the Company, with cancellation of preferential subscription rights, reserved for employees who are members of a corporate or group savings plan of the Company 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*), a transaction on which you are being asked to vote.

The par value amount of capital increases that may be carried out, immediately or in the future, may not exceed €1.6 million.

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 from the date of this meeting to July 9, 2021, the authority to decide on one or more issues and cancel your preferential subscription rights to the shares and/or 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 cancellation 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 cancellation of 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, March 19, 2020

The Statutory Auditors

ERNST & YOUNG et Autres
Sébastien HUET

DELOITTE & ASSOCIÉS
Frédéric GOURD

8.3 AGENDA

ORDINARY RESOLUTIONS

1. Approval of the Company's management and statutory financial statements for the year ended December 31, 2019;
2. Approval of the consolidated financial statements for the year ended December 31, 2019;
3. Appropriation of profit and setting the dividend with respect to the year ended December 31, 2019;
4. Option for payment of the dividend with respect to the year ended December 31, 2019 in cash and/or in shares;
5. Statutory Auditors' special report governed by article L. 225-40 *et seq.* of the French Commercial Code;
6. Approval of the policy on compensation awardable to executive corporate officers
7. Approval of the policy on compensation awardable to members of the Board of Directors;
8. Approval of the components of compensation awarded to corporate officers in accordance with article L. 225-37-3 I. of the French Commercial Code;
9. Approval of the fixed, variable and exceptional components of the total compensation and benefits paid or granted to Conrad Keijzer in the year ended December 31, 2019;
10. Approval of the fixed, variable and exceptional components of the total compensation and benefits paid or granted to Gilles Michel in the year ended December 31, 2019;
11. Approval of the fixed, variable and exceptional components of the total compensation and benefits paid or granted to Patrick Kron in the year ended December 31, 2019;
12. Ratification of the appointment of Patrick Kron as a director;
13. Re-appointment of Aldo Cardoso as a director;
14. Re-appointment of Paul Desmarais III as a director;
15. Re-appointment of Colin Hall as a director;
16. Appointment of Annette Messemer as a director;
17. Appointment of Véronique Saubot as a director;
18. Purchase by the Company of its own shares.

EXTRAORDINARY RESOLUTIONS

19. Delegation of authority granted to the Board of Directors to increase the share capital by issuing shares or securities carrying rights to shares, immediately or at a later date, without preferential subscription rights open to the public, excluding the offers referred to in article L. 411-2 1° of the French Monetary and Financial Code and provided for in the twentieth resolution;
20. Delegation of authority granted to the Board of Directors to increase the share capital by issuing shares or securities carrying rights to shares, immediately or at a later date, without preferential subscription rights, in favor of qualified institutional buyers or a limited number of investors as defined by article L. 411-2 1°-II of the French Monetary and Financial Code;
21. Overall ceiling for the par value of share capital increases and issues of debt securities resulting from the aforementioned delegations and authorizations;
22. Authorization granted to the Board of Directors to award employees and corporate officers of the Company and its subsidiaries, or certain categories among them, stock options or purchase plans for Company shares;
23. Authorization granted to the Board of Directors to award employees and corporate officers of the Company and its subsidiaries, or certain categories among them, free shares in the Company;
24. Delegation of authority granted to the Board of Directors to increase the share capital by issuing shares or securities carrying rights to shares of the Company reserved for members of a Company or Group savings plan without pre-emptive subscription rights;
25. Amendments to the Company's by-laws;
26. Powers.

8.4 DRAFT RESOLUTIONS

ORDINARY RESOLUTIONS

FIRST RESOLUTION

Approval of the Company's management and statutory financial statements for the year ended December 31, 2019

Deliberating in accordance with the rules of quorum and majority applicable to Ordinary General Meetings and having considered both the Management Report prepared by the Board of Directors and the Statutory Auditors' report on the annual financial statements, the shareholders approve the financial statements for the year ended December 31, 2019 as presented, as well as the transactions reflected in them and referred to in the reports.

SECOND RESOLUTION

Approval of the consolidated financial statements for the year ended December 31, 2019

Deliberating in accordance with the rules of quorum and majority applicable to Ordinary General Meetings and having considered both the Management Report prepared by the Board of Directors and the Statutory Auditors' report on the Group's consolidated financial statements, the shareholders approve the consolidated financial statements for the year ended December 31, 2019 as presented, as well as the transactions reflected in them and referred to in the reports.

THIRD RESOLUTION

Appropriation of profit and setting the dividend with respect to the year ended December 31, 2019

Deliberating in accordance with the rules of quorum and majority applicable to Ordinary General Meetings and having considered the Management Report prepared by the Board of Directors, the shareholders:

▪ acknowledge that the Company registered profit in 2019 of:	€139,509,137.76
▪ plus retained earnings of:	€299,534,101.54
▪ representing a total distributable amount of:	€439,043,239.30
▪ and therefore, decide to award a dividend of €2.15 in respect of 2019 to each of the 79,500,457 shares that made up the share capital at December 31, 2019, representing a total payout of:	€170,925,982.55
▪ and allocate the balance to retained earnings which now amount to:	€268,117,256.75

The shareholders decide that the total dividend payout shall be adjusted to take into account the number of shares issued due to stock options that have been exercised since January 1, 2020 and are eligible for the 2019 dividend at the date of payment. The amount allocated to retained earnings will be determined on the basis of the total actual dividend payout. Furthermore, if the Company holds any treasury shares on the date at which the dividend is paid, the dividend corresponding to these shares will not be paid and will be allocated to retained earnings.

In accordance with article 243 *bis* of the French Tax Code *(Code général des impôts)*, individual shareholders domiciled for tax purposes in France may benefit from a 40% tax allowance, as stipulated in article 158-3-2° of the French Tax Code, subject to the taxpayer opting to be taxed according to the standard progressive income tax bands set out in article 200-A-2 of said Code.

The shareholders acknowledge that the dividend paid with respect to the previous three financial years were as follows:

Financial year ending	Dec. 31, 2018	Dec. 31, 2017	Dec. 31, 2016
Net dividend per share	€2.15	€2.075	€1.87
Number of shares carrying dividend rights	79,083,935	79,313,151	79,265,238
Total net payout	**€170 M**	**€164.6 M**	**€148.2 M**

▪ FOURTH RESOLUTION

Option for the payment of the dividend with respect to the year ended December 31, 2019 in cash and/or in shares

Deliberating in accordance with the rules of quorum and majority applicable to Ordinary General Meetings, having considered the Management Report prepared by the Board of Directors and having acknowledged the share capital is fully paid up, the shareholders decide, in accordance with articles L. 232-18 *et seq.* of the French Commercial Code and article 30 of the Company's by-laws, to offer all shareholders the option of choosing whether to receive payment for the dividend approved in the third resolution either (i) in cash for the full amount, (ii) in additional shares in the Company for the full amount or (iii) partially in cash and partially in additional shares in the Company, depending on the choice made in accordance with the conditions described below.

Shareholders that choose for the alternative payment option for all or part of the dividend will receive new shares issued at a price equal to 95% of the average opening market price for the Imerys share traded on Euronext Paris over the last 20 trading days prior to the date of the present Shareholders' General Meeting, minus the net amount of the dividend approved in the third resolution rounded up to the nearest euro cent.

New shares will rank *pari passu* with existing shares from the date they are issued and therefore may be traded freely with immediate effect.

Shareholders must decide whether to receive the dividend payment in cash and/or in new shares between May 19, 2020 and June 8, 2020 inclusive, and inform the financial intermediaries authorized to pay the dividend or, for holders of shares in pure registered form, the account holder of the Company CACEIS Corporate Trust – Service Assemblées Générales – 14, rue Rouget de Lisle – 92862 ISSY-LES-MOULINEAUX Cedex 9, France. Any shareholder who has not made their choice known to receive payment for all or part of the dividend in shares within this period will receive the full dividend payment in cash.

If the amount of the dividend payable in shares does not correspond to a whole number in the equivalent of shares, shareholders will receive the amount of shares rounded down to the nearest whole number and the remaining balance in cash paid by the Company.

The dividend will be payable from June 12, 2020. Shareholders who opt for the alternative payment option for all or part of the dividend will receive their shares on this same date.

The Shareholders' General Meeting grants full powers to the Board of Directors, which may in turn delegate responsibility in accordance with the law, to arrange for payment of the dividend in additional shares in accordance with the provisions stipulated in the present resolution, fix the terms and conditions for application and execution and in particular set the issue price for shares issued in accordance with the provisions stipulated above, allocate the costs of the capital increase, take note of the number of additional shares issues under the present resolution and make any necessary changes to the Company's by-laws regarding share capital and the number of shares that make up the capital, take all measures to successfully complete the operation, and more generally, do anything appropriate or required.

▪ FIFTH RESOLUTION

Statutory Auditors' special report governed by article L. 225-40 of the French Commercial Code

Deliberating in accordance with the rules of quorum and majority applicable to Ordinary General Meetings, having considered both the Management Report prepared by the Board of Directors and the Statutory Auditors' special report prepared in accordance with the provisions of article L. 225-40 of the French Commercial Code, the shareholders approve the special report and all the items covered therein.

▪ SIXTH RESOLUTION

Approval of the policy on compensation awardable to executive corporate officers

Deliberating in accordance with the rules of quorum and majority applicable to Ordinary General Meetings and having considered the Corporate Governance Report governed by article L. 225-37 of the French Commercial Code describing the elements required in a policy on executive pay, the shareholders approve the policy on compensation awarded to executive corporate officers of the Company, as detailed in chapter 4, section 4.3 of the Company's 2019 Universal Registration Document, in accordance with the provisions of article L. 225-37-2-II of said Code.

▪ SEVENTH RESOLUTION

Approval of the policy on compensation awardable to members of the Board of Directors

Deliberating in accordance with the rules of quorum and majority applicable to Ordinary General Meetings and having considered the Corporate Governance Report governed by article L. 225-37 of the French Commercial Code describing the elements required in a policy on executive pay, the shareholders approve the policy on compensation awarded to members of the Company's Board of Directors, as detailed in chapter 4, section 4.3 of the Company's 2019 Universal Registration Document, in accordance with the provisions of article L. 225-37-2-II of said Code.

▪ EIGHTH RESOLUTION

Approval of the information provided regarding the compensation awarded to corporate officers in accordance with article L. 225-37-3 I. of the French Commercial Code

Deliberating in accordance with the rules of quorum and majority applicable to Ordinary General Meetings and having considered the Corporate Governance Report governed by article L. 225-37 of the French Commercial Code, the shareholders approve all the information presented in article L. 225-37-3 I. of the French Commercial Code, as detailed in chapter 4, section 4.3 of the Company's 2019 Universal Registration Document, in accordance with the provisions of article L. 225-100 II of said Code.

NINTH RESOLUTION

Approval of the fixed, variable and exceptional components of the total compensation and benefits paid or granted to Conrad Keijzer in the year ended December 31, 2019

Deliberating in accordance with the rules of quorum and majority applicable to Ordinary General Meetings and having considered the Corporate Governance Report governed by article L. 225-37 of the French Commercial Code, the shareholders approve the fixed, variable and exceptional components of the total compensation and benefits paid or granted to Conrad Keijzer with respect to the financial year ended December 31, 2019, as out in chapter 4, paragraph 4.3.3 and chapter 8, paragraph 8.1.5 of the Company's 2019 Universal Registration Document, in accordance with the provisions of article L. 225-100 III of said Code.

TENTH RESOLUTION

Approval of the fixed, variable and exceptional components of the total compensation and benefits paid or granted to Gilles Michel in the year ended December 31, 2019

Deliberating in accordance with the rules of quorum and majority applicable to Ordinary General Meetings and having considered the Corporate Governance Report governed by article L. 225-37 of the French Commercial Code, the shareholders approve the fixed, variable and exceptional components of the total compensation and benefits paid or granted to Gilles Michel with respect to the financial year ended December 31, 2019, as out in chapter 4, paragraph 4.3.3 and chapter 8, paragraph 8.1.5 of the Company's 2019 Universal Registration Document, in accordance with the provisions of article L. 225-100 III of said Code.

ELEVENTH RESOLUTION

Approval of the fixed, variable and exceptional components of the total compensation and benefits paid or granted to Patrick Kron in the year ended December 31, 2019

Deliberating in accordance with the rules of quorum and majority applicable to Ordinary General Meetings and having considered the Corporate Governance Report governed by article L. 225-37 of the French Commercial Code, the shareholders approve the fixed, variable and exceptional components of the total compensation and benefits paid or granted to Patrick Kron with respect to the financial year ended December 31, 2019, as out in chapter 4, paragraph 4.3.3 and chapter 8, paragraph 8.1.5 of the Company's Universal Registration Document, in accordance with the provisions of article L. 225-100 III of said Code.

TWELFTH RESOLUTION

Ratification of the appointment of Patrick Kron as a director

Deliberating in accordance with the rules of quorum and majority applicable to Ordinary General Meetings and having considered the Management Report prepared by the Board of Directors, the shareholders ratify the appointment of Patrick Kron as a director of the Company, as decided by the Board of Directors at its meeting held on June 25, 2019, for the remaining duration of the term of his predecessor, Gilles Michel, who stepped down from his duties, which will expire at the close of the Shareholders' General Meeting to be held in 2021 to approve the financial statements for the year ending December 31, 2020.

THIRTEENTH RESOLUTION

Re-appointment of Aldo Cardoso as a director

Deliberating in accordance with the rules of quorum and majority applicable to Ordinary General Meetings, having considered the Management Report prepared by the Board of Directors and acknowledged that the directorship of Aldo Cardoso expires at the close of the present Shareholders' General Meeting, the shareholders decide to re-appoint Aldo Cardoso as a director for a term expiring at the close of the Shareholders' General Meeting to be held in 2023 to approve the financial statements for the year ending December 31, 2022, in accordance with statutory provisions.

FOURTEENTH RESOLUTION

Re-appointment of Paul Desmarais III as a director

Deliberating in accordance with the rules of quorum and majority applicable to Ordinary General Meetings, having considered the Management Report prepared by the Board of Directors and acknowledged that the directorship of Paul Desmarais III expires at the close of the present Shareholders' General Meeting, the shareholders decide to re-appoint Paul Desmarais III as a director for a term expiring at the close of the Shareholders' General Meeting to be held in 2023 to approve the financial statements for the year ending December 31, 2022, in accordance with statutory provisions.

FIFTEENTH RESOLUTION

Re-appointment of Colin Hall as a director

Deliberating in accordance with the rules of quorum and majority applicable to Ordinary General Meetings, having considered the Management Report prepared by the Board of Directors and acknowledged that the directorship of Colin Hall expires at the close of the present Shareholders' General Meeting, the shareholders decide to re-appoint Colin Hall as a director for a term expiring at the close of the Shareholders' General Meeting to be held in 2023 to approve the financial statements for the year ending December 31, 2022, in accordance with statutory provisions.

SIXTEENTH RESOLUTION

Appointment of Annette Messemer as a director

Deliberating in accordance with the rules of quorum and majority applicable to Ordinary General Meetings and having considered the Management Report prepared by the Board of Directors, the shareholders decide to appoint Annette Messemer as a director of the Company for the first time, for a term expiring at the close of the Shareholders' General Meeting to be held in 2023 to approve the financial statements for the year ending December 31, 2022, in accordance with statutory provisions.

SEVENTEENTH RESOLUTION

Appointment of Véronique Saubot as a director

Deliberating in accordance with the rules of quorum and majority applicable to Ordinary General Meetings and having considered the Management Report prepared by the Board of Directors, the shareholders decide to appoint Véronique Saubot as a director of the Company for the first time, for a term expiring at the close of the Shareholders' General Meeting to be held in 2023 to approve the financial statements for the year ending December 31, 2022, in accordance with statutory provisions.

EIGHTEENTH RESOLUTION

Purchase by the Company of its own shares

Deliberating in accordance with the rules of quorum and majority applicable to Ordinary General Meetings, having considered the Management Report prepared by the Board of Directors and in accordance with the provisions of articles L. 225-209 *et seq.* of the French Commercial Code, articles 241-1 to 241-7 of the AMF's General Regulations and Regulation (EU) No. 596/2014 of the European Parliament and of the Council of April 16, 2014 on market abuse, the shareholders:

1. authorize the Board of Directors, or any representative duly empowered in accordance with the law, to purchase the Company's shares in order to:
   - cancel them at a later date to reduce the Company's share capital, subject to approval of authorization granted to the Board of Directors by the Shareholders' General Meeting of May 10, 2019 in the twenty-second resolution,
   - cover stock option plans and/or free share grants, as well as any shares granted under shareholding plans set up by the Company (or assimilated plans), or with respect to profit-sharing programs for current employees, former employees and/or corporate officers of the Company and/or any related companies as defined by articles L. 225-180 and L. 233-16 of the French Commercial Code, within the current legal framework or ad hoc plans set up by the Company,
   - grant or exchange shares purchased, in particular, following the exercise of rights or issue of shares or securities redeemable, convertible, exchangeable or otherwise exercisable for shares of the Company,
   - maintain the liquidity of the market through an investment services firm acting in the name and on behalf of the Company, under a liquidity agreement in accordance with a code of conduct recognized by the AMF, and
   - more generally, operate for any other purpose that is or may come to be authorized by law, and/or implement any market practice that may come to be authorized by the AMF.

   Shares may be purchased, sold, transferred or exchanged at any time, except during a public offer for the Company's shares, in accordance with applicable regulations, on the market or over the counter and by any means, including through block transfers and with the use or exercise of any financial instrument or derivative;
2. set the following limits within which the Board of Directors may use the present authorization:
   - the number of shares that may be purchased may not exceed 10% of the total number of shares issued and outstanding at January 1, 2020, *i.e.* 7,950,045 shares,
   - the number of shares the Company may hold, whether directly or indirectly at any time, may not exceed 10% of the Company's share capital,
   - the price at which shares are purchased may not exceed €85,
   - consequently, the Company's total investment in share buy-backs may not exceed €675.6 million;
3. decide that, if the par value of shares changes, the capital is increased by capitalizing reserves or granting free shares, or in the event of a stock split or reverse stock split, the aforementioned maximum investment available for share buy-backs and the maximum number of shares able to be repurchased will be adjusted by the ratio between the number of shares that made up the capital before the operation and the number after the operation;
4. set the term of this authorization at 18 months from the date of the present Shareholders' General Meeting, which renders null and void the unused portion of any authorizations previously granted to the Board of Directors regarding share buy-backs;
5. grant full powers to the Board of Directors, or any representative duly empowered in accordance with the law, to implement this authorization and, in particular, place any and all buy and sell orders, sign any and all sale, exchange or transfer agreements, file any statements with the AMF or any other organization, carry out all other formalities, and generally do everything necessary to use this authorization.

EXTRAORDINARY RESOLUTIONS

NINETEENTH RESOLUTION

Delegation of authority granted to the Board of Directors to increase the share capital by issuing shares or securities carrying rights to shares, immediately or at a later date, without preferential subscription rights open to the public, excluding the offers referred to in article L. 411-2 1° of the French Monetary and Financial Code and provided for in the twentieth resolution

Deliberating in accordance with the rules of quorum and majority applicable to Extraordinary General Meetings, having considered both the Management Report prepared by the Board of Directors and the Statutory 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 Commercial Code, the shareholders:

1. delegate authority to the Board of Directors to increase the Company's share capital, on one or more occasions, on the market in France and/or overseas, in euros or any other currency, by issuing to the public (excluding the offers referred to in article L. 411-2 1° of the French Monetary and Financial Code and provided for in the twentieth resolution) ordinary shares and/or any securities or debt securities carrying rights of any kind to ordinary shares of the Company to be issued, immediately or at a later date (at any time or at a set date), or in accordance with article L. 228-93 of the French Commercial Code any company that directly or indirectly holds over half of its capital or in which it directly or indirectly holds over half of the capital in securities that are redeemable, convertible, exchangeable or otherwise exercisable for shares. These securities may be denominated in foreign currencies or any monetary unit determined by reference to a basket of several currencies. The amounts and timing of such issues will be determined at the Board's discretion;
2. decide to set the ceiling for issues carried out by the Board of Directors under the present delegation of authority as follows:
   - the total par value of ordinary shares that may be issued, directly or in consideration for securities, under the present delegation may not exceed €15 million, *i.e.* approximately 9.4% of the Company's capital at December 31, 2019. The amount constitutes a sub-ceiling in which all issues without preferential subscription rights would be included. The par value of shares issued under the present delegation is included in the overall ceiling for capital increases set in paragraph 1 of the twenty-first resolution and is increased where necessary by the additional par value of shares to be issued in order to maintain the rights of bearers of securities or other shares carrying rights to shares of the Company, in accordance with any applicable legal and contractual provisions,
   - the total par value of debt securities that may be issued under the present delegation and carry rights immediately or at a later date to shares of the Company may not exceed €1 billion or the equivalent value on the date at which the decision is made to carry out the issue. The par value of such issues is included in the overall ceiling for issues of debt securities set in paragraph 2 of the twenty-first resolution;
3. decide to cancel the shareholders' preferential subscription rights to shares issued under the present resolution while maintaining the Board of Directors' authority to grant shareholders a priority subscription period, in accordance with article L. 225-135 of the French Commercial Code, that does not give rise to tradable rights, which must be applied in proportion to the number of shares owned by each shareholder. Applicable to all or part of the issue, this period may last as long and be applied in any way agreed by the Board of Directors;
4. note that the present delegation requires shareholders to waive their preferential subscription rights to shares of the Company to which securities issued under the present delegation may carry rights;
5. decide that:
   - the issue price for ordinary shares issued under the present delegation is set by the Board of Directors in accordance with the provisions of articles L. 225-136 1° and R. 225-119 of the French Commercial Code. The price must be equal to at least the weighted average Imerys share price from the last three trading days preceding the issue date, which may be discounted by a maximum of 10%,
   - the issue price for securities carrying rights to shares of the Company is set at a price equal to the amount immediately received plus, where applicable, the amount that may be received at a later date, meaning for each ordinary share of the Company issued as a result of the securities issue, the price must be at least equal to that required by the previous paragraph after taking into account any difference in price at the cum-rights date;
6. decide that the Board of Directors may, within the limit of the total issue amount authorized in paragraph 2 above, issue ordinary shares and/or securities carrying rights immediately or at a later date to existing or future shares of the Company, in consideration for securities tendered to the Company as part of a public share exchange offer that meets the conditions stipulated by article L. 225-148 of the French Commercial Code;
7. decide to grant the Board of Directors, within the aforementioned limits, the necessary powers to:
   - set the conditions of the issue(s) and in particular the type and characteristics of the securities to be created, decide the dates at which to open and close the subscription period, acknowledge any resulting increase in capital and make any changes to the by-laws,
   - set the number and type of shares in consideration, the terms and conditions of the issue, the exchange ratio as well as any balance to be paid in cash for shares issued in consideration for securities tendered to the Company as part of a public share exchange offer,

- allocate the cost of capital increases to the related premiums on its own initiative and withhold from this amount the necessary funds to bring the legal reserve to 10% of the share capital after each capital increase,
- carry out all necessary adjustments in accordance with any applicable legal and contractual provisions and set the conditions under which they will maintain the rights of bearers of securities or other shares carrying rights to shares of the Company, where required,
- delegate to the Chief Executive Officer, or to one or several Deputy Chief Executive Officers with the approval of the Chief Executive Officer, all necessary powers to carry out or postpone capital increases within the limits and conditions previously agreed by the Board of Directors,
- and, more generally, take all necessary measures, conclude any agreements, carry out all other formalities and do everything necessary to successfully complete the planned issues;

8. decide that the Board of Directors may not use the present delegation of authority during a public offer for the Company's shares without prior approval from the shareholders;
9. grant the present delegation from the date of the present Shareholders' General Meeting until July 9, 2021, which supersedes any previous delegation granted for the same purpose.

TWENTIETH RESOLUTION

Delegation of authority granted to the Board of Directors to increase the share capital by issuing shares or securities carrying rights to shares, immediately or at a later date, without preferential subscription rights, in favor of qualified institutional buyers or a limited number of investors as defined by article L. 411-2 1° of the French Monetary and Financial Code

Deliberating in accordance with the rules of quorum and majority applicable to Extraordinary General Meetings, having considered both the Management Report prepared by the Board of Directors and the Statutory 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 Commercial Code and article L. 411-2 1° of the French Monetary and Financial Code, the shareholders:

1. delegate authority to the Board of Directors to increase the Company's share capital, on one or more occasions, in favor of qualified institutional buyers or a limited number of investors as defined by article L. 411-2 1° of the French Monetary and Financial Code, in France or overseas, of ordinary shares and/or any securities or debt securities carrying rights of any kind to ordinary shares of the Company to be issued, immediately or at a later date (at any time or at a set date) that are redeemable, convertible, exchangeable or otherwise exercisable for shares. These securities may be denominated in foreign currencies or any monetary unit determined by reference to a basket of several currencies. The amounts and timing of such issues will be determined at the Board's discretion;
2. decide to set the ceiling for issues carried out by the Board of Directors under the present delegation of authority as follows:
   - the total par value of shares that may be issued, directly or in consideration for securities, under the present delegation may not exceed 10% of the Company's capital at the date of issue. The par value of such issues is included in the specific ceiling for capital increases set in paragraph 2 of the nineteenth resolution above and is increased, where necessary, by the additional par value of shares to be issued in order to maintain the rights of bearers of securities or other shares carrying rights to shares of the Company, in accordance with any applicable legal and contractual provisions,
   - the total par value of debt securities that may be issued under the present delegation and carry rights immediately or at a later date to shares of the Company may not exceed €1 billion or the equivalent value on the date at which the decision is made to carry out the issue. The par value of such issues is included in the overall ceiling for issues of debt securities set in paragraph 2 of the twenty-first resolution;
3. decide to cancel the shareholders' preferential subscription rights to shares issued under the present resolution;
4. note that the present delegation requires shareholders to waive their preferential subscription rights to shares of the Company to which securities issued under the present delegation may carry rights;
5. decide that:
   - the issue price for ordinary shares issued under the present delegation is set by the Board of Directors in accordance with the provisions of articles L. 225-136 1° and R. 225-119 of the French Commercial Code. The price must be equal to at least the weighted average Imerys share price from the last three trading days preceding the issue date, which may be discounted by a maximum of 10%,
   - the issue price for securities carrying rights to shares of the Company is set at a price equal to the amount immediately received plus, where applicable, the amount that may be received at a later date, meaning for each ordinary share of the Company issued as a result of the securities issue, the price must be at least equal to that required by the previous paragraph after taking into account any difference in price at the cum-rights date;
6. decide to grant the Board of Directors, within the aforementioned limits, the necessary powers to:
   - set the conditions of the issue(s) and in particular the type and characteristics of the securities to be created, decide the dates at which to open and close the subscription period, acknowledge any resulting increase in capital and make any changes to the by-laws,
   - allocate the cost of capital increases to the related premiums on its own initiative and withhold from this amount the necessary funds to bring the legal reserve to 10% of the share capital after each capital increase,

- carry out all necessary adjustments in accordance with any applicable legal and contractual provisions and set the conditions under which they will maintain the rights of bearers of securities or other shares carrying rights to shares of the Company, where required,
- delegate to the Chief Executive Officer, or to one or several Deputy Chief Executive Officers with the approval of the Chief Executive Officer, all necessary powers to carry out or postpone capital increases within the limits and conditions previously agreed by the Board of Directors,
- and, more generally, take all necessary measures, conclude any agreements, carry out all other formalities and do everything necessary to successfully complete the planned issues;

7. decide that the Board of Directors may not use the present delegation of authority during a public offer for the Company's shares without prior approval from the shareholders;
8. grant the present delegation from the date of the present Shareholders' General Meeting until July 9, 2021, which supersedes any previous delegation granted for the same purpose.

TWENTY-FIRST RESOLUTION

Overall ceiling for the par value of share capital increases and issues of debt securities resulting from the aforementioned delegations and authorizations

Deliberating in accordance with the rules of quorum and majority applicable to Extraordinary General Meetings and having considered the Management Report prepared by the Board of Directors, the shareholders decide to set:

1. at €75 million the maximum par value of capital increases that may be carried out immediately or at a later date under the delegations and authorizations granted in the nineteenth and twentieth resolutions of the present Shareholders' General Meeting and the thirteenth, sixteenth, eighteenth and nineteenth resolutions by the Shareholders' General Meeting of May 10, 2019. This ceiling is increased, where necessary, by the additional par value of shares to be issued in order to maintain the rights of bearers of securities or other shares carrying rights to shares, in accordance with any applicable legal and contractual provisions;
2. at €1 billion, or the equivalent value on the date at which the decision is made to carry out the issue, the maximum par value of debt securities that may be issued under the delegations and authorizations to issue securities carrying rights, immediately or at a later date, to a proportion of share capital granted by the nineteenth and twentieth resolutions of the present Shareholders' General Meeting and the thirteenth, sixteenth, eighteenth and nineteenth resolutions by the Shareholders' General Meeting of May 10, 2019.

TWENTY-SECOND RESOLUTION

Authorization granted to the Board of Directors to award employees and corporate officers of the Company and its subsidiaries, or certain categories among them, stock options or purchase plans for Company shares

Deliberating in accordance with the rules of quorum and majority applicable to Extraordinary General Meetings, having considered both the Management Report prepared by the Board of Directors and the Statutory Auditors' special report and in accordance with the provisions of articles L. 225-177 and L. 225-186 of the French Commercial Code, the shareholders:

1. authorize the Board of Directors to award on one or more occasions, as it deems appropriate, employees and corporate officers of the Company and, where applicable, any company or related economic interest grouping in accordance with the conditions stipulated by article L. 225-180 of the French Commercial Code, or certain categories among them, options carrying subscription rights to new shares or rights to purchase existing shares of the Company;
2. acknowledge that, in accordance with the provisions of article L. 225-178 of the French Commercial Code, the present authorization requires shareholders to waive their preferential subscription rights to the shares that will be issued as and when stock options are exercised, in favor of the beneficiaries of these options;
3. decide that the number of options that may be granted under the present authorization may not carry rights to subscribe or acquire a total number of shares that exceeds 3% of the Company's share capital at the date the Board decides to award the shares. This ceiling covers both the present resolution and the twenty-third resolution set out below. The amount at which the ceiling is fixed does not take into account the number of shares to be issued, where necessary, in order to maintain the rights of bearers of securities or other shares carrying rights to shares, in accordance with any applicable legal and contractual provisions;
4. decide that the number of options that may be awarded to executive corporate officers under the present authorization may not carry rights to subscribe or acquire a total number of shares that exceeds 0.5% of the Company's share capital at the date the Board decides to award the shares. This sub-ceiling covers both the present resolution and the twenty-third resolution set out below;
5. decide that the price at which beneficiaries may subscribe to or purchase shares will be set by the Board of Directors on the grant date, within the limits of and in accordance with the law, noting that:
   - in the event of a stock option grant, the subscription price would be equal to the average opening price for the Imerys share from the twenty trading days preceding the issue date,

- in the event of a stock purchase plan, the purchase price would be equal to average price at which the Company purchased its treasury shares under articles L. 225-208 and L. 225-209 of the French Commercial Code,
- exceptionally, a discount could be applied, where necessary, to the subscription or purchase price of options granted as part of operations conducted by the Company that are intended to promote employee share ownership, in accordance with the terms and conditions set out in law;

6. decide that stock option grants, stock purchase plans and free share grants, with the exception of those awarded as part of employee share ownership plans set up by the Company, may be subject to fulfilling one or several quantitative performance criteria set by the Board of Directors at the issue date. Performance criteria will always apply for any grants awarded to the Group's executive corporate officers;
7. set the term at 10 years from the date of the option grant, during which period the options must be exercised;
8. decide that no stock options may be granted within twenty trading days of the ex-dividend date or the date at which preferential subscription rights or a capital increase come into effect;
9. agree that shares issued as a result of exercising stock options granted under the present resolution must have been acquired by the Company, either under article L. 225-208 of the French Commercial Code, as part of a share buy-back program authorized by the eighteenth resolution submitted for approval at the present Shareholders' General Meeting under article L. 225-209 of the French Commercial Code or any other share buy-back program put in place before or after the adoption of the present resolution;
10. grant full powers to the Board of Directors, or any representative duly empowered in accordance with the law, to implement the present authorization and, in particular, to:
    - set the date at which options will be granted,
    - set the terms and conditions of option grants and agree the list of beneficiaries as set out above,
    - set the term within which options must be exercised, taking into account the maximum term of options as set above,
    - provide for the option to temporarily suspend the possibility of exercising options for a maximum three-month period in the event of the completion of financial transactions carrying rights to shares,
    - lay down the terms and conditions under which the price and number of shares that can be subscribed or purchased may be adjusted when such adjustments are prohibited by legal and regulatory provisions in force, in particular the various situations provided for in articles R. 225-137 to R. 225-142 of the French Commercial Code,
    - allocate the cost of capital increases to related premiums, in particular regarding expenses, fees and rights resulting from such increases and deduct from the premiums any amount required to bring the legal reserve up to 10% of share capital after each increase, at the Board's own discretion and if it deems it to be appropriate,
    - acknowledge the capital increase(s) carried out under the present authorization, amend the Company's by-laws accordingly and conduct or oversee all formalities required to make such capital increases definitive,
    - and more generally, do anything required;
11. grant the present authorization for a period of 38 months from the date of the present Shareholders' General Meeting, which supersedes the unused portion of any previous authorization granted for the same purpose.

TWENTY-THIRD RESOLUTION

Authorization granted to the Board of Directors to award employees and corporate officers of the Company and its subsidiaries, or certain categories among them, free shares in the Company

Deliberating in accordance with the rules of quorum and majority applicable to Extraordinary General Meetings, having considered both the Management Report prepared by the Board of Directors and the Statutory Auditors' special report and in accordance with the provisions of article L. 225-197-1 *et seq.* of the French Commercial Code, the shareholders:

1. authorize the Board of Directors to conduct on one or more occasions, as it deems appropriate, employees and corporate officers of the Company and, where applicable, any company or related economic interest grouping in accordance with the conditions stipulated by article L. 225-197-2 of the French Commercial Code, or certain categories among them, free grants of existing or future shares of the Company;
2. decide that the existing or future shares of the Company granted under the present authorization may not exceed 3% of the Company's capital at the grant date set by the Board. This ceiling covers both the present resolution and the twenty-second resolution set out above. The amount at which the ceiling is fixed does not take into account the number of shares to be issued, where necessary, in order to maintain the rights of bearers of securities or other shares carrying rights to shares, in accordance with any applicable legal and contractual provisions;
3. decide that the existing or future shares that may be awarded to executive corporate officers under the present authorization may not exceed 0.5% of the Company's share capital at the date the Board decides to award the shares. This sub-ceiling covers both the present resolution and the twenty-second resolution set out above;

4. decide that free share grants, with the exception of those awarded as part of employee share ownership plans set up by the Company, may be subject to fulfilling one or several quantitative performance criteria set by the Board of Directors at the issue date. Performance criteria will always apply for any grants awarded to the Group's executive corporate officers;
5. decide that beneficiaries will definitively acquire the shares following (i) a minimum vesting period of one year, following which the shares remain subject to a further lock-up period of one year, or (ii) a minimum vesting period of two years, following which no lock-up period would apply. The Board of Directors has the choice between these two options and may use them alternatively or concurrently. The Board also has the possibility of extending the vesting and/or lock-up periods in scenario (i) or extend the vesting period and/or introduce a lock-up period in scenario (ii);
6. take note that, in the event new free shares are issued, the present resolution requires shareholders to waive their preferential subscription rights to such free shares in favor of the beneficiaries and the portion to be allocated to capitalizing retained earnings, profits, and issue premiums as part of the grant;
7. agree that existing shares granted under the present resolution must have been acquired by the Company, either under article L. 225-208 of the French Commercial Code, as part of a share buy-back program authorized by the eighteenth resolution submitted for approval at the present Shareholders' General Meeting under article L. 225-209 of the French Commercial Code or any other share buy-back program put in place before or after the adoption of the present resolution;
8. grant full powers to the Board of Directors, or any representative duly empowered in accordance with the law, to implement the present authorization and, in particular, to:
   - determine the categories of beneficiaries eligible for such grants, as well as the conditions, especially, where applicable, the quantitative performance criteria to which the free share grants are subject,
   - set the vesting and lock-up periods, where applicable, in line with the aforementioned minimum periods set out above and as required by regulations in force. It is up to the Board of Directors to decide whether or not the shares granted to executive corporate officers, as defined by article L. 225-197-1, II paragraph 4 of the French Commercial Code, can be sold by the beneficiaries before they leave the Company, as well as the number of shares they are required to hold in registered form until they leave the Company,
   - set and agree the conditions under which the shares may be issued under the present authorization,
   - adjust, where necessary, the number of shares relating to any potential operations on the Company's capital during the vesting period in order to maintain the rights of beneficiaries,
   - acknowledge, where applicable, the capital increase(s) carried out under the present authorization, amend the Company's by-laws accordingly and conduct or under all formalities required to make such capital increases definitive,
   - and more generally do anything required;
9. grant the present authorization for a period of 38 months from the date of the present Shareholders' General Meeting, which supersedes the unused portion of any previous authorization granted for the same purpose.

TWENTY-FOURTH RESOLUTION

Delegation of authority granted to the Board of Directors to increase the share capital by issuing shares or securities carrying rights to shares of the Company reserved for members of a Company or Group savings plan without pre-emptive subscription rights

Deliberating in accordance with the rules of quorum and majority applicable to extraordinary shareholders' general meetings, having considered both the Management Report prepared by the Board of Directors and the Statutory Auditors' special report and in accordance with the provisions of articles L. 3332-1 et seq. of the French Labor Code (Code du travail) regarding employee savings schemes and articles L. 225-129-2 to L. 225-129-6 and L. 225-138-1 of the French Commercial Code, the shareholders:

1. grant authority to the Board of Directors to increase the Company's capital, on one or several occasions, by issuing ordinary shares and/or any securities carrying rights of any kind to shares of the Company, immediately or at a later date, reserved for members of a company or group savings plan set up by the Company and/or companies or groups of entities based in France or overseas related to it within the meaning of article L. 225-180 of the French Commercial Code and article L. 3344-1 of the French Labor Code, and which meet any conditions that may be set by the Board of Directors. The amounts and timing of such issues will be determined at the Board's discretion;
2. decide that the nominal amount of capital increases that may be carried out under the present delegation may not exceed €1.6 million, i.e. approximately 1% of the Company's capital at December 31, 2019. The ceiling is separate and distinct from the overall ceiling for capital increases set in the twenty-first resolution of the present Shareholders' General Meeting and is increased where necessary by the nominal amount of shares to be issued in order to maintain the rights of bearers of securities or other shares carrying rights to shares of the Company, in accordance with any applicable legal and contractual provisions;
3. decide that the subscription price for shares issued under the present delegation may not be less than the average share price from the last 20 trading days preceding the date at which the Board of Directors sets the opening date for subscriptions, minus any maximum discount authorized by law at the date of the Board of Directors' decision;
4. decide to cancel the shareholders' pre-emptive subscription rights to shares issued to the aforementioned beneficiaries;
5. grant full powers to the Board of Directors, with possible sub-delegation in accordance with the law, to implement the present delegation and, in particular, to:
   - identify the companies whose employees and corporate officers are eligible to subscribe to issues under the present delegation,
   - set the conditions, in particular length of service, beneficiaries must meet to be eligible to subscribe,

- set the conditions of the issue(s), acknowledge any resulting increase in capital and make any changes to the by-laws,
- set the opening and closing subscription dates, the price, the cum-rights date for shares issued and the conditions under which shares shall be paid up,
- decide whether subscriptions may be made directly and/or indirectly through a mutual fund,
- set the terms and conditions for joining company or group savings plans, draw up and modify the rules for existing plans if necessary,
- allocate the cost of capital increases to the related premiums on its own initiative and withhold from this amount the necessary funds to bring the legal reserve to 10% of the share capital after each capital increase,
- carry out all necessary adjustments in accordance with any applicable legal and contractual provisions and set the conditions under which they will maintain the rights of bearers of securities or other shares carrying rights to shares of the Company, where required,
- and, more generally, take all necessary measures, conclude any agreements, carry out all other formalities and do everything necessary to successfully complete the planned issues;

6. grant the present delegation as from the date hereof and until July 9, 2021 which supersedes any previous delegation granted for the same purpose.

TWENTY-FIFTH RESOLUTION

Amendments to the Company's by-laws

Deliberating in accordance with the rules of quorum and majority applicable to Extraordinary General Meetings and having considered both the Management Report prepared by the Board of Directors, the shareholders approve the amendments to the Company's by-laws regarding the composition, powers and workings of the Board of Directors, related party agreements *(conventions réglementées)* and the organization of Shareholders' Meetings. Consequently, shareholders fully approve the new language of articles 4, 12, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23 and 29 as follows.

Article 4 – Registered office

The following amendments have been made to paragraph 2:

"It may be transferred to any other place in France by decision of the Board of Directors, subject to ratification by the next Ordinary General Meeting of the Shareholders, and anywhere else pursuant to a decision by an Extraordinary General Meeting of the Shareholders."

All other paragraphs in article 4 remain unchanged.

Article 12 – Composition of the Board of Directors

The following amendments have been made to paragraphs 2 and 4:

"In accordance with legal provisions, the Board of Directors shall also comprise one (1) Director representing employees who is designated by the France Group Committee. When the number of Directors appointed by the Shareholders' General Meeting is higher than eight (8), a second Director representing employees shall be designated by the European Works Council.

(…)

In the event that the number of Directors appointed by the Shareholders' General Meeting falls to eight (8) or fewer, the second Director representing employees shall remain in office until his/her term expires."

All other paragraphs in article 12 remain unchanged.

Article 14 – Organization of the Board of Directors

The third and fourth sentences of paragraph 3, article 14 of the Company's by-laws have been removed.

All other paragraphs in article 14 remain unchanged.

Article 15 – Operations of the Board of Directors

Article 15 will be supplemented with a new paragraph that reads as follows:

"The decisions that fall within the responsibility of the Board of Directors, as stipulated by article L. 225-24 of the French Commercial Code (provisional appointment of directors), the last paragraph of article L. 225-35 of the French Commercial Code (authorization of endorsements, sureties and guarantees given by the Company), the second paragraph of article L. 225-36 of the French Commercial Code (necessary amendments to the Company's by-laws to ensure compliance with legal and regulatory provisions) and the first paragraph of article L. 225-103 of the French Commercial Code (notice of meeting sent to shareholders prior to the General Meeting), as well as the decision to relocate the registered office within the same département, can also be taken by the Chairman, Secretary of the Board or one of the Vice-Chairmen of the Board of Directors, after taking into account the opinions submitted by directors in writing. The terms of gathering the written opinions of directors are set out in the Internal Charter of the Board of Directors."

Article 16 – Powers of the Board of Directors

The following amendments have been made to paragraph 1:

"The Board of Directors lays down the orientations of the Company's business and ensures that they are **implemented in accordance with its corporate interest and taking into account the social and environmental impact of its business."**

The following amendments have been made to paragraph 6:

"The Board determines, in accordance with the law, the compensation and allowances, whether fixed, proportional or both, of the Chairman of the Board of Directors and of any person temporarily delegated to the duties of the Chairman, Chief Executive Officer, or of any Delegate Chief Executive Officers, of any other officers or persons with an assignment or who are part of the Committees provided for in the previous paragraph, all of which shall be charged to general expenses, subject to compliance with legal provisions."

All other paragraphs in article 16 remain unchanged.

Article 17 – Compensation of members of the Board of Directors

The following amendments have been made to article 17:

"The Directors shall receive as remuneration for their activity a fixed and/or proportional sum as executive pay, the maximum annual amount of which shall be determined by the General Meeting of the Shareholders and shall be maintained until a decision to the contrary is made.

The Board shall distribute the amount among its members in accordance with the law.

In particular, the Board may allocate a greater share to the Directors that are members of the Committees.

It may also allocate exceptional remunerations, in accordance with the law, for any assignments or offices given to Directors. Such remunerations shall be subject to the legal provisions relating to agreements subject to the prior authorization of the Board of Directors."

Article 18 – General Management

The following amendments have been made to paragraph 6:

"In accordance with the law, on the proposal of the Chief Executive Officer, the Board of Directors may appoint one or more natural persons to assist the Chief Executive Officer, with the title of Delegate Chief Executive Officer. The maximum number of Delegate Chief Executive Officers is set at five (5)."

The following amendments have been made to paragraph 10:

"The Board of Directors shall determine the remuneration of the Chief Executive Officer and of the Delegate Chief Executive Officers **in accordance with the law.** *Such remuneration may be fixed and/or proportional."*

All other paragraphs in article 18 remain unchanged.

Article 19 – Related party (*conventions réglementées*) and prohibited agreements

The following amendments have been made to article 19:

"Any agreement, whether direct or via an intermediary, between the Company and its Chief Executive Officer, any of its Delegate Chief Executive Officers, any of its Directors, any of its shareholders with a share of voting rights greater than the threshold provided by the regulations in force or, in the case of a shareholding company, the company controlling it in the sense of article L. 233-3 of the French Code of Commerce, shall be subject to the prior authorization of the Board of Directors.

The same applies to agreements in which any of the above-mentioned persons is involved.

Agreements between the Company and another company are also subject to the prior authorization of the Board of Directors, if the Chief Executive Officer, one of the Delegate Chief Executive Officers or one of the Directors of the Company is an owner, partner with unlimited liability, manager, director or member of the Supervisory Board or, in general, runs such company.

The person in question shall inform the Board as soon as he or she becomes aware of an agreement that requires authorization. He or she may not take part in either deliberations or the vote on the requested authorization.

Prior authorization of the Board of Directors is justified on the basis of the interest of the agreement for the Company, namely by specifying the related financial conditions.

In accordance with applicable regulations, the Company will publish information regarding the agreements subject to prior authorization by the Board of Directors on its website no later than the conclusion of the agreement.

The Chairman of the Board of Directors shall notify the Statutory Auditors of all agreements authorized and concluded and shall submit such agreements to the approval of the General Meeting of the Shareholders.

Statutory Auditors shall present a special report on such agreements to the General Meeting of the Shareholders, which will vote on the report.

The person directly or indirectly concerned by the agreement cannot take part in the vote. His or her shares are not taken into account in the calculation of the majority.

The agreements concluded and authorized in previous financial years that remain effective in the last financial year will be examined every year by the Board of Directors and communicated to the Statutory Auditors in order to establish their report.

Under penalty of making the contract null and void, the Directors other than legal entities are prohibited from taking out borrowings in any form whatsoever with the Company, having the Company grant them an overdraft, a current or other account, or having the Company guarantee or stand surety with third parties for their commitments.

The same prohibition applies to the Chief Executive Officer, to the Delegate Chief Executive Officers and to the permanent representative of the legal entity Directors. It also applies to the spouses, ancestors and descendants of the above-mentioned persons, and to any intermediary."

Article 20 – Statutory Auditors

The following amendments have been made to last paragraph:

"The Statutory Auditors shall be convened to those meetings of the Board of Directors which **review** *or vote on the* **annual or interim** *financial statements, and to all General Meetings of the Shareholders."*

The remainder of article 20 remains unchanged.

Article 21 – Effect of decisions – calling of meetings – attendance

The following amendments have been made to paragraph 4 under "Calling of meetings":

"General Meetings shall be called by the Board of Directors and shall be held at the registered office or any other place indicated in the notice of meeting. Failing that, they may also be called:

- *by the Statutory Auditors under the conditions set forth by the applicable regulations;*
- *by a representative appointed by the courts following an application by any interested party or the* ***social and economic council*** *if the matter is urgent, or by one or more shareholders representing the percentage of capital required by the applicable regulations, or by any group of shareholders which complies with the conditions provided by law."*

The remainder of article 21 remains unchanged.

Article 22 – Organization of General Meetings

The following addition has been made to paragraph 5:

"The double voting right shall automatically cease for any share that is registered as a bearer share or transferred and shall only be regained when the new owner has registered said share in a registered account in his, her or its own name for at least two (2) years. Nevertheless, such period shall not be interrupted and any rights acquired shall be retained when a registered share is transferred and retains the registered form following an intestate or testate succession, a division of the marital community of property, or an inter vivos donation in favor of a spouse or a relative entitled to inherit. The same applies in the event of a transfer following a merger or a split of a shareholder company."

The remainder of article 21 remains unchanged.

Article 23 – Powers

The following amendments have been made to article 23:

"The Annual Ordinary General Meeting of the Shareholders shall take note of the corporate and consolidated financial statements, the management report for the Company and the Group, the corporate governance report prepared by the Board of Directors, the general and special reports by the Statutory Auditors on the corporate financial statements, and their report on the consolidated financial statements.

The General Meeting shall discuss, approve, correct or reject the corporate financial statements and fix the dividend to be distributed and the profits or losses to be carried forward.

It shall decide whether to create any reserve funds.

It shall fix the amounts to be withdrawn from them and rule on the distribution thereof.

It shall determine the amount of total maximum annual amount of executive pay to be distributed among the members of the Board.

It shall appoint, replace, re-elect or remove from office the members of the Board of Directors and shall ratify their provisional appointments by the Board of Directors.

It shall deliberate on any issues which do not fall within the exclusive scope of the Extraordinary General Meeting of the Shareholders."

Article 29 – Financial documents

The following amendments have been made to first paragraph:

"At the close of each financial year, the Board of Directors shall draw up the corporate accounts, the management report and the corporate governance report. It shall also examine the consolidated financial statements and the Group management report, in accordance with the law."

All other paragraphs in article 29 remain unchanged.

Shareholders acknowledge that all other provisions included in the Company's by-laws, in particular with respect to the Company name, purpose, registered office and share capital, remain unchanged.

▪ TWENTY-SIX TH RESOLUTION

Powers

Deliberating in accordance with the rules of quorum and majority applicable to Ordinary General Meetings, the shareholders give full powers to the bearer of an extract or copy of the minutes of the present Shareholders' General Meeting to carry out any and all filing and publication formalities.

9 APPENDICES

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9.1 PERSON RESPONSIBLE FOR THE UNIVERSAL REGISTRATION DOCUMENT

Alessandro Dazza, Chief Executive Officer.

9.2 PERSON RESPONSIBLE FOR THE FINANCIAL INFORMATION

Olivier Pirotte, Chief Financial Officer.

9.3 DECLARATION BY THE PERSON RESPONSIBLE FOR THE UNIVERSAL REGISTRATION DOCUMENT, INCLUDING THE ANNUAL FINANCIAL REPORT

I hereby certify that, having taken all reasonable measures to ensure that this is the case, the information presented in this Universal Registration Document, including the Annual Financial Report, is to the best of my knowledge in conformity with the Company's actual situation and contains no omission likely to affect the fairness of the presentation.

I further declare that to the best of my knowledge the financial statements have been prepared in compliance with applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and results of the Company and all consolidated entities, and that the Management Report published on pages 153 to 164 presents a fair review of business developments, the results as well as the financial position of the Company and all consolidated entities, in addition to a description of the main risks and uncertainties to which they are exposed.

Paris, March 24, 2020

Alessandro Dazza
Chief Executive Officer

9.4 INFORMATION INCLUDED IN THE UNIVERSAL REGISTRATION DOCUMENT BY REFERENCE

Pursuant to article 19 of Regulation (EU) 2017/1129 of the European Parliament and of the Council of June 14, 2017, the following information is incorporated by reference in the present Universal Registration Document:

- with respect to the financial year ending December 31, 2018, the consolidated financial statements, annual financial statements, the related Statutory Auditors' Reports, the Statutory Auditors' special report on related party agreements and the Management Report published in chapter 6 – Financial Statements (pages 180 to 261 and pages 262 to 279) and chapter 2 – Reports on the fiscal year 2018 (pages 55 to 63, pages 64 to 66 and pages 42 to 53), respectively, of the 2018 Registration Document filed with the AMF on March 20, 2019 under number D.19-0175 (available on the Company's website: https://www.imerys.com/sites/imerys.com/files/2019/05/15/Imerys_Registration%20Document_2018_EN.pdf);
- with respect to the financial year ending December 31, 2017, the consolidated financial statements, annual financial statements, the related Statutory Auditors' Reports, the Statutory Auditors' special report on related party agreements and the Management Report published in chapter 6 – Financial Statements (pages 160 to 238 and pages 239 to 256) and chapter 2 – Reports on the fiscal year 2017 (pages 50 to 58, pages 59 to 61 and pages 38 to 49), respectively, of the 2017 Registration Document filed with the AMF on March 20, 2018 under number D.18-0150 (available on the Company's website: https://www.imerys.com/sites/imerys.com/files/2019/05/15/Imerys_Registration%20Document_2017_EN.pdf).

Any other information included in these prior-year Registration Documents and not in the present Universal Registration Document is either of no relevance to investors or mentioned in another part of the Universal Registration Document.

9.5 CROSS-REFERENCE TABLE

9.5.1 UNIVERSAL REGISTRATION DOCUMENT

The present cross-reference table sets out the sections included in Annex 1 and 2 of the Commission Delegated Regulation (EU) 2019/980 of March 14, 2019 and indicates the pages of the present Universal Registration Document where users can find the information regarding each section.

Information		Chapter	Pages
▪ 1	**Persons responsible, third party information, experts' reports and competent authority approval**	**3; 9**	**89-91; 342**
▪ 2	**Statutory Auditors**	**7**	**304**
▪ 3	**Risk factors**	**2**	**33-46**
▪ 4	**Information about the Issuer**	**1; 5; 7**	**3-32; 153-168 and 284-286**
▪ 5	**Business overview**	**1; 5**	**4-18 and 153-160**
5.1	Principal activities	1; 5	4-18
5.2	Principal markets	1	4-18
5.3	Important events in the development of the Issuer's business	5	154-159
5.4	Strategy and objectives	1; 5	5; 19-27 and 160
5.5	Summary information regarding the extent to which the Issuer is dependent on patents or licenses, industrial, commercial or financial contracts or new manufacturing processes	1	8
5.6	Competitive position	1	13-15 and 17-18
5.7	Investments	1; 5	5; 24-26 and 156-158
▪ 6	**Organizational structure**	**1; 6; 7**	**10-18; 245-246 and 303**
6.1	Brief description of the group	1	10-18
6.2	List of the Issuer's significant subsidiaries	6; 7	245-246 and 303
▪ 7	**Operating and financial review**	**5; 6**	**153-168 and 169-282**
7.1	Financial condition	5; 6	153-168 and 170-176
7.2	Operating results	5; 6	153-168; 170-171 and 258
▪ 8	**Capital resources**	**5; 6; 7**	**156-158; 169-282 and 290-300**
8.1	Information concerning the Issuer's capital resources	5; 6; 7	156-157; 173; 215; 261-262; 169-282 and 290-300
8.2	Sources and amounts of the Issuer's cash flows	5; 6	156-158 and 174-176
8.3	Information on the borrowing requirements and funding structure of the Issuer	5; 6	156-158 and 226-243
8.4	Restrictions on the use of capital resources	6	240-241
8.5	Anticipated sources of funds	5; 6	156-158; 192; 226-243 and 265
▪ 9	**Regulatory environment**	**2**	**38**
▪ 10	**Trend information**	**5**	**154; 156-160**
▪ 11	**Profit forecasts or estimates**	**N/A**	**N/A**
▪ 12	**Administrative, management and supervisory bodies and senior management**	**1; 4; 6; 8**	
12.1	Board of Directors and senior management	4	102-118
12.2	Administrative, management and supervisory bodies and senior management conflicts of interests	4; 6; 7; 8	102; 248-249; 280-281; 297; 304; 307
▪ 13	**Remuneration and benefits**	**4; 6; 7; 8**	
13.1	Remuneration & benefits in kind	4; 6; 7; 8	138-140; 145-150; 248-249; 264; 298-300; 307-313
13.2	Total amounts set aside or accrued by the Issuer or its subsidiaries to provide for pension, retirement or similar benefits	4; 7; 8	141-143; 147; 264; 307-313

Information		Chapter	Pages
■ **14**	**Board practices**	**4**	
14.1	Date of expiration of the current term of office and the period during which the person has served in that office	4	97
14.2	Information about members of the administrative, management or supervisory bodies' service contracts with the Issuer or any of its subsidiaries	4	102
14.3	Information about the Issuer's audit committee and remuneration committee	4	125-128
14.4	Statement of compliance with the corporate governance regime(s) applicable to the Issuer	4	95
14.5	Potential material impacts on the corporate governance	4; 5; 8	98; 155; 314
■ **15**	**Employees**	**1; 3; 4; 6; 7**	
15.1	Number of employees and breakdown of employed persons	1; 3	4; 57; 63; 84-86
15.2	Shareholdings and stock options	4; 7	97; 148-149; 296; 298-300
15.3	Arrangements for involving the employees in the capital of the Issuer	6	249
■ **16**	**Major shareholders**	**7**	
16.1	Crossing of thresholds	7	287; 296; 300
16.2	Different voting rights	7	287
16.3	Control or direct or indirect ownership of Imerys	6; 7	268; 296-297; 300
16.4	Arrangements, known to Imerys, the operation of which may at a subsequent date result in a change in control of Imerys	N/A	N/A
■ **17**	**Related party transactions**	**6; 7**	**248-249; 304**
■ **18**	**Financial information concerning Imerys's assets and liabilities, financial position and profits and losses**	**1; 5; 6**	**5; 153-168 and 169-282**
18.1	Historical financial information	5	154; 156-160
18.2	Interim and other financial information	5; 6	5; 153-168 and 169-282
18.3	Auditing of historical annual financial information	6	270-279
18.4	Pro forma financial information	N/A	N/A
18.5	Dividend policy	1; 5	5; 155
18.6	Legal and arbitration proceedings	5; 6	155; 224-225
18.7	Significant change in the financial position	5	156-160
■ **19**	**Additional information**	**6; 7**	
19.1	Share capital	6; 7	215; 262; 268; 290-291; 296
19.1.1	Issued capital	6; 7	215; 262; 268; 290-291; 296
19.1.2	Shares not representing capital	N/A	N/A
19.1.3	Treasury Shares	6; 7	215; 262; 295-296
19.1.4	Convertible securities, exchangeable securities or securities with warrants	N/A	N/A
19.1.5	Information about and terms of any acquisition rights and/or obligations over authorized but unissued capital or an undertaking to increase the capital	N/A	N/A
19.1.6	Information about any capital of any member of the Group which is under option or agreed conditionally or unconditionally to be put under option	N/A	N/A
19.1.7	History of share capital	7	291
19.2	Memorandum and Articles of Association	7	286-287
19.2.1	Corporate purpose	7	286
19.2.2	Description of rights, preferences and restrictions attached to shares	7	286-287
19.2.3	Provisions of the Issuer's articles of association, statutes, charter or by-laws that would have an effect of delaying, deferring or preventing a change in control of the Issuer	7	301
■ **20**	**Material contracts**	**1**	**4-26**
■ **21**	**Documents available**	**7**	**287**

9.5.2 MANAGEMENT REPORT

In accordance to applicable legal provisions, the following information is incorporated by reference in the Company's Management Report (as published in *chapter 5*):

Required information	Chapter	Pages
Business of the Company		
Key financial and non-financial performance indicators (article L. 225-100-1 of the French Commercial Code)	1	5
Main risks and uncertainties (article L. 225-100-1 of the French Commercial Code)	1; 2	28; 34-39
Financial risks of climate change and measures taken by the Company (article L. 225-100-1 of the French Commercial Code)	2; 3	37; 70-75
Internal control and risk management procedures put in place by the Company to collate and process financial and accounting data (article L. 225-100-1 of the French Commercial Code)	2	45-46
Purpose, hedging policy and exposure of the Company to price, credit, liquidity and cash risks; use of financial instruments (article L. 225-100-1 of the French Commercial Code)	6	236-243
Research and development (article L. 232-1 of the French Commercial Code)	1	8; 24
Investments and material takeovers made (article L. 233-6 of the French Commercial Code)	n.a	n.a
Main subsidiaries and equity interests (article L. 233-6 of the French Commercial Code)	6; 7	245-246; 302-303
Corporate governance		
Board of Directors' Corporate Governance Report (articles L. 225-37 et seq. of the French Commercial Code)	4; 7	346(1)
Shareholding and capital		
Employee shareholding at December 31 (article L. 225-102 of the French Commercial Code)	7	296
Trading in the Company's own shares (article L. 225-211 of the French Commercial Code)	7	295-296
Trading of Company shares by corporate officers (article 223-26 of the AMF's General Regulations and article L. 621-18-2 of the French Monetary and Financial Code)	4	152
Social, environmental and societal information		
Declaration of non-financial performance (articles L. 225-102-1 and R. 225-105 of the French Commercial Code)	1; 3	347(2)
Duty of care (article L. 225-102-4 of the French Commercial Code)	1; 3	348(3)

(1) See relevant chapter and page set for in the concordance table on the corporate governance report (paragraph 9.5.4 below)
(2) See relevant chapter and page set for in the concordance table on the declaration of non financial performance (paragraph 9.5.5.1 below)
(3) See relevant chapter and page set for in the concordance table on the duty of care (paragraph 9.5.5.2 below)

9.5.3 ANNUAL FINANCIAL REPORT

This Universal Registration Document includes the information contained in the Annual Financial Report mentioned in article L. 451-1-2° paragraph 1 of the French Monetary and Financial Code *(Code monétaire et financier)* and article 222-3 of the AMF's General Regulations.

The following table presents the cross-references between the two documents.

Sections	Pages
Statutory financial statements	252-269
Consolidated financial statements	170-251
Statutory Auditors' Report on the annual financial statements	276-279
Statutory Auditors' Report on the consolidated financial statements	270-275
Board of Directors' Management Report	153-164
Declaration by the person responsible for the Board of Directors' Management Report	342
Board of Director's Corporate Governance Report	346 (1)
Declaration by the person responsible for the Annual Financial Report	342

(1) See relevant pages set for in the concordance table on the corporate governance report (paragraph 9.5.4 below)

9.5.4 CORPORATE GOVERNANCE REPORT

The present cross-reference table sets out the items comprising the Corporate Governance Report, as required by articles L. 225-37 *et seq.* of the French Commercial Code *(Code de commerce)* and indicates the chapters and pages of the present Universal Registration Document where users can find the information regarding each item.

Information	Chapter	Pages
▪ Offices and positions held by corporate officers	4	103-116
▪ Related party agreements	4	103
▪ Summary table of financial delegations	7	292-293
▪ Operating procedures of Executive Management	4	131-133
▪ Composition, preparation and organization of the work of the Board of Directors	4	96-131
▪ Diversity policy applied to members of the Board of Directors	4	100-101
▪ Restrictions on the powers of the Chief Executive Officer	4	131
▪ Framework Corporate Governance code	4	95
▪ Terms and conditions of shareholders' participation in Shareholders' General Meetings	7	286-287
▪ Assessment procedure for standard agreements	7	304
▪ Compensation package of corporate officers *(ex ante)*	4	133-136; 141-145
▪ Compensation and benefits paid in the last financial year *(ex post)*	4	137-140; 145-149
▪ Relative proportion of fixed and variable compensation	4	145-149
▪ Variable compensation awarded	4	135
▪ Commitments of any kind given by the Company in the last financial year	4	133-149
▪ Compensation within the scope of consolidation	4	140; 145
▪ Pay gap (ratio) between top executives and employees	4	150
▪ Annual changes in compensation over the past five years	4	150
▪ Compliance with the compensation policy in force	4	145
▪ Consideration of the vote at the last Ordinary General Meeting on the compensation policy *(ex post)*	4	134
▪ Deviation and derogation from the compensation policy	4	134
▪ Suspension/restoration of directors' compensation for lack of diversity	4	137
▪ Capital structure	7	301
▪ Statutory restrictions on voting rights and transfers of shares or agreements known by the Company	7	301
▪ Share ownership structure	7	301
▪ Holders of shares carrying specific control rights	7	301
▪ Control mechanisms applied to employee shareholding schemes	7	301
▪ Shareholder agreements	7	301
▪ Rules governing the appointment or replacement of members of the Board and amendments to the Company's by-laws	7	301
▪ Powers of the Board	7	301
▪ Agreements amended or terminated in the event of a change of control of the Company	7	301
▪ Compensation awarded to members of the Board or employees in the event of a public offer	7	301

9.5.5 DECLARATION OF NON-FINANCIAL PERFORMANCE AND DUTY OF CARE

9.5.5.1 DECLARATION OF NON-FINANCIAL PERFORMANCE

Components of the "Declaration of non-financial performance"		Pages
Business model		
Social		
Main social risks, including:		
	Social commitments in favor of sustainable development	22-23; 48; 50-53
	Collective bargaining agreements and their impact on the Company's financial performance	61; 76
	Employee working conditions	37-38; 53-60
	Discrimination	58-59; 61
	Diversity	61-63
	Measures for people with disabilities	61-63; 80-81
Policies to mitigate social risks		22-23; 48-49; 53-63
Results and KPIs		53-63; 84-86
Environmental		
Main environmental risks, including:		
	Climate change	70-75
	Circular economy	66-69
	Food waste	66
	Animal welfare	66
	Responsible, equitable and sustainable food purchasing	66
Policies to mitigate environmental risks		22-23; 48-49; 64-75
Results and KPIs		64-75; 87-88
Respect for Human Rights		
Main human rights risks		58-59; 77-78
Policies to mitigate human rights risks		22-23; 48-49; 57-59; 76-80
Results and KPIs		58-59; 78-79; 84-85
Anti-corruption		
Main corruption risks		77
	Tax evasion	76
Policies to mitigate corruption risks		76; 79
Results and KPIs		76-79; 88

9.5.5.2 DUTY OF CARE

Components of the "Duty of care"		Pages
Risk mapping		
Group risk mapping process		43
ESG risk mapping process		50; 77-80
Supplier risk mapping process and assessment		78-79
Evaluation of environmental social and governance risks		
Group ESG risk evaluation process		37; 77
Supplier ESG risk evaluation process		78-79
Control measures		
Management framework		
	Human Rights and Fundamental Freedoms	57-63; 76-80
	Health and Safety	53-56; 76-80
	Environment	64 -75; 76-80
	Training and awareness	59-62; 79
	Assessments	79
Alert system		79
Monitoring and evaluation of the effectiveness of control measures		79

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