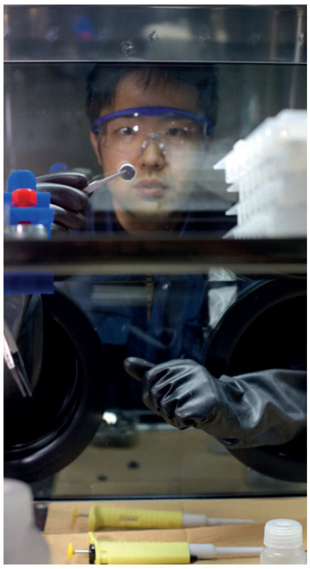
MINERAL SOLUTIONS FOR A CHANGING WORLD



2015 REGISTRATION DOCUMENT
Annual financial report

IMERYS

TRANSFORM TO PERFORM

Summary

2015

Registration Document

including the Annual Financial Report

World leader in mineral-based specialties for industry, Imerys transforms a large variety of minerals into high value specialty products for the industry bringing heat resistance, mechanical strength, conductivity, coverage or barrier effect. These specialties add essential features to its customers' products or manufacturing processes in many industries such as consumer goods, industrial equipment and construction.

AUTORITÉ DES MARCHÉS FINANCIERS
AMF

The original document was filed with the AMF (French Securities Regulator) on March 17, 2016, in accordance with article 212-13 of the general regulations of the AMF. As such, it may be used to support a financial transaction if accompanied by a prospectus duly approved by the AMF. This document was drawn up by the issuer and is binding on its signatories. It includes all information comprising the Annual Financial Report.

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PRESENTATION OF THE GROUP

1.1 MAIN KEY FIGURES

(€ millions)	2015	2014	2013	2012[1]	2011
Consolidated results					
Sales	4,086.7	3,688.2	3,697.6	3,884.8	3,674.8
Current change	*+10.8%*	*-0.3%*	*-4.8%*	*+5.7%*	*+9.8%*
Change at comparable Group structure and exchange rates	*-4.6%*	*+3.2%*	*-1.3%*	*-2.1%*	*+8.1%*
Current operating income	538.1	494.6	477.0	488.1	487.0
Current change	*+8.8%*	*+3.7%*	*-2.3%*	*+0.2%*	*+15.5%*
Change at comparable Group structure and exchange rates	*-9.2%*	*+2.5%*	*-1.2%*	*-7.8%*	*+13.7%*
Net income from current operations, Group's share	341.5	316.3	304.2	300.7	303.1
Net income, Group's share	68.4	271.6	242.0	291.3	282.0
Average weighted number of outstanding shares during the year *(thousands)*	79,276	76,135	75,551	75,166	75,273
Net income from current operations per share *(€)*	4.31	4.15	4.03	4.00	4.03
Dividend per share *(€)*	1.75[2]	1.65	1.60	1.55	1.50
Consolidated balance sheet					
Shareholders' equity	2,671.8	2,470.5	2,271.7	2,261.0	2,210.9
Gross financial debt	1,911.6	1,553.7	1,307.1	1,173.9	1,449.0
Cash	431.2	683.8	421.7	299.1	417.9
Net financial debt	1,480.4	869.9	885.4	874.8	1,031.1
Financing					
EBITDA	745.4	673.8	650.4	662.5	686.0
Capital expenditure[3]	271.6	241.5	253.1	257.1	227.4
Acquisitions[4]	950.5	72.3	202.1	49.1	246.9
Financial resources[5]	2,909.0	2,830.9	2,458.1	2,788.4	2,759.2
Average maturity of financial resources as of December 31 *(years)*	4.6	5.2	3.9	2.9	3.8
Net financial debt/EBITDA	2,0	1.3	1.4	1.3	1.5
Net financial debt/shareholders' equity *(%)*	55.4%	35.2%	39.0%	38.7%	46.6%
ROCE[6]	11.2%	13.1%	12.70%	12.90%	14.0%
Market capitalization as of December 31	**5,126**	**4,629**	**4,819**	**3,632**	**2,674**
Employees as of December 31	**16,130**	**14,900**	**15,805**	**16,026**	**16,187**

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

(2) Proposed dividend at the Shareholders' General Meeting on May 4, 2016.

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

(4) Paid acquisitions excluding divestments.

(5) The financial resources are composed of bank credit lines and bond financing issued by Imerys SA.

(6) ROCE: Current operating income over a 12 month period divided by the average invested capital over a period of five quarters.

Details and comments on changes in the main financial aggregates (particularly at comparable Group structure and exchange rates) are given in the Board of Directors' Management Report.

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

1.2 THE GROUP'S BUSINESS AND STRATEGY

1.2.1 IMERYS' BUSINESS

The world leader in mineral-based specialties for industry, Imerys transforms a large variety of minerals into high value specialty products using sophisticated technical processes. Bringing heat resistance, mechanical strength, conductivity, coverage or barrier effect, these specialties add essential features to its customers' products or manufacturing processes in many industries such as consumer goods, industrial equipment and construction.

IMERYS' SOLUTIONS

Imerys' solutions contribute to the performance of a large number of applications. These solutions address four types of use:

- **functional additives:** they are added to the mineral formulation of customers' products but constitute a minor part of the finished product properties (for instance talc improves polymers' stiffness in the automotive industry and calcium carbonate allows the production of breathable food plastic films);
- **mineral components:** they are an essential constituent in the formulation of the customers' product (fused alumina is used in abrasives, synthetic graphite in the electrodes of lithium-ion batteries or the zirconia in the oxygen sensors of combustion engines);
- **process enablers:** they are used in customers' manufacturing processes but are not present in the end product (monolithic refractories protect industrial facilities such as blast furnaces from heat, diatomaceous earth used to filter liquid food);
- **finished products:** they are used as such, with no subsequent processing by customers (clay roof tiles).

1.2.2 DIVERSITY OF APPLICATIONS AND MARKETS SERVED

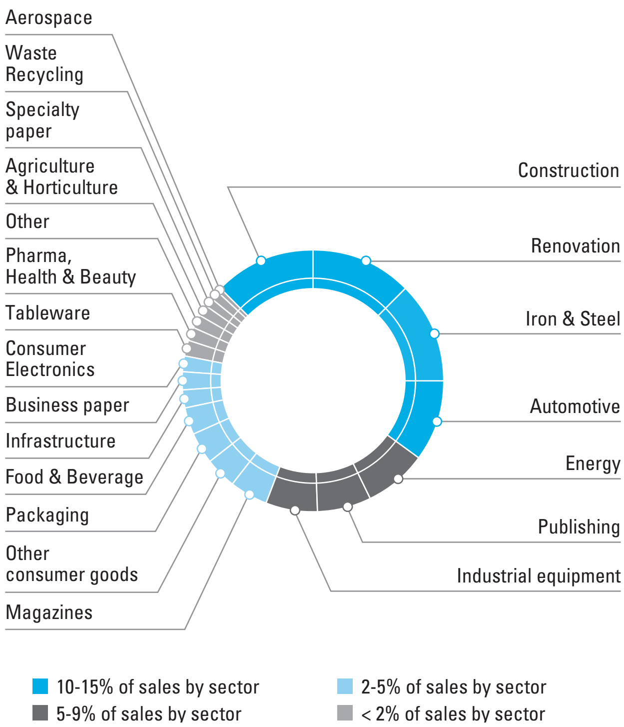
Imerys serves the newest industries, such as plastics or solar power, but also more traditional industries such as ceramics and paintings.

Imerys' mineral specialties are used in a great number of applications including the following:

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

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

These markets are illustrated below.

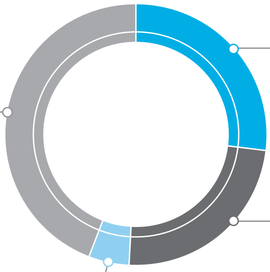


Source: Imerys estimates based on 2015 revenue.

GLOBAL PRESENCE

Active in over 50 countries with 260 industrial sites, Imerys achieves nearly one quarter of its revenue in North America, with Western Europe now representing less than half of its geographic exposure.

2015 Group's consolidated revenue by geography



Geographic bases

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

Geographic region	Number of sites
Europe	123
Americas	76
Asia-Pacific	46
Africa and Middle East	15

Imerys operates in the following countries:

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

1.2.3 ECONOMIC MODEL

The Group business model is primarily based on:

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

1.2.4 STRATEGY

Imerys' development strategy is based on innovation to position the Group on high value markets and targeted acquisitions to expand the activities portfolio. These developments are made possible by a profitable business model generating cash. Arising investment decisions are guided by strict financial discipline to create long term value for the Group's shareholders.

MAINTAINING HIGH R&D INVESTMENT

Imerys' Innovation Department coordinates the business groups' research efforts. The resources allocated to R&D have been gradually increased over the last years. This trend continued in 2015 with 90 new products[(1)] launched, bringing €490 million in revenue, i.e. 12% of the Group's revenue.

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

MAKING HIGH-GROWTH POTENTIAL MARKETS THE COMPANY'S PRIORITY

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

TARGETED CAPITAL EXPENDITURE POLICY

In 2015, the Group kept up a high level of capital expenditure including:

- a third monolithic refractories plant to meet the growing demand for refractories in India and the Middle-East;
- a new production line of natural calcium carbonate (GCC) for high value cardboard packaging market in India;
- a new carbonates unit for food plastic films in the United States;
- talc production capacity increase aimed at polymers for the automotive industry in the Group factories in France and Canada;
- a new talc refining process for automotive in the United States;
- kaolin production capacity increase for the ceramic industry in Thailand to serve growing markets in Southeast Asia;
- a new production line of ultra-fine alumina for performance applications in abrasives in Austria;
- the construction of two production units of Micro-Fibrillated Cellulose (MFC) in the United States and India.

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

SELECTIVE ACQUISITION POLICY

Over the past 15 years Imerys has implemented a very active acquisition policy, the primary source of expansion for its portfolio of activities. They have allowed the Group to expand its footprint in the following areas:

- in certain end markets such as filtration with the acquisition of World Minerals (2005) and monolithic refractories through Lafarge Monolithic Refractories (2005), or plastics for the automotive industry with the acquisition of Talc de Luzenac (2011);
- in emerging countries such as Brazil, India and South Africa, where the Group is now widely implemented. In specific geographical areas senior managers coordinate the divisions development initiatives and accelerate the Group's growth.

On February 26, 2015, Imerys completed the acquisition of S&B. A global player and European leader in bentonite (binders for foundry, sealing solutions, additives for drilling and functional additives), S&B is also the world leader in continuous casting fluxes for steel and in wollastonite (functional additives for polymers and paints). It also provides perlite-based solutions used in building materials and horticulture. This acquisition, which was accretive on Imerys' net income from current operations per share in 2015, should create value from 2018, with total annual synergies estimated at over €25 million, half of which will be achieved in 2016. S&B activities acquired by Imerys generated €412 million revenue in 2014.

On October 30, 2015, Imerys completed the acquisition of the Precipitated Calcium Carbonate (PCC) division of Solvay, Europe's leading producer of fine and ultra-fine PCC, which is used as a functional additive in specialty applications. It operates four plants in Europe (Austria, France, Germany, UK) and mainly serves the automotive (polymers), construction (paints, coatings, sealants) and consumer goods (health & beauty) markets. It generated €59 million revenue in 2014.

(1) New product: product developed internally, answering a number of defined criteria and part of the Group's portfolio for less than five years.

In October 2015, Imerys completed the acquisition of Matisco, a specialized manufacturer of metal accessories for roofing, enabling the Imerys Group to broaden its offering for the roofing market in France by integrating a wide range of accessories (rainwater drainage profiles, waterproofing). Matisco posted revenue of €23 million in 2014.

On November 1, 2015, the Group acquired BASF's paper hydrous kaolin (PHK) activity in the US. This transaction enables Imerys to improve its service offering for the paper industry through optimization of its production assets and generate incremental revenue of $60 million on a full-year basis.

√ For more information, *see chapter 7, section 7.1 of the Registration Document*.

1.2.5 SOUND FINANCIAL STRUCTURE

Imerys' financial structure is solid: the net debt amounted to €1.5 billion on December 31, 2015, representing 55% of equity and 2.0 times EBITDA. It includes the S&B Group acquisition which was finalized late February 2015 and paid partly in cash and partly in Imerys bonds. Imerys' unsecured senior debt is rated Baa-2 by Moody's with a stable outlook, while the short-term outlook is P-2, also with a stable outlook.

As of December 31, 2015, and before settlement of the S&B acquisition, Imerys' total financial resources amount to €2.9 billion. After deduction of gross financial debt, available non-cash resources[(1)] total €1.0 billion with an average maturity of 4.6 years.

1.2.6 THE GROUP'S GENERAL STRUCTURE

The Group is organized into four operating activities that revolve around separate markets. This customer-oriented organization fosters the implementation of consistent policies within each division, while promoting a principle of decentralized management.

The composition of Imerys' business groups was changed in 2014, in view of the strategic combination with S&B concluded in February 2015. The Kaolin activity was integrated into the Ceramic Materials business group and S&B's activities have been integrated into the Filtration & Performance Additives business group. S&B's bentonite and fluxes for continuous casting operations have been integrated in the newly created division "Performance Additives for Metallurgy." Other S&B activities, including solutions based on perlite and wollastonite, joined the existing division of the Performance & Filtration Minerals.

The Group's four operational divisions are presented below with their main financial figures. In 2015, Imerys sales and current operating income are split as follows:

Business Groups	**Divisions**	**Revenue** *(€ millions)*	**Current Operating Income** *(€ millions)*	**Operating margin** *(%)*
Group (consolidated)		**4,087**	**538**	**13.2**
Energy Solutions & Specialties	Carbonates Monolithic Refractories Graphite & Carbon Oilfield Solutions	1,253	120	9.6
Filtration & Performance Additives	Filtration & Performance Minerals Performance Additives for Metallurgy	1,082	178	16.5
Ceramic Materials	Kaolin Roofing Minerals for Ceramics	1,172	210	17.9
High Resistance Minerals	Fused Minerals Refractory Minerals	630	82	13,0
Holding & Eliminations		(50)	(52)	

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

(1) Available financial resources represent the total resources after deduction of the resources used, i.e. the difference between financial resources and gross financial debt.

1.3 ENERGY SOLUTIONS & SPECIALTIES

The **Energy Solutions & Specialties** business group is structured around the following four divisions:

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

The business group manufactures and sells high-performance mineral solutions for various demanding industries: the consumer goods and paper sectors with the **Carbonates** division, high-temperature industries served by the **Monolithic Refractories** division, the **Graphite & Carbon** division serving applications linked to mobile energy, and oil and gas exploration provided by the **Oilfield Solutions** division.

The business group includes 74 industrial sites in 26 countries.

(€ millions)	**2015**	**2014**	**2013**
Revenue	1,253.1	1,278.6	1,248.2
Current operating income	119.7	149.5	128.1
Current operating margin	9.6%	11.7%	10.3%
Booked capital expenditure	85.5	84.5	89.5

√ For more information on 2015 Key Facts, *see chapter 2, section 2.1.3 of the Registration Document*.

1.3.1 BUSINESS GROUP OVERVIEW

Divisions	Markets	Market positions[1]	Products	Main applications
CARBONATES	Agriculture Food Automotive Construction Board & Packaging Environment Industrial equipment Paper Consumer Goods & Packaging Health & Personal care	**World #1** in minerals for breathable polymer films **World #2** in carbonates for paper	Ground Calcium Carbonate (GCC) Precipitated Calcium Carbonate (PCC) Lime	**Fillers, Coatings** (functional additives) and **Process enablers** **Functional additives for:** Adhesives Rubber Hygiene, Health & Beauty Sealants Paper Paints Plastics Polymer & Films Coatings & Construction materials Catalyst substrates
MONOLITHIC REFRACTORIES (CALDERYS)	Aluminum Cement Furnace construction & Repairs Foundry Power generation Petrochemicals Iron & Steel Waste-to-energy	**World #1** in alumino-silicate monolithic refractories	**Monolithic refractories** Cast/vibrated castables Quick Dry (QD™) castables Prefabricated shapes Ramming mix Taphole clays Dry mix Gunning materials Full project management services for refractory industries	**Monolithic refractories** (process enablers) **Prefabricated shapes**
GRAPHITE & CARBON	Electronical & Electrical appliances Automotive & Transport Mobile energy Industrial equipment Oil & Gas Iron & Steel	**World #1** in graphite for alkaline batteries **World #1** in conductive additives for Li-ion batteries **World #1** in large flake natural graphite	Silicon carbide Cokes Natural graphite Synthetic graphite Carbon black	**Functional additives for:** Batteries (Li-ion, alkaline, etc.) High voltage cables Conductive compounds Pencils Conductive and insulating sheets Refractory materials Carbon Brushes Brake pads Powders for metallurgy
OILFIELD SOLUTIONS	Non-conventional oil and gas exploration		Bentonite Calcium carbonate Diatomite Graphite Metakaolin Mica Perlite	**Process enablers for:** Oilfield well stimulation Oilfiled waste streams treatment and filtration

(1) Imerys estimates.

1.3.2 CARBONATES

The **Carbonates** division produces precipitated calcium carbonate (PCC), ground calcium carbonate (GCC), and limestone to address the local paper and packaging industries, as well as performance mineral applications (polymers, rubber, health, beauty, personal care and construction).

■ PRODUCTS

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

- **Ground calcium carbonate (GCC)** is obtained by grinding calcium carbonate materials further processed to develop properties necessary to improve the physical characteristics of end products. Renowned for its whiteness and alkaline properties, GCC is widely utilized as a filler or coating pigment in the paper industry. It is also used in performance mineral applications, such as paints and coatings, plastics, sealants, air purification and the environment.
- **Precipitated calcium carbonate (PCC)** is produced in fully integrated on-customer-site processing units from natural limestone, which is burnt to form lime, hydrated and then re-precipitated by adding carbon dioxide. This controlled process delivers a pigment with well-defined shape and size parameters bringing excellent optical properties. PCC is mainly used in the paper industry (filling and coating applications) as well as in performance minerals applications such as paint, coatings and plastics.
- **Lime** is produced chemically from natural limestone, which is burnt. Its main applications are the steel industry, water treatment, the sugar industry, flue gas desulfurization, the building industry and the production of PCC. Thanks to high quality deposits with low heavy metal content Imerys serves pharmaceutical and food applications.

√ For more information on Minerals, *see chapter 1, section 1.7 of the Registration Document*.

■ APPLICATIONS

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

There are multiple applications:

- **Rubber**: calcium carbonates deliver good processability, permeability, chemical resistance and barrier properties, in addition to good whiteness and rubber mechanical properties;
- **Hygiene, health & beauty**: calcium carbonates are used in a large range of personal care products, such as toothpaste and soap;
- **Sealants & adhesives**: finely ground calcium carbonates are used in a wide range of sealants and adhesive applications to improve rheological properties and reduce the water or volatile content of the compound. Some products are made hydrophobic with stearate coating to reduce moisture pick-up, make handling easier and improve dispersion;
- **Paints & coatings**: Imerys has a range of calcium carbonates which are used as extenders to improve paint and film quality, opacity, matting, anti-cracking and anti-corrosive properties;
- **Plastics, films and polymer packaging**: the development of more and more sophisticated applications means that increasingly demanding requirements are placed on functional fillers and the specific properties they impart. Imerys' calcium carbonates properties fill these applications requirements;
- **Paper**: calcium carbonates are added either as fillers at the beginning of the paper and board-making process, just prior to the formation of the paper web, or as coating products, combined with different pigments, binders and chemical additives. As process enablers, carbonates are increasingly popular processing aids in the wood-pulp, paper and board industries;
- There are many **other niche applications** for which Imerys offers a wide range of minerals that enhance the properties of products that are used every day in construction, landscaping, drilling muds and personal care products. For instance, these include white marble aggregates used in coatings for swimming pools and limestone products for lawn care. Calcium carbonates are used in water treatment systems, air purification and the energy sector.

INDUSTRIAL FACILITIES

The Carbonates division has 44 industrial facilities, including 23 ISO 9001 certified, in 19 countries.

Site number	Europe	Americas	Asia-Pacific	Africa & Middle East
GCC	6	6	13	1
PCC	5	8	2	-
GCC & PCC	-	1	1	-
Lime	-	1	-	-

MAIN COMPETITORS

- **GCC:** Omya (Switzerland) and various local competitors;
- **PCC:** Schaefer Kalk (Germany); Cales de Llierca (Spain); ICL (Israel); Shiraishi (Japan); Mineral Technologies (United States) and Omya (Switzerland);
- **Lime:** Carmeuse and Lhoist (Belgium) and ICAL (Brazil).

1.3.3 MONOLITHIC REFRACTORIES

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

Monolithics substitute shaped refractory bricks and account for 45% of the total refractory market in developed economies due to their ease and speed of installation, their jointless lining, their capacity to adapt to any furnace shape and even complex ones, and, finally, their short production cycle. Calderys offers a complete service. From the design of the solution to installation and maintenance, Calderys is able to handle all types of projects, in the petrochemical and thermal industries in particular.

PRODUCTS

Calderys' products are formulated with natural and/or synthetic mineral raw materials, including chamottes, andalusite, mullite, bauxite, tabular or fused alumina (alumino-silicate monolithics or "acid monolithics") and spinel, magnesia and dolomite ("basic monolithics"). Refractory cements, clays and chemicals are incorporated as binders. Monolithics can be installed through various techniques, mainly by casting, gunning or ramming.

√ For more information on Minerals, *see chapter 1, section 1.7 of the Registration Document*.

APPLICATIONS

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

Calderys is particularly well positioned on sensitive process steps: blast furnaces and runners in the iron and steel industry, cyclones and burning zone in cement or sulphur recovery units in petrochemicals, and on growing markets like the waste to energy segment. In addition to the monolithic refractories produced by Calderys, solutions may include ready-to-use shapes, insulating products, anchor systems and other accessories.

INDUSTRIAL FACILITIES

The Monolithic Refractories division has 22 industrial sites, including 16 ISO 9001 certified, in 16 countries.

Site number	Europe	Americas	Asia-Pacific	Africa & Middle East
Industrial sites	11	-	10	1

MAIN COMPETITORS

RHI (Austria); Vesuvius (UK) and Krosaki Harima (Japan).

1.3.4 GRAPHITE & CARBON

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

The Graphite & Carbon division produces and markets a large variety of synthetic graphite powders, conductive carbon blacks and water-based dispersions. It also benefits from high quality reserves of natural graphite in Canada and processing facilities with cutting-edge technology in high temperature processes (synthesis, crystallization). The development and the combination of the resulting physical properties such as purity, crystal structure, particle size, shape and surface can be used to expand the range of specialties.

PRODUCTS

The Graphite & Carbon division's main product families are:

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

√ For more information on Minerals, *see chapter 1, section 1.7 of the Registration Document*.

APPLICATIONS

The Graphite & Carbon division's solutions are tailored to customers' needs, supplying high-quality products and services in their application field.

- **Additives for polymers**: with the highly conductive carbon black and synthetic graphite product families, the division addresses the growing market of conductive polymers. Applications include conductive coatings, resins and plastics (used in electronic housings, or for safety-related applications in the automotive and energy supply);
- **Mobile energy**: thanks to the variety of its functional additives the division is the world leader of graphite and carbon black powders for mobile energy. Graphite is used in alkaline batteries, Zn-C batteries, lithium-ion rechargeable batteries (mobile electronic devices, electric or hybrid electric vehicles), fuel cells (systems for converting chemical energy into electricity through a continuous fuel supply), super-capacitors and can coatings. Carbon black is essential as a conductive additive in lithium-ion batteries;
- **Engineering materials**: due to the unique position of having both synthetic and natural graphite, the division offers tailor-made solutions that deliver precise physical and chemical characteristics needed by various industries. For instance in the automotive industry, outlets for the activity's products are mineral components used in friction pads, clutch linings, seals, iron powder metallurgy and carbon brushes. Other applications include foils for flat screens (heat exchange), sintered ceramics, powder for hard metals, pencil leads, powders for lubricants, catalysts and synthetic diamonds;
- **Refractories and products for metallurgy**: a significant outlet in volume terms for the Graphite & Carbon division, for bricks, monolithics, carbon raisers and hot metal topping in particular.

INDUSTRIAL FACILITIES

The Graphite & Carbon division has 6 industrial facilities, all ISO 9001 certified, in 5 countries.

Site number	Europe	Americas	Asia-Pacific	Africa & Middle East
Industrial sites	2	3	1	-

MAIN COMPETITORS

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

1.3.5 OILFIELD SOLUTIONS

Since 2010, following an internal innovation program, Imerys has been developing its proppants and mineral drilling additives sales in **Oilfield Solutions**. Further investments and the purchase of PyraMax Ceramics LLC have improved the division's offer to the industry. The production lines are located in Andersonville and Wrens (Georgia, United States).

PRODUCTS

The products made by the Oilfield Solutions division are used by the oil and gas industry for their mechanical and chemical resistance and for their thermal properties.
The division's main product lines are:

- **Ceramic proppants**: a ceramic-based spherical pellet manufactured in Georgia (United States) from bauxitic kaolin; these products are mostly used in non-conventional oil and gas production;
- **Mineral-based solutions**: mineral products are also used in diverse drilling applications:
  - calcium carbonates are used as a weighting and bridging agent to reduce filtration loss in drilling fluids formulations,
  - perlite and diatomaceous earths are used in waste streams treatment and effluents fluid filtration,
  - perlites, diatomites and metakaolins can also be used as additives in cementing applications.

√ For more information on Minerals, *see chapter 1, section 1.7 of the Registration Document*.

APPLICATIONS

The main applications served by the Oilfield Solutions division are:

- **Well stimulation** for the oil and gas industry: the proppants manufactured by Imerys are high-tech ceramic beads essential in the production of non-conventional oil and gas. The proppants keep fractures open, combining great mechanical strength with low density. Ceramic proppants provide superior pressure resistance and ultimately a better well profitability by maximizing oil recovery from the oil-containing formations;
- **Mineral solutions used in drilling & completion and waste treatment**: the division produces and sells all specialty products used in well drilling fluids, well cementing, and waste treatment processes.

INDUSTRIAL FACILITIES

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

Site number	Europe	Americas	Asia-Pacific	Africa & Middle East
Industrial sites	-	2	-	-

MAIN COMPETITORS

Curimbaba (Brazil); Carbo Ceramics and US Silica (United States); Saint-Gobain (France) and some Chinese producers.

1.4 FILTRATION & PERFORMANCE ADDITIVES

The **Filtration & Performance Additives** business group is organized around the three following businesses:

- **Performance Additives**;
- **Minerals for Filtration**;
- **Performance Additives for Metallurgy**.

The business group enjoys many high quality minerals and products (bentonite, diatomite, perlite, vermiculite, talc, wollastonite and steel casting fluxes) supplied to many industries including agriculture, food, beverages, steel, construction, horticulture, plastics, paints, rubber, catalysts, paper, pharmaceuticals, beauty and personal care.

Thanks to its expertise in all the techniques needed for processing these minerals, this business group provides customers with tailor-made solutions in challenging applications where chemical composition, morphology, mechanical properties, thermal and chemical resistance, as well as food and pharmaceutical grade processing are key requirements.

The business group has 76 industrial sites in 23 countries.

(€ millions)	**2015**	**2014**	**2013**
Revenue	1,081.5	658.0	634.8
Current operating income	178.1	113.4	100.8
Current operating margin	16.5%	17.2%	15.9%
Booked capital expenditure	64.9	42.9	27.7

√ For more information on 2015 Key Facts, *see chapter 2, section 2.1.3 of the Registration Document*.

1.4.1 BUSINESS GROUP OVERVIEW

Divisions	Markets	Market positions[1]	Products	Main applications
PERFORMANCE ADDITIVES	Agriculture Food Automotive Construction Packaging Industrial equipment Hygiene & Health Paper Consumer Goods	**World #1** in talc for plastics, paints, paper, ceramics, health & beauty **World #1** in mica for engineered plastics and high-performance coatings **World #1** in wollastonite for polymers, ceramics, paints & coatings	Bentonite Mica Expanded perlite Talc Vermiculite Wollastonite	**Functional additives for:** Agriculture Ceramics Adhesives & Coatings Hygiene & Cosmetics Cryogenic insulation Soundproofing insulation Construction materials Paper Paints & Polishes Refractories Brake linings Catalysts
MINERALS FOR FILTRATION	Agriculture Food Beverages Pharmaceuticals & Chemicals	**World #1** in diatomite-based products and perlite-based products for filtration	Diatomite Perlite & Expanded perlite Structured alumino-silicate Vermiculite	**Process enablers for filtration of:** Food Beverages Sweeteners Polymer packaging Edible oils Hygiene & Cosmetics Industrial chemicals Pharmaceuticals Wine
PERFORMANCE ADDITIVES FOR METALLURGY	Agriculture Construction Civil Engineering Horticulture Paper Pet Care Iron & Steel	**World Leader** in casting fluxes **World #1** in perlite for construction **World #2** in bentonite for metalcasting	Bentonite Fluxes Perlite Zeolite	Continuous Casting Fluxes Tundish and Ladle insulation Binder for foundry sand moulds **Minerals for:** Pet litter absorbents Mortar and plaster additives Rheological additives for civil engineering and drilling Insulation for ceiling tiles Horticulture fertilizers Iron ore pelletisation Iron casting molding systems

(1) Imerys estimates.

1.4.2 FILTRATION & PERFORMANCE MINERALS

The **Filtration & Performance Additives** business group solutions are necessary to many applications, including agriculture, food, and a large number of industries such as automotive, construction, as well as intermediate goods (paint, rubber, catalysts, paper, pharma, personal care & beauty).

▪ PERFORMANCE ADDITIVES

Thanks to a broad portfolio of raw materials providing a comprehensive range of properties, the **Performance Additives** division addresses fast growing markets in which additional performance is key.

Products

The Performance Additives division offers many functional additives derived mostly from diatomite, mica, perlite, talc and wollastonite, but also from diatomite, perlite or vermiculite. Chemical composition, particle shape and size do vary a lot from one solution to the other, imparting additional properties in the end use product, such as outstanding whiteness, high mechanical strength and rheology control. They are integrated into intermediate and finished products to improve performance, ease processing and reduce the total manufacturing cost of the products in which they are present.

√ For more information on Minerals, *see chapter 1, section 1.7 of the Registration Document*.

Applications

Applications for Performance Additives' products include:

- **Rubber**: talc is used in many rubber applications to improve permeability, chemical resistance, barrier effects as well as whiteness and mechanical properties. Talc is used particularly in seals, hoses, membranes, cables, tires and other mechanical rubber goods;
- **Ceramics**: talc is used in cordierite honeycomb bodies, a key piece of ceramic technology that is now standard equipment in the exhaust systems of cars, trucks, buses, as well as off-road mobile mining, farming and construction equipment;
- **Hygiene, health & beauty**: talc is used to bring softness to body powders, silkiness to make-up and to enhance softness and lather of soaps while reducing formulation costs. Thanks to its inertness, talc is an excellent pharmaceutical excipient and carrier for medicated powders. Talc also acts as glidant and lubricant for tableting and many other pharmaceuticals applications;
- **Paper & packaging**: talc is used as a filler. Mixed with bentonite, it acts as process enabler for organic impurities absorption in paper production by improving quality and whiteness, notably for recycled paper. Talc can substitute various organic chemicals as an environmentally friendly alternative solution in paper processing operations;
- **Paints, coatings & construction materials**: an extensive range of mica and talc are used as additives to improve paint and film quality, opacity, matting, anti-cracking and anti-corrosive properties. Wollastonite is used as performance additive in a wide range of construction materials (concrete, stucco and adhesives);
- **Plastics, films & packaging**: increasingly sophisticated applications imply higher requirements on functional fillers and the specific properties they impart. Used as mineral additives, polymers reinforced with talc, mica or wollastonite, are increasingly used in automotive parts to help reduce the weight of vehicles; talc improves stiffness and the dimensional stability of thermoplastic automotive parts and plastics for consumer goods (household appliances, flexible and rigid packaging);
- **Other niche applications** consume a wide range of minerals that enhance the properties of products are used every day in construction, landscaping, drilling muds and personal care products.

▪ MINERALS FOR FILTRATION

The **Minerals for Filtration** division is the world's leading supplier of diatomite and expanded perlite-based products for filtration.

Products

The main minerals transformed by the Minerals for Filtration division are diatomite, perlite and vermiculite. Calcium silicate-based and magnesium silicate-based products are also supplied for specialty applications. Diatomite and perlite are naturally occurring minerals that have exceptional properties such as low density, chemical inertness, high-contact surface area and high porosity. They are sought after in many applications, particularly as filtration aids and functional fillers. Vermiculite completes the Minerals for Filtration product range. Its properties are a good fit with some construction, agricultural and insulation and fire retardant applications.

√ For more information on Minerals, *see chapter 1, section 1.7 of the Registration Document*.

Applications

The main applications for Performance Minerals' solutions include:

- **Food and beverage filtration**: diatomite and expanded perlite have ideal particle size, shape, structure and density to be used as process enablers for the filtration of beer, sweeteners, water, wine, green tea and edible oils;
- **Building materials**: perlite and expanded perlite products provide several unique properties. Used as functional additives, they are suitable for heat and cryogenic insulation, soundproofing, building materials, coatings and roofing. Vermiculite is sold to the insulation, soundproofing, fire protection and construction industries for its light weight, heat resistance and low density properties;

- **Pharmaceutical and industrial chemicals:** in these applications, diatomite is used as a functional additive or a process enabler for its intrinsic qualities in filtration processes, and as functional filler in cosmetics, pharmaceuticals and industrial chemicals. Diatomite is also a key component of blood fractionation processing worldwide. Perlite is used as filler and abrasive in dentistry. Diatomite and expanded perlite are both used as filtration aids in biodiesel refining;
- In **other niche products,** diatomite is used as a functional additive in the paint, plastic film, agriculture, polishes and rubber sectors. Perlite and expanded perlite are suitable for horticulture and lightweight refractories. Calcium silicate-based and magnesium silicate-based products are used in rubber processing and pesticide formulations.

INDUSTRIAL FACILITIES

The Filtration & Performance Additives division has 51 industrial sites, including 30 ISO 9001 certified, in 17 countries.

Site number	Europe	Americas	Asia-Pacific	Africa & Middle East
Diatomite	2	5	1	-
Mica	-	2	-	-
Perlite	4	14	1	1
Talc	6	6	2	-
Vermiculite	-	-	-	1
Wollastonite	-	2	-	-
Other minerals	1	2	1	0

MAIN COMPETITORS

- **Performance Additives:** BASF (Germany); Nanfang Group (China); JM Huber and Mineral Technologies (United States); Nordkalk (Finland); Wolkem (India); IMI Fabi (Italy) and Mondo Minerals (Netherlands);
- **Minerals for Filtration:** Eagle Picher Minerals and Grefco Mineral Technologies Inc. (United States); CECA (France) and Showa (Japan).

1.4.3 PERFORMANCE ADDITIVES FOR METALLURGY

The **Performance Additives for Metallurgy** division serves the iron and steel industry as well as a large number of intermediate industries including building and construction, civil engineering, oil drilling, paper, agriculture and pet care. World's leading perlite ore supplier, the division also provides specialised additives for steel casting flux formulations and also casting flux feeder services.

PRODUCTS

The division's large product portfolio include:

- **Products** based on dry mixes of alkali oxides, silica, graphite or other carbon sources used as steel casting fluxes. These solutions are formulated for specific customer plants and modified as the steel quality requirements change;
- **Bentonite,** a swelling alumino-silicate sedimentary clay with high rheological and absorbent properties, is transformed in the Group's own processing sites, then sold on as mineral based solutions to a range of foundry applications including green sand molding systems. Bentonite is also used in pet litter and oilfield muds for its absorbing properties;
- **Perlite,** a multi-cellular material with low density and large corresponding surface area, is sold to third parties to be processed before being sold for construction, agricultural and horticultural applications.

√ For more information on Minerals, *see chapter 1, section 1.7 of the Registration Document*.

APPLICATIONS

The main applications for Performance Additives' products include:

- **Steel Casting Fluxes,** as an essential role in continuous casting by ensuring the reliability of the continuous casting process, the quality of the casting and the final steel product;
- **Binding agents** for green sand moulding;
- **Other applications** such as construction, insulation for ceiling tiles, iron ore pellets, horticulture fertilizers, pet litter absorbents.

INDUSTRIAL FACILITIES

Performance Additives for Metallurgy has 25 industrial sites, all ISO 9001 certified, in 11 countries.

Site number	Europe	Americas	Asia-Pacific	Africa & Middle East
Bentonite	11	4	-	1
Steel Casting Fluxes	2	2	1	-
Perlite	3	-	-	-
Zeolite	1	-	-	-

MAIN COMPETITORS

Clariant, Intocast and Metallurgica (Germany); Carbox (Brazil); Bentonite Performance Minerals, Grefco Mineral Technologies Inc, Minerals Technologies, Shinagawa Advanced Materials America (United States);CECA (France); Ashapura (India); Prosimet (Italy); Showa (China) and Iperlit (Turkey).

1.5 CERAMIC MATERIALS

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

- Kaolin;
- Roofing;
- Minerals for Ceramics;

The **Kaolin** division manufactures a full range of references for the paper and packaging, paints, plastics or polymers, adhesives and sealants, and ceramic industries.

With high-quality deposits and an efficient production process, the **Roofing** division is France's largest producer of clay roof tiles.

The **Minerals for Ceramics** division produces and markets high-performance mineral solutions mainly for the ceramic industries (tableware, sanitaryware, tiles, technical ceramics), but also for fiberglass and many other applications.

The business group has 82 industrial sites in 20 countries.

(€ millions)	**2015**	**2014**	**2013**
Revenue	1,172.4	1,156.9	1,204.4
Current operating income	210.1	211.0	219.7
Current operating margin	17.9%	18.2%	18.2%
Booked capital expenditure	78.2	69.5	65.0

√ For more information on 2015 Key Facts, *see chapter 2, section 2.1.3 of the Registration Document*.

1.5.1 BUSINESS GROUP OVERVIEW

Divisions	Markets	Market positions[1]	Products	Applications
KAOLIN	Cables Construction Packaging Paper Decorative and Industrial Coatings	**World #1** in kaolin for paper	Kaolin	**Functional additives** and **process enablers for**: Cables & Insulating ducts Adhesives and Sealants Graphic paper Specialty Paper Paints and Coatings Plastics and Rubber
ROOFING	New housing Roofing renovation	**French #1** for clay roof tiles	Roof tiles and accessories Metal profiles	Construction Roofing
MINERALS FOR CERAMICS	Electronics & Electrical appliances Automotive Construction Electro-metallurgy Energy Semi-conductors Tableware	**World #1** in raw materials & ceramic bodies for sanitaryware **World #1** in kiln furniture for roof tiles **World #2** in kaolin for fiberglass **European #1** in raw materials and ceramic bodies for porcelain tableware **European #2** in raw materials for floor tiles	Ball clay Chamottes Engobes for tiles Feldspar Halloysite Kaolin Mica Pegmatite Prepared bodies & glazes Quartz Ground silica Kiln furniture & component Talc	**Mineral components for**: Aggregates and thermal insulation Thermal applications Sealing and containment barriers Floor & wall tiles Technical ceramics Cement Kiln construction Crucible for photovoltaïc cells Reinforcement Fiberglass Sanitaryware Tableware Flat & container glasses Automotive catalyst support Roof tiles

(1) Imerys estimates.

1.5.2 KAOLIN

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

PRODUCTS

The Kaolin division offers the world's broadest product range, and thanks to the diversity and quality of its mines, it covers a large spectrum of applications: from the paper industry, to ceramics, including paints, refractories or fiberglass.

The extracted kaolin is purified, refined and ground to yield the desired product properties, engendering a mineral that imparts different qualities to its end applications in particular whiteness, opacity, gloss, smoothness and printability. Imerys is the world's largest producer of kaolin for paper and packaging. Sourcing globally from its own reserves with specific geological characteristics, Imerys is the only supplier that can offer unique blends made to fit specific customer requirements geological.

√ For more information on Minerals, *see chapter 1, section 1.7 of the Registration Document*.

APPLICATIONS

Kaolin is used as a filler or functional additive in a variety of applications:

- **Paper & packaging**: kaolin is used as functional additives in filling and coating applications. Thanks to its chemical composition, particle size distribution, whiteness or viscosity, it helps paper and board manufacturers optimize their production processes. The end use products are graphic papers (used for publishing and commercial printing), business paper, specialty paper and board (used for packaging);
- **Rubber**: kaolin provides good processability, permeability, chemical resistance and barrier properties, in addition to good whiteness and mechanical properties. Applications include cable insulations and sheaths, foodware, flooring, pharmaceutical rubber, seals, gaskets and tires;
- **Ceramics**: kaolin is an essential component of ceramics formulation for sanitary and tableware in particular; for glazed tiles kaolin acts as a functional additive. Source of pure alumina, kaolin is also widely used for fiberglass production;
- **Sealants & adhesives**: kaolin imparts good barrier effects and rheology control to adhesives and sealants. Kaolin is also effective as a structure-building element;
- **Plastics, films & polymer packaging**: the development of more sophisticated applications means that increasingly demanding requirements are placed on functional fillers and the inherent properties they impart. Calcined kaolins improve mechanical, barrier, thermal and electrical (insulation) properties as well as aiding in the plastic products processing and handling. Applications include PVC sheets, piping and profiles, PVC cables and flooring, polyolefin films and engineering thermoplastic molded parts;
- **Paints & coatings**: kaolin is also used as an extender to improve paint and film quality, in particular opacity, matting, anti-cracking and anti-corrosive properties. Applications include water based and solvent based decorative paints and primers, finishes and primers for metal, wood and coil coatings.

INDUSTRIAL FACILITIES

The Kaolin division has 16 industrial facilities, all ISO 9001 certified, in 6 countries.

Site number	Europe	Americas	Asia-Pacific	Africa & Middle East
Industrial sites	12	4	-	-

MAIN COMPETITORS

AKW and Dorfner (Germany); BASF, Burgess, KaMin and Thiele (United States); Lasselsberger and Sedlecky Kaolin (Czech Republic); Sibelco (Belgium) and Prosco (Ukraine).

1.5.3 ROOFING

The Roofing division (Imerys Toiture) provides mainly the French construction market with clay roof tiles and accessories. These products are mostly intended for the building and renovation of residential housing and small buildings to a lesser extent. Customers are essentially building materials traders.

Imerys Toiture's operating excellence is reflected in the extensive automation of its plants, enabling the division to produce high value-added products on a large scale.

Under the umbrella brand Imerys Toiture™ the product range includes:

- 70 models of clay roof tiles in more than 100 colors, meeting local traditions and specificities;
- thermal and photovoltaic tiles, building a comprehensive roofing offering that is sound, visually appealing and energy-efficient;
- roofing accessories and technical components;
- rainwater drainage profiles.

PRODUCTS

Imerys red clay reserves are a source of high-quality minerals located in France, near its clay tiles processing plants. To ensure durable operations, the Roofing division strives to develop its reserves, particularly through land purchases and exchanges, and plans future site restoration and remediation.

APPLICATIONS

Imerys Toiture specializes in the design, production and sale of clay roof tiles and accessories to cover roofs, whether individual or collective housing. Clay roof tiles have a proven interest for greener buildings. Photovoltaic tiles can be used to achieve primary energy savings.

INDUSTRIAL FACILITIES

The activity has 13 industrial sites, including 12 ISO 9001 certified, in France.

Site number	Europe	Americas	Asia-Pacific	Africa & Moyen-Orient
Industrial sites	13	-	-	-

MAIN COMPETITORS

Wienerberger (Germany); Terreal (France) and Braas-Monier (Luxemburg).

1.5.4 MINERALS FOR CERAMICS

Thanks to its numerous reserves, the **Minerals for Ceramics** division is a global supplier of mineral and prepared bodies for the sanitary, tableware and tile making industries. The division also provides a wide range of solutions for technical ceramics, the glass industry, mainly fiberglass, but also for electrometallurgy, energy and some construction-related applications. The division also provides kiln furniture for the ceramics markets.

PRODUCTS

The Minerals for Ceramics division offers a large range of mineral specialties to the ceramic industries worldwide. These specialties are based on ball clay, feldspar, kaolin, halloysite, talc, mica, pegmatite or quartz. The division also sells comprehensive mineral solutions in different forms tailored to its customers' needs: granulates, slurries, specialized tableware or sanitaryware bodies, engobe pre-blends, steatite or cordierite bodies, high alumina bodies, micronized alumina and glaze formulations. Through its brand "Imerys Kiln Furniture", the division can also provide ceramic pieces in cordierite, high alumina porcelain, mullite and silicium carbide. This range of tailor-made solutions covers the specificities required by industrial customers in terms of shape and usage conditions.

√ For more information on Minerals, *see chapter 1, section 1.7 of the Registration Document*.

APPLICATIONS

The Minerals for Ceramics division provides premium quality minerals and ceramic bodies for many industries.

- **Traditional ceramics**
  - **Floor and wall tiles**: the division offers a large range of high quality minerals solutions for tiles bodies, frits[(1)], glazes and engobes – from the conversion of ball clays, talc, feldspars, sands, feldspathic sands and white kaolins;
  - **Sanitaryware**: with the largest product portfolio on the market (ball clay, chamotte, kaolin, feldspar and prepared bodies), the division is the world leader in minerals for sanitaryware manufacturing. The range includes traditional vitreous china, but also specific solutions for fire clay products;

(1) *Frits: fluxes usually made of glass used in the manufacture of certain enamels.*

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

- Engineering ceramics
  - **Electrical porcelain insulators**: the division manufactures highly consistent mineral solutions, specifically tailored to match the highest expectations of the electro-porcelain insulator manufacturers, a key advantage for this technically demanding industry;
  - **Emissions control**: with high-quality kaolin and talc deposits on several continents, Imerys sells a unique range of high-quality minerals to the global ceramic catalyst support and diesel particle filter industry;
  - **Photovoltaic applications for solar energy**: within the framework of the Quartz Corp. joint venture, Imerys quartz is transformed into a high-purity product. This material is required for manufacturing high-purity crucibles essential to the production of silicon used in photovoltaic cells for solar panels and electronic components;
  - **Technical ceramics**: the division also provides a comprehensive range of aluminous bodies, steatite and cordierite.

- Other markets
  - **Electrometallurgy**: Imerys mines and processes quartz pebbles, raw materials mainly used in the production of ferroalloys and ferro-silicon, for special steel alloys and silicon production;
  - **Thermal power plant boiler additives**: Imerys has developed a combustion enhancing solution for increased heat and power boiler efficiency, marketed under the Aurora™ brand. This solution improves boiler performances avoiding deposits on the exchangers, thus allowing better combustion and increased energy;
  - **Construction**: the product range is composed of granulates for construction and public works, and specialties made of feldspar and kaolin for the cement industry, as well as clays for making sealing and containment barriers;
  - **Glass and related markets**: products for the glass market include different types of feldspar for the production of flat and hollow glass, as well as for insulation wool production;
  - **Reinforcement fiberglass**: Imerys has developed a specific offering of kaolins for the reinforcement fiberglass industry;
  - **Kiln furniture**: the division is the leading global supplier of kiln furniture for the production of tableware, sanitaryware, technical ceramics and tiles. It also produces and markets extremely flexible lightweight superstructures and construction parts for firing tray systems.

INDUSTRIAL FACILITIES

The Minerals for Ceramics division has 53 industrial facilities, including 27 ISO 9001 certified, in 19 countries.

Site number	Europe	Americas	Asia Pacific	Africa & Middle East
Ball clays	5	2	1	-
Kaolin	5	3	2	-
Feldspar & feldspathic sands	3	-	4	1
Mica	2	-	-	-
Ceramic bodies	9	2	-	-
Quartz	3	1	-	-
Kiln furniture	2	-	1	-
Milling & blending plants	3	1	2	1

MAIN COMPETITORS

Quarzwerke, Saint-Gobain and Stephan Schmidt (Germany); Sibelco (Belgium); Beijing Trend (China); Burella and Ecesa (Spain); Active Minerals, Old Hickory, RT Vanderbilt, Spinks and Unimin (United States); Soka (France); HK Ceram (Hungary); Gruppo Minerali Maffei and Icra (Italy); Mota (Portugal); Lasselsberger and Sedlecky Kaolin (Czech Republic); SNTC (Thailand) and various other local producers (feldspar in Turkey and clay in Ukraine in particular).

1.6 HIGH RESISTANCE MINERALS

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

- **Refractory Minerals;**
- **Fused Minerals.**

The business group leverages on high quality mineral reserves and on sophisticated manufacturing processes for high-temperature operations to offer mineral based specialties with key functionalities: refractoriness, abrasiveness, mechanical resistance, purity, conductivity. The High Resistance Minerals business group is positioned upstream of the industrial equipment chain (steel production, industrial and automotive sectors).

The business group has 28 industrial sites in 12 countries.

(€ millions)	**2015**	**2014**	**2013**
Revenue	629.4	641.7	653.8
Current operating income	81.6	72.8	70.1
Current operating margin	13.0%	11.3%	10.7%
Booked capital expenditure	42.7	41.0	61.1

√ For more information on 2015 Key Facts, *see chapter 2, section 2.1.3 of the Registration Document*.

1.6.1 BUSINESS GROUP OVERVIEW

Divisions	Markets	Market positions[1]	Products	Main applications
REFRACTORY MINERALS	Aerospace Aluminium Automotive Cement Construction Steel Glass	**World #1** in alumino-silicate minerals for refractories	Andalusite Ball clay Chamottes Fused silica Metakaolin Mullites	**Mineral components for:** Refractory materials Refractory binders **Process enablers for:** Foundry Investment casting
FUSED MINERALS	Aerospace Electronical & Electrical appliances Automotive Construction Energy Foundry Iron & Steel	**World #1** in fused minerals for abrasives **World #1** in fused zirconia	Fused aluminum oxides Fused magnesium oxides Fused mullites Fused zirconia Silicon carbide Zirconia chemicals Zircon flour	**Mineral components for:** Abrasives Ceramics Advanced ceramics Heating elements Foundry Braking Pads Surface treatment Sand blasting Refractories

(1) Imerys estimates.

1.6.2 REFRACTORY MINERALS

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

Imerys supplies to leading refractory companies all over the world, where its high product consistency and reliable offer are particularly valued. The broad product portfolio provides solutions granting several combinations of functional properties which support the industry's demand for constant performance enhancement.

PRODUCTS

The products made by the Refractory Minerals division are used for their mechanical, chemical, distortion and corrosion resistance, as well as for their thermal properties in various industries in high-temperature applications and processes.

The Refractory Minerals division's main product lines are:

- **Andalusite** is an alumino-silicate mineral commonly found in metamorphic rocks. In refractory applications, using andalusite has many benefits: andalusite brings volume stability, high thermal shock and good chemical attack resistance;
- **Clays and metakaolins** are used either as a binder for refractory brick production, or as additives to improve plastic behaviour;
- **Chamotte** is a calcined clay. Inert at the firing stage, it acts like a skeleton to avoid deformation in sanitaryware pieces and refractories;
- **Molochite™** is a high alumino silicate produced using china clay that gives excellent resistance to thermal shock;
- **Fused silica** is a high purity quartz sand that has been melted to form glass. High volume stability, low volumetric expansion and high purity make fused silica a very useful and versatile material for refractory and investment casting;
- **Sintered mullite** is produced by calcining clays at very high temperature to increase refractory properties. A refractory market reference, it is traded under the name Mulcoa®.

√ For more information on Minerals, *see chapter 1, section 1.7 of the Registration Document*.

APPLICATIONS

The main applications served by the Refractory Minerals division are:

- **Refractory linings and insulations** for equipment protection in high-temperature industries, such as steel, aluminium, cement, glass, incineration and petrochemicals. Imerys manufactures aggregates used in acidic and neutral refractory materials, both as bricks and monolithics, which will in turn be installed in kilns, furnaces, boilers and incinerators to contain extremely hot substances and resist corrosion, abrasion and other forms of attack;
- **Foundry and investment casting**: the division offers a unique range of products and innovative solutions for foundry, including investment casting and sand casting. The minerals manufactured by the Group are tailored to the specific needs of its customers in terms of purity, particle size distribution and blends;
- **Kiln furniture and sanitaryware**: Imerys refractory materials are not only used in linings but also for the production of refractory shaped products, including kiln furniture for high-temperature processes. Imerys European chamottes are part of the "fine fire clay" formulation that allows the production of complex sanitaryware pieces.

INDUSTRIAL FACILITIES

The Refractory Minerals division has 15 industrial facilities, including nine ISO 9001 certified, in six countries.

Site number	Europe	Americas	Asia-Pacific	Africa & Middle East
Andalusite	1	-	1	3
Refractory clays & Chamottes	3	-	-	2
Bentonite	-	-	-	2
Molochite™	1	-	-	-
Mullite	-	1	-	-
Fused silica	-	1	-	-

MAIN COMPETITORS

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

1.6.3 FUSED MINERALS

The Fused Minerals division comprises the manufacturing of fused alumina and fused zirconia. With a strong industrial footprint (China, Middle East, Europe and Americas) producing a wide range of high-performance products, Imerys' Fused Minerals division is the worldwide leader in specialty applications such as abrasives, refractories, technical ceramics, heating elements for the iron & steel, automotive, industrial equipment and construction markets.

The Fused Minerals division benefits from a unique fusion technology and know-how, which are key to control critical functional properties of its minerals, such as abrasive efficiency, durability, heat dissipation and color. The know-how of its research centre allows for the formulation of new mineral solutions and innovation such as shaped abrasives with increased performance, like the cylindrical grains of sintered mullite, very effective with heavy wheels.

PRODUCTS

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

- **fused aluminum oxide grains**, also known as corundum, are produced by fusing alumina or calcined bauxite and sold either in macro or micro grains as an abrasive or refractory mineral thanks to their superior hardness, mechanical and chemical strength and thermal stability;
- **fused zirconia** is sold in sized grains or very fine powders (less than 1 µm); in its fine form it is largely used in automotive (braking pads) or advanced ceramics (oxygen sensors). It has excellent thermal shock resistance and is widely used as a refractory mineral;
- **zirconium chemicals** are only produced in China through a complex chemical process and used in different industries such as paper making, paint and cosmetics.

√ For more information on Minerals, *see chapter 1, section 1.7 of the Registration Document*.

APPLICATIONS

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

- **Abrasives**: thanks to their wear resistance and thermal properties, fused aluminium oxides are widely used as abrasives, mainly coming as bonded (such as grinding and cutting wheels, honing stones) or coated abrasives (such as sand paper). Abrasives are widely used in all industries;
- **Refractories**: various types of refractory minerals resisting extreme temperatures (>1,800°C) under harsh physical and chemical conditions are produced based on alumina or zirconia, showing strong thermal resistance and chemical inertia. These specialty minerals are used for the lining of furnaces in steel, glass and aluminum industries, investment casting;
- **Technical ceramics**: in these industrial applications, sophisticated grades of fused alumina and zirconia are used as ceramic components because of their crystalline structure and mechanical strength. These products typically address high value markets and applications such as oxygen sensors and solid oxide fuel cells;
- **Friction compounds**: micron-sized zirconia and magnesia are used as additives to brake pads in the automotive industry. These products help modify friction characteristics and reduce brake pad and rotor wear;
- **Heating elements**: thanks to its electrical and thermal properties, electrical grade fused magnesia is widely used in the production of both heating elements for domestic appliances (cookers, dishwashers) and industrial applications (galley products, railway heating, industrial boilers) as an essential component of heating resistors;
- **Other industries**: chemicals based on zirconium basic carbonate have been developed for a wide range of applications such as antiperspirants, paint driers, coatings and catalysts.

INDUSTRIAL FACILITIES

The Fused Minerals division has 13 industrial facilities, including 12 ISO 9001 certified, in 9 countries.

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

MAIN COMPETITORS

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

1.7 MINERALS

Imerys operates over one hundred active mines in numerous countries around the world. Through mineral processing and formulation the Group develops value-added specialty solutions for many industries. Imerys actively pursues the replacement and growth of its mineral reserves and resources. Imerys continuously works to strengthen its technical expertise in geology, mine planning and mining through training, sharing of expertise and "best practices" across a network of 140 geologists and mining engineers. In 2015 Imerys continued to develop its resources in bentonite, wollastonite and calcium carbonate through acquisitions.

In line with its internal policy, the Group's Mineral Reserves and Resources are audited by internal and external auditors on a regular basis. The Mineral Reserves and Resources published in this Registration Document are prepared in line with internationally accepted standards of reporting (The European PERC code in particular).

1.7.1 MINERALS' CHARACTERISTICS

▪ MINERALS MINED BY IMERYS

Imerys mines and processes over 30 different rocks and minerals which fall into 10 categories. These groups are presented below:

Ball clays are very fine-grained sedimentary clays with high plasticity properties used in ceramic applications. After extraction, the clay materials are selected, processed and blended to provide the desired performances. The specific properties of these materials include good rheological stability for casting applications, high plasticity and strength.

(Red) Clays are composed of assemblages of clay minerals and oxides of sedimentary origin which develop a red color when fired. They meet specific requirements in terms of particle size distribution, plasticity and extrusion properties before firing, as well as good performance during drying and firing.

Bentonite is a swelling alumino-silicate sedimentary clay with high rheological and absorbent properties.

Carbonates incorporates marble, limestone and chalk deposits. Limestone and chalk are chemical or fossiliferous sediments of principally calcium carbonate. Marble is formed by the metamorphic alteration of limestone. Carbonates are used either in ground form (Ground Calcium Carbonates (GCC) or through a chemical process to produce Lime and Precipitated Calcium Carbonate (PCC). GCC is produced for its whiteness and alkaline properties. The production of PCC from lime delivers a pigment with well-defined shape and size parameters and excellent optical properties.

Diatomite is a sedimentary silica rock resulting from the accumulation of skeletal remains of microscopic freshwater or marine plants called diatoms. This mineral is characterized by its low density, high surface area, its high porosity and mattifying properties.

Feldspar is a group of naturally occurring alumino-silicate minerals containing varying amounts of potassium, sodium, calcium and/or lithium. This grouping also includes sand containing high amounts of feldspar (feldspathic sand) and coarse grained granites with high feldspar content (pegmatites). These minerals are known for their fluxing properties at high temperatures.

Kaolin is predominantly composed of kaolinite, a white hydrated alumino-silicate clay mineral, which is derived from the geologic alteration of granite or similar rock types. At high temperature (700-1,200°C) calcination transforms kaolin into a whiter and inert mineral (metakaolin). In the kaolin group of minerals, halloysite is a very white and pure clay mineral with translucent properties.

Perlite is a type of volcanic rock, containing between 2% and 5% of natural combined water. When processed and subsequently heated, the water converts instantaneously to steam and the perlite explodes like popcorn, expanding up to 20 times its original volume and creating a multi-cellular material with large surface area and corresponding low density. Perlite products have low density, high surface area and high porosity.

Refractory Minerals: these are minerals valued for their high resistance to degradation in extreme temperatures and harsh operating conditions, as well as resistance to mechanical failure and corrosion. **Refractory clays** are high alumina content kaolins which when calcined produce a refractory material, commonly called 'chamotte'. Bauxite, including bauxitic clays, and specifically very low iron content bauxite also have refractory properties when calcined. **Andalusite** is the final mineral within the refractory grouping. It is a high alumina silicate which becomes refractory when calcined at 1,350°C.

Talc is a hydrated magnesium silicate. It is mostly produced in open cast mines. The ore is mined selectively and beneficiated by manual, optical or friction sorting at lump or chip size or by froth flotation after milling. Almost every talc deposit is unique in terms of its crystal and morphological structure, surface chemistry, accessory minerals and brightness; this results in different deposits being more suited for specific applications.

Imerys transforms many **other minerals. Graphite** is one of the crystalline forms of carbon, with a micaceous aspect. The term "mica" covers a group of alumino-silicate platey minerals (Muscovite and Phlogopite). Mica imparts thermal stability, resistance to heat, moisture and light transmission. Imerys mines **high-purity quartz** (>99.8% silica) in two forms: block (quartz boulders) and gravels; both offer similar properties: strength, refractoriness, wear resistance. Silicon and ferro silicon, for which quartz is the basic raw material, are used in special steel alloys. **Vermiculite** is a hydrated micaceous mineral, which expands considerably when heated. **Wollastonite** is a metamorphic calcium silicate mineral. It typically has high brightness and whiteness, low moisture and oil absorption, and low volatile content. **Zeolite** is a crystalline rock formed by hydrated aluminosilicate. Being microporous zeolites are used as absorption agents and catalysts.

▪ OTHER MINERALS AND DERIVED MINERAL PRODUCTS

The Group also sources other raw materials that it processes to provide the following specialties:

Bauxite and alumina are transformed by fusion in electric arc furnaces into various **synthetic corundum** products for the production of powders for abrasive applications. **Silicon carbide** is a by-product of graphite production with high wear resistance and refractory properties. Imerys produces a range of high-quality synthetic graphite through a complex process of heat treatment of petroleum coke at very high temperatures. **Calcined magnesia** is derived from the calcination of magnesite. **Fused magnesia** is produced from high quality calcined magnesia. Depending on the calcination temperature, it has a high electrical resistance and low heat conductivity. **Carbon black** is an ultra-fine carbon powder produced from very high-quality natural carbon raw materials. **Zircon and zircon derivatives**: zircon, or zirconium oxide, results from the fusion of zircon or zircon sand in an arc furnace. It is used for its hardness and refractory properties.

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

1.7.2 MINERAL REPORTING PRINCIPLES

▪ MINERAL ASSET REPORTING

Mineral Reserves and Resources for Imerys managed operations are reported in accordance with the PERC Reporting Standard (2013)[1]. The PERC Reporting Standard is a European Mineral Asset reporting framework. It is part of the CRIRSCO[2] family of codes which include similar codes such as JORC (Australia) and CIM Guidelines (Canada).

Mineral Reserves are portions of a deposit which are demonstrably economic to extract given current or expected business conditions. These are further classified as Proven or Probable to reflect the level of uncertainty in the geological understanding of the deposit; Proven is the highest level of confidence. **Mineral Resources** are deposits, or parts of deposits, where extraction has not currently been demonstrated to be economic but where there is reasonable expectation that extraction will be viable in the future. These assets typically lack the detailed technical studies across a variety of disciplines (mining, processing, marketing, legal) to prove their economic viability. Mineral Resources are further classified as either Measured (highest), Indicated or Inferred (lowest) to reflect the level of geological knowledge of the deposit.

Imerys' production consumes its reserves. Imerys continuously carries out actions to compensate reserves consumption to keep them at a level close to 20 years of production. On existing sites, this consists of the exploration and detailed modeling of mineral resources already inventoried to confirm their operability according to their quality, quantity, operation mining parameters and their costs. Where the conclusion of this exploratory work is positive, the ownership, long-term leases, permits and administrative operating permits are sought. When these conditions are met, resources are converted into reserves. Reserve renewal or increase can also be done by acquiring companies with interesting and verifiable mineral assets.

The Mineral Reserves and Resources presented below are based on information compiled by Competent Persons (PERC Definition) most of whom are full time employees of Imerys. They have a minimum of five years relevant experience in estimation and are members of recognised professional organisations with a code of conduct and ethics. As required by PERC, each Competent Person has signed a declaration authorizing the compilation of the estimates reported in public reports which are collated in a central register.

(1) The Pan-European Standard for Reporting Exploration Results, Resources and Reserves is referred to as the "PERC Reporting Standard" and is published by the Pan-European Reserves and Resources Committee (PERC).

(2) CRIRSCO: Committee for Mineral Reserves International Reporting Standards.

▪ MINERAL ASSET AUDITS

In order to ensure Group-wide consistency and compliance with Mineral Reserves and Resources reporting requirements, internal and external audits are conducted on a three to five year basis. Internal audits are carried out by an experienced geologist and mining engineers independent of the audited sites. They are designed to ensure compliance with the PERC Reporting Standard and Group's Mining and Geology policy and procedures. Following each audit reports are also published recording comments and improvement requests, subjected to specific monitoring. Audits are therefore vectors for best practice sharing and continuous improvement in the management and exploitation of mineral resources. The results of Imerys' internal audits of Mineral Reserves and Resources reporting are examined by the Audit Committee.

▪ RISKS AND UNCERTAINTIES

Mineral Reserves and Resources are estimates of the size and quality of ore deposits based on currently available technical and economic parameters. The classification level (Proven or Probable for Mineral Reserves and Measured, Indicated or Inferred for Resources) attempts to describe the level of confidence of the estimate and evaluation. However, due to unforeseen changes in economic parameters and the uncertainty inherently associated with geological evaluation, no assurance can be given that the estimates of Mineral Reserves and Resources shown in the table below will be recovered as anticipated by the Group.

With continued geological exploration and evaluation, Mineral Reserves and Resources may change significantly, either positively or negatively. To date, there are no known environmental, authorization, legal, ownership, political or other relevant issues that could materially adversely affect the estimates in these tables.

√ For more information, *see chapter 4, section 4.1.1 of the Registration Document*.

1.7.3 MINERAL RESERVES AND RESOURCES

In line with the special conditions relating to the "Reporting of industrial minerals, dimension stone and aggregates" in the PERC Reporting Standard, individual mineral assets have been grouped together by mineral type to protect commercially sensitive information.

Due to aggregation, it is not possible to give the lifespan of each mine. However, based on the geological understanding and modifying factors applied, the Group foresees that its Mineral Reserves and Resources will be adequate to sustain the long-term operation (over 20 years) of its activities at the current annual production rate, using existing technology and under present and forecast market and economic conditions.

Mineral Reserves are quoted in addition to Mineral Resources as on December 31, 2015 and are stated on the basis of thousands of metric tons of dry, sellable product. Estimates for 2014 are shown for the sake of comparison.

Mining activity, ongoing exploration work, geological assessments and technical studies, as well as changes in ownership of certain mineral rights due to acquisitions or sales, are reflected in the movements of the estimates reported for 2015 against those reported for 2014.

Mining assets amount to €552.3 million as of December 31, 2015 (€471.6 million as of December 31, 2014, following reclassification of usage rights in mining assets). In accordance with accounting rules, Mineral Reserves and Resources assets are accounted for at historical cost. They are measured initially at acquisition cost and subsequently at cost decreased by accumulated depreciation and impairment losses. Depreciation is estimated on the basis of actual extraction.

▪ MINERAL RESERVES ESTIMATES (AS OF 12/31/2015 VS. 12/31/2014)

		Proven	Probable	Total	Proven	Probable	Total
Product	Geographic region	2015 *(kt)*			2014 *(kt)*		
Ball Clays	Europe	10,294	1,195	11,489	10,790	1,541	12,331
	Americas	4,342	635	4,977	4,357	792	5,149
	Asia-Pacific	694	0	694	785	0	785
	Africa & Middle East	488	0	488	576	0	576
	Total	**15,818**	**1,830**	**17,648**	**16,508**	**2,333**	**18,841**
Bentonite	Europe	7,971	57	8,028	0	0	0
	Americas	360	0	360	0	0	0
	Africa & Middle East	88	0	88	284	0	284
	Total	**8,419**	**57**	**8,476**	**284**	**0**	**284**
Carbonates	Europe	0	34,457	34,457	303	35,148	35,451
	Americas	108,322	66,015	174,337	112,762	60,132	172,894
	Asia-Pacific	0	36,852	36,852	0	46,352	46,352
	Africa & Middle East	0	0	0	0	0	0
	Total	**108,322**	**137,324**	**245,646**	**113,065**	**141,632**	**254,697**
Feldspar	Europe	14,901	4,628	19,529	16,443	4,654	21,097
	Americas	0	0	0	0	0	0
	Asia-Pacific	0	30	30	0	30	30
	Africa & Middle East	2,939	1,832	4,771	1,747	1,832	3,579
	Total	**17,840**	**6,490**	**24,330**	**18,190**	**6,516**	**24,706**
Kaolin	Europe	1,968	17,705	19,673	2,129	18,524	20,653
	Americas	41,351	33,588	74,939	45,822	33,576	79,398
	Asia-Pacific	383	1,267	1,650	93	2,233	2,326
	Total	**43,702**	**52,560**	**96,262**	**48,044**	**54,333**	**102,377**
Minerals for Refractories	Europe	1,716	1,306	3,022	2,188	1,381	3,569
	Americas	2,739	3,141	5,880	3,067	3,141	6,208
	Asia-Pacific	0	432	432	0	438	438
	Africa & Middle East	937	212	1,149	1,207	212	1,419
	Total	**5,392**	**5,091**	**10,483**	**6,462**	**5,172**	**11,634**
Perlite & Diatomite	Europe	4,145	1,031	5,176	449	95	544
	Americas	28,627	15,934	44,561	36,150	8,742	44,892
	Asia-Pacific	0	0	0	3	14	17
	Africa & Middle East	0	537	537	0	661	661
	Total	**32,772**	**17,502**	**50,274**	**36,602**	**9,512**	**46,114**
Red clays (for Roof Tiles)	Europe	34,462	19,100	53,562	19,688	33,979	53,667
	Total	**34,462**	**19,100**	**53,562**	**19,688**	**33,979**	**53,667**
Talc	Europe	8,133	2,758	10,891	8,165	3,225	11,390
	Americas	15,011	4,343	19,354	15,201	4,437	19,638
	Asia-Pacific	2,689	456	3,145	2,706	458	3,164
	Total	**25,833**	**7,557**	**33,390**	**26,072**	**8,120**	**34,192**
Other Minerals	Europe	1,252	300	1,552	1,398	350	1,748
	Americas	2,755	1,978	4,733	2,381	115	2,496
	Africa & Middle East	316	506	822	267	460	727
	Total	**4,323**	**2,784**	**7,107**	**4,046**	**925**	**4,971**

In addition to the normal activities of production, the acquisition of S&B in 2015 significantly increased Imerys' mineral Reserves in bentonite, perlite and added wollastonite. Additional changes occurred due to the divestment of a site in China (carbonates) as well as significant new authorisations and reassessments in Europe (feldspar), South America (kaolin) and North America (carbonates).

MINERAL RESOURCES ESTIMATES (AS OF 12/31/2015 VS. 12/31/2014)

		Measured	Indicated	Inferred	Total	Measured	Indicated	Inferred	Total
Product	Geographic region	2015 *(kt)*				2014 *(kt)*			
Ball Clays	Europe	10,874	1,907	946	13,727	11,018	1,836	961	13,815
	Americas	6,341	9,310	14,622	30,273	6,278	12,062	11,501	29,841
	Asia-Pacific	61	0	0	61	61	0	0	61
	Total	**17,276**	**11,217**	**15,568**	**44,061**	**17,357**	**13,898**	**12,462**	**43,717**
Bentonite	Europe	48,328	29,814	1,708	79,850	0	0	0	0
	Americas	558	2,718	3,016	6,292	0	0	0	0
	Africa & Middle East	6,363	6	39	6,408	266	19	85	370
	Total	**55,249**	**32,538**	**4,763**	**92,550**	**266**	**19**	**85**	**370**
Carbonates	Europe	0	4,495	43,941	48,436	0	4,169	45,256	49,425
	Americas	58,958	133,346	98,935	291,239	64,946	144,492	99,072	308,510
	Asia-Pacific	0	0	573	573	0	25,008	10,624	35,632
	Total	**58,958**	**137,841**	**143,449**	**340,248**	**64,946**	**173,669**	**154,952**	**393,567**
Feldspar	Europe	3,173	3,600	8,651	15,424	2,570	2,686	8,451	13,707
	Americas	1,849	5,500	12,700	20,049	1,849	5,500	12,700	20,049
	Asia-Pacific	0	80	0	80	0	80	0	80
	Africa & Middle East	928	14,201	11,100	26,229	2,496	15,228	10,000	27,724
	Total	**5,950**	**23,381**	**32,451**	**61,782**	**6,915**	**23,494**	**31,151**	**61,560**
Kaolin	Europe	296	3,915	7,781	11,992	296	3,918	7,783	11,997
	Americas	39,928	59,848	52,484	152,260	46,326	55,925	57,069	159,320
	Asia-Pacific	76	4,793	1,590	6,459	62	5,123	2,962	8,147
	Total	**40,300**	**68,556**	**61,855**	**170,711**	**46,684**	**64,966**	**67,814**	**179,464**
Minerals for Refractories	Europe	1,751	1,071	74	2,896	1,938	680	119	2,737
	Americas	4,585	10,234	137	14,956	4,616	10,234	137	14,987
	Asia-Pacific	0	258	0	258	0	258	0	258
	Africa & Middle East	1,117	651	2,264	4,032	1,117	651	2,294	4,062
	Total	**7,453**	**12,214**	**2,475**	**22,142**	**7,671**	**11,823**	**2,550**	**22,044**
Perlite & Diatomite	Europe	3,066	31,854	57,564	92,484	20	2,066	1,025	3,111
	Americas	21,875	32,970	112,134	166,979	21,882	31,761	106,378	160,021
	Asia-Pacific	89	21	0	110	98	41	0	139
	Africa & Middle East	0	959	6,696	7,655	0	1,145	7,093	8,238
	Total	**25,030**	**65,804**	**176,394**	**267,228**	**22,000**	**35,013**	**114,496**	**171,509**
Red clays (for Roof Tiles)	Europe	32,335	4,209	6,037	42,581	18,195	22,225	6,037	46,457
	Total	**32,335**	**4,209**	**6,037**	**42,581**	**18,195**	**22,225**	**6,037**	**46,457**
Talc	Europe	9,695	9,391	4,210	23,296	7,316	7,743	3,736	18,795
	North America	0	0	3,530	3,530	0	0	3,598	3,598
	Asia-Pacific	2,480	1,235	4,247	7,962	2,480	1,235	4,294	8,009
	Total	**12,175**	**10,626**	**11,987**	**34,788**	**9,796**	**8,978**	**11,628**	**30,402**
Other Minerals	Europe	1,589	973	428	2,990	152	508	0	660
	Americas	6,294	26,840	67,432	100,566	6,294	1,488	53	7,835
	Africa & Middle East	0	0	285	285	0	0	285	285
	Total	**7,883**	**27,813**	**68,145**	**103,841**	**6,446**	**1,996**	**338**	**8,780**

The acquisition of S&B significantly increased the Mineral Resource of bentonite, perlite and added wollastonite. In addition to the normal activities of exploration and transfers to reserves, resource reassessments were also realised in North America (carbonates) and Europe (roof tile raw materials and talc) and assets were divested in China (carbonates).

1.8 INNOVATION

1.8.1 INNOVATION STRATEGY

Imerys' ability to develop customized solutions for its customers is expressed in all its businesses and on all continents. Innovations significantly contribute to Imerys' revenues. In 2015, in a mixed economic environment, sales of new products reached 12% of revenues.

The contribution of new products to the Group's business is measured on a quarterly report and a precise definition basis. The "new" character is assessed using the following criteria: the product must generate a gross margin higher than the average margin of related products' family (product line, similar production processes), or, for the most innovative products, comply with a satisfactory development plan according to Imerys investment criteria, and it must be new, i.e. it must be in the Imerys range for less than five years, and bring a breakthrough innovation, or meet a customer demand, or create a complementary range, a new shape or an improvement to an existing product.

Innovation supports improved product mix and strengthens the Group's value proposition. Imerys is an essential partner for customers seeking product excellence and technological performance.

1.8.2 INNOVATION POLICY

At Imerys innovation is a decentralized process. The Group's Innovation Department coordinates the innovation activities of the various business groups, leaving the divisions responsible for their R&D projects, new products' investments, their marketing and their results.

The divisions articulate their work around issues that most often correspond to major technological trends that customers face, such as:

- **sustainable agriculture**, with the emergence of a new range of mineral-based products for agriculture to face the challenges of a growing world population;
- **lighter structural parts** in particular for vehicles. Talc and mica enable plastics reinforcement whilst improving their mechanical properties and reducing up to 60% of the total mass of the components;
- **energy efficiency** including new abrasives that save energy and material while allowing more cuts per abrasive unit;
- **clean energy** with high purity quartz crucibles for silicon used in the production of solar energy, or products avoiding siliceous deposits on coal plants' heat exchangers and pipes;
- **search for wellness** with a product range for the pharmaceutical and cosmetic industries;
- **recycling** with a product range including Imerplast™, a solution that facilitates the recycling of polyethylene and polypropylene by making them compatible.

At Imerys, innovation starts with a detailed analysis of the markets and customers' or prospects' unmet needs. A thorough analysis is done by the marketing and research teams to translate these requirements into technical data, followed by the actual research phase, where the laboratory must meet the technical specifications. A rigorous selection then occurs for the project transformation to a pilot or industrial phase. Generating functional solutions and properties tailored to each situation separates Imerys R&D from that of other large mining companies, more focused on providing a reproducible raw material.

1.8.3 INNOVATION ORGANISATION

LABORATORIES WORLDWIDE NETWORK

Imerys laboratory network consists of eight main technical centers and 25 application laboratories close to the Group's markets. In total, nearly 400 engineers and technicians cooperate worldwide to develop innovative solutions for customers.

REINFORCING COLLABORATIVE INNOVATION

Tools to promote an even more collaborative innovation mindset within the Group have been set up:

- an **annual Innovation Seminar**, complemented in 2015 by the implementation of an Innovation Forum, an opportunity for marketing and technology teams of the Group's divisions to exchange on their projects;
- an **Innovation Fund**, managed by the top management and created internally to finance the divisions' most ambitious projects;
- a **database** gathering all Imerys research reports;
- a reporting system of **innovation projects performance** through a leading indicator assessing the Group's research pipeline potential and an indicator on the new products percentage in its consolidated revenues;
- **Technical days** ("Techdays") organised in partnership with multinational companies. In 2015, two "Techdays" were held with leading US companies in the chemical and consumer goods sectors.

The annual innovation strategy review ensures the alignment of the divisions' strategies and innovative methods with the Group's objectives.

1.8.4 INNOVATION AND SUSTAINABLE DEVELOPMENT

Every year Imerys dedicates research budgets to products that benefit the environment. In 2015, over two-thirds of research budgets have been spent on projects with an environmental benefit or promoting recycling. In addition, in 2015, 18 of 90 new products marketed by the Group's divisions were of benefit to the environment.

√ For more information, on the Group's policy on Sustainable Development, *see chapter 5, section 5.5 of the Registration Document*.

1.8.5 PRODUCTS LAUNCHED IN 2015 – SOME EXAMPLES

▪ ABRASIVES

MC ZXT: with its hexagonal crystal structure MC ZXT is a perfect fused single corundum abrasive grain produced through a patented process. This mono crystal abrasive is the reference material for the new generation of thin cut-off wheels. These thin wheels cut faster, reduce the steel losses and improve the cut quality but require a better bond between the abrasive grit and the resin matrix. The surface treatment applied to MC ZXT solves this problem.

▪ CERAMICS

Prosper is a kaolin engineered to provide high casting rate and a good fluidity in ceramic production. These properties enable the customer to prepare his casting slip at relatively high densities while still maintaining a good production rate. This kaolin is suitable for both traditional and pressure casting technologies.

White Flux is a mixed sodium/potassium feldspar containing lithium, making it more fusible than traditional mixed feldspars. To reach a high level of purity, White Flux is processed to eliminate any trace of unsuitable elements. The chemical free process makes White Flux very clean and suitable for white and high quality ceramic formulas.

▪ COSMETICS

ImerCare SheerSilk is a new natural magnesium-silicate based product. It is engineered to obtain a unique, transparent structure which enhances color as well as the optical and sensory properties of make-up powders. Its softness and brightness are highly prized in cosmetics applications.

▪ ENERGY

C-NERGYTM ACTILION B3 is a new electroactive carbon electrode material for lithium-ion batteries. Automotive lithium-ion batteries containing ACTILION B3 in the negative electrode show high energy densities combined with an improved charging time.

C-NERGYTM C225 is a new conductive carbon black with improved conductivity allowing to decrease the concentration of conductive mass in the positive electrode leading to higher cell capacity. Carbon black is especially designed for high capacity ultra-thin lithium-ion batteries used in the new generations of laptop and tablet computers as well as smartphones.

▪ OILFIELD

ProLite™ 100 is a lightweight ceramic proppant, designed to provide transport and conductivity benefits to oilfield operators and service companies. The product can penetrate the smaller far-field fracture network providing conductivity up to 10 times higher than natural sand.

▪ FILTRATION

Celite Cynersorb is a new range of multifunctional filter aids for oils used in the production of biodiesel and edible oil refinement. Used oils and fats often contain soap/phospholipids that must be removed, typically via the addition of expensive chemicals. A high permeability filter aid is often added to improve the filtration properties. Celite Cynersorb is a soap/phospholipid adsorbent with excellent filtration performance characteristics.

▪ FOUNDRY

ImerBeads™ is a low density, spherical sintered bead that provides performance advantages over natural sands (like Chromite mineral) used in metal casting. Compared to standard filler, ImerBeads™ has a lower surface requiring less resin to be coated and offers a higher gaz permeability during casting. Key properties also include uniform size and shape, strength and low thermal expansion. In the casting process, these features can increase performance, reliability and quality, while reducing production defects, waste and other costs. It also provides broad compatibility with various metals, resins and additives.

BUILDING MATERIALS

Mistrocell® is a new talc range, which confers outstanding cell nucleating performance in foam composites for the production of lightweight materials with improved stiffness at lower densities. It helps manufacturers produce high quality foams and reduce material costs.

With the **TIMREX**® **KL** graphite, Imerys has launched a new graphite additive for expanded polystyrene. Graphite containing boards show up to 20% better thermal insulating efficiency than conventional expanded polystyrene. This allows to decrease the insulation board thickness in the thermal insulation of buildings.

REFRACTORIES

CALDE™ SHIELD product range are refractory reactive paints designed to improve customer furnace reliability against un-controlled or wrong sintering and furnace operation practices in foundries and all metal applications. This solution also allows customer to use recycled galvanized scraps without incurring so far furnace damages or coil deterioration that can lead up to furnace unplanned stop due to unsafe working conditions.

CALDE™ SEAL product are refractory paints that have been specially designed to protect vessel casing, metallic anchors and generally all metallic parts where alkali corrosion is encountered. This solution is adapted to all conditions and process parts of waste to energy, incinerators, boilers, cement producing units and hot gases quench towers.

1.8.6 INTELLECTUAL PROPERTY

The Group protects its innovations through trade secrets as well as with more than 1,300 patent applications and active granted patents and more than 220 industrial and utility models in 2015. Nearly 50% of the Group's patent portfolio consists of active, granted patents, with recent grants this year continuing to protect products such as IMERPLAST®, TIMREX C-THERM® and APTALITE®. As a sign of its commitment to innovation, the Group has increased its new patent filings by more than eighty percent (80%) since 2013 and in 2015 approximately 50% of the new patent filings were relating to the sustainable development fields.

In addition and as of December 31, 2015, the Group holds around 3,000 registered or pending trademarks to protect its broad range of products, including trademark filings for protecting the IMERYS mark in 90 countries.

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

2

REPORTS ON THE FISCAL YEAR 2015

2.1 BOARD OF DIRECTORS' MANAGEMENT REPORT

2.1.1 2015 HIGHLIGHTS

In a global economic environment that was again marked by sharp contrast between regions and sectors in 2015, but also by falling oil prices, Imerys again achieved its target of growth in net income from current operations, up +8,0% to €342 million. Group revenue are up +10.8% to €4.1 billion, with a positive exchange rates impact, S&B integration and contribution from new products. At comparable Group structure and exchange rates, the decrease in revenue down -4.6% is due to the persistent weakness of some markets, particularly the ceramic proppants in the United States. In this context, the current operating income is up +8.8% to €538 million and the operating margin remains robust at 13.2%, thanks to cost reduction programs and to the adjustment of industrial assets to the demand evolution.

On February 26, 2015, Imerys completed the acquisition of S&B. A global player and European leader in bentonite (binders for foundry, sealing solutions, additives for drilling and functional additives), S&B is also the world leader in continuous casting fluxes for steel and in wollastonite (functional additives for polymers and paints). It also provides perlite-based solutions used in building materials and horticulture. S&B was acquired for €624 million, of which €339.8 million paid in cash, €263.0 million in Imerys shares and €21.0 million to be paid as performance-related contingent consideration *(see note 16 of chapter 6.1.3 of notes to the "Notes to the consolidated financial statements")*. After this transaction, the interest of the Kyriacopoulos family in the capital of Imerys SA amounted to 4.70%[(1)] approximately at that date. This acquisition, which was accretive on Imerys' net income from current operations per share in 2015, should create value from 2018, with total annual synergies estimated at over €25 million, half of which will be achieved in 2016.

Other external growth operations were completed in 2015:

- on October 30, Imerys completed the acquisition of the Precipitated Calcium Carbonate (PCC) division of Solvay, Europe's leading producer of fine and ultra-fine PCC, which is used as a functional additive in specialty applications. It operates four plants in Europe (Austria, France, Germany, UK) and mainly serves the automotive (polymers, etc.), construction (paints, coatings, sealants) and consumer goods (health & beauty, etc.) markets. It generated €59 million revenue in 2014.
- on November 1, the Group acquired BASF's paper hydrous kaolin (PHK) activity in the US. This transaction enables Imerys to improve its service offering for the paper industry through optimization of its production assets and generate incremental revenue of $60 million on a full-year basis.
- on October 27, Imerys completed the acquisition of Matisco, a specialized manufacturer of metal accessories for roofing, enabling the Imerys Group to broaden its offering for the roofing market in France by integrating a wide range of accessories (rainwater drainage profiles, waterproofing, etc.). Matisco posted revenue of €23 million in 2014.

In the context of a sharp downtown on the ceramic proppants market in the United States, the Group recorded a non-cash impairment charge on the Oilfield Solutions division corresponding to a net loss of value of €209 million. The prospects of an upturn in this activity in the short term, which still seemed possible early in the year, have become more remote since the second half. These non-recurrent items do not undermine the Group's sound balance sheet.

The Board of Directors will propose the payment of a €1.75 dividend per share to the Shareholders' General Meeting of May 4, 2016. This corresponds to a +6.1% increase compared with the dividend paid in 2015, *i.e.* a total distributed amount of €139 million, which represents 40.6% of net income from current operations. This proposal reflects the Board's confidence in the Group's development potential. The dividend should be paid out from May 12, 2016.

(1) Following the acquisition of shares in the course of the year, this participation rose to 5.09% as of December 31, 2015.

(€ millions)	2015	2014	% current change
Consolidated results			
Revenue	4,086.7	3,688.2	+10.8%
Current operating income(1)	538.1	494.6	+8.8%
Operating margin	*13.2%*	*13.4%*	*-0.2 points*
Net income from current operations, Group's share(2)	341.5	316.3	+8.0%
Net income, Group's share	68.4	271.6	n.a.
Financing			
Paid capital expenditure	271.6	241.5	+12.5%
Current free operating cash flow(3)	342.5	244.1	+40.3%
Shareholders' equity	2,671.8	2,470.5	+8.1%
Net financial debt	1,480.4	869.9	+70.2%
Data per share *(euros)*			
Net income from current operations, Group's share(2)(4)	€4.31	€4.15	+3.7%
Proposed dividend	€1.75(5)	€1.65	+6.1%
Headcount as at December 31	**16,130**	**14,900**	**+8.3%**

(1) Throughout the present chapter, "Current operating income" means operating income before other operating revenue and expenses.
(2) Group's share of net income, before other operating revenue and expenses, net.
(3) Current free operating cash flow: EBITDA deducted from notional tax, changes in working capital requirement and paid capital expenditure.
(4) The weighted average number of outstanding shares was 76,275,846 in 2015 compared with 76,134,904 in 2014.
(5) Dividend proposed at the Shareholders' General Meeting of May 4, 2016.

2.1.2 DETAILED COMMENTARY ON THE GROUP'S RESULTS

■ SALES

- **Integration of S&B and positive impact of exchange rates**
- **Volumes affected by fall in ceramic proppants market**
- **Development of new products**
- **Positive price/mix in each business group**

	Revenue *(€ millions)*	Change in revenue *(% vs. previous year)*	Comparable change in revenue *(% vs. previous year)*	of which volume effect	of which price/ mix effect
2013	3,697.6	-4.8%	-1.3%	-2.5%	+1.2%
2014	3,688.2	-0.3%	+3.2%	+1.7%	+1.5%
2015	**4,086.7**	**+10.8%**	**-4.6%**	**-5.9%**	**+1.3%**

Revenue in 2015 totaled €4,086.7 million, a +10.8% increase on a current basis from 2014. This growth results from:

- a positive net Group structure effect of +€350.3 million (+9.5%) mainly comprised of the consolidation since March 1, 2015 of S&B and, to a lesser extent, the acquisitions made in the Kaolin, Carbonates, Roofing and Monolithic Refractories divisions;
- a positive exchange rate effect of +€218.2 million (+5.9%), relating to the Euro's depreciation against the US dollar in particular.

At comparable Group structure and exchange rates, revenue decreased -4.6% in 2015 compared with 2014 and -5.3% in the second half, due to the persistent weakness of some markets and geographic zones, as well as a particularly unfavorable basis of comparison in ceramic proppants (gradual ramp-up of production during the previous year). Excluding ceramic proppants, comparable change in revenue is -2.7% in the second half and -2.5% for full-year 2015.

In this difficult environment, revenue from new products increased +8.5% to €490 million, i.e. a +29.9% rise excluding ceramic proppants, which contributed €21 million in 2015 vs. €90 million in 2014. The price/mix effect remained firm at +1.3% for the whole Group for 2015 (+€46.0 million).

Revenue by Geographic Zone of Destination (current change)

(€ millions)	2015 Revenue	2014 Revenue	Change % 2015 vs. 2014	% of consolidated 2015 revenue
Western Europe	1,795.8	1,646.8	+9.1%	44%
of which France	*464.3*	*470.1*	*-1.2%*	*11%*
United States/Canada	1,000.3	877.7	+14.0%	24%
Emerging countries	1,091.3	974.2	+12.0%	27%
Japan/Australia	199.3	189.4	+5.2%	5%
Total	**4,086.7**	**3,688.2**	**+10.8%**	**100%**

CURRENT OPERATING INCOME

- **Firm operating margin at 13.2%**
- **Favorable impact of price-mix component and exchange rates**
- **Effectiveness of cost reduction programs**

Current operating income, at €538.1 million in 2015, grew +8.8% compared with 2014. It includes a favorable exchange rate effect of +€41.1 million, reflecting in particular the euro's depreciation against the dollar, and a +€47.7 million Group structure effect that includes S&B's contribution.

The slump in sales volumes (-€95.9 million) is partly offset by Group structure and exchange rates effects. Current operating income also benefits from a favorable trend in the activity mix and the effectiveness of management measures:

- change in product price/mix (+€35.1 million);
- improvement in variable costs (+€19.6 million), supported in particular by the I-Cube operating excellence program;
- decrease in fixed costs and general expenses (+€20.4 million).

The Group's **operating margin** remains firm at 13.2% (13.4% in 2014).

NET INCOME FROM CURRENT OPERATIONS

Net income from current operations rose +8.0% to €341.5 million (€316.3 million in 2014). It includes the following items:

- Financial expense for -€55.5 million (vs. -€45.1 million in 2014), with three components:
  - interest expense on net financial debt for -€49.1 million in 2015 (vs. -€40.2 million in 2014). This increase is mainly due to the rise in average net financial debt over the period (€1,467.0 million in 2015 vs. €922.3 million in 2014), mainly relating to the acquisition of S&B;
  - net financial cost of pensions and other changes in provisions for -€14.9 million in 2015 (vs. -€10.7 million one year earlier);
  - net impact of foreign exchange and financial instruments, corresponding to a gain of +€8.5 million in 2015 (vs. +€5.8 million in 2014).
- -€140.5 million current tax charge (-€131.5 million in 2014). The effective tax rate is stable at 29.1% (29.2% in 2014).

Net income from current operations per share increased +3.7% to €4.31. It takes into account a +4.1% increase in the weighted average number of outstanding shares, following the issue of new shares with respect to the acquisition of S&B.

NET INCOME

Other operating income and expenses, net of tax, total -€273.1 million (vs. -€44.7 million one year earlier). They include the following items:

- restructuring costs for -€64.1 million, comprised in particular of restructuring expenses relating to the integration of S&B and the adaptation of the industrial facilities to the market evolution;
- non-cash impairment charge on the Oilfield Solutions division (Energy Solutions & Specialties business group), corresponding to a net loss of value of €209.0 million, half of which is on the whole goodwill and the rest on part of the division's assets.

After taking into account other operating income and expenses, net of tax, **the Group's share of net income** amounted to €68.4 million in 2015 (€271.6 million in 2014).

CASH FLOW

- **Further development capital expenditure**
- **High generation of current free operating cash flow at €343 million**

(€ millions)	**2015**	**2014**
EBITDA	**745.4**	**673.8**
Change in operating working capital	21.8	(48.9)
Paid capital expenditure	(271.6)	(241.5)
Current notional tax	(156.7)	(144.6)
Current free operating cash flow(1)	**342.5**	**244.1**
Paid financial expense (net of tax)	(31.8)	(21.0)
Other working capital items	27.7	4.4
Current free cash flow	**338.4**	**227.5**
(1) Including subsidies, value of divested assets and miscellaneous	*3.6*	*5.3*

The Group's **operating working capital requirement,** stated as a percentage of annualized sales in the last quarter, amounted to 23.5% in 2015.

Paid capital expenditure totaled €271.6 million in 2015. The booked amount (€274.2 million) represents 122% of depreciation expense (vs. 115% in 2014). Development capital expenditure continued selectively, totaling €78.4 million (€82.2 million in 2014), to support the Group's growth potential. Details of the main projects are given under each business group.

Consequently, Imerys generated substantially higher **current free operating cash flow** in 2015, at €342.5 million (€244.1 million in 2014).

FINANCIAL STRUCTURE

- **Increase in net financial debt due to acquisition of S&B**
- **Sound financial ratios**

(€ millions)	**December 31, 2015**	**December 31, 2014**
Paid dividends	(132.6)	(125.3)
Net debt, end of period	1,480.4	869.9
Average net debt of the period	1,467.0	922.3
Shareholders' equity	2,671.8	2,470.5
EBITDA	745.4	673.8
Net debt/shareholders' equity	55.4%	35.2%
Net debt/EBITDA	2.0x	1.3x

The Group's **net financial debt** grew +€610.5 million to €1,480.4 million as of December 31, 2015, mainly due to the acquisition of S&B, which was completed at the end of February 2015 and paid partly in cash, partly in stock, the payment of dividends for an amount of €132.6 million and purchases of the Group's own shares under its buyback program. These transactions concerned 1.5% of the Company's capital, i.e. €74 million.

Imerys therefore has €2.9 billion in **total financial resources** as of December 31, 2015. After deduction of gross financial debt, available non-cash resources total €1 billion with an average maturity of 4.6 years.

Imerys' financial ratios remain sound with gearing at 55% and net financial debt at 2.0 times EBITDA.

On November 20, 2015, Moody's confirmed its rating for Imerys' unsecured senior debt, at Baa-2 since 2011 with a stable outlook. The short-term rating was also confirmed at P-2, also with a stable outlook.

2.1.3 COMMENTARY BY BUSINESS GROUP

ENERGY SOLUTIONS & SPECIALTIES

(31% of the Group's consolidated revenue)

Non audited quarterly data *(€ millions)*	**2015**	**2014**	**Current change**	**Comparable change**
1st quarter revenue	312.5	303.2	+3.1%	-4.7%
2nd quarter revenue	323.5	321.1	+0.8%	-3.5%
3rd quarter revenue	314.1	338.9	-7.3%	-9.7%
4th quarter revenue	303.0	315.5	-4.0%	-8.1%
Full-year revenue	**1,253.1**	**1,278.6**	**-2.0%**	**-6.6%**
Current operating income	**119.7**	**149.5**	**-19.9%**	**-21.0%**
Operating margin	*9.6%*	*11.7%*	*-2.1 point*	
Booked capital expenditure	**85.5**	**84.5**	**+1.2%**	
% depreciation expense	*170%*	*147%*		

Revenue

The **Energy Solutions & Specialties** business group's **revenue** totaled €1,253.1 million in 2015, a -2.0% decrease on a current basis. This change factors in a positive exchange rate effect of +€59.2 million (+4.6%) and reflects a sharp downturn in the **Oilfield Solutions** division because of the fall in the US ceramic proppants market, with an unfavorable basis of comparison in the second half. On a comparable basis, the business group's sales therefore decreased -6.6% but were stable excluding ceramic proppants.

Review by division

The **Carbonates** division's sales continued to benefit from the development of specialty applications for consumer goods and construction, particularly in the United States (plastic films, polymers, paint, etc.). Solvay's precipitated calcium carbonate activities were consolidated from October 30.

In the **Monolithic Refractories** division, which serves high-temperature industries (steel, metallurgy, power generation, incineration, casting, cement, petrochemicals etc.), demand held out well in Europe on industrial markets but declined on steel markets.

The **Graphite & Carbone** division's sales for electronics and automotive markets (lithium-ion batteries) were buoyant in 2015.

In the **Oilfield Solutions** division, demand for ceramic proppants for non-conventional oilfields slumped further in the 4th quarter, against a backdrop of falling oil prices since late 2014. This division's negative impact on the Group's current operating income totaled -€27 million for the year as a whole. In 2016, assuming unchanged market conditions, this figure should not be higher than for 2015.

Operating income

Current operating income decreased -19.9% to €119.7 million (-€29.8 million) and improved slightly (+0.3%) excluding ceramic proppants. It includes an exchange rate of +€2.8 million. Current operating income reflects the decrease in volumes, a positive price/mix effect and lower fixed costs and general expenses due to the adjustments to the fall in demand for ceramic proppants. Taking these factors into account, the business group's **operating margin** decreased -2.1 point to 9.6%.

Industrial capital expenditure

Capital expenditure in 2015 includes two new production units in India: a new ground calcium carbonate (GCC) production line for the high value-added board packaging market and Calderys' third plant, to meet growth in monolithic refractory products in India and the Middle East. Another major capital project was a new carbonates production unit for food plastic film in Sylacauga, Alabama (United States).

Under its innovation programs, Imerys developed FiberLean™, a patented and innovative manufacturing technology for micronized cellulose ("MFC") composite with great potential in multiple industries. The Food and Drug Administration (FDA) recently authorized its use as a food contact substance. The first commercial applications are in paper and packaging markets. Imerys signed two commercial contracts with leading paper groups in 2015, for which two on-site plants are under construction in the United States and India.

FILTRATION & PERFORMANCE ADDITIVES

(26% of the Group's consolidated revenue)

Non audited quarterly data *(€ millions)*	**2015**	**2014**	**Current change**	**Comparable change**
1st quarter revenue	218.9	159.0	+37.6%	+2.8%
2nd quarter revenue	306.2	165.8	+84.7%	+3.6%
3rd quarter revenue	284.5	167.8	+69.6%	-0.1%
4th quarter revenue	271.9	165.4	+64.4%	+2.7%
Revenue for the year	**1,081.5**	**658.0**	**+64.4%**	**+2.2%**
Current operating income	**178.1**	**113.4**	**+57.0%**	**+9.6%**
Operating margin	*16.5%*	*17.2%*	*-0.7 points*	
Booked capital expenditure	**64.9**	**42.9**	**+51.3%**	
as % of depreciation expense	*111%*	*125%*		

Revenue

The **Filtration & Performance Additives** business group's **revenue** totaled €1,081.5 million in 2015, including a +€350.5 million structure effect, mainly relating to the consolidation of S&B over 10 months, and a positive exchange rate impact of +€58.4 million. S&B's operational integration was completed in the 4th quarter and synergies are being implemented in accordance with the Group's expectations.

The business group's growth was vibrant in the 4th quarter and amounted to +2.2% at constant structure and exchange rates for the year as a whole. Its activity was buoyed by the rapid development of new products.

Review by division

The sales of the **Performance Minerals** and **Minerals for Filtration** activities benefited from a vibrant automotive sector and a firm consumer goods market, respectively.

The **Additives for Metallurgy** division, resulting from the integration of S&B, held out well against the slump in steel production, particularly in Europe, thanks to the foundry sector, of which a large share of outlets are related to the automotive market.

Operating income

The business group's **current operating income,** at €178.1 million, rose +57.0%. It takes into account a significant structure impact (+€45.7 million), including the first synergies relating to S&B, and favorable exchange effects (+€8.1 million). Under this new configuration, **operating margin** totaled 16.5%.

Industrial capital expenditure

Capital expenditure programs continued in 2015, particularly with the aim of increasing production capacity in talc for automotive polymers at the Luzenac (France) and Timmins (Ontario, Canada) plants. The programs also include the setup of a new talc refining process for the automotive sector in Vermont (USA).

CERAMIC MATERIALS

(28% of the Group's consolidated revenue)

Non audited quarterly data *(€ millions)*	**2015**	**2014**	**Current change**	**Comparable change**
1st quarter revenue	291.0	289.5	+0.6%	-6.3%
2nd quarter revenue	301.4	292.5	+3.0%	-1.7%
3rd quarter revenue	285.8	295.1	-3.1%	-4.4%
4th quarter revenue	294.2	279.7	+5.2%	-4.7%
Revenue for the year	**1,172.4**	**1,156.9**	**+1.3%**	**-4.2%**
Current operating income	**210.1**	**211.0**	**-0.4%**	**-11.0%**
Operating margin	*17.9%*	*18.2%*	*-0.3 points*	
Booked capital expenditure	**78.2**	**69.5**	**+12.5%**	
as % of depreciation expense	*92%*	*82%*		

Revenue

The **Ceramic Materials'** business group's **revenue** totaled €1,172.4 million in 2015. The +1.3% current increase compared with 2014 includes a +4.9% exchange rate effect (+€57.1 million) and a +0.6% structure impact (+€7.5 million), relating in particular to the acquisitions of BASF's paper hydrous kaolin (PHK) activity in the United States and of Matisco's metal accessories activities in the Roofing division. The -4.2% comparable decrease in revenue mainly results from slack construction markets in France and the paper market's slump.

Review by division

In 2015, the **Roofing** division carried out its activities on a French clay roof tile market that was -7.0% lower than in 2014(1). The division's sales decrease slowed down in the 4th quarter while construction permits levelled out, showing a slight decrease on a rolling twelve-month basis to the end of November 2015. Furthermore, single-family housing sales, an advance indicator of roof tile sales, grew +7.3% in the 3rd quarter of 2015(2).

In the **Kaolin** division, the Group continued its developments in specialty applications, particularly in the United States, while the North American paper market slumped significantly. The contribution of BASF's PHK activities partly offset lower sales for paper in the 4th quarter.

In the **Ceramics** division, the Group continues to benefit from its strategy of geographic repositioning in emerging countries and from its development in new segments. Sales were also firm in traditional markets (floor tiles, sanitaryware, tableware).

Operating income

Current operating income decreased slightly by -0.4% to €210.1 million in 2015 and includes a +€20.1 million exchange rate effect. It reflects the decrease in volumes, partly offset by the product price/mix and tight control of general expenses.

In this context, the business group's **operating margin** remained sound at 17.9% in 2015.

Industrial capital expenditure

Capital expenditure includes production capacity extension in kaolin for the ceramics industry to serve growth in Southeast Asia.

▪ HIGH RESISTANCE MINERALS

(15% of the Group's consolidated revenue)

Non audited quarterly data *(€ millions)*	**2015**	**2014**	**Current change**	**Comparable change**
1st quarter revenue	165.3	163.3	+1.2%	-7.4%
2nd quarter revenue	165.0	165.6	-0.4%	-10.4%
3rd quarter revenue	156.0	154.2	+1.1%	-3.4%
4th quarter revenue	143.1	158.6	-9.7%	-10.5%
Revenue for the year	**629.4**	**641.7**	**-1.9%**	**-8.0%**
Current operating income	**81.6**	**72.8**	**+12.1%**	**-3.3%**
operating margin	*13.0%*	*11.3%*	*+1.7 points*	
Booked capital expenditure	**42.7**	**41.0**	**+4.0%**	
as % of depreciation expense	*143%*	*134%*		

Revenue

The **High Resistance Minerals** business group, which mainly serves the high temperature (steel, casting, glass, aluminum, etc.) and abrasive product industries, posted **revenue** of €629.4 million in 2015, a -1.9% decrease on a current basis from 2014. This change takes into account a €44.9 million positive exchange rate effect and a -€6.0 million structure impact, relating to the divestment of a minerals trading activity in the United States at the end of June 2015. The -8.0% decrease in revenue on a comparable basis mainly results from the downturn on the refractories market and the refocusing on high value-added products.

Review by division

The **Refractory Minerals** division coped with slack demand in the United States and in Asia, while sales held out well in Europe.

In the **Fused Minerals** division, demand was stable in Europe, unlike in Brazil and China where the Group completed its refocusing in higher value-added products.

(1) Source: French Roof Tiles & Bricks Federation (FFTB) – December 2015 newsflash.
(2) Source: French Sustainable Development Commission, November 2015.

Operating income

At €81.6 million, the business group's **current operating income** recovered. It includes a +€10.2 million exchange rate effect and benefits from the business group's cost reduction and activity restructuring programs. In this context, the business group's **operating margin** improved +1.7 points to 13.0%.

Industrial capital expenditure

The business group's main development capital expenditure involved a new production line in Austria for ultra-fine alumina for high-performance applications in abrasives.

2.1.4 2016 OUTLOOK

Imerys can draw on real strengths to face a highly uncertain macroeconomic environment. The Group will not only benefit from S&B's full-year contribution, but also from the continued momentum of innovation projects and new developments. In addition, Imerys will continue to manage its costs with discipline and adjust its industrial assets to market trends.

2.1.5 THE COMPANY'S ACTIVITY AND RESULTS IN 2015

The Company made a net profit of €340.1 million in 2015, a +€308.9 million increase compared to the previous period.

An operating loss of -€56.3 million was recorded, a -€11.9 million decrease compared to the previous year. This change was due to a decrease in operating revenue of -€6.4 million to €31.4 million. At the same time, operating expenses increased by -€5.5 million, at -€87.8 million, mainly due to the rise of purchases and external services for -€10.8 million reflecting the sustained external growth. Staff expenses decreased by -€3.6 million, impacted by expenses related to the grant of free shares.

A financial income of €356.6 million was posted in 2015, compared with €31.5 million in 2014. In 2015, the Company collected €470.5 million in dividends, a +€353.5 million increase compared to 2014. The Company also recognized a net exchange rate loss of -€70.7 million in 2015 against a net exchange rate loss of -€21.7 million in 2014. At the same time, net provisions for foreign exchange rate risks were written back for +€3.0 million in 2015 and -€6.9 million in 2014. The foreign exchange impacts net of provisions thus reached -€67.7 million in 2015, where they amounted to -€28.6 million in 2014. Net financial expenses increase by +€3.0 million due to the issue in December 2014 of a €500.0 million bond maturing in 2024 and of a €100.0 million tap on the bond 2020. Excluding foreign exchange, financial write-downs and provisions amounted to +€0.1 million in 2015 against -€13.5 million in 2014. These net provisions in 2015 are related to a write back of the provision for loan depreciation for +€1.4 million, as well as provisions of -€0.6 million for financial instruments and of -€0.7 million for various current financial management costs. Movements on investments and loans relate to the Group's interests in Asia.

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

The current income amounted to +€300.3 million in 2015, against -€12.9 million in 2014.

The exceptional loss reached -€0.4 million in 2014. For the financial year 2015, the exceptional loss amounts to -€6.8 million.

With respect to 2015, Imerys SA recorded a tax credit of +€46.6 million, as a result of the tax consolidation of the Group of French companies headed by Imerys SA.

The financial debts of Imerys SA increased by €327.6 million in 2015.

Net investments increased in 2015 for €708.7 million due to the acquisition of S&B.

The Board of Directors will propose the payment of a dividend of €1.75 per share at the Shareholders' General Meeting of May 4, 2016, up +6.1% compared to 2014. This dividend should be paid out from May 12, 2016 for a total distributed amount of approximately €139.3 million, which represents 40.6% of the Group's consolidated net income from current operations (for information related to allocation of earnings, *see note 34 of the statutory financial statements and chapter 8, paragraph 8.1.1 of the Registration Document)*.

As of December 31, 2015, the Company's financial debt was made up of the following items:

(€ thousands)	Amount	Maturity less than one year	Maturity from one to five years	Maturity beyond five years
Financial debts	3,087,046	1,606,084	927,556	553,406
Other debts	62,365	33,365	29,000	-
Deferred revenue	0	-	-	-
Unrealized exchange rate gains	9,329	9,329	-	-
Total	**3,158,740**	**1,648,778**	**956,556**	**553,406**

▪ INVENTORY OF SUBSIDIARIES AND EQUITY INTERESTS AND MARKETABLE SECURITIES

Information concerning subsidiaries and equity interests as of December 31, 2015 can be found in *Note 35 of the statutory financial statements*.

Information concerning marketable securities as of December 31, 2015 can be found in *Note 18 of the statutory financial statements*.

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

√ Information concerning the share capital as of December 31, 2015 is available in *Notes 19 and 29 of the statutory financial statements*, as well as in *chapter 7, paragraph 7.3.1 of the Registration Document*.

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

	2015 For the 2014 period	2014 For the 2013 period	2013 For the 2012 period
Gross dividend per share	€1.65	€1.60	€1.55
Net dividend per share	€1.65	€1.60	€1.55
Total net distribution	**€132.5 million**	**€122.4 million**	**€117.0 million**

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

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

Type of indicators *(in €)*	**2015**	**2014**	**2013**	**2012**	**2011**
I. Capital and other shares at the end of the period					
Share capital	159,144,982	151,771,182	152,476,528	150,737,092	150,285,032
Number of ordinary shares at the end of the period	79,572,491	75,885,591	76,238,264	75,368,546	75,142,516
Nominal per share	€2	€2	€2	€2	€2
Number of preferred shares (without voting rights)	-	-	-	-	-
Maximum number of potential ordinary shares by exercise of options	1,459,672	2,484,569	3,090,546	4,102,831	4,202,766
II. Transactions and income for the period					
Pre-tax sales	30,377,768	37,564,102	25,308,126	26,555,498	23,102,369
Income before income taxes, legal profit-sharing and amortization, depreciation and provisions	267,801,548	10,864,457	32,340,859	-27,397,535	1,016,776
Income taxes	46,644,138	44,446,604	34,950,441	35,839,607	49,412,228
Legal employee profit-sharing payable for the period	-	-	-	-	-
Income after income taxes, legal profit-sharing and amortization, depreciation and provisions	340,118,961	31,197,197	49,138,878	60,415,360	9,643,394
Distributed income (excluding withholding tax)	132,492,560	122,431,557	116,955,803	112,763,769	90,597,541
III. Earnings per share[(1)]					
Income after income taxes, legal profit-sharing and before amortization, depreciation and provisions	3.95	0.73	0.88	0.11	0.67
Income after income taxes, legal profit-sharing and amortization, depreciation and provisions	4.27	0.41	0.64	0.80	0.13
Net dividend per share	1.75[(2)]	1.65	1.60	1.55	1.50
IV. Employees					
Average number of employees for the period	166.00	157.00	141.00	152.83	140.75
Payroll for the period	16,867,259	15,926,339	14,822,200	15,320,203	15,625,401
Amount paid as social contribution for the period	9,356,639	9,075,639	8,282,608	7,954,307	7,301,757

(1) Based on the number of shares at the end of each period.

(2) Proposed for the approval of the Shareholders' General Meeting of May 4, 2016.

▪ OTHER INFORMATION

In 2015, no changes in accounting methods occurred.

▪ 2015 POST CLOSING EVENTS

No subsequent events that had occurred since the fiscal year closing.

▪ 2016 OUTLOOK

In 2016, the Company will pursue its activity of holding and, more particularly, of providing services to its subsidiaries and will continue to manage financial risks for the entire Group.

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

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

Payables as of December 31, 2015

(€ thousands)	Total	< 30 days	from 31 to 60 days	> 61 days
Group suppliers	3,884	3,877	-	7
Non Group suppliers	2,332	2,239	91	2
Trade payables	**6,216**	**6,116**	**91**	**9**

Payables as of December 31, 2014

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

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

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

2.2 STATUTORY AUDITORS' REPORTS

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

S.A.S with variable capital
Statutory Auditors
Member of compagnie régionale de Versailles

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

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

2.2.1 STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

This is a free translation into English of the statutory auditors' report on the consolidated financial statements issued in the French language and is provided solely for the convenience of English speaking users. The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information below presents the opinion on the consolidated financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were made for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the consolidated financial statements. This report also includes information relating to the specific verification of information given in the group's management report. This report should be read in conjunction with, and is construed in accordance with, French law and professional auditing standards applicable in France.

Year ended December 31, 2015

To the Shareholders,

In accordance with our appointment as Statutory Auditors at your Annual General Meeting, we hereby report to you, for the year ended December 31, 2015, on:

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

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

I. OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

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

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2015 and of the results of its operations for the year then ended in accordance with the IFRSs as adopted by the European Union.

▪ II. JUSTIFICATION OF OUR ASSESSMENTS

In accordance with the requirements of Article L. 823-9 of the French Commercial Code (Code de Commerce) relating to the justification of our assessments, we bring to your attention the following matters:

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

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

▪ III. SPECIFIC VERIFICATION

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

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

Paris-La Défense and Neuilly-sur-Seine, March 16, 2016

The Statutory Auditors
French original signed by

ERNST & YOUNG et Autres	DELOITTE & ASSOCIES
Jean-Roch VARON	Frédéric GOURD

2.2.2 STATUTORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. The Statutory Auditors' report includes information specifically required by French law in such reports, whether modified or not. This information below presents the opinion on the Company financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the Company financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the Company financial statements.
This report also includes information relating to the specific verification of information given in the management report and in the documents addressed to the shareholders.
This report should be read in conjunction and construed in accordance with French law and professional auditing standards applicable in France.

Year ended December 31, 2015

To the Shareholders,

In accordance with our appointment as Statutory Auditors at your Annual General Meeting, we hereby report to you for the year ended December 31, 2015 on:

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

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

I. OPINION ON THE FINANCIAL STATEMENTS

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

In our opinion, the financial statements give a true and fair view of the financial position and the assets and liabilities of the Company as at December 31, 2015 and the results of its operations for the year then ended in accordance with accounting principles generally accepted in France.

II. JUSTIFICATION OF OUR ASSESSMENTS

In accordance with the requirements of Article L.823-9 of the French Commercial Code (Code de commerce) relating to the justification of our assessments, we hereby bring the following matters to your attention:

Investments in subsidiaries are valued by taking into account both percentage of net worth that they represent as well as future profitability forecasts as indicated in the accounting policies and methods in note 2 to the financial statements concerning long-term investments.

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

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

III. SPECIFIC VERIFICATIONS AND DISCLOSURES

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

We have no matters to report regarding the fair presentation and the consistency with the financial statements of the information provided in the management report of the Board of Directors, and in the documents addressed to the shareholders with respect to the financial position and the financial statements.

Concerning the information given in accordance with the requirements of Article L. 225-102-1 of the French Commercial Code relating to remunerations and benefits received by the corporate officers and any other commitments made in their favor, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your company from companies controlling your company or controlled by it. Based on these procedures, we attest to the accuracy of this information.

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

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

Paris-La Défense and Neuilly-sur-Seine, March 16, 2016

The Statutory Auditors
French original signed by

ERNST & YOUNG et Autres
Jean-Roch VARON

DELOITTE & ASSOCIÉS
Frédéric GOURD

2.2.3 STATUTORY AUDITORS' REPORT ON RELATED PARTY AGREEMENTS AND COMMITMENTS

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 and constructed in accordant with French law and professional standards applicable in France.

General meeting of shareholders to approve the financial statements for the year ended December 31, 2015

To the Shareholders,

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

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

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

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

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

Agreements and commitments authorized during the year

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

Agreements and commitments authorized since the year-end closing

We have been advised of the following commitment which has received the prior approval of your board of directors since the year-end closing

Severance pay for Mr. Gilles Michel, Chairman and CEO

During its meeting on 11 February 2016, your board of directors amended the corporate officer agreement of Mr. Gilles Michel, as approved by the general meeting of shareholders on 30 April 2015. The agreement now stipulates that "severance pay would be payable to him in the event of a forced departure, relating to a change in control or strategy or a major disagreement over these matters; no severance pay would be payable in the event of a voluntary departure by Mr. Gilles Michel or should he have the possibility of triggering his retirement benefits in the short term, after the age of 63".

The other terms and conditions of payment (calculation of the amount, applicable performance conditions) are unchanged, i.e.:

The severance pay shall be equal to his last twenty-four-months' fixed compensation, cumulated with the amount of his variable compensation accrued for the last two closed financial years.

The payment of this severance pay would also be subject to performance conditions appraised on the basis of the arithmetic average of the percentages of achievement of economic and financial objectives over the last three financial years, as set down for the determination of the variable compensation with respect to each of those financial years:

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

The amendment of this corporate officer agreement has been justified by your board's wish to comply with the terms of the AFEP-MEDEF code.

AGREEMENTS AND COMMITMENTS PREVIOUSLY APPROVED BY THE GENERAL MEETING OF SHAREHOLDERS

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

Agreements and commitments authorized during the year

In addition, we have been advised that the following agreements and commitments, previously approved by the general meeting of shareholders on April 30, 2015, have had continuing effect during the year, based on the Statutory auditors' special report of March 18, 2015.

a) Agreements with Mr. Gilles Michel, Chairman and CEO, which had continuing effect during the year

Defined contribution retirement plan

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

In 2015, your company's contributions to Mr. Gilles Michel amounted to €15,216.

Social security benefits plan for corporate executives

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

In 2015, your company paid contributions to this plan amounting to €12,342.

b) Commitments undertaken on behalf of Mr. Gilles Michel, Chairman and CEO, which were not implemented during the year

Severance pay on termination of corporate office

As indicated in the first section of this report, the corporate officer agreement of Mr. Gilles Michel provides for severance pay, whose terms and conditions of payment, as defined during the general meeting of shareholders' approval process on April 26, 2012 and April 30, 2015, were amended by the board of directors' meeting held on February 11, 2016.

Group defined benefit retirement plan

This plan, set up by your company in 1985, provides for the payment of a life annuity for the principal managers of the group, including Mr. Gilles Michel, chairman and chief executive officer, who fulfill restrictive and objective eligibility criteria (at least eight years of seniority in the group, including four years as a member of the executive committee).

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

- a total annual gross amount (after having taken into account pension benefits from mandatory and complementary retirement plans including the defined contribution retirement plan described above) of 60% of the beneficiary's reference salary (the average of the beneficiary's last two years of compensation (fixed and variable)), which is limited to 30 times the amount of the Social Security Annual Ceiling;
- subject to a payment capped at a maximum of 25% of the reference salary.

This plan also provides for the possibility of reversion of the life annuity amount to the surviving partner(s) in proportion to the time of union.

This plan is managed by an external insurance company.

The total estimated amount of the commitment for Mr. Gilles Michel amounts to K€4,927 as at December 31, 2015.

Paris-La Défense and Neuilly-sur-Seine, March 16, 2016

The Statutory Auditors
French original signed by

ERNST & YOUNG et Autres	DELOITTE & ASSOCIÉS
Jean-Roch VARON	Frédéric GOURD

3

CORPORATE GOVERNANCE

The Company has been organized as a French Limited Liability Company ("Société Anonyme") with a Board of Directors. On April 28, 2011, the Board decided to merge the duties of Chairman of the Board and Chief Executive Officer and to appoint Mr. Gilles Michel to perform them. It also decided to appoint a Vice-Chairman, who is, since April 29, 2014, Mr. Amaury de Seze. This governance structure, adopted by a great majority of listed French companies with a Board of Directors, simplifies the Company's operational management in order to further improve its efficiency while taking into account the presence of controlling shareholders in the Company's capital and the application of best Corporate Governance practices.

The Company complies with the French regulations to which it is subject with respect to Corporate Governance. The AFEP-MEDEF Corporate Governance Code, updated for the last time in November 2015, is used by the Company as a reference in drawing up the report provided for in article L. 225-37 of the French Code of Commerce, pursuant to the law of July 3, 2008 transposing the European directive 2006/46/EC of June 14, 2006 (this Code is available on the Company's website: *www.imerys.com*, in the "The Group/Corporate Governance" section). The Company complies with all of the recommendations resulting from this Code, except for those that are explained in *section 3.8* below.

3.1 BOARD OF DIRECTORS

3.1.1 POWERS

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

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

For the purposes of that control and in accordance with the provisions of article 16 of the by-laws and of the Board's Internal Charter:

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

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

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

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

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

3.1.2 COMPOSITION

The Board of Directors is currently composed of 18 members. Their term of office is three years and, in principle, one third of members is renewed each year.

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

The Board of Directors has since October 6, 2014 two employee representative Directors: Mrs. Éliane Augelet-Petit and Mr. Enrico d'Ortona, appointed by Imerys' French Group Works Council and European Works Council, respectively. They benefit from training in line with the performance of their duties, borne by the Company and provided either by external organizations or by Imerys Learning Center. In accordance with regulatory provisions, the Board of Directors, at its meeting of October 29, 2015, has set the time devoted to their training to 20 hours as a minimum and 35 hours as a maximum per year as for the next two years of their term of office; this training is also completed by an English language training in the limit of 35 hours per year. Furthermore, the Board of Directors has set at 15 hours on the legal working time the overall time spent by the employee representative Directors to prepare each meeting of the Board of Directors. Since the appointment of employee representative Directors, the Company Works Council has only been represented on the Company's Board of Directors by one person who attends all Board meetings on an advisory basis.

▪ CHANGES IN 2015

The Company's shareholders, at their Ordinary and Extraordinary General Meeting of April 30, 2015, decided to:

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

At the end of the Shareholders' General Meeting of April 30, 2015, the term of office of Mr. Jocelyn Lefebvre ended given that he did not solicit its renewal and the term of office of Mr. Gérard Buffière ended ipso jure, given his age and pursuant to article 12 of the by-laws.

The Board of Directors, at its meeting of April 30, 2015, decided to continue to combine the functions of Chairman and Chief Executive Officer and to renew Mr. Gilles Michel in his capacity as Chief Executive Officer of the Company.

Moreover, the Board of Directors decided:

- at its meeting of July 29, 2015, to appoint Mr. Laurent Raets as a new Director of the Company, replacing Mr. Olivier Pirotte, given that he had resigned with effect from June 1, 2015 to take over as Chief Financial Officer of the Group; and
- at its meeting of December 15, 2015, to appoint Mr. Colin Hall as a new Director, replacing Mr. Arnaud Laviolette, given that he had resigned with effect from November 1, 2015.

The remaining terms of office of Mr. Colin Hall and Mr. Laurent Raets run until the respective expiry of the terms of offices of the Directors they replace (which run until 2017 for Mr. Colin Hall, and until 2016 for Mr. Laurent Raets, for the Shareholders' General Meetings called in to rule on the management and financial statements of the previous year).

COMPOSITION

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

Name	Age	Nationality	Position	Date of 1st appointment	Year of renewal of term of office	Number of shares owned	Independent member
Gilles Michel	60	French	Chairman and Chief Executive Officer	11/03/2010	2018	74,495	No(1)
Amaury de Seze	69	French	Vice-Chairman	07/30/2008	2016	8,016	No(2)
Éliane Augelet-Petit	58	French	Employee representative Director	10/06/2014	2017	na	na
Aldo Cardoso	60	French	Director	05/03/2005	2017	1,680	Yes
Paul Desmarais III	33	Canadian	Director	04/29/2014	2017	600	No(2)
Ian Gallienne	45	French	Director	04/29/2010	2016	600	No(2)
Marion Guillou	61	French	Director	09/01/2012	2017	600	Yes
Colin Hall	45	American	Director	12/15/2015	2017		No(2)
Giovanna Kampouri Monnas	60	Greek	Director	04/30/2015	2018	200	Yes
Ulysses Kyriacopoulos	63	Greek	Director	04/30/2015	2018	100	No(3)
Fatine Layt	48	French	Director	04/29/2010	2016	600	Yes
Xavier Le Clef	39	Belgian	Director	04/26/2012	2018	720	No(2)
Arielle Malard de Rothschild	52	French	Director	04/28/2011	2017	600	Yes
Enrico d'Ortona	52	Belgian	Employee representative Director	10/06/2014	2017	na	na
Robert Peugeot	65	French	Director	11/04/2002	2016	704	Yes(4)
Laurent Raets	36	Belgian	Director	07/29/2015	2016	600	No(2)
Katherine Taaffe Richard	34	American	Director	04/30/2015	2018	100	Yes
Marie-Françoise Walbaum	65	French	Director	04/25/2013	2018	600	Yes
Total members: 18						**90,215(5)**	**8**

(1) Chairman and Chief Executive Officer of the Company.
(2) Director representing a majority shareholder in the Company.
(3) Director having a business relationship with the Company.
(4) See section 3.8 of this chapter.
(5) i.e. 0.11% of capital and 0.08% of voting rights as of December 31, 2015.

The minimum number of shares required to be a member of the Board of Directors is set at 100 by the by-laws. The Board's Internal Charter increased that number to 600 Imerys shares to be acquired by each Director within a year of his or her appointment.

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

Furthermore, as of the date of the present Registration Document: the proportion of women on the Board (6 out of 16, outside the employee representative Directors) reaches 37.5%; seven members are not French nationals and eight are considered "independent".

This proportion of independent members in the composition of the Board of Directors (8 out of 16) is greater than the one-third recommended by the AFEP-MEDEF Corporate Governance Code for companies with controlling shareholders.

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

In accordance with the recommendations of the AFEP-MEDEF Corporate Governance Code, the Board stated in its Internal Charter that the independence criteria used[(1)] were neither exclusive of independent status if none of them was met, nor necessarily sufficient for that status to be granted. A member's independence must be appraised according to his or her particular personal situation or that of the Company, with respect to his or her shareholding or for any other reason.

▪ CHANGES PLANNED FOR 2016

After the examination and opinion given by the Appointments and Compensation Committee, the Board will put to the shareholders at the General Meeting of May 4, 2016 to:

- ratify the co-opting of Mr. Laurent Raets and Mr. Colin Hall as new Directors as decided by the Board of Directors, at its meetings of July 29 and December 15, 2015, respectively;
- renew the terms of office as Directors of Mr. Ian Gallienne and Mr. Laurent Raets for a further period of three years, i.e. until the end of the Shareholders' General Meeting called in 2019 to rule on the 2018 financial statements;
- appoint for a three-year period Mrs. Odile Desforges and Mr. Arnaud Vial as new Directors i.e. until the end of the Shareholders' General Meeting called in 2019 to rule on the 2018 financial statements.

The terms of office of Mrs. Fatine Layt and Mr. Robert Peugeot and Mr. Amaury de Seze expires at the next Shareholders' General Meeting. Given that they did not solicit their respective renewal, the Board of Directors acknowledged it at its meeting of February 11, 2016. The Board also decided to appoint Mr. Paul Desmarais III to succeed, as Vice-Chairman of the Board, Mr. Amaury de Seze at the expiry of his term of office.

At the end of the Shareholders' General Meeting of May 4, 2016, and subject to the adoption of the above proposals, the proportion of women on the Board (6 out of 15, outside the employee representative Directors) reaches 40% as recommended by the AFEP-MEDEF Corporate Governance Code.

In accordance with the principles set by the Company with respect to the qualification of its Directors as independent, and after examining the individual situation of each Director, particularly those whose renewal or appointment are proposed, the Board, on the proposal of the Appointments and Compensation Committee, recognized this status for Mrs. Odile Desforges and did not recognize it for Mr. Ian Gallienne, Mr. Laurent Raets, or Mr. Arnaud Vial, as representatives of a Company's controlling shareholder.

On that occasion, the Board especially examined the business relations that are likely to exist between the Group companies and the current Directors, or those whose appointment is proposed, apart from those representing a controlling shareholder of the Company and Mr. Ulysses Kyriacopoulos. Indeed, his family, which entered into the capital of the Company following the acquisition of the S&B group, held 5.09% of Imerys' capital at the end of December 2015. In addition, his family entered into a shareholders' agreement with GBL[(2)]. It could also, with respect to the integration of S&B's activities into the Imerys group, receive an additional cash payment for the acquisition, based on performance and not exceeding €33 million. Given these points, the Board, on the proposal of the Appointments and Compensation Committee, has confirmed the absence of recognition of Mr. Ulysses Kyriacopoulos as an independent member. Apart from the abovementioned exceptions, the Board judged that the current Directors do not have any business relationship with the Group - or, if one existed, that it came under current operating activity of the Group and moreover, were not significant for the Group (as for the investment bank Rothschild & Cie in which Mrs. Arielle Malard de Rothschild holds a management position and does not intervene on behalf of the Group) - that is likely to affect their independence or create a conflict of interest.

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

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

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

3.1.3 INFORMATION ON THE DIRECTORS

The information below was provided individually to the Company by each of the Directors concerned in function as of December 31, 2015.

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

Gilles Michel
Chairman and Chief Executive Officer

Born on January 10, 1956

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

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

LIST OF ACTIVITIES AND OTHER RESPONSIBILITIES IN 2015:

Main activity:

- Chairman and Chief Executive Officer of Imerys*.

Other responsibilities:

- Director: Solvay* (Belgium); Charles Telfair Institute, GML Investissements Ltée (Mauritius).

LIST OF ACTIVITIES AND OTHER RESPONSIBILITIES THAT HAVE EXPIRED DURING THE PAST FIVE YEARS:

- None.

Amaury de Seze
Vice Chairman of the Board of Directors

Born on May 7, 1946

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

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

LIST OF ACTIVITIES AND OTHER RESPONSIBILITIES IN 2015:

Main activity:

- Vice-Chairman: Power Financial Corporation* (Holding company - Canada).

Other responsibilities:

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

LIST OF ACTIVITIES AND OTHER RESPONSIBILITIES THAT HAVE EXPIRED DURING THE PAST FIVE YEARS:

- Chairman of the Board of Directors: Carrefour S.A.* (France).
- Vice-Chairman: Power Corporation of Canada* (Canada).
- Director: Power Financial Corporation*, Power Corporation of Canada* (Canada); Groupe Industriel Marcel Dassault S.A.S., Suez Environnement Company*, Thales* (France).
- Member of the Supervisory Board: Gras Savoye SCA (France).

* *Listed company.*

Éliane Augelet-Petit
Employee representative Director

Born on August 29, 1957

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

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

LIST OF ACTIVITIES AND OTHER RESPONSIBILITIES IN 2015:

Main activity:

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

LIST OF ACTIVITIES AND OTHER RESPONSIBILITIES THAT HAVE EXPIRED DURING THE PAST FIVE YEARS:

- None.

Aldo Cardoso
Director

Born on March 7, 1956

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

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

LIST OF ACTIVITIES AND OTHER RESPONSIBILITIES IN 2015:

Responsibilities:

- Director: Bureau Veritas*, Engie*, Worldline* (France).
- Censor: Axa Investment Managers (France).

LIST OF ACTIVITIES AND OTHER RESPONSIBILITIES THAT HAVE EXPIRED DURING THE PAST FIVE YEARS:

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

* *Listed company.*

Paul Desmarais III

Director

Born on June 8, 1982

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

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

LIST OF ACTIVITIES AND OTHER RESPONSIBILITIES IN 2015:

Main activity:

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

Other responsibilities:

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

LIST OF ACTIVITIES AND OTHER RESPONSIBILITIES THAT HAVE EXPIRED DURING THE PAST FIVE YEARS:

- None.

Ian Gallienne

Director

Born on January 23, 1971

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

A Management and Administration graduate with a specialization in Finance at E.S.D.E. Paris and holder of an MBA from INSEAD, Fontainebleau, Ian Gallienne began his career in Spain in 1992 as co-founder of a commercial company. From 1995 to 1997, he was a member of the management of a consulting firm specialized in the reorganization of ailing companies in France. From 1998 to 2005, he was Manager of the private equity fund Rhône Capital LLC in New York and London. In 2005, he created the private equity funds Ergon Capital in Brussels of which he was Managing Director until 2012. Ian Gallienne has been a Director of Groupe Bruxelles Lambert since 2009 and Managing Director since January 1, 2012.

LIST OF ACTIVITIES AND OTHER RESPONSIBILITIES IN 2015:

Main activity:

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

Other responsibilities:

- Director: Erbe SA, Ergon Capital SA, Unicore (Belgium); Lafarge*, Pernod Ricard* (France); SGS* (Switzerland).
- Manager: Ergon Capital II Sàrl (Luxembourg).

LIST OF ACTIVITIES AND OTHER RESPONSIBILITIES THAT HAVE EXPIRED DURING THE PAST FIVE YEARS:

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

* *Listed company.*

Marion Guillou
Director

Born on September 17, 1954

Work address:
IAVFF
Agreenium - 42, rue Scheffer
75116 Paris (France)

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

LIST OF ACTIVITIES AND OTHER RESPONSIBILITIES IN 2015:

Responsibilities:

- Chairman of the Board of Directors: Agreenium (France).
- Member of the Board of Directors: APAVE, BNP Paribas*, Groupe Consultatif pour la Recherche Agricole Internationale (CGIAR), National Political Science Foundation (FNSP), Veolia Environnement*, CARE France, Foundation Jacques de Bohan (France).

Other activities:

- Member of the Board: the Legion of Honor (France).
- Member: National Academy of Technologies, Strategic Council of Research (France).

LIST OF ACTIVITIES AND OTHER RESPONSIBILITIES THAT HAVE EXPIRED DURING THE PAST FIVE YEARS:

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

Colin Hall
Director

Born on November 18, 1970

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

Holder of a MBA from the Stanford University Graduate School of Business (United States), Colin Hall began 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 for 10 years in London and New York. In 2009, he co-founded a hedge fund, Long Oar Global Investors (New York), which he directed until 2011. In 2012, he joined as CEO Sienna Capital, a wholly owned subsidiary of Groupe Bruxelles Lambert, combining its “alternative” activities (private equity, debt funds...). In 2016, he was appointed Director of the Investments Department of the Bruxelles Lambert Group.

LIST OF ACTIVITIES AND OTHER RESPONSIBILITIES IN 2015:

Main activity:

- Managing Director: Sienna Capital (Investments holding company - Luxembourg).

Other responsibilities:

- Chairman of the Supervisory Board: Kartesia Management SA (Luxembourg).
- Director: Ergon Capital Partners SA, Ergon Capital Partners II SA, Ergon Capital Partners III SA (Belgium).

LIST OF ACTIVITIES AND OTHER RESPONSIBILITIES THAT HAVE EXPIRED DURING THE PAST FIVE YEARS:

- None.

* *Listed company.*

Giovanna Kampouri Monnas
Director

Born on May 18, 1955

Address:
Keizersgracht 296B
Amsterdam 1016EW (Netherlands).

A graduate of the London School of Economics, University of London and holder of a Master of Science, Economic Planning and Administration, Giovanna Kampouri Monnas began her career in 1981 as a Consultant to the Ministry of National Economy in Athens (Greece). The same year, she joined the group Procter & Gamble where she held until 1988 various management positions in Greece and the United States. In 1989, she joined the Joh. A. Benckiser GmbH group (Germany) where she successively assumed the functions of Marketing Coordinator of the company, General Director of the Lancaster Group (France) and Group Vice President of Mass Cosmetics & Fragrances; in 1993, Giovanna Kampouri Monnas is appointed President of Benckiser International. She has been an independent consultant since 1996.

LIST OF ACTIVITIES AND OTHER RESPONSIBILITIES IN 2015:

Other responsibilities:

- Director and member of the Compensation Committee of Aptar Group (United States).
- Director and member of the Appointments and Compensation Committee of Puig SL (Spain).
- Director, Chairman of the Appointments and Compensation Committee and member of the Strategic Committee of Randstad Holding* (Netherlands).
- President of the Foundation Estia Agios Nikolaos (Germany, Greece).
- Director of the Foundation Air France (France).

LIST OF ACTIVITIES AND OTHER RESPONSIBILITIES THAT HAVE EXPIRED DURING THE PAST FIVE YEARS:

- None.

Ulysses Kyriacopoulos
Director

Born on September 25, 1952

Work address:
21, Amerikis Street
106 72 Athens (Greece).

Mining engineer of Montanuniversität Leoben (Austria) and a graduate of the University of Newcastle upon Tyne (UK) and holder of a MBA from INSEAD, Odysseus (Ulysses) Kyriacopoulos joined in 1979 the family business S&B as the Finance Director of Bauxite Parnasse, of which he became Managing Director in 1986. In 1990, he was appointed CEO of the S&B Industrial Minerals group. He was its President from 2011 to February 2015, date on which the S&B group was sold to Imerys. He also held the functions of President of the Greek Employers (SEV), Vice-President of UNICE between 2000 and 2006 and President of the Greek National Opera between 2006 and 2009.

LIST OF ACTIVITIES AND OTHER RESPONSIBILITIES IN 2015:

Other responsibilities:

- Director: ASK Chemicals GmbH (Germany), Blue Crest, Lamda Development SA*, Motodynamiki SA* (Greece).
- Vice-President of the Foundation for Economic and Industrial Research (Greece).
- Member of the Board of Trustees of the American College of Greece (ACG) and of College Year in Athens (CYA)(Greece).

LIST OF ACTIVITIES AND OTHER RESPONSIBILITIES THAT HAVE EXPIRED DURING THE PAST FIVE YEARS:

- Member of the General Council of the Bank of Greece.
- President of the Foundation for Economic and Industrial Research (Greece).

* *Listed company.*

Fatine Layt
Director

Born on July 10, 1967

Address:
6, rue de Solferino
75007 Paris (France)

A graduate of Institut d'Études Politiques Paris and Société Française des Analystes Financiers (SFAF), Fatine Layt joined the Euris group on its creation in 1989; she held various positions there until 1992, when she was appointed Chief Executive Officer of EPA and Director of Glénat and Actes Sud; she also managed two audiovisual companies created in partnership with Canal+. In 1993, she became Chief Financial Officer of the investment fund Oros then Chief Executive Officer of Sygma Presse in 1995. From 1996 to 1998, Fatine Layt was Chairman & CEO of the specialized press group CEPP and Director of the trade press federation. In 2000, she created Intermezzo, a company specialized in the media sector before becoming a partner in Messier Partners, a merchant bank based in Paris and New York, in 2003. In 2007, she founded Partanéa, a merchant bank transferred in late 2008 to the Oddo et Cie group, of which she became an Executive Committee member; she was Chairman and Managing Partner of Oddo Corporate Finance until October 22, 2015.

LIST OF ACTIVITIES AND OTHER RESPONSIBILITIES IN 2015:

Main activity:

- Manager: Intermezzo (France).

Other responsibilities:

- Director: Fondation Renault, Fromageries Bel* (France).

LIST OF ACTIVITIES AND OTHER RESPONSIBILITIES THAT HAVE EXPIRED DURING THE PAST FIVE YEARS:

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

Xavier Le Clef
Director

Born on August 4, 1976

Work address:
Compagnie Nationale à Portefeuille
12, rue de la Blanche Borne
6280 Loverval (Belgium)

A graduate of the Solvay Brussels School of Economics and Management (Belgium) and holder of a MBA from the Business School Vlerick (Belgium), Xavier Le Clef began his career in 2000 as an Associate of the consulting firm in Strategy, Arthur D. Little. In 2006, he joined Compagnie Nationale à Portefeuille (CNP - Belgium) as an Investments Manager, then became a Director in 2011, as well as Chief Financial Officer of the Frère-Bourgeois group. Xavier Le Clef was appointed Managing Director of CNP in 2015.

LIST OF ACTIVITIES AND OTHER RESPONSIBILITIES IN 2015:

Main activity:

- Managing Director: Compagnie Nationale à Portefeuille (Holding company - Belgium).

Other responsibilities:

- Managing Director: Compagnie Immobilière de Roumont (Holding company - Belgium).
- Director: Andes Invest, BSS Investments, Distriplus, Fidentia Real Estate Investments, GB-INNO-BM, GIB Corporate Services, Investor, Loverval Finance, The Belgian Chocolate House Brussels (Belgium); Financière Flo, Groupe Flo*, Tikehau Capital Advisors (France); Finer, International Duty Free, Immobilière Rue de Namur, Kermadec, Swilux (Luxembourg); Transcor Astra 25 (Netherlands); AOT Holding, APG/SGA (Switzerland).
- Director: Pargesa Asset Management, Parjointco (Netherlands).
- Permanent representative of Investor (Belgium) on the Board of Directors of: Carpar, Fibelpar (Belgium).
- Permanent representative of Compagnie Immobilière de Roumont (Belgium) on the Board of Directors of: International Duty Free Belgium, Transcor Astra Group (Belgium).
- Member of the Investment Committee: Tikehau Capital Partners (France).

LIST OF ACTIVITIES AND OTHER RESPONSIBILITIES THAT EXPIRED DURING THE LAST FIVE YEARS:

- Director: Belgian Icecream Group "BIG", Carpar, Carsport, Fibelpar, Goinvest, Groupe Jean Dupuis, Nanocyl, Newcor, Newtrans Trading, Starco Tielen, Trasys Group (Belgium); International Duty Free (Dubaï-United Arab Emirates); Unifem (France); Rottzug (Netherlands).
- Proxyholder: Agesca Nederland (Netherlands).

* *Listed company.*

Arielle Malard de Rothschild

Director

Born on April 20, 1963

Work address:
Rothschild & Cie
23 *bis,* avenue de Messine
75008 Paris (France)

A doctor of Economics from the Institut d'Études Politiques of Paris, with a postgraduate degree in Currency, Banking & Finance from the Assas University (Paris), Arielle Malard de Rothschild began her career in 1989 at Lazard bank where she spent 10 years, first in the Advice to Foreign Governments Department. Arielle Malard de Rothschild joined Rothschild & Cie banque in 1999 where she set up and developed the Emerging Markets Department in Paris. She is currently, since March 2006, Managing Director of Rothschild & Cie and, since 2014, Director of Rothschild & Co (formerly Paris Orléans), the holding of Rothschild group. Personal interests have also led her to take part in humanitarian work: in 1997, she was appointed Director of the Care France NGO then Chairwoman in 2007 and Vice-Chairman of CARE International (USA). Arielle Malard de Rothschild is also for many years Director of the Rothschild Foundation and the Traditions for Tomorrow association.

LIST OF ACTIVITIES AND OTHER RESPONSIBILITIES IN 2015:

Main activity:

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

Other responsibilities:

- Director: Groupe Lucien Barrière, Rothschild & Co* (France); Electrica SA* (Romania and United Kingdom).
- Vice-Chairman: CARE International (Switzerland).
- Chairwoman: Care France.

LIST OF ACTIVITIES AND OTHER RESPONSIBILITIES THAT HAVE EXPIRED DURING THE PAST FIVE YEARS:

- None.

Enrico d'Ortona

Employee representative Director

Born on April 11, 1963

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

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

LIST OF ACTIVITIES AND OTHER RESPONSIBILITIES IN 2015:

Main activity:

- Production operator: Imerys Minéraux Belgique (Belgium).

LIST OF ACTIVITIES AND OTHER RESPONSIBILITIES THAT HAVE EXPIRED DURING THE PAST FIVE YEARS:

- None.

* *Listed company.*

Robert Peugeot
Director

Born on April 25, 1950

Work address:
FFP
66, avenue Charles de Gaulle
92200 Neuilly-sur-Seine (France)

A graduate of École Centrale de Paris engineering school and holder of an MBA from INSEAD, Fontainebleau (France), Robert Peugeot began his career in 1975 with Peugeot, where he held several positions both in France and abroad. In 1985 he joined Citroën becoming Vice-President of Quality and Organization from 1993 to 1998, when he was appointed Vice-President of Innovation & Quality of PSA Peugeot Citroën and Member of the Executive Committee. In February 2007, he was appointed Member of the Supervisory Board of Peugeot S.A. and of the Audit Committee as well as Member of the Strategic Committee of PSA Peugeot Citroën group that he has chaired since 2009. He has also been Chairman & Chief Executive Officer of FFP since 2002.

LIST OF ACTIVITIES AND OTHER RESPONSIBILITIES IN 2015:

Main activity:

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

Other responsibilities:

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

LIST OF ACTIVITIES AND OTHER RESPONSIBILITIES THAT HAVE EXPIRED DURING THE PAST FIVE YEARS:

- Director: Sanef (France).
- Member of the Supervisory Board: Peugeot S.A.* (France); IDI Emerging Markets SA (Luxembourg).
- Permanent representative of FFP Invest: Member of the Supervisory Board of Zodiac Aérospace* (France); IDI Emerging Markets SA (Luxembourg).

Laurent Raets
Director

Born on September 9, 1979

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

A graduate of École de Commerce Solvay of the Université Libre de Bruxelles, Laurent Raets began his career in 2002 at Deloitte Corporate Finance practice in Brussels (Belgium) as a consultant mergers and acquisitions. In 2006, he joined the Investments Department of Groupe Bruxelles Lambert as an analyst, and then became its Deputy Director in 2016.

LIST OF ACTIVITIES AND OTHER RESPONSIBILITIES IN 2015:

Main activity:

- Deputy Director: Groupe Bruxelles Lambert* (Holding company - Belgium).

LIST OF ACTIVITIES AND OTHER RESPONSIBILITIES THAT HAVE EXPIRED DURING THE PAST FIVE YEARS:

- None.

3

* *Listed company.*

Katherine Taaffe Richard
Director

Born on March 11, 1982

Work address
Warwick Energy Group
900 Wilshire Boulevard
Oklahoma City
OK 73116 (United States)

A graduate of Harvard College in 2004 and a holder of a BA degree in History, specializing in postcolonial theory and the development of Africa, Katherine Richard Taaffe began her career at Goldman Sachs (United States) as an analyst within the private equity and investment banking departments in New York, London, Paris and Dallas. In 2007, she joined a multi-strategy investment company, Serengeti Asset Management (United States), as an analyst in charge of investments in oil, gas, metals, mining and sovereign debt sectors. From 2009 to 2012, she supervised the "international investment" activity in the field of energy for the private investment fund MSD Capital (United States). In 2010, Katherine Richard Taaffe founded the Warwick Energy Group (United States), of which she has been the Chief Executive Officer since then.

LIST OF ACTIVITIES AND OTHER RESPONSIBILITIES IN 2015:

Main activity:

- Chairman and Chief Executive Officer: Warwick Energy Group (United States).

Other responsibilities:

- Member of the Global Agenda Council of the World Economic Forum on the future of oil and gas.

LIST OF ACTIVITIES AND OTHER RESPONSIBILITIES THAT HAVE EXPIRED DURING THE PAST FIVE YEARS:

- Advisor to the Ministry of Mines of the Islamic Republic of Afghanistan in the field of energy development and transparency.
- Director and member of the Advisory Committee: Microvest Capital Funds (United States).
- Member of the Board of Abraxas Petroleum Corporation (United States).

Marie-Françoise Walbaum
Director

Born on March 18, 1950

Address:
10, rue d'Auteuil
75016 Paris (France)

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

LIST OF ACTIVITIES AND OTHER RESPONSIBILITIES IN 2015:

Responsibilities:

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

LIST OF ACTIVITIES AND OTHER RESPONSIBILITIES THAT HAVE EXPIRED DURING THE PAST FIVE YEARS:

- Director: Vigeo (France).
- Member of the Supervisory Board: Société Anonyme des Galeries Lafayette (France).

* *Listed company.*

▪ OTHER INFORMATION

Expertise and experience of the members of the Board of Directors

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

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

Family ties between the members of the Board of Directors

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

Potential conflicts of interest between members of the Board of Directors

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

No Director has been selected pursuant to any arrangement or agreement entered into with the main shareholders, customers, suppliers or other parties, except for the shareholders' agreement concluded on November 5, 2014 between Blue Crest Holding, GBL and Belgian Securities *(see chapter 7, paragraph 7.3.3 of the Registration Document)*.

Service contracts between the Company and its Directors

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

No sentence for fraud

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

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

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

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

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

3.1.4 FUNCTIONING

Meetings

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

2015	
Number of meetings	6
Average actual attendance rate of members	91.42%
2016	
Expected number of meetings	5

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

Notices of meetings, sent to each Director *via* a secure electronic platform, since the end of 2014, come with the draft minutes of the previous meeting, drawn up by the Secretary and approved by the Chairman of the Board, and all information and documents concerning the points on the agenda that are necessary for members' effective participation in debates. Such information and documents may also include, as the case may be, the Group's quarterly, semi-annual or annual (provisional or definitive) financial statements and the presentation of the various business groups' markets or any other specific items to be raised.

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

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

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

The Vice-Chairman

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

The Secretary

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

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

3.1.5 IMPLEMENTATION OF BEST CORPORATE GOVERNANCE PRACTICES

Internal Charter of the Board of Directors

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

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

The Internal Charter of the Board of Directors is available on the Company's website *www.imerys.com*, in the section "Our Group/Corporate Governance". Currently under review in order to reflect the recent legal and regulatory developments as well as the changes decided by the Board during its last assessment, the new version of the Board's Internal Charter should be adopted by the end of the second semester of 2016.

Preventing conflicts of interest

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

- "the Director shall inform the Chairman and the Vice-Chairman of the Board of any situation likely to create a conflict of interest, even a potential one, for him or her. For that purpose, he or she shall inform the Chairman and the Vice-Chairman, of any Group operations that directly or directly concern him or her and of which he or she has knowledge, before they are completed. He or she shall abstain from voting in any Board deliberation where that situation arises, or even in the discussion prior to the vote; the minutes of the meeting mention this abstention. The Shareholders' General Meeting is informed of any such operations in accordance with the law;
- a Director may not use his or her position or functions to obtain for him or herself or for a third party any benefit, whether or not monetary;

- a Director may not take on any responsibilities on a personal basis in any business or concern in direct or indirect competition with the businesses or concerns of the Imerys group without informing the Chairman and the Vice-Chairman beforehand."

Self-assessment by the Board of Directors

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

At the beginning of 2016, the Board of Directors formally assessed its functioning and that of its Committees with respect to 2015. Accordingly, each of its members was given an individual questionnaire on the role and performance of the Board and its Committees, their composition and functioning, the organization and holding of their meetings and, finally, the information provided to Directors. This questionnaire was revised on that occasion, with new questions added to take into account developments in best practices, particularly those recommended by AFEP. Individual meeting with the Secretary of the Board were proposed to the Directors who so wished, particularly independent Directors, in order to discuss the points raised in the questionnaire more freely and so enhance their answers. The conclusions of the assessment were presented and discussed at the Board of Directors' Meeting on February 11, 2016.

Generally speaking, the workings of the Board and its Committees were judged quite satisfactory by their members, the majority considering it is making progress. The Directors particularly appreciated the quality of the information provided at each of their meetings and the quality and efficiency of debates among the members. The Directors were satisfied to note that the main recommendations arising from the Board's self-assessment in February 2015, intended to improve its workings and performance and those of its Committees, had been applied (such as increasing the diversity of Directors' profiles through their feminization and internationalization).

At the time of that latest assessment, the Board saw fit to continue the actions it has carried out so far: industrial site tours, introductory session for new directors, periodical review by the Board of the Group's general strategy.

The Board also saw fit to split for the future the Appointments and Compensation Committee into two separate committees under common chairmanship - an Appointments Committee and a Compensation Committee - and to define their respective tasks and duties. This separation is to be effective at the end of the Shareholders' General Meeting of May 4, 2016 *(see section 3.8 of this chapter)*.

Furthermore, the Board reviewed the allotment scale for attendance fees of the Directors to make predominant the variable part of the amount (as recommended by the AFEP-MEDEF Code) by linking it to the attendance of the members at meetings of the Board and its Committees *(see section 3.8 of this chapter)*.

Finally, the Board decided to follow the advice of the AFEP-MEDEF by appointing as of 2017 an employee representative Director to the new Appointments Committee *(see 3.8 of this chapter)*.

▪ SPECIALIZED COMMITTEES

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

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

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

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

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

▪ STRATEGIC COMMITTEE

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

Mission

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

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

1. Strategy

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

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

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

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

2. Risks

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

Composition

The Strategic Committee is made up of the following seven members appointed by the Board:

Name	Date of 1st appointment to the Committee	Independent member status
Ian Gallienne, Chairman	April 29, 2010	No*
Aldo Cardoso	May 2, 2007	Yes
Paul Desmarais III	April 29, 2014	No
Ulysses Kyriacopoulos	April 30, 2015	No
Xavier Le Clef	April 29, 2014	No
Robert Peugeot	April 25, 2013	Yes*
Amaury de Seze	July 30, 2008	No
Number of members: 7		**2**

* *See section 3.8 of this chapter.*

The Board of Directors, after gathering the opinion of the Appointments and Compensation Committee, and subject to their appointment by the Shareholders' General Meeting of May 4, 2016, the intends to appoint Mrs. Odile Desforges and Mr. Arnaud Vial as new members of the Strategic Committee, in succession to Messrs. Robert Peugeot and Amaury de Seze who did not solicit their renewal.

Functioning

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

2015	
Number of meetings	8
Average actual attendance rate of members	86.36%
2016	
Expected number of meetings	6

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

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

Activity in 2015

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

In that respect, the Committee regularly examined the evolution of Imerys' business and the main markets on which it operates. The Committee closely examined the situation of the Oilfield Solutions Division and monitored all measures taken by the Executive Management to adapt the conduct of this activity to the sudden downturn of the oil market in the United States.

The Committee also studied in detail the consolidated quarterly financial statements of the Group and how they reflected the actions taken by Executive Management. At its last meeting of the year, the Strategic Committee also reviewed the Group's estimated 2015 results and the 2016 budget. As part of this review and with all members of the Executive Committee being present, the Committee heard the detailed presentations of the budget from the heads of each Business Group for their respective activities.

In addition, the Strategic Committee periodically studied and approved the key stages and main aspects of the most significant external growth or divestment projects. In 2015, this examination concerned, in particular:

- the closing of the acquisition of the main activities of the S&B group, which was completed at the end of February, 2015 and the monitoring of the implementation program relating to its integration within the Group;
- the acquisition of the Precipitated Calcium Carbonate division of the Solvay group, which was announced on May 7, 2015;
- the acquisition of the hydrous kaolin for paper of the BASF group in the United States, with S&B, which was announced with the results of the third quarter 2015.

Finally, as usual, the Strategic Committee worked to analyze the Group's financial structure and make sure it is robust in view of pursuing Imerys' policy on selective investment and external growth.

▪ APPOINTMENTS AND COMPENSATION COMMITTEE

(created on November 3, 1987 with the name Special Options Committee and to be split into two separate committees under common chairmanship - an Appointments Committee and a Compensation Committee as of May 4, 2016)

Mission

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

"The Appointments and Compensation Committee's mission is to examine and provide the Board of Directors with its opinions and any recommendations in the following areas:

1. Appointments

- the selection of candidates for Director positions;
- the appointment proposals of the Chairman and Chief Executive Officer or, in case of a separation of functions, the Chairman and the Chief Executive Officer and, as the case may be, Delegate Chief Executive Officers, Committee Chairmen and members. For that purpose, the Appointments and Compensation Committee must take all the following items into account: desirable balance of the Board's composition with regard to the make-up and evolution of the Company's shareholding, continuation of the feminization of the Board, finding and appraising possible candidates, and the suitability of renewing terms of office;
- the presentation of a succession plan for Executive Management in the event of unforeseeable vacancies;
- the independent status of each of its members according to the definition of "independence" adopted by the Board of Directors, and any changes (or explanation of criteria) to be made to that definition.

2. Compensation

- the amount and allotment of attendance fees (fixed and variable parts) for the Directors;
- the general compensation policy for the Group's executives;
- the individual compensation of the Chairman and Chief Executive Officer or, in case of a separation of functions, the Chief Executive Officer and, as the case may be, Delegate Chief Executive Officers and their ancillary income (such as pension and healthcare plans or fringe benefits), as well as on any other provisions relating to their status and/or employment contract;
- the general policy for granting stock options or free shares of the Company and fixing the beneficiaries of the options or free share plans proposed by the Chairman and Chief Executive Officer or, in case of a separation of functions, the Chief Executive Officer;
- the fixing of individual stock options or free share allotments for the Executive Corporate Officers as well as the specific terms and restrictions applicable thereto (achievement of economic performance goals, limitation of numbers of rights allotted, holding and keeping rules of Imerys shares, etc.) in accordance with the recommendations of the AFEP-MEDEF Corporate Governance Code;
- the Group's employee shareholder policy and the terms of its implementation as proposed by the by the Chairman and Chief Executive Officer or, in case of a separation of functions, the Chief Executive Officer."

Composition

The Appointments and Compensation Committee is composed of the following five members appointed by the Board, including the Vice-Chairman of the Board of Directors who chairs the Committee:

Name	Date of 1st appointment to the Committee	Independent member status
Amaury de Seze, Chairman	April 29, 2014	No*
Ian Gallienne	April 26, 2012	No
Marion Guillou	April 29, 2014	Yes
Arielle Malard de Rothschild	April 26, 2012	Yes
Robert Peugeot	May 3, 2005	Yes*
Number of Members: 5		**3**

* *See section 3.8 of this chapter.*

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

The Board of Directors, after gathering the opinion of the Appointments and Compensation Committee, intends to appoint Mrs. Marie-Françoise Walbaum and Mr. Paul Desmarais III, who will also be appointed Chairman, as new members of the Committee in succession to Messrs. Robert Peugeot and Amaury de Seze respectively, following their departure from the Board, at the end of the Shareholders' General Meeting of May 4, 2016.

Functioning

The Committee debates with at least two of its members present and meets as often as its Chairman sees fit or on the request of the Chairman and Chief Executive Officer.

2015	
Number of meetings	2
Average actual attendance rate of members	80%
2016	
Expected number of meetings	3

To carry out its mission, the Committee hears the Chairman and Chief Executive Officer and the Group Vice-President of Human Resources; it also has recourse to independent experts.

The Secretary of the Committee is the Group Vice-President of Human Resources, who draws up the minutes of its meetings.

Activity in 2015

The Appointments and Compensation Committee was first consulted in its two meetings in January and April on the composition of the Board of Directors and of its Committees. The Committee reviewed the situation of the Directors, and more specifically those whose terms of office expired following the annual Shareholders' General Meeting, the proposed candidates, as the case may be, for replacement and new appointments (including those resulting from the shareholders' agreement between GBL and the holding company of the Kyriacopoulos family, following the acquisition of S&B). On that occasion the Committee examined the individual situation of the members of the Board and the candidates with respect to the definition of "independence" adopted by the Board, particularly where there could be potential business relationship between them and the Group. It also made sure that the composition of the Audit Committee and the Appointments and Compensation Committee complied with the proportions of two-thirds and a majority of independent members, respectively, and a majority of independent members, in accordance with the AFEP-MEDEF Corporate Governance Code.

The Appointments and Compensation Committee recommended the renewal of the term of office and CEO of Mr. Gilles Michel keeping the existing contractual and compensation conditions, except for the determination of the variable part of his compensation in order to comply with current market practices. The Committee also assessed Chairman and Chief Executive Officer's performance in 2014, as usual. It measured the achievement of the goals, particularly financial ones, assigned to the Chairman and Chief Executive Officer for the determination of the variable share of his compensation with respect to 2014, payable in 2015, and of the goals that determined the award of free shares or, as the case may be, stock subscription options under previous plans.

The Appointments and Compensation Committee then made recommendations on the setting of the Chairman and Chief Executive Officer's financial and specific goals for the determination of the variable part of his compensation with respect to financial 2015 and the goals related to his 2015 individual long-term loyalty program. The Committee also examined the main characteristics of the general program that applies to the Group's other key managers and those of the specific program for the executives of the S&B group, which was intended to replace the program in place before its acquisition by Imerys.

The Committee also examined in depth the recommendations resulting from the AFEP-MEDEF Corporate Governance Code, in particular in terms of compensation for corporate executives, to which the Company had declared on December 18, 2008 that it intended to refer. It was thus able to make its recommendations to the Board in establishing the relevant table concerning the application of this Code and the explanation to be given should any practice of the Company deviate from them.

AUDIT COMMITTEE

(created on March 27, 1996)

Mission

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

"The Audit Committee's mission is to examine and give the Board of Directors its opinion and any recommendations on the following:

1. Financial statements

- the Company and consolidated annual financial statements to be drawn up by the Board of Directors, together with a note from the Group's Chief Financial Officer, the estimated and definitive half-yearly consolidated financial statements and the quarterly financial statements (since 2016);
- the scope of consolidation;
- the relevance and consistency of accounting methods, by verifying, in particular, the reliability of internal information-gathering and information-control procedures, with the aim of ensuring that financial statements are fairly presented and that they give an accurate image of the financial situation of the Company and the Group;
- the method and estimates used for the impairment tests carried out by the Group;
- the Group's debt position, including the structure as well as interest and currency rate hedging policy and its outcome;
- the significant off-balance sheet disputes and commitments, and their impact on the Group's accounts;
- the production and dissemination process for accounting and financial information, ensuring that it complies with legal requirements, regulatory authorities' recommendations and internal procedures.

2. Financial information

- the policy and applicable procedures for financial information intended to ensure the Group's compliance with its regulatory obligations;
- the main financial communication items relating to the Group and Company financial statements, in particular:
  - concordance between the financial statements and reports on them in financial communications,
  - relevance of items used in this communication.

3. External control

- the proposals to appoint or renew the Statutory Auditors. The Committee examines and approves the contents of the requirements, the schedule and the organization for the invitation to bid, with a view to the appointment and, as the case may be, renewal of the Statutory Auditors, and checks that the invitation to bid proceeds correctly;
- the Statutory Auditors' work program and any additional assignments that they or other members of their network may be given, as well as the amount of the corresponding compensation;
- the supervision of the rules regarding the use of Statutory Auditors for work other than auditing the financial statements and, more generally, compliance with the principles guaranteeing the independence of the Statutory Auditors;
- the conclusions of diligence work by Statutory Auditors as well as their recommendations and follow-up actions.

4. Audit & Internal control

- the annual internal audit and internal control assessment programs and the resources for their implementation;
- the results of the work of the internal and external Auditors and Internal Control Function, the monitoring of any recommendations they make, particularly in regard to the analysis and the development of the mapping of the Group's main risks, their control and that of significant off-balance sheet commitments, as well as the organization of the internal audit teams;
- the drafting and content of the Annual Report of the Chairman of the Board of Directors on the Group's internal control.

5. Risks

- the identification, measurement and monitoring by the Executive Management of the possible major risks for the Group in the following areas:
  - external environment: legal or regulatory developments, crisis management or occurrence of disasters,
  - internal processes: legal monitoring of major litigation and compliance with existing regulations (particularly Environment, Health & Safety and Sustainable Development), Codes of Conduct and Ethics;
- the orientations and implementation by the Executive Management of the Group's general policy for Sustainable Development, Internal Control and risk prevention (organization, policies and procedures, systems, etc.) and insurance;
- the work programs and results of internal experts (*e.g.* auditors, lawyers) and any external experts that may be called upon to analyze, audit or measure the risks and the Group's performance in the above-mentioned areas;
- any other subject likely to have a significant financial and accounting impact for the Company or the Group."

Composition

The Audit Committee is comprised of the following three members who are chosen by the Board for their financial competence as described in their respective biographies *(see paragraph 3.1.3 of this chapter)*. Its Chairman must be an independent Director.

Name	Date of 1st appointment to the Committee	Independent member status
Aldo Cardoso, Chairman	May 3, 2005	Yes
Colin Hall	December 15, 2015	No
Marie-Françoise Walbaum	April 25, 2013	Yes
Number of members: 3		**2**

Two thirds of the Audit Committee are independent members, as recommended by the AFEP-MEDEF Corporate Governance Code and by the AMF working group on the Audit Committee.

Functioning

The Committee debates with the majority of its members present and meets: as often as its Chairman sees fit and at least two days (as far as possible) before the Board of Directors draws up the definitive annual and half-yearly consolidated financial statements and, as from 2016, before the publication of the Group's consolidated quarterly financial statements. It may also meet at the request of two of its members or of the Chairman of the Board of Directors.

2015	
Number of meetings	4
Average actual attendance rate of members	75%
2016	
Expected number of meetings	5

To carry out its mission, the Audit Committee hears the Statutory Auditors, the Chairman and Chief Executive Officer and the Chief Financial Officer of the Group and, on their initiative or at the Committee's request to them according to the items on the agenda for the Committee's Meeting, the relevant line and support managers including in particular those who take part in drawing up and controlling the financial statements and in risk prevention or management (Finance & Strategy Department, Internal Audit & Control Department, Sustainable Development and Environment, Health & Safety Department, Legal Department).

The Committee has unrestricted access to all available information on the Group. It may also make visits and hear any of the Group's line or support managers as it may deem advisable or necessary for the performance of its duties. The Committee may also request that any internal or external audit be carried out on any subject that it judges within the scope of its mission. The Chairman of the Committee informs the Board of Directors of any such audit.

The Secretary of the Committee is the Group's Chief Financial Officer. He draws up the minutes of Committee meetings, which are kept available to the Statutory Auditors.

Activity in 2015

The Audit Committee reviewed the annual and consolidated financial statements for 2014 and the half-yearly statements for 2015, and the related closing work. After reviewing the definitive financial statements submitted to it, the Committee recommended them unreservedly to the Board. The Committee also reviewed the changes in the accounting rules applied by the Group and their relevance to the changes in the IFRS framework, as well as the application of market regulators' recommendations. As for the previous years, the Committee examined the evolution of the overall effective tax rate for the Group and its components, as well as the monitoring of Imerys' tax situation in Brazil, and reviewed the results of goodwill impairment tests on Cash-Generating Units.

At its last meeting of the year, the Committee examined the main control items in the closing of the 2015 financial statements. On this occasion, the Committee identified the Cash-Generating Units likely to be subject to, according to analysis conducted by management, an impairment test due to the gap between their financial performance prospects at the end of the year and their budget. It also checked, after hearing the statutory Auditors, the relevance and consistency of the accounting methods used by the Group.

At the end of each half-year, the Committee examined the Audit and Internal Control Department's activity report, including the reports on the audit assignments carried out in previous years. It also reviewed the audit plan for 2016. Furthermore, the Committee took note of the updated mapping of the main risks to which the Group is exposed. It noted that all of the main risks for the Group under this mapping were regularly examined in depth, either by the Strategic Committee or the Audit Committee, and are considered to have sufficient levels of control.

During the year, the Committee also examined the following: the accounting of the main acquisition (including the S&B group, which was consolidated as of March 1, 2015) and restructuring operations carried out by the Group, the inventory of mineral reserves; the Group's strategy and three-year plan on Sustainable Development, the management and status of the Group's main legal risks and regulatory compliance programs and insurance coverage. Finally, after thorough review of the situation of the Group's Statutory Auditors (in terms of the performance of their duties over the reporting period and in terms of the jointly proposed conditions for their continuation in the future), the Committee recommended to the Board of Directors to solicit the renewal of their respective term of office, given that there were to expire at the next annual Shareholders' General Meeting in May 2016.

3.2 EXECUTIVE MANAGEMENT

3.2.1 COMPOSITION

As of April 28, 2011, the Group's Executive Management is carried out exclusively by Gilles Michel, Chairman of the Board of Directors and Chief Executive Officer.

The term of office of the Chairman and Chief Executive Officer coincides with that of his Directorship; the latter was renewed by the Ordinary and Extraordinary Shareholders' General Meeting on April 30, 2015; on this occasion the Board decided to continue to combine the positions of Chairman and Chief Executive Officer, and to renew Gilles Michel in that capacity.

The information relating to Gilles Michel as well as the offices he holds or has held in the past five years appear in *paragraph 3.1.3 of this chapter*.

3.2.2 POWERS

Pursuant to legal and statutory provisions, the Chairman and Chief Executive Officer is vested with the most extensive powers to act on behalf of the Company under any circumstances. He exercises his powers within the limits of the corporate purpose and subject to the powers expressly vested in the Shareholders' General Meeting and the Board of Directors; he represents the Company with respect to third parties.

Pursuant to article 18 of the by-laws, the Board of Directors may limit his powers. However, this limitation is void against third parties.

Paragraph 3.1.1 of this chapter describes the internal functioning arrangements for the Board of Directors and, in particular, lists the operations that require the authorization of the Board of Directors prior to their implementation by Executive Management.

3.2.3 EXECUTIVE COMMITTEE

Gilles Michel decided, with the support of the Board of Directors, to continue to be assisted in carrying out his mission as Chief Executive Officer by an Executive Committee that comprises the Group's main line and support managers.

■ MISSION

The Executive Committee, under the responsibility of the Chairman and Chief Executive Officer, is mainly in charge of:

- implementing the Group's strategy and all the measures determined by the Board of Directors;
- drawing up and closing the Group's budget and, at the request of the Chairman and Chief Executive Officer, attending its presentation and, as needed, for each of its members, reporting on the performance of the measures taken under their scope of responsibility to the Board of Directors or its specialized Committees;
- monitoring the operating activities of each business group and ensuring, by defining any necessary corrective measures, that they comply with their budgets and carry out the action plans approved by the Chairman and Chief Executive Officer;
- defining and monitoring the Group's performance improvement goals (in particular as far as operations and finance are concerned as well as for protection and safety of individuals in the workplace) and defining any corrective measures;
- defining Group-wide policies and measures (Purchasing; Corporate & Internal Communications; Compliance; Internal Control and Risk Management; Sustainable Development, including Environment, Health & Safety; Innovation, Research & Technology; Human Resources) and overseeing their rollout;
- fostering the sharing and dissemination of best practices in all areas between the business groups; and
- more generally, giving opinions and recommendations on all projects, operations or measures that may be submitted to it by the Chairman and Chief Executive Officer, particularly with a view to their subsequent presentation to the Board of Directors or its specialized Committees.

COMPOSITION

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

Line managers	Support managers
Frédéric Beucher Member of the Executive Committee since July 1, 2013 *(Ceramic Materials)* He joined Imerys in 2003 after several years in investment banking, first at Société Générale in France and Spain and then at Rothschild & Cie in Paris. Started with Imerys as Head of Strategy and Development, then managed the Sanitaryware business unit and was Vice-President and General Manager of the Minerals for Ceramics activity. Since July 1, 2013, he has been Imerys Vice-President, in charge of Ceramic Materials business group.	**Olivier Pirotte** Member of the Executive Committee since June 1, 2015 *(Finance)* He joined Imerys in 2015 as Chief Financial Officer of the Group; after holding several management positions at Arthur Andersen, he joined Groupe Bruxelles Lambert in 1995 where he held the position of Director of Investments, then Chief Financial Officer, until 2015.
Alessandro Dazza Member of the Executive Committee since July 1, 2013 *(High Resistance Minerals)* He joined Imerys in 2000 upon the acquisition of Treibacher Schleifmittel after working for a chemical company in Italy and then in Germany. He became General Manager of the Abrasives business unit in 2004, then Vice-President and General Manager of the Fused Minerals activity in 2008, after the acquisitions of UCM Zirconia, UCM Magnesia and Astron. Since July 1, 2013, he has been Imerys Vice-President, in charge of High Resistance Minerals business group.	**Denis Musson** Member of the Executive Committee since January 1, 2003 *(Legal & Corporate Support)* He joined Imerys in 1999 as General Counsel and Secretary of the Board. His career was previously with Pechiney, where he started in the Group's Legal Department before taking over its Corporate Department.
Olivier Hautin Member of the Executive Committee since February 13, 2008 *(Energy Solutions & Specialties)* He joined Imerys in 1995, after beginning his career in strategy consulting at Mars & Co. He was successively in charge of Strategy & Development for the Group, then in the United States (Atlanta) in the Pigments & Additives business group. After having held the position of Vice-President and General Manager in several Imerys profit centers in Europe and Asia, and Vice-President and General Manager of Minerals for Ceramics, he was in charge of Pigments for Paper & Packaging until June 2012 and then of Minerals for Ceramics, Refractories, Abrasives & Foundry. Since July 1, 2013, he has been Imerys Vice-President, in charge of Energy Solutions & Specialties business group.	**Thierry Salmona** Member of the Executive Committee since January 1, 2003 *(Innovation, Research & Technology and Business Support)* He joined Imerys in 2000 after holding several positions in the French Ministry of Industry then at Thomson, Sanofi and SKW Trostberg. He managed the Building Materials & Ceramics then Specialty Minerals business groups. Currently he also supervises Sustainable Development, Geology, Environment, Health & Safety and coordinates Purchasing and Energy.
Daniel Moncino Member of the Executive Committee since February 13, 2008 *(Filtration & Performance Additives)* He joined Imerys in 2002 after beginning his career in Europe and in the USA with Siemens and then held several positions with BASF and Schlumberger. He was successively Vice-President and General Manager of the North American Performance Minerals activity and then appointed Vice-President and General Manager of the Minerals for Filtration activity until February 2008 when he became the head of the Performance & Filtration Minerals business group. Since July 1, 2013, he has been Imerys Vice-President, in charge of Filtration & Performance Additives business group.	**Bernard Vilain** Member of the Executive Committeesince July 15, 2005 *(Human Resources)* He joined Imerys in 2004 as HR Manager for Continental Europe & Asia and was appointed Group Vice-President of Human Resources in July 2005. Previously he held several HR positions with the Schlumberger, DMC and LVMH groups.

The composition of the Executive Committee reflects the Group's managerial and operational organization around four business groups. The composition of these business groups was modified in 2014, given the combination project with S&B, announced in November of that year and finalized on February 26, 2015: the Group integrated the Kaolin activity into the Ceramic Materials business group and S&B's activities into the Filtration & Performance Additives business group.

FUNCTIONING

The Executive Committee meets once a month on average, as often as the interests of the Group require or at the request of the Chairman and Chief Executive Officer.

The Executive Committee met 12 times in 2015.

3.3 COMPENSATION

3.3.1 BOARD OF DIRECTORS

AMOUNT

The maximum gross amount of attendance fees that may be allotted to the members of the Board of Directors with respect to one year, as determined by the Shareholders' General Meeting of April 29, 2014, is €1,000,000. Pursuant to the law and article 17 of the Company's by-laws, it is up to the Board of Directors to determine the allotment of attendance fees among its members.

The allotment scale for attendance fees in force in 2015 was set down by the Board upon the recommendation of the Appointments and Compensation Committee at its meeting of April 28, 2011 and has since been reviewed annually by the Board of Directors, and confirmed, to ensure its relevance and competitiveness with the best market practices. At its meeting of February 11, 2016, the Board decided, following the opinion given by the Appointments and Compensation Committee, to revise the current allotment scale and adopt a new one which will come into force as from the Shareholders' General Meeting of May 4, 2016 *(see paragraph 3.1.5 of this chapter)*.

Payments are made semi-annually in arrears. Consequently, the gross amount of attendance fees effectively paid during a given financial year include (i) the amount of fees with respect to the second half of the previous year and (ii) the amount of fees with respect to the first half of said year.

The table below sets out the individual gross amount of attendance fees owed to each member of the Board with respect to the last two financial years and, pursuant to the provisions of article L. 225-102-1 of the French Code of Commerce, the individual gross amount paid to them during those years.

	2015		2014	
(€)	**Amounts due**	**Amounts paid**	**Amounts due**	**Amounts paid**
G. Michel, Chairman and Chief Executive Officer(1)	-	-	-	-
A. de Seze, Vice-Chairman(2)	168,000	168,000	130,667	71,167
E. Augelet-Petit(3)	32,000	25,000	9,000	-
G. Buffière(4)	18,667	44,667	58,000	54,000
A. Cardoso	81,000	83,000	96,000	97,000
P. Desmarais III(5)	46,000	48,000	31,333	5,333
I. Gallienne	76,000	78,000	79,667	63,167
M. Guillou	37,000	37,000	36,000	34,000
C. Hall(6)	3,667	-	-	-
G. Kampouri Monnas(7)	19,333	3,333	-	-
U. Kyriacopoulos(7)	29,333	5,333	-	-
A. Langlois-Meurinne(8)	-	-	74,333	164,333
A. Laviolette(9)	16,000	34,000	21,333	3,333
F. Layt	32,000	34,000	38,000	36,000
X. Le Clef	48,000	46,000	46,000	38,000
J. Lefebvre(4)	21,667	51,667	69,000	65,000
A. Malard de Rothschild	33,000	35,000	43,000	43,000
E. d'Ortona(3)	32,000	25,000	9,000	-
R. Peugeot	42,000	42,000	36,500	36,500
O. Pirotte(10)	20,333	46,333	56,000	52,000
L. Raets(11)	16,000	-	-	-
K. Taaffe Richard(7)	19,333	3,333	-	-
J. Veyrat(12)	-	-	15,167	29,167
MF. Walbaum(8)	44,000	46,000	55,000	56,000
Total	**835,333**	**855,666**	**904,000**	**848,000**

(1) Chairman and Chief Executive Officer - does not receive attendance fees.
(2) Vice-Chairman since April 29, 2014.
(3) Employee representative Director since October 6, 2014.
(4) Director until April 30, 2015.
(5) Director since April 29, 2014.
(6) Director since December 15, 2015.
(7) Director since April 30, 2015.
(8) Director and Vice-Chairman until April 29, 2014.
(9) Director from April 29, 2014 until November 1, 2015.
(10) Director from April 29, 2010 until June 1, 2015.
(11) Director since July 29, 2015.
(12) Director until April 29, 2014.

It is specified that:

- these amounts represent the entirety of the compensation paid in 2015 by the Imerys group or by its controlling shareholders to each of the members of the Board of Directors with respect to the offices, responsibilities or other duties performed personally by those members within or on behalf of the Imerys group, except for the two employee representative Directors who also received compensation in 2015 with respect to their salaried positions in the Imerys group;
- details of the compensation paid to Gilles Michel, the sole Executive Corporate Officer who was in office in 2015, are given below *(see paragraph 3.3.2 of this chapter)*.

ALLOTMENT SCALE

Gross amounts *(€)* **before taxes and social contributions**		**Allotment scale in force in 2015**	**Allotment scale as from May 4, 2016**
Board of Directors	Vice-Chairman	120,000 fixed per year 2,000 per attended meeting	100,000 fixed per year 4,000 per attended meeting
	Other members	20,000 fixed per year 2,000 per attended meeting	10,000 fixed per year 4,000 per attended meeting
Strategic Committee	Chairman	25,000 fixed per year	20,000 fixed per year
	All Committee members	2,000 per attended meeting	2,500 per attended meeting
Audit Committee	Chairman	25,000 fixed per year	25,000 fixed per year
	All Committee members	3,000 per attended meeting	3,500 per attended meeting
Appointments and Compensation Committee	Chairman	15,000 fixed per year	20,000 fixed per year
	All Committee members	2,500 per attended meeting	3,000 per attended meeting

* *See section 3.8 of this chapter.*

The Board of Directors also decided on the recommendation of the Appointments and Compensation Committee that the variable part of the attendance fees will be reduced by half for attendance by telecommunication means as from May 4, 2016.

3.3.2 EXECUTIVE MANAGEMENT

Pursuant to the provisions of article L. 225-102-1 of the French Code of Commerce and the recommendations of the AFEP-MEDEF Corporate Governance Code, the information given hereafter concerns the compensation paid to Gilles Michel, Chairman and Chief Executive Officer, sole Executive Corporate Officer who was in office in 2015.

In addition, all of the compensation items owed or allocated with respect to 2015 to Gilles Michel is put to shareholders' advisory vote at the General Meeting called for May 4, 2016 and, for that purpose, is the subject of a specific presentation in accordance with the new recommendations of the AFEP-MEDEF Governance Code *(see chapter 8, paragraph 8.1.3 of the Registration Document)*. As previously stated, the General Meeting of April 30, 2015 gave a favorable opinion on the compensation components owed or awarded to Gilles Michel with respect to financial 2014.

TABLE SUMMARIZING THE COMPENSATION ITEMS

(€)	**2015**	**2014**
Executive Corporate Officer's name and position		
Gilles Michel, Chairman and Chief Executive Officer		
Compensation due in respect of the financial year	1,699,378	1,482,693
Valuation of the stock options awarded during the financial year	-	-
Valuation of the performance shares awarded during the financial year*	1,608,513	1,349,677
Total	**3,307,891**	**2,832,370**

* *Valued at the time of their grant in line with IFRS 2, after taking into account notably any discount related to performance criteria and the probability of presence in the Company following the vesting period, but before the spread of the expense over the acquisition period.*

CRITERIA

The compensation of the Chairman and Chief Executive Officer is set by the Board of Directors based on the proposal of the Appointments and Compensation Committee. This proposal is intended to ensure competitiveness with respect to the external market; in drafting its recommendations, the Committee draws on assessments and comparisons made periodically by specialized consultants.

This compensation includes a fixed part and a variable part; it takes into account the benefit that the advantage of the supplementary pension plan represents.

The calculation of the variable part is based on economic performance criteria and specific goals set by the Board of Directors on the recommendation of the Appointments and Compensation Committee. The achievement of these goals is measured and acknowledged annually by the Board of Directors on the recommendation of the Appointments and Compensation Committee. The variable part of compensation owed with respect to a financial year is paid the following year, when all the items for its calculation are known, in particular after the closing by the Board of Directors of the Group's definitive financial statements for the financial year in question. A multiplier of 0.8 to 1.2 could be applied to the resulting amount according to the achievement of other specific goals, the confidential nature of which prevents their publication. Following the recommendations of the Appointments and Compensation Committee presented following a study conducted on market practices in this area by two specialist independent firms, the Board at its meeting of February 12, 2015 decided to raise the ceiling of the variable part of Gilles Michel's compensation from 120% to 132% of his fixed compensation.

Following the recommendations of the Appointments and Compensation Committee and after measuring the achievement by Gilles Michel of the economic performance criteria (net income from current operations, free operating cash flow and return on capital employed) and the specific goals set for 2015, the Board of Directors at its meeting of February 11, 2016 set the amount of his variable compensation for that year to be paid in 2016.

At that meeting, the Board also reviewed and set the criteria and goals applicable for determining the variable part of Gilles Michel's compensation for 2016. The criteria for 2016 are related to the achievement of financial targets, similar to those set for 2015 (net income from current operations, free operating cash flow and return on capital employed), as well as specific goals the confidential nature of which prevents their publication. The Board of Directors also decided to maintain his fixed compensation at €800,000 for 2016, unchanged since his first appointment in November 2010.

In accordance with the AFEP-MEDEF Corporate Governance Code, these decisions were published on the Company's website.

As previously stated, Gilles Michel does not receive any attendance fees with respect to his office as Director of the Company *(see paragraph 3.3.1 of this chapter)*.

AMOUNTS

Amounts due and paid in 2014 and 2015

The amounts and breakdown of compensation and benefits in kind owed (fixed and variable parts for the year in question) and paid (fixed part for the year in question and variable part for the previous year, paid during the year in question) by the Group to Gilles Michel with respect to financial years 2014 and 2015 are as follows:

(€)	2015		2014	
Executive Corporate Officer' name and position	**Amounts due**	**Amounts paid**	**Amounts due**	**Amounts paid**
Gilles Michel, Chairman and Chief Executive Officer				
Fixed part	800,000	800,000	800,000	800,000
Variable part	882,816	666,400	666,400	758,400
Exceptional compensation	-	-	-	-
Attendance fees	-	-	-	-
Benefits*	16,562	16,562	16,293	16,293
Total	**1,699,378**	**1,482,962**	**1,482,693**	**1,574,693**

* *These benefits include the supply of a chauffeur-driven car and the contributions to the social guarantee for Company managers and executives (GSC).*

The above amounts include all the compensation due or paid by the Group to Gilles Michel with respect to the related financial years and the value of all the benefits in kind due or received with respect to the financial years in question.

All the compensation and assimilated benefits granted to the Group's top managers (Executive Committee, including Gilles Michel) and recorded as expenses during the years in question are stated in *note 27 to the consolidated financial statements*.

Moreover, the amount of the five highest compensations paid by the Company with respect to 2015 was certified by the Statutory Auditors.

EMPLOYMENT CONTRACT, INDEMNITIES, PENSIONS AND OTHER BENEFITS

	Employment contract	Supplementary pension plan	Indemnities or benefits due to end or change of duties	Indemnities under a non-competition clause
Gilles Michel, Chairman and Chief Executive Officer	No	Yes	Yes	No

Employment contract

At the time of the appointment of Gilles Michel as Deputy Chief Executive Officer on November 3, 2010, the employment contract between him and the Company was terminated, given the duties of Chairman and Chief Executive Officer that he was led to perform, in order to comply with the AFEP-MEDEF recommendations.

End of contract indemnity

The conditions for the payment of any severance indemnity provided for in Gilles Michel's employment contract as Executive Corporate Officer have been modified on the recommendation of the Appointments and Compensation Committee by the Board of Directors on February 11, 2016 to make them compliant with the terms of the AFEP-MEDEF Corporate Governance Code *(see section 3.8 of this chapter)*. This contract now provides that a severance indemnity would only be owed to Gilles Michel in the event of forced departure linked to a change of control or a change of strategy or a major disagreement over them; no indemnity would be owed in the event of Gilles Michel's voluntary departure or if he had the possibility of benefiting from his pension rights at short notice after he reaches the age of 63. Pursuant to legal provisions, these amendment has been notified to the Statutory Auditors for the drafting of their special report on regulated agreements and commitments *(see chapter 2, paragraph 2.2.3 of the Registration Document)* and will be submitted to the approval of the Shareholders at the General Meeting of May 4, 2016 *(see chapter 8, paragraphs 8.1.2 and 8.1.4 of the Registration Document)*.

In accordance with the recommendations of the AFEP-MEDEF Corporate Governance Code and according to the payout conditions provided, below which remain unchanged, the amount of Gilles Michel's severance indemnity would be calculated on the basis of a maximum of two years' compensation (fixed + variable). Pursuant to the provisions of article L. 225-42-1 of the French Code of Commerce, the payment of this severance indemnity would be subject and proportional to performance conditions appraised on the basis of the arithmetic average of the percentages of achievement of the sole economic and financial goals of the last three financial years, as set down for the determination of the variable compensation with respect to each of those financial years. As an illustration, the arithmetical average of the economic and financial percentages for the years 2013, 2014 and 2015 is €769,205, which would result in a theoretical amount of end of contract indemnity of €3,138,410.

In addition, Gilles Michel benefits from the social guarantee for Company managers and executives (GSC). For further details, *see chapter 2, paragraph 2.2.3 of the Registration Document*.

Pension commitments

In 1985, Imerys set up a collective supplementary pension plan with defined benefits for the principal managers of Imerys who met the restrictive and objective eligibility conditions, in particular seniority (at least eight years' seniority in the Group of which four as a member of the Executive Committee). The plan is managed by an external insurance company. Following the information and consultation of the works council, this plan has been amended as of January 1, 2016 to freeze its membership except for existing participants that are close to retirement age. It will be replaced by a defined contribution plan.

Gilles Michel, Chairman and Chief Executive Officer since April 28, 2011 is and will remain among the potential beneficiaries of the current collective supplementary pension plan with defined benefits of the Company.

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

- a total annual gross amount (after allowing for pensions from obligatory and other supplementary plans, including the defined contribution supplementary pension plan described below) of 60% of their reference salary (average of the last two years of the beneficiary's fixed plus variable compensation); said salary is limited to 30 times the annual French social security ceiling (PASS);
- subject to a pay-in ceiling equal to 25% of said reference salary.

This plan also provides for the possibility of reversion of the life annuity amount to the surviving partner(s) in proportion to the time of union.

According to actuarial calculations made on December 31, 2015, the current value of the estimated share of the Chairman and Chief Executive Officer in the total amount of the Group's commitment with respect to the past services of all the beneficiaries of this supplementary pension plan amounts to €4,927,000 (compared with €3,539,000 as at the end of 2014).

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

Furthermore, in order to reduce the booked expense caused by the defined benefit supplementary plan of Imerys and move closer to market practices, it was decided to set up, as from October 1, 2009, a defined contribution supplementary pension plan for the benefit of some of Imerys' top managers, including the Chairman and Chief Executive Officer. Effective June 30, 2014, Imerys modified the objective category defining beneficiaries of the system in order to comply with new requirements concerning the exemption of contributions from tax and social charges. Contributions to this scheme, set at 8% of the compensation of eligible employees with a ceiling of eight PASS, are made jointly by the employee (for 3%) and the Company (for 5%). This scheme also allows, pursuant to the pension reform law of November 9, 2010, beneficiaries to make free and voluntary contributions. An external insurance company has been appointed to manage the scheme.

Pursuant to legal provisions, all of these agreements and commitments made by the Company for the benefit of Gilles Michel, Chairman and Chief Executive Officer, were submitted to and approved by the Shareholders' General Meeting of April 30, 2015 when renewing his term of office.

The Board of Directors at its meeting of February 11, 2016, re-examined in accordance with legal provisions all of these agreements and commitments and decided to continue them without changes and under the same terms and conditions, except for the modification made to the conditions of payment of any severance indemnity as mentioned above *(see the Statutory Auditors' special report in chapter 2, paragraph 2.2.3 of the Registration Document)*.

Apart from these provisions, the Company has no other commitments for the benefit of Gilles Michel with respect to the taking-up, end or change of his current position of Chairman and Chief Executive Office.

3.4 STOCK OPTIONS

3.4.1 STOCK OPTION PLANS IN FORCE

▪ GRANT POLICY

The Company's general policy for granting stock options is set by the Board of Directors on the proposal of the Appointments and Compensation Committee. Since 2008 and until 2012, stock subscription option grants have been combined, within a single annual program, with grants of free shares subject to the achievement of certain economic or financial goals ("performance shares"). At its meeting of April 25, 2013, the Board of Directors reviewed its policy and decided to simplify it by granting performance shares solely, excluding any stock options with which they were previously combined *(see paragraph 3.5.1 of this chapter)*.

The main characteristics of the grants made by the Board until 2012, excluding grants made under the Group's employee shareholding operations, were as follows:

- grants took the form of stock subscription options. This form was judged preferable to stock purchase options as it prevents the Company from having to tie up its capital before the option exercise period even opens, in order to acquire on the market the number of shares needed to fulfill possible option exercises;
- as from 1999, stock options were granted once a year and the total number of options each year was adjusted according to the Group's overall performance or to specific events; the grant usually took place on the same day as the annual General Meeting;
- the actual or likely beneficiaries of stock subscription options were the Group's executives (members of the Executive Management, members of the Executive Committee, business group and activity Management Committees, main managers of the Group's Corporate Departments) as well as high-potential managers and employees that make an outstanding contribution to the Company's performance.

▪ CHARACTERISTICS OF GRANTED OPTIONS

Since 2011, the authorization periodically given to the Board by the Shareholders' General Meeting to grant options for subscription or purchase of the Company's shares to employees or officers of the Company and its subsidiaries, or to certain categories of them, expressly excludes any discount of the option exercise price, confirming therefore the practice observed by the Company since 1999.

The duration of the options granted and currently in force is 10 years. These options are in principle definitively vested (except in the event of the beneficiary's dismissal, resignation or departure from the Group) after the end of the third year following their allotment or, if earlier, on the date of the beneficiary's retirement after the age of 63 (reference age set at 60 years in plans prior to 2009), his/her cessation of activity for incapacity or his/her death. The only exception concerns grants made within employee shareholding operations, for which the options are dependent on the employee's investment in Imerys shares with immediate vesting.

Conditional stock options granted to certain Group executives (the Chairman and Chief Executive Officer as well as, since 2011, the other members of the Executive Committee) are vested subject to the achievement of economic performance goals. The number of vested options is conditioned on and proportionate to the achievement of these goals.

Option exercise conditions

Definitively vested options may be exercised at any time, except in the event of the beneficiary's death or departure from the Group. However, the beneficiary must bear any additional costs and taxes borne by the Company in the event that applicable local regulations provide for an immobilization period longer than the one provided for by French regulation.

Exercise by the beneficiary must comply with certain minimum amounts (currently set for all plans adopted as from 2008 at 500 options, any whole multiple of 500 or the balance of outstanding options if less than 500).

Loss or maintaining of options

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

The beneficiary's departure from the Group for any reason (including in principle if the Company employing him or her leaves the Group perimeter and except in the event of his or her death, incapacity or retirement), brings about:

- if the departure takes place before the vesting date of the options, their immediate cancellation;
- if the departure takes place after the vesting date of the options and only for plans adopted from 2004 onward, the cancellation of said options failing their exercise by the beneficiary by the end of the third month following his or her departure from the Group.

Date of record of shares resulting from the exercise of options

All Imerys shares resulting from the exercise of subscription options enjoy, from their creation, all the rights attached to existing shares, with which they are immediately assimilated.

Consequently, new and old shares are listed on the same line on NYSE Euronext, regardless of their date of issue. The new shares enjoy the same dividend rights as old shares, including with respect to the dividends approved and paid during the year of creation of the shares with respect to results for the previous financial year.

▪ CHANGES IN THE NUMBER OF OPTIONS IN 2015(1)

It is recalled that no stock options were granted in 2015.

The total number of stock subscription options in existence on December 31, 2015 is 1,459,672, representing 1.78% of Imerys' share capital on that date after dilution; their weighted average exercise price is €54.00.

In 2015, 66,305 stock subscription options were cancelled; 958,592 were exercised by 210 beneficiaries at a weighted average price of €54.47.

3.4.2 CONDITIONAL STOCK OPTIONS GRANTED BY THE COMPANY TO ITS CHAIRMAN AND CHIEF EXECUTIVE OFFICER

As previously stated, the Company did not grant any stock options to Gilles Michel in 2015.

▪ HOLDING AND CHANGES

As of December 31, 2015, the total number of stock options held by the Chairman and Chief Executive Officer is 147,680 (all vested) vs. 161,320 as on December 31, 2014, representing 0.18% of Imerys' share capital on that date after dilution; their weighted average exercise price is €46.19.

30,360 stock subscription options (out of 44,000 initially granted) were vested by Gilles Michel on April 26, 2015 following the Board of Directors' acknowledgement of the achievement of the economic performance goals set with respect to the period 2012-2014, on which they were conditioned.

No options were exercised by the Chairman and Chief Executive Officer in 2015.

▪ SPECIFIC TERMS AND RESTRICTIONS

The specific conditions, as well as the restrictions that apply to stock options granted to the Chairman and Chief Executive Officer in previous years, are also those that apply to performance shares. They are described in *section 3.6 of this chapter*.

(1) Including options granted under employee shareholder plans.

3.4.3 DETAILS OF STOCK OPTION PLANS IN FORCE[(1)]

The following table summarizes the history, status and main characteristics of the stock option plans in force as at December 31, 2015.

	April 2012	April 2011	Nov. 2010
Initial grant			
Authorization: date of Shareholders' General Meeting	04/28/2011	04/28/2011	04/30/2008
Date of Board of Directors/Supervisory Board or Managing Board Meeting	04/26/2012	04/28/2011	11/03/2010
Opening date of option exercise period[(2)]	04/26/2015	04/28/2014	03/01/2014
Option expiration date	04/25/2022	04/27/2021	11/02/2020
Share subscription price	€43.62	€53.05	€44.19
Total number of initial beneficiaries	183	161	1
Total number of options initially granted, of which to the Executive Corporate Officers:	362,720	331,875	82,000
▪ to G. Michel, Chairman and Chief Executive Officer	44,000	40,000	82,000
▪ to the ten Group employees who received the most options	98,669	83,669	-
Change during financial 2015			
Number of options remaining to be exercised on 01/01/2015	330,214	257,994	82,000
Number of shares subscribed in 2015, of which:	73,061	76,412	-
▪ by G. Michel, Chairman and Chief Executive Officer	-	-	-
▪ by the ten Group employees who received the most options	22,534	30,173	n.a.
Number of options cancelled[(4)] in 2015	(41,060)	(1,334)	-
Number of options remaining to be exercised on 12/31/2015[(5)] of which:	216,093	180,248	82,000
▪ by G. Michel, Chairman and Chief Executive Officer	30,360	35,320	82,000

(1) Employee shareholder plans.
(2) Not including longer tax immobilization periods that may be applicable locally.
(3) Except for different subscription prices applicable locally.
(4) Following the beneficiaries' departure from the Group.
(5) Following cancellation and exercise of the options since the date of approval of the plan in question and reintegrations, if any.

(1) The figures presented in this table take into account, where necessary, the adjustments made on June 2, 2009 following the Company's share capital increase.

April 2010	August 2009	April 2008	May 2007	Nov. 2006[1]	May 2006	May 2005	Total
04/30/2008	04/30/2008	04/30/2008	05/03/2005	05/03/2005	05/03/2005	05/03/2005	
04/29/2010	07/29/2009	04/30/2008	05/02/2007	11/07/2006	05/02/2006	05/03/2005	
04/29/2013	08/14/2012	04/30/2011	05/03/2010	02/01/2007	05/03/2009	05/04/2008	
04/28/2020	08/13/2019	04/29/2018	05/01/2017	11/06/2016	05/01/2016	05/02/2015	
€46.06	€34.54	€54.19	€65.61	€62.3[3]	€63.53	€53.58	
155	166	183	160	2,932	171	171	
482,800	464,000	497,925	560,000	38,770	640,000	635,000	4,095,090
n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	166,000
120,900	206,750	198,150	154,000	150	157,500	140,000	1,159,788
305,050	112,786	260,025	395,922	43,543	449,561	247,474	2,484,569
134,300	28,250	124,934	114,521	1,842	171,127	234,145	958,592
n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
38,200	-	49,273	34,392	68	47,284	46,942	268,866
(800)	-	(2,257)	(4,837)	-	(2,688)	(13,329)	(66,305)
169,950	84,536	132,834	276,564	41,701	275,746	-	1,459,672
n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	147,680

3.5 PERFORMANCE SHARES

3.5.1 PERFORMANCE SHARE PLANS IN FORCE

▪ GRANT POLICY

Following the favorable recommendation made by the Appointments and Compensation Committee, in 2006 the Board of Directors for the first time decided to grant free conditional shares in the Company. At the time, the Board intended to reserve this grant for exceptional cases in favor of a limited number of Group executives (which could not include the Chief Executive Officer) in charge of carrying out specific medium-term action plans that were judged priorities for the Group.

In 2008, the Board decided to extend that grant policy to a greater number of beneficiaries by combining it with the existing policy of stock option subscription grants within a single long-term Group policy for retaining their beneficiaries. In accordance with the Appointments and Compensation Committee's recommendations, the Board of Directors decided at its meeting of April 25, 2013 to simplify that policy by granting shares conditional on the achievement of economic performance goals ("performance shares") solely, excluding any stock options with which they were previously combined.

▪ MAIN CHARACTERISTICS OF PERFORMANCE SHARES

Vesting of shares

The performance shares granted are vested upon the expiry of a period that, in accordance with the legal provisions in force, may not be less than two years from their grant date, subject in principle to the achievement of certain economic and financial goals that cannot be appraised over a single year. The number of vested shares is conditioned on and proportionate to the achievement of these goals.

Loss of shares

The departure of the beneficiary from the Group before the expiry of the vesting period for any reason (including in principle if the Company employing him or her leaves the Group perimeter) entails the loss of all rights to the vesting of his or her performance shares, except in the event of death, incapacity or retirement of the beneficiary whose rights will be retained according to the specific terms set forth by each related plan.

Keeping vested shares

According to the regulations applicable to the grants of performance shares until 2015, the minimum time for which beneficiaries must keep shares may not in principle be less than two years from the date of vesting; that keeping period can however be removed in cases where the vesting period has a duration equal to four years *(see chapter 8, paragraph 8.1.7 of the Registration Document)*. After the keeping period, if any, the beneficiaries may dispose freely of such shares.

▪ PERFORMANCE SHARE PLAN ADOPTED IN 2015

In 2015, 309,550 performance shares were granted to 183 Group managers residing in France or abroad including the Chairman and Chief Executive Officer (vs. 172 in 2014).

The vesting and number of the performance shares granted with respect to this plan adopted by the Board on April 30, 2015 are conditioned by and proportionate to the achievement of a goal of growth of the Group's net current operating income per share and the Group's ROCE (return on capital employed) during the 2015-2017 period and, for part of them, to more specific goals, the confidential nature of which prevents their publication.

Apart from those granted to the Chairman and Chief Executive Officer, 97,500 performance shares were granted to the 10 beneficiaries receiving the highest number of these shares.

▪ CHANGES IN THE NUMBER OF PERFORMANCE SHARES IN 2015

In 2015, 89,339 performance shares were cancelled and 136,817 were vested and accordingly transferred to their respective beneficiaries.

The total number of performance shares in existence on December 31, 2015 was 873,953, which represents 1.07% of Imerys' share capital on that date after dilution.

3.5.2 PERFORMANCE SHARES GRANTED BY THE COMPANY TO ITS CHAIRMAN AND CHIEF EXECUTIVE OFFICER IN 2015

	Date of Plan	Number of shares granted in 2015	Valuation of shares(1) (€)	Vesting date	Availability date	Performance conditions
Gilles Michel, Chairman and Chief Executive Officer(2)	April 30, 2015	35,000	1,608,513	April 30, 2019	April 30, 2019	Yes

(1) Valued at the time of their grant in line with IFRS 2, after taking into account notably any discount related to performance criteria and the probability of presence in the Company following the vesting period, but before the spread of the expense over the acquisition period.
(2) Sole executive corporate officer.

On the recommendation of the Appointments and Compensation Committee, the Board of Directors, at its meeting of April 30, 2015, decided to grant performance shares to the Chairman and Chief Executive Officer. These performance shares are conditioned by and proportionate to the achievement of the same economic performance goals as those provided with respect to the 2015 general performance share plan intended for the Group's other top managers; these goals are related to the growth of the Group's net current operating income per share and the Group's ROCE during the 2015-2017 period.

These performance shares will be vested to Gilles Michel according to the achievement of the economic goals to which they are subject, upon expiry of a 4-year period from their grant date. Consequently, pursuant to the provisions of article L. 225-197-1-I. al. 7 of the French Code of Commerce, these shares, once vested, shall not be subject to any holding period. These conditions are also identical to those provided for by the 2015 general performance share plan intended for the Group's other top managers.

HOLDING AND CHANGES

The following table shows the performance shares vested in the Chairman and Chief Executive Officer in 2015.

	Date of Plan	Number of shares vested in 2015	Vesting conditions
Gilles Michel, Chairman and Chief Executive Officer(2)	April 26, 2012	14,835	No(1)

(1) See section 3.8 of this chapter.
(2) Sole executive corporate officer.

The total number of performance shares granted to Gilles Michel, and fully vested, is 74,495 as on December 31, 2015, i.e. 0.09% of Imerys' share capital on that date after dilution; all of them are currently subject to a holding period. In addition, 97,500 shares granted to Gilles Michel are not vested, as still conditioned to the achievement of the economic goals to which they are subject *(see paragraph 3.5.3 below)*.

No performance shares were sold by Gilles Michel in 2015.

SPECIFIC TERMS AND RESTRICTIONS

In addition to the economic performance goals mentioned above, the other specific terms and restrictions which are applicable to the grant of performance shares made to the Chairman and Chief Executive Officer are set out in *section 3.6 of this chapter*.

3.5.3 DETAILS OF PERFORMANCE SHARE PLANS

The following table summarizes the history, status and main characteristics of the performance share plans in force as on December 31, 2015.

	Plan April 2015	**Plan April 2014**	**Plan April 2013**	**Plan April 2012**	**Plan August 2011**	**Plan April 2011**
Date of Shareholders' General Meeting	04/29/2014	04/29/2014	04/28/2011	04/28/2011	04/28/2011	04/28/2011
Date of Board of Directors	04/30/2015	04/29/2014	04/25/2013	04/26/2012	07/28/2011	04/28/2011
Total number of shares granted, of which to:	309,550	282,475	268,500	180,902	37,400	170,971
▪ G. Michel, Chairman and Chief Executive Officer	35,000	32,500	30,000	21,500	-	20,000
Date of vesting	04/30/2019(1)	04/29/2018(1)	04/25/2017(1)	04/26/2016(2)	08/11/2015(3)	04/28/2015(4)
Date of the end of the keeping period	04/30/2019(1)	04/29/2018(1)	04/25/2017(1)	04/26/2016(5)	08/11/2015(6)	04/28/2015(7)
Performance conditions	Group's net current operating income per share and ROCE	Group's net current operating income per share and ROCE	Group's net current operating income per share and ROCE	Group's net current operating income per share and ROCE	Group's net current operating income per share and ROCE	Group's net current operating income per share and ROCE
Number of shares acquired at December 31, 2015	-	-	1,250	61,155	28,398	132,176
Cumulative number of shares cancelled or lapsed(8)	500	14,100	22,300	68,169	9,002	38,795
Performance shares remaining at December 31, 2015	309,050	268,375	244,950	51,578	-	-

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

3.6 SPECIFIC TERMS AND RESTRICTIONS APPLICABLE TO GRANTS TO THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Board of Directors, pursuant to the recommendations of the Appointments and Compensation Committee, and in accordance with the provisions of articles L. 225-185 and L. 225-197-2 of the French Code of Commerce, confirmed, as need be, at its meeting of April 30, 2015 during which it granted performance shares to its Chairman and Chief Executive Officer, the restrictive rules on holding and keeping shares it set down for the first time at its meeting of February 15, 2010. Thus, the Chairman and Chief Executive Officer shall hold on a registered basis, until the date of termination of his duties:

- as regards the grants of conditional stock subscription options: a number of shares resulting from each option exercise corresponding to at least 25% of the net gain realized upon each exercise (net of the amount needed to fund that exercise, and of any related taxes and obligatory contributions);
- as regards the grants of performance shares: a number of shares at least equal to 25% of the total number of vested shares following the applicable vesting period,

until the total amount[1] of the shares he holds[2] reaches, upon the exercise of stock subscription options and the availability of performance shares, a coefficient equal to 300% of his last annual fixed compensation on the date in question.

On these occasions, the Board also confirmed that:

- this keeping rule applies to the grants made to Gilles Michel with respect to the conditional stock subscription option and performance share plans implemented by the Company as from November 3, 2010 (date of his first appointment as Corporate Officer of the Company);
- the total amount of investment in shares of the Company shall take into account all the shares held by Gilles Michel on the date in question, regardless of their origin (purchase on the market, exercise of stock subscription options or shares acquired under performance share grant plans).

Given all these rules, the Board of Directors judged that it was not necessary to also make the purchase of additional shares on the market a condition for the grant of performance shares *(see section 3.8 of this chapter)*.

The grant of performance shares awarded on April 30, 2015 to Gilles Michel by the Board is within the limits it had set at its meeting of July 29, 2009 pursuant to the recommendations of the AFEP-MEDEF Corporate Governance Code: ceiling of the value (under IFRS) of the granted conditional stock options and performance shares at one year of his gross annual compensation (fixed part + maximum variable part).

In addition, pursuant to the recommendations of the Appointments and Compensation Committee and to those of the AFEP-MEDEF Corporate Governance Code, the Board of Directors at its meeting of April 28, 2011, on the occasion of the renewal of the authorization given to the Board by the Shareholders' General Meeting held on the same date to grant stock subscription options and performance shares, fixed the maximum percentage of options and shares that may be granted to the Executive Corporate Officers at 20% of the total envelope voted by shareholders.

Pursuant to the recommendations of the AFEP-MEDEF Corporate Governance Code, all these conditions were published on the Company's website.

Finally, at its meeting of February 11, 2016, the Board decided, pursuant to the recommendations of the AFEP-MEDEF Corporate Governance Code and those made by the Appointments and Compensation Committee, to propose at the Shareholders' General Meeting called for May 4, 2016 to rule on the authorization made to the Board to grant free shares for the benefit of employees or corporate officers, to limit the number of rights to be allocated to executive corporate officers to 0.5% of the Company's capital *(see chapter 7, paragraph 7.2.3 of the Registration Document)*.

(1) *Estimated on the basis of the share price on the date of each option exercise or the date of availability of the free shares in question.*

(2) *After the sale of those needed, as the case may be, to fund the option exercise or the settlement of any taxes, contributions or expenses with respect to the transaction.*

3.7 CORPORATE OFFICERS' TRANSACTIONS IN SECURITIES IN THE COMPANY

The Board of Directors has adopted a Procedure for the prevention of use or disclosure of insider information within the Imerys group. This policy, which was adopted in its initial version in July 2002 and then regularly amended, is appended to the Internal Charter of the Board of Directors.

The policy defines permanent and occasional Insiders; sets out the Company's obligation to draw up a list of Insiders for the Group and determines the related arrangements. It also reiterates the rules with respect to transactions by corporate officers in Imerys shares or, as the case may be, any other securities issued by the Group or any financial instruments ("Imerys Actions" mutual fund, MONEP, warrants, convertible bonds, etc.) that are related to Imerys shares ("Imerys securities").

In accordance with the general principle that applies to Insiders, whether permanent or occasional, any corporate officer and related persons must, in the event that they directly or indirectly hold privileged information, before the public has knowledge of such information, refrain from carrying out any transaction, including forward transactions, in Imerys securities.

To make its implementation easier, the Board of Directors appointed the Group's General Counsel and Secretary of the Board as ethics officer, tasked with providing, on request from any concerned party, an opinion prior to the transactions on the Company's securities under consideration by Directors and Group senior executives. This decision is in line with AMF guidelines for preventing insider misconduct by executives of listed companies. The opinion given by the ethics officer is purely advisory.

Furthermore, the obligation to abstain also applies to any transaction on Imerys securities (including as hedging) during the periods prior to the public announcement of the Group's periodical results, known as "blackout periods". This obligation concerns corporate officers, but also other permanent or occasional Insiders, such as the Group's principal support or operations managers, or employees who directly take part in the production of the consolidated financial statements, who are considered as exposed on a regular or periodical basis to the holding of insider information due to their positions and responsibilities. Blackout periods are understood as the number of days leading up to the publication of the Group's results and the day of that announcement. At its meeting of February 11, 2016, the Board of Directors decided to increase the duration of the blackout periods for the publication of the Group's annual and semi-annual consolidated financial statements to 30 calendar days and to maintain them at 15 calendar days for the publication of the quarterly results, to strictly comply with AMF's recommendation.

Gilles Michel pledged to the Board at its meeting of February 11, 2016 to comply with those abstention obligations, even including for option exercises (which cannot be speculative in nature as the exercise price is predetermined). Moreover, the transparency of these operations was fully guaranteed by the obligation to declare to the AMF the transactions made in securities in the Company, including through the exercise of options, pursuant to legal and regulatory provisions.

The annual schedule of announcements of the Group's consolidated results as well as the resulting schedule of blackout periods are supplied to the Directors at the end of the previous year; it may be consulted at any time on the Group's website, is included regularly in the Chairman and Chief Executive Officer's quarterly letter to shareholders and is available on request from the Group's Financial Communication Department.

Furthermore, the Group's policy prohibits Insiders from making any leveraged transactions or speculative transactions (short sales or bull purchases of shares, extension of orders on deferred settlement and delivery services, very short turnaround purchase/sale transactions, etc.) in Imerys securities. To comply with the recommendation of the AFEP-MEDEF Corporate Governance Code, that prohibits risk hedging transactions by Executive Corporate Officers who are beneficiaries of stock options and/or performance shares, Gilles Michel reiterated his commitment in front of the Board on April 30, 2015 not to resort to the use of any risk hedging transactions in respect of his conditional stock options and performance shares granted or to be granted to him during his term of office.

Pursuant to the provisions or article 223-26 of AMF's General Regulations, the summary table below presents the transactions made on Imerys securities during 2015 by corporate officers and, as the case may be, any individuals connected to them, that are covered by the obligation of declaration to AMF in accordance with the provisions of article L. 621-18-2 of the French Monetary and Financial Code. These declarations are available on AMF's website (*www.amf-france.org*).

Declaring	Capacity	Financial instrument	Number	Nature of operation	Number of operations	Gross amount[1] of operations
Blue Crest Holding SA	Person related to Ulysses Kyriacopoulos, Director	Shares	424,476	Acquisition	24	€29,396,530
		Shares	100,000	Sale	1	€6,607,000
		Others	108,895	Swap[2]	7	€6,970,971
Gérard Buffière	Director	Stock options	45,976	Exercise	4	€2,463,394
		Shares	45,976	Sale	4	€2,751,372
Giovanna Kampouri Monnas	Director	Shares	200	Acquisition	1	€11,620
Katherine Taaffe Richard	Director	Shares	100	Acquisition	1	€5,925

(1) Before taxes, charges and costs.
(2) Total return equity swap (TRS).

3.8 APPLICATION OF THE CORPORATE GOVERNANCE CODE

The AFEP-MEDEF Corporate Governance Code, to which the Company refers to in particular for the purpose of drawing up the report provided for in article L. 225-37 of the French Code of Commerce (this Code is available on the Company's website: www.imerys.com, in the "The Group/Corporate Governance" section).

The Company complies with all of the recommendations resulting from this Code, except for those for which explanation is given in the following table.

Recommendations of the AFEP-MEDEF Code	Explanation
Paragraph 18.1 Chairmanship of the Compensation Committee *"It should be chaired by an independent Director. It is advised that an employee Director be a member of this Committee."*	The Board considers that it is natural and legitimate for the Appointments & Compensation Committee to be chaired by a Board representative of the Company's controlling shareholder. This Committee, of which membership was, furthermore, expanded from three to five in 2012, includes a majority of independent Directors. In addition, Imerys' controlling shareholder (GBL) is a long-term financial investor, of which no representatives or directly or indirectly related individuals have executive responsibilities in the Group.
Paragraph 23.2.4 Performance shares *"In accordance with terms determined by the Board and announced upon the award, the performance shares awarded to executive Directors are conditional upon the acquisition of a defined quantity of shares once the awarded shares are available."*	Given all of the rules on the Chairman and Chief Executive Officer's holding and keeping of shares described in section 3.6 of the Registration Document (a number of shares, resulting from each option exercise, corresponding to at least 25% of the net acquisition gain realized in each exercise; a number of shares at least equal to 25% of the total number of shares vested at the end of the vesting period), the Board of Directors judged that it was not necessary to also condition the award of performance shares upon the purchase of additional shares on the market once they are available.

Furthermore, the Board of Directors has complied, or voiced its intention to take the appropriate steps to comply, with the recommendations of the following AFEP-MEDEF Corporate Governance Code:

Recommendations of the AFEP-MEDEF Code	Evolution
Paragraph 9.4 Independence criteria *"Not to have been a Director of the corporation for more than twelve years."*	In February 2014, the Board of Directors recognized the independent Director status of Mr. Robert Peugeot on the recommendation of the Appointments and Compensation Committee, although his term of office exceeded 12 years during that financial year. Since then the Board confirmed this quality each year. It judged indeed that the critical thinking that Mr. Peugeot had always shown with respect to Executive Management, in particular, was not affected by that period of time. His independence is also maintained by the broad renewal of the Board's membership in recent years (the average period of office of the Company's Directors following the next General Meeting is only around five years). The term of office of Mr. Robert Peugeot expires at the next Shareholders' General Meeting of May 4, 2016 given that he did not solicit its renewal. At that date, no more Director of the Company qualified as independent will have a term of office exceeding 12 years.
Paragraph 21.1 Directors attendance fees *"It shall be recalled that the method of allocation of Directors' compensation, the total amount of which is determined by the meeting of shareholders, is set by the Board of Directors. It should take account, in such ways as it shall determine, of the Directors' actual attendance at meetings of the Board and Committees, and therefore include a significant variable portion."*	The allotment scale for attendance fees in force since 2011 was reviewed by the Board on February 11, 2016 to take greater into consideration the effective attendance of the Directors at meetings of the Board and its Committees and make predominant the variable part of these attendance fees. This new allotment scale, which will enter into force as of May 4, 2016, still does not provide for a fixed part to be paid to the Directors with respect to their membership of a Specialized Committee.
Paragraph 23.2.5 Directors attendance fees *"These performance requirements set by the Board must be demanding and may not allow for the indemnification of an executive director, unless his or her departure is imposed, regardless of the form of this departure, and linked to a change in control or strategy. The payment of any termination benefits to an executive director must be excluded if the said executive director elects to leave the Company in order to hold another position or is assigned to another position within the same group or is able to benefit in the near future from pension rights variable portion."*	The conditions for the payment of any severance indemnity provided for in Gilles Michel's employment contract as Executive Corporate Officer have been modified by the Board of Directors at its meeting of February 11, 2016. This contract now provides that a severance indemnity would only be owed to Gilles Michel in the event of forced departure linked to a change of control or a change of strategy or a major disagreement over them; no indemnity would be owed in the event of Gilles Michel's voluntary departure or if he had the possibility of benefiting from his pension rights at short notice after he reaches the age of 63.

4

RISK FACTORS AND INTERNAL CONTROL

4.1 RISK FACTORS

Imerys Group carries out its activities within a constantly evolving environment and by nature difficult to predict. This uncertainty may lead to significant negative impacts on its activities and financial situation.

The main risk factors the Group is facing at the date of this Registration Document as well as associated control methods are presented hereafter in descending order of impact in each category. Other risks the Group is not aware of yet, or which are considered to be insignificant, could nevertheless exist and eventually have an important negative impact.

4.1.1 RISKS RELATED TO IMERYS' BUSINESS

MINERAL RESERVES AND RESOURCES

Mineral reserves and resources form one of the Group's primary assets with about three quarters of its activities using their own mineral resources. Their accurate assessment is critical to the management and development of Imerys' operations.

Imerys has set up an internal network of experts who are responsible for this assessment for each of its operational activity. Under the responsibility of the Group Mining and Industrial Operations Director, these experts carry out an annual consolidated review according to the principles presented in *chapter 1, section 1.7* and submit the outcomes each year to the Executive Committee. Because of unforeseeable changes in geological, technical, economic and market parameters, on which this assessment is based, and the uncertainty naturally inherent in evaluating mineral resources, no absolute guarantee can be given regarding the results of their work.

Nonetheless, processes and resources are used to ensure the reliability of the assessment and are examined either by the Strategic Committee or by the Audit Committee:

- reserve and resource estimates carried out by each site are audited over a three to five-year cycle by internal independent experts;
- an additional external assessment of the approach is performed every four years. Thus, in 2012, an external audit carried out by an internationally recognized consultancy firm has confirmed that the general approach to estimation is in line with industry practices and that the way the Group reports its mineral assets is compliant with the Pan European Standard for Reporting Exploration Results, Resources and Reserves (the PERC Reporting Standard);
- all Group sites formalize their long-term mining plan, allowing a systematic assessment of the quality of these plans on the basis of fifteen criteria. The Group Mining & Industrial Operations Director has the power to take action on the mining plans proposed by the activities in order to ensure the plans are consistent with the Group's long-term mineral asset development policy, employee workplace safety policy and environmental policy.

EXTERNAL GROWTH OPERATIONS

In all its activities worldwide, Imerys implements a growth strategy that combines organic growth and acquisitions *(see chapter 1, section 1.2).* In that context, the Group frequently makes acquisitions of activities or companies and creates joint ventures. These operations inherently entail risks relating to the appraisal of the corresponding assets and liabilities, the integration of the acquired personnel, activities, technologies and products or changes in relations with relevant partners.

Imerys has set up internal control procedures which require, depending on the amounts at stake, prior approval by the Chairman and Chief Executive Officer, the Strategic Committee and/or the Board of Directors *(see chapter 3, section 3.1)* and are intended to cover:

- the analysis of potential targets (with the application of strict investment profitability criteria and the performance of in-depth due diligence);
- the review and acceptance of contractual terms and conditions for the completion of the operations (including commitments by sellers to indemnify against hidden liabilities);
- the preparation work, implementation and follow-up of the acquired activities or companies integration.

ENERGY PRICES

This risk factor and its control method are both described in *note 24.5 to the consolidated financial statements*.

COUNTRY

Because of their mining activity and the variety of their end markets, the Group's activities are now present in many countries, several of which have a strategic nature for the Group. Future changes in the political, social, legal or regulatory environment of those countries, particularly in fast-growing countries, could affect the Group's assets, cash flows, profitability and ability to continue operating and developing in such countries.

In order to manage this risk factor, the following set of measures is implemented:

- the Executive Committee regularly reviews the exposure of the Group's assets and revenues in at risk countries. To identify such countries, Imerys uses the "Business Environment" assessment published by Coface, the primary French insurance firm specializing in export credit insurance (for more information on these ratings, *see chapter 6, paragraph 6.1.2)*. Other international indicators are regularly analysed to measure the exposure of its personnel and assets to natural, criminal and political risks;
- the Group brings in external consultants as needed to be informed in more details about the local environment (in economic, political or other terms) in some countries and anticipate possible developments;
- Imerys has set up a process for regular monitoring of the Group's performance in some specific countries (particularly Brazil, China and India) and strengthened cross functional organization by country or region according to the size and nature of existing activities and their development capacity;
- in all countries where Imerys' operations are located, the Group develops its relations with local authorities and communities *(see chapter 5, section 5.3)*.

An overview of these analyses and related implemented actions is presented to the Audit Committee upon request.

HUMAN RESOURCES

The management and development of the Group's activities require the employment and recruitment of a large number of highly qualified technicians and managers. The success of the Group's internal and external development plans depends partly on its ability to recruit and integrate new skills, especially in the most remote geographic areas, and to train and promote new talents.

This is why Imerys has drawn up a Human Resources policy with the aim of attracting, retaining and renewing the expertise, talents and skills needed to carry out its activities worldwide and to support its internal and external growth. This policy is presented in *chapter 5, section 5.3*.

INNOVATION

In order to preserve its competitiveness, maintain its organic growth and increase its profitability, the Group placed organizational, technological and commercial innovation amongst its main objectives. In addition, innovation meets the Group's concerns regarding sustainable development of its activities.

The Group is facing following risks and implemented corresponding control methods as part of its product innovation policy:

- risk related to innovative talents. A mobility procedure as well as succession plans specific to Group researchers have been established under the supervision of a dedicated HR manager;
- risk related to low penetration of new products. Stringent methods are incrementally implemented to ensure perfect matching of developed products with customers' needs. Methods include the development of close relations between marketing teams and customers to get a better understanding of their activities, solve technical issues and anticipate their needs;
- risk of longer start-up time than expected regarding installations implementing new products. A strengthened procedure for investments monitoring has been deployed as part of an industrial excellence program.

4.1.2 INDUSTRIAL AND ENVIRONMENTAL RISKS

INDUSTRIAL OPERATIONS AND BUSINESS CONTINUITY

As for any industrial group, Imerys' production sites are exposed to the occurrence of unforeseen incidents (of various nature or origin, such as accidents, natural disasters, machine breakage, etc.) that may lead to temporary operating stoppages, some of which may significantly affect the activity of the operating sites concerned.

The risk of occurrence of such events and their possible impact on the Group's overall business are limited by the following set of factors and measures:

- the number and geographic dispersal of industrial sites, many of which are of moderate size, in each operating activity;
- regular capital expenditure committed by each activity to modernize and maintain its industrial assets;
- an active industrial risk prevention policy set up by the Group, including the definition of business continuity plans and/or crisis management plans for the most strategic sites;
- a dam soundness review program for the relevant sites.

The potential financial impact that may arise from property damages or sites' temporary operating stoppages is covered through an insurer that is internationally recognized for its reputation and financial solidity under an insurance coverage program combined with a sound risk prevention program *(see paragraph 4.1.5 of the present chapter)*.

The General Counsel presents the Group's policy on insurance, risk coverage and the related prevention programs periodically to the Executive Committee and once a year to the Audit Committee as part of its review of the main risks facing the Group.

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

ENVIRONMENT, HEALTH & SAFETY

Industrial mining and mineral processing activities can have an impact on the environment (especially on soil and water conditions). As such, the Group may have to incur (on a regular basis or at the very end of their operating lifespan) expenses intended to the restoration of industrial sites or the environmental clean-up. Failure to respect environmental regulations applicable to the local activity of its operations could lead to civil, administrative or criminal prosecution.

Moreover, because of their industrial nature, the Group's activities entail potential personnel health and safety risks in the workplace. Indeed, the driving of heavy mobile equipment, the use of high-voltage electrical installations and the carrying out of tasks requiring working at heights lead to dangerous situations to the personnel engaged in these activities and to the people around them.

To manage the above-mentioned risks, Imerys has established:

- an effective Environmental Management System (EMS) that enables to identify, prioritize and establish controls for any potentially significant environmental impacts resulting from its industrial activity *(see chapter 5, section 5.4)*;
- an integrated approach, entitled the "Imerys Safety System" (ISS) organized around three main themes: compliance (Environment, Health & Safety (EHS) Function), communication/training ("Safety Universities") and continuous improvement ("Take 5"). The elements comprising each of these three pillars drive the reduction of accidents and the improvement of safety culture *(see chapter 5, section 5.3)*.

The Executive Committee periodically examines EHS performance indicators and the results of audits in the various activities. The Audit Committee reviews the processes and resources implemented to achieve established objectives. The Board of Directors is given an overall presentation on these points at least once a year.

Finally, the Group recognizes its responsibility to provide effective product stewardship for its products *(see chapter 5, section 5.3.5)*.

4.1.3 LEGAL RISKS

COMPLIANCE WITH AND/OR CHANGES IN LAWS AND REGULATIONS

The Group's companies have to deal with a great number of national and regional laws and regulations, given the nature of their operations (particularly mining of natural resources) and their diverse locations (Imerys is based in almost 50 countries and has 260 industrial sites as at year-end 2015). Consequently, the Group must verify that it is able to comply with those regulations in order to continue running all its operations and enable them to maintain an acceptable level of profitability.

The threats the Group is facing as part of its activities are twofold:

- in some countries (chiefly in fast-growing countries), foreign companies (especially those that exploit local natural resources) may be affected by the adoption of legislative or regulatory texts having a direct impact on their business or by the possible discriminatory interpretation that can be provided by the authorities in charge of their application;
- the legislative and regulatory framework is generally becoming tighter with respect to the protection of the Environment, Health & Safety. The costs entailed in bringing the Group's activities into compliance with those laws, regulations or interpretations, the penalties that may be imposed in the event of non-compliance and the resulting possible damage to the Group's reputation may have a negative impact on the economic conditions of the Group's operations and the competitiveness of its activities.

To ensure its operations' optimal compliance with all applicable legislation and regulations, Imerys has set up a network of internal lawyers assigned to the Legal Department and based in the Group's main geographic areas. Furthermore, as stated in *paragraphs 4.1.1 and 4.1.2 of the present chapter*, audits of geology and EHS practices allow to regularly check the compliance of local activities with applicable laws and regulations.

In addition, Imerys develops in many countries close relations with regulatory bodies, trade associations, local authorities and communities in order to better anticipate or orientate (whenever possible and with full respect of applicable laws and internal policies) the planned legislative and regulatory changes that may have an impact on the Group's activities. Imerys tries to anticipate those changes and factor them into its research and development programs in order to be able to meet the requirements of new regulations in a timely manner, while limiting its costs, and/or to use those changes as commercial opportunities for the Group.

To the best of Imerys' knowledge, no risk with a significant financial impact exists on this issue as of the date hereof.

▪ LEGAL PROCEDURES

(See note 23.2 to the consolidated financial statements)

The Group is exposed to the risk of actions and claims arising from the ordinary course of its business. The most common claims or actions concern allegations of personal injury or financial loss calling on the liability of Group companies with respect to:

- the pursuit of their commercial or industrial activities and particularly claims – in most cases covered by Group insurance programs or by historical insurance systems for activities based in the United-States – from customers concerning the delivery of defective products or by third parties concerning neighborhood disturbances or health concerns related to performed activities;
- the possible breach of certain contractual obligations;
- the failure to comply with certain legal or statutory provisions that apply in social, tax, property or environmental matters.

These risks are highly present for Group's entities located in the United-States and in Brazil.

Furthermore, Imerys is also bound by certain contractual obligations of compensation – or enjoys certain rights to compensation – with respect to guarantees of liabilities made for past divestments – or acquisitions – of assets.

Imerys Legal Function manages all claims involving the Group, with the assistance of local lawyers who it appoints. An overview of the most significant claims is reviewed with the Group Finance Function and Statutory Auditors after every half-year in order to guarantee that they have been appropriately taken into account in Imerys financial statements. The General Counsel also makes a summary presentation of claims to the Audit Committee as part of its annual examination of the risks the Group is facing.

Although the outcome of all outstanding actions and claims cannot be foreseen with certainty, their settlement, taken individually or as a whole – even if adverse for the Group companies involved – is not likely to have any material impact on the Group's consolidated financial statements. The amount of provisions booked for products warranties is €27.4 million as of December 31, 2015 (€25.5 million as of December 31, 2014) and the amount of provisions booked for legal, social and regulatory risks is €112.7 million as of December 31, 2015 (€103.3 million as of December 31, 2014). The likely term of these provisions is from 2016 to 2020.

More generally, as of the date of the present Registration Document, no governmental, legal or arbitration proceedings, whether in abeyance or by which the Company is threatened, is likely to have, to the best of Imerys' knowledge, or has had in the past 12 months, any significant effect on the financial position or the profitability of the Company and/or the Group.

▪ MAJOR CONTRACTS

To the best of Imerys' knowledge, apart from the contracts entered (i) into in the ordinary course of business, including contracts with respect to operating rights for mineral reserves and resources, (ii) in relation to the business acquisition or divestment operations or (iii) in relation to the financing operations mentioned in the present Registration Document, no other major contracts have been signed by any Group company in the two years prior to the date of the present Registration Document that are still in force on that date and which contain provisions entailing an obligation or commitment likely to have significant impact on the Group's business, financial position or cash flow.

However, with respect to some contracts, significant commitments and guarantees have been granted by Imerys or its subsidiaries. The amount of off-balance sheet commitments made is €483.2 million as of December 31, 2015, compared with €555.5 million as of December 31, 2014 *(see note 28 to the consolidated financial statements)*.

4.1.4 RISKS RELATING TO FINANCIAL MARKETS

These risk factors and their control methods are described in the notes of the relevant consolidated financial statements.

▪ CURRENCY RISK

(See notes 21.3 and 24.5 to the consolidated financial statements)

▪ INTEREST RATE RISK

(See note 24.5 to the consolidated financial statements)

▪ LIQUIDITY RISK

(See note 24.5 to the consolidated financial statements)

4.1.5 RISK INSURANCE AND COVERAGE

The Group's policy with regard to the protection of its earnings and assets against identifiable risks is to seek the most suitable solutions on the insurance market that offer the best balance between their cost and the extent of the coverage provided.

The coverage of major risks that are common to all operating activities is almost exclusively integrated into "All Risks Except"-type international Group insurance programs taken out on the market with insurers that are internationally recognized for their reputation and financial solidity. This integration enables the Group to benefit from the most extensive coverage with the highest limits while optimizing its cost. As part of the active external growth policy implemented by the Group, steps are taken to ensure that acquired businesses are immediately integrated into existing Group insurance programs or benefit from coverage terms that are at least equivalent. In the latter case, integration is restricted to the additional coverage offered by Group programs compared with the local insurance policies that apply to the acquired activities.

The Group's companies also use the local market to cover the specific risks of some of their non-recurring activities or operations through the services of the brokers in charge of managing the Group's insurance programs, or when such insurance is made compulsory by applicable local regulations.

Group judges that it currently benefits from sufficient insurance coverage, in terms of both scope and insured amounts or limits of guarantees, for the most important risks related to the pursuit of its businesses worldwide.

The two main Group insurance programs cover civil liability as well as property damage and operating losses.

▪ CIVIL LIABILITY

The purpose of this program is to cover the Group's liability in the event of bodily injury, property damage or consequential damage occurring during operations or after the delivery of products, and any damage resulting from accidental pollution.

The Group's activities are first covered by local policies issued in each country ("1st layer"), then by a Master policy issued in France and an additional policy in excess of the limit of cover of the Master policy ("Excess").

Those "Master" and "Excess" policies are also used in addition to the limits and coverage of several specific sub-programs, particularly in North America, to cover Automobile Civil Liabilities and Workers' Compensation, and in addition to the mandatory Employer's Liability policy issued in the United Kingdom.

The coverage provided by the Group Civil Liability program, subject to the exclusions that are common practice on the insurance market for this type of risk and to sub-limits applied to certain defined events, amounts to €100 million per claim and per year.

▪ PROPERTY DAMAGE AND OPERATING LOSSES

This program is particularly intended to cover property damage caused suddenly and directly, affecting the insured property as well as any resulting operating losses.

The Group's activities are covered for property damage and business interruption under a Master policy that is issued in France and applies directly in most European countries and in addition to local policies in other countries, when regulations allow.

Since 2002 Imerys has opted to retain "frequency" risks within a captive reinsurance company consolidated in the Group's accounts for a claims ceiling of €4 million annual aggregate.

The Master policy provides the Group, subject to the exclusions that are common practice on the insurance market for this type of risk and the sub-limits applied to certain defined events, with coverage for property damage and business interruption of €200 million per claim.

In assigning its property damage and business interruption program to an insurance carrier that is renowned for its expertise in prevention engineering, Imerys intends to continue its extensive efforts on risk awareness and protection in its activities in line with its overall Sustainable Development program. Almost all the Group's industrial sites are regularly inspected by prevention engineers, giving rise to recommendations that enable Imerys to improve its industrial risk management. More than 100 sites were inspected in 2015.

▪ OTHER GROUP-WIDE INSURED RISKS

The Group's other main insurance programs are intended to cover the following risks, which are common to all its legal entities or several of its activities: corporate officers' liability; motor fleet insurance (Europe and United States); marine cargo and charterer's liability; workers' compensation and employers' liability (particularly in the United States and the United Kingdom).

4.2 INTERNAL CONTROL

4.2.1 REPORT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS

■ INTRODUCTION

Context

Pursuant to article L. 225-37 of the French Code of Commerce, the Chairman of the Board of Directors drew up his report on corporate governance and internal control procedures on February 11, 2016.

Following information shall be considered as an integral part of the above-mentioned report:

- the composition of the Board of Directors (including the application of the principle of gender balance among its members), the conditions under which the work of the Board of Directors is prepared and organized and the possible limitations placed by the Board on the powers of Executive Management given in *chapter 3, section 3.1*;
- the principles and rules set down by the Board of Directors to determine compensation and benefits of any kind granted to corporate officers given in *chapter 3, section 3.3*;
- a note explaining why the Group does not implement certain provisions of the AFEP-MEDEF Corporate Governance Code, which the Board of Directors states that it uses as a reference given in *chapter 3, section 3.8*;
- the particular arrangements for the participation of shareholders in the annual General Meeting and the information described in article L. 225-100-3 of the French Code of Commerce likely to have an impact in the event of a public offering presented respectively in *chapter 7, section 7.1 and section 7.4*.

The part of the report presented below describes in more detail the main internal control and risk management procedures implemented by the Group. This part was drawn up under the responsibility of the Imerys Risk and Internal Control Department and reviewed by the Chairman and Chief Executive Officer who confirmed that its content was valid. It was then provided to the Statutory Auditors for discussion and to the Audit Committee for review prior to its definitive approval by the Board of Directors.

Internal control objectives

To define its internal control reference matrix and structure its approach, the Group draws on the framework and the application guide published by the AMF (the French Securities Regulator) and updated in July 2010. That matrix includes the objectives and the components of the AMF framework.

The Imerys Group's internal control system covers all controlled companies in the Group's scope of consolidation, including newly acquired companies.

By implementing this system in all its activities, Imerys intends to ensure that it has the resources needed to manage the risks that its activities face, guarantee the accuracy and thoroughness of its financial information and organize the proper management of its operations in accordance with the laws and regulations in force and the Group's management principles and strategy. In this way, the internal control system helps to protect the Company's value for its shareholders and employees and to achieve the goals it sets itself.

However, by its nature, such a system cannot provide an absolute guarantee as to the total control of the risks that the Group faces and the achievement of its goals.

Internal control principles

In line with the goals set, Imerys' internal control system is founded on the following principles:

- a chosen, controlled organization comprised of skilled, responsible men and women;
- a regular analysis of the Group's main risks;
- relevant control activities;
- a regular review of internal control practices within the Group.

■ AN APPROPRIATE ORGANIZATION

Organizational model

Imerys' internal control is based on the Group's operating and management organization and on support Functions that are directly or indirectly dedicated to the control of the risks that the Group faces.

The control system set up in the Group is founded on a tight governance structure that guarantees the transparency and traceability of decisions, while conserving the principles of subsidiarity and decentralization that are considered as essential to the optimal running of the Group's industrial and commercial activities. It requires great commitment from every line or support manager who must take ownership of the policies and procedures defined at Group level, contribute to their implementation and observance, and enrich them through measures that are relevant to the specificities of the activities or fields under their charge.

The framework for managing operations consists of:

- Group policies and the resulting delegations of authority to line managers;
- controlling and monitoring of operating management continuously performed by line managers and periodically performed by the Chairman and Chief Executive Officer and the Chief Financial Officer through budget processes, quarterly income reviews and monthly management reporting, of which the main items and findings are commented on at the Executive Committee's monthly meetings;
- approval of semi-annual and annual consolidated financial statements by the Board of Directors following examination by the Audit Committee and, starting from 2016, the review of the quarterly consolidated accounts prior to publication;
- specific controls and audits implemented by the central support Functions in their scope of responsibility, regular audits conducted by the Internal Audit Department and self-assessments conducted at least once a year by the managers of the main entities under the control of the Risk and Internal Control Department.

The longer-term orientations of each activity and the resulting financial forecasts are formalized and monitored under a multiyear strategic plan for the Group and periodic strategic reviews for each activity. These are drawn up under the control and supervision of the Chairman and Chief Executive Officer. Their conclusions are reviewed by the Executive Committee before being presented to the Strategic Committee then, for approval, to the Board of Directors.

Participants in internal control

The Board of Directors and its specialized Committees

The Board of Directors constantly controls the management of the Group conducted by the Chairman and Chief Executive Officer. In that framework, it particularly makes sure that internal control mechanisms are set up correctly in the Group.

To assist the Board in its mission, three specialized Committees were formed from its members and perform their duties under its responsibility: the Strategic Committee, the Appointments and Compensation Committee and the Audit Committee. The Strategic Committee and the Audit Committee have responsibilities with respect to identifying and managing risks and monitoring certain internal control mechanisms as presented in *chapter 3, section 3.1*. The Audit Committee reviews at least once a year the processes set up and results obtained in terms of risks analysis and appraisal of internal control mechanisms.

Executive Management and Executive Committee

The Chairman and Chief Executive Officer has operating and functional responsibility covering all the Group's activities to implement the strategy defined by the Board of Directors. In particular, he is in charge of the effective implementation of internal control mechanisms within the Group.

The Chairman and Chief Executive Officer is assisted in his mission by an Executive Committee of which he appoints the members. The latter represent each of Imerys' activities and main support Functions. By delegation, Executive Committee members are in charge of setting up and monitoring internal control systems in their scope of responsibility.

Operating management

In accordance with the Group's decentralized operating principles, the managers of each activity have the responsibility and necessary powers to organize, run and manage the operations in their charge, and to delegate in similar conditions to the managers reporting to them.

Each activity favours the most appropriate organization to its markets, taking into account their commercial, industrial or geographical specificities. It is responsible for adopting internal control mechanisms that are consistent, on the one hand, with its organization and, on the other hand, with the Group's principles and rules.

Support Functions

The corporate Finance, Strategy, Legal & Corporate Support, Human Resources, Mining & Industry, Innovation, and Research & Technology Functions have a twofold mission: organize and control the Group's operations in their respective spheres of expertise and provide technical assistance to operating activities in those fields when necessary. This central support core, together with the specific Departments (Purchasing, Mining & Geology, Environment, Health & Safety and Information Systems), enable the Group not only to benefit from the scale effects related to its size and from better sharing of skills, but also to ensure that all the operations in those fields are carried out in a framework of secure, consistent management and control.

Through their presence, support Functions make a significant contribution to the Group's internal control mechanisms. Most of the managers of these functions have functional authority over the line managers whose missions come under their scope of expertise.

Risk Committee

The Risk Committee coordinates risk and control analysis and management activities within the Group. Following the reorganization of its composition, the Committee is now composed of operating activities representatives and key managers of core support functions. It gathered once in 2015 in order to structure its new approach and set-up its roadmap.

Internal Audit Function

The Internal Audit Function's mission is to check the Group's internal control mechanisms and make sure that they comply with the principles and rules governing them. It must alert management of any internal control failings and issues recommendations to correct such failings.

The Internal Audit Function is a management support Function and is independent of the operating and functional activities that it audits. For that purpose, the Internal Audit Manager reports hierarchically to the Chairman and Chief Executive Officer and functionally to the Audit Committee.

Risk and Internal Control Department

The Risk and Internal Control Department reports to the Internal Audit Function and works closely with the Legal & Corporate Support Function, the Group's other support Functions and the main line managers for each activity.

In carrying out his or her missions, the department Manager is supported by the network of local financial controllers. The goal of those missions is to coordinate the continuous improvement of internal control mechanisms in the Group. They are organized around three activities: risk analysis; administration of Group's policies and procedures (including their Group-wide dissemination); overall review of internal control practices in the Group.

Framework

The Group's rules

Imerys' internal control policy is set down in a number of charters (Board of Directors Charter, Sustainable Development Charter, Environment, Health & Safety Charter) and Codes (Code of Business Conduct and Ethics, Corporate Governance policy) that apply Group-wide. These sets of rules are intended to create a favourable control environment, based on robust principles and the experienced practice of Corporate Governance, as well as on upright, ethical behaviour in compliance with laws, regulations and the Group's strategic objectives.

Furthermore, Group's policies have been defined by central support Functions and departments and define the specific organization, responsibilities, working and reporting principles for the respective areas of expertise for which they are responsible.

Finally, the Group's internal control manual defines the main internal control principles and the principal control activities to be carried out with respect to the Group's operating and financial processes.

The Group's charts, policies and manuals are grouped together in the "Blue Book", which all employees can consult online via intranet. This initial set of rules forms the reference framework by which the Group's operating activities must abide. It applies to all controlled companies and Imerys' activities. Certain specific communications, such as the Group's management authority rules, which define the allocation of internal responsibilities and approval workflows for a number of its major transactions, are subject to a process of electronic certification through which relevant employees certify that they have read the information and commit to enforce the provided internal controls in their area of responsibility.

In operating activities, a second set of rules defines specific working and reporting principles as needed. These arrangements are, in compliance with Group policies, adapted to their own internal organization, the management of their specific mining, industrial and commercial activities and to the particular related risks. They take into account specificities in terms of local laws and regulations to be applied.

Code of Business Conduct and Ethics

The Imerys Code of Business Conduct and Ethics summarizes the ethical principles the Group expects all its employees, especially its senior managers, as well as its contractors, suppliers and other partners with whom Imerys people have close relations, to follow. It is designed so that everyone, in his or her daily work, not only complies with local legislation, but also adopts an attitude in line with the Group's values, principles and rules with respect to responsibility, integrity, transparency, fairness and openness.

√ For more information, *see chapter 5, section 5.5*.

Information systems

The effectiveness of information systems and tools contributes to the reliability and improvement of support and operating processes.

The Group's policy consists of integrating as much as possible its value chain (particularly sales, distribution, purchasing, inventory, fixed assets, production, the logistics chain and finance) *via* its computerized enterprise resource planning (ERP) tools. Imerys strives to use integrated ERP control systems in order to ensure the optimum level of control while meeting the specific requirements of better management of its operating activities. This use is regularly checked by the Internal Audit Function through specialized information system assignments.

Imerys is organized around several ERP systems which are selected in order to achieve support and maintenance synergies as well as satisfactory consistency while taking into account the size of operations and geographic areas where they are to be rolled out.

For the reporting and consolidation of its accounting and financial information, the Group uses a single software package in all its entities.

Furthermore, tools for consolidating and monitoring the most important non-financial data have been set up Group-wide. Depending on the case, they are used to achieve the following goals:

- obtaining better vision of the performance of the Group's different activities, preventing or solving any difficulties and fostering or measuring improvement (*e.g.* reporting and consolidation of representative indicators for managing human resources);
- ensuring accurate management of some data and contributing to the monitoring of the data's compliance with Group's rules and with legal or regulatory obligations that apply to the Group (e.g. reporting and consolidation of legal and administrative information on the Group's subsidiaries and interests and on their corporate officers).

Human Resources management principles

Human Resources management contributes to Imerys' internal control system by enabling the Group to ensure that its employees have a relevant skill level with respect to their responsibilities, they are aware of those responsibilities and they are informed about and observe the Group's rules.

In that respect, a set of rules has been drawn up to ensure that the decisions taken comply with applicable international laws and agreements, control the integrity of salary determination and payment processes, supervise the setup of benefits, gather and process information. Other Human Resources policies have been drawn up covering areas such as employee relations, advice for business travellers, international mobility and crisis management.

Recruitment and development

To support its growth, the Group recruits in every country and every Function. To make sure that recruitments are consistent and relevant, the Human Resources Function defines standards and periodically verifies the quality of practices. In order to ensure that the Code of Business Conduct and Ethics is complied with by all Group's employees, the Code is introduced and commented to newcomers during the integration process.

In order to develop its existing staff in line with its business needs, the Group deployed several processes described in *chapter 5, section 5.3,* and notably an annual individual assessment (Performance Appraisal and Career Development – PAD) and succession plans for key positions.

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

Training

In addition to the training programs organized by the operational activities, Group training sessions are organized by the Imerys Learning Center *(see chapter 5, section 5.3)*. These sessions enable employees to enhance their professional expertise (*e.g.* finance, geology, marketing, project management…) and foster the sharing of best practices.

Communication

Internal communication is organized around a central department that is part of the Group Human Resources Function and a network of local correspondents in operating activities. Its mission is to supervise the integration of each of the Group's activities and build a corporate identity founded on its diversity. Objectives and relevant means deployed by this Department are described in *chapter 5, section 5.3*.

Compensation & benefits

Compensations are reviewed annually. The review particularly focuses on base salary and individual bonuses.

In addition, main social coverage schemes, especially health and long-term care insurances (applicable to death, illness or disability) are subject to constant appraisals and improvements in line with local or regional market practices.

Detailed information on both principles is provided in *chapter 5, section 5.3*.

■ PERIODICAL ANALYSIS OF THE GROUP'S MAIN RISKS

Objectives

Analyzing risks enables Imerys to identify the events that, if they occur, could represent a major threat with respect to the achievement of its strategic and financial goals and its compliance with applicable local laws and regulations.

Through a structured process designed to enable the Group to appraise and analyze its main risks, Imerys can assess the suitability of its existing internal control mechanisms, set up relevant action plans to improve their efficiency and, more generally, increase the protection of the Group's value in compliance with applicable laws and regulations.

Organization

A three-level risk analysis process is organized:

- with respect to his or her duties, every support and line manager must constantly seek to identify, analyze and manage risks in his or her areas of responsibility. The identification and management of these risks are periodically reviewed and discussed by the Chairman and Chief Executive Officer and the Chief Financial Officer as part of the budget process, quarterly income statement reviews and monthly management reporting;
- furthermore, the Group has undertaken a formal, recurrent process to analyze its main risks by drawing up a map which shows the potential impact of identified risks and the extent to which they are managed. The Executive Committee members, the main directors responsible for central support departments and Functions as well as the main managers responsible for each of the operational activities participate in this process. Results are reviewed and approved by the Group's Executive Committee and presented to the Audit Committee. Based on the results, new actions are defined to tighten the Group's control of certain identified risks;
- finally, a Risk Committee now meets three times a year in order to coordinate risk and control analysis and management activities within the Group *(see "Organization" section above)*.

Major risks

The nature of the Group's main risks and their management and control methods are detailed in *section 4.1 of the present chapter*.

RELEVANT CONTROL ACTIVITIES

Operating and support control activities

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

Group policies *(see "Organization" section above)* are rules that structure the Group's control environment. The resulting procedures, particularly those relating to the accuracy of accounting and financial information, describe the required control activities in detail.

Control activities concerning the accuracy of accounting and financial information

The control mechanism and the procedures for the production of the accounting and financial information are uniform throughout the Group. This mechanism is made up of a cross-Group accounting organization, consistent accounting standards, a single consolidated reporting system and a quality control of the internal and external financial and accounting information that is produced.

Organization of the Accounting and Financial Department

Accounting and financial operations are managed by the Group Finance Function. Its central organization includes:

- an Accounting and Consolidation Department, which is responsible for the preparation and presentation of Imerys' statutory financial statements and the Group's consolidated financial statements;
- a Financial Control and Budget Control Department, which prepares and consolidates budget and monthly management reporting data and analyzes operations' performance in relation to budget targets and to comparable periods during the previous year;
- a Treasury and Financing Department, which is particularly in charge of preparing and consolidating data on financial debt and on the Group's financial income/expense. Its main missions concern the centralized management and optimization of the Group's debt and financial resources, management of interest rate, liquidity and currency risk, as well as management of hedging instruments;
- a Tax Department, which is particularly responsible for monitoring the tax consolidations made in the Group, estimating the resulting amount of taxes and controlling their overall consistency.

Because of the decentralized organization of accounting and financial functions, the financial controller of each operational activity has a key role. In particular, he or she is in charge of making sure that accounting and financial internal control procedures are correctly applied in the activities for his or her scope of responsibility. Each controller reports to the manager of the operating entity in question but also to the Group Finance Function on a functional basis.

Accounting framework

The general rules are described in the "Blue Book" which all employees can consult online *via* the intranet and apply to all the Group's operating and legal entities. In compliance with the IFRS standards adopted within the European Union, they include:

- a reminder of the general accounting principles and recommendations to comply with;
- a detailed chart of accounts;
- a definition of the Group's accounting methods that apply for the most important items and/or operations.

These documents are regularly updated with every amendment or application of new accounting standards, under the responsibility of the Reporting and Consolidation Department, after review of the Audit Committee and under the control of the Statutory Auditors.

Annual budget and monthly reporting

Every year, Imerys implements a monthly reporting and budget process for all the Group's entities in order to have a running tool and accurate and consistent information. The match between accounting data and information derived from reporting is the key control principle intended to ensure the accuracy of accounting and financial information.

Imerys' budget preparation procedure is based on the involvement of cross-functional teams in every activity and on the control of the overall consistency of assumptions and methods by the Reporting and Consolidation Department.

The reporting system enables the Group to accurately monitor monthly results (income and cash flow statements) and financial data for operating activities and to compare them with the budget and results for the corresponding period in the previous financial year. Local line managers comment on financial and operational indicators and the main variations are analyzed by the Reporting and Consolidation Department.

Consolidation process

A single accounting consolidation system handles all information from every Group operating and legal entity.

To guarantee the quality and accuracy of its financial information, Imerys has set up an unified reporting and consolidation system ("SAP Business Object Financial Consolidation") ensuring the collection of budget and reporting information and the production of the consolidated financial statements. The system is deployed in all the Group's entities. It is sourced from local accounting data either by interface, by retrieving the necessary data from the financial modules of entities' ERP systems, or by manual input. The system provides for the automatic control of certain reported and/or consolidated data.

A detailed schedule is drawn up for annual and interim (quarterly and semi-annual) account closings by the Reporting and Consolidation Department.

Results review

Every month, the Executive Committee examines the most recent overviews resulting from management reporting, analyzes significant variations compared to the previous year or the budget. It defines any corrective actions that it judges necessary and monitors their implementation.

Results are also reviewed at the quarterly meetings in which operating activity managers present their results to the Chairman and Chief Executive Officer and the Chief Financial Officer. A summary of each of those reviews is presented to the Strategic Committee.

Finally, the consolidated financial statements, accounting procedures and complex financial transactions are systematically reviewed by the Executive Committee. They are also reviewed by the Board of Directors which approves them after examination by its Audit Committee.

REVIEW OF INTERNAL CONTROL MECHANISMS

The review processes set up at Imerys enable the Group to regularly check the quality and efficiency of its internal controls and to take improvement actions if needed.

Beyond the constant controls made by line and support management, internal controls are reviewed under two interrelated Group processes. For the newly acquired companies, these reviews are usually performed from six to 18 months following their integration.

Audit of entities' internal control practices

The Internal Audit Function has a twofold mission: check internal control mechanisms in operating entities and make sure they comply with the principles and rules defined by the Group; cover operating and strategic risks and objectives for the Group.

Internal Audit teams inspect all operating entities in an auditing cycle that ranges from two to six years on average, depending on how critical and significant the entities are. The audit plan is validated annually by the Audit Committee and may be modified according to circumstances.

Audit reports are passed on to the Chairman and Chief Executive Officer and the main relevant support and line managers. A complete report about the Internal Audit Function's activities is presented and discussed every six months in an Executive Committee meeting then in an Audit Committee meeting, attended by the Statutory Auditors.

Overall review of the internal control systems

Imerys has undertaken a continuous process to improve the efficiency of its internal control systems. Implementation of this process is supervised by the Risk and Internal Control Department and work is done in coordination with managers of the Group's line and support organizations. This structured and formal process is based on detailed self-assessment questionnaires. The aim is to analyze existing internal control mechanisms, particularly with respect to the material nature of the related risks.

This process is structured in five main stages:

- prior identification of key operating and support processes where major risks are located;
- identification of critical control activities related to the risks in those processes;
- assessment of those controls by main process owners;
- identification of possible deficiencies in internal controls;
- consolidation of the obtained results, definition and implementation of any necessary improvement or corrective actions.

A computer tool is used to consolidate, process and provide overviews of the information resulting from the different stages.

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

Self-assessment questionnaires are completed by concerned responsible people and validated by the financial controllers of the assessed activities. The results of some self-assessments are now reviewed by the Internal Audit teams on the occasion of sincerity audits in order to improve the reliability of the self-assessment process. In addition, action plans defined to cover internal control deficiencies identified during self-assessments are subject to a regular follow-up.

The approach and the final results of the overall review of the Group's internal control systems are presented annually to the members of the Executive Committee and to the Audit Committee.

4.2.2 STATUTORY AUDITORS' REPORT

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

Year ended December 31, 2015

ERNST & YOUNG et Autres	Deloitte & Associés
1/2, place des Saisons	185, avenue Charles-de-Gaulle
92400 Courbevoie - Paris-La Défense 1	92524 Neuilly-sur-Seine Cedex
S.A.S à capital variable	S.A. with share capital of € 1,723,040
Statutory Auditor	Statutory Auditor
Member of the compagnie régionale de Versailles	Member of the compagnie régionale de Versailles

This is a free translation into English of the statutory auditors' report issued in French prepared in accordance with Article L.225-235 of the French Commercial Code on the report prepared by the Chairman of the Board of Directors on the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information issued in French and is provided solely for the convenience of English speaking users.
This report should be read in conjunction and construed in accordance with French law and the relevant professional standards applicable in France.

To the Shareholders,

In our capacity as statutory auditors of Imerys and in accordance with Article L. 225-235 of the French Commercial Code (Code de commerce), we hereby report to you on the report prepared by the Chairman of your company in accordance with Article L. 225-37 of the French Commercial Code for the year ended December 31, 2015.

It is the Chairman's responsibility to prepare, and submit to the Board of Directors for approval, a report on the internal control and risk management procedures implemented by the company and containing the other disclosures required by Article L. 225-37 of the French Commercial Code, particularly in terms of corporate governance.

It is our responsibility:

- to report to you on the information contained in the Chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information; and
- to attest that this report contains the other disclosures required by Article L. 225-37 of the French Commercial Code, it being specified that we are not responsible for verifying the fairness of these disclosures.

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

■ INFORMATION ON THE INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES RELATING TO THE PREPARATION AND PROCESSING OF THE ACCOUNTING AND FINANCIAL INFORMATION

The professional standards require that we perform the necessary procedures to assess the fairness of the information provided in the Chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information. These procedures mainly consisted in:

- obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information on which the information presented in the Chairman's report is based and the existing documentation;
- obtaining an understanding of the work involved in the preparation of this information and the existing documentation;
- determining if any significant weaknesses in the internal control procedures relating to the preparation and processing of the accounting and financial information that we would have noted in the course of our engagement are properly disclosed in the Chairman's report.

On the basis of our work, we have nothing to report on the information in respect of the company's internal control and risk management procedures relating to the preparation and processing of the accounting and financial information contained in the report prepared by the Chairman of the Board of Directors in accordance with Article L. 225-37 of the French Commercial Code.

■ OTHER DISCLOSURES

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

Paris-La Défense and Neuilly-sur-Seine, March 16, 2016

The Statutory Auditors
French original signed by

ERNST & YOUNG et Autres	DELOITTE & ASSOCIES
Jean-Roch VARON	Frédéric GOURD

5

SUSTAINABLE DEVELOPMENT

This is a compact version of the Group's 2015 Sustainable Development (SD) Report. For more detailed disclosure on pertinent policies and case studies, please check www.imerys.com to download the SD Report and other supporting documents.

5.1 STRATEGY, COMMITMENT AND IMPLEMENTATION

5.1.1 STRATEGY DEVELOPMENT AND MATERIAL ISSUES ANALYSIS

Sustainable Development is undertaken in three components at Imerys: social responsibility, environmental stewardship, corporate governance and business ethics. The Group's international scale and mineral-based business give it a unique stakeholder profile consisting of employees, contractors, communities, suppliers and customers.

Every three years, the Group reviews and develops its SD strategy. The processes of development and validation involve four layers of leadership:

- SD Working Groups, made up of internal functional leaders and relevant experts from different divisions and geographic zones;
- SD Steering Committee, comprised of three members of the Executive Committee, five corporate function leaders and two senior leaders from the operations;
- Executive Committee; and
- Audit and Strategic Committees at the Board Level.

The external stakeholders' opinions are integrated during the processes, including:

- analytical reports by reputational research institutes or associations;
- benchmark studies with industrial peers;
- requests from key customers; and
- local stakeholder engagement forums when applicable.

The most recent three-year planning process was completed at the end of 2014. 10 high priority axes covering the relevant important material issues were identified in three domains: social, environmental, governance.

- The social domain includes four high priority axes: safety and health, human resources, communities, and human rights. Imerys has neither operation involved in Conflict Minerals, nor "operating sites where artisanal and small-scale mining take place on, or adjacent to, the site".
- The environmental domain includes four high priority axes: environmental management systems, resources efficiency, biodiversity and green innovation. Imerys activities have no material issues of acid drainage[(1)], dangerous residue, soil and groundwater contamination, polychlorinated biphenyls, ozone-depleting substances, volatile organic compounds or persistent organic pollutants.
- The governance domain includes two high priority axes: corporate governance, business code of conduct and ethics.

(1) Imerys has one site, Glomel in France, with an acid rock drainage issue that has been thoroughly investigated and treated.

5.1.2 SD CHARTER AND POLICIES

The Group SD Charter was revamped in 2014 to incorporate the results of the three-year planning process, and approved by all internal stakeholders.

Under the umbrella of the SD Charter, the Group has established a set of comprehensive policies (see the table below), procedures and protocols. Those documents are grouped together in the "Blue Book" and accessible on the Imerys intranet *(see section 4.2.1 of chapter 4)*. The SD Charter and some of the relevant SD policies are also publicized on the Imerys website.

Imerys SD Related Policies

Social and Environment		Governance
Diversity Charter	Health and Safety Charter	Internal Charter of the Board of Directors
Recruitment Policy	EHS[1] Umbrella Policy	Code of Business Conduct and Ethics
Industrial Engagement Policy	EHS[1] Audit Policy	Corporate Governance Policy
Compensation Policy	Safety Data Sheet Policy	Risk Management Policy
Employee Engagement Policy	Geology and Mine Planning Policy	Anti-fraud and Anti-bribery Policy
SD Protocol – Child Labor		Anti-Trust Policy
SD Protocol – Forced Labor		Internal Control Policy

(1) "EHS" means Environment, Health and Safety.

Each of Imerys' operations, including production sites, administrative offices and R&D centers, is responsible for allocating necessary resources to implement these global policies, procedures and protocols. In order to ensure that high standards of responsibility and accountability are being maintained, the Group drives continuous improvement through the following periodic reviews:

- the Group EHS Audit team conducts internal audits of compliance with EHS regulatory requirements, the implementation of the Group's EHS/SD protocols, the robustness of environmental management systems and the reporting of SD data;
- the Internal Audit and Control Department conducts risk-based audits at the selected operations on overall compliance, management controls and implementation of the Group's policies;
- independent third-parties are commissioned to conduct an annual audit on financial and sustainability data. Ernst & Young verified the Group's 2015 SD data as an independent expert and issued its assurance report.

√ For more information, *see section 5.7.1 of the present chapter*.

5.1.3 PLANNING AND IMPLEMENTATION

At the end of 2014, the Group finalized its three-year plan 2015-2017. The annual SD objectives are drafted according to the three-year plan and submitted to the Executive Committee for approval. The business divisions integrate the Group's annual objectives and have freedom to further develop their own.

The annual SD objectives are an element of the annual performance reviews and incentives of both Executive Management and function leaders. For example, safety has been incorporated into the performance review and bonus schemes of most of the senior managers with operational roles.

The Group has established a set of key performance indicators (KPIs) in alignment with Global Reporting Initiative (GRI)[1] guidelines (G4). These data help the Group measure and monitor SD implementation and performance throughout the different levels of the organization.

√ For more information, *see 5.6 of the present chapter and the "SD Reporting Methodologies" on www.imerys.com*.

(1) The GRI is an independent institution whose mission is to develop and disseminate globally applicable Sustainability Reporting Guidelines; started in 1971, it is an official collaborating center of the United Nations Environment Program. GRI fully transited its guidelines to G4 by the end of 2015.

5.1.4 STAKEHOLDER ENGAGEMENT

When developing its strategy, policies and practices on sustainability, Imerys is actively involved in established trade associations and maintains dialogues with public authorities, rating agencies, socially responsible investors, non-governmental organizations (NGOs), customers and suppliers. It acts in accordance with local legislation and implements its Code of Business Conduct and Ethics to promote transparency and integrity during its interactions with concerned parties in relevant sectors.

5.1.4.1 PROFESSIONAL ASSOCIATIONS

Imerys is an active member of the Industrial Minerals Associations for Europe and North America (IMA-Europe and IMA-NA), Minéraux Industriels France (MIF) and the trade associations representing large French companies (*e.g.,* AFEP). The Group also participates in relevant sectorial associations at the level of business divisions and pertinent chambers of commerce in different countries.

5.1.4.2 CORPORATE SPONSORSHIP

Imerys has redefined its corporate sponsorship strategy in early 2015 and chosen education and photography as the key areas of commitment.

In the area of education, the Group supports and develops initiatives in favor of both its workforce and the people in the surrounding communities. Collaboration has begun in Brazil, China, India, South Africa, as well as in Europe and the United States.

- Among its workforce, Imerys pays special attention to the basic skills development of the lower skilled employees and contractors. In 2015, Imerys Ceramics India started to provide basic reading and writing classes to its contractors who could not attend schools when they were younger. It aims to help them better understand the work instructions and improve their employability.
- To help the local communities, Imerys, directly or together with local partners, deploys literacy and numeracy classes, supports school construction and renovation, donates school supplies and equipment.

√ For more information, *see examples in section 5.3.3 of the present chapter*.

In the area of photography, Imerys aims to promote access to culture and diversity. In 2015:

- the Group concluded the partnership with the RMN-Grand Palais (Paris) on their photographic exhibitions starting from 2016;
- a contest was organized in Pará of Brazil involving more than 140 amateur and professional photographers;
- an exhibition of photographs from the last three-year SD Challenge winning projects was also organized in the Paris headquarter.

5.1.4.3 CUSTOMERS AND SUPPLIERS

Imerys and its subsidiaries participate in an active dialogue with their customers via SD questionnaires and surveys. In addition, more than 10 subsidiaries have registered on the platforms of Ecovadis or Sedex in order to provide regular feedback to the customers in a consistent manner.

5.2 2015 PERFORMANCE

Imerys monitors and measures its SD performance at both the macro- and micro-levels. The Group's annual SD objectives reflect the macro-level performance. These objectives are reviewed by the SD Steering Committee on a quarterly basis. The Group's extra-financial KPIs reflect the micro-level performance at the site level *(see a summary in section 5.7.2 of the present chapter)*. Several analytical reports are developed to present these results for business review including a monthly safety report, a monthly headcount report, a quarterly energy report, and a quarterly environmental report.

5.2.1 CORPORATE COORDINATED MEASURES

The table below shows the macro-level achievements of the 2015 Group SD objectives, as well as those of 2016:

Axes	2015 Objectives	2015 Performance	2016 Objectives
Social/Societal[1]			
Safety and Health	▪ LTA Rate[2]: < 0.85 for employees and contractors (excluding the impact of sites of S&B)	1.31 including S&B 1.10 excluding S&B	▪ LTA Rate: ≤ 1.0 for employees and contractors
	▪ Take 5[3] Amplification: each business division further integrates Take 5 into the day-to-day operations by launching a new program of their own making	100% Achieved	▪ Launch safety summits to functional leaders to drive safety leadership
			▪ Revamp Imerys Safety University with integration of safety leadership concepts of "safety summits"
	▪ Refresh training to each Senior Site Manager on Imerys Safety System	100% Achieved	▪ Establish a maturity matrix for behavior-based safety and supervisor training
	▪ Launch an awareness training initiative on key industrial hygiene subjects	100% Achieved	▪ Rejuvenate the Group's Industrial Hygiene (IH) Club and improve IH auditing approach
Human Resources	▪ Take advantage of the "Graduates Program" to re-establish Diversity objectives and start rolling out a first series of measures	100% Achieved	▪ Roll out a new series of measures on Diversity
	▪ Renew the "Women's Mentoring Program", after having analyzed the "pros and cons" of the current one	100% Achieved	
	▪ Have a Corporate initiative for people with disabilities	100% Achieved	▪ Sign a SD Charter with the European Works Council, embedding the three objectives: Diversity, Literacy, Benefits
	▪ Lead at least two training initiatives linked to safety or operational excellence for least skilled workforce in each of the countries with headcount above 600 employees	57% Achieved	▪ Lead at least two training initiatives in basic skills (literacy, numeracy) for least skilled workforces in each of the countries with headcount above 300 employees
	▪ Take advantage of the appointment of an EMEA[4] Manager to re-establish Benefits objectives and start rolling out a first series of measures	100% Achieved	▪ Roll out a new series of measures on Benefits
	▪ In countries/areas identified as dangerous, establish concrete Group guidelines for travellers, expatriate employees and local employees, including the determination of what is a "dangerous country/area"	100% Achieved	

Axes	2015 Objectives	2015 Performance	2016 Objectives
Communities	▪ Reinforce compliance with the community relations protocol[5] via an annual self-appraisal query	100% Achieved	▪ Conduct desktop review for quality improvement of the community relations plans at 5% of the Group's mining operations
	▪ Launch a three-year micro-business incubation initiative at one pilot operation from each business group	80% Achieved	▪ Implement the micro-business incubation initiatives (continuation)
	▪ Add 10 projects contributing local social and/or economic development	100% Achieved	▪ Add 10 projects contributing local social and/or economic development
Human Rights and Supplier Engagement	▪ If more than 2.5% of the divisional spend is coming from a supplier's manufacturing facility in one of the "countries of concern"[6], supplier to confirm compliance with the ILO[7] Conventions on Child Labor and Forced Labor	100% Achieved	▪ Request confirmation of minimum social and environmental standards from suppliers of more than two million Euros of each division's spend
	▪ Define a supply chain safety and environmental engagement policy and roll-out training to the purchasing network	Not Achieved	
Environment			
EMS	▪ Conduct Environmental Management System (EMS) Audit at 20 most critical operations focusing on "compliance" pillar (desktop unless onsite scheduled per risk matrix)	100% Achieved	▪ Conduct desktop review on quality and "materiality" of 10% of the objectives defined in the EMS Scorecard
	▪ Initiate annual self-evaluation of environmental compliance at each operation	100% Achieved	▪ Create criteria for identifying the priority sites with respect to dust emissions and program for supporting same
Resources Efficiency	▪ Imerys Industrial Improvement (I-Cube) Program[8] adoption: on 20% operations	100% Achieved	▪ Imerys Industrial Improvement (I-Cube) Program adoption: on 40% operations
	▪ Energy Efficiency: 6% improvement on the 2014 baseline by the end of 2017	On-going	▪ Energy Efficiency: 6% improvement on the 2014 baseline by the end of 2017 (continuation)
	▪ Carbon Efficiency: 6% improvement on the 2014 baseline by the end of 2017	On-going	▪ Carbon Efficiency: 6% improvement on the 2014 baseline by the end of 2017 (Continuation)
	▪ Set up water management plans at the largest water withdrawal operations (> one million m^3 in 2014)	100% Achieved	▪ Publicize two internal best practices on recycling / reuse / reduction
Biodiversity	▪ Biodiversity management plans at 30% of sites identified in, or adjacent to areas of High Biodiversity Value[9]	100% Achieved	▪ Biodiversity management plans at 100% of sites identified inside areas of High Biodiversity Value
	▪ Publicize two internal best practices on biodiversity conservation	100% Achieved	

Axes	2015 Objectives	2015 Performance	2016 Objectives
Green Innovation	■ Environmentally friendly products and processes: five per year	100% Achieved	■ Environmentally friendly products and processes: five per year
	■ Quantify in the Innovation pipeline the percentage of projects with a benefit for environment	100% Achieved	■ 25% of projects in the Group's innovation pipeline with a benefit for environment
			■ Quantify in the innovation pipeline the percentage of projects with a benefit on recycling
Governance[10]			
Corporate Governance	■ Implement new financial transparency obligations for undertakings active in the extractive industry[11]	100% Achieved	■ Review and amend the internal rules of the Board to reflect changes in the AFEP-MEDEF code applicable to French listed companies
Ethics and Business Conduct	■ Revamp the Group anti-trust policy and implement adequate compliance training	80% Achieved	■ Targeted audits on compliance topics organized by both Group Internal Audit control and Legal departments: code of conduct, anti-bribery, anti-trust
	■ Issue a policy for compliance with the international sanctions against certain countries and implement the corresponding training programs	100% Achieved	■ Issue a Group personal data protection policy
	■ Rollout compliance training programs regarding new or refreshed 2014 policies	90% Achieved	■ Roll-out: complete the implementation of the Group anti-bribery policy on intermediaries, review findings of internal audit regarding compliance issues, and extend the scope of compliance training programs in the Group

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

(2) The lost-time accident rate is calculated per million work hours worked including both employees' and contractors' work hours.

(3) "Take 5" is a proactive pre-task risk assessment and reduction.

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

(5) Community relations protocol compliance is required for each operation. The formalization of community relations plans starts from the most sensitive sites based upon an internal risk assessment.

(6) The list of "Countries of Concern" as defined in FTSE4Good Inclusion Criteria is drawn up and reviewed periodically in light of human rights developments including reports from Freedom House, Human Rights Watch and Amnesty International.

(7) "ILO" means International Labor Organization.

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

(9) The Global Reporting Initiative (GRI) suggests that companies should identify the sites located in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas. Imerys uses the World Database for Protected Areas (WDPA), Natura 2000 and other reliable public resources to conduct risk mapping regarding areas of High Biodiversity Value. The WDPA is a joint project of UNEP and IUCN, produced by UNEP-WCMC and the IUCN World Commission on Protected Areas working with governments and collaborating NGOs.

(10) More detailed Corporate Governance related information is addressed in the chapter 3 and chapter 4 of this Registration Document.

(11) It refers to the European Transparency Directive Amendment 2013/50/EU which has been transposed into the new article L. 225-102-3 of the French Code of Commerce in 2014. This law requires all public companies active in the extractive industry to prepare a report annually on payments made to governments in the countries in which they operate.

In addition to the above achievements, the 2015 in-house SD Challenge program celebrated 98 new projects implemented by the Imerys operations in alignment with the axes of the Group's SD Charter. Those projects provide concrete examples of the Group's commitment to its SD strategy.

5.2.2 PERFORMANCE RECOGNIZED BY RATING AGENCIES

Imerys' SD performance is being evaluated by leading environmental, social and governance (ESG) research and rating agencies, such as Vigeo, MSCI, Oekom, EthiFinance, Sustainalytics and Trucost. The Group remains as a constituent of the following socially responsible investment indexes in 2015:

- FTSE4Good Index Series;
- Euronext Vigeo Europe 120 and Eurozone 120;
- ETHIBEL Sustainability Index Excellence Europe;
- Gaia Index;
- MSCI Global Sustainability Index Series; and
- STOXX® Global ESG Leaders Index.

5.3 SOCIAL RESPONSIBILITY

5.3.1 SAFETY AND HEALTH

Safety and health are core values for all Imerys operations worldwide. Furthermore, the Group considers respect for safety and health standards to be a condition of employment at Imerys, and recognizes that a proactive safety and health culture can only be developed through partnership among management, employees, contractors, visitors and the communities in which we operate.

On April 28, 2011, the CEO signed the Health and Safety Charter on his first official day in office. An EHS Umbrella Policy further clarifies organization, roles and responsibilities, communication, metrics and competency requirements.

Health and safety topics are also clearly stated in the publically-reported collective bargaining agreements with trade union organizations (approximately 69% of Imerys employees covered), as well as individual labor agreements. Most of the Group's operations have established formal safety teams and/or committees composed both of management and worker representative(s) to drive improvement using a systematic approach.

5.3.1.1 SAFETY

The Group's programs on safety improvement are organized into the Imerys Safety System (ISS). The ISS consists of three pillars: compliance, continuous improvement and communication/training.

Compliance: safety compliance requirements for each Imerys operation include not only local laws and regulations, but also the Group's EHS policies, procedures and protocols. The safety protocols corresponding to the six areas with the highest potential for causing severe accidents have been the Group's focus of a training, communication and accountability campaign called the "Serious Six" program. A new safety protocol was added in 2015. The Group EHS Audit Team conducts periodic compliance audits at approximately 15% of the operations.

Continuous Improvement: the following are the main elements of the continuous improvement pillar of the ISS:

- all levels of the Group review "Safety Metrics" every month. These reviews are integrated into business meetings and performance reviews conducted by a variety of staff members from site managers to top executives;
- a "Safety Culture Improvement Team" (SCIT) conducts events at "Most Help Needed" facilities. In 2015, 16 SCIT events were completed in addition to the Group EHS audits;
- "Safety Alerts" are issued whenever a serious incident occurs to share lessons learned and root causes. In 2015, approximately 15 safety alerts were delivered to the Imerys operations;
- Imerys considers "behavior-based safety" (BBS) to be essential in developing an effective safety culture. Nearly each of the Imerys operations is implementing a specialized BBS program or integrate behavioral factor into its regular safety inspections;
- "Take 5" was launched in January 2014 as a best practice initiative to drive safety awareness to all employees. In 2015, each business division amplified its "Take 5" implementation in a manner of its own making. More than 80 best practices were submitted to the "Take 5 Challenge" for sharing and competition.

Communication/Training: the Group's safety communication and training tools include the Imerys Safety University (ISU), monthly web seminars, a high impact video/poster series, computer-based training modules on key initiatives, safety toolbox meetings and the Group welcome sessions. The Imerys Safety University (ISU) was designed to strengthen the site managers' understanding of a "safety culture". In 2015, nine ISUs were organized on four continents with approximately 320 participants in total.

Furthermore, in 2015, a safety learning path was added to IM-Pulse, the Imerys learning digital solution. The training modules on the ISS and the Serious Six are also available in various languages on the Group EHS Intranet which is accessible to all employees.

Metrics: Imerys analyses its safety performance on a monthly basis using indicators for lost-time accidents, accidents without lost time. In 2015, a "life-changing injury" indicator was added to track those serious injuries with permanent impact to the victim, such as amputation and disability. "Near-miss" programs are also encouraged by the Group and are currently in place at all or almost of the operations. In recognition that its contractors are an integral part of the safety process, Imerys includes its contractor when tracking its performance.

The table below gives the fatalities, life-changing injuries, accident frequency and severity rates in the Group for the past three years:

	2015	2014	2013
Number of fatalities			
▪ Imerys employees	1	1	0
▪ Other employees(1)	0	0	1
Number of life-changing injuries			
▪ Imerys employees	2	1	3
▪ Other employees	2	2	2
Frequency rate(2)			
▪ Imerys employees	1.27	1.05	1.36
▪ Other employees	1.40	0.70	1.20
▪ Combined rate(3)	1.31	0.95	1.31
Severity rate(4)			
▪ Imerys employees	0.11	0.07	0.08
▪ Other employees	0.06	0.04	0.05
▪ Combined rate	0.10	0.06	0.07

(1) Employees of a company under contract with Imerys, in charge of a specific operation on site or providing a service.

(2) Frequency rate: (number of lost time accidents x 1,000,000)/number of hours worked.

(3) The combined rate is with both employees and other employees (contractors).

(4) Severity rate: (number of lost days x 1,000)/number of hours worked.

The safety data of S&B sites have been integrated since March 2015. As of December 2015, the combined lost-time accident rate was 1.31 with S&B, and 1.10 without S&B, which represented a 16% increase compared to that of 2014 at a constant perimeter. One employee fatality occurred in September. The results reflected both the challenges of external growth and the opportunities for improvement in the Group's existing system.

Having identified a negative tendency mid-year, the Executive Committee requested implementation of a very strong improvement plan. As the first step, 10 "Safety Summits" were conducted between November 2015 and February 2016 involving the Top 200 operational leaders in the Group.

Imerys continues to present the "Millionaires Safety Award" to the best-performing operations, acknowledge their compliance with four criteria: a) working over one million hours without a lost-time injury, b) having no work-related fatalities over the past five years, c) 100% completion of the monthly "Serious Six" self-audits, and d) zero open "Red" EHS audit findings. As of December 31, 2015, 18 operations are members of the "Millionaire Club".

5.3.1.2 HEALTH

Imerys recognizes workplace health as a high priority for the Group's employees and contractors. Specific issues in mineral mining and processing activities include dust, noise and vibration. Limited quantities of chemicals are also used during industrial processes and in the laboratories for quality assurance and R&D. Some specific jobs may also involve lifting or repetitive tasks with potential ergonomic problems. Imerys has defined five protocols to manage the key exposures. The Group's EHS Function provides training on the five protocols and systematically checks on compliance with both the protocols and applicable regulations through the Group's EHS Audit program.

Most of the Group's European operations participate in the European Social Dialogue Agreement (SDA) on "workers' health protection through the good handling and use of crystalline silica and products containing it" and have reported on specific aspects of their implementation through participation in a program organized by NEPSI[1].The fourth round of NEPSI reporting was closed on March 14, 2014, and the corresponding results were published in September 2014. The 2014 Report[2] indicates that 93% of potentially exposed workers are covered by risk assessments.

The "Industrial Hygiene Club" coordinated by the Group EHS function shares good practices with the operations on monitoring, risk evaluation, and engineering controls for occupational health issues. In 2015, the Group industrial hygiene professionals revamped the "Dust Monitoring Strategy at the Workplace" and the "Occupational Noise Management Program"; the training on occupational health has also been improved by creating new computer-based training modules.

Occupational illnesses are tracked as a monthly reporting KPI in the central SD data management system. In 2015, 13 occupational illnesses were reported in total. 10 of these cases were linked to ergonomic issues. The other three were related to long-term exposure to noise and dust. Alternative jobs and appropriate medical treatment were provided for each case.

5.3.2 HUMAN RESOURCES

The Human Resources (HR) Department's mission is to enable the Group to have the people needed for its development, and to ensure that its organization evolves in an effective and coordinated manner.

It develops and implements general principles to processes in line with Imerys' decentralized management philosophy and in compliance with the relevant national legislation. To improve its processes, the Group regularly updates its HR policies.

Human Resources professionals are responsible in their business for the entire function and report to the business line manager. To ensure processes are consistent and common principles are applied, they also report on a functional basis to the Group Human Resources Department. The function is also coordinated nationally in the major countries where the Group operates, and globally across major functions (Research & Development, Marketing & Commercial, Mines & Industries, and Finance).

5.3.2.1 HUMAN RESOURCES PRINCIPLES & MAIN AREAS OF ACTION

Human Resources policies are centered on the following principles:

- share rules that provide structure and enable Human Resources teams to ensure their work is optimal and consistent;
- meet its employees' expectations, particularly in working conditions and safety, benefits and professional development;
- provide managers with management principles that comply with the Group's ethic, especially in terms of diversity, behavior, standards, social dialogue and respect for other people.

The Group is also committed to complying with legislation in force in the countries where it operates, particularly in terms of health and safety, non-discrimination, privacy, child labor, compensation and working hours.

In 2015, the project "Talent Road Map" was launched to improve Human Resources processes especially in terms of development and in this way to better support the Group's growth ambitions: recruitment, employer branding, internal mobility, training, and management of university graduates.

(1) NEPSI: European network comprised of employees and associations of European companies that have signed the European agreement.

(2) It refers to the "2014 Report on the Application of the Agreement" released on the NEPSI website in November 2014.

The processes behind these principles apply to a number of key areas, including:

- **recruitment**: more than 30 experienced managers joined Imerys in 2015.

  In order to contribute to the preparation of future managers of the Group, Imerys welcomed in 2015, 25 graduates from different nationalities into the program of international development "Graduates";
- **development**: promote access to vacancies for employees of the Group. In this way, Imerys set up common tools and processes for all activities and functions, including annual performance reviews (PAD) and succession plans (OPR) for its key managers.

  The managerial model of the Group, "Leadership Behaviors" was redefined and will be deployed in 2016 in order to become the reference of the Group for the assessment of employees' potential contributions and their performance.

  Internal mobility and promotions are top priorities for Human Resources teams and specialized Committees who meet regularly on the issue. In 2015, more than 50 new career moves took place amongst the 250 senior managers that make up the Group's executive management teams.

  Following the acquisition of S&B Group, more than 1,600 employees across 22 countries have joined the Group. The integration of these new employees translated into new career opportunities and allowed for more mobility and internal promotions, especially for the division of Performance Additives for Metallurgy that was newly created;
- **training**: enable every employee to develop his or her talents and foster the sharing of best practices.

  Imerys Learning Center (ILC), the training program of the Group, provided approximately 9,300 hours of training from 40 modules throughout the year. ILC plans and deploys fundamental programs for the Group – geology, finance, management, project management, and industrial marketing performance improvement.

  In addition, a new session of the training program reserved for high potential managers in partnership with INSEAD was held in 2015.

  In 2015, "IM-Pulse", an e-learning platform, was deployed with more than 1,000 employees. The customized learning paths emphasize professional efficiency, diversity, management and safety.

  In order to strengthen the efforts of the Group in terms of safety, a program on manager engagement for safety was initiated and at the highest level of the Group continuing forward in 2016;
- **compensation and benefits**: roll out coordinated, competitive systems that take into account both the results of the business for which employees work and their individual performance.

  Annual salary reviews are closely coordinated by the Human Resources Department. While local competitiveness is favored, Imerys targets a coherent and shared approach. While local competitiveness is critical, the base salary review is based on rigorous financial discipline and is supported by sectorial and regional studies. In addition, the entities of different countries in which the Group operates increasingly align their practices of remuneration on the best international standards.

  In 2015, the Group performed a study on 44 countries, covering two thirds of employees, to evaluate the social security of employees and initiated action plans to ensure the implementation of competitive employee benefits plans across all countries where it operates.

  In the United Kingdom, the freeze of the defined benefit retirement plan was finalized. The Group Pension Committee has undertaken in the UK and USA especially, an effort to optimize the financial management of plan assets to fund these liabilities;
- **employee relations**: build constructive relations with its employees and their representatives in accordance with local regulations:
  - the European Works Council (EWC) covers all 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. Its 15-member employee delegation holds an annual plenary session. The EWC's five officers meet at least twice a year;
  - the need to improve the efficiency of the Group's activities may lead to internal restructuring plans and job cuts. In such situations, the Group's policy is to give priority to finding in-house placement solutions for employees concerned and to set up retraining programs and support measures to help them find a job or carry out a personal project;
- **internal communication**: provide all employees with information that can help them understand the Group's strategy, environment and activities, build their sense of membership and highlight the Group's values to help strengthen its identity:
  - the intranet site is the first source of information of the Group. Employees can find information on latest news (via the online letter "Headlines"), the transversal programs (e.g., operational excellence program), job offers, appointments, acquisitions, practical tools, and access to other themed sites (e.g., safety);
  - a "paper" magazine is also circulated to all employees of the Group, highlighting for example the annual internal winners of contests on the best projects in sustainable development; on-boarding seminars "Welcome Sessions" are regularly organized for new managers. These meetings, already in place in Europe, USA, China, India and Brazil have been expanded into South-East Asia in 2015;
  - the internal social network "Chatter" continues to be deployed with the creation of specialized professional communities;
- **Human Resources Reporting**: covers the entire scope of the Group and includes highly detailed indicators (translated into five languages) concerning monthly workforce by country, contract type and activity, professional training, disability, age and seniority, etc.

5.3.2.2 KEY PERFORMANCE INDICATORS

Employment

	2015	2014	Variance 2014/2015
Registered employees	16,130	14,900	+8%
of which permanent employees	15,356	14,179	+8%
of which temporary employees	774	721	+7%
Fixed-term & sub-contractor contracts	3,553	3,237	+10%
Total employee headcount as at December 31	**19,683**	**18,137**	**+9%**

The increase of the Group headcount is mainly due to:

- the acquisition of S&B Group, integrated in the business group Filtration & Performance Additives (1,640 employees);
- the acquisition of the Precipitated Carbonates Calcium (PCC) business of Solvay, integrated in the Carbonates division (189 employees);
- the acquisition of Matisco, integrated in the division Clay Roof Tiles (73 employees);
- the restructuration of the Division for Oilfield Solutions after the market collapse of ceramic proppant in the USA (109 employees).

Headcount by Business Group

	2015	As a % of total headcount 2015	2014
Energy Solutions & Specialties	4,870	30%	4,958
Filtration & Performance Additives	3,925	24%	2,518
Ceramic Materials	4,278	27%	4,269
High Resistance Minerals	2,728	17%	2,841
Holding	329	2%	314
Total	**16,130**	**100%**	**14,900**

As a result of the integration of the S&B Group, the headcount of the business group Filtration & Performance Additives now represents a quarter of the total headcount.

Headcount by geographical zone

	2015	As a % of total headcount 2015	2014
Western Europe	7,181	45%	6,239
of which France	2,664	17%	2,559
USA / Canada	2,609	16%	2,603
Emerging countries	6,131	38%	5,851
Others (Japan / Australia)	209	1%	207
Total	**16,130**	**100%**	**14,900**

The acquisitions throughout the year have increased the headcount in Western Europe, mainly in Germany, Greece and on a smaller scale France.

Headcount by job family

	2015	As a % of total headcount 2015	2014
Operations – Production – Manufacturing	10,588	66%	9,832
Logistics – Purchasing	729	4%	623
Research & Development – Geology	709	4%	672
Sales & Marketing	1,533	10%	1,396
Support Functions & Administration	2,571	16%	2,377
Total	**16,130**	**100%**	**14,900**

The distribution of the Group headcount by job family gradually increased in 2015.

Employee moves

	2015	2014
Net variation of permanent employees (excluding M&A and divestitures)	(679)	(919)
External recruitments	1,109	1,176
Redundancies (economical & non economical)	(969)	(1,118)
Voluntary termination, retirement & other	(819)	(977)
Turnover	5.5%	6.7%
Net variation of permanent employees (excluding M&A and divestitures)	31	143
Mergers/Acquisitions – Divestitures	1,878	(129)
Variation of Registered Headcount	**1,230**	**(905)**

The turnover above is based on the number of voluntary termination, retirement, and other termination in the year, and the average headcount for the year for permanent employees. It reduced in 2015.

More than 320 internal moves created opportunities in the Group, of which 50 jobs in senior management teams in operational and functional roles.

Diversity

Gender diversity

	2015	2014	Variance 2014/2015
Percentage of women in the Group	17.0%	16.7%	2%
Percentage of women in management	15.2%	15.0%	1%

The proportion of women in the total headcount in the Group and in senior management teams increased slightly in 2015. It is still low in the “workers” category (6.2% in 2015).

Disability

	2015	2014
Number of employees with a disability	220	198
Percentage of registered headcount with disability	1.4%	1.3%

Europe (where legislation favors the reporting and facilitates the integration of disabled employees) shows the highest number of declared cases (162, 2.3% of Western Europe headcount).

Age and Seniority

	2015	2014
Percentage of permanent headcount by age bracket		
Less than 30 years	11%	12%
From 30 to 39 years	25%	26%
From 40 to 49 years	30%	29%
From 50 to 54 years	16%	16%
More than 55 years	18%	17%
Percentage of permanent headcount by seniority		
Less than 10 years	48%	49%
More than10 years	52%	51%
of which more than 20 years	27%	26%

In emerging countries, half of employees of the Group are less than 40 years old. In the rest of the world, this proportion is one third.

Industrial and Social Relations

Rate of absenteeism by geographical zone	2015	2014
Western Europe	4.38%	3.91%
USA / Canada	1.16%	1.48%
Emerging countries	2.18%	2.98%
Others (Japan / Australia)	2.00%	2.10%
Group	**2.78%**	**2.88%**

In 2015, 352 hours (1,063 in 2014) were lost due to strikes.

In each country, the Group respects the regulatory requirements and implements “best practices” in matters of workforce management. The implementation of related human resources policies and the identified risks have been integrated in the scope of internal audits.

A survey performed at the end of 2015 covering most of the headcount of the Group has shown that 69% of Imerys employees are covered by a collaborative bargaining agreement on themes like workforce management, working hours or compensation and benefits.

Training

	2015	2014	Variance 2014/2015
Number of trained employees	12,332	10,208	+21%
Number of training hours by year	260,941	221,426	+18%
Number of hours by category of program			
Environment, Health & Safety	125,282	113,873	+10%
Technical skills	103,160	78,586	+31%
Management	32,499	28,967	+12%

The number of trained employees has increased significantly in 2015: more than three quarters of employees in the Group have benefited from at least one training program in the year. In fact, the number of training programs of technical and management skills was introduced as a part of a program to strengthen operational excellence.

5.3.3 COMMUNITY RELATIONS

The communities in which Imerys operates include a diverse group of property owners and users, local business owners, local employees and their families, schools and charities, administrative authorities, indigenous or ethnic communities, and relevant non-governmental organizations. The Group management structure enables the operations to adapt to the values and local constraints of the host communities.

In its “Community Relations” protocol in seven languages, Imerys formally delegates responsibility for community relations to the most senior employee at each operation. A Community Relations Toolbox is also available on the Group’s intranet. 73% of the Group’s operations have formalized the site-specific community relation plans (vs. 45% in 2014). The Group EHS Audit team verifies the implementation of the protocol and provides recommendations for improvement during its regular compliance audits.

The Group’s operations have developed numerous projects to address local community needs. In total 631 projects have been parts of the SD Challenge program in the last 11 years, and nearly one third of these projects have been related to community relations. In the 2015 SD Challenge, 51 out of the 98 projects were regarding community relations:

- 20 projects contributed to local economic or social development. A micro-business incubation (MBI) program was also launched in late 2015 which included a guideline on how to foster entrepreneurship and incubate small businesses among the neighboring communities;
- 18 projects supported training and education. Those projects covered the following priority axes: basic skills development (literacy and numeracy), young adults’ professional integration, and women’s and girls’ education. These initiatives are aligned with the Group sponsorship strategy.

√ For more information, *see section 5.1.4.2 of this chapter*.

Furthermore, the operations’ local community relations plans also include public health initiatives when relevant. For example, since 2004, Imerys South Africa has developed a unique, participation-based approach to managing HIV/AIDS issues, and in 2015 this approach was extended to include both HIV/AIDS and Wellness.

The following table presents some examples of the best practices in 2015:

Best practice projects for communities in 2015

Project Name	Business Group	Country	Description
Community Training	Energy Solutions & Specialties (ESS)	Mexico	Imerys set up a program offering training for the community to acquire new skill-sets. It brought benefits to the individuals concerned in terms of employability in the community.
Delivering Clean Water to Low-Income Families	Filtration & Performance Additives (F&PA)	India	A real business case combining the division’s core assets and knowledge to deliver low cost household water treatment and storage systems in developing countries, responded to a significant market need.
Improving Orphans’ Living Conditions	Filtration & Performance Additives (F&PA)	China	Employee volunteers contributed to improve the learning environment and living conditions of the orphans at the TMI Children’s Hope House (a local orphanage).
Hospital boat “Luz na Amazônia” (Light in the Amazon)	Ceramic Materials (CM)	Brazil	Partnership in this unique program has undoubtedly impacted the lives of many for the better, with the team on the boat having provided essential medical services often taken for granted.
Project Dignity	High Resistance Minerals (HRM)	Republic of South Africa	In partnership with a non-governmental organization, Imerys provided sanitary pads to economically disadvantaged school girls around one of its sites to enable them to complete their schooling with dignity.
Minerals Day Activities	All	Worldwide	Approximately 25 Imerys operations joined the 2015 edition of EMD or NAMD, supported or organized excellent minerals day activities with communities.

Some of the best practices have also been compiled into a short documentary film available to all stakeholders on the Imerys website and the "Imerys Replay" on YouTube.

√ For more information, *see https://www.youtube.com/user/imerysreplay*.

5.3.4 HUMAN RIGHTS

The Group states in the SD Charter and the Code of Business Conduct and Ethics that it supports the Universal Declaration of Human Rights and strives for compliance with relevant ILO's conventions. The Group's General Counsel is in charge of implementation of related Group policies and compliance programs; the Group Vice-President of Human Resources takes leadership in ensuring compliance with ILO standards; the Vice-President of Innovation, Research, Technology and Business Support is responsible for integrating the compliance needs into the purchasing activities and the supply chain. The Group Internal Audit and Control Department and the Group EHS Function integrate this compliance review into their auditing programs. The reporting and follow-up process of potential human rights concern is included in the Code of Business Conduct and Ethics. The Group does not have a whistle-blowing hotline but has clear "no-blame" rules that respect privacy and confidentiality. In 2015, no relative incident was reported or identified by the internal auditing programs.

The specific policies and progress in the areas of freedom of association, diversity, child labor and forced labor are presented as below:

- **Freedom of association and right to collective bargaining**: the Imerys Code of Business Conduct and Ethics recognizes the right to freedom of association and the right to collective bargaining. The system in place to ensure implementation of these commitments is the network of human resource professionals throughout the Group's operations. At the end of 2015, the coverage of employees by collective bargaining agreements (CBAs) was approximately 69%. These CBAs commonly include subjects such as health and safety, work organization and working hours, training, compensation and benefits, and equal opportunities.
- **Diversity, non-discrimination and equal opportunities**: the Group's Diversity Charter outlines its commitment to achieving greater diversity, as well as its commitment to anti-discrimination and equal opportunities. Diversity plans have been set up in most of the major countries since 2013. There were 20 different nationalities in the Imerys headquarters in Paris at the end of 2015. The Group rolled out a series of measures (e.g., diverse mix in the new "Graduates Program") and renewed its women's mentoring program in 2015. Several projects to support inclusion of people with disabilities were also implemented this year. For example, the operation in Greece supported the Myrtillo Social Co-operative Enterprise that operates a cafe hiring staff from vulnerable social groups; while the Paris head office signed a paper recycling service with a social enterprise employing people with disabilities. As of 2015, the Group itself had 220 employees with disabilities.

√ For more information, *see section 5.3.2 of the present chapter*.

- **Child labor and forced labor**: Imerys integrates child labor and forced labor issues into its due diligence assessment for new projects and its internal auditing for existing activities. Protocols on prohibition of child labor and forced labor have been in place since 2009, and these protocols are the basis for the internal auditing activities. In 2015, each of the Group's divisions was required to determine if more than 2.5% of their spend was on goods produced from in one of the "Countries of Concern" as defined in the FTSE4Good Inclusion Criteria[1]. If there was a positive determination, the division was required to obtain written confirmation from the supplier that it is in compliance with the ILO Conventions on Child Labor and Forced Labor. Five suppliers have been identified and all have provided their written confirmation of compliance.

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

(1) The list of "Countries of Concern" as defined in FTSE4Good Inclusion Criteria (2014) is drawn up and reviewed periodically in the light of human rights developments using a variety of sources, including country data and reports of Freedom House, Human Rights Watch and Amnesty International.

5.3.5 PRODUCT STEWARDSHIP

For products manufactured in (or imported into) Europe, the Group complies with the European Directive on "Regulation, Evaluation and Authorization of Chemicals" (REACh). Under REACh, "naturally occurring minerals" are exempt from registration, and this exemption significantly reduces the effects of these regulations on Imerys and its customers. The Group has, nonetheless, registered several products that do not fall under this exemption. The substances marketed in Europe by Imerys operations have undergone additional risk studies pursuant to the implementation of the GHS/CLP[1] Regulations. As a result of these studies, a few substances were classified as "hazardous", and appropriate notification was given to the European Chemicals Agency (ECHA).

As of the end of 2015, approximately 84% of Imerys operations were certified to the ISO 9001 Quality Management System. In Brazil, a new web-based SDS publication tool has been deployed for more than 150 products to compliance with the Global Harmonization System (GHS) requirements.

5.4 ENVIRONMENTAL STEWARDSHIP

5.4.1 ENVIRONMENTAL MANAGEMENT SYSTEMS

Imerys requires each operation to have an effective Environmental Management System (EMS), enabling them to identify and establish controls for significant environmental risks. The mandatory EMS requirements for all activities are covered by a Group-specific environmental protocol, which includes the eight pillars and embraces the core elements of the international standards of representative, training, emergency procedures, and auditing.

Environmental Priorities (2015)	% of Sites Relevant
Air Emissions	31%
Energy & Greenhouse Gas (GHG)	14%
Waste	13%
Water Consumption	12%
Noise & Vibration	8%
Effluent	7%
Biodiversity & Land Rehabilitation	5%
Hazardous Substances	4%
Regulatory Permitting	3%
Mineral Efficiency	1%
Others	2%
Total	**100% (253)**

Imerys introduced this protocol to all of its operations through a self-appraisal procedure beginning in 2010 to institute EMS at 100% of its operations[2]. The table above gives a summary of the environmental priorities with control measures that Imerys operations presented to Executive Management in the 2015 EMS scorecards.

In 2015, a requirement for an annual assessment of environmental compliance was added to the EMS protocol. Therefore each operation was required to perform a self-assessment of its environmental compliance and report out the status when completed. A desktop review by an independent third-party consultancy was also conducted for the 20 critical operations.

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

(2) Newly acquired or constructed operations are expected to establish a fundamental EMS within 12 months of acquisition or commissioning.

The Group has also structured an internal environmental incident reporting process and a database which requires reporting of five different types of issues, including any non-routine inspection, investigation or notice of noncompliance from an environmental regulatory agency.

To confirm regulatory compliance and conformity with the Group's protocols, Imerys operations are audited at regular intervals. In 2015, 34 Group EHS Audits were accomplished. A summary of critical audit findings and pertinent environmental incidents is presented quarterly to the Executive Committee.

In addition to the mandatory EMS requirements, the Group encourages ISO 14001 and EMAS (Eco Management and Audit Scheme) certification. The total ISO 14001 or EMAS certified operations increased to 42% (vs. 38% in 2014).

The table below gives the number of Imerys operations with an EMS:

Number of operations	2015	2014	2013
ISO 14001 or EMAS certified operations	106	81	81
Operations with Imerys 8-pillar EMS	147	131	148
Total (ISO 14001/EMAS and Imerys 8-pillar EMS)	253	212	229
Operations required to establish an EMS	**253**	**212**	**229**

5.4.2 RESOURCES MANAGEMENT

5.4.2.1 MINERALS RESOURCES EFFICIENCY

Imerys processes 19 industrial minerals from its own mineral reserves and sources approximately 10 other minerals. The Group strives to improve yields and reduce waste using the following approaches:

- **Establishing and maintaining effective management of mineral resources**: in 2015, the Group Mining and Geology Department defined a Geology and Mine Planning Policy. The principles of this Policy are supported by a series of existing Geology and Mine Planning Procedures and Protocols. Each mining operation is required to have a Life of Mine Plan (LOM Plan) and create a detailed Five Year Mine Plan. As of December 2015, all of the active mining operations have established their LOM Plans according to the Policy and related procedure. Approximately 96% of the LOM plans have passed the Group Geology and Mining Department's review.

√ *For more information, see section 1.3 in chapter 1 of the Registration Document.*

- **Optimizing raw materials utilization through sound industrial management**: since 2014, the Imerys Industrial Improvement program "I-Cube" has been advancing the Group's objective to transform industrial performance into a competitive advantage. This program has developed a network of experts and "champions", and created a series of standardized technical and functional documents with the aim of improving production parameters, including minerals/materials recovery ratios. As of the end of 2015, the "I-Cube" program had been deployed to approximately 50 key operations accounting for more than 50% of the Group's turnover.

√ For more information, *see section 1.2.3 in chapter 1 of the Registration Document*.

- **Seeking opportunities to recycle and/or reuse low-grade materials and tailings**: technological improvements and newly developed applications make it possible to transform low-grade materials, tailings and wastes into marketable resources. Numerous projects have been initiated by the Imerys operations to recycle and/or reuse the existing low-grade materials and tailings and successfully generate new sales. For instance, in 2015, the United Kingdom Kaolin operation started to recover discarded materials by dredging from its Parkandillick Pit which yielded more than 620 kt of final product.

The industrial minerals industry also works in partnership with downstream industries on processes to increase recyclability. In 2013, the Industrial Minerals Association studied publicly available data on recycling and concluded that a total of 40% to 50% of all minerals consumed in Europe are recycled[1].

Mineral	Silica	Lime	Feldspar	Talc	Calcium Carbonate	Kaolin and Clay
Recycling Rate	73%	68%	60%	58%	50%	49%

(1) *The IMA-Europe Recycling Sheets, http://www.ima-europe.eu/content/ima-recycling-sheets-full.*

5.4.2.2 ENERGY EFFICIENCY

Imerys has significant operational energy demand, especially in its mineral transformation processes which use thermal technologies and its quarrying activities which use heavy equipment. The Group is committed to employing low-carbon and renewable energy sources when feasible in order to improve energy efficiency and reduce greenhouse gas (GHG) emissions.

The Group energy initiatives are driven collaboratively by several functions: Industrial Management, Geology and Mining, EHS, and Purchasing. Projects with significant capital expenditure are reviewed at the Group level to ensure the investment is aligned with Imerys energy strategy.

The levers of the Group's energy efficiency optimization mainly include:

- **analyzing the evolution of energy consumption and identifying the priorities for improvement**: Energy efficiency and improvement plans were developed in 2015 at 11 key plants accounting for more than 30% of the Group's total energy consumption.

√ For more information, *see the energy reporting and analysis standards in the "SD Reporting Methodologies" on* www.imerys.com;

- **improving energy management and practices with the "I-Cube" Program**: the standardized technical and functional documents of the "I-Cube" Program provide "maturity matrixes" to identify opportunities for industrial improvement. In 2015, 50 sites developed action plans covering energy management during the implementation of the "I-Cube" program;
- **seeking a shift from fossil fuels to cleaner, renewable or low-carbon emission energy sources when feasible**: the Group continues to optimize its energy resources with cleaner (gas), renewable (biomass), or low-carbon emission (solar) energy resources when feasible. In 2015, two projects of increasing the use of biomass were implemented in France and Brazil respectively; one operation in India shifted more than 50% of the power supply to a local solar power station;
- **encouraging accreditation under ISO 50001**: the Group encourages its operations to formalize their energy management systematically with reference to the ISO 50001 standard. As of 2015, more than 10 operations have obtained ISO 50001 accreditation in Germany, Sweden and Austria.

5

The sites of S&B, acquired in March 2015, have been fully integrated into the Group's energy reporting including the complete data from the 2015 calendar year. The Group's total energy consumption and breakdown by energy sources are as follows:

	2015	2014	2013
Total energy consumption[(1)] *(terajoules, TJ)*	**32,870**	**34,859**	**34,615**
Electricity (net) and steam	29.3%	28.4%	30.3%
Natural gas	45.2%	47.2%	45.3%
Other fossil fuels	22.2%	21.6%	20.7%
Biomass	3.3%	2.8%	3.6%
Total	**100%**	**100%**	**100%**

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

The energy consumption variance between 2015 and 2014 is presented below:

Breakdown of Variation by factor (2015 vs. 2014)[(1)]	Perimeter	Volume	Product	Reporting Entity	Efficiency	Total
Variation *(TJ, + increasing, - decreasing)*	+831	-284	+239	-2,390	-399	-2,003

(1) See details of the energy efficiency analysis standards in the "Reporting Methodologies" in the 2015 Sustainable Development Report.

Between 2015 and 2014, the annual total energy consumption decreased 2,003 TJ (terajoules) taking into account each variation factor's effect. At a constant perimeter, the overall energy efficiency improved by 1.3% vs. 2014. The present SD three-year plan (2015-2017) includes the following energy efficiency objective: 6% improvement by 2017 from base year 2014[(1)]. In 2015, the energy efficiency was improving. However, this improvement needs to be accelerated. The deployment of the existing projects, in particularly on the key sites, and the "I-Cube" program are underway to improve the Group's performance against the objective.

Contribution of diverse energy sources in global consumption is comparable to that of previous years. The major energy-consuming operations were not subject to change from one source of energy to another, except the outsourced use of a significant quantity of steam in the main Kaolin unit in Brazil. This steam, previously produced from heavy oil, has come mainly from biomass since 2015. This induced an increase from 2.8 to 3.3% of the biomass part in the global energy mix.

Renewable energy sources (essentially hydropower and wind power) are also being employed in the electrical power grid and indirectly supplied to some of the Imerys operations. Imerys contributes to the development of renewable energies in partnership with other companies such as the integrated photovoltaic solutions with Imerys roof tiles and land leasing for solar parks or wind farms.

5.4.3 AIR EMISSIONS

5.4.3.1 CARBON EMISSIONS AND CLIMATE CHANGE

Thermal energy is the major source of GHG emissions for the Group (61% of total). Indirect emissions from the consumption of electricity in production are the second largest source (39% of total). Some of the processes used in the Imerys operations cause CO_2 emissions themselves (9% of total) (e.g., de-carbonation of raw materials). Finally, the CO_2 emissions from the use of biomass, directly or indirectly, represented 3.3% of the total.

Approximately 29% of the total energy consumed by Imerys operations is derived from the electrical power grid. The reduction in direct CO_2 emissions achieved by the Group is largely attributable to initiatives to optimize energy sources and use renewable energy.

The table below provides the Group's CO_2 emissions and carbon efficiency:

(thousands of tons, kt)	**2015**	**2014**	**2013**
Scope 1 CO_2 emissions	1,659	1,785	1,705
Scope 2 CO_2 emissions	1,047	1,030	1,080
Total CO_2 emissions (Scope 1 and Scope 2)	2,706	2,815	2,785
Energy (excluding biomass)	87.5%	87.5%	88.0%
Processes	9.2%	9.3%	7.9%
Biomass	3.3%	3.2%	4.1%
Total	**100%**	**100%**	**100%**

The carbon emission variance between 2015 and 2014 is presented below:

Breakdown of Variation by factor (2015 vs. 2014) [(1)]	**Perimeter**	**Volume**	**Reporting Entity**	**Efficiency**	**Total**
Variation *(kt, + increasing, - decreasing)*	+85	-24	-106	-39	-84

(1) See details of the carbon efficiency analysis standards in the "Reporting Methodologies" in the 2015 Sustainable Development Report.

(1) This new goal is consistent with the sectorial commitment made in IMA-Europe 2050 Roadmap. IMA-Europe launched this Roadmap in September 2014 which included a sector commitment: specific energy consumption reduced by half by 2050.

Between 2015 and 2014, the annual total Scope 1 and Scope 2 CO_2 emissions decreased by 84 kt. At a constant perimeter, the overall carbon efficiency improved by 1.5% (vs. 2014) corresponding to 39 kt of CO_2 emissions saved. The average emission factor of thermal energy remained steady as 57.3 tCO_2/TJ, which was very close to the factor of the lowest emission fossil energy source (natural gas), 56 tCO_2/TJ. A new carbon efficiency objective has been included in the three-year SD plan (2015-2017): 6% improvement by 2017 from base year 2014.

17 Imerys industrial sites take part in the European Union Emission Trading Scheme (EU-ETS), and one site in the California Cap-and-Trade (CCT). In 2015, these operations were still below their allocated amounts. However, as the allocated amounts will be reduced over the period, the Group may need to purchase credits in the future. This will not associate any material financial risk.

Since 2006, Imerys has participated in the climate change program of the Carbon Disclosure Project (CDP). In addition to Scope 1 and Scope 2 emissions, increasing attention has been paid to the relevant Scope 3 emissions, especially the indirect emissions generated by fuel use in Imerys' contracted activities and Imerys' travel activities. Pilot data on these two aspects has been incorporated in the CDP submittal since 2013.

Imerys remains at Level B on the CDP performance band[1]. The CDP rating results in the past three years are listed as below:

Carbon Disclosure Project Rating[1]	2015	2014	2013
Disclosure Score	97	79	88
Performance Band	B	B	B

(1) The rating is from the CDP reports and score of year Y is the analysis with the data of year Y-1.

Working with CDP and the trade associations, the Group maintains access to information regarding any changes to climate-related regulations and disclosure expectations. The Group tracks several indicators related to energy efficiency and waste reduction, as well as indicators related to innovation and new green product development. Climate change is also integrated into formal, recurrent processes to analyze the Group's main risks. An increase in the number and intensity of extreme weather events such as hurricanes, tornados, or floods related to climate change could affect the Group's units (production stoppages, damage, etc.). So far Imerys has considered the potential impact of this risk to be managed in different geographic zones where the Group's facilities are located. Imerys does not have major production units in the regions that are particularly prone to these extreme events.

Imerys has been actively engaged in communication with its customers regarding the carbon footprint of its products. The increase in demand for low carbon products offers the Group new business opportunities because minerals are a naturally low-carbon alternative.

√ *For more information, see section 5.4.7 of the present chapter.*

▪ 5.4.3.2 NO_x AND SO_2 EMISSIONS

Several of the Group's mineral conversion processes use calcination which emits nitrogen oxide (NO_x) and sulfur dioxide (SO_2). Imerys publishes below an estimate of its SO_2 and NO_x emissions, applying specific conversion factors to each source of consumed fuel. The "process" SO_2 emissions are attributable to a small number of sulfur-containing minerals. The sulfur liberated from these minerals during thermal processing is included in the reporting scope.

(tons)	2015	2014	2013
Sulfur dioxide (SO_2)[1]	3,796	3,947	4,577
Nitrogen oxide (NO_x)	5,999	5,822	6,042

(1) Including process SO_2 emissions since 2012.

The evolution of SO_2 and NO_x emissions at a constant perimeter is favorable due to the reduction of total energy consumption and the improvement in industrial processes. The total SO_2 and NO_x emissions in 2015 remained at low levels and varied slightly from 2014.

(1) *The performance scores are expressed as bands (A, A-, B, C, D, and E). Band "B" means "Integration of climate change recognized as priority for strategy, not all initiatives fully established".*

5.4.4 WATER SCARCITY AND EFFICIENCY

Imerys processes minerals with relatively minor impacts to surface water and groundwater.

In its accounting and disclosure, Imerys classifies water withdrawals according to source including groundwater (54%), surface water (29%) and water suppliers (10%). The Group has opted not to include water moved from one zone to another without being used by the operation (water pumped to keep quarries in good working order), since the quality of this water is not affected by the Group's activities. Imerys also reports the amount of water recycled by its operations.

The following are the trends in water withdrawals for the past three years:

	2015	2014	2013
Total water withdrawals *(millions of liters)* **of which:**	**40,062**	**36,128**	**41,626**
Water obtained from water suppliers	10.4%	10.8%	10.5%
Water withdrawn from ground water	53.5%	55.4%	49.4%
Water withdrawn from surface water	28.8%	24.3%	23.4%
Water obtained from other sources(1)	7.3%(2)	9.5%	16.7%
Water withdrawn / turnover *(liters/€)*	9.8	9.8	11.3

(1) Some Imerys operations may obtain water from sources other than those listed above. For example, an operation may collect rainwater or obtain water from customers. The term "water obtained from other sources" refers to this type of water.

(2) In 2015, approximately 70% of "water obtained from other sources" is from the customers because the Imerys operations serve the customers' paper mills and shared their utilities.

Imerys withdrew 40.1 million cubic meters of water in 2015. The water withdrawal rate per Euro of turnover was 9.8 liters/€. The Group's total water withdrawal increased by 10.9% from 2014 mainly due to the integration of S&B sites.

The Top 10 water users in the Group (mainly in Kaolin and Fused Minerals divisions) comprised more than 61% of the total annual water withdrawal. At the end of 2015, the operations withdrawing more than one million cubic meters of water (based on 2014 data) have put site-level water management plans in place. 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.

The table below gives the Imerys water profile by region according to an analysis made using the WBCSD's Global Water Tool (GWT)(1) as December 31, 2015:

Region/Percentage of water withdrawal in each geographic region	Low <0.2	Medium 0.2-0.4	Stress 0.4-1.0	Scarce >1.0	No Data	Total *(millions of liters)*
Asia Pacific	61.0%	0.7%	2.1%	35.7%	0.6%	4,061
Europe, Middle East and Africa	86.3%	6.0%	0.0%	0.0%	7.7%	13,569
North America	89.7%	1.7%	1.2%	7.5%	0.0%	16,478
South America	100%	0.0%	0.0%	0.0%	0.0%	5,954
Percentage of total water withdrawal	**87.1%**	**2.8%**	**0.7%**	**6.7%**	**2.7%**	**40,062**
Number of total operations	**212**	**14**	**5**	**19(1)**	**10**	**260(2)**

(1) The distribution of the 19 operations by region is as follows: six in Asia Pacific, five in EMEA, eight in North America.

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

(1) The World Business Council for Sustainable Development (WBCSD) provides companies with an assessment tool for their risks relating to the quality and quantity of their water supply.

The Group has 19 operations located in areas of water scarcity. The aggregated water withdrawal of these operations accounted for 6.8% of the Group's total 2015 withdrawal. As of December 2015, 16 out of the 19 have established their water management plans except three S&B sites.

The table below presents trends in water recycling for the past three years. The total recycled water (1) was approximately 40,487 million liters in 2015. The recycled water rate remains steady at 0.50.

	2015	2014	2013
Total water recycled *(millions of liters)*	40,487	31,954	32,950
Number of sites reporting recycled water	68	55	54
Recycled water rate(1)	0.50	0.47	0.44

(1) Recycled water rate: total recycled water/(total water withdrawal + total recycled water)

5.4.5 WASTE, OVERBURDEN AND MINERAL SOLIDS

Imerys processes minerals using methods that are primarily mechanical and physical. The Group's activities therefore generate relatively small quantities of both sanitary and industrial wastes. Waste management and statutory obligations on collection, storage, labeling, transportation and disposal are addressed in each site's EMS.

Overburden and unused mineral solids (*e.g.,* tailings, off-specification materials, etc.) are usually stored on or near production areas at the quarries since they may be useful in the future when technological progress is made or new market opportunities arise. Overburden and unused minerals are also used in many cases as backfilling or re-profiling materials in post-mining restoration work. For these reasons, the overburden and tailings are not recorded as "waste" by Imerys. Off-specification materials from the processing operations which are placed back in the Imerys quarries are counted as waste only when subject to regulatory requirements.

The table below shows the trends of industrial waste generation and recycling for the past three years:

	2015	2014	2013
Total industrial waste *(tons)* **of which:**	**203,706**	**281,654**	**264,270**
Non-recycled hazardous industrial waste	1,486	1,739	920
Recycled hazardous industrial waste	1,964	1,434	1,919
Non-recycled non-hazardous industrial waste	81,713	150,631	125,104
Recycled non-hazardous industrial waste	118,543	127,850	136,327
Industrial waste generation / turnover *(kg/€)*	0.05	0.08	0.07

The Group's activities generated 204 kt of industrial waste in 2015. 98.3% of this waste was non-hazardous. The industrial waste generation rate per Euro of turnover was 0.05 kg/€ in 2015. The intensity of waste generation has remained at a relatively low level for several years. Without S&B, the industrial waste generated in 2015 (195,876 tons) significantly decreased by 30% vs. 2014 mainly due to the variation of production activity at the Imerys Oilfield Solutions division. The Top 10 largest waste producers in the Group represented 48% of the Group's total waste.

Regarding hazardous waste generation, the non-recycled portion of this waste decreased by 253 tons from 2014 to 2015; while the recycled portion of this waste increased by 530 tons. The increase of recycled hazardous waste was mainly due to a 360-ton oil water mixture at a site of Graphite and Carbon division in Belgium which was recycled.

Regarding waste recycling, 59.2% of the total industrial waste was recycled (vs. 45.9% in 2014); and 56.9% of the hazardous waste was recycled (vs. 45.2% in 2014). Approximately 96% of the recycled non-hazardous industrial waste of the Clay Roof Tiles division was off-specification tile, which was nearly 55% (65,142 tons) of the corresponding total volume of the Group. Those tiles are categorized as non-hazardous in the site environmental permits and permitted to be reused in its quarries during restoration.

New actions to reduce waste and increase recycling are identified continuously during the implementation process of the "I-Cube" program.

√ *For more information, see example in section 5.4.2.1 of the present chapter.*

(1) The environmental reporting protocol includes the definition of "recycled water" and with a clarification in 2014 that the cooling water supplied by third-party facilities (e.g., a customer's paper mill) and circulated back in a close loop should not be counted as recycled water by Imerys operations.

5.4.6 BIODIVERSITY AND REHABILITATION

Both active and closed quarries offer many opportunities for biodiversity by revitalizing natural habitats and protecting endangered species. Imerys is committed to respecting the ecosystems surrounding its operations and preserving biodiversity throughout the life of mine.

During the mining operation and until mine closure, rehabilitation is integrated into the Life of Mine Plan and project execution. The Group has a "Post Mining Rehabilitation" protocol that requires every mining site to describe the rehabilitation methods to be applied. Prior to developing a new mine, an environmental impact review is also needed, including a baseline assessment of biodiversity sensitivity. In many countries, such an environmental impact assessment is statutorily required and must be discussed with the public and filed with the governmental authorities.

The Group EHS function has developed a structured methodology for assessing the risks of operations in areas of high biodiversity value with reference to Natura 2000 and the World Database for Protected Areas. This analysis is updated every two years to capture new information on protected areas and newly acquired quarries.

As of the end of 2015, 35 of the Group's 140 mining operations (both active and inactive) are near or inside an area of high biodiversity value. The IUCN (International Union for Conservation of Nature) Categories for the 35 sites are listed in the following table (updated in November 2015).

IUCN Category(1)	Description	No. of concerned sites
Ia	*Strict Nature Reserve*	0
Ib	*Wilderness Area*	0
II	*National Park*	1
III	*Natural Monument or Feature*	0
IV	*Habitat/Species Management Area*	1
V	*Protected Landscape/Seascape*	9
VI	*Protected area with sustainable use of natural resources*	2
Non-IUCN	*Regional directives (habitats directive, birds directive, etc.), MAB-UNESCO Biosphere reserves*	22
Total		**35**

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

The Group is gradually assisting those sites to formalize their biodiversity management plans (BMP). In 2015, an additional two operations formalized their BMPS, increases the percentage of sites with a BMP to approximately 29%. The two sites in proximity to IUCN II and IV protected areas have also setup the site-specific BMPs.

To align with European Union regulatory requirements, the Group initiated two land use indicators in 2012 involving all of the Group's 53 quarries in Western Europe. The indicators quantify the surface disturbed by the Group's mining activities, as well as rehabilitated surface. In 2015, the total disturbed surface area by the 53 mining activities was 2,187 hectares, and the total rehabilitated area by those sites was 1,197 hectares.

A number of Imerys operations have led successful biodiversity cases. For example, the Imerys Refractory Minerals Glomel (France) operation signed a convention in 2015 to allow local associations to conduct a biodiversity survey in the area and define potential action to foster the settlement of important species. Three additional case studies on biodiversity management have also been publicized on the website.

√ *For more information, consult www.imerys.com.*

5.4.7 GREEN INNOVATION

Driving growth through process and product innovation is an essential part of the Imerys business strategy.

Process innovation increases the use efficiency of minerals or other resources, in particular enhancing the possibilities of reuse or recycling. The Monolithic Refractories division (Calderys) has been recycling materials reclaimed from the furnaces at its customers' sites. In the past, these materials were discarded as industrial waste by the customers. With the modification of Calderys' industrial and supply chain processes, these materials are now being recycled in large quantities to create new finished products.

Product innovation enables Imerys to serve its customers seeking environmentally friendly solutions. Imerys defines an environmentally friendly product as a product meeting one of the following criteria:

- **high efficiency**: a product reducing consumption of resources in the customer's process. For example, ImerVin™ Efficace is a higher density filter aid for wine that reduces wastes and increases filtration capacity;
- **eco-friendly alternative**: a product replacing existing solutions that are potentially harmful to human health or the environment. For example, Imercare™ Sheersilk is a natural mineral-based product to replace synthetic organics in bath and shower gels, shampoos, cosmetics, toothpaste, etc.;
- **positive footprint**: a product increasing recyclability or reducing overall environmental impact during a product's life cycle. For example, RO 40C (HiCal) is a new product manufactured for asphalt-based roof shingle from a third party certified post-industrial waste material.

At the end of each year, the Group's innovation network conducts a self-appraisal to determine the number of new products meeting the above criteria. In 2015, 18 out of 90 new products had environmental benefits meeting the criteria. After quantifying the existing information, the Group expects to have 25% projects with a benefit for environment in the innovation pipeline at the end of 2016.

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

5.4.8 ENVIRONMENTAL REGULATORY COMPLIANCE

Environmental regulatory compliance issues are regularly assessed and managed as part of each operation's environmental management system.

√ *For more information, see section 5.4.1 of the present chapter*.

Environmental-related prosecutions and penalties are also tracked with the SD data reporting system. The two tables below give a summary of those prosecutions and penalties for the past three years.

Number of prosecutions	2015	2014	2013
Total	**13**	**9**	**20**

Amount of fines *(in €)*	2015	2014	2013
Total	**67,568**	**29,554**	**139,078**

The main portion of the fines in 2015 was the result of three penalties (€58,400 in total): one was linked to a filing for an air permit in the United States, one was linked to improper material storage in Greece, and the third was linked to the final resolution of a waste disposal case in Italy. These issues have been fully addressed by corrective actions.

5.5 GOVERNANCE AND BUSINESS BEHAVIORS

Sound governance is considered to be the cornerstone of the Group's management commitments. Striving to go beyond compliance with applicable laws and regulations, Imerys endeavors to conduct its activities ethically and transparently worldwide while preserving the best interests of its stakeholders.

5.5.1 CORPORATE GOVERNANCE

With regard to Corporate Governance, Imerys follows the recommendations of the AFEP-MEDEF Corporate Governance Code applicable to French listed companies.

For more information regarding Corporate Governance (such as compositions of Board of Directors and Executive Management, compensation of Senior Management, and stock option), *see chapter 3 of the Registration Document;* for more information regarding risk management and internal control, *see chapter 4 of the Registration Document*.

5.5.2 COMPLIANCE AND BUSINESS ETHICS

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, workplace safety and health, diversity and equality, confidentiality, prevention of fraud or corruption, insider trading, conflicts of interest, protection of the Group's assets, fair competition, transparency, and integrity.

The Code and the related policies and protocols are regularly reviewed and updated in order to take into account changes and developments in applicable international regulations, as well as best practices implemented by groups that are comparable to Imerys. In this context, the Code and the Anti-trust Policy were updated in 2015 to reflect the most recent developments and to enhance internal risk management.

The enforcement of the Code and the relevant policies and protocols is supported with appropriate organization and review, training and communication, reporting, and control:

- **organization and review**: the Group's General Counsel is acting as Ethics and Compliance Officer for the Group. He is also assisted in this function by an Anti-trust and Compliance Legal Manager. For Brazil, India, China and South Africa, country Chairmen or coordinators have been appointed to ensure fulfillment locally of the Group's commitments. The Internal Control and Audit Department conducts periodic reviews under the Code and other Group policies and protocols. The auditing results are presented half-yearly to the Executive Committee and, at the Board level, to the Audit Committee. In addition, the objectives and scope of the Group's general compliance program are regularly updated and a summary of its status, progress and results is presented every year to the Audit Committee as part of its annual review of the Group's main risks.
- **training and communication**: the Code is presented at in-house seminars (Welcome Sessions) and regularly featured in articles in Imerys News. On-site or online training sessions focusing on anti-fraud and anti-bribery, but also anti-trust and international trade restrictions, are regularly organized throughout the Group by the members of Imerys' legal team, with the assistance from time to time of outside legal experts. In addition, compliance online training is regularly followed by all employees in the United States and at least once by all the other main managers and employees of the Group. In 2015, the available training tools covered the refreshed modules of the revamped Code and new policies.
- **reporting and control**: Imerys has established a simplified reporting process and clear "no-blaming" rules that empower its directors, officers or employees to report promptly to their Board, manager or a representative of the Human Resources, Legal or Internal Audit Functions if they receive information or otherwise develop a good faith belief that a violation of the Code has occurred or is occurring. Material reported violations shall undergo prompt root cause investigations by Imerys. The Group Internal Audit and Control Director, the Vice-President of Human Resources and the Group General Counsel are informed of any reported violation. In 2015, several fraud cases were reported but without material financial impacts. Remedial actions have been taken for internal control.

The Code also requires that the Group respects high standard of transparency and integrity when engaging in public policy development through well-established and reputable trade associations. The involvement with trade associations and the integration of social and environmental factors along the supply chain are described in *section 5.1.4 of the present chapter*.

5.5.3 TRANSPARENCY IN PAYMENTS TO GOVERNMENTS

In accordance with provisions of new article L. 225-102-3 of the French Code of Commerce, the Board of Directors approved on February 11, 2016 the terms of its report 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 will be filled with the French Register of Commerce and available on the website of the Company *(www.imerys.com)* as per the conditions prescribed by the Law.

5.6 REPORTING METHODOLOGIES

The content of the present chapter reflects broad consultation with both business divisions and corporate functions of the Group. The implementation of SD programs and projects has extensively engaged both internal and external stakeholders. The expectations of stakeholders have been incorporated into the development processes and relevant policies described in *section 5.1 of the present chapter.*

Imerys endeavors to align with the best practices of sustainability reporting for compliance with the French "Grenelle II" Law and the "core options" of the Global Reporting Initiative (GRI) G4 Guidelines. The SD key performance indicators are defined in accordance with the GRI standards and denoted in *section 5.2 of the present chapter*. In addition, several other indicators have been tracked to reflect the "Grenelle II" framework and special stakeholder interests. The reason for any omission is clarified in the corresponding paragraphs of each aspect. The correlation table for each of the 42 elements of "Grenelle II" is presented in *section 5.7.3 of the present chapter*.

The Group's SD reporting covers all of the activities over which it exerts operational control. There are four protocols and pertinent guidelines of frequently asked question (FAQ) published at the Group level to regulate the collection and collation of human resources, health and safety, environmental and energy data from the Group's operations. The following is a list of reporting items, as well as their frequency, scope and collection systems.

Items	Frequency	Scope	System	Remarks
Human Resources	Monthly	All	Enablon	Contractors not managed by Imerys and performing non-core business tasks excluded; monthly headcount report
Health and Safety	Monthly	All	Symphony	Details of injury or illness were tracked with internal incident logs; monthly safety report
Energy, Emissions and Production	Monthly	All	Symphony	In accordance with the GHG Protocol with several minor exceptions; quarterly energy report
Other Environmental Data (compliance, EMS, water, waste)	Quarterly	All	Symphony	Commercial activities, sales and administrative offices, and projects on customers' sites excluded; quarterly environmental report
Land Use	Annually	Mines in Western Europe	Symphony	Underground mines excluded
Mine Safety Incident	When needed	All	Incident Logs	Monthly summary to Comex
Environmental Incidents	When needed	All	Incident Logs	Quarterly summary to Comex

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 new regulatory obligations stemming from the "Grenelle II" Law, the Group retains a third-party to verify its sustainability reporting and compliance status. Ernst & Young provided the verification services for the 2015 reporting and issued the report in *section 5.7.1 of the present chapter*.

The detailed explanations of the reporting methodologies and a correlation table with GRI G4 Guidelines are included in the 2015 Sustainable Development Report and also published separately on the Imerys website.

√ *For more information, consult www.imerys.com*.

5.7 ATTESTATION AND CORRELATION TABLE

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

Ernst & Young et Associés

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

Year ended December 31, 2015

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

To the shareholders,

In our quality as an independent verifier accredited by the COFRAC[1], under the number No. 3-1050, and as a member of the network of one of the statutory auditors of the company Imerys, we present our report on the consolidated social, environmental and societal information established for the year ended on the December 31, 2015, presented in chapter 5 of the management report, hereafter referred to as the "CSR Information[2]", pursuant to the provisions of the article L. 225-102-1 of the French Commercial Code (Code de commerce).

Responsibility of the Company

It is the responsibility of the Executive Board to establish a management report including CSR Information referred to in the article R. 225-105-1 of the French Commercial Code *(Code de commerce),* in accordance with the environment, energy, emissions and production, health and safety and human resources reporting protocols used by the Company (hereafter referred to as the "Criteria"), and of which a summary is included in the introduction of chapter 5.7 in the management report , and available on request at the Company's headquarters.

Independence and quality control

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

Responsibility of the independent verifier

It is our role, based on our work:

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

Our verification work was undertaken by a team of five people between October 2015 and the date of signature of our report for an estimated duration of twenty weeks.

We conducted the work described below in accordance with the professional standards applicable in France and the Order of May 13, 2013 determining the conditions under which an independent third-party verifier conducts its mission, and in relation to the opinion of fairness and the reasonable assurance report, in accordance with the international standard ISAE 3000[3].

(1) Scope available at www.cofrac.fr.

(2) CSR: Corporate Social Responsibility. In this report, CSR is equivalent to Sustainable Development (SD).

(3) ISAE 3000 – Assurance engagements other than audits or reviews of historical information.

1. Attestation of presence of CSR Information

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

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

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

We verified that the information covers the consolidated perimeter, namely the entity and its subsidiaries, as aligned with the meaning of the Article L. 233-1 and the entities which it controls, as aligned with the meaning of the Article L. 233-3 of the French Commercial Code (Code de commerce) with the limitations specified in the Methodological Note detailed in chapter 5.7 of the management report.

Based on this work, and given the limitations mentioned above, we confirm the presence in the management report of the required CSR information.

2. Limited assurance on CSR Information

Nature and scope of the work

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

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

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

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

- at the level of the consolidated entity, we consulted documentary sources and conducted interviews to corroborate the qualitative information (organization, policies, actions, etc.), we implemented analytical procedures on the quantitative information and verified, on a test basis, the calculations and the compilation of the information, and also verified their coherence and consistency with the other information presented in the management report;
- at the level of the representative selection of entities that we selected[(2)], based on their activity, their contribution to the consolidated indicators, their location and a risk analysis, we undertook interviews to verify the correct application of the procedures and undertook detailed tests on the basis of samples, consisting in verifying the calculations made and linking them with supporting documentation. The sample selected therefore represented about 10% of the total workforce and between 8% and 29% of the environmental quantitative information[(3)].

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

(2) *Imerys Fused Minerals Villach GmbH (Austria), Imerys Marble - Marble Hill (USA), Kaolin Sandersville (three sub-operations, USA), Imerys Refractory Minerals Clérac (France), PAM Milos Operations (10 sub-operations, Greece), PAM Oberhausen Stollberg (Germany), Imerys TC Saint Geours (France), Calderys India Refractories Ltd - Katni (India), Almeria SA de CV (Mexico), Imerys Graphite & Carbon - Bodio (Switzerland).*

(3) *Coverage of the main environmental indicators: water -29%, energy -17%, waste -8%. The waste coverage rate was justified with an on-site audit at Imerys TC Saint-Geours (France), as more than 30% of the 2015 total waste was off-specification tile of Imerys TC.*

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

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

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

Conclusion

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

Paris-La Défense, March 16, 2016

Independent Verifier

Ernst & Young et Associés

French original signed by:

Christophe Schmeitzky	Bruno Perrin
Sustainable Development Partner	Partner

5.7.2 SUMMARY OF KEY PERFORMANCE INDICATORS

Category	KPIs	Unit	2015	2014	Perimeter	GRI Ref.
Social						
Safety and Health						
Fatalities	Fatalities – Imerys Employees	#	1	1	Group	G4-LA6
	Fatalities – Other Employees[1]	#	0	0	Group	G4-LA6
Life-changing injuries[2]	Life-changing injuries – Imerys Employees	#	2	1	Group	G4-LA6
	Life-changing injuries – Other Employees	#	2	2	Group	G4-LA6
Frequency rates[3]	Imerys employees	/	1.27	1.05	Group	G4-LA6
	Other employees	/	1.40	0.70	Group	G4-LA6
	Combined rate (employees and other employees)	/	1.31	0.95	Group	G4-LA6
Severity rates[4]	Imerys employees	/	0.11	0.07	Group	G4-LA6
	Other employees	/	0.06	0.04	Group	G4-LA6
	Combined rate (employees and other employees)	/	0.10	0.06	Group	G4-LA6
Occupational illnesses	Occupational illnesses with lost time	#	7	0	Group	G4-LA6
	Occupational illnesses without lost time	#	6	2	Group	G4-LA6
Human Resources						
Workforce	Year-to-end total headcount on payroll	#	16,130	14,900	Group	G4-10
	Permanent employees	#	15,356	14,179	Group	G4-10
	Fixed-term contract	#	774	721	Group	G4-10
	Employees by region – Western Europe	#	6,722	5,799	Region	G4-10
	Employees by region – Central Europe	#	1,569	1,409	Region	G4-10
	Employees by region – North America	#	2,957	2,895	Region	G4-10
	Employees by region – South America	#	1,304	1,290	Region	G4-10
	Employees by region – Asia Pacific	#	3,154	3,086	Region	G4-10
	Employees by region – Africa	#	424	421	Region	G4-10
	Employees by function – Operations/Production/ Manufacturing	#	10,588	9,832	Group	G4-10
	Employees by function – Logistics/Purchasing	#	729	623	Group	G4-10
	Employees by function – R&D/Geology	#	709	672	Group	G4-10
	Employees by function – Sales and Marketing	#	1,533	1,396	Group	G4-10
	Employees by function – Support and Administration	#	2,571	2,377	Group	G4-10
Hiring and Labor Relations	New Hiring	#	1,109	1,176		G4-LA1
	Rate of employee turnover	%	5.5	6.7	Group	G4-LA1
	Working hours lost due to strikes	Hours	352	1,063	Group	-
	Absenteeism rate	%	2.78	2.88	Group	G4-LA6
	Number of educational projects to assist workforce members, their families, or community members regarding serious diseases	/	18	16	Group	G4-LA8 G4-LA10 G4-SO1
	Number of employees who received training at least once in the reporting year	#	12,332	10,208	Group	G4-LA9
	Training hours	Hours	260,941	221,426	Group	G4-LA9
Diversity	Total percentage of women employees	%	17	16.7	Group	G4-LA12
	Number of employees with disability	#	220	198	Group	G4-LA12

Category	KPIs	Unit	2015	2014	Perimeter	GRI Ref.
Communities						
	Percentage of sites with a formal action plan managing the impacts of operations on communities	%	73	45	Group	G4-SO1
Human Rights, Customers and Suppler Engagement						
Human Rights	Total number of incidents of discrimination	#	0	0	Group	G4-HR3
	Percentage of employees under collective bargaining agreement	%	69	75	Group	G4-HR4
	Number of reported human rights violation	#	0	0	Group	G4-R12
Others	Percentage of ISO 9001 or Quality Management System certified operations	%	84	80	Group	-
Environmental						
Management Systems						
EMS	Percentage of operations with EMS[5]	%	100	100	Group	-
	ISO 14001 or EMAS[6] certified operations	#	106	81	Group	-
	Operations with Imerys 8-pillar EMS	#	147	131	Group	-
Regulatory Inspection	Number of prosecutions	#	13	9	Group	G4-EN29
	Amount of fines	€	67,568	29,554	Group	G4-EN29
Resources Efficiency						
Energy	Total energy consumption	TJ	32,870	34,859	Group	G4-EN3
	Electricity (net) and steam	%	29.3	28.4	Group	G4-EN3
	Natural gas	%	45.2	47.2	Group	G4-EN3
	Other fossil fuels	%	22.2	21.6	Group	G4-EN3
	Biomass	%	3.3	2.8	Group	G4-EN3
	Energy efficiency (base 100 in 2014)	#	98.7	100	Group	G4-EN6
GHG emissions	Scope 1 CO_2 emissions	kt CO_2e	1,659	1,785	Group	G4-EN15
	Scope 2 CO_2 emissions	kt CO_2e	1,047	1,030	Group	G4-EN16
	Total CO_2 emissions	kt CO_2e	2,706	2,815	Group	G4-EN18
	CO_2 emissions from Energy (without biomass)	%	87.5	87.5	Group	G4-EN18
	CO_2 emissions from Processes	%	9.2	9.3	Group	G4-EN18
	CO_2 emissions from Biomass	%	3.3	3.2	Group	G4-EN18
	Carbon efficiency (base 100 in 2014)	#	98.5	100	Group	G4-EN19
Other air emissions	Sulfur dioxide (SO_2)	Tons	3,796	3,947	Group	G4-EN21
	Nitrogen oxide (NO_x)	Tons	5,999	5,822	Group	G4-EN21
Water	Total water withdrawals	M liters	40,062	36,128	Group	G4-EN8
	Water obtained from water suppliers	%	10.4	10.8	Group	G4-EN8
	Water withdrawn from ground water	%	53.5	55.4	Group	G4-EN8
	Water withdrawn from surface water	%	28.8	24.3	Group	G4-EN8
	Water obtained from other sources	%	7.3	9.5	Group	G4-EN8
	Number of sites located in a water-scarcity area	#	19	16	Group	G4-EN9
	Total water recycled	M liters	40.487	31,954	Group	G4-EN10
	Sites with recycled water reported	#	68	55	Group	-
Waste	Total Industrial Waste produced	Tons	203,706	281,654	Group	G4-EN23
	Non-recycled hazardous industrial waste	Tons	1,486	1,739	Group	G4-EN23
	Recycled hazardous industrial waste	Tons	1,964	1,434	Group	G4-EN23
	Non-recycled non-hazardous industrial waste	Tons	81,713	150,631	Group	G4-EN23
	Recycled non-hazardous industrial waste	Tons	118,543	127,850	Group	G4-EN23

Category	KPIs	Unit	2015	2014	Perimeter	GRI Ref.
Biodiversity						
	Surfaces disturbed by the Group's mining activities	Hectares	2,187	1,926	Region(7)	G4-MM1
	Surfaces rehabilitated	Hectares	1,197	1,027	Region(7)	G4-MM1
	Number of sites identified as located in or near a high biodiversity value area	#	35	31	Group	G4-EN11
	Number of sites with a biodiversity management plan in place	#	10	8	Group	G4-EN11
Green Innovation						
	Number of green innovation products	#	18	-	Group	G4-EN29
Governance						
Corporate Governance and Business Ethics	Percentage of independent Board members	%	50.0	40.0	Group	-
	Percentage of women in the Board members	%	37.5	26.7	Group	-

(1) Employees of a company under contract with Imerys, in charge of a specific operation on site or providing a service.

(2) A "life-changing injury" refers to a serious injury with permanent impact to the victim, such as amputation and disability.

(3) Frequency rate: (number of lost time accidents x 1,000,000)/number of hours worked.

(4) Severity rate: (number of lost days x 1,000)/number of hours worked.

(5) EMS: Environmental Management System. The number of sites required for EMS reporting exclude those divested, closed, newly acquired or newly constructed during the reporting period.

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

(7) The two land use indicators are only applied to the open mining operations in Western Europe.

5.7.3 CORRELATION TABLE WITH THE ELEMENTS OF "GRENELLE II"

1) Social information		Section
Employment	Total headcount and breakdown by gender, age and geographical zone	5.3.2.2 – Key Performance Indicators, p. 120
	New hires and Redundancies	5.3.2.2 – Key Performance Indicators – Employee moves, p. 121
	Compensation and its evolution	5.3.2.1 – Human Resources Principles & Main Areas of Action, p. 118
Work organization	Organization of working time	5.3.2.1 – Human Resources Principles & Main Areas of Action, p. 118
	Absenteeism	5.3.2.2 – Key Performance Indicators – Industrial and Social Relations, p. 122
Social relations	The organization of social dialogue, notably information and consultation procedures for personnel and negotiation with the latter	5.3.2.2 – Key Performance Indicators – Industrial and Social Relations, p. 122
	Outcome of collective agreements	5.3.1 – Safety and Health, p. 116 5.3.4 – Human Rights, p. 124
Health and safety	Health and safety conditions at work	5.3.1 – Safety and Health, p. 116
	Outcome of agreements signed with trade union organizations or personnel representatives regarding occupational health and safety	5.3.1 – Safety and Health, p. 116
	Workplace accidents, notably their frequency and severity, as well as occupational illnesses	5.3.1 – Safety and Health, p. 116
Training	Policies implemented regarding training	5.1.2 – SD Charter and Policies, p. 111 5.3.1 – Safety and Health, p. 116 5.3.2.1 – Human Resources Principles & Main Areas of Action, p. 118 5.4.1 – Environmental Management Systems, p. 125
	Total number of training hours	5.3.2.2 – Key Performance Indicators, p. 120
Equal treatment	Measures promoting gender equality	5.3.2.2 – Key Performance Indicators, p. 120
	Measures promoting the employment and integration of people with disabilities	5.3.2.2 – Key Performance Indicators, p. 120 5.3.3 – Community Relations, p. 123
	Policy against discrimination	5.1.2 – SD Charter and Policies, p. 111 5.3.2.1 – Human Resources Principles & Main Areas of Action, p. 118 5.3.4 – Human Rights, p. 124
Promotion and compliance with the provisions of the fundamental conventions of the International Labor Organization relative to	Freedom of Association and the Effective Recognition of the Right to Collective Bargaining	5.3.2.2 – Key Performance Indicators – Industrial and Social Relations, p. 122 5.3.4 – Human Rights, p. 124
	Elimination of Discrimination in Respect of Employment and Occupation	5.3.2.2 – Key Performance Indicators – Industrial and Social Relations, p. 122 5.3.4 – Human Rights, p. 124
	Elimination of all Forms of Forced and Compulsory Labor	5.3.4 – Human Rights, p. 124
	Effective abolition of child labor	5.3.4 – Human Rights, p. 124

2) Environmental Information		Section
General environmental policy	Organization of the Company to take into account environmental concerns, and, where applicable, environment-related assessment or certification initiatives	5.1.2 – SD Charter and Policies, p. 111 5.4.1 – Environmental Management Systems, p. 125
	Training and information towards employees on environmental protection	5.4.1 – Environmental Management Systems, p. 125
	Means devoted to the prevention of environmental risks and pollution	5.4 – Environmental Stewardship, p. 125
	Amount of the provisions and guarantees for environment-related risks, provided that this information would not be likely to cause the Company serious damage within the framework of on-going litigation	6.1.3 – Note 23.2 Other provisions, p. 198 6.1.3 – Note 28 Commitments, p. 219
Pollution and waste management	Production, reduction or compensation measures for emissions into the air, water or ground and that seriously affect the environment	5.1.1 – Strategy Development and Material Issues Analysis, p.110 5.4.1 – Environmental Management Systems, p. 125 5.4.2.2 – Energy Efficiency, p. 127 5.4.3 – Air Emissions, p. 128 5.4.4 – Water Scarcity and Efficiency, p. 130
	Waste prevention, recycling and reduction measures	5.4.5 – Waste, Overburden and Mineral Solids, p. 131
	Consideration of adverse noise pollution and any other forms of pollution specific to an activity	5.1.1 – Strategy Development and Material Issues Analysis, p. 110 5.4.1 – Environmental Management Systems, p. 125
Sustainable use of resources	Water consumption and water procurement on the basis of local constraints	5.4.4 – Water Scarcity and Efficiency, p. 130
	Consumption of raw materials and the measures undertaken to improve the efficiency of their usage	5.4.2.1 – Minerals Efficiency, p. 126 5.4.2.2 – Energy Efficiency, p. 127 5.4.4 – Water Scarcity and Efficiency, p. 130 5.4.7 – Green Innovation, p. 133
	Energy consumption, measures undertaken to improve energy efficiency and the recourse to renewable energies	5.4.2.2 – Energy Efficiency, p. 127
	Land use	5.4.6 – Biodiversity and Rehabilitation, p. 132
Climate change	Greenhouse gas emissions	5.4.3.1 – Carbon Emissions and Climate Change, p. 128
	Adaptation to the consequences of climate change	5.4.3.1 – Carbon Emissions and Climate Change, p. 128
Biodiversity protection	Measures undertaken to preserve or develop biodiversity	5.4.6 – Biodiversity and Rehabilitation, p. 132

3) Societal Information		Section
Territorial, economic and social impact of the Company's activity	in terms of local employment and regional development	5.3.2.2 – Key Performance Indicators, p. 120 5.3.3 – Community Relations, p. 123
	on local and surrounding communities	5.3.3 – Community Relations, p. 123
Relations maintained with individuals or organizations interested in the Company's activity, notably integration associations, education institutions, environmental defense associations, consumer associations, and neighboring residents	Conditions of dialog with these individuals or organizations	5.1.4 – Stakeholder Engagement, p. 112 5.3.3 – Community Relations, p. 123
	Philanthropic or sponsorship actions	5.1.4.2 – Corporate Sponsorship, p. 112 5.3.3 – Community Relations, p. 123
Subcontracting and suppliers	Integration of social and environmental criteria in the purchasing policy	5.1.4.3 – Customers and Suppliers, p. 112 5.3.4 – Human Rights, p. 124
	Importance of subcontracting and integration of CSR in the relationships with suppliers and subcontractors	5.1.4.3 – Customers and Suppliers, p. 112 5.3.4 – Human Rights, p. 124 5.3.1 – Safety and Health, p. 116
Fair operating practices	Actions implemented to prevent any kind of corruption	5.5 – Governance and Business Behaviors, p. 134
	Measures implemented to promote consumer health and safety	5.1.4.3 – Customers and Suppliers, p. 112 5.3.5 – Product Stewardship, p. 125
Other actions promoting human rights		5.3.4 – Human Rights, p. 124 5.3.3 – Community Relations, p. 123

6

FINANCIAL STATEMENTS

6.1 CONSOLIDATED FINANCIAL STATEMENTS

6.1.1 FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

(€ millions)	Notes	2015	2014
Revenue	**5**	**4,086.7**	**3,688.2**
Current income and expenses		**(3,548.6)**	**(3,193.6)**
Raw materials and consumables used	6	(1,299.5)	(1,199.4)
External expenses	7	(1,117.8)	(1,010.3)
Staff expenses	8	(877.7)	(746.4)
Taxes and duties		(51.9)	(47.3)
Amortization, depreciation and impairment losses		(225.5)	(209.5)
Other current income and expenses	9	23.8	19.3
Current operating income		**538.1**	**494.6**
Other operating income and expenses	**10**	**(357.2)**	**(59.8)**
Gain or loss from obtaining or losing control		(8.4)	58.9
Other non-recurring items		(348.8)	(118.7)
Operating income		**180.9**	**434.8**
Net financial debt expense		**(49.1)**	**(40.2)**
Income from securities	11	9.5	6.8
Gross financial debt expense	11	(58.6)	(47.0)
Other financial income and expenses		**(6.4)**	**(4.9)**
Other financial income		241.8	122.9
Other financial expenses		(248.2)	(127.8)
Financial income (loss)	**12**	**(55.5)**	**(45.1)**
Income taxes	13	(56.3)	(117.4)
Net income of assets held for sale		-	1.0
Net income		**69.1**	**273.3**
Net income, Group share[(1) & (2)]	14	68.4	271.6
Net income, share of non-controlling interests		0.7	1.7

(1) Net income per share			
Basic net income per share (in €)	*15*	*0.86*	*3.57*
Diluted net income per share (in €)	*15*	*0.85*	*3.51*
(2) Net income from current operations, Group share		*341.5*	*316.3*
Basic net income from current operations per share (in €)	*14*	*4.31*	*4.15*
Diluted net income from current operations per share (in €)	*15*	*4.24*	*4.09*
Other operating income and expenses net of income taxes, Group share	*15*	*(273.1)*	*(45.7)*
Net income of assets held for sale	*10*	*-*	*1.0*

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(€ millions)	Notes	2015	2014
Net income		**69.1**	**273.3**
Items never reclassified subsequently to profit or loss			
Post-employment employee benefits		**32.0**	**(87.9)**
Actuarial gains and (losses) and excess of the actual return on assets over their normative return in profit or loss	23.1	32.0	(87.9)
Income taxes on items never reclassified	**13**	**(6.7)**	**20.9**
Items that may be reclassified subsequently to profit or loss			
Cash flow hedges		**(1.9)**	**(10.9)**
Recognition in equity	24.4	(36.5)	(12.8)
Reclassification in profit or loss	24.4	34.6	1.9
Translation reserve		**(4.1)**	**148.0**
Recognition in equity		(7.9)	148.8
Reclassification in profit or loss		3.8	(0.8)
Income taxes on items that may be reclassified	**13**	**10.7**	**16.4**
Other comprehensive income		**30.0**	**86.5**
Total comprehensive income		**99.1**	**359.8**
Total comprehensive income, Group share		98.4	355.9
Total comprehensive income, share of non-controlling interests		0.7	3.9

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(€ millions)	Notes	2015	2014
Non-current assets		**4,189.1**	**3,341.5**
Goodwill	16	1,631.3	1,106.8
Intangible assets	17	105.1	66.4
Mining assets	18	552.3	471.6
Property, plant and equipment	18	1,589.6	1,503.2
Joint ventures and associates	9	126.2	83.3
Other financial assets	21.1	31.6	26.0
Other receivables	21.1	33.5	37.8
Derivative financial assets	24.4	15.0	11.7
Deferred tax assets	13	104.5	34.7
Current assets		**1,979.7**	**2,080.9**
Inventories	20	738.3	670.0
Trade receivables	21.1	578.1	538.8
Other receivables	21.1	223.6	180.3
Derivative financial assets	24.4	5.0	6.1
Other financial assets(1)	24.2	19.6	29.3
Cash and cash equivalents(1)	24.2	415.1	656.4
Consolidated assets		**6,168.8**	**5,422.4**

Equity, Group share		**2,644.1**	**2,444.4**
Capital		159.2	151.8
Premiums		530.2	334.1
Reserves		1,886.3	1,686.9
Net income, Group share		68.4	271.6
Equity, share of non-controlling interests		**27.8**	**26.1**
Equity	**22**	**2,671.9**	**2,470.5**
Non-current liabilities		**2,224.2**	**2,121.6**
Employee benefit liabilities	23.1	322.9	306.5
Other provisions	23.2	304.2	258.4
Loans and financial debts(1)	24.2	1,500.0	1,494.3
Other debts	24.3	42.4	11.7
Derivative financial liabilities	24.4	1.9	7.6
Deferred tax liabilities	13	52.8	43.1
Current liabilities		**1,272.7**	**830.3**
Other provisions	23.2	19.2	24.3
Trade payables	24.1	441.0	411.9
Income taxes payable		50.4	3.0
Other debts	24.3	315.6	307.7
Derivative financial liabilities	24.4	19.2	14.6
Loans and financial debts(1)	24.2	423.8	66.9
Bank overdrafts(1)	24.2	3.5	1.9
Consolidated equity and liabilities		**6,168.8**	**5,422.4**
(1) Positions included in the calculation of the net financial debt	*24.2*	*1,480.4*	*869.9*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity, Group share										
			Reserves								
(€ millions)	Capital	Premiums	Treasury shares	Cash flow hedges	Translation reserve	Other reserves	Subtotal	Net income, Group share	Subtotal	Equity, share of non-controlling interests	Total
Equity as of January 1, 2014	**152.5**	**362.1**	**(6.9)**	**(2.9)**	**(395.7)**	**1,896.4**	**1,490.9**	**242.0**	**2,247.5**	**24.2**	**2,271.7**
Total comprehensive income	**-**	**-**	**-**	**(8.0)**	**159.7**	**(67.4)**	**84.3**	**271.6**	**355.9**	**3.9**	**359.8**
Transactions with shareholders	**(0.7)**	**(28.0)**	**(3.5)**	**0.0**	**0.0**	**115.2**	**111.7**	**(242.0)**	**(159.0)**	**(2.0)**	**(161.0)**
Allocation of 2013 net income	-	-	-	-	-	242.0	242.0	(242.0)	0.0	-	0.0
Dividend (€1.60 per share)	-	-	-	-	-	(122.4)	(122.4)	-	(122.4)	(2.8)	(125.2)
Capital increases in cash	1.1	26.2	-	-	-	(0.4)	(0.4)	-	26.9	1.1	28.0
Capital decreases in cash	(1.8)	(54.2)	-	-	-	-	0.0	-	(56.0)	-	(56.0)
Transactions on treasury shares	-	-	(3.5)	-	-	(11.0)	(14.5)	-	(14.5)	-	(14.5)
Share-based payments	-	-	-	-	-	9.5	9.5	-	9.5	-	9.5
Transactions with non-controlling interests	-	-	-	-	-	(2.5)	(2.5)	-	(2.5)	(0.3)	(2.8)
Equity as of December 31, 2014	**151.8**	**334.1**	**(10.4)**	**(10.9)**	**(236.0)**	**1,944.2**	**1,686.9**	**271.6**	**2,444.4**	**26.1**	**2,470.5**
Total comprehensive income	**-**	**-**	**-**	**(0.3)**	**4.8**	**25.5**	**30.0**	**68.4**	**98.4**	**0.7**	**99.1**
Transactions with shareholders	**7.4**	**196.1**	**(3.9)**	**0.0**	**(0.2)**	**173.5**	**169.4**	**(271.6)**	**101.3**	**1.0**	**102.3**
Allocation of 2014 net income	-	-	-	-	-	271.6	271.6	(271.6)	0.0	-	0.0
Dividend (€1.65 per share)	-	-	-	-	-	(132.5)	(132.5)	-	(132.5)	(0.1)	(132.6)
Capital increases in kind[1]	7.5	206.9	-	-	-	34.4	34.4	-	248.8	-	248.8
Capital increases in cash	2.0	50.3	-	-	-	-	0.0	-	52.3	0.2	52.5
Capital decreases in cash	(2.1)	(60.4)	-	-	-	-	0.0	-	(62.5)	-	(62.5)
Transactions on treasury shares	-	-	(3.9)	-	-	(7.9)	(11.8)	-	(11.8)	-	(11.8)
Share-based payments	-	-	-	-	-	7.3	7.3	-	7.3	-	7.3
Transactions with non-controlling interests	-	-	-	-	-	(0.3)	(0.3)	-	(0.3)	0.9	0.6
Reclassification	-	(0.7)	-	-	(0.2)	0.9	0.7	-	0.0	-	0.0
Equity as of December 31, 2015[2]	**159.2**	**530.2**	**(14.3)**	**(11.2)**	**(231.4)**	**2,143.2**	**1,886.3**	**68.4**	**2,644.1**	**27.8**	**2,671.9**
(1) Capital increase related to the acquisition of S&B (Note 16)											
(2) Proposed dividend (€1.75 per share)	*-*	*-*	*-*	*-*	*-*	*(138.9)*	*(138.9)*	*-*	*(138.9)*	*-*	*(138.9)*
Equity after proposed dividend	*159.2*	*530.2*	*(14.3)*	*(11.2)*	*(231.4)*	*2,004.3*	*1,747.4*	*68.4*	*2,505.2*	*27.8*	*2,533.0*

CONSOLIDATED STATEMENT OF CASH FLOWS

(€ millions)	Notes	2015	2014
Cash flow from operating activities		**544.5**	**416.5**
Cash flow generated by current operations	Appendix 1	760.4	654.0
Interests paid		(61.7)	(53.7)
Income taxes on current operating income and financial income (loss)		(105.8)	(150.9)
Dividends received from available-for-sale financial assets		0.3	(0.1)
Cash flow generated by other operating income and expenses	Appendix 2	(48.7)	(32.8)
Cash flow from investing activities		**(610.5)**	**(205.3)**
Acquisitions of intangible assets and property, plant and equipment	Appendix 3	(271.6)	(241.4)
Acquisitions of investments in consolidated entities after deduction of cash acquired	16	(351.0)	(67.5)
Transaction costs		(10.6)	10.4
Changes in estimate of the contingent remuneration of the seller		(0.2)	7.4
Acquisitions of available-for-sale financial assets		(0.4)	-
Disposals of intangible assets and property, plant and equipment	Appendix 3	7.2	7.9
Disposals of investments in consolidated entities after deduction of cash disposed of		6.7	70.9
Net change in financial assets		0.2	0.5
Paid-in interests		9.2	6.5
Cash flow from financing activities		**(154.4)**	**92.2**
Capital increases and decreases in cash		(10.0)	(28.0)
Disposals (acquisitions) of treasury shares		(11.8)	(14.5)
Dividends paid to shareholders		(132.5)	(122.4)
Dividends paid to non-controlling interests		(0.1)	(2.8)
Acquisitions of investments in consolidated entities from non-controlling interests	16	-	(3.5)
Loan issues(1)		23.5	607.2
Loan repayments(2)		(342.8)	(307.7)
Net change in other debts(3)		319.3	(36.1)
Cash flow from assets held for sale		**-**	**0.6**
Change in cash and cash equivalents		**(220.4)**	**304.0**

(€ millions)	2015	2014
Opening cash and cash equivalents	**654.5**	**340.2**
Change in cash and cash equivalents	(220.4)	304.0
Impact of changes due to exchange rate fluctuations	(22.5)	10.3
Closing cash and cash equivalents(4)	**411.6**	**654.5**
Cash	286.8	218.2
Cash equivalents	128.3	438.2
Bank overdrafts	(3.5)	(1.9)

(1) Of which in 2014, a €600.0 million bond issue as part of the Euro Medium Term Note program (EMTN) (Note 24.5).

(2) Of which in 2015, the repayment for an amount of €314.6 million of the high yield bond of the S&B group (Note 16) and in 2014, a repayment of a bond issue of €300.0 million as part of the Euro Medium Term Note program (EMTN) (Note 24.5).

(3) Of which in 2015, a €347.6 million commercial papers issue (€0.0 million as of December 31, 2014).

(4) As of December, 2015, the position "Closing cash and cash equivalents" comprises a balance of €6.0 million (€3.8 million as of December 31, 2014) not available for Imerys SA and its subsidiaries, of which €5.8 million (€1.1 million as of December 31, 2014) with respect to foreign exchange control legislations and €0.2 million (€2.7 million as of December 31, 2014) with respect to statutory requirements. As of December 31, 2015, foreign exchange control legislation applies in particular to the Greek entities controlled as a result of the S&B group acquisition (Notes 16 and 25).

Appendix 1: cash flow generated by current operations

(€ millions)	Notes	2015	2014
Net income		**69.1**	**273.3**
Adjustments		**683.3**	**413.8**
Income taxes	13	56.3	117.4
Share in net income of joint ventures and associates	9	(8.1)	(4.6)
Dividends received from joint ventures and associates		7.4	1.7
Impairment losses on goodwill	10 & 16	118.8	30.1
Share in net income of associates out of the recurring business		0.1	1.9
Other operating income and expenses excluding impairment losses on goodwill		238.3	27.8
Net operating amortization and depreciation	Appendix 3	225.1	209.2
Net operating impairment losses on assets		-	4.8
Net operating provisions		(9.4)	(20.5)
Dividends receivable from available-for-sale financial assets		(0.1)	-
Net interest income and expenses		49.1	41.9
Share-based payments expense	8	7.3	9.5
Change in fair value of hedge instruments		2.2	(1.8)
Income from current disposals of intangible assets and property, plant and equipment	9	(3.7)	(2.6)
Net income of assets held for sale		-	(1.0)
Change in the working capital requirement		**8.0**	**(33.1)**
Inventories		6.1	(56.3)
Trade accounts receivable, advances and down payments received		41.2	(15.0)
Trade accounts payable, advances and down payments paid		(25.5)	22.6
Other receivables and debts		(13.8)	15.6
Cash flow generated by current operations		**760.4**	**654.0**

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

(€ millions)	Notes	2015	2014
Other operating income and expenses	**10**	**(357.2)**	**(59.8)**
Adjustments		**308.5**	**27.0**
Transaction costs		10.6	(10.4)
Changes in estimate of the contingent remuneration of the seller		0.2	(7.4)
Income from disposals of consolidated investments and available-for-sale financial assets	10	(2.4)	(41.1)
Impairment losses on goodwill	10 & 16	118.8	30.1
Income from non-recurring disposals of intangible assets and property, plant and equipment	10	0.1	-
Other net operating amortization and depreciation	Appendix 3	153.0	6.5
Other net operating provisions	10	15.0	34.5
Share in net income of associates out of the recurring business		0.1	1.9
Income taxes paid on other operating income and expenses		13.1	12.9
Cash flow generated by other operating income and expenses		**(48.7)**	**(32.8)**

Appendix 3: table of indirect references to the notes

(€ millions)	Notes	2015	2014
Consolidated statement of cash flows			
Acquisitions of intangible assets and property, plant and equipment		(271.6)	(241.4)
Intangible assets	17	(48.9)	(8.3)
Property, plant and equipment	18	(225.3)	(231.8)
Neutralization of finance lease acquisitions		-	0.1
Change in payables on acquisitions of intangible assets and property, plant and equipment		2.6	(1.5)
Disposals of intangible assets and property, plant and equipment		7.2	7.9
Intangible assets	17	0.1	-
Property, plant and equipment	18	3.2	4.6
Income on asset disposals	9	3.7	2.6
Income on non-recurring asset disposals	10	(0.1)	-
Change in receivables on disposals of intangible assets and property, plant and equipment		0.3	0.7
Appendix 1			
Net operating amortization and depreciation		225.1	209.2
Increases in amortization - intangible assets	17	13.6	7.8
Increases in depreciation - property, plant and equipment	18	215.6	204.4
Amortization and depreciation reversals - intangible assets and property, plant and equipment		(3.7)	(2.7)
Neutralization of finance leases depreciation		(0.4)	(0.3)
Appendix 2			
Other net operating amortization and depreciation		153.0	6.5
Impairment losses - intangible assets	17	36.1	0.5
Impairment losses - property, plant and equipment	18	119.0	7.4
Reversal of impairment losses - property, plant and equipment	18	(2.1)	(1.4)

6.1.2 INFORMATION BY SEGMENTS

ACCOUNTING POLICY

By means of complex physical and thermic manufacturing processes, Imerys adds value to a range of minerals generally extracted from its deposits. Within each of its four business groups, the Group develops, produces and markets mineral solutions whose functions (thermal or mechanical resistance, conductivity, covering power, barrier effect, etc.) are essential to its customers' manufacturing processes. The reported segments correspond to the four business groups of Imerys:

- Energy Solutions & Specialties (ESS): functional additives used in construction (plastics, paints, etc.) and in the production of paper, monolithic refractory products for the protection of high-temperature industrial equipment (iron and steel, foundry, petrochemical, glass and cement industries, etc.) and mineral specialties for the mobile energy, electronics and non-conventional oil exploration markets;
- Filtration & Performance Additives (F&PA): mineral agents for the filtration of edible liquids, performance mineral specialties used in plastics, paints and polymers and papers, for the sectors of construction, consumer goods (beverages, food, magazines, packaging, pharmaceuticals, health and beauty, etc.) and durable goods (mainly automobile);
- Ceramic Materials (CM): clay roof tiles and mineral solutions for floor tiles, sanitaryware, tableware, technical ceramics, paints, plastics and paper;
- High Resistance Minerals (HRM): fused minerals for abrasive industries (cutting, grinding and polishing tools) and refractory minerals used in high-temperature industries (steel, foundry, power generation, etc.).

Each of the reported segments is thus engaged in the production and rendering of related goods and services presenting geological, industrial and commercial synergies and results from the aggregation of the Cash-Generating Units followed each month by the Executive Management in its business reporting *(Note 19)*. The Executive Management considers that the holding structures dedicated to the centralized financing of the Group are no segments. Their aggregates are thus presented in a reconciliation column with inter-segment eliminations (IS&H). The financial information by segment is measured in accordance with the principles of the Referential *(Note 1)*. The transactions between segments are measured at the prices that two independent parties would have agreed upon under economic conditions equivalent to those of the related transaction.

CONSOLIDATED INCOME STATEMENT

Revenue from transactions of Imerys with each of its external customers never exceeds a threshold of 10.0% of the Group's revenue.

As of December 31, 2015

(€ millions)	ESS	F&PA	CM	HRM	IS&H	Total
External revenue	**1,254.8**	**1,079.6**	**1,169.7**	**610.7**	**(28.1)**	**4,086.7**
Sales of goods	1,018.1	982.1	1,013.8	595.8	(28.3)	3,581.5
Rendering of services	236.7	97.5	155.9	14.9	0.2	505.2
Inter-segment revenue	**(1.7)**	**1.9**	**2.7**	**18.7**	**(21.6)**	**0.0**
Revenue	**1,253.1**	**1,081.5**	**1,172.4**	**629.4**	**(49.7)**	**4,086.7**
Current operating income	**119.7**	**178.1**	**210.1**	**81.6**	**(51.4)**	**538.1**
of which amortization, depreciation and impairment losses	(50.2)	(58.6)	(84.7)	(29.8)	(2.2)	(225.5)
Other operating income and expenses	**(301.9)**	**(29.9)**	**(21.7)**	**(8.7)**	**5.0**	**(357.2)**
Operating income	**(182.2)**	**148.2**	**188.4**	**72.9**	**(46.4)**	**180.9**
Financial income (loss)	**(0.4)**	**0.9**	**30.3**	**(8.2)**	**(78.1)**	**(55.5)**
Interest income	0.2	0.1	7.9	0.9	0.6	9.7
Interest expenses	(1.4)	(1.3)	(0.4)	(2.1)	(53.6)	(58.8)
Income taxes	**30.7**	**(46.4)**	**(66.4)**	**(20.1)**	**45.9**	**(56.3)**
Net income	**(151.9)**	**102.7**	**152.3**	**44.6**	**(78.6)**	**69.1**

As of December 31, 2014

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

▪ CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of December 31, 2015

(€ millions)	ESS	F&PA	CM	HRM	IS&H	Total
Capital employed - Assets	**1,466.6**	**1,795.6**	**1,429.4**	**854.5**	**31.9**	**5,578.0**
Goodwill(1)	280.1	790.8	277.9	281.7	0.8	1,631.3
Intangible assets and property, plant and equipment(2)	719.9	598.6	666.4	253.5	8.6	2,247.0
Inventories	176.4	161.0	202.7	198.1	0.1	738.3
Trade receivables	202.4	168.5	140.1	75.3	(8.2)	578.1
Other receivables - non-current and current	75.4	38.4	70.7	45.0	27.6	257.1
Joint ventures and associates	12.4	38.3	71.6	0.9	3.0	126.2
Unallocated assets						**590.8**
Total assets						**6,168.8**
Capital employed - Liabilities	**274.8**	**197.3**	**237.2**	**123.3**	**17.0**	**849.6**
Trade payables	171.9	93.6	123.1	63.9	(11.5)	441.0
Other debts - non-current and current	85.2	93.6	106.7	53.5	19.2	358.2
Income taxes payable	17.7	10.1	7.4	5.9	9.3	50.4
Provisions	**118.3**	**196.5**	**216.6**	**72.7**	**42.2**	**646.3**
Unallocated liabilities						**2,001.1**
Total non-current and current liabilities						**3,497.0**
Total capital employed	**1,191.8**	**1,598.3**	**1,192.2**	**731.2**	**14.9**	**4,728.4**
(1) Increases in goodwill	*14.4*	*577.0*	*24.8*	*-*	*-*	*616.2*
(2) Acquisitions of intangible assets and property, plant and equipment	*90.5*	*63.1*	*74.6*	*40.2*	*3.2*	*271.6*

As of December 31, 2014

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

■ INFORMATION BY GEOGRAPHICAL LOCATION

Notion of country risk. Due to their mining activity and to the variety of their final markets, the entities of Imerys are located in numerous countries. The Group may thus be exposed to certain risks specific to these countries which may have in the future a certain impact on its financial statements. Country risk comprises two components: on the one hand, the transfer and convertibility risk, i.e. the risk a government imposes foreign exchange or capital controls that prevent an entity from transferring funds to third parties located outside the country and/or converting local currency into foreign currency; and on the other hand the general economic environment, mainly in its dimensions related to the quality of public and private governance, as well as to the risks of conflicts, expropriation, civil and political instability or natural disasters.

Exposure to country risk. The transfer and convertibility component of country risk results in the unavailability of cash balances for an amount of €5.8 million as of December 31, 2015 (€1.1 million as of December 31, 2014) *(Consolidated Statement of Cash Flow)*. Besides, country risk is taken into account in the country-market risk premium of the discount rates used for impairment tests *(Note 19)*. However, the fact that most of the supply sources and final markets of Imerys are located in developed countries limits the exposure of the Group to country risk. In order to identify high-risk countries, Imerys uses the grading system "Business Environment" of the Coface, the main French insurance company specialized in export credit insurances, which measures if an economic and financial interest in an entity is influenced by the economic, financial and political prospects of the related countries. The grading system of the Coface consists of seven categories from A1 to D, with an increasing order of importance of the assessed risks. Categories C and D, corresponding to the highest risks, include Argentina, Georgia, Russia and Vietnam (category C) and Ukraine, Venezuela and Zimbabwe (category D), where the Group is present.

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

(€ millions)	**2015**	**2014**
France	628.8	650.8
Other European countries	1,598.9	1,387.2
North America	1,150.9	995.5
Asia - Oceania	549.5	493.2
Other countries	158.6	161.5
Revenue by geographical location of the businesses of the Group	**4,086.7**	**3,688.2**

Revenue generated in countries rated C and D by the grading system "Business Environment" of the Coface represents in 2015 1.34% of Group revenue (0.79% in 2014) and 1.95% of current operating income (0.60% in 2014).

The following table presents revenue by geographical location of customers:

(€ millions)	**2015**	**2014**
France	464.3	470.1
Other European countries	1,549.3	1,371.3
North America	1,067.6	929.2
Asia - Oceania	727.6	644.1
Other countries	277.9	273.5
Revenue by geographical location of customers	**4,086.7**	**3,688.2**

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

	2015			**2014**		
(€ millions)	**Goodwill**	**Intangible assets and property, plant and equipment**	**Total**	**Goodwill**	**Intangible assets and property, plant and equipment**	**Total**
France	804.7	269.4	1,074.1	211.6	257.3	468.9
Other European countries	355.0	679.7	1,034.7	349.2	460.0	809.2
North America	204.2	811.9	1,016.1	273.8	795.3	1,069.1
Asia - Oceania	215.0	201.1	416.1	206.6	181.5	388.1
Other countries	52.4	284.9	337.3	65.6	347.1	412.7
Total	**1,631.3**	**2,247.0**	**3,878.3**	**1,106.8**	**2,041.2**	**3,148.0**

The total of the statement of financial position located in countries rated C and D by the grading system "Business Environment" of the Coface represents 0.24% of the statement of financial position (0.20% as of December 31, 2014) and - 1.30% of consolidated equity, Group share (- 1.26% as of December 31, 2014).

6.1.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

▪ 2015 SIGNIFICANT EVENTS

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

- Imerys acquires the Greek S&B group: *Note 16 - Goodwill; Note 25 - Changes in the scope of consolidation*.
- Imerys acquires the PCC business of the Belgian Solvay group: *Note 16 - Goodwill; Note 25 - Changes in the scope of consolidation*.
- Impairment loss on the goodwill of the Oilfield Solutions Cash Generating Unit: *Note 19 - Impairment tests*.

▪ BASIS OF PREPARATION

NOTE 1 REFERENTIAL

1.1 STATEMENT OF COMPLIANCE WITH THE REFERENTIAL

Pursuant to European regulation no. 1606/2002 of July 19, 2002, Imerys, a group of the industrial minerals sector, with its headquarters in Paris, 154 rue de l'Université and whose share is admitted to trading on the compartment A of NYSE Euronext Paris, has established its consolidated financial statements as of December 31, 2015 in compliance with IFRS (International Financial Reporting Standards) as adopted within the European Union at the closing date (hereafter "the Referential"). The financial statements have been closed on February 11, 2016 by the Board of Directors of Imerys SA, the Parent Company of the Group, on a going concern basis, in millions of Euros with one decimal rounded up to the nearest tenth.

1.2 DIFFERENCES BETWEEN THE REFERENTIAL AND IFRSs

The adoption process within the European Union may create temporary time-lags at the closing date between the Referential and IFRSs. However as of December 31, 2015, no difference exists between the Referential and IFRSs.

1.3 OPTIONAL STATEMENTS

First-time adoption. Upon first-time adoption of the Referential, Imerys presented financial statements as of January 1, 2004 that included a retrospective application limited by some optional exemptions provided for by standard IFRS 1 on first-time adoption of IFRSs and exercised by the Group. The acquisition of businesses prior to the first-time adoption have not been adjusted. The carrying amount of property, plant and equipment has not been adjusted except for mineral reserves and resources, which have been measured at fair value. The actuarial differences of post-employment employee benefits unrecognized at the date of first-time adoption have been included in the measurement of the plan assets and provisions against the reserves. Finally, the translation differences of foreign operations have been reclassified in the reserves.

Other optional statements. Some standards of the Referential present recognition and measurement options. The amortized / depreciated historical cost qualifies as the measurement basis for intangible assets *(Note 17)*, mining assets *(Note 18)* and property, plant and equipment *(Note 18)*. Inventories are measured on the basis of their characteristics in accordance with the "First-In, First-Out" (FIFO) or weighted average cost methods *(Note 20)*. The rules of hedge accounting are applied to the recognition of derivatives hedging currency, interest rate and energy price risks *(Note 24.4)*.

1.4 ABSENCE OF GUIDANCE

In the absence of any applicable standard or interpretation or sufficient detail of the existing standards and interpretations, the Executive Management has defined recognition and measurement policies on three subjects: greenhouse gas allowances *(Note 17)*, mining assets *(Note 18)* and purchase commitment of non-controlling interests of an entity controlled by the Group *(Note 25)*.

NOTE 2 CHANGES IN ACCOUNTING POLICIES AND ERRORS

Accounting policy

Accounting policies are identical from one period to the other and are modified either on a mandatory basis to apply a new standard or interpretation *(Note 2.1)*, or on a voluntary basis to improve the reliability or the relevance of information *(Note 2.2)*. Changes in accounting policies are accounted for retrospectively, unless required by the specific transition provisions of the standard or interpretation. Financial statements are modified for all reported periods, as if the new policy had always been applied. Errors *(Note 2.3)* are corrected retrospectively.

2.1 MANDATORY CHANGES

Anticipated application

Imerys did not apply by anticipation any standard or interpretation in 2014 and 2015.

Application upon effective date

IFRIC 21, Levies. This interpretation clarifies certain practical difficulties related to the determination of the date at which a levy, i.e. a tax other than income taxes, is recognized. This interpretation addresses among others the identification of the obligating event of a levy, the levies triggered by thresholds, the measurement of levies in interim financial statements, etc. This interpretation has no significant impact on the financial statements of Imerys.

2.2 VOLUNTARY CHANGES

Imerys is not performing any voluntary change in accounting policy in 2015. In 2014, in anticipation of the acquisition of the S&B group announced in November 2014 *(Note 16)*, the Group's managerial organization had been modified, resulting in a revision of the business groups' structure over the 2014 period.

2.3 ERRORS

No correction of error was performed in 2014 and 2015.

NOTE 3 STANDARDS AND INTERPRETATIONS EFFECTIVE AFTER THE CLOSING DATE

On the basis of the last projected adoption agenda of IFRSs within the European Union dated February 3, 2016 published by the EFRAG (European Financial Reporting Advisory Group), Imerys will apply the following standards and interpretations after December 31, 2015.

3.1 APPLICATION IN 2016

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

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

Amendments to IAS 19, Employee Contributions. This amendment simplifies the recognition of contributions paid independently of the number of years of service by employees with respect to defined benefit plans. This amendment has no significant impact on the financial statements of Imerys.

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

3.2 APPLICATION IN 2017

As of December 31, 2015, the adoption process of the following amendments is in progress within the European Union.

Amendments to IAS 7: Disclosure Initiative. The objective of this amendment is to improve the disclosures on changes in liabilities arising from financing activities.

Besides, the amendments to IAS 12, Income Taxes: Recognition of Deferred Tax Assets for Unrealized Losses, do not apply at Imerys. Indeed, these amendments clarify the conditions to recognize deferred tax assets related to debt instruments measured at fair value, a measurement basis that is not used by the Group for this type of liabilities.

3.3 APPLICATION IN 2018

As of December 31, 2015, the adoption process of the following standards and amendments is in progress within the European Union.

Amendments to IFRS 7, Financial Instruments: Disclosures. These amendments state in particular the disclosures that enable to understand the bridge, at the adoption date of standard IFRS 9 (see hereafter), between the old and new financial instruments categories and the old and new measurement rules for the financial instruments held at that date.

IFRS 9, Financial Instruments. IFRS 9 is intended to replace current standard IAS 39 on financial instruments. The improvements introduced by IFRS 9 include a classification and measurement model of financial instruments, an impairment loss model based upon expected losses and no longer upon past credit events, as well as a new approach to hedge accounting. The classification and measurement model of financial instruments introduced by IFRS 9, simpler than that of current standard IAS 39, shall improve the readability of disclosures in *Notes 11, 12, 21.1 and 24.1*. Besides, no material impact is expected from the change from an incurred loss model to an expected loss model as a consequence of the limited exposure of Imerys to credit risk *(Note 21.3)*. In terms of hedge accounting *(Note 24.4)*, Imerys could consider the possibility to expand the scope of hedged items beyond its current state. Indeed, IFRS 9 is offering broader possibilities than IAS 39 in terms of designation of items eligible to hedge accounting. At last, as a result of the derivative instruments used as part of its hedging policy, the Group shall be affected by the new recognition requirements applicable to changes in the time value of options. The latter shall be recognized in equity instead of profit or loss as is currently the case.

Amendments to IFRS 9, Financial Instruments. These amendments state in particular that the entities that will adopt IFRS 9 as of January 1, 2018 will not have to restate any comparative period. At that date, the bridge between the old and new financial instruments categories will be explained, as a result of the amendments to IFRS 7, by the disclosures provided in the notes and the difference between the old and new valuations of the financial instruments held at that date will be recognized as an adjustment of the consolidated equity as of January 1, 2018.

IFRS 15, Revenue from Contracts with Customers. This new standard, whose objective is to replace the current standard on revenue, is based upon two principles: recognition of the sale when the customer obtains control over the good or service and measurement for the amount of the expected payment. Considering the nature of the contracts between Imerys and its customers, the Group anticipates impacts limited to sales of goods performed under some specific incoterms, as well as certain service contracts. On this last item, Imerys is examining in particuliar to what extent the notion of control influences the recognition pattern of revenue from service contracts, considering if the customer obtains control over the service at a point in time or throughout time.

3.4 APPLICATION IN 2019

IFRS 16, Leases. This standard abolishes for the lessee the current distinction between operating leases, recognized as expenses *(Note 7)* and finance leases, recognized as property, plant and equipment *(Note 18)* against a financial debt *(Note 24.2)* to require, for all leases, the recognition of a use right against a financial debt. This standard, whose application shall have an impact, mainly on the level of capital employed *(Information by segments)*, the depreciation expense recognized in Current Operating Income *(Note 9)*, the interest expense recognized in Financial Income (Loss) *(Note 12)*, the impairment tests *(Note 19)* and the financial ratios that the Group is required to comply with for part of its financing *(Note 24.5)*, is monitored by the Group since the first Exposure Draft was released in August 2010. The works performed until now aim at identifying the contracts included in the scope of the standard.

NOTE 4 ESTIMATES

Estimates are intended to provide a reasonable assessment of the latest reliable information available on an uncertainty. They are revised to reflect changes in circumstances, new information available and experience effects. Changes in estimates are accounted for prospectively. The significant estimates of the Executive Management are separately outlined in the notes:

- allocation of certain transactions by levels within the income statement *(Notes to the consolidated income statement);*
- amortization methods of intangible assets *(Note 17);*
- depreciation methods of mining assets and property, plant and equipment *(Note 18);*
- definition, as part of the impairment tests of non-financial assets, of Cash Generating Units (CGUs), impairment indicators, duration and amount of future cash flows as well as the discount rates used in the calculation of the values in use of the CGUs *(Note 19);*
- actuarial assumptions of defined benefit plans *(Note 23.1); and*
- assessment, as part of the recognition and measurement of provisions, of the probability of settlement and amount of the obligation, of the expected timing of future payments and of discount rates *(Note 23.2).*

▪ NOTES TO THE CONSOLIDATED INCOME STATEMENT

Accounting policy

Revenue and expenses recognized in the consolidated income statement are aggregated by natures in accordance with materiality and are only offset in application of a standard or interpretation. Comparative information is disclosed with respect to period N-1, comparative information with respect to period N-2 being incorporated by reference *(Chapter 9, section 9.4 of the Registration Document)*. Profit or loss is structured in two main levels: operating income and financial income (loss). If for most cases, the allocation of transactions by profit or loss level does not require any specific comment, the options of some standards and the absence of guidance of other standards led the Executive Management to make some presentation decisions. The three tables hereafter present these decisions by profit or loss level and enable the link with the corresponding note.

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

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

Other operating income and expenses. Other operating income and expenses *(Note 10)* correspond, in accordance with the recommendation ANC 2013-03 of the French accounting standard setting authority on the format of IFRS financial statements, to items of income and expenses resulting from a limited number of well identified, non-recurring and significant events, such as the profit or loss impacts from obtaining or losing control of a business, of a restructuring, including related assets disposals, of an impairment loss on goodwill or of a significant litigation:

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

Financial income (loss). The financial income (loss) mainly includes the cost of indebtedness, foreign exchange differences, the financial components of defined benefit plans, the unwinding of the discount of provisions and impairment losses on financial assets *(Note 12)*, as well as the following specific items:

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

NOTE 5 REVENUE

Accounting policy

Sales of goods represent the greater part of revenue. They are recognized upon transfer of the risks, rewards and control. Their incoterms are multiple because of the specificities of packaging (bulk, powder, paste, slurry, etc.) and freight (sea, rail, road, etc.) and represent the key indicator for the recognition of sales of goods. Reinvoicing of the freight cost of the product represents the majority of rendering of services and its recognition generally derives from the sale of the transported product. Furthermore, for both goods and rendering of services, a sale is recognized only if the corresponding receivable is recoverable and the amount of the transaction and related costs necessary to complete the transaction can be measured reliably. Sales of goods and rendering of services are measured at the fair value of the transaction, decreased by trade and volume rebates, as well as discounts for early payment.

Period activity

(€ millions)	2015	2014
Sales of goods	3,581.5	3,171.6
Rendering of services	505.2	516.6
Total	**4,086.7**	**3,688.2**

Revenue amounts to €4,086.7 million in 2015 (€3,688.2 million in 2014), i.e. an increase of + 10.8% (- 0.3% in 2014), including a positive effect of + €218.2 million due to foreign currency changes (- €37.3 million in 2014) and a positive structure impact of + €350.3 million (- €90.7 million in 2014). At comparable structure and foreign currency rates, revenue decreases by - 4.6% (+ 3.2% in 2014).

NOTE 6 RAW MATERIALS AND CONSUMABLES USED

(€ millions)	2015	2014
Raw materials	(552.6)	(541.6)
Energy	(362.0)	(367.0)
Chemicals	(65.4)	(71.4)
Other consumables	(188.5)	(164.2)
Merchandises	(135.7)	(122.3)
Change in inventories	(6.1)	56.4
Internally generated property, plant and equipment	10.8	10.7
Total	**(1,299.5)**	**(1,199.4)**

NOTE 7 EXTERNAL EXPENSES

(€ millions)	2015	2014
Freight	(502.3)	(464.7)
Operating leases	(77.1)	(64.9)
Subcontracting	(125.0)	(111.6)
Maintenance and repair	(116.2)	(103.7)
Fees	(95.8)	(83.4)
Other external expenses	(201.4)	(182.0)
Total	**(1,117.8)**	**(1,010.3)**

NOTE 8 STAFF EXPENSES

(€ millions)	2015	2014
Salaries	(673.3)	(574.8)
Social security contributions	(137.1)	(116.8)
Net change in employee benefit liabilities	9.3	29.5
Contributions to defined employee benefit plans	(18.6)	(31.1)
Contributions to defined contribution plans	(22.9)	(18.6)
Profit-sharing	(26.6)	(24.3)
Other employee benefits	(8.5)	(10.3)
Total	**(877.7)**	**(746.4)**

Share-based payments management principles

Imerys attributes share options whose exercise results in the subscription of shares created for that purpose, as well as free shares acquired on the market. The corresponding expense is recognized as "Other employee benefits" for €7.3 million in 2015 (€9.5 million in 2014). The Group's long-term retention policy comprises since 1987 the grant of share options and, since 2008, of conditional free shares. The management principles of these share-based payments are set by the Board of Directors upon the Appointments and Compensation Committee's recommendations and comprise, aside from the grants made under the Group's employee shareholding operations, the main following characteristics:

Share options. Grants take the form of share options. This form was judged preferable to share purchase options as it prevents Imerys from having to tie up its capital before the option exercise period even opens, in order to acquire on the market the number of shares needed to fulfill possible option exercises.

Conditional free shares. Free shares are in principle subordinated and proportional to the achievement of economic and/or financial performance objectives set by the Board of Directors.

Since 1999, share-based payments plans are annual and the total number of rights granted each year is adjusted in accordance with the Group's overall performance or to specific events. Grants traditionally take place on the Shareholders' General Meeting. The actual or likely beneficiaries are the Group's executives (Chairman and Chief Executive Officer, Executive Committee members, business group and activity management committees, managers of the Group's main corporate departments) and, since 2001, the holders of certain key positions reporting to them, as well as high-potential managers and employees that make an outstanding contribution to the Group's performance.

Accounting policy

The fair value of services rendered against the grant of Imerys share options and free shares granted after November 7, 2002 is measured using the Black & Scholes pricing model by reference to the fair value of instruments at the grant date. This measurement takes into consideration the exercise price and life of instruments, the underlying share price, the turnover rate of beneficiaries, as well as the volatility of the Imerys share. Volatility equals the standard deviation of the historical monthly returns of the Imerys share over the expected life of the instruments. In the majority of cases, the acquisition of rights is subject to a condition of duration of service and the fair value of services rendered is amortized in profit or loss over the vesting periods of rights, against an increase in equity. The accounting treatment is identical where, in addition to the duration of service condition, the acquisition of rights is subject to the achievement of pre-determined economic performance conditions. The volatility and the assumptions related to the probability of acquisition of rights are revised at each closing date. The turnover rates of beneficiaries are adjusted definitely as vesting periods are closed.

Share-based payments expense

	Number of options	Exercise price (€)	Maturity	Volatility	Turnover rate	Average dividend rate	Performance conditions	Fair value (€)	Total cost of each plan (€M)	2015 cost of the plans (€M)	2014 cost of the plans (€M)
Share options plans											
2010	82,000	44.19	5.0 years	31.0%	0.0%	3.0%	100.0%	9.40	(0.8)	-	(0.2)
2011	221,874	53.05	5.0 years	29.5%	13.3%	2.9%	-	10.52	(2.0)	0.1	(0.2)
2011	70,001	53.05	5.0 years	29.5%	13.3%	2.9%	88.3%	10.52	(0.6)	0.1	(0.2)
2011	40,000	53.05	5.0 years	29.5%	0.0%	2.9%	88.3%	10.52	(0.4)	-	(0.1)
2012	236,719	43.62	5.0 years	31.1%	9.0%	2.9%	-	7.27	(1.6)	(0.2)	(0.5)
2012	82,001	43.62	5.0 years	31.1%	9.0%	2.9%	69.0%	7.27	(0.4)	-	(0.1)
2012	44,000	43.62	5.0 years	31.1%	0.0%	2.9%	69.0%	7.27	(0.2)	-	(0.1)
Free shares plans											
2010	42,000	-	3.3 years	-	0.0%	3.0%	100.0%	39.28	(1.7)	-	(0.5)
2011	150,971	-	3.5 years	-	14.2%	2.9%	88.3%	45.23	(5.2)	0.3	(1.9)
2011	20,000	-	3.0 years	-	0.0%	2.9%	88.3%	45.91	(0.8)	-	(0.2)
2011	37,400	-	3.6 years	-	16.5%	2.9%	92.5%	38.56	(1.1)	(0.1)	(0.3)
2012	21,500	-	3.0 years	-	0.0%	2.9%	69.0%	35.46	(0.5)	-	(0.2)
2012	159,402	-	3.5 years	-	9.0%	2.9%	69.0%	34.93	(3.5)	(0.6)	(1.1)
2013	233,500	-	4.0 years	-	10.0%	2.9%	75.0%	45.15	(7.0)	(1.7)	(1.8)
2013	30,000	-	4.0 years	-	0.0%	2.9%	75.0%	45.15	(1.0)	(0.2)	(0.3)
2014	276,975	-	4.0 years	-	8.9%	2.9%	75.0%	55.37	(10.5)	(2.6)	(1.8)
2015	20,700	-	2.0 years	-	0.0%	2.9%	-	63.01	(0.5)	(0.2)	-
2015	309,550	-	4.0 years	-	8.7%	2.9%	75.0%	61.17	(13.0)	(2.2)	-
Cost of plans recognized as staff expenses										**(7.3)**	**(9.5)**
Weighted average exercise price *(€)*										54.5	48.4

NOTE 9 OTHER CURRENT INCOME AND EXPENSES

(€ millions)	2015	2014
Other income and expenses	(2.1)	9.5
Income on asset disposals	3.7	2.6
Grants received	5.9	4.6
Net change in operating provisions and write-downs	8.2	(2.0)
Share in net income of joint ventures and associates	8.1	4.6
Total	**23.8**	**19.3**

Imerys is holding investments in businesses over which the Group exercises joint control or significant influence. The net income generated by these investments is disclosed in “Share in net income of joint ventures and associates” for €8.1 million in 2015 (€4.6 million in 2014).

Accounting policy

Imerys measures under the equity method the investments under joint control (joint ventures), i.e. those whose financial and operating policies are subject to an unanimous vote of Imerys and a third party venturer and the investments under significant influence (associates), i.e. those whose financial and operating policies are governed by the third party venturer, while Imerys only participates in these policies, without controlling them. The shares held in the net assets and results of these entities are presented in distinct positions in the operating income and in the assets.

Main joint ventures and associates

The main investments measured under the equity method are the joint ventures The Quartz Corporation and Stollberg & Samil and the associate MST Mineralien Schiffahrt. The summarized financial information of these investments is presented hereafter as 100.00% amounts. The debit amounts are negative and the credit amounts are positive. These data are closed as of December 31, except for those of MST Mineralien Schiffahrt, that stem from the most recent financial statements to which the Group has access, i.e. those of the September 30, annual closing.

	Joint ventures				Associates	
	The Quartz Corporation		Stollberg & Samil		MST Mineralien Schiffahrt	
(€ millions)	2015	2014	2015	2014	2015	2014
Consolidated income statement						
Revenue	65.1	53.5	29.6	-	91.4	90.3
Net income	0.4	3.1	1.5	-	4.4	2.5
Consolidated statement of financial position						
Non-current assets	(71.3)	(67.3)	(15.0)	-	(188.2)	(175.7)
Current assets	(34.8)	(38.5)	(22.7)	-	(47.4)	(49.8)
Equity	46.9	45.1	25.2	-	86.0	77.5
Non-current liabilities	47.8	48.4	4.2	-	109.0	129.5
Current liabilities	11.4	12.3	8.3	-	40.6	18.5

The Quartz Corporation (joint venture) is a 50.00% interest of the Ceramic Materials business group in a group of companies specialized in the extraction of and adding value to high purity quartz in the United States and Norway. Stollberg & Samil (joint venture) is a 50.00% interest of the Filtration & Performance Additives business group in an entity that produces and distributes products for the foundry industry in South Korea. At last, MST Mineralien Schiffahrt (associate) is a 50.00% interest of the Filtration & Performance Additives business group in a German minerals shipping company. These three investments are recognized in accordance with the equity method. The table below presents a reconciliation between the equity of the joint ventures and associates, as disclosed at 100.00% in the previous table and as recognized in the assets of Imerys in accordance with the equity method.

	2015				2014			
(€ millions)	Equity	Interests of other shareholders	Goodwill	Interest of Imerys	Equity	Interests of other shareholders	Goodwill	Interest of Imerys
The Quartz Corporation	46.9	(23.5)	2.4	25.9	45.1	(22.6)	2.4	25.0
Stollberg & Samil	25.2	(12.6)	-	12.6	-	-	-	-
MST Mineralien Schiffahrt	86.0	(43.0)	-	43.0	77.5	(38.8)	-	38.8
Other investments	101.0	(59.1)	2.8	44.7	37.1	(20.3)	2.8	19.6
Total	**259.1**	**(138.2)**	**5.2**	**126.2**	**159.7**	**(81.6)**	**5.2**	**83.3**

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

(€ millions)	2015	2014
Opening carrying amount	**83.3**	**83.1**
Incoming entities	39.1	-
Disposals	(0.7)	(0.7)
Income	8.0	2.7
Dividends distributed by the joint ventures and associates	(7.4)	(1.6)
Other	3.9	(0.2)
Closing carrying amount	**126.2**	**83.3**

NOTE 10 OTHER OPERATING INCOME AND EXPENSES

(€ millions)	2015	2014
Gain or loss from obtaining or losing control	**(8.4)**	**58.9**
Transaction costs	(10.6)	10.4
Changes in estimate of the contingent remuneration of the seller	(0.2)	7.4
Income from disposal of consolidated businesses	2.4	41.1
Other non-recurring items	**(348.8)**	**(118.7)**
Impairment losses on goodwill(1)	(118.8)	(30.1)
Impairment losses on the annual test of Cash Generating Units(2)	(155.9)	-
Impairment losses on restructuring	(19.2)	(6.5)
Income on non-recurring asset disposals	(0.1)	-
Restructuring expenses paid	(61.8)	(45.7)
Change in provisions	7.1	(34.5)
Share in net income of associates out of the recurring business	(0.1)	(1.9)
Other operating income and expenses	**(357.2)**	**(59.8)**
Income taxes	84.1	14.1
Other operating income and expenses net of income taxes, Group share	**(273.1)**	**(45.7)**

(1) Of which €117.6 million related to the goodwill of the Oilfield Solutions Cash Generating Unit (Note 19).
(2) Impairment losses excluding goodwill of the Oilfield Solutions Cash Generating Unit (Note 19).

2015 other operating income and expenses

The gross "Other operating income and expenses" amount to - €357.2 million: - €302.0 million in the Energy Solutions & Specialties business group (of which - €20.7 million of restructuring expenses paid, - €143.3 million of impairment losses related to restructurings, - €20.4 million of change in restructuring provisions and - €117.6 million of impairment loss on the goodwill of the Oilfield Solutions CGU *(Note 19)*); - €29.8 million in the Filtration & Performance Additives business group (of which mainly - €20.6 million of restructuring expenses paid, - €3.4 million of impairment losses related to restructurings and - €4.8 million of change in restructuring provisions); - €21.7 million in the Ceramic Materials business group (of which mainly - €24.7 million of restructuring expenses paid, - €5.3 million of impairment losses related to restructurings and + €10.2 million of change in restructuring provisions); - €8.7 million in the High Resistance Minerals business group (of which mainly - €9.4 million of restructuring expenses paid); and + €5.0 million in the holdings (of which mainly - €9.1 million of transaction costs). Income taxes gains and losses on "Other operating income and expenses" amount to + €84.1 millon. 2015 "Other operating income and expenses net of income taxes, Group share" thus amount to - €273.1 million, of which - €222.7 million with no cash impact and - €50.4 million in cash.

2014 other operating income and expenses

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

NOTE 11 FINANCIAL INSTRUMENTS

Accounting policy

Financial instruments result from contracts whose execution symmetrically creates a financial asset of one party to the contract and a financial liability or an equity instrument of the other party. Financial instruments are attached to categories hereafter that represent their measurement bases.

Available-for-sale financial assets. Imerys holds investments in non-listed entities over which the Group has neither control, nor joint control, nor significant influence, nor intent to dispose of in the short term. These investments are recognized as assets at the acquisition date and are maintained at a carrying amount representative of fair value. The changes of the latter are recognized in equity except for negative changes qualifying as objective evidence of impairment which are recognized in profit or loss.

Fair value through profit or loss. Imerys holds non derivative financial assets with the intent to perform a result on disposal in the short-term. These investments are recognized as assets between the dates of purchase and disposal and the changes in fair value are recognized in other financial income and expenses *(Note 12)* depending upon market prices published at the closing date. This category also includes the change in fair value of non hedge derivatives *(Note 24.4).*

Loans and receivables. The greater part of the loans and receivables category corresponds to trade receivables resulting from revenue as well as cash, i.e. cash on hand and demand deposits and cash equivalents. The latter are highly liquid investments indexed on a monetary market rate and whose amount is known or subject to insignificant uncertainty. In the statement of cash flows, cash and cash equivalents also include the position "Bank overdrafts" presented as liabilities.

Financial liabilities at amortized cost. Loans *(Note 24.2)* are initially measured at the fair value of the amount received, less transaction costs. They are subsequently measured at amortized cost with the effective interest rate method. The Group performs purchases of raw materials and energy for its own use and not for trading purposes. As a consequence, these purchases contracts are recognized as trade accounts payable and not as derivatives. Trade accounts payable and other financial liabilities are measured at amortized cost.

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

Analysis of financial instruments by catégories

Notes 11, 12, 21.1 and 24.1 disclosure revenue, expenses, assets and liabilities related to financial instruments by categories. The classification logic of financial instrument assets *(Note 21.1)* and liabilities *(Note 24.1)* transversally applies to their changes in profit or loss *(Notes 11 and 12).* For example, "Revenue" is attached to "Amortized cost" as its counterparts in "Trade receivables" or "Cash and cash equivalents" belong to that category in the assets. In addition, in order to enable the reconciliation between the disclosures and the financial statements, these notes include a column "Non IAS 39" that includes the following items:

- non IAS 39 financial assets and liabilities: short-term employee benefit assets and liabilities (IAS 19), share-based payments (IFRS 2), finance lease liabilities (IAS 17);
- non-financial assets and liabilities: intangible assets (IAS 38), property, plant and equipment (IAS 16), mining assets (IFRS 6), inventories (IAS 2), income taxes assets and liabilities (IAS 12), prepaid expenses (IAS 38), provisions (IAS 37), defined employee benefit assets and liabilities (IAS 19), grants (IAS 20).

The tables hereafter disclose the income and expenses before income taxes recognized in profit or loss and equity by categories of financial instruments. The balances of "Other financial income and expenses" are further analyzed in *Note 12*.

As of December 31, 2015

(€ millions)	Available-for-sale financial assets	Fair value through profit or loss		Loans and receivables	Financial liabilities at amortized cost	Hedge derivatives		Non IAS 39	Total
		Non derivative	Non hedge derivatives			Fair value	Cash flow		
Operating income									
Revenue	-	-	-	4,114.9	-	-	(28.2)	-	4,086.7
Raw materials and consumables used	-	-	-	-	(1,314.5)	-	(6.4)	21.4	(1,299.5)
External expenses	-	-	-	-	(1,117.8)	-	-	-	(1,117.8)
Other operational income and expenses	-	-	-	34.5	(35.5)	-	(1.0)	25.8	23.8
Financial income (loss)									
Income from securities	-	9.5	-	-	-	-	-	-	9.5
Gross financial debt expense	-	-	(1.0)	-	(57.6)	-	-	-	(58.6)
Other financial income and expenses	0.5	-	0.1	1.4	7.7	-	-	(16.1)	(6.4)
Equity									
Recognition in equity	-	-	-	-	-	-	(36.5)	-	(36.5)
Reclassification in profit or loss	-	-	-	-	-	-	34.6	-	34.6
Total financial instruments	**0.5**	**9.5**	**(0.9)**	**4,150.8**	**(2,517.7)**	**0.0**	**(37.5)**	**-**	**-**
of which impairment losses in profit or loss	-	-	-	(10.3)	-	-	-	(9.1)	-
of which reversals of impairment losses in profit or loss	-	-	-	8.6	-	-	-	11.3	-

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

(€ millions)	Fair value				Cash flow		
	Change in fair value of hedged items	Effective portion of hedges	Ineffective portion of hedges	Total	Effective portion of hedges	Ineffective portion of hedges	Total
Operating income							
Revenue	-	-	-	-	(28.2)	-	(28.2)
Raw materials and consumables used	-	-	-	-	(6.4)	-	(6.4)
Other operational income and expenses	-	-	-	-	-	(1.0)	(1.0)
Profit or loss	**0.0**	**0.0**	**0.0**	**0.0**	**(34.6)**	**(1.0)**	**(35.6)**
Equity							
Recognition in equity	-	-	-	-	(36.5)	-	(36.5)
Reclassification in profit or loss	-	-	-	-	34.6	-	34.6
Total financial instruments	**0.0**	**0.0**	**0.0**	**0.0**	**(36.5)**	**(1.0)**	**(37.5)**

As of December 31, 2014

(€ millions)	Available-for-sale financial assets	Fair value through profit or loss: Non derivative	Fair value through profit or loss: Non hedge derivatives	Loans and receivables	Financial liabilities at amortized cost	Hedge derivatives: Fair value	Hedge derivatives: Cash flow	Non IAS 39	Total
Operating income									
Revenue	-	-	-	3,687.2	-	-	1.0	-	3,688.2
Raw materials and consumables used	-	-	-	-	(1,289.1)	-	(2.9)	92.6	(1,199.4)
External expenses	-	-	-	-	(1,010.3)	-	-	-	(1,010.3)
Other operational income and expenses	-	-	-	31.4	(25.8)	-	0.2	13.5	19.3
Financial income (loss)									
Income from securities	-	6.8	-	-	-	-	-	-	6.8
Gross financial debt expense	-	-	1.6	-	(48.6)	-	-	-	(47.0)
Other financial income and expenses	0.2		(0.2)	2.6	3.0	-	-	(10.5)	(4.9)
Equity									
Recognition in equity	-	-	-	-	-	-	(12.8)	-	(12.8)
Reclassification in profit or loss	-	-	-	-	-	-	1.9	-	1.9
Total financial instruments	**0.2**	**6.8**	**1.4**	**3,721.2**	**(2,370.8)**	**0.0**	**(12.6)**	**-**	**-**
of which impairment losses in profit or loss	-	-	-	(9.6)	-	-	-	(8.0)	-
of which reversals of impairment losses in profit or loss	-	-	-	5.3	-	-	-	8.4	-

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

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

NOTE 12 FINANCIAL INCOME (LOSS)

The tables hereafter disclose the financial income (loss) by categories of financial instruments. A description of the categories of financial instruments is provided in *Note 11*.

As of December 31, 2015

(€ millions)	Available-for-sale financial assets	Fair value through profit or loss		Loans and receivables	Financial liabilities at amortized cost	Hedge derivatives		Non IAS 39	Total
		Non derivative	Non hedge derivatives			Fair value	Cash flow		
Net financial debt expense	**0.0**	**9.5**	**(1.0)**	**0.0**	**(57.6)**	**0.0**	**0.0**	**0.0**	**(49.1)**
Income from securities	-	9.5	-	-	-	-	-	-	9.5
Gross financial debt expense	-	-	(1.0)	-	(57.6)	-	-	-	(58.6)
Other financial income and expenses	**0.5**	**0.0**	**0.1**	**1.4**	**7.7**	**0.0**	**0.0**	**(16.1)**	**(6.4)**
Dividends	0.1	-	-	-	-	-	-	-	0.1
Net exchange rate differences	-	-	0.1	-	10.1	-	4.2	(1.1)	13.3
Expense and income on derivative instruments	-	-	-	-	-	-	(4.2)	-	(4.2)
Financial income and expenses of defined employee benefit plans	-	-	-	-	-	-	-	(11.0)	(11.0)
Unwinding of other provisions	-	-	-	-	-	-	-	(3.9)	(3.9)
Other financial income and expenses	0.4	-	-	1.4	(2.4)	-	-	(0.1)	(0.7)
Financial income (loss)	**0.5**	**9.5**	**(0.9)**	**1.4**	**(49.9)**	**0.0**	**0.0**	**(16.1)**	**(55.5)**

As of December 31, 2014

(€ millions)	Available-for-sale financial assets	Fair value through profit or loss		Loans and receivables	Financial liabilities at amortized cost	Hedge derivatives		Non IAS 39	Total
		Non derivative	Non hedge derivatives			Fair value	Cash flow		
Net financial debt expense	**0.0**	**6.8**	**1.4**	**0.0**	**(48.4)**	**0.0**	**0.0**	**0.0**	**(40.2)**
Income from securities	-	6.8	-	-	-	-	-	-	6.8
Gross financial debt expense	-	-	1.4	-	(48.4)	-	-	-	(47.0)
Other financial income and expenses	**0.2**	**0.0**	**0.0**	**2.6**	**2.8**	**0.0**	**0.0**	**(10.5)**	**(4.9)**
Net exchange rate differences	-	-	(3.6)	-	6.1	-	0.4	0.2	3.1
Expense and income on derivative instruments	-	-	3.6	-	-	-	(0.4)	-	3.2
Financial income and expenses of defined employee benefit plans	-	-	-	-	-	-	-	(7.6)	(7.6)
Unwinding of other provisions	-	-	-	-	-	-	-	(3.1)	(3.1)
Other financial income and expenses	0.2	-	-	2.6	(3.3)	-	-	-	(0.5)
Financial income (loss)	**0.2**	**6.8**	**1.4**	**2.6**	**(45.6)**	**0.0**	**0.0**	**(10.5)**	**(45.1)**

NOTE 13 INCOME TAXES

Accounting policy

Current tax results in the recognition of a liability to the extent it is unpaid and of an asset where the amount already paid exceeds the amount due or if a tax loss can be carried back. Deferred tax assets and liabilities are accounted for with respect to all temporary taxable differences between the tax and consolidated values of assets and liabilities, except mainly for differences related to the initial recognition of goodwill and, in the case of taxable temporary differences between the accounting and tax values of investments, where the Group is in a position to control the date of reversal of the temporary difference and it is probable that the temporary difference shall not reverse in a foreseeable future. A deferred tax asset is recognized with respect to taxable temporary differences, tax losses and tax credits only if it is probable that a future taxable profit shall be set against these items, or there are taxable temporary differences in the same tax entity, that come to maturity over the period these items remain recoverable. Tax rates and laws used are those that are enacted or substantively enacted at the closing date and shall be applicable over the period of reversal of the timing difference. Deferred taxes are not discounted. Deferred tax assets and liabilities are offset by tax entity, i.e. by legal entity or tax consolidation group. Current and/or deferred taxes are recognized in the same level of profit or loss as the related basis. That principle of linking the tax to its base also applies to the transactions directly recognized in equity.

Tax consolidation scope

In several countries, Imeryshas set up tax consolidation system that notably enable the Group to offset potential profits and losses within the consolidated group. In 2015, tax consolidation scopes exist mainly in France, in the United States, in the United Kingdom, in Spain, in Germany and in Italy.

Income taxes paid

The amount of income taxes paid in 2015 amounts to €92.7 million (€138.0 million in 2014).

Carried forward tax losses

Deferred tax assets are recognized as carried forward tax losses when they are assessed as being recoverable and over a recovery expected time frame not exceeding five years. The measurement of the deferred tax assets recognized in this respect take into account the national legislations limiting the use of carried forward tax losses. As of December 31, 2015, these deferred tax assets amount to €29.5 million (€23.0 million as of December 31, 2014). On the other hand, tax losses and credits not having been recognized as deferred tax assets due to their uncertain recovery, amount as of December 31, 2015 to respectively €209.2 million (€218.2 million as of December 31, 2014) and €29.3 million (€19.4 million as of December 31, 2014), of which respectively €157.5 million and €28.7 million expire after 2020 or can be carried forward without any time limit. Deferred taxes are calculated by using effective rates over the period in question in accordance with the tax laws in force in each country.

Temporary differences controlled by the Group

No deferred tax liability is recognized with respect to temporary taxable differences between the accounting and tax values of investments where Imerys is in a position to control the date of reversal of the temporary difference and it is probable that the temporary difference shall not reverse in a foreseeable future. The Group assesses that the related deferred tax liability unrecognized as of December 31, 2015 amounts to €15.8 million (€17.9 million as of December 31, 2014).

Income taxes recognized in profit or loss

(€ millions)	2015	2014
Payable and deferred income taxes		
Income taxes payable	**(128.6)**	**(103.6)**
Income taxes payable for the period	(127.0)	(107.8)
Income taxes payable - Prior period adjustments	(1.6)	4.2
Deferred taxes	**72.3**	**(13.8)**
Deferred taxes due to changes in temporary differences	72.5	(13.9)
Deferred taxes due to changes in income tax rates	(0.2)	0.1
Total	**(56.3)**	**(117.4)**
Income taxes by level of income		
Income taxes on current operating and financial income (loss)	**(140.5)**	**(131.5)**
Current operating and financial income (loss) taxes payable	(142.0)	(114.3)
Current operating and financial income (loss) deferred taxes	1.5	(17.2)
Income taxes on other operating income and expenses	**84.2**	**14.1**
Income taxes payable on other operating income and expenses	13.4	10.7
Deferred taxes on other operating income and expenses	70.8	3.4
Total	**(56.3)**	**(117.4)**

Income taxes recognized in equity

(€ millions)	2015	2014
Actuarial gains and (losses) and excess of the actual return on assets over their normative return in profit or loss	(6.7)	20.9
Income taxes on items never reclassified	**(6.7)**	**20.9**
Cash flow hedges	**1.5**	**2.9**
Income taxes recognized in equity	13.4	3.5
Income taxes reclassified in profit or loss	(11.9)	(0.6)
Translation reserve	**9.2**	**13.5**
Income taxes recognized in equity	9.2	13.5
Income taxes reclassified in profit or loss	-	-
Other comprehensive income	**10.7**	**16.4**
Total	**4.0**	**37.3**

Tax reconciliation excluding non-recurring items

	2015	2014
Legal tax rate in France	**34.4%**	**34.4%**
National rates differences	(6.4)%	(6.9)%
Europe	(3.9)%	(3.3)%
North America	(2.1)%	(3.2)%
Asia - Oceania	(0.9)%	(0.7)%
Other countries	0.5%	0.3%
Permanent differences	(1.5)%	(1.2)%
3.0% contribution on the Imerys SA dividend	0.8%	0.8%
Impact of tax losses	0.1%	1.0%
Income taxes at different rates and bases	1.6%	1.8%
Impact of investments under the equity method	(0.7)%	(0.3)%
Others (tax credits, reassessments and tax provisions, deferred taxes adjustments in bases and rates, etc.)	0.8%	(0.4)%
Effective tax rate on current operating and financial income (loss)(1)	**29.1%**	**29.2%**

(1) 29.1% = €140.5 million (income taxes on current operating income and financial income (loss)) / [€538.1 million (current operating income) - €55.5 million (financial income (loss))].

Tax reconciliation including non-recurring items

Since the tax reconciliation including non-recurring items is disclosed in percentages, the recognition in 2015 of the impairment loss on the Oilfield Solutions business *(Note 19)* is strongly altering the values of reconciling items.

	2015	2014
Legal tax rate in France	**34.4%**	**34.4%**
Impact of national rate differences	11.3%	(7.2)%
Europe	(11.9)%	(3.3)%
North America	25.7%	(4.3)%
Asia - Oceania	(3.4)%	0.2%
Other countries	0.9%	0.2%
Permanent differences	(6.0)%	(1.8)%
3.0% contribution on the Imerys SA dividend	3.0%	0.9%
Impact of tax losses	2.7%	2.2%
Income taxes at different rates and bases	(5.4)%	1.9%
Impact of investments under the equity method	(2.2)%	(0.2)%
Others (tax credits, reassessments and tax provisions, deferred taxes adjustments in bases and rates, etc.)	7.1%	(0.1)%
Effective tax rate on operating and financial income (loss)(1)	**44.9%**	**30.1%**

(1) 44.9% = €56.3 million (income taxes) / [€180.9 million (operating income) - €55.5 million (financial income (loss))].

Change in deferred taxes

As of December 31, 2015

(€ millions)	01/01/2015	Profit or loss	Scope, equity and others	12/31/2015
Deferred tax assets	34.7	32.1	37.7	104.5
Deferred tax liabilities	(43.1)	40.2	(49.9)	(52.8)
Net deferred tax position	**(8.4)**	**72.3**	**(12.2)**	**51.7**

As of December 31, 2014

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

Deferred tax breakdown by nature

(€ millions)	2014	Profit or loss	Scope, equity and others	2015
Deferred tax assets	**205.9**	**79.3**	**38.0**	**323.2**
Employee benefit liabilities	62.6	(0.7)	4.2	66.1
Other provisions	28.3	1.0	7.6	36.9
Intangible assets	4.4	32.1	1.5	38.0
Property, plant and equipment	42.2	30.3	6.1	78.6
Financial assets	(13.6)	4.7	(0.9)	(9.8)
Current assets and liabilities	27.7	6.0	6.2	39.9
Tax losses carried forward	23.0	5.3	1.2	29.5
Other	31.3	0.6	12.1	44.0
Deferred tax liabilities	**(214.3)**	**(7.0)**	**(50.2)**	**(271.5)**
Intangible assets	(0.7)	(0.5)	(10.7)	(11.9)
Property, plant and equipment	(174.5)	(9.0)	(32.8)	(216.3)
Financial assets	(5.3)	(1.9)	(0.2)	(7.4)
Current assets and liabilities	(2.8)	0.3	0.3	(2.2)
Other	(31.0)	4.1	(6.8)	(33.7)
Net deferred tax position	**(8.4)**	**72.3**	**(12.2)**	**51.7**

NOTE 14 NET INCOME FROM CURRENT OPERATIONS AND NET INCOME, GROUP SHARE

(€ millions)	2015	2014
Current operating income	538.1	494.6
Financial income (loss)	(55.5)	(45.1)
Income taxes on current operating income and financial income (loss)	(140.4)	(131.5)
Non-controlling interests	(0.7)	(1.7)
Net income from current operations, Group share	**341.5**	**316.3**
Other operating income and expenses - gross	(357.2)	(59.8)
Income taxes	84.1	14.1
Net income of assets held for sale	**-**	**1.0**
Net income, Group share	**68.4**	**271.6**

NOTE 15 EARNINGS PER SHARE

Accounting policy

The Imerys financial statements disclose basic earnings per share and diluted earnings per share. The basic earnings per share is equal to the net income attributable to holders of ordinary shares divided by the weighted average number of ordinary shares outstanding over the period, i.e. excluding treasury shares *(Note 22)*. Basic earnings per share is further broken down as net basic earnings per share from current operations and net basic earnings per share. Diluted earnings per share simulates the dilutive effect of free shares and share options *(Note 8)*. The previously defined weighted average number of ordinary shares is thus increased by the average, between the opening and the closing of the period, of ordinary shares that would be issued if all dilutive options would be exercised at the closing date. The number of dilutive shares is calculated by difference between on the one hand, the number of shares to be issued in relation to free shares and options and on the other hand, the number of shares that would be issued at the period average market price for an issue of the same amount. Upon calculation of the amount of this issue, each share resulting from the exercise of share options is reputed to be issued at the share option exercise price increased by the fair value of services to be rendered *(Note 8)*, while each free share is reputed to be issued at the sole fair value of services to be rendered, its exercise price being nil. The excess of the number of shares to be issued in relation to free shares and options over the number of shares issued under market conditions is the number of dilutive shares. However the shares to be issued in relation to options are only taken into account in the diluted earnings per share calculation where the options are in the money, i.e. their exercise price increased by the fair value of services to be rendered is below the period average market price of the Imerys share.

Earnings per share

The number of potential ordinary shares taken into account in the calculation of the diluted earnings per share excludes the share options out of the money, i.e. those whose exercise price increased by the fair value of services to be rendered is superior to the period average market price of the Imerys share (€65.17 in 2015 and €61.06 in 2014). Potentially dilutive options of the plans of May 2007 are thus excluded from the calculation of the diluted earnings per share as of December 31, 2015. No significant transaction has changed the number of ordinary shares and potential ordinary shares between December 31, 2015 and February 11, 2016, date of authorization of issue of the financial statements by the Board of Directors.

(€ millions)	2015	2014
Numerator		
Net income, Group share	68.4	271.6
Net income from current operations, Group share	341.5	316.3
Denominator		
Weighted average number of shares used for the calculation of the basic income per share	79,275,846	76,134,904
Impact of share option conversion	1,179,193	1,151,247
Weighted average number of shares used for the calculation of the diluted income per share	80,455,039	77,286,151
Basic income per share, Group share *(in €)*		
Basic net income per share	0.86	3.57
Basic net income from current operations per share	4.31	4.15
Diluted income per share, Group share *(in €)*		
Diluted net income per share	0.85	3.51
Diluted net income from current operations per share	4.24	4.09

▪ NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Accounting policy

The assets and liabilities recognized in the consolidated statement of financial position are aggregated by natures in accordance with materiality and classified by increasing order of liquidity and payability with a distinction between non-current and current items, when these shall be recovered or settled in more or less than 12 months after the end of the period. They are only offset or incorporate in their cost revenue or expenses in application of a standard or interpretation. Comparative information is disclosed with respect to period N-1, comparative information with respect to period N-2 being incorporated by reference *(Chapter 9, section 9.4 of the Registration Document)*.

NOTE 16 GOODWILL

Accounting policy

Goodwill is the excess of the acquisition price of a business and of the amount of non-controlling interests over the fair value of the acquired identifiable assets and assumed liabilities. Goodwill is recognized at the date control is obtained. Transaction costs are recognized as incurred in profit or loss in other operating income and expenses *(Note 10)*. Any excess of the identifiable net asset of the acquired business over its acquisition price (negative goodwill) is credited to the acquirer's profit or loss on the acquisition period in other operating income and expenses *(Note 10)*. The measurement of goodwill is finalized within the 12 months following the date at which control is obtained. The goodwill of a foreign operation is measured in the functional currency of the business and translated in accordance with the rules applicable to the translation of financial statements of foreign operations. Goodwill is not amortized. It is allocated to the Cash-Generating Units *(Note 19)* that benefit from the synergies resulting from the acquisition. Goodwill is initially tested for impairment before the closing date of the acquisition period and subsequently annually or more frequently if there is an indication that it may be impaired. An impairment loss on goodwill is recognized in other operating income and expenses *(Note 10)* and cannot be reversed.

Table of changes

The goodwill recognized upon acquisitions mainly represents development prospects of the acquired businesses within Imerys. Impairment losses on goodwill are disclosed in *Note 19*. Where goodwill incurs an impairment loss, the latter is only maintained on the statement of financial position in case of partial impairment loss, as disclosed in the table below. Where 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 below.

(€ millions)	**2015**	**2014**
Opening carrying amount	**1,106.8**	**1,060.5**
Gross amount	1,174.0	1,091.2
Impairment losses	(67.2)	(30.7)
Incoming entities	616.2	20.3
Outgoing entities	(3.6)	-
Impairment losses	(118.8)	(30.1)
Exchange rate differences	30.7	56.1
Closing carrying amount	**1,631.3**	**1,106.8**
Gross amount	1,702.8	1,174.0
Impairment losses	(71.5)	(67.2)

The following table analyzes the rows "Acquisitions of investments in consolidated entities" of the consolidated statement of cash flows. In 2015, the change in payables on acquisitions of investments mainly corresponds to the acquisition of the Greek S&B group for + €34.4 million and to the contingent consideration due to the Pyramax business' seller for - €26.6 million. In 2014, the change in payables on acquisitions of investments mainly corresponded to the contingent consideration due to the Pyramax business' seller.

(€ millions)	2015	2014
Cash paid	**(431.5)**	**(72.4)**
Cost of investments acquired	(695.2)	(19.3)
Capital increases in kind	248.8	-
Payables on acquisitions of investments	14.9	(53.1)
Cash from acquired entities	**80.5**	**1.4**
Total	**(351.0)**	**(71.0)**
Acquisitions of investments in consolidated entities after deduction of cash acquired	(351.0)	(67.5)
Acquisitions of investments in consolidated entities from non-controlling interests	-	(3.5)
Incoming entities of the period - Settlement in cash	(434.4)	(18.5)
Incoming entities of the period - Settlement in shares	(12.0)	-
Incoming entities of the period - Cash from acquired entities	80.5	1.4
Incoming entities of the period - Payables on acquisitions of investments	44.0	-
Incoming entities of prior periods	(29.1)	(53.9)

Purchase accounting finalized in 2015

Imerys had not performed any significant acquisition in 2014. These acquisitions, paid in cash for an amount of €15.0 million generate a final goodwill of €13.2 million.

Provisional purchase accounting as of December 31, 2015

S&B. On February 26, 2015, Imerys acquired 100.00% of the voting rights corresponding to the major industrial minerals businesses of the Greek S&B group, mainly in bentonite (binders for foundry, sealing solutions, additives for drilling and for consumer products), continuous casting fluxes for the steel industry, wollastonite (functional additives for polymers and paints) and perlite (mineral solutions used in building materials and horticulture). These businesses were acquired from the Kyriacopoulos family and the investment fund Rhône Capital for €623.8 million, of which €339.8 million paid in cash, €263.0 million in Imerys shares and €21.0 million to be paid as performance-related contingent consideration. The cash and shares remitted to the seller when control was obtained were financed respectively by the bond issue completed by Imerys in December 2014 and by the issue of 3.7 million Imerys shares on a preemptive basis for an amount of €248.8 million. After this transaction, the interest of the Kyriacopoulos family in the capital of Imerys SA amounts to 4.70% approximately. The fair value measurement of most assets and liabilities identifiable at the date control was obtained was entrusted to independent experts. As of December 31, 2015, the mineral reserves, intangible assets, property, plant and equipment, inventories, high yield bond (level 1 fair value), employee benefits, provisions and income tax assets and liabilities were recognized on the basis of available evaluation reports. These could be subject, where necessary, to finalization adjustments until February 26, 2016. The goodwill resulting from the difference between the remeasured net asset and the value of the investment thus amounts to a provisional value of €577.0 million as of December 31, 2015. Since its acquisition, the S&B group generated a contribution of €352.5 million to revenue and of €19.6 million to net income. If the acquisition had been performed as of January 1, 2015, the contribution to revenue would have amounted to €416.5 and €22.4 million to net income.

Solvay. On October 30, 2015, Imerys acquired 100.00% of the voting rights corresponding to the four European industrials sites (Germany, Austria, France and the United Kingdom) of the PCC (Precipitated Calcium Carbonate) business of the Belgian Solvay group. As the European leader for fine and ultra-fine PCC products used as functional additives, this business mainly serves the automotive (polymers), building (paints, coatings, sealants) and consumer goods markets (food and pharma). The acquisition price amounts to €29.0 million, of which €27.6 million paid in cash at the date control was obtained. The fair value measurement of most assets and liabilities identifiable at the date control was obtained was entrusted to independent experts. As of December 31, 2015, employee benefits were recognized on the basis of final evaluation reports. The measurements of intangible assets, property, plant and equipment, inventories, provisions and income tax assets and liabilities are in progress. Pending the results, the corresponding positions were temporarily maintained at their historical values. The goodwill resulting from the difference between that partially remeasured net asset and the value of the investment thus amounts to a provisional value of €14.4 million as of December 31, 2015. Since its acquisition, the PCC business of the Solvay group generated a contribution of €8.3 million to revenue and of - €0.2 million to net income. If the acquisition had been performed as of January 1, 2015, the contribution to revenue would have amounted to €51.6 and to €0.0 million to net income.

Others. Besides, the Group performed other minor acquisitions in 2015. These acquisitions, paid in cash for an amount of €42.3 million generate a provisional goodwill of €25.1 million.

The fair values of assets, liabilities and contingent liabilities of the businesses whose purchase accounting is provisional as of December 31, 2015 present the following amounts:

(€ millions)	S&B	Solvay	Others	Total
Consideration transferred by the Group	**623.8**	**29.0**	**42.4**	**695.2**
Cash remitted to the seller when control was obtained	339.8	29.0	42.4	411.2
Imerys shares remitted to the seller	251.0	-	-	251.0
Imerys shares to be remitted to the seller	12.0	-	-	12.0
Contingent consideration of the seller	21.0	-	-	21.0
Investment of non-controlling interests	**0.8**	**-**	**0.2**	**1.0**
Shareholders' investment	**624.6**	**29.0**	**42.6**	**696.2**
Assets - non-current	**351.6**	**20.4**	**5.8**	**377.8**
Intangible assets	34.0	0.6	0.2	34.8
Property, plant and equipment	229.3	18.9	5.4	253.6
Other receivables	46.3	-	-	46.3
Deferred tax assets	42.0	0.9	0.2	43.1
Assets - current	**227.1**	**17.2**	**25.0**	**269.3**
Inventories	62.0	9.5	17.0	88.5
Trade receivables	65.1	6.4	6.2	77.7
Other receivables	18.6	1.7	0.8	21.1
Other financial assets	1.3	-	0.1	1.4
Cash and cash equivalents	80.1	(0.4)	0.9	80.6
Liabilities - non-current	**(440.4)**	**(15.8)**	**(6.6)**	**(462.8)**
Employee benefit liabilities	(31.6)	(6.1)	(0.2)	(37.9)
Other provisions	(43.1)	(1.7)	-	(44.8)
Loans and financial debts	(318.2)	(6.6)	(6.1)	(330.9)
Other debts	(1.3)	-	-	(1.3)
Deferred tax liabilities	(46.2)	(1.4)	(0.3)	(47.9)
Liabilities - current	**(90.7)**	**(7.2)**	**(6.7)**	**(104.6)**
Other provisions	(0.4)	-	-	(0.4)
Trade payables	(40.7)	(3.2)	(4.8)	(48.7)
Income taxes payable	(5.5)	-	-	(5.5)
Other debts	(24.4)	(3.0)	(1.3)	(28.7)
Loans and financial debts	(19.7)	(1.0)	(0.5)	(21.2)
Bank overdrafts	-	-	(0.1)	(0.1)
Identifiable net asset	**47.6**	**14.6**	**17.5**	**79.7**
Goodwill	**577.0**	**14.4**	**25.1**	**616.5**
Goodwill, Group share	577.0	14.4	25.1	616.5

NOTE 17 INTANGIBLE ASSETS

Accounting policy

Intangible assets controlled by Imerys are recognized as assets over their useful lives. They are measured at acquisition cost, decreased by accumulated amortization and any impairment loss. The expenditures incurred by the research teams of Imerys to improve the quality and properties of products generally address specific requirements of customers and are thus immediately recognized as expenses in current operating income. They are capitalized only if they correspond to an industrial process that is new or improved, technically feasible and related to future economic benefits. In the absence of any applicable standard or interpretation, the Executive Management considers greenhouse gases emission rights as intangible assets. Imerys holds these rights with the sole intent to justify its emissions volume and performs no trading transactions such as forward purchases or sales. The rights received free of charge are recognized for a value of zero and the rights acquired on the market are recognized at the acquisition cost. Where at the closing date the rights held are inferior to actual emissions, a provision is recognized in current operating income for the value of rights to acquire, measured at market value (net liability method). Disposals only relate to excess rights and are recognized in current operating income as assets disposals *(Note 9)*. The amortization methods of intangible assets are an estimate of the Executive Management.

Estimates

As part of its ordinary activities, Imerys uses intangible assets whose consumption is represented by amortization. The Executive Management estimates that for most of these assets, the best estimate of this consumption is reflected by the straight-line mode over the following useful lives:

- software: 1 to 5 years;
- trademarks, patents and licenses: 5 to 40 years ;
- industrial processes: maximum 10 years.

However, the Executive Management considers that straight-line depreciation is inappropriate to reflect the consumption of intangible assets related to mining activity such as prepaid leases and certain use rights. Their amortization is thus estimated in units of production on the basis of actual extraction. The rights held to justify the greenhouse gases emissions of the Group are not amortizable.

Emission rights

For 17 sites in Europe and one site in the United-States, Imerys is subject to authorization schemes regulating greenhouse gases emissions. In 2015, Imerys has used 89.0% of the greenhouse gas emission quotas granted to the eligible sites in Europe (89.0% in 2014). Since the actual emissions of the Group are inferior to the authorized level, no provision has been recognized as of December 31, 2015.

Table of changes

(€ millions)	Software	Trademarks, patents and licenses	Industrial processes and others	Total
Carrying amount as of January 1, 2014	**9.9**	**4.1**	**58.6**	**72.6**
Gross amount	64.8	16.3	87.7	168.8
Amortization and impairment losses	(54.9)	(12.2)	(29.1)	(96.2)
Incoming entities	-	-	(0.1)	(0.1)
Acquisitions	2.3	0.3	5.7	8.3
Increases in amortization	(4.4)	(1.3)	(2.1)	(7.8)
Impairment losses	-	-	(0.5)	(0.5)
Reclassification and other	11.8	0.1	(22.4)	(10.5)
Exchange rate differences	1.5	0.2	2.7	4.4
Carrying amount as of December 31, 2014	**21.1**	**3.4**	**41.9**	**66.4**
Gross amount	84.6	18.5	63.7	166.8
Amortization and impairment losses	(63.5)	(15.1)	(21.8)	(100.4)
Incoming entities	0.3	24.5	10.0	34.8
Acquisitions	2.9	(0.1)	46.1	48.9
Disposals	(0.1)	-	-	(0.1)
Increases in amortization	(6.3)	(1.6)	(5.7)	(13.6)
Impairment losses	(0.5)	-	(35.6)	(36.1)
Reclassification and other	1.6	3.3	(3.5)	1.4
Exchange rate differences	1.6	0.3	1.5	3.4
Carrying amount as of December 31, 2015	**20.6**	**29.8**	**54.7**	**105.1**
Gross amount	84.3	48.1	123.6	256.0
Amortization and impairment losses	(63.7)	(18.3)	(68.9)	(150.9)

NOTE 18 PROPERTY, PLANT AND EQUIPMENT

Accounting policy

Property, plant and equipment. Items of property, plant and equipment are recognized as assets if they are controlled as a result of a title of ownership, or under a finance lease that transfers the risks and rewards incident to ownership. Items of property, plant and equipment are initially measured at acquisition or production cost. The initial cost of items under finance lease is the lower of the fair value of the asset and the present value of future minimum lease payments. The cost of property, plant and equipment incorporates the cost of borrowings that finance their construction or production where these require a substantial period of time. The cost of property, plant and equipment is decreased, where applicable, by the amount of government grants that finance their acquisition or construction. Maintenance and repair expenditures are immediately recognized as expenses in current operating income. The cost of property, plant and equipment incorporates, in particular for satellite industrial facilities constructed on the land of customers, the discounted value of restoration or dismantling obligations, where a present obligation exists *(Note 23.2)*. Items of property, plant and equipment are subsequently measured at cost, decreased by accumulated depreciation and any impairment loss. The depreciation methods of property, plant and equipment are an estimate of the Executive Management.

Mining assets. In the absence of any specific applicable standard or interpretation, the Executive Management has defined the accounting recognition and measurement policies hereafter on mining assets. Prospection expenditures, i.e. the research of new knowledge on the mineral producing potential, technical feasibility and commercial viability of a geographical area, are immediately recognized as expenses in current operating income. Mineral reserves qualify as property, plant and equipment and are initially measured at acquisition cost excluding subsoil, increased by expenditures incurred to determine the tonnage of ore present in the deposit. Overburden works, i.e. works of removal of the top soil to enable access to the deposit, qualify as a component of the mineral reserve asset. Their initial measurement incorporates their production cost and the discounted value of restoration obligations resulting from the deterioration caused by their construction. Mineral reserves and overburden assets form the position "Mining assets" of the table of changes disclosed hereafter. Mining assets are subsequently measured at cost, decreased by accumulated amortization and any impairment loss. The depreciation methods of mining assets are an estimate of the Executive Management presented hereafter. Mining assets are allocated to Cash-Generating Units *(Note 19)* as the other assets of the Group and are subject to the same impairment tests.

Estimates

As part of its ordinary activities, Imerys uses property, plant and equipment whose consumption is represented by depreciation. The Executive Management estimates that for most of these assets, the best estimate of this consumption is reflected by the straight-line mode over the following useful lives, reflecting where necessary, the useful lives of the components:

- office buildings: 10 to 50 years;
- industrial buildings: 10 to 30 years;
- improvements to office and industrial buildings: 5 to 15 years;
- machinery, tooling, facilities and equipment: 5 to 20 years;
- vehicles: 2 to 5 years.

However, the Executive Management considers that straight-line depreciation is inappropriate to reflect the consumption of property, plant and equipment related to mining activity such as mineral reserves (€460.8 million as of December 31, 2015 and €379.9 million as of December 31, 2014) and overburden assets (€91.5 million as of December 31, 2015 and €79.8 million as of December 31, 2014), as well as certain industrial assets of discontinuous use. Their depreciation is thus estimated in units of production on the basis of actual extraction for mining assets or, for these industrial assets, of operational follow-up units such as production or operating hours. A mineral reserve is depreciated over a quantity equal to the geological inventory of the deposit decreased by discounts representative of the geological uncertainty inherent to resources. Overburden assets, that qualify as a component of the mineral reserve asset, are depreciated over the quantity of reserve they specifically give access to. Subsoil, i.e. the surface of land excluding mineral deposit, is not depreciated since it is not consumed by mining activity.

Property, plant and equipment leases

Items of property, plant and equipment controlled under finance lease are recognized as assets for an amount of €2.4 million as of December 31, 2015 (€2.4 million as of December 31, 2014). These are essentially freight material. As of December 31, 2015, the financial liability recognized with respect to finance leases amounts to €2.2 million (€2.4 million as of December 31, 2014), of which €0.4 million for 2016, €0.7 million from 2017 to 2020 and €1.1 million beyond. Besides, the Group has entered into operating leases contracts that convey the right of use, but not the control of items of property, plant and equipment. The corresponding items are thus not presented as assets. The lease fees are recognized in profit or loss in the position "Operating leases" *(Note 7)* and the commitments to pay future rents qualify as off balance sheet commitments *(Note 28 - Commitments given)*.

Table of changes

(€ millions)	Mining assets	Land and buildings	Plant and equipment	Down payments and assets under construction	Other property, plant and equipment	Total
Carrying amount as of January 1, 2014	**428.2**	**278.9**	**791.3**	**283.2**	**51.4**	**1,833.0**
Gross amount	699.2	493.9	2,813.0	285.3	207.4	4,498.8
Depreciation and impairment losses	(271.0)	(215.0)	(2,021.7)	(2.1)	(156.0)	(2,665.8)
Incoming entities	(7.0)	5.0	0.6	4.5	-	3.1
Outgoing entities	-	-	(0.6)	-	(0.2)	(0.8)
Acquisitions	45.4	6.8	45.1	122.9	11.6	231.8
Disposals	(1.1)	(0.8)	(1.7)	(0.1)	(0.9)	(4.6)
Increases in depreciation	(48.5)	(13.5)	(127.8)	-	(14.6)	(204.4)
Impairment losses	-	(0.3)	(5.7)	(1.3)	(0.1)	(7.4)
Reversals of impairment losses	-	0.2	1.2	-	-	1.4
Reclassification and other	24.5	14.5	261.8	(299.0)	7.7	9.5
Exchange rate differences	30.1	13.8	52.0	14.4	2.9	113.2
Carrying amount as of December 31, 2014	**471.6**	**304.6**	**1,016.2**	**124.6**	**57.8**	**1,974.8**
Gross amount	790.8	539.8	3,258.6	126.4	231.0	4,946.6
Depreciation and impairment losses	(319.2)	(235.2)	(2,242.4)	(1.8)	(173.2)	(2,971.8)
Incoming entities	81.6	36.9	121.3	9.1	5.1	254.0
Outgoing entities	-	-	(2.3)	-	-	(2.3)
Acquisitions	53.8	4.3	28.7	134.5	4.0	225.3
Disposals	-	(0.7)	(1.4)	(0.7)	(0.4)	(3.2)
Increases in depreciation	(51.2)	(16.0)	(129.4)	-	(19.0)	(215.6)
Impairment losses	(4.8)	(19.0)	(90.3)	(0.9)	(4.0)	(119.0)
Reversals of impairment losses	-	0.1	2.0	-	-	2.1
Reclassification and other	0.2	11.7	55.0	(83.1)	18.3	2.1
Exchange rate differences	1.1	-	21.1	0.6	0.9	23.7
Carrying amount as of December 31, 2015	**552.3**	**321.9**	**1,020.9**	**184.1**	**62.7**	**2,141.9**
Gross amount	891.3	598.1	3,573.5	186.7	276.9	5,526.5
Depreciation and impairment losses	(339.0)	(276.2)	(2,552.6)	(2.6)	(214.2)	(3,384.6)

NOTE 19 IMPAIRMENT TESTS

Accounting policy

An impairment test is performed every 12 months on all Cash-Generating Units (CGUs) at the end of the period. An impairment test consists in comparing the carrying amount of these assets to their recoverable amount. The latter is the higher between the fair value less costs to sell and the value in use. Fair value corresponds to the selling price. Value in use is measured by discounting the future cash flows generated by the continuous use of assets and by their final disposal. In addition to this annual test, impairment indicators may require the immediate performance of a test in case of an unfavorable trend. Furthermore, each activity manager, under the supervision of business group controllers, ensures that no individual asset within a CGU presents any impairment loss issue. An impairment loss is recognized as soon as the recoverable amount of a CGU or an individual asset becomes inferior to its carrying amount. Any increase in the recoverable amount of a CGU or an individual asset results in the reversal of the previously recognized impairment loss in the limit of the carrying amount that would have been obtained in the absence of impairment loss. Impairment losses on goodwill cannot be reversed. The definitions of CGUs and impairment indicators are judgments of the Executive Management. The duration and the amount of forecasted cash flows as well as the discount rates used in the calculation of the values in use of the CGUs are estimates of the Executive Management.

Judgments

Cash-Generating Units (CGUs). The definition of CGUs qualifies as a judgment of the Executive Management that meets, at the level of the smallest group of assets possible, the three following criteria:

- a homogeneous production process in terms of portfolio of minerals, transformation processes and applications;
- an active market presenting homogeneous macroeconomic characteristics; and
- a level of operating power in terms of continuation, restructuring or discontinuation of mining, industrial and/or commercial activity.

The validation of these three criteria for each CGU guarantees the independence of their respective cash flows. CGUs directly result from the analysis structure followed each month by the Executive Management in its business reporting. All assets within the Group including mining assets and goodwill, are allocated to the CGUs. The grouping of CGUs forms the reported segments *(Information by segments)*.

Impairment loss indicators. The trigger events of an impairment test are judgments of the Executive Management. These are mainly significant changes in business, interest rates, technological level, obsolescence and level of performance of assets. The adverse evolution of one of these indices requires the immediate performance of an impairment test, either on a CGU, or on an individual asset.

Estimates

Recoverable amount. The recoverable amount of a CGU or individual asset is the higher between the fair value less costs to sell and the value in use. In practice, fair value is reliably determinable only for individual assets and then corresponds to prices of recent transactions on disposals of similar assets. The value in use qualifies as the most frequently used measurement basis for both CGUs and individual assets.

Forecasted cash flows. The forecasted cash flows used to estimate the value in use result from the 2016 budget and from the plan for 2017 to 2018. The key underlying assumptions of these projections are in the first place the level of volumes and to a lesser extent, the level of prices. For the terminal value, Imerys uses the Gordon and Shapiro perpetual growth model. Future cash flows correspond to current free operating cash flow *(Note 24.2 - Current free operating cash flow)* adjusted by the “Change in other items of working capital” *(Note 24.2 - Change in net financial debt)*.

Discount rate. The discount rate used to calculate the value in use is determined from the weighted average cost of capital of groups comparable to Imerys present in the industrial minerals sector. This rate, of 6.75% in 2015 (8.00% in 2014), is adjusted in accordance with the tested assets by a country-market risk premium of 0 to + 200 basis points (- 50 to + 170 basis points in 2014). The average discount rate after income taxes amounts to 6.96% in 2015 (8.04% in 2014). The calculations performed after income taxes are identical to those that would be performed with cash flows and rates before income taxes, as required by applicable standards. In the following table, the weighted average discount and perpetual growth rates used in the calculation of the value in use are presented by groups of CGUs:

	2015		2014	
	Discount rate	Perpetual growth rate	Discount rate	Perpetual growth rate
Energy Solutions & Specialties (ESS)	6.83%	1.89%	7.89%	1.94%
Filtration & Performance Additives (F&PA)	7.01%	2.00%	8.43%	2.00%
Ceramic Materials (CM)	6.89%	1.43%	7.79%	1.44%
High-Resistance Minerals (HRM)	7.21%	2.00%	8.44%	2.00%
Total	**6.96%**	**1.81%**	**8.04%**	**1.80%**

Among these estimates, forecasted cash flows, discount rates and perpetual growth rates are those whose changes result in the most significant impacts on the Group financial statements. The following table presents the impairment losses by CGU that would be recognized as a result of adverse changes from the assumptions retained in the financial statements as of December 31, 2015:

(€ millions)	Adverse changes
Forecasted cash flows	**(5.0)%**
Impairment loss on the industrial tool of the Oilfield Solutions CGU (ESS)	(7.9)
Discount rates	**+ 1.0%**
Impairment loss on the industrial tool of the Oilfield Solutions CGU (ESS)	(33.7)
Perpetual growth rates	**(1.0)%**
Impairment loss on the industrial tool of the Oilfield Solutions CGU (ESS)	(27.3)

Annual test of CGUs

The systematic performance of this annual test on each of the CGUs is mandatory as a consequence of the presence of goodwill in all CGUs. In 2015, this test requires the recognition of a €251.4 million impairment loss on the Oilfield Solutions CGU of the Energy Solutions & Specialties (ESS) business Group, of which €117.6 million correspond to the entirety of goodwill and €133.8 million to part of the production tool. Including the inventories write-downs measured separately at €22.1 million, the total losses recognized with respect to this business amount to €273.5 million. The recovery prospects of this business, which were still considered as possible at the beginning of the period, became more remote over the second half for most observers of the oil industry. This impairment loss is recognized in “Other operating revenue and expenses” *(Note 10)*. As of December 31, 2015, the recoverable amount of the Oilfield Solutions CGU amounts to €157.7 million, measured on the basis of its value in use. In 2014, this test had required the recognition of an impairment loss of €30.1 million on the goodwill of the Zirconia CGU of the High Resistance Minerals business group. In the following table, the carrying amount and the impairment loss on goodwill recognized over the period are disclosed by groups of CGUs (ESS, F&PA, CM and HRM):

	2015		2014	
(€ millions)	Carrying amount	Impairment loss of the period	Carrying amount	Impairment loss of the period
Energy Solutions & Specialties (ESS)	280.1	(117.6)	370.8	-
Filtration & Performance Additives (F&PA)	790.8	-	207.5	-
Ceramic Materials (CM)	277.9	(1.2)	254.6	-
High-Resistance Minerals (HRM)	281.7	-	273.2	(30.1)
Goodwill of the CGUs	**1,630.5**	**(118.8)**	**1,106.1**	**(30.1)**
Holdings	0.8	-	0.7	-
Total	**1,631.3**	**(118.8)**	**1,106.8**	**(30.1)**

Tests of individual assets

Impairment indicators may require the immediate performance of this test in case of an unfavorable evolution, in addition to the test carried out on CGUs. The resulting impairment losses recognized in 2015 amount to €21.3 million, of which €9.5 million in the Energy Solutions & Specialties business group, €3.4 million in the Filtration & Performance Additives business group, €7.3 million in the Ceramic Materials business group and €1.1 million in the High Resistance Minerals business group. These impairment losses, recognized in "Other operating income and expenses" *(Note 10)*, were related to the industrial tool of the business groups. Impairment loss reversals recognized in 2015 amount to €2.1 million in the Ceramic Materials business group. These impairment losses, net of reversals thus amount to €19.2 million recognized in "Other operating income and expenses" *(Note 10)*. In 2014, the tests of individual assets had required the recognition of impairment losses for an amount of €7.9 million, of which €5.2 million in the Energy Solutions & Specialties business group and €2.7 million in the Ceramic Materials business group. These impairment losses, recognized in "Other operating income and expenses" *(Note 10)*, related to the industrial tool of the business groups. Impairment loss reversals recognized in 2014 amounted to €1.4 million in the Ceramic Materials business group. These impairment losses, net of reversals thus amounted to €6.5 million recognized in "Other operating income and expenses" *(Note 10)*.

NOTE 20 INVENTORIES

Accounting policy

Inventories are recognized as assets at the date at which the risks, rewards and control are transferred to Imerys. Upon the sale, inventories are recognized as an expense in current operating income at the same date as the related revenue. Inventories are measured at the lower of the cost of production and net realizable value. Where production is lower than normal capacity, fixed production overheads specifically exclude the share corresponding to under-activity. Inventories presenting similar characteristics are measured in accordance with the same formula. The formulas used within the Group are the "First-In, First-Out" (FIFO) and the weighted average cost. Where the cost of production is not recoverable, it is written-down to its net realizable value in accordance with the conditions existing at the closing date.

Gross amount and write-down of inventories

	2015			2014		
(€ millions)	Gross amount	Write-down	Carrying amount	Gross amount	Write-down	Carrying amount
Raw materials	329.0	(27.4)	301.6	299.5	(13.2)	286.3
Work in progress	78.4	(0.4)	78.0	75.1	(0.6)	74.5
Finished goods	323.5	(21.7)	301.8	276.6	(10.1)	266.5
Merchandises	59.1	(2.2)	56.9	44.7	(2.0)	42.7
Total	**790.0**	**(51.7)**	**738.3**	**695.9**	**(25.9)**	**670.0**

As of December 31, 2015, the €51.7 million write-down mainly includes €22.1 million related to the write-down of the inventories of the Oilfield Solutions business *(Note 19)*.

NOTE 21 FINANCIAL ASSETS

21.1 CATEGORIES OF FINANCIAL ASSETS

The tables hereafter enable to evaluate the significance of financial instruments with respect to consolidated assets. The categories used to present the carrying amounts of financial instruments are explained in *Note 11*. These carrying amounts are representative of fair value, in so far as they correspond to the amounts of cash to be received.

As of December 31, 2015

		Fair value through profit or loss			Hedge derivatives				
(€ millions)	Available-for-sale financial assets	Non derivative	Non hedge	Loans and receivables	Fair value	Cash flow	Net investment in a foreign operation	Non IAS 39	Total
Non-current assets									
Other financial assets	3.2	-	-	21.6	-	-	-	6.8	31.6
Other receivables	-	-	-	31.3	-	-	-	2.2	33.5
Derivative financial assets	-	-	13.4	-	-	-	1.6	-	15.0
Current assets									
Trade receivables	-	-	-	578.1	-	-	-	-	578.1
Other receivables	-	-	-	103.9	-	-	-	119.7	223.6
Derivative financial assets	-	-	1.3	-	-	3.7	-	-	5.0
Other financial assets	-	19.6	-	-	-	-	-	-	19.6
Cash and cash equivalents	-	-	-	415.1	-	-	-	-	415.1
Total financial assets	**3.2**	**19.6**	**14.7**	**1,150.0**	**0.0**	**3.7**	**1.6**	**-**	**-**

As of December 31, 2014

		Fair value through profit or loss			Hedge derivatives				
(€ millions)	Available-for-sale financial assets	Non derivative	Non hedge	Loans and receivables	Fair value	Cash flow	Net investment in a foreign operation	Non IAS 39	Total
Non-current assets									
Other financial assets	3.4	-	-	15.8	-	-	-	6.8	26.0
Other receivables	-	-	-	33.5	-	-	-	4.3	37.8
Derivative financial assets	-	-	-	-	11.1	-	0.6	-	11.7
Current assets									
Trade receivables	-	-	-	538.8	-	-	-	-	538.8
Other receivables	-	-	-	100.4	-	-	-	79.9	180.3
Derivative financial assets	-	-	4.5	-	-	1.6	-	-	6.1
Other financial assets	-	29.3	-	-	-	-	-	-	29.3
Cash and cash equivalents	-	-	-	656.4	-	-	-	-	656.4
Total financial assets	**3.4**	**29.3**	**4.5**	**1,344.9**	**11.1**	**1.6**	**0.6**	**-**	**-**

21.2 TRADE RECEIVABLES, OTHER RECEIVABLES AND OTHER FINANCIAL ASSETS

Accounting policy

After their initial recognition, trade receivables are measured at their amortized cost. Where the occurrence of a credit event makes the carrying amount of a trade receivable partially or fully irrecoverable, it is individually written-down to its recoverable amount by means of a write-down in accordance with the conditions existing at the closing date *(Note 21.3)*. A receivable sold to a banking institution for financing purposes is only derecognized where the factoring contract also transfers to the factor the entire risks and rewards related to the receivable.

Table of changes

As of December 31, 2015, other non-current financial assets correspond to loans to joint ventures and associates for €8.2 million (€7.9 million as of December 31, 2014), to loans and deposits for €13.4 million (€7.9 million as of December 31, 2014), to assets related to employee benefits for €6.8 million (€6.8 million as of December 31, 2014) *(Note 23.1)* and to available-for-sale financial assets for €3.2 million (€3.4 million as of December 31, 2014). The greater part of other non-current receivables and related write-down corresponds to tax receivables other than income taxes in Brazil. Other current receivables also mainly correspond to tax receivables other than income taxes. In addition, the Group has set up in September 2009 a factoring contract without recourse for an unlimited duration. Since the object of this contract is to transfer the trade receivables of certain customers to the factor as well as the entire related risks and rewards, including the risks of default and late payment, these receivables are derecognized. As of December 31, 2015, they represent an amount of €44.1 million (€45.7 million as of December 31, 2014).

(€ millions)	Other non-current financial assets	Other non-current receivables	Trade receivables	Other current receivables	Total
Carrying amount as of January 1, 2014	**27.7**	**37.1**	**512.3**	**144.9**	**722.0**
Gross amount	37.0	83.8	533.4	146.7	800.9
Write-down	(9.3)	(46.7)	(21.1)	(1.8)	(78.9)
Changes in the scope of consolidation	1.8	-	2.5	(0.6)	3.7
Net change	(1.1)	(0.6)	17.1	50.0	65.4
Write-down	(2.3)	0.6	(12.3)	(0.4)	(14.4)
Other	(0.1)	(0.1)	0.1	(18.8)	(18.9)
Exchange rate differences	-	0.8	19.1	5.2	25.1
Carrying amount as of December 31, 2014	**26.0**	**37.8**	**538.8**	**180.3**	**782.9**
Gross amount	36.7	84.0	564.8	182.3	867.8
Write-down	(10.7)	(46.2)	(26.0)	(2.0)	(84.9)
Changes in the scope of consolidation	(55.6)	-	76.6	21.0	42.0
Net change	64.9	2.5	(44.9)	27.2	49.7
Write-down	(0.5)	0.5	(1.1)	(0.4)	(1.5)
Other	0.1	(1.0)	(0.5)	0.7	(0.7)
Exchange rate differences	(3.3)	(6.2)	9.2	(5.2)	(5.5)
Carrying amount as of December 31, 2015	**31.6**	**33.6**	**578.1**	**223.6**	**866.9**
Gross amount	42.7	68.9	611.9	224.9	948.4
Write-down	(11.1)	(35.3)	(33.8)	(1.3)	(81.5)

21.3 MANAGEMENT OF RISKS ARISING FROM FINANCIAL ASSETS

Credit risk

Description of the risk. The credit risk is the risk that a debtor of Imerys does not reimburse his debt at the due date. This risk mainly has an impact on the category of loans and receivables.

Management of the risk. The credit risk is followed at the level of each entity. This follow up mainly bases on the analysis of past due receivables and can be extended to a more detailed solvency investigation. The Group entities may hedge the credit risk through credit insurance contracts or warranties *(Note 28 - Commitments received)*. At the closing date, loans and receivables are reduced to their recoverable amount by an individual write-down. As of December 31, 2015, the maximum exposure of Imerys to credit risk before credit insurance and warranties, i.e. the gross amount of receivables net of write-downs, amounts to €863.7 million (€778.9 million as of December 31, 2014). The table hereafter summarizes the total of write-downs on loans and receivables (€76.0 million as of December 31, 2015; €78.4 million as of December 31, 2014) and write-downs on available-for-sale financial assets (€5.5 million as of December 31, 2015; €6.5 million as of December 31, 2014):

(€ millions)	Other non-current financial assets	Other non-current receivables	Trade receivables	Other current receivables	Total
Balance as of January 1, 2014	**(9.3)**	**(46.7)**	**(21.1)**	**(1.8)**	**(78.9)**
Changes in the scope of consolidation	-	-	(0.7)	-	(0.7)
Increases	(4.1)	-	(15.5)	(0.8)	(20.4)
Utilizations	1.6	0.6	3.3	0.5	6.0
Other	1.1	-	9.1	(0.2)	10.0
Exchange rate differences	-	(0.1)	(1.1)	0.3	(0.9)
Balance as of December 31, 2014	**(10.7)**	**(46.2)**	**(26.0)**	**(2.0)**	**(84.9)**
Changes in the scope of consolidation	-	-	(7.9)	-	(7.9)
Increases	(0.6)	-	(9.5)	(0.4)	(10.5)
Utilizations	0.1	0.5	8.4	-	9.0
Other	-	(0.7)	1.9	1.0	2.2
Exchange rate differences	0.1	11.1	(0.7)	0.1	10.6
Balance as of December 31, 2015	**(11.1)**	**(35.3)**	**(33.8)**	**(1.3)**	**(81.5)**

Trade receivables do not bear interest and are generally due between 30 to 90 days. Some trade receivables may be past due without being impaired, for example where hedged by a credit insurance contract or a warranty.

(€ millions)	2015	2014
Past due trade receivables that are not impaired	**106.3**	**105.0**
Since less than 30 days	53.8	65.0
Since 30 to 89 days	24.6	23.4
Since 90 days and more	27.9	16.6
Undue trade receivables and past-due and impaired trade receivables	**471.8**	**433.8**
Total	**578.1**	**538.8**

Transactional currency risk

Description of the risk. The transactional currency risk is the risk whereby a cash flow labeled in foreign currency may be subject to a deterioration caused by an unfavorable change in its counterpart in functional currency. In the assets, the transactional currency risk has an impact mainly on trade receivables.

Management of the risk. In the assets, the transactional currency risk is managed in accordance with the same principles as the transactional currency risk related to financial liabilities *(Note 24.5 - Transactional currency risk)*.

NOTE 22 EQUITY

Capital management principles

The management of capital presents three main fields: consolidated equity, share-based payments and share repurchases. The management of consolidated equity pursues the objective to maintain a stable financial structure so as to generate dividends for shareholders through a regular and steady growth of results. The share options and free shares granted to certain key employees aim at promoting their loyalty to reach this objective *(Note 8)*. The objective of share repurchases is to foster the liquidity of transactions and regularity of quotation of the Imerys share, to make certain share-based payments and to perform the cancellations necessary to offset the dilutive impact on shareholders of exercised share options and of definitely vested free shares grants.

Consolidated equity corresponds to the capital and premiums of Imerys SA and consolidated income and reserves. There are no hybrid instruments combining the characteristics of liabilities and equity instruments. As of December 31, 2015:

- consolidated equity amounts to €2,671.9 million (€2,470.5 million as of December 31, 2014) on the basis of which the Board of Directors proposes a dividend per share of €1.75 (€1.65 in 2014);
- the 1,459,672 share options and 901,803 conditional free shares not exercised or not vested represent 2.88% of the capital of Imerys SA after dilution (4.14% of the capital after dilution as of December 31, 2014);
- Imerys SA holds, after purchase, sale, cancellation and transfer transactions of the period 229,423 Imerys shares (179,649 as of December 31, 2014).

The capital of Imerys SA is subject to several mandatory requirements of the French Code of Commerce. These requirements do not have any significant impact on the financial statements. However their compliance is subject to verifications by the Statutory Auditors. Furthermore, part of the Group's financing is ensured through liabilities instruments whose external issuers impose the compliance to ratios, some of which using the amount of consolidated equity. These ratios as well as their amounts at the closing date are presented in *Note 24.5 - Borrower's liquidity risk*.

Accounting policy

The repurchase by Imerys SA of its own shares is recognized at acquisition cost as a decrease in equity. The result performed upon any subsequent disposal is directly recognized in equity.

Period activity

	2015			2014		
(number of shares)	Issued shares	Treasury shares	Outstanding shares	Issued shares	Treasury shares	Outstanding shares
Number of shares at the opening	**75,885,591**	**(179,649)**	**75,705,942**	**76,238,264**	**(120,137)**	**76,118,127**
Capital increases	4,686,900	-	4,686,900	565,642	-	565,642
Capital decreases	(1,000,000)	1,000,000	0	(918,315)	918,315	0
Transactions on treasury shares	-	(1,049,774)	(1,049,774)	-	(977,827)	(977,827)
Number of shares at the closing	**79,572,491**	**(229,423)**	**79,343,068**	**75,885,591**	**(179,649)**	**75,705,942**

On February 26, 2015, the Board of Directors noted that the share capital had been increased by a nominal amount of €626,748 as a result of the exercise between January 1, and February 25, 2015 of 313,374 share options and of the creation of the same number of new Imerys shares. Upon the same meeting and as part of the completion of the S&B group acquisition, the Board of Directors approved of the contribution by the S&B Minerals S.A. company to the benefit of Imerys of 2,531,964 ordinary shares of the S&B Minerals Finance SCA company. As a compensation for the contribution of these shares, the Board of Directors, pursuant to the delegation of powers given to him by the eighteenth resolution of the Ordinary and Extraordinary Shareholders' General Meeting held on April 25, 2013, issued 3,728,308 new shares to the benefit of the S&B Minerals S.A. company, absorbed on February 26, 2015 by Blue Crest Holding SA, a company governed by the laws of Luxemburg.

On December 15, 2015, the Board of Directors, as part of the share buy-back programs authorized by the Shareholders' General Meetings of April 29, 2014 and April 30, 2015, and in accordance with the authorization given by the Shareholders' General Meeting of April 30, 2015, cancelled 1,000,000 treasury shares directly acquired on the market by Imerys and totally allocated to the cancellation objective. This shares cancellation lead to a capital decrease of a nominal amount of €2,000,000.

On January 7, 2016, the Chairman and Chief Executive Officer, pursuant to the delegation of powers given to him by the Board of Directors on December 15, 2015, noted that, on December 31, 2015, the share capital had been increased by a nominal amount of €1,290,436 as a result of the exercise between February 26, 2015 and December 31, 2015 of 645,218 share options and of the creation of the same number of new Imerys shares.

As a result of these transactions, Imerys' fully-paid up share capital as of December 31, 2015 totaled €159,144,982; it was made up of 79,572,491 shares with €2.00 par value of which 43,239,547 enjoyed double voting rights pursuant to article 22 of Imerys' by-laws. The total number of theoretical voting rights attached to existing shares was 122,812,038. Considering the 229,423 treasury shares held on December 31, 2015, the total number of net voting rights attached to outstanding shares was 122,582,615 on the same date. No directly registered shares have been pledged. The share capital did not change and the number of voting rights did not undergo any significant change between December 31, 2015 and February 11, 2016, i.e. the date at which the annual consolidated financial statements as of December 31, 2015 were closed by the Board of Directors.

NOTE 23 PROVISIONS

23.1 EMPLOYEE BENEFIT LIABILITIES

Imerys contributes, in accordance with the regulation and business benchmark of each country, to the constitution of retirement benefits for its employees. The granted benefits thus take the form, either of defined contribution plans whose future level is not guaranteed by Imerys *(Note 8)*, or of defined benefit plans whose future level is guaranteed by Imerys through the liabilities analyzed in this note.

(€ millions)	2015	2014
Retirement plans	277.3	269.3
Medical plans	19.3	17.2
Other long-term benefits	11.5	10.0
Termination benefits	14.8	10.0
Total	**322.9**	**306.5**

Accounting policy

Defined contribution plans. Imerys contributes, in accordance with the regulation and business benchmark of each country, to the constitution of retirement benefits for its employees by paying, either on a mandatory or voluntary basis, contributions to third parties institutions such as pension funds, insurance companies or financial institutions. These plans, referred to as defined contribution plans, provide no guarantee to the beneficiaries on the level of the benefit that will be paid in the future. The contributions to these plans are recognized as "Staff expenses" *(Note 8)*.

Defined benefit plans. On the other hand, Imerys guarantees to the beneficiaries of defined benefit plans the level of the benefit that will be paid in the future. The corresponding obligations are measured in accordance with the Projected Unit Credit Method by means of financial and demographic actuarial assumptions. These are used to measure the value of the services acquired by the beneficiaries on the basis of an estimated salary at retirement date. The recognized liabilities or assets correspond to the discounted value of the obligation, decreased by the fair value of plan assets, limited where necessary by a ceiling. The discount rates used to discount the obligations and calculate the normative return on assets in profit or loss are fixed by reference to the rates of bonds issued by companies rated AA (high quality) within the main indices iBoxx GBP Corporate AA and Citigroup Bond Yield USD. Actuarial assumptions are estimates of the Executive Management. The contributions to the funds and direct payments to beneficiaries are recognized in current operating income *(Note 8)* except for the contributions and payments related to restructurings that are recognized in other operating revenue and expenses *(Note 10)* and the contributions to under-funded closed plans with mandatory funding requirement that are recognized in financial income (loss) *(Note 12)*. The profit or loss impact of these contributions is neutralized by liabilities reversals recognized in each of these three profit or loss levels. The other items of the change in post-employment plans are recognized in current operating income *(Note 8)*, except for the amendments, curtailments and settlements related to a restructuring that are recognized in other operating income and expenses *(Note 10)* and for the unwinding of obligations and normative return on assets that are recognized in financial income (loss) *(Note 12)*. Administrative fees are recognized in current operating income *(Note 8)* except for the administrative fees of under-funded closed plans with mandatory funding requirement that are recognized in financial income (loss) *(Note 12)*. Plan amendments, curtailments and settlements are immediately recognized in profit or loss. The actuarial differences and assets limitations of post-employment plans are entirely recognized in equity, net of assets management fees, with no subsequent reclassification in profit or loss.

Defined benefit plans characteristics

As of December 31, 2015, the defined employee benefit obligation of Imerys amounts to €1,530.0 million (€1,427.1 million as of December 31, 2014). This obligation is made up of retirement indemnities, medical post-retirement benefits and other pre-retirement benefits such as jubilee awards. The main obligations, whose amounts are disclosed as negative values in the following table, are located in the United Kingdom and United States:

	2015				2014			
(€ millions)	United Kingdom	United States	Rest of the world	Total	United Kingdom	United States	Rest of the world	Total
Retirement indemnities	(981.9)	(280.4)	(236.9)	(1,499.2)	(944.3)	(263.2)	(192.3)	(1,399.8)
Medical post-retirement benefits	-	(12.0)	(7.3)	(19.3)	-	(9.2)	(8.0)	(17.2)
Other pre-retirement benefits	-	-	(11.5)	(11.5)	-	-	(10.1)	(10.1)
Total	**(981.9)**	**(292.4)**	**(255.7)**	**(1,530.0)**	**(944.3)**	**(272.4)**	**(210.4)**	**(1,427.1)**

As of December 31, 2015, these obligations relate to 26,668 beneficiaries (26,501 beneficiaries as of December 31, 2014) made up of those employees who acquire rights for the services they render within the Group (active beneficiaries), of those employees who ceased to acquire rights for the services they render within the Group as well as those former employees active outside the Group (deferred beneficiaries) and of retired former employees (retired beneficiaries). The following table discloses the main characteristics of these beneficiaries:

	2015				2014			
	United Kingdom	United States	Rest of the world	Total	United Kingdom	United States	Rest of the world	Total
Headcounts								
Number of active beneficiaries	700	1,523	12,853	15,076	827	1,511	12,709	15,047
Number of deferred beneficiaries	1,969	1,800	348	4,117	1,916	1,698	345	3,959
Number of retired beneficiaries	4,552	2,206	717	7,475	4,810	1,943	742	7,495
Total	**7,221**	**5,529**	**13,918**	**26,668**	**7,553**	**5,152**	**13,796**	**26,501**
Age								
Average age of active beneficiaries	53	50	44	45	52	48	44	45
Average age of deferred beneficiaries	54	51	50	53	53	52	50	52
Average age of retired beneficiaries	75	64	74	71	74	63	73	71
Past service								
Years of past service of active members	26	19	16	17	25	17	16	16

Two plans represent 73.2% of the Group total obligation as of December 31, 2015 (76.4% as of December 31, 2014): the British Imerys UK Pension Scheme (Imerys UK) and the American Imerys USA Retirement Growth Account Plan (Imerys USA). The following table presents their main characteristics:

	2015		2014	
	Imerys UK	**Imerys USA**	**Imerys UK**	**Imerys USA**
Obligation by categories of beneficiaries *(€ millions)*				
Active beneficiaries	(177.1)	(45.3)	(200.0)	(52.5)
Deferred beneficiaries	(185.8)	(37.1)	(161.2)	(41.9)
Retired beneficiaries	(619.0)	(55.0)	(583.1)	(51.2)
Total	**(981.9)**	**(137.4)**	**(944.3)**	**(145.6)**
Age				
Average age of active beneficiaries	53	52	52	51
Average age of deferred beneficiaries	54	53	53	53
Average age of retired beneficiaries	75	69	74	69
Eligibility				
Last hiring date	12/31/04	3/31/10	12/31/04	3/31/10
Retirement age	65	65	65	65
Description of the benefit				
Mode of payment	Annuity(1)	Capital(2)	Annuity(1)	Capital(2)
Increase on retail price index	Yes	No	Yes	No
Closing date for future accruals	3/31/15	12/31/14	-	12/31/14
Regulatory framework				
Minimum funding requirement by the employer	Yes(3)	Yes(3)	Yes(3)	Yes(3)
Minimum contribution requirement by the beneficiary	Yes	No	Yes	No
Governance				
Trustees representing the employer	Yes	Yes	Yes	Yes
Trustees representing the beneficiaries	Yes	No	Yes	No
Independent trustees	Yes	No	Yes	No
Trustee's responsibility				
Definition of the investing strategy	Yes	Yes	Yes	Yes
Negotiation of the refinancing of deficits with the employer	Yes	-	Yes	-
Administrative management of the benefit payment	Yes	Yes	Yes	Yes

(1) Annuity calculated on the basis of the number of years of service rendered, of the annual salary at the retirement date and of the average of the three last annual salaries.
(2) Capital with guaranteed interest rate (Cash Balance Plan).
(3) The employer is required to fund each unit of service rendered by 100% on the basis of a funding valuation.

Management of risks arising from employee benefits

Description of the risks. The main issue related with the financial management of employee benefits is the control of the funding ratio of obligations, i.e. the ratio between the value of plan assets and the value of obligations. The funding ratio of obligations may thus be subject to a deterioration caused by a decorrelation between the evolution (especially downwards) of the plan assets and the evolution (especially upwards) of the obligations. The value of plan assets may be lowered by a deterioration of the fair value of investments. The value of obligations may be raised on the one hand for all plans as a result of a decrease in discount rates and on the other hand for benefits paid as life annuities, either from a rise in the inflation rates used to remeasure the obligations of certain plans, or from the increase in the life expectancy of beneficiaries.

Management of the risks. The strategy to control the funding ratio of obligations consists in the first place to optimize the value of plan assets. The objective of investment policies thus aim at delivering a steady return while taking advantage of opportunities with limited or moderate risks levels. The choice of investments is specific to each plan and its determination considers the duration of the plan as well as minimum funding regulatory constraints. In the United Kingdom in particular, Imerys applies since 2011 a specific strategy of control of the funding ratio of obligations that consists in defining the investment of plan assets so as to match the obligation. This device designated as Liability Driven Investment (LDI) aims at controlling the funding rate of the obligation through the correlation of cash inflows and outflows over the duration of the obligation. In practice, this strategy consists in structuring the portfolio of plan assets so that the cash inflows generated by the return on investments match the cash outflows generated by the payment of benefits. Within this device, the hedging policy of the risk that the obligation raises as a result of a decrease in discount rates and an increase in inflation rates covers 79.0% of the amount of the obligation as of December 31, 2015 (79.0% as of December 31, 2014).

Employee benefits financing

Imerys finances the greater part of employee benefits with investments unavailable to third parties in trusts or insurance contracts legally separate from the Group. These investments designated as plan assets amount to €1,222.5 million as of December 31, 2015 (€1,131.4 million as of December 31, 2014). Imerys also holds reimbursement rights, i.e. investments directly held by the Group and amounting to €6.2 million as of December 31, 2015 (€6.0 million as of December 31, 2014). The funding rate of obligations thus amounts to 80.3% as of December 31, 2015 (79.7% as of December 31, 2014). The deficit of funded plans and unfunded plans is accrued for €301.3 million as of December 31, 2015 (€289.7 million as of December 31, 2014), as presented in the following table:

	2015				2014			
(€ millions)	United Kingdom	United States	Rest of the world	Total	United Kingdom	United States	Rest of the world	Total
Obligations funded by plan assets	(981.9)	(278.1)	(124.0)	(1,384.0)	(944.3)	(260.5)	(91.8)	(1,296.6)
Obligations funded by reimbursement rights	-	-	(26.5)	(26.5)	-	-	(30.2)	(30.2)
Plan assets	935.8	213.5	73.2	1,222.5	877.9	191.3	62.2	1,131.4
Reimbursement rights	-	-	6.2	6.2	-	-	6.0	6.0
Funded plans surplus (deficit)	**(46.1)**	**(64.6)**	**(71.1)**	**(181.8)**	**(66.4)**	**(69.2)**	**(53.8)**	**(189.4)**
Unfunded obligations	-	(14.3)	(105.2)	(119.5)	-	(11.9)	(88.4)	(100.3)
Total surplus (deficit)	**(46.1)**	**(78.9)**	**(176.3)**	**(301.3)**	**(66.4)**	**(81.1)**	**(142.2)**	**(289.7)**

The following table presents the contributions paid to the funds by profit or loss level in 2014 and 2015 as well as an estimate for 2016. Contributions are generally recognized in current operating income. They are recognized as other operating revenue and expenses where they relate to a restructuring. Contributions recognized in financial income (loss) are intended to recover the deficit of those closed plans (absence of current service) with mandatory funding requirement. In this respect, each euro of service rendered before the plan was closed has been funded by a contribution of the same amount through current operating income. However the decrease in discount rates, the increase in inflation rates and the decrease in the fair value of investments has broken this initial balance and now requires additional contributions to restore it.

(€ millions)	2016 (estimate)	2015	2014
Contributions in current operating income	(7.9)	(8.9)	(25.2)
Contributions in other operating revenue and expenses	-	(0.3)	(0.8)
Contributions in financial income (loss) (closed plans)	(10.0)	(8.9)	(0.1)
Employer contributions	**(17.9)**	**(18.1)**	**(26.1)**

Plan assets are mainly invested in instruments whose market values are quoted in an active market:

	2015				2014			
	United Kingdom	United States	Rest of the world	Total	United Kingdom	United States	Rest of the world	Total
Assets with a quoted price	**100.0%**	**100.0%**	**68.0%**	**98.1%**	**95.1%**	**100.0%**	**18.9%**	**91.7%**
Equity	42.5%	47.3%	8.2%	41.2%	41.6%	67.1%	9.6%	44.1%
Debt	52.2%	49.7%	5.3%	49.0%	53.5%	21.4%	5.8%	45.5%
Real estate	5.0%	3.0%	-	4.4%	-	-	-	0.0%
Monetary	0.3%	-	54.6%	3.5%	-	11.5%	3.5%	2.1%
Assets without a quoted price	**0.0%**	**0.0%**	**32.0%**	**1.9%**	**4.9%**	**0.0%**	**81.1%**	**8.3%**
Real estate	-	-	-	0.0%	4.9%	-	-	3.8%
Monetary	-	-	32.0%	1.9%	-	-	81.1%	4.5%
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

The assets held by Imerys to fund the employee benefits generate an actual interest of €63.4 million in 2015 (€146.6 million in 2014), i.e. an actual rate of return of 5.5% in 2015 (15.2% in 2014), as disclosed in the table hereafter. In accordance with applicable standards, this return is only credited to the financial income (loss) to the extent of a normative part of €41.6 million in 2015 (€45.0 million in 2014) calculated on the basis of the risk-free rate used to discount the obligations. The excess of the actual return beyond normative return is credited to equity for €21.8 million in 2015 (€101.6 million in 2014).

	2015				2014			
(€ millions)	United Kingdom	United States	Rest of the world	Total	United Kingdom	United States	Rest of the world	Total
Opening assets	**877.9**	**191.3**	**68.2**	**1,137.4**	**745.1**	**183.7**	**71.1**	**999.9**
Changes in the scope of consolidation	-	17.9	2.3	20.2	-	-	-	0.0
Contributions	9.0	5.3	5.0	19.3	12.9	10.2	4.1	27.2
Payments to the beneficiaries	(49.7)	(34.9)	(5.5)	(90.1)	(62.6)	(43.5)	(9.9)	(116.0)
Exchange rate differences	53.7	22.4	2.4	78.5	55.1	23.5	1.1	79.7
Actual return on assets	**44.9**	**11.5**	**7.0**	**63.4**	**127.4**	**17.4**	**1.8**	**146.6**
Normative return (financial income (loss))	32.4	7.7	1.5	41.6	34.0	9.0	2.0	45.0
Adjustment to actual return (equity)	12.5	3.8	5.5	21.8	93.4	8.4	(0.2)	101.6
Closing assets	**935.8**	**213.5**	**79.4**	**1,228.7**	**877.9**	**191.3**	**68.2**	**1,137.4**
Actual rate of return	**5.2%**	**5.5%**	**10.2%**	**5.5%**	**17.7%**	**9.6%**	**2.6%**	**15.2%**

Estimates

The actuarial assumptions used to measure defined benefit plans are estimates of the Executive Management. The assumptions hereafter are weighted by the amounts of obligations or assets, depending upon the item to which they apply.

	2015				2014			
	United Kingdom	United States	Rest of the world	Total	United Kingdom	United States	Rest of the world	Total
Discount rate	3.60%	4.00%	1.70%	3.40%	3.50%	3.50%	2.40%	3.30%
Retail price index	1.90%	-	-	1.90%	2.10%	-	-	2.10%
Salary increase	2.20%	-	2.50%	2.20%	2.90%	3.04%	2.57%	2.60%
Medical cost trend rates	-	5.20%	6.80%	5.40%	-	4.50%	7.20%	4.90%
Duration (years)	15	10	13	14	14	11	12	13

Among these estimates, the discount rate results in the most significant impacts on the Group financial statements. The following table presents the impact of a reasonably possible change in discount rates for a decrease (lower case) and an increase (higher case) around the assumption retained in the financial statements as of December 31, 2015 (actual 2015). The impact of these changes is measured on three aggregates (obligation, net interest, current service cost) in the two monetary zones where the most significant obligations are located (United Kingdom and United States). The range of the reasonably possible change in discount rates is assessed at 50 basis points with respect to the weighted average change in discount rates in the United Kingdom and the United States over the last five periods.

(€ millions)	Lower case	Actual 2015	Higher case
United Kingdom			
Discount rate	3.1%	3.6%	4.1%
Obligation at the closing date	(1,060.2)	(981.9)	(912.5)
Net interest in the profit or loss of the period(1)	(2.5)	(0.1)	2.7
Current service cost in the profit or loss of the period(2)	-	-	-
United States			
Discount rate	3.5%	4.0%	4.5%
Obligation at the closing date	(308.2)	(292.4)	(277.6)
Net interest in the profit or loss of the period(1)	(2.9)	(2.8)	(2.5)
Current service cost in the profit or loss of the period	(1.4)	(1.3)	(1.3)

(1) Unwinding of the obligation, net of the normative return on assets.
(2) Until March 31, 2015. Closed and frozen plan from April 1, 2015 onwards.

Tables of changes

As of December 31, 2015

(€ millions)	Obligations	Assets	Asset (liability)
Balance as of January 1, 2015	**(1,427.1)**	**1,137.4**	**(289.7)**
Plan assets			0.8
Reimbursement rights			6.0
Liabilities			(296.5)
Unwinding	(50.9)	-	(50.9)
Current service cost	(16.7)	-	(16.7)
Plan amendments	2.5	-	2.5
Curtailments	2.3	-	2.3
Settlements	(1.4)	-	(1.4)
Normative return on plan assets	-	41.5	41.5
Normative return on reimbursement rights	-	0.1	0.1
Changes recognized in profit or loss			**(22.6)**
Excess of the actual return on assets over their normative return	-	21.8	21.8
Actuarial gains and (losses) of post-employment benefits on			
▪ changes in demographic assumptions	0.6	-	0.6
▪ changes in financial assumptions	15.9	-	15.9
▪ experience adjustments	(6.3)	-	(6.3)
Changes recognized in equity			**32.0**
Incoming entities	(58.0)	20.2	(37.8)
Routine benefit payments	92.7	(84.9)	7.8
Settlements payments	10.6	(5.2)	5.4
Employer contributions	-	18.1	18.1
Employee contributions	(1.2)	1.2	0.0
Exchange rate differences	(93.0)	78.5	(14.5)
Balance as of December 31, 2015	**(1,530.0)**	**1,228.7**	**(301.3)**
Plan assets			0.6
Reimbursement rights			6.2
Liabilities			(308.1)

The row “Changes recognized in profit or loss” of the above table is analyzed as follows:

(€ millions)	Asset (liability)
Current operating income	**(9.3)**
Net change in employee benefit liabilities	9.3
Contributions to defined employee benefit plans	(18.6)
Other operating income and expenses	**(2.3)**
Net change in employee benefit liabilities	1.5
Contributions to defined employee benefit plans	(3.8)
Financial income (loss)	**(11.0)**
Net change in employee benefit liabilities - Closed plans	7.2
Contributions to defined employee benefit plans - Closed plans	(8.9)
Normative return on assets of defined benefit plans	41.6
Unwinding of defined employee benefit liabilities	(50.9)
Changes recognized in profit or loss	**(22.6)**

As of December 31, 2014

(€ millions)	Obligations	Assets	Asset (liability)
Balance as of January 1, 2014	**(1,210.6)**	**999.9**	**(210.7)**
Plan assets			0.9
Reimbursement rights			6.8
Liabilities			(218.4)
Unwinding	(52.6)	-	(52.6)
Current service cost	(20.4)	-	(20.4)
Plan amendments	10.1	-	10.1
Curtailments	2.6	-	2.6
Settlements	7.5	-	7.5
Actuarial gains and (losses) of other employee benefits	0.1	-	0.1
Normative return on plan assets	-	44.8	44.8
Normative return on reimbursement rights	-	0.2	0.2
Changes recognized in profit or loss			**(7.7)**
Excess of the actual return on assets over their normative return	-	81.1	81.1
Actuarial gains and (losses) of post-employment benefits on			
▪ changes in demographic assumptions	(17.2)	-	(17.2)
▪ changes in financial assumptions	(156.9)	-	(156.9)
▪ experience adjustments	5.1	-	5.1
Changes recognized in equity			**(87.9)**
Incoming entities	(3.1)	-	(3.1)
Outgoing entities	0.2	-	0.2
Routine benefit payments	70.4	(64.5)	5.9
Settlements payments	31.0	(31.0)	0.0
Employer contributions	-	26.1	26.1
Employee contributions	(1.1)	1.1	0.0
Exchange rate differences	(92.2)	79.7	(12.5)
Balance as of December 31, 2014	**(1,427.1)**	**1,137.4**	**(289.7)**
Plan assets			0.8
Reimbursement rights			6.0
Liabilities			(296.5)

The row “Changes recognized in profit or loss” of the above table is analyzed as follows:

(€ millions)	Asset (liability)
Current operating income	**(1.6)**
Net change in employee benefit liabilities	29.5
Contributions to defined employee benefit plans	(31.1)
Other operating income and expenses	**1.5**
Net change in employee benefit liabilities	2.3
Contributions to defined employee benefit plans	(0.8)
Financial income (loss)	**(7.6)**
Net change in employee benefit liabilities - Closed plans	0.1
Contributions to defined employee benefit plans - Closed plans	(0.1)
Normative return on assets of defined benefit plans	45.0
Unwinding of defined employee benefit liabilities	(52.6)
Changes recognized in profit or loss	**(7.7)**

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Changes recognized in equity

(€ millions)	2015				2014			
	Actuarial gains and (losses)	Excess of the actual return on assets over their normative return in profit or loss	Assets limitation	Total	Actuarial gains and (losses)	Excess of the actual return on assets over their normative return in profit or loss	Assets limitation	Total
Opening balance	**(446.1)**	**190.0**	**2.3**	**(253.8)**	**(227.7)**	**75.9**	**2.2**	**(149.6)**
Changes related to obligations	10.2	-	-	10.2	(189.5)	-	-	(189.5)
Changes related to assets	-	21.8	-	21.8	-	101.6	-	101.6
Changes recognized in equity	**10.2**	**21.8**	**0.0**	**32.0**	**(189.5)**	**101.6**	**0.0**	**(87.9)**
Outgoing entities	-	-	-	0.0	0.3	-	-	0.3
Exchange rate differences	(37.5)	18.2	0.2	(19.1)	(29.2)	12.5	0.1	(16.6)
Closing balance	**(473.4)**	**230.0**	**2.5**	**(240.9)**	**(446.1)**	**190.0**	**2.3**	**(253.8)**

23.2 OTHER PROVISIONS

(€ millions)	2015	2014
Other non-current provisions	304.2	258.4
Other current provisions	19.2	24.3
Total	**323.4**	**282.7**

Accounting policy

A provision is recognized as soon as it becomes probable that a present obligation shall require a settlement whose amount can be measured reliably. Provisions are recognized against the profit or loss except for provisions for dismantling and some provisions for restoration whose counterpart is included in the cost of the assets whose construction has created the obligation. This treatment mainly applies to some satellite industrial facilities and mining overburden assets. The measurement of provisions corresponds to the best estimate of the amount required to settle the obligation. Provisions whose settlement is expected within 12 months after the end of the period or whose settlement may occur at any time are not discounted. Provisions whose settlement is expected after 12 months after the end of the period are discounted. This treatment applies in particular to the provisions accrued with respect to environmental obligations to remediate pollutions, to obligations to dismantle plants and to obligations to restore mine sites once extraction is complete. Changes in discounted provisions due to a revision of the amount of the obligation, of its timing of settlement or of its discount rate are recognized in profit or loss or, for provisions recognized against assets, as an adjustment of the cost of the latter. The unwinding is recognized as a debit in the other financial income and expenses *(Note 12)*. The assessment of the probability of settlement and amount of the obligation, of the expected timing of future payments and of discount rates are estimates of the Executive Management.

Estimates

Probability of settlement and amount of the obligation. The probabilities of settlement and the amounts of the obligations are estimated by the Executive Management with the support of external counsels for the significant litigation and claims. These relate to allegations of personal or financial injury implicating the civil liability of Imerys and the potential breach of contractual obligations or regulations on employee, property and environmental issues.

Expected timing of future payments. The following table discloses the discounted value of future cash outflows necessary to settle the obligations of the "Other provisions" position:

(€ millions)	2016 - 2020	2021 - 2030	2031 and later	Total
Products warranties	27.4	-	-	27.4
Environmental and dismantling obligations	26.8	10.6	25.6	63.0
Mine sites restoration	37.2	61.2	21.9	120.3
Legal, social and regulatory risks	112.7	-	-	112.7
Other provisions	**204.1**	**71.8**	**47.5**	**323.4**

Discount rates. These rates integrate the time value of money and monetary inflation over the timeline of future payments. For the main discounted provision (mine sites restoration), the assumptions of the major monetary zones are the following:

	2015			2014		
	Euro zone	United Kingdom	United States	Euro zone	United Kingdom	United States
Time value of money	1.3%	2.5%	3.4%	1.0%	2.3%	2.9%
Monetary inflation	0.3%	0.2%	0.7%	0.1%	0.5%	0.7%

Table of changes

(€ millions)	Products warranties	Environmental and dismantling obligations	Mine sites restoration	Legal, social and regulatory risks	Total
Balance as of January 1, 2014	**26.4**	**48.2**	**92.1**	**90.9**	**257.6**
Changes in the scope of consolidation	0.8	2.7	-	(11.5)	(8.0)
Increases	5.6	3.7	6.6	54.8	70.7
Utilizations	(4.8)	(3.5)	(4.6)	(16.7)	(29.6)
Non-utilized decreases	(1.6)	(0.8)	-	(13.7)	(16.1)
Unwinding expense	-	0.9	2.2	-	3.1
Reclassification and other	(1.0)	(1.5)	(0.3)	(4.6)	(7.4)
Exchange rate differences	0.1	3.0	5.2	4.1	12.4
Balance as of December 31, 2014	**25.5**	**52.7**	**101.2**	**103.3**	**282.7**
Changes in the scope of consolidation	-	11.9	16.8	16.5	45.2
Increases	6.5	2.6	(1.2)	35.3	43.2
Utilizations	(3.4)	(5.9)	(5.8)	(21.4)	(36.5)
Non-utilized decreases	(1.3)	(1.7)	-	(11.7)	(14.7)
Unwinding expense	-	1.3	2.6	-	3.9
Reclassification and other	-	-	-	(9.5)	(9.5)
Exchange rate differences	0.1	2.1	6.7	0.2	9.1
Balance as of December 31, 2015	**27.4**	**63.0**	**120.3**	**112.7**	**323.4**

NOTE 24 FINANCIAL LIABILITIES

24.1 CATEGORIES OF FINANCIAL LIABILITIES

The tables hereafter enable to evaluate the significance of financial instruments with respect to consolidated liabilities. The categories used to present the carrying amounts of financial instruments are explained in *Note 11*. Since they correspond to the amounts of cash to be paid, these carrying amounts are representative of fair value for all instruments except for bonds. The tables hereafter are followed by an analysis of the differences between carrying amount and fair value. For listed bonds, fair value qualifies as a directly observable data since it corresponds to the market value at the closing date (level 1 fair value). For unlisted bonds, fair value including accrued interests results from a model using observable data, i.e. a revaluation of discounted future contractual flows (level 2 fair value).

As of December 31, 2015

	Financial liabilities at amortized cost		Non hedge derivatives	Hedge derivatives			
(€ millions)	Non hedge	Net investment in a foreign operation	Fair value through profit or loss	Fair value	Cash flow	Non IAS 39	Total
Non-current liabilities							
Loans and financial debts	1,486.3	-	(1.6)	13.4	-	1.9	1,500.0
Other debts	33.2	-	-	-	-	9.2	42.4
Derivative financial liabilities	-	1.8	(0.1)	0.1	0.1	-	1.9
Current liabilities							
Trade payables	441.0	-	-	-	-	-	441.0
Other debts	114.7	-	-	-	-	200.9	315.6
Derivative financial liabilities	-	-	2.2	-	17.0	-	19.2
Loans and financial debts	424.0	-	(0.6)	-	-	0.4	423.8
Bank overdrafts	3.5	-	-	-	-	-	3.5
Total financial liabilities	**2,502.7**	**1.8**	**(0.1)**	**13.5**	**17.1**	**-**	**-**

The fair value of fixed rate bonds included in “Loans and financial debts” is superior to their carrying amount by €89.7 million:

			Interest rate				
Nominal amount *in millions*	**Maturity**	**Quotation**	**Nominal**	**Effective**	**Carrying amount**	**Fair value**	**Difference**
JPY 7,000.0	9/16/2033	Unlisted	3.40%	3.47%	53.9	76.6	22.7
USD 30.0	8/6/2018	Unlisted	5.28%	5.38%	28.1	30.9	2.8
EUR 500.0	4/18/2017	Listed	5.00%	5.09%	517.7	547.2	29.5
EUR 300.0	11/26/2020	Listed	2.50%	2.60%	300.7	319.9	19.2
EUR 100.0	11/26/2020	Listed	2.50%	1.31%	100.2	106.6	6.4
EUR 500.0	12/10/2024	Listed	2.00%	2.13%	500.7	509.8	9.1
Total as of December 31, 2015 *(€ millions)*					**1,501.3**	**1,591.0**	**89.7**

As of December 31, 2014

	Financial liabilities at amortized cost		Non hedge derivatives	Hedge derivatives			
(€ millions)	Non hedge	Net investment in a foreign operation	Fair value through profit or loss	Fair value	Cash flow	Non IAS 39	Total
Non-current liabilities							
Loans and financial debts	1,483.9	-	(2.7)	11.0	-	2.1	1,494.3
Other debts	4.1	-	-	-	-	7.6	11.7
Derivative financial liabilities	-	7.6	(0.1)	-	0.1	-	7.6
Current liabilities							
Trade payables	411.9	-	-	-	-	-	411.9
Other debts	119.2	-	-	-	-	188.5	307.7
Derivative financial liabilities	-	-	1.1	-	13.5	-	14.6
Loans and financial debts	63.0	-	3.6	-	-	0.3	66.9
Bank overdrafts	1.9	-	-	-	-	-	1.9
Total financial liabilities	**2,084.0**	**7.6**	**1.9**	**11.0**	**13.6**	**-**	**-**

The fair value of fixed rate bonds included in “Loans and financial debts” is superior to their carrying amount by €117.5 million:

				Interest rate				
Nominal amount *in millions*		**Maturity**	**Quotation**	**Nominal**	**Effective**	**Carrying amount**	**Fair value**	**Difference**
JPY	7,000.0	9/16/2033	Unlisted	3.40%	3.47%	48.7	68.3	19.7
USD	30.0	8/6/2018	Unlisted	5.28%	5.38%	25.2	28.5	3.3
EUR	500.0	4/18/2017	Listed	5.00%	5.09%	517.7	567.4	49.7
EUR	300.0	11/26/2020	Listed	2.50%	2.60%	300.7	324.3	23.5
EUR	100.0	11/26/2020	Listed	2.50%	1.31%	100.2	108.1	7.8
EUR	500.0	12/10/2024	Listed	2.00%	2.13%	500.6	514.0	13.4
Total as of December 31, 2014 *(€ millions)*						**1,493.2**	**1,610.6**	**117.5**

24.2 FINANCIAL DEBT

The net financial debt is the net position of Imerys towards the market and the financial institutions, i.e. the total of financing liabilities subscribed towards the market and the financial institutions in the form of bonds, bank credits, finance lease credits and bank overdrafts, decreased by cash, cash equivalents and other current financial assets. Although they are offset in the calculation of the net financial debt, overdrafts and excess cash are disclosed separately on the statement of financial position, either in the form of bank overdrafts, or in the form of cash, in accordance with the agreements signed between Imerys and its bank counterparties. Most of these agreements provide 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, over a certain scope, a unique position towards certain bank counterparties. Such a unique position is organized by the heading entity of the netting scope, either directly through its own bank account, or indirectly through an investment made at the bank counterparty that the latter is crediting under the form of loans to the entities of the scope. Direct netting corresponds to agreements in force in Europe and the United-States, while indirect netting is applied in China.

The net financial debt is used in the management of the financial resources of the Group. This indicator is used in particular in the calculation of financial ratios that Imerys has to comply with under financing agreements entered into with financial markets *(Note 24.5 - Borrower's liquidity risk)*.

The present note analyses the change in the net financial debt in two steps: from current operating income to current free operating cash flow; and from current free operating cash flow to the change in net financial debt. The following table presents the link between the net financial debt and the consolidated statement of financial position with a distinction between non-derivative and derivative financial instruments. Derivative financial instruments included in the calculation of the net financial debt correspond to financing hedge instruments assets and liabilities since they are part of the future cash outflows of this aggregate *(Note 24.5 - Borrower's liquidity risk)*. The operational hedge instruments *(Note 24.4 - Derivative instruments in the financial statements)* are not included in the calculation of the net financial debt.

(€ millions)	Notes	2015	2014
Non-derivative financial liabilities		**1,927.3**	**1,563.1**
Loans and financial debts - non-current		1,500.0	1,494.3
Loans and financial debts - current		423.8	66.9
Bank overdrafts		3.5	1.9
Non-derivative financial assets		**(434.7)**	**(685.7)**
Other financial assets		(19.6)	(29.3)
Cash and cash equivalents		(415.1)	(656.4)
Hedge derivatives		**(12.2)**	**(7.5)**
Financing hedge instruments - liabilities	24.4	3.8	8.7
Financing hedge instruments - assets	24.4	(16.0)	(16.2)
Net financial debt		**1,480.4**	**869.9**

Current free operating cash flow

The current free operating cash flow is the residual cash flow resulting from current operating business and remaining after payment of current operating income taxes and operating capital expenditure, receipt of the disposal proceeds of operating assets and adjustment from cash changes in operational working capital requirement.

(€ millions)	**2015**	**2014**
Current operating income	538.1	494.6
Operating amortization, depreciation and impairment losses(1)	225.5	209.5
Net change in operating provisions	(17.5)	(27.5)
Share in net income of joint ventures and associates	(8.1)	(4.6)
Dividends received from joint ventures and associates	7.4	1.8
Operating cash flow before taxes (current EBITDA)	**745.4**	**673.8**
Notional taxes on current operating income(2)	(156.7)	(144.6)
Current net operating cash flow	**588.7**	**529.2**
Paid capital expenditures(3) & (4)	**(271.6)**	**(241.5)**
Intangible assets	(48.9)	(8.3)
Property, plant and equipment	(174.4)	(188.9)
Overburden mining assets(5)	(50.9)	(42.8)
Debts on acquisitions	2.6	(1.5)
Carrying amount of current asset disposals	**3.6**	**5.3**
Change in the operational working capital requirement	**21.8**	**(48.9)**
Inventories	6.1	(56.4)
Trade accounts receivable, advances and down payments received	41.2	(15.0)
Trade accounts payable, advances and down payments paid	(25.5)	22.5
Current free operating cash flow	**342.5**	**244.1**

(1) Operating amortization, depreciation and impairment losses	*225.5*	*209.5*
Net operating amortization and depreciation (Appendix 1 of the consolidated statement of cash flows)	*225.1*	*209.2*
Finance leases depreciation (Appendix 3 of the consolidated statement of cash flows)	*0.4*	*0.3*
(2) Effective tax rate on current operating income	*29.1%*	*29.2%*
(3) Paid capital expenditure	*(271.6)*	*(241.5)*
Acquisitions of intangible assets and property, plant and equipment (Consolidated statement of cash flows)	*(271.6)*	*(241.4)*
Finance lease acquisitions (Appendix 3 of the consolidated statement of cash flows)	*-*	*(0.1)*
(4) Recognized capital expenditures / asset depreciation ratio	*121.6%*	*114.6%*
The recognized capital expenditures / asset depreciation ratio equals the paid capital expenditures (except for debts on acquisitions) divided by the increases in amortization and depreciation		
Increases in asset amortization and depreciation	*225.5*	*209.5*
(5) Overburden mining assets	*(51.0)*	*(43.0)*
Overburden mining assets - capital expenditure	*(51.0)*	*(43.0)*

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Change in net financial debt

(€ millions)	2015	2014
Current free operating cash flow	**342.5**	**244.1**
Financial income (loss)	(55.5)	(45.1)
Financial impairment losses and unwinding of the discount	7.5	10.9
Income taxes on financial income (loss)	16.2	13.2
Change in income tax debt	36.6	(36.6)
Change in deferred taxes on current operating income	(1.9)	17.1
Change in other items of working capital	(13.8)	15.5
Share-based payments expense	7.3	9.5
Change in fair value of operational hedge instruments	(0.7)	(1.0)
Change in dividends receivable from available-for-sale financial assets	0.2	(0.1)
Current free cash flow	**338.4**	**227.5**
External growth	**(950.5)**	**(72.3)**
Acquisitions of investments in consolidated entities after deduction of the net debt acquired	(950.1)	(68.8)
Acquisitions of investments in consolidated entities from non-controlling interests	-	(3.5)
Acquisitions of available-for-sale financial assets	(0.4)	-
Disposals	**6.7**	**71.5**
Disposals of investments in consolidated entities after deduction of the net debt disposed of	6.7	71.5
Transaction costs	**(10.6)**	**10.4**
Changes in estimate of the contingent remuneration of the seller	**(0.2)**	**7.4**
Cash flow from other operating income and expenses	**(48.7)**	**(32.8)**
Dividends paid to shareholders and non-controlling interests	**(132.6)**	**(125.2)**
Financing requirement	**(797.5)**	**86.5**
Transactions on equity	227.0	(42.5)
Net change in financial assets	0.6	0.3
Cash flow from assets held for sale	**-**	**0.6**
Change in net financial debt	**(569.9)**	**44.9**

(€ millions)	2015	2014
Opening net financial debt	**(869.9)**	**(885.4)**
Change in net financial debt	(569.9)	44.9
Impact of changes due to exchange rate fluctuations	(40.6)	(29.4)
Closing net financial debt	**(1,480.4)**	**(869.9)**

24.3 OTHER DEBTS

(€ millions)	2015	2014
Non-current liabilities		
Income taxes payable	0.4	0.2
Capital expenditure payables	29.8	2.3
Tax debts	0.1	0.5
Social debts	6.3	5.9
Other	5.8	2.8
Total	**42.4**	**11.7**
Current liabilities		
Capital expenditure payables	63.9	72.0
Tax debts	32.8	42.2
Social debts	166.5	145.2
Other	52.4	48.3
Total	**315.6**	**307.7**

As of December 31, 2015, capital expenditure payables include €33.0 million related to the acquisition of the S&B group *(Note 16)*, of which €29.0 million in non-current (€21.0 million to be paid as performance-related contingent consideration and €8.0 million to be paid in Imerys shares) and €4.0 million in current to be paid in Imerys shares.

24.4 DERIVATIVE INSTRUMENTS

Derivative instruments management principles

The use of derivative instruments is framed by a policy defined and operated by the Group Treasury Department and periodically presented to the Board of Directors. In accordance with this policy, derivative instruments are exclusively used to hedge risks related to operating transactions (transactional foreign exchange and energy price risks), to foreign investments (conversion of financial statements risk) and to financing (transactional currency and interest rate risks). Imerys is not taking any speculative position. Derivative instruments are negotiated centrally by the Group Treasury Department on over-the-counter markets with first-rank banking institutions. Imerys proscribes to its entities to subscribe derivative instruments outside the Group. The implementation of this policy to the foreign exchange (transactional currency and conversion of financial statements), interest rate and energy price risks is developed in *Note 24.5*.

Accounting policy

Derivatives are recognized at the transaction date, i.e. at the subscription date of the hedging contract and classified as non-current and current assets and liabilities in accordance with their maturities and those of underlying transactions. Derivatives are initially measured at fair value and subsequently re-measured at the end of each period by reference to market terms. The fair value including accrued interests of derivatives results from a model using observable data, i.e. prices at the closing date provided by third parties active on financial markets (level 2 fair value). These values are adjusted by the credit risk of the counterparties and the own credit risk of Imerys. Hence where the market value of the derivative is positive (derivative asset), its fair value integrates the probability of default of the counterparty (Credit Value Adjustment or CVA). Where the market value of the derivative is negative (derivative liability), its fair value takes into account the probability of default of Imerys (Debit Value Adjustment or DVA). These adjustments are measured from the spreads of the bonds outstanding on the secondary market, as issued by Imerys and its counterparties (level 2 fair value). The exclusive purpose of these instruments is to hedge economic risks to which the Group is exposed. However, only financial instruments that meet the criteria of hedge accounting follow the accounting treatment described hereafter. All transactions qualified as hedge accounting are thus documented by reference to the hedging strategy by an identification of the hedged risk, the hedged item, the hedging instrument, the hedging relationship and the measurement method of the hedge relationship effectiveness. The measurement of the hedge effectiveness is reviewed at the end of each period. Accounting for a hedge derivative depends upon its designation as either fair value hedge, or cash flow hedge or hedge of a net investment in a foreign operation *(Notes 11, 12 and 24.5)*. Any derivative that is not eligible to hedge accounting is recognized in financial income (loss).

Fair value hedge. Where the changes in fair value of a recognized asset or liability or a firm commitment may have an impact on the profit or loss, these changes may be hedged by a fair value hedge. The hedged item and the hedging instrument are re-measured symmetrically against the profit or loss at the end of each period. The impact in profit or loss is limited to the ineffective portion of the hedge *(Note 11)*.

Cash flow hedge. A cash flow hedge enables to hedge the unfavorable changes in cash flows related to a recognized asset or liability or a highly probable future transaction, where these changes may have an impact on the profit or loss. At the end of each period, the effective portion of the hedge is recognized in equity and the ineffective portion in profit or loss. When the transaction is recognized, the effective portion in equity is reclassified in profit or loss at the same time the hedged item is recognized *(Note 11)*. Where a derivative is disqualified, i.e.

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hedge accounting is interrupted, the effective portion of the hedge previously recognized in equity is amortized in operating income or financial income (loss), in accordance with the nature of the hedged item.

Hedge of a net investment in a foreign operation. The foreign exchange differences generated by the net assets held by the Group in foreign currencies may be hedged *(Note 24.5 - Conversion of financial statements risk).* At the end of each period, the effective portion of the hedge is recognized in equity and the ineffective portion in profit or loss. The effective portion in equity is reclassified in other operating income and expenses only where control on a consolidated business is lost or interest in a business under significant influence is reduced.

The ineffective portion of operational hedge instruments is recognized in current operating income. The ineffective portion of financing hedge instruments is recognized in financial income (loss). The changes in fair value of financial instruments that do not qualify for hedge accounting are immediately recognized in other financial income and expenses *(Note 11)*. In the consolidated statement of cash flow, the cash flows of derivatives are disclosed in the same levels as the cash flows of the underlying transactions.

Derivative instruments in the financial statements

Assets and liabilities. The following table presents the derivative instruments recognized in the assets and liabilities in accordance with the hedged risks: foreign exchange, interest rate, energy price and conversion of financial statements risks. The total of this table distinguishes between on the one hand, non-current and current items and on the other hand, between hedge instruments related to operations (hedge of operating foreign exchange risk and energy price risk) and financing (financing foreign exchange rate risk, interest rate risk and conversion of financial statements risk).

	2015			2014		
(€ millions)	**Assets**	**Liabilities**	**Net**	**Assets**	**Liabilities**	**Net**
Foreign exchange risk	**4.6**	**11.5**	**(6.9)**	**6.1**	**9.7**	**(3.6)**
Forward derivative instruments	2.5	10.8	(8.3)	5.5	9.4	(3.9)
Optional derivative instruments	2.1	0.7	1.4	0.6	0.3	0.3
Interest rate risk	**13.5**	**0.1**	**13.4**	**11.0**	**0.0**	**11.0**
Forward derivative instruments	13.5	-	13.5	11.0	-	11.0
Optional derivative instruments	-	0.1	(0.1)	-	-	0.0
Energy price risk	**0.4**	**7.7**	**(7.3)**	**0.0**	**4.9**	**(4.9)**
Forward derivative instruments	-	-	0.0	-	-	0.0
Optional derivative instruments	0.4	7.7	(7.3)	-	4.9	(4.9)
Conversion of financial statements risk	**1.5**	**1.8**	**(0.3)**	**0.7**	**7.6**	**(6.9)**
Forward derivative instruments	1.5	1.8	(0.3)	0.7	7.6	(6.9)
Optional derivative instruments	-	-	0.0	-	-	0.0
Total	**20.0**	**21.1**	**(1.1)**	**17.8**	**22.2**	**(4.4)**
Non-current	15.0	1.9	13.1	11.7	7.6	4.1
Current	5.0	19.2	(14.2)	6.1	14.6	(8.5)
Operational hedge instruments	4.0	17.3	(13.3)	1.6	13.5	(11.9)
Financing hedge instruments	16.0	3.8	12.2	16.2	8.7	7.5

As of December 31, 2015, there is no legally enforceable right to set-off the amounts recognized above and Imerys intends neither to settle on a net basis, nor to realize the asset and settle the liability simultaneously. However, in accordance with the master agreements in force, any default of Imerys or one of its counterparties would settle their outstanding transactions on a net basis. The total of all positions that would be offset in case of default would reduce the total of assets and liabilities derivative instruments by €4.7 million as of December 31, 2015 (€5.6 million as of December 31, 2014).

Equity. As part of its policy of management of the foreign exchange, interest rate and energy price risks, Imerys holds derivative instruments intended to hedge certain future purchases and sales in foreign currencies, a portion of its floating rate financing and part of its future energy consumption in the United States, in the United Kingdom and in France. These positions qualify as cash flow hedges. The following table presents the amounts before income taxes recognized in equity in this respect as well as the reclassifications in profit or loss. The detail of these reclassifications at the level of the underlying income and expenses is presented in *Note 11*. These cash flow hedges are further outlined in the context of the management of foreign exchange, interest rate and energy price risks in *Note 24.5*.

(€ millions)	Foreign exchange rate risk	Interest rate risk	Energy price risk	Total
Balance as of January 1, 2014	**(5.1)**	**0.0**	**0.9**	**(4.2)**
Recognition in equity	(4.3)	-	(8.5)	(12.8)
Reclassification in profit or loss	(0.9)	-	2.8	1.9
Balance as of December 31, 2014	**(10.3)**	**0.0**	**(4.8)**	**(15.1)**
Recognition in equity	(26.6)	-	(9.9)	(36.5)
Reclassification in profit or loss	27.2	-	7.4	34.6
Balance as of December 31, 2015	**(9.7)**	**0.0**	**(7.3)**	**(17.0)**
of which reclassification to profit or loss expected within 12 months	(9.7)	-	(7.3)	(17.0)

24.5 MANAGEMENT OF RISKS ARISING FROM FINANCIAL LIABILITIES

Transactional currency risk

Description of the risk. The transactional currency risk is the risk whereby a cash flow labeled in foreign currency may be subject to a deterioration caused by an unfavorable change in its counterpart in functional currency.

Management of the risk. Imerys recommends to its operating entities to perform, to the extent it is possible, their transactions in their functional currencies. Where this is not possible, the transactional currency risk may be hedged on an individual basis by currency forwards, currency swaps and foreign exchange options. These instruments are used as hedges of highly probable budget flows. The corresponding hedges qualify as cash flow hedges.

The following table presents the amounts before income taxes recognized in equity in this respect as well as the reclassifications in profit or loss. In 2015, the effective portion recognized in equity and reclassified in profit or loss is greater than in 2014, mainly as a result of the depreciation of BRL.

(€ millions)	2015	2014
Opening balance	**(10.3)**	**(5.1)**
Recognition in equity	(26.6)	(4.3)
Reclassification in profit or loss	27.2	(0.9)
Closing balance	**(9.7)**	**(10.3)**
of which reclassification to profit or loss expected within 12 months	(9.7)	(10.3)

The following table presents the impact of a change in foreign exchange rates on the portfolio of derivative instruments held as of December 31, 2015 with respect to highly probable future purchases and sales transactions in foreign currencies. This simulation is performed through a decrease (lower case) and an increase (higher case) around the 2015 foreign exchange rates *(Note 26)* (actual 2015). The impact of these changes is measured on the one hand on equity for the effective portion of the derivative instruments qualified as cash flow hedges and on the other hand on the profit or loss for the ineffective portion of the derivative instruments qualified as cash flow hedges and non-hedge derivative instruments.

(€ millions)	Lower case	Actual 2015	Higher case
Foreign currencies exchange rates	(10.0)%	-	10.0%
Effective portion in equity at the closing date	9.3	(9.7)	(2.4)
Ineffective portion in the profit or loss of the period	(1.4)	1.4	(0.9)

Interest rate risk

Description of the risk. The interest rate risk is the risk whereby the interest flow due in relation to the financial debt is deteriorated by a rise in the market interest rates.

Management of the risk. The objective of the management of the interest rate risk consists in guaranteeing its medium-term cost. The net financial debt is known through a reporting that describes the financial debt of each entity and indicates its components and characteristics. This reporting, reviewed monthly by the Financial Department and quarterly by the Board of Directors, enables the situation to be monitored and the management policy to be adjusted as necessary. The management policy is drawn up by the Group Treasury Department and approved every year by the Financial Department and the Board of Directors. As part of this process, the Group Treasury Department works with first-rank banking institutions and obtains financial data and pricing from information providers. The policy of Imerys is to obtain financing mainly in Euro, the most accessible financial resource and at a fixed rate. Medium-term fixed-rate bond issues are converted to floating rates using interest rate swaps. Given anticipated trends in interest rates in 2015, the Group fixed the interest rate for part of its future financial debt on various terms.

Imerys usually holds a certain number of derivative instruments intended to hedge a portion of its debt at floating rate. These instruments include interest rate swaps, options - including caps, floors, swaptions and futures. These instruments qualify as cash flow hedges. The following table presents the amounts before income taxes recognized in equity in this respect as well as the reclassifications in profit or loss.

(€ millions)	**2015**	**2014**
Opening balance	**0.0**	**0.0**
Recognition in equity	0.0	0.0
Reclassification in profit or loss	0.0	0.0
Closing balance	**0.0**	**0.0**
of which reclassification to profit or loss expected within 12 months	0.0	0.0

Furthermore, Imerys holds as of December 31, 2015 an interest rate swap intended to hedge the exposure to changes in fair value of a loan. This instrument qualifies as fair value hedge. It hedges the risk of change in the risk-free rate and not the differential corresponding to the credit risk of the Group. The hedged loan and the derivative instrument present the same characteristics.

Currency	**Notional amount** *(in millions)*	**Fixed rate received**	**Floating rate paid**
JPY	7,000	2.39%	Libor Yen 6 months

The table hereafter provides a breakdown of the financial net debt between floating and fixed rate by currency as of December 31, 2015:

(€ millions)	**EUR**	**USD**	**JPY**	**Other foreign currencies**	**Total**
Debt at fixed rate	**1,419.2**	**28.1**	**0.2**	**0.0**	**1,447.5**
Debt at fixed rate on issue	1,419.2	28.1	53.6	-	1,500.9
Swap fixed rate into floating rate	-	-	(53.4)	-	(53.4)
Debt at floating rate	**70.5**	**286.9**	**30.3**	**(354.8)**	**32.9**
Debt at floating rate on issue	344.4	23.9	0.6	41.8	410.7
Net cash and marketable securities	(101.5)	(64.1)	(15.7)	(249.9)	(431.2)
Swap fixed rate into floating rate	-	-	53.4	-	53.4
Exchange rate swap	(172.4)	327.1	(8.0)	(146.7)	0.0
Net financial debt as of December 31, 2015	**1,489.7**	**315.0**	**30.5**	**(354.8)**	**1,480.4**

The following table provides a breakdown of interest rate hedging transactions by foreign currency as of December 31, 2015:

(€ millions)	**EUR**	**USD**	**JPY**	**Other foreign currencies**	**Total**
Exposure at floating rate before hedging	**70.5**	**286.9**	**30.3**	**(354.7)**	**33.0**
Fixed rate hedges	-	-	-	-	-
Swap at average rate of	-	-	-	-	-
Capped rate hedges	-	-	-	-	-
Cap at average rate of	-	-	-	-	-
Exposure at floating rate after hedging	**70.5**	**286.9**	**30.3**	**(354.7)**	**33.0**

The following table presents an evolution of interest rate hedging transactions as of December 31, 2015 and after by maturity dates:

(€ millions)	2015	2016 - 2020	2021 and later
Total exposure before hedging	**33.0**	**33.0**	**33.0**
Fixed rate hedges	-	-	-
Swap at average rate of	-	-	-
Capped rate hedges	-	-	-
Cap at average rate of	-	-	-
Total exposure after hedging	**33.0**	**33.0**	**33.0**

The following table presents the impact of a change in interest rates on the portfolio of interest rates derivative instruments held as of December 31, 2015. This simulation is performed through a decrease (lower case) and an increase (higher case) around the 2015 interest rates (actual 2015). The impact of these changes is measured on the one hand on equity for the effective portion of the derivative instruments qualified as cash flow hedges and on the other hand on the profit or loss for the ineffective portion of the derivative instruments qualified as cash flow hedges and non-hedge derivative instruments.

(€ millions)	Lower case	Actual 2015	Higher case
Interest rates	(0.5)%	-	0.5%
Effective portion in equity at the closing date	-	-	-
Ineffective portion in the profit or loss of the period	0.2	-	0.1

Energy price risk

Description of the risk. The energy price risk is the risk whereby the cash flow due in relation to an energy purchase may be subject to a deterioration caused by a rise in its market price. Imerys is exposed to the price risk of the energies that enter into the production cycle of its activities, mainly natural gas, electricity and coal to a lesser extent.

Management of the risk. Confronted with the energy price risk, the geographical locations and supply sources of Imerys are diversified. The Group strives to pass on energy price increases to the selling price of its products. Furthermore, the management of the price risk of natural gas, both in Europe and the United States is centralized, the Group Treasury Department being responsible for implementing the framework and resources needed for the application of a common management policy, which includes appropriate use of the financial instruments available in those markets. Since 2006, the Group has strengthened its research programs on alternative energy sources as well as its projects on the reduction of energy consumption under the supervision of a Group Energy Supervisor. Since 2008, energy managers are appointed throughout the Group. The energy price risk is hedged by forward and option contracts. These instruments qualify as cash flow hedges.

The following table presents the amounts before income taxes recognized in equity in this respect as well as the reclassifications in profit or loss.

(€ millions)	2015	2014
Opening balance	**(4.8)**	**0.9**
Recognition in equity	(9.9)	(8.5)
Reclassification in profit or loss	7.4	2.8
Closing balance	**(7.3)**	**(4.8)**
of which reclassification to profit or loss expected within 12 months	(7.3)	(4.8)

The following table summarizes the main positions taken as of December 31, 2015 to hedge the energy price risk.

	Net notional amounts *(in MWh)*	**Maturities**
Underlying position	6,050,444	< 24 months
Management transactions	2,137,312	< 24 months

The following table presents the impact of a change in natural gas and Brent prices on the portfolio of derivative instruments held as of December 31, 2015 with respect to highly probable future purchases of natural gas and Brent prices. This simulation is performed through a decrease (lower case) and an increase (higher case) around the 2015 natural gas and Brent prices (actual 2015).

The impact of these changes is measured on the one hand on equity for the effective portion of the derivative instruments qualified as cash flow hedges and on the other hand on the profit or loss for the ineffective portion of the derivative instruments qualified as cash flow hedges and non-hedge derivative instruments.

(€ millions)	Lower case	Actual 2015	Higher case
Natural gas and Brent prices	(10.0)%	-	10.0%
Effective portion in equity at the closing date	(3.9)	(7.3)	3.9
Ineffective portion in the profit or loss of the period	-	-	-

Borrower's liquidity risk

Description of the risk. The borrower's liquidity risk is the risk whereby Imerys would not be in a position to meet the repayment obligations of its financial liabilities. The maturity on issue as of December 31, 2015 presented hereafter enables to assess the exposure of the Group to this risk.

	2016		2017 - 2021		2022 and later		
(€ millions)	Capital	Interests	Capital	Interests	Capital	Interests	Total
Non-derivative financial liabilities	**415.2**	**48.4**	**935.4**	**127.0**	**553.4**	**51.8**	**2,131.2**
Eurobond / EMTN	3.0	45.1	900.0	115.0	500.0	30.0	1,593.1
Private placements	-	3.3	27.6	12.0	53.4	21.8	118.1
Commercial paper issues	347.6	-	-	-	-	-	347.6
Bilateral facilities	-	-	-	-	-	-	0.0
Facilities due within one year	64.6	-	7.8	-	-	-	72.4
Hedge derivatives	**(12.2)**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**(12.2)**
Financing hedge instruments - liabilities	3.8	-	-	-	-	-	3.8
Financing hedge instruments - assets	(16.0)	-	-	-	-	-	(16.0)
Future cash outflows with respect to gross financial debt	**403.0**	**48.4**	**935.4**	**127.0**	**553.4**	**51.8**	**2,119.0**
Non-derivative financial liabilities	**3.5**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**3.5**
Bank overdrafts	3.5	-	-	-	-	-	3.5
Non-derivative financial assets	**(434.7)**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**(434.7)**
Other current financial assets	(19.6)	-	-	-	-	-	(19.6)
Cash and cash equivalents	(415.1)	-	-	-	-	-	(415.1)
Future cash outflows with respect to net financial debt	**(28.2)**	**48.4**	**935.4**	**127.0**	**553.4**	**51.8**	**1,687.8**
of which items recognized as of December 31, 2015 (net financial debt)	(28.2)	19.8	935.4	-	553.4	-	1,480.4
Non-derivative financial liabilities	**756.7**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**756.7**
Trade payables	441.0	-	-	-	-	-	441.0
Other debts	315.7	-		-	-	-	315.7
Hedge derivatives	**13.3**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**13.3**
Operational hedge instruments - liabilities	17.3	-	-	-	-	-	17.3
Operational hedge instruments - assets	(4.0)	-	-	-	-	-	(4.0)
Future cash outflows	**741.8**	**48.4**	**935.4**	**127.0**	**553.4**	**51.8**	**2,457.8**

In addition, a large part of the debt at fixed rate on issue being swapped into floating rate, the maturity of the net financial debt after interest rate swap is analyzed as follows:

(€ millions)	2016	2017 - 2021	2022 and later	Total
Debt at fixed rate	**20.0**	**927.6**	**500.0**	**1,447.6**
Debt at fixed rate on issue	20.0	927.6	553.4	1,501.0
Swap fixed rate into floating rate	-	-	(53.4)	(53.4)
Debt at floating rate	**(28.4)**	**7.8**	**53.4**	**32.8**
Debt at floating rate on issue	402.8	7.8	-	410.6
Net cash and other current financial assets	(431.2)	-	-	(431.2)
Swap fixed rate into floating rate	-	-	53.4	53.4
Net financial debt	**(8.4)**	**935.4**	**553.4**	**1,480.4**

Management of the risk. For part of its financing, Imerys is required to comply with several covenants. The main restrictive terms and conditions attached to certain bilateral facilities and to part of the bond issues under private placements are as follows:

- purpose: general corporate financing requirement;
- obligations in terms of financial ratio compliance:
  - the ratio consolidated net financial debt / consolidated equity shall, in accordance with the related financing contracts, be inferior or equal to 1.50 or 1.60 at each half-year or annual closing of consolidated financial statements. As of December 31, 2015, the ratio amounts to 0.55 (0.35 as of December 31, 2014);
  - the ratio consolidated net financial debt / consolidated EBITDA of the last 12 months shall, in accordance with the related financing contracts, be inferior or equal to 3.75 at each half-year or annual closing of consolidated financial statements. As of December 31, 2015, the ratio amounts to 1.99 (1.29 as of December 31, 2014).
- absence of any lien in favor of lenders.

The failure to comply with the above obligations on one of the related financing contracts could lead to the cancellation of its available amount and, upon demand of the related creditor(s), make the amount of the corresponding financial debt immediately callable. Apart from two exceptions, the financing contracts of the Group do not provide for any cross default with each other in case of breach of a mandatory covenant applicable to one of these contracts. As of December 31, 2015, Imerys has a long-term rating of Baa2 outlook Stable by Moody's (Baa2 outlook Stable as of December 31, 2014).

As of June 5, 2015, Imerys has updated its new Euro Medium Term Note program (EMTN) with the "Commission de Surveillance du Secteur Financier" (Luxemburg). The program amounts to €1.0 billion and enables the issue of notes considered as ordinary bonds of a maturity of one month to thirty years. As of December 31, 2015, outstanding securities total €953.4 million (€948.2 million as of December 31, 2014). Imerys also has a commercial paper program limited to €800.0 million (€800.0 million as of December 31, 2014) rated P-2 by Moody's (P-2 as of December 31, 2014). As of December 31, 2015, outstanding securities total €347.6 million (€0.0 million as of December 31, 2014). As of December 31, 2015, Imerys has access to €1,425.0 million of bank facilities (€1,355.0 million as of December 31, 2014) part of which secures the issued commercial paper in accordance with the financial policy of the Group.

Market liquidity risk

Description of the risk. The market liquidity risk is the risk whereby a non-confirmed financial resource (commercial paper, bank facility and accrued interests, other debt and facilities) would not be renewed.

Management of the risk. Financial resources are the main adjustment variable of the financing capacities available to Imerys. These capacities exist either as drawn financial debt or as financing commitments granted by first-rank banking institutions. Medium-term financial resources provided by the bilateral facilities may be used over very short drawing periods (from 1 to 12 months) while remaining available over longer maturities (5 years). The financial resources of the Group amount to €2,909.0 million as of December 31, 2015 (€2,830.9 million as of December 31, 2014). Imerys manages the amount of its financial resources by comparing it regularly with the amount of its utilizations in order to measure by difference the financial liquid borrowings to which the Group may have access.

The robustness of financial resources is assessed on the basis of their amounts and average maturity as analyzed hereafter:

	2015	2014
Financial resources by maturity *(€ millions)*		
Maturity less than one year	103.0	-
Maturity from one to five years	2,252.6	1,782.7
Maturity beyond five years	553.4	1,048.2
Total	**2,909.0**	**2,830.9**
Financial resources by nature *(€ millions)*		
Bond resources	**1,484.0**	**1,475.9**
Eurobond / EMTN	1,403.0	1,403.0
Private placements	81.0	72.9
Bank resources	**1,425.0**	**1,355.0**
Syndicated credit	-	-
Miscellaneous bilateral facilities	1,425.0	1,355.0
Total	**2,909.0**	**2,830.9**
Average maturity of financial resources *(in years)*		
Bond resources	5.5	6.4
Bank resources	3.8	3.8
Total	**4.6**	**5.2**

The table below measures the available financial resources after the repayment of financing from uncommitted resources. It measures the real exposure of Imerys to an illiquidity crisis on both financial and banking markets. As of December 31, 2015, available financial resources, after repayment of uncommitted resources, total €997.4 million (€1,277.2 million as of December 31, 2014), which gives the Group substantial room to maneuver and a guarantee of financial stability.

	2015			2014		
(€ millions)	**Resources**	**Utilization**	**Available**	**Resources**	**Utilization**	**Available**
Bonds	1,484.0	1,484.0	0.0	1,475.9	1,475.9	0.0
Commercial papers	-	347.6	(347.6)	-	-	0.0
Committed bank facilities	1,425.0	-	1,425.0	1,355.0	-	1,355.0
Bank facilities and accrued interests	-	21.1	(21.1)	-	23.8	(23.8)
Other debts and facilities	-	58.9	(58.9)	-	54.0	(54.0)
Total	**2,909.0**	**1,911.6**	**997.4**	**2,830.9**	**1,553.7**	**1,277.2**

Conversion of financial statements risk

Description of the risk. The conversion of financial statements risk is a form of foreign exchange rate risk whereby the value in Euro of the financial statements of a foreign operation may be subject to a deterioration caused by an unfavorable change in the foreign exchange rate of the functional currency of that business.

Management of the risk. Imerys hedges part of its net investments in foreign operations through loans specifically allocated to their long term financing and by the proportion of its financial debt stated in foreign currencies. The foreign exchange differences generated by these loans and financings qualified as hedges of net investments in foreign entities, are recognized in equity so as to neutralize, to a certain extent, the gains or losses of translation of the hedged net investments. As of December 31, 2015, the loans and exchange rate swaps hedging net investments in foreign entities are the following: USD397.9 million, CHF47.4 million, GBP20.0 million and SGD5.5 million (USD386.4 million, CHF47.4 million, GBP20.0 million and SGD5.5 million as of December 31, 2014).

The table below describes the financial debt before and after the impact of these foreign currencies swaps.

	2015			2014		
(€ millions)	**Before exchange rate swap**	**Exchange rate swap**	**After exchange rate swap**	**Before exchange rate swap**	**Exchange rate swap**	**After exchange rate swap**
EUR	1,763.6	(172.4)	1,591.2	1,419.3	(97.4)	1,321.9
USD	52.0	327.1	379.1	46.4	263.5	309.9
JPY	54.2	(8.0)	46.2	49.6	(16.6)	32.9
Other foreign currencies	41.8	(146.7)	(104.9)	38.5	(149.5)	(111.0)
Total	**1,911.6**	**0.0**	**1,911.6**	**1,553.7**	**0.0**	**1,553.7**

As of December 31, 2015, the portion of the financial debt in each foreign currency, after swap, is as follows:

(€ millions)	**EUR**	**USD**	**JPY**	**Other foreign currencies**	**Total**
Gross financial debt	1,591.2	379.1	46.2	(104.9)	1,911.6
Net cash and marketable securities	(101.5)	(64.1)	(15.7)	(249.9)	(431.2)
Net financial debt as of December 31, 2015	**1,489.7**	**315.0**	**30.5**	**(354.8)**	**1,480.4**

The following table presents the impact of a change in foreign exchange rates on the portfolio of foreign exchange swaps held as of December 31, 2015 with respect to hedges of net investments in foreign entities. This simulation is performed through a decrease (lower case) and an increase (higher case) around the 2015 foreign exchange rates *(Note 26)* (actual 2015). The impact of these changes is measured on the one hand on equity for the effective portion of the derivative instruments qualified as hedges of net investments in foreign entities and on the other hand on the profit or loss for the ineffective portion of the derivative instruments qualified as hedges of net investments in foreign entities and non-hedge derivative instruments.

(€ millions)	**Lower case**	**Actual 2015**	**Higher case**
Foreign currencies exchange rates	(10.0)%	-	10.0%
Effective portion in equity at the closing date	(236.5)	(190.6)	(151.5)
Ineffective portion in the profit or loss of the period	-	-	-

▪ OTHER INFORMATION

NOTE 25 MAIN CONSOLIDATED ENTITIES

Accounting policy

The entities controlled by Imerys, i.e. those over which the Group has the power to govern the financial and operating policies, are consolidated. Their assets, liabilities, income and expenses thus contribute to the various positions of the consolidated financial statements. Intra-group transactions are eliminated. An entity's losses are allocated to non-controlling interests proportionally to their interest, even if they finally present a negative balance. Changes in interest with no impact on control are recognized in equity. In the absence of sufficient detail of existing standards and interpretations, the Executive Management considers that any commitment entered into by Imerys with the intent to acquire shares from the minority interests results in the recognition of a liability measured at the fair value of the commitment against a derecognition of these interests. Any difference between the fair value of the liability and the carrying amount of the minority interests is recognized in equity. When at the closing date, it is highly probable that non-current assets or groups of directly related assets and liabilities shall be disposed of, they are designated as non-current assets or groups of assets held for sale. Their sale is considered as highly probable if, at the closing date, a plan designed to sell them at a price that is reasonable with respect to their fair value has been initiated to identify a buyer and to conclude definitively the sale within a maximum of one year. Non-current assets or groups of assets held for sale are presented in separate positions in the financial statements. They cease to be depreciated and are measured at the lower of their carrying amount and their fair value less costs to sell. Non-current assets or groups of assets that are to be closed rather than sold are non-current assets that are to be abandoned and not held for sale. Where non-current assets corresponding to a disposal or held for sale or to be abandoned correspond to one or several CGUs and are to be abandoned as part of a single coordinated plan, they qualify as discontinued operations and their related flows are disclosed separately in the income statement and in the statement of cash flows.

Changes in the scope of consolidation

Holdings. On March 7, 2014, at the end of a friendly cash takeover bid announced one month earlier over Amcol, a global leader in bentonite listed on the New York Stock Exchange, Imerys had decided not to raise its last bid and the agreements entered into with Amcol were terminated, giving right to the payment by Amcol of a termination indemnity whose amount, reduced by the other costs of the transaction, amounted to €20.9 million (€21.4 million in the 1st half of 2014) *(Note 10).*

Energy Solutions & Specialties (ESS). On October 30, 2015, Imerys acquired the PCC (Precipitated Calcium Carbonate) business of the Belgian Solvay group, the European leader for fine and ultra-fine PCC products. The previous significant evolution of the consolidation scope of the Energy Solutions & Specialties business group corresponded to the disposal, on January 31, 2014, of four industrial sites specialized in the transformation of calcium carbonate for the paper market in Europe and in the United States. The gain on disposal had been recognized in other operating revenue and expenses *(Note 10).*

Filtration & Performance Additives (F&PA). On February 26, 2015, the Filtration & Performance Additives business group acquired the bentonite, continuous casting fluxes for the steel industry, wollastonite and perlite businesses of the S&B group *(Note 16).* The business group had not performed any significant acquisition since it took control of the Brazilian company Itatex specialized in the production and sale of specialties based upon kaolin and clay for paints, polymers and rubbers on May 24, 2012.

Ceramic Materials (CM). The last significant change in the scope of the Ceramic Materials business group corresponds to the disposal to the Bouyer Leroux group of the clay bricks, walls and chimney blocks business on September 30, 2013.

High Resistance Minerals (HRM). The High Resistance Minerals did not perform any significant integration since that of Astron China, a major producer of zircon-based products, acquired over on February 5, 2008.

Scope of consolidation as of December 31, 2015

In the following table, the percentages of interest are identical to the percentages of control, unless otherwise indicated. The Group holds no unconsolidated structured entity.

Countries Entities	Business groups	% of interest	Entities	Business groups	% of interest
France					
Calderys France	ESS	100.00	Imerys Services	Holding	100.00
Imerys SA	Holding	Parent	Imerys Tableware France	CM	100.00
Imerys Ceramics France	F&PA/CM	99.99	Imerys Talc Luzenac France	F&PA	100.00
Imerys Filtration France	F&PA	100.00	Imerys TC	CM	100.00
Imerys Metalcasting France	F&PA	100.00	Mircal	Holding	100.00
Imerys Refractory Minerals Clérac	HRM	100.00	Mircal Europe	Holding	100.00
Imerys Refractory Minerals Glomel	HRM	100.00			
Europe					
Austria					
Imerys Fused Minerals Villach	HRM	100.00	Imerys Talc Austria	F&PA	100.00
Belgium					
Imerys Graphite & Carbon Belgium	ESS	100.00	Imerys Talc Belgium	F&PA	100.00
Imerys Minéraux Belgique	ESS/CM	100.00			
Finland					
Calderys Finland	ESS	100.00	Imerys Minerals	CM	100.00
Germany					
Calderys Deutschland	ESS	100.00	Imerys Fused Minerals Zschornewitz	HRM	100.00
Imerys Fused Minerals Laufenburg	HRM	100.00	Imerys Metalcasting Germany	F&PA/HRM	100.00
Imerys Fused Minerals Murg	HRM	100.00	Imerys Tableware Deutschland	CM	100.00
Greece					
S&B Industrial Minerals	F&PA	100.00			
Hungary					
Imerys Kiln Furniture Hungary	CM	100.00			
Italy					
Calderys Italia	ESS	100.00	Imerys Minerali	ESS/CM	100.00
Imerys Fused Minerals Domodossola	ESS/HRM	100.00	Imerys Talc Italy	F&PA	99.66
Luxembourg					
Imerys Minerals International Sales	F&PA/HRM	100.00			
Netherlands					
Calderys The Netherlands	ESS	100.00			
Russia					
Calderys	ESS	100.00			
Slovenia					
Imerys Fused Minerals Ruse	HRM	100.00			
Spain					
Imerys Ceramics Espana	CM	100.00	Imerys Perlita Barcelona	F&PA	100.00
Imerys Diatomita Alicante	F&PA	100.00			
Sweden					
Calderys Nordic	ESS	100.00	Imerys Mineral	ESS/CM	100.00
Switzerland					
Imerys Graphite & Carbon Switzerland	ESS	100.00			
Ukraine					
Calderys Ukraine	ESS	100.00	Vatutinsky Kombinat Vognetryviv	HRM	89.34
United Kingdom					
Calderys UK	ESS	100.00	Imerys Minerals	ESS/F&PA/CM/HRM/Holding	100.00
Imerys Fused Minerals Hull	HRM	100.00	Imerys UK	Holding	100.00

Countries Entities	Business groups	% of interest	Entities	Business groups	% of interest
United States					
Advanced Minerals Corporation	F&PA	100.00	Imerys Refractory Minerals	HRM	100.00
Americarb	ESS	100.00	Imerys Steelcasting USA	F&PA	100.00
Imerys Carbonates USA	ESS	100.00	Imerys Talc America	F&PA	100.00
Imerys Clays	CM/Holding	100.00	Imerys USA	Holding	100.00
Imerys Fused Minerals Greeneville	HRM	100.00	Kentucky Tennessee Clay Company	CM	100.00
Imerys Fused Minerals Niagara Falls	HRM	100.00	NYCO Minerals	F&PA	100.00
Imerys Minerals California	F&PA	100.00	Pyramax Ceramics	ESS	100.00
Imerys Oilfield Minerals	ESS	100.00	S&B Industrial Minerals North America	F&PA	100.00
Imerys Perlite USA	F&PA	100.00			
Rest of the World					
Argentina					
Imerys Perlita Tucuman	F&PA	100.00			
Brazil					
Imerys Do Brasil Comercio	ESS/F&PA/CM	100.00	Imerys Rio Capim Caulim	CM	100.00
Imerys Fused Minerals Salto	HRM	100.00	Pará Pigmentos	CM	100.00
Imerys Itatex Solucoes Minerais	F&PA	100.00			
Canada					
Imerys Canada	CM	100.00	Imerys Mica Suzorite	F&PA	100.00
Imerys Graphite & Carbon Canada	ESS	100.00	Imerys Talc Canada	F&PA	100.00
Chile					
Imerys Minerales Chile	F&PA	100.00			
China					
Calderys China	ESS	100.00	Imerys Pigments Wuhu	ESS	100.00
Imerys Fused Minerals Yingkou	HRM	100.00	Imerys Shanghai Filtration Minerals Trading	F&PA	100.00
Imerys Minerals Hong Kong	F&PA	100.00	Linjiang Imerys Diatomite	F&PA	100.00
India					
Calderys India Refractories	ESS	100.00	Imerys Newquest India	ESS	74.00
Imerys Ceramics India	CM	100.00			
Indonesia					
PT ECC	ESS	51.00	PT Indoporlen	ESS	70.00
Japan					
Calderys Japan	ESS	100.00	Imerys Specialities Japan	F&PA	100.00
Imerys Minerals Japan	ESS/CM	100.00	Niigata GCC	ESS	60.00
Imerys Refractory Minerals Japan	HRM	100.00			
Malaysia					
Imerys Minerals Malaysia	ESS/F&PA	100.00			
Mexico					
Imerys Diatomita Mexico	F&PA	100.00	Minera Roca Rodando	F&PA	100.00
KT Clay de Mexico	CM	100.00			
Singapore					
Imerys Asia Pacific	ESS/CM	100.00			
South Africa					
Calderys South Africa	ESS	73.95[1]	Imerys Refractory Minerals South Africa	HRM	73.95[1]
South Korea					
Imerys Minerals Korea	F&PA	100.00			
Taiwan					
Calderys Taiwan	ESS	100.00			
Thailand					
MRD ECC	CM	68.89			
Vietnam					
YBB Calcium Products Company	ESS	66.67			

(1) Percentage of control: 100.00%.

NOTE 26 CURRENCY RATES

Accounting policy

The consolidated financial statements of Imerys are stated in Euro. The functional currencies of the main consolidated entities *(Note 25)* correspond to the local currencies. The accumulated impact of the translation of the financial statements of foreign operations is recognized in equity. The assets and liabilities of foreign operations are translated at the closing rate and their income and expenses at the average rate of the period. The non-monetary assets and liabilities resulting from transactions in foreign currencies are measured at the rate of the day or the average rate of the month of the transaction. Except for derivative financial instruments, monetary assets and liabilities resulting from transactions in foreign currencies are measured at the closing rate. The corresponding foreign exchange differences are recognized in other financial income and expenses *(Note 12)* except for those generated by the monetary assets and liabilities of net investments in foreign operations and by their hedges that are recognized in equity *(Note 24.5 - Conversion of financial statements risk)*. Upon disposal of a foreign operation, the accumulated impact of the financial statements translation and hedges is recognized in other operating income and expenses with the result on disposal of the business *(Note 10)*.

		2015		2014	
(€1 =)	**Foreign currencies**	**Closing**	**Average**	**Closing**	**Average**
Argentina	ARS	14.1585	10.2823	10.3992	10.7800
Brazil	BRL	4.2512	3.6981	3.2249	3.1202
Canada	CAD	1.5116	1.4185	1.4063	1.4661
Chile	CLP (100)	7.7315	7.2609	7.3857	7.5666
China	CNY	7.0696	6.9122	7.4291	8.1628
Hungary	HUF (100)	3.1598	3.1000	3.1554	3.0871
India	INR	72.2091	71.2346	76.8908	81.0477
Indonesia	IDR (100)	150.3999	148.7343	150.7610	157.4892
Japan	JPY (100)	1.3107	1.3435	1.4523	1.4031
Malaysia	MYR	4.6704	4.3368	4.2444	4.3443
Mexico	MXN	18.9145	17.6161	17.8679	17.6550
Russia	RUB	80.6736	68.0639	72.3370	50.9518
Singapore	SGD	1.5417	1.5258	1.6058	1.6823
South Africa	ZAR	16.9530	14.1635	14.0353	14.4037
South Korea	KRW (100)	12.7596	12.5619	13.3454	13.9733
Sweden	SEK	9.1895	9.3548	9.3930	9.0985
Switzerland	CHF	1.0835	1.0679	1.2024	1.2146
Taiwan	TWD	35.7695	35.3060	38.2610	40.2586
Thailand	THB	39.2480	38.0389	39.9100	43.1469
Ukraine	UAH	26.1087	24.3353	19.1492	15.8732
United Kingdom	GBP	0.7340	0.7261	0.7789	0.8061
United States	USD	1.0887	1.1101	1.2141	1.3285
Vietnam	VND (100)	244.7942	243.2662	259.5746	281.4171

NOTE 27 RELATED PARTIES

External related parties of Imerys

The related parties of Imerys are the Canadian group Power and the Belgian group Frère-CNP. These groups are the ultimate controlling parties of Imerys. Through their joint venture Parjointco, they exercise joint control on the Swiss group Pargesa that controls Imerys through a direct investment in the Belgian group GBL. In this respect, Pargesa and GBL are related parties of Imerys. Imerys is not party to any contract with its external related parties.

Key management personnel of Imerys

The managers qualifying as related parties as of December 31, 2015 are the 18 members of the Board of Directors (15 members as of December 31, 2014) and the 8 members of the Executive Committee (8 members as of December 31, 2014).

Remuneration and assimilated benefits granted to these related parties are disclosed in the table hereafter:

		2015		2014	
(€ millions)	**Notes**	**Expense**	**Liability**	**Expense**	**Liability**
Short-term benefits	1	(6.8)	2.7	(6.1)	2.4
Long-term benefits		-	-	-	-
Directors' attendance fees	2	(0.9)	0.4	(0.9)	0.4
Post-employment benefits	3	(1.6)	11.0	(1.5)	9.1
Contributions to defined contribution plans		(0.4)	-	(0.4)	-
Termination benefits		(1.5)	1.0	-	-
Share-based payments	4	(2.5)	-	(3.8)	-
Total		**(13.7)**	**15.1**	**(12.7)**	**11.9**

Note 1. Short-term benefits. These amounts include the fixed part of the remuneration paid for the period as well as the variable part due for the same period, but paid over the subsequent period.

Note 2. Directors' attendance fees. These amounts correspond to the fees paid to the members of the Board of Directors.

Note 3. Post-employment benefits. These amounts correspond to the post-employment defined benefit plans allowed to the main executives of the Group's French entities who meet the required conditions of eligibility. These amounts are recognized for the beneficiaries qualifying as related parties, among which some of the above mentioned executives (four in 2015, five in 2014). The maximum amount of the life annuity that can be paid to the beneficiaries of these plans as from the liquidation of their retirement rights is calculated in order to guarantee a life annuity:

- of a total gross annual amount (after recognition of pensions from mandatory and complementary retirement plans) of 60.0% of their salary of reference, this salary of reference being capped to 30 times the annual ceiling of the French Social Security as of December 31, 2015 (30 times as of December 31, 2014);
- subject to a payment ceiling of 25.0% of the above mentioned salary of reference of the last 12 calendar months preceding the withdrawal from the Group's headcount.

Note 4. Share-based payments. This amount corresponds to expenses recognized with respect to the Imerys share options and the free shares attributed to the related parties.

Post-employment benefits for Imerys employees

The post-employment benefit plans for the benefit of Imerys employees are related parties. The amount of the contributions to external funds recognized as an expense in 2015 amounts to €18.1 million (€26.1 million in 2014), of which mainly €9.0 million to Imerys UK Pension Fund Trustees Ltd., United Kingdom (€12.9 million in 2014) and €4.5 million to Comerica, United States (€9.8 million to Sun Trust Bank in 2014).

FCPE Imerys Actions

The FCPE Imerys Actions is managed by BNP Paribas Asset Management SAS. Its management is controlled by a Supervisory Board of 12 members, equally made up of shareholders' and Imerys representatives. As Imerys exercises together with the shareholders a joint control over the FCPE Imerys Actions, the FCPE Imerys Actions is a related party. The amounts recognized in 2015 (and 2014) for the FCPE Imerys Actions are immaterial.

NOTE 28 COMMITMENTS

In the course of its activities, Imerys is liable towards third parties for obligations, often subordinated to conditions or subsequent events, that do not (or partially) meet the recognition criteria of liabilities, but may have an impact on the future financial position.

The unrecognized portion of the obligation is designated hereafter by the term commitment. Identified in accordance with applicable accounting standards, the significant commitments, given and received, are presented hereafter.

Commitments given

(€ millions)	Notes	2015	2014
Operating lease	1	171.2	143.1
Site restoration	2	34.0	32.2
Commitments related to operating activities	3	229.8	308.4
Commitments related to treasury	4	41.8	49.0
Other commitments	5	6.4	22.8
Total		**483.2**	**555.5**

Note 1. Operating lease. The operating lease commitments correspond to commitments to pay future rent as part of lease contracts of real estate, equipment, rail cars, trucks and vehicles, in which Imerys is the lessee. These commitments amount to €171.2 million, of which €34.6 million for 2016, €69.8 million for the period 2017 to 2020 and €66.8 million beyond.

Note 2. Site restoration. These amounts correspond to sureties and guarantees obtained from financial institutions in accordance with legal requirements, decreased by recognized provisions *(Note 23.2)*. These sureties and guarantees are generally taken out for the benefit of government agencies to secure the financial capacity of Imerys to meet its environmental obligations.

Note 3. Commitments related to operating activities. These commitments correspond to firm purchase commitments taken by Imerys as part of purchase contracts of goods, services, energy and freight. These commitments comprise in particular two commitments of purchase of services that aim at guaranteeing the shipping logistics of the Group until 2017 (chartering contract entered into with an entity under significant influence) and 2022 (storage and handling contract) for a total amount of €47.3 million as of December 31, 2015 (€80.2 million as of December 31, 2014). The energy supply commitments (mainly electricity and gas) amount to €48.2 million as of December 31, 2015 (€74.1 million as of December 31, 2014).

Note 4. Commitments related to treasury. These commitments correspond to letters of credit as well as to sureties, guarantees, mortgages and pledges obtained by Imerys from financial institutions in order to guarantee operating treasury requirements in favor of customers.

Note 5. Other commitments. This position encompasses the whole of the commitments given not mentioned above, among which the seller warranties and the price adjustment clauses given by the Group upon disposals of businesses.

Commitments received

(€ millions)	Notes	2015	2014
Operating lease	1	20.0	8.2
Commitments related to operating activities	2	36.9	24.7
Commitments related to treasury	3	1.7	2.1
Other commitments	4	111.7	54.8
Total		**170.3**	**89.8**

Note 1. Operating lease. The operating lease commitments correspond to commitments to pay future rent as part of lease contracts in which Imerys is the lessor.

Note 2. Commitments related to operating activities. These commitments correspond to firm purchase commitments taken by customers in favor of Imerys as part of sales contracts of goods and services.

Note 3. Commitments related to treasury. These commitments correspond to letters of credit as well as to sureties, guarantees, mortgages and pledges obtained by certain suppliers from their financial institutions, in order to guarantee their operating treasury requirements in favor of Imerys.

Note 4. Other commitments. This position encompasses the whole of the commitments received not mentioned above, among which the seller warranties and the price adjustment clauses in favor of the Group upon acquisitions of businesses. Imerys thus benefits from a seller warranty of €56.0 million (€45.9 million as of December 31, 2014) received from the Rio Tinto group related to the acquisition in 2011 of the Luzenac group and of seller warranty of €5.4 million received from the Solvay group related to the acquisition in 2015 of its PCC business.

NOTE 29 EVENTS AFTER THE END OF THE PERIOD

Accounting policy

Events occurring between the end of the period and the authorization of issue of the financial statements by the Board of Directors result in an adjustment only if they reveal, specify or confirm situations existing at the closing date.

Events after the end of the period

The annual consolidated financial statements as of December 31, 2015 were closed by the Board of Directors at its meeting on February 11, 2016. No significant event is to be reported between the closing date and that of the Board of Directors.

6.2 STATUTORY FINANCIAL STATEMENTS

Unless otherwise indicated, all values in the tables are in thousands of Euros.

FINANCIAL COMMENTARY

The financial statements of Imerys (or the "Company") only provide a very partial view of the Group's economic and financial position, which is reflected only in the consolidated financial statements.

In 2015, the net income of the Company amounts to €340.1 million whereas the 2014 net income reached €31.2 million.

▪ THE MAIN FACTORS FOR 2015 ARE:

The sustained external business growth

Starting with the acquisition of the mining activities of S&B on February 26, 2015 for an amount of €708.7 million, of which €121.4 million as subscription to a share capital increase, €21.0 million remain to be paid as performance-related contingent consideration and €12.0 million in deferred payment of Imerys shares, the business continued with the acquisition of Solvay's PCC division (Precipitated Calcium Carbonate) on October 30, 2015.

The financial strength maintained

The good activity of the Group in 2015 as a whole and the resulting cash generation allowed to repay the loans from subsidiaries for €28.9 million. Financial debts at/with financial institutions increase by + €356.5 million giving additional resources for a total of €1,858.6 million.

In 2015, marketable securities decrease by €316.4 million and cash and cash equivalents increase by €10.2 million. The financial resources reach €2,909.0 million as of December 31, 2015, against €2,831.0 million at the end of the 2014 period.

The increase of the operating loss

Sales of €30.4 million decrease by €7.2 million due to the change in the reinvoicing to subsidiaries of some of the operating and acquisition costs.

The operating expenses of the Company without staff expenses increase by €9.1 million, thus recording the sustained business growth.

Staff expenses decrease by €3.6 million, impacted by expenses related to the grant of free shares.

In total, the operating loss increases by €11.9 million and reaches - €56.3 million.

The increase of the financial income

A financial income of €356.6 million is posted in 2015, compared with €31.5 million in 2014. In 2015, the Company collects €470.5 million in dividends, a €353.5 million increase compared with 2014.

The Company also recognizes a net exchange rate loss of - €70.7 million in 2015 against a net exchange rate loss of - €21.7 million in 2014. At the same time net provisions for foreign exchange rate risks decrease in 2015 by + €3.0 million and increased in 2014 by - €6.9 million. The foreign exchange impacts net of provisions thus reach - €67.7 million in 2015 where they amounted to - €28.6 million in 2014.

Net financial expenses increase by + €3.0 million due to the issue in December 2014 of a €500.0 million bond with a maturity of 2024 and a contribution for the bond issue with a maturity of 2020 for €100.0 million.

Excluding foreign exchange, financial write-downs and provisions increase by + €0.1 million in 2015 and decreased by - €13.5 million in 2014. These net rises in write-downs and provisions in 2015 concern a decrease in a write-down on loans for + €1.4 million, an increase by - €0.6 million in the provision for financial instruments and a last provision for - €0.7 million for various current financial management costs. Movements on investments and loans relate to the Group's interests in Asia.

The increase in the net income

The gain achieved through the allocation of the tax credit of Imerys SA to the positive incomes of the Group's subsidiaries within the framework of the French tax consolidation increases by €2.2 million, at + €46.6 million.

The decrease in exceptionnal income by - €6.4 million mainly stems from the net increase in the management risks provision by - €5.4 million in 2015 where it decreased in 2014 by + €0.1 million.

The net income amounts to €340.1 million, increasing by + €308.9 million compared to the 2014 period.

6.2.1 FINANCIAL STATEMENTS

▪ INCOME STATEMENT

(€ thousands)	Notes	2015	2014
Operating revenue		**31,410**	**37,832**
Rendering of services		30,378	37,564
Other revenue and decreases in provisions		1,032	268
Operating expenses		**(87,763)**	**(82,209)**
Purchases and external services		(46,524)	(35,245)
Taxes and duties		(1,426)	(1,845)
Staff expenses		(36,819)	(40,400)
Amortization, depreciation, write-downs and provisions		(1,984)	(3,612)
Other expenses		(1,010)	(1,107)
Operating income		**(56,353)**	**(44,377)**
Financial income	**10**	**356,615**	**31,493**
Revenue from subsidiaries and affiliates		470,473	116,960
Net financial expenses		(46,266)	(43,306)
Increases and decreases in write-downs and provisions		3,111	(20,432)
Exchange rate gains and losses		(70,703)	(21,729)
Current income		**300,262**	**(12,884)**
Exceptional income (loss)	**11**	**(6,787)**	**(366)**
Exceptional revenue		36,929	8,480
Exceptional expenses		(43,716)	(8,846)
Income taxes	**12**	**46,644**	**44,447**
Net income		**340,119**	**31,197**

BALANCE SHEET

(€ thousands)	Notes	2015	2014
Net intangible assets		**1,305**	**1,232**
Intangible assets	13	12,534	11,673
Accumulated amortization	13	(11,229)	(10,441)
Net property, plant and equipment		**1,105**	**1,233**
Property, plant and equipment	13	8,675	8,164
Accumulated depreciation	13	(7,570)	(6,931)
Net investments		**4,003,834**	**3,295,179**
Investments	14	4,006,837	3,327,119
Write-downs	14 - 20	(3,003)	(31,940)
Loans related to direct investments and other subsidiaries - net value		**1,107,128**	**703,496**
Loans related to direct investments and other subsidiaries	15 - 17	1,107,205	704,978
Write-downs	15 - 20	(77)	(1,482)
Other financial investments	**16 - 17**	**47**	**55**
Non-current assets		**5,113,419**	**4,001,195**
Other receivables	17	28,579	53,995
Derivative financial assets		2,224	555
Marketable securities	18	47,664	364,090
Cash and cash equivalents		24,030	13,820
Current assets		**102,497**	**432,460**
Regularization accounts	17	9,713	11,944
Assets		**5,225,629**	**4,445,599**
Share capital		159,145	151,771
Additional paid-in capital		530,235	334,111
Reserves		959,939	959,201
Retained earnings		27,816	129,107
Net income of the period		340,119	31,197
Shareholders' equity	**19**	**2,017,254**	**1,605,387**
Provisions for risks and charges	**20**	**49,635**	**45,741**
Financial debts	21	3,087,046	2,759,436
Other debts	21	61,197	27,667
Derivative financial liabilities	21	1,168	817
Debts		**3,149,411**	**2,787,920**
Regularization accounts	21	9,329	6,551
Shareholders' equity and liabilities		**5,225,629**	**4,445,599**

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DETAIL OF MOVEMENTS ON TREASURY SHARES

(€ thousands)	2015	2014
Gross amount of treasury shares booked as of January 1	**10,395**	**6,952**
Sales (purchases) of treasury shares	74,155	70,609
Transfer of treasury shares (free shares)	(7,878)	(11,093)
Capital decrease by cancellation of treasury shares	(62,382)	(56,073)
Gross amount of treasury shares booked as of December 31[(1)]	**14,290**	**10,395**

(1) As of december 31, 2015, treasury shares are fully classified as marketable securities.

6.2.2 NOTES TO THE STATUTORY FINANCIAL STATEMENTS

▪ ACCOUNTING PRINCIPLES AND POLICIES

Imerys SA presents its financial statements in accordance with accounting principles and policies established by the General Accounting Plan as presented by Regulation 2014-03 of the Accounting Standard Authority of June 5, 2014 and supplemented in subsequent regulations.

The general accounting rules have been applied under the principle of prudence and in accordance with the basic assumptions: going concern, permanence of accounting policies from one period to the other, independence of periods, in accordance with the general rules of preparation and presentation of the annual financial statements.

The methodology generally used is the historical cost method for the items recognized in the books.

The statutory financial statements provide comparative information with respect to period N-1. Comparative information with respect to period N-2 is incorporated by reference to the financial statements included in the registration document of period N-2 *(Chapter 9, section 9.4 of the Registration Document)*.

NOTE 1 INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

Intangible assets

Intangible assets are valued at acquisition cost. Software is amortized over 3 years using the straight-line method.

Property, plant and equipment

Property, plant and equipment are assessed at acquisition cost or at their contribution value.

The depreciation methods used are representative of economic depreciation; therefore, no excess tax depreciation was recognized under liabilities in the balance sheet.

Depreciation methods and periods are as follows:

- machinery and equipment: straight-line method, over 10 years;
- equipment and office furniture: straight-line method, over 5 and 10 years;
- office equipment: straight-line method, over 5 years;
- IT equipment: straight-line method, over 3 and 5 years.

NOTE 2 LONG-TERM INVESTMENTS

The long-term investments are valued at acquisition cost, excluding ancillary expenses.

Investments and other long-term investments are estimated at their value in use. The value in use is evaluated according to the value of the Company, based notably on its previous results and its profitability prospects, to the portion of converted equity owned for these investments and to the net asset value. When this value is higher than the carrying amount recognized in the balance sheet, the latter is not modified. On the contrary, a write-down of the investment is recognized.

Unrealized losses generated from the fluctuations of foreign currencies in which the long-term investments are denominated are not aimed to realize. Therefore, unrealized exchange losses do not constitute in themselves sufficient criteria to justify systematically a provision for depreciation.

NOTE 3 RECEIVABLES AND DEBTS IN FOREIGN CURRENCIES

Receivables and debts in foreign currencies are converted at closing rate.

NOTE 4 FOREIGN CURRENCY EXPOSURE

Where, for transactions presenting sufficiently close maturities, the unrealized gains and losses may be considered as contributory to a global foreign exchange position, the amount of the increase in the provision for exchange rate losses is limited to the excess of unrealized losses over unrealized gains.

NOTE 5 MARKETABLE SECURITIES

Their value in use is assessed at their average market price of the last month of the period for listed stocks, at the last known redemption price for the SICAVs (money market funds) and at their net asset value for the FCPs (equity funds). Unrealized losses of value are subject to a write-down, unrealized gains are not recognized.

NOTE 6 PROVISIONS

Provisions for risks

Provisions for risks cover identified risks and are determined in accordance with the following method:

- provisions for operational risks include mainly litigation in progress related to the current activities;
- provisions for restructuring relate to reorganization plans officially decided and initiated before the end of the period;
- provisions pertaining to changes in the value of certain equity interests are determined in accordance with the last financial information available and the evolution prospects;
- provisions pertaining to the grant of free shares are determined in accordance with their maturity, on the basis of the opening share price at the date of their allocation to the plan or, when the shares are not purchased at the closing, at the share price at this date, in accordance with the recommendation no. CNC 2008-17. The calculation of the provisions pertaining to the grant of free shares incorporates an assessment of the achievement of economic and/or financial performance objectives to which these shares are conditioned and commensurate. The increases and decreases in the provisions, and the expenses are presented in staff expenses.

Provisions for charges

They mainly include:

- provisions for supplementary pension plans and pensions for former employees;
- retirement indemnities expense calculated in accordance with the Projected Unit Credit Method.

Imerys applies the recommendation no. ANC 2013-R02 applicable to the valuation and accounting for pension commitments and similar advantages.

NOTE 7 RISKS PERTAINING TO FINANCIAL MARKETS

As a holding company and head of the Group, the Company implements the management of financial market risks identified within the Group (foreign exchange rate risk, interest rate risk, energy price risk).

The main instruments and risks are described hereafter:

- the derivative instruments used to hedge the foreign exchange rate risk are mainly forward buying and selling foreign currency contracts as well as change options. A global foreign exchange position is established when transactions in foreign currencies (hedged items and hedging instruments) result in the symmetrical recognition of an asset and a liability presenting close characteristics. For those options complying with the Group's risk management policy, but not qualified as hedging options, a provision for risks and charges is recognized where the market value is inferior to the original contractual value. Unrealized gains are not recognized;
- the Company implements swaps and options in order to hedge the interest rate risk. The expenses and revenue related to the hedging instruments are recognized in profit or loss symmetrically to the expenses and revenue of hedged items;
- in order to hedge the energy price risk which affects its subsidiaries, the Company uses option contracts as well as forward buying and selling contracts. The expenses and revenue related to hedging instruments of the Company's risks are recognized in profit or loss symmetrically to the expenses and revenue of hedged items. For those options and contracts related to the hedging of risks affecting the Company's subsidiaries which comply with the Group's risk management policy, but which are not qualified as hedging options in the financial statements of the Company, a provision for risks and charges is recognized where the market value is inferior to the original contractual value. Unrealized gains are not recognized.

NOTE 8 TAX CONSOLIDATION

Since 1993, Imerys and some of its French subsidiaries have been assessed under Article 223 A of the French Tax Code in respect of group taxation. Three entities left the tax consolidation perimeter in 2015: Doyet Terre Cuite, IGM For Fibre Glass and Imerys Kiln Furniture France. As of December 31, 2015, the tax consolidation perimeter includes the 24 entities mentioned below:

▪ Ardoise et Jardin	▪ Imerys Tableware France
▪ Ardoisières d'Angers	▪ Imerys TC
▪ Calderys France	▪ La Française des Tuiles et Briques
▪ Captelia	▪ Mircal
▪ Imerys	▪ Mircal Asia
▪ Imerys Ceramics France	▪ Mircal Brésil
▪ Imerys Filtration France	▪ Mircal Chili
▪ Imerys Refractory Minerals International Sales	▪ Mircal Europe
▪ Imerys Minéraux France	▪ Parimetal
▪ Imerys Refractory Minerals Clerac	▪ Parnasse 25
▪ Imerys Refractory Minerals Glomel	▪ Parnasse 27
▪ Imerys Services	▪ PLR Réfractaires SAS U

Within the fiscal group headed by Imerys, the relationships are governed by a convention whose principles are summarized below:

- the tax consolidated entities benefit from a situation identical to the one that they would have had in the absence of tax consolidation;
- all additional expenses are recognized at Imerys which benefits in counterpart from any potential savings generated by this system.

NOTE 9 TRANSFER OF EXPENSES

The “transfer of expenses” positions mainly correspond to:

- the transfer of expenses to balance sheet accounts (loan issuance costs, capital increase costs);
- the transfer from one category of expenses to another (operating expenses transferred to exceptional or financial expenses or vice versa).

NOTES TO THE INCOME STATEMENT

NOTE 10 FINANCIAL INCOME

(€ thousands)	2015	2014
Financial revenue	**635,272**	**189,900**
Revenue from subsidiaries and affiliates(1)	470,473	116,960
Other investment income - net(1)	22,816	16,027
Decreases in provisions and transfer of expenses	16,228	12,668
Exchange rate gains	125,755	44,245
Financial expenses	**278,657**	**158,407**
Financial interests and expenses on financial instruments(2)	69,082	61,258
Increases in financial amortization and provisions	13,117	31,174
Exchange rate losses	196,458	65,975
Financial income	**356,615**	**31,493**
(1) Of which revenue related to controlled entities	*486,786*	*124,997*
(2) Of which expenses related to controlled entities	*2,238*	*4,572*

In 2015, the Company received €470.5 million of dividends.

As a holding company, Imerys manages its balance sheet foreign exchange rate risk, notably linked to the foreign net assets held directly or indirectly by the Company and also resulting from the loans and advances granted to the subsidiaries and entities controlled by the Company in accordance with the intra-group treasury contracts. Therefore, the proportion of the financial indebtedness drawn in foreign currencies is adjusted. In relation to this adjustment, Imerys recognized in 2015 a net foreign exchange loss of €70.7 million (a net foreign exchange loss of €21.7 million was realized in 2014) mainly due to the hedging of foreign investments by Imerys.

For the record, at the same time, assets held by subsidiaries are not subject to revaluation of investments in the balance sheet.

NOTE 11 EXCEPTIONAL INCOME (LOSS)

(€ thousands)	2015	2014
Gains and losses on disposals of assets	(30,350)	830
Other exceptional revenue	3	1
Decreases in provisions and transfer of expenses	32,539	1,726
Increases in provisions	(8,972)	(1,999)
Other exceptional expenses	(7)	(924)
Exceptional income (loss)	**(6,787)**	**(366)**

The decreases in provisions as of December 31, 2015 relate to a provision for management risks (€2.7 million), a provision for staff-related risks (€0.9 million), and a write-down on the shares of Mircal Asia (€28.9 million).

A provision for management risks (€6.9 million) and a provision for staff-related risks (€2.1 million) were constituted in 2015.

NOTE 12 INCOME TAXES

(€ thousands)	2015	2014
Taxes on long-term capital gains	-	-
Income taxes	46,644	44,447
Total	**46,644**	**44,447**

Breakdown of the tax expense of the Company

(€ thousands)	Result before taxes	Taxes	Result after taxes
Current income	300,262	-	300,262
Exceptional income (loss)	(6,787)	-	(6,787)
Impact of the tax consolidation	-	46,644	46,644
Total	**293,475**	**46,644**	**340,119**

In accordance with the terms of the tax consolidation conventions signed by each company of the Group, the tax expense or credit recognized in the accounts of Imerys is composed of:

- the tax expense of the Company, calculated as if it was not fiscally consolidated;
- the net amount of additional expenses and credits resulting from the tax consolidation.

In this context, Imerys recognized a credit of €46.6 million for the 2015 period.

As regards Imerys, the Company recognizes in 2015 a loss of €125.3 million, increasing the cumulated amount of the carried forward losses of Imerys SA to €1,043.7 million. These carried forward losses have been used in accordance with the rules of tax consolidation; however, an overall loss of €25.7 million carried forward indefinitely remains at closing.

Change in deferred taxes

The deferred tax position results from timing differences between the tax legislation and the accounting treatment of revenue and expenses. Depending on the nature of the differences, the effect of such deferred taxes that, pursuant to the provisions of the French accounting legislation are not recognized, will decrease or increase the future tax expense.

The amounts at the end of the period are the following:

(€ thousands)	2015	2014
Deferred tax assets (decrease of the future tax expense)	25,321	16,045
Deferred tax liabilities (increase in future tax expense)	1,617	2,913

NOTES TO THE BALANCE SHEET

NOTE 13 CHANGES IN INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

(€ thousands)	Gross amount 12/31/2014	Acquisitions	Disposals	Gross amount 12/31/2015
Intangible assets	11,673	861	-	12,534
Property, plant and equipment	8,164	511	-	8,675
Total gross intangible assets and property, plant and equipment	**19,837**	**1,372**	**0**	**21,209**

(€ thousands)	Amortization and depreciation 12/31/2014	Increases	Decreases	Amortization and depreciation 12/31/2015
Amortization of intangible assets	10,441	788	-	11,229
Depreciation of property, plant and equipment	6,931	639	-	7,570
Total amortization and depreciation of intangible assets and property, plant and equipment	**17,372**	**1,427**	**0**	**18,799**

NOTE 14 CHANGES IN THE VALUE OF INVESTMENTS

The gross amount of investments increases by €679.7 million during the 2015 period due to the capital increase of the company Mircal Asia for an amount of €5.8 million, its transfer to Mircal for an amount of €34.8 million and the acquisition of the company S&B Minerals Finance for an amount of €708.7 million.

Investments write-downs amount to €3.0 million, decreasing by €28.9 million further to the decrease in 2015 of a write-down on the shares of Mircal Asia.

NOTE 15 LOANS RELATED TO INVESTMENTS

The gross amount of loans related to investments increases by €402.2 million. These receivables related to investments correspond to loan contracts and intra-group credit agreements aimed at optimizing the cash management.

Loans write-downs amount to €0.1 million, decreasing by €1.4 million mainly further to the decrease in 2015 of the write-down on the loan granted to Mircal Asia.

NOTE 16 OTHER FINANCIAL INVESTMENTS

As of December 31, 2015, the other financial investments mainly include given deposits.

NOTE 17 OTHER RECEIVABLES

(€ thousands)	Gross amount	Maturity less than one year	Maturity from one to five years	Maturity beyond five years
Loans and receivables related to investments	**1,107,205**	**767,532**	**169,673**	**170,000**
Loans and receivables related to direct investments	529,546	452,649	76,897	-
Loans and receivables related to other Group subsidiaries	577,659	314,883	92,776	170,000
Other financial investments	**47**	**-**	**-**	**47**
Other receivables	**28,579**	**27,353**	**(1,007)**	**2,233**
Operating receivables	27,494	27,494	-	-
Bond issuance premium	1,085	(141)	(1,007)	2,233
Regularization accounts	**9,713**	**6,875**	**1,898**	**940**
Prepaid expenses(1)	1,603	1,543	60	-
Bond issuance cost	3,414	636	1,838	940
Unrealized exchange rate losses(2)	4,696	4,696	-	-
Total	**1,145,544**	**801,760**	**170,564**	**173,220**

(1) Prepaid expenses mainly comprise purchases of external services.
(2) The unrealized exchange rate gains/losses derive from the closing revaluation of loans and receivables in foreign currencies.

NOTE 18 MARKETABLE SECURITIES

Net values

(€ thousands)	2015	2014
SICAVs and mutual funds	33,374	53,591
Deposit certificate	-	300,104
Treasury shares	14,290	10,395
Total	**47,664**	**364,090**

As of December 31, 2015, the gross amount of marketable securities amounts to €47.7 million. Treasury shares include €11.1 million of Imerys shares allocated to the deferred payment of the acquisition of S&B shares.

No impairment loss was recognized on marketable securities.

Measurement of marketable securities as of December 31, 2015

Nature	Quantity	Average cost price per unit *(€)*	Closing price December 2015 *(€)*
SICAV BNP	1	57,261.81	57,260.63
SICAV SG	696	23,894.72	23,894.72
SICAV CA-CIB	71	235,011.30	235,011.30
Treasury shares	229,423	62.29	64.42

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NOTE 19 BREAKDOWN OF CHANGES IN SHAREHOLDERS' EQUITY

			Reserves (1)					
(€ thousands)	Capital	Premiums	Legal	Regulated	Other	Retained earnings	Income of the period	Total
Shareholders' equity as of 01/01/2014 before allocation of net income	**152,477**	**362,103**	**15,248**	**273,471**	**670,482**	**202,400**	**49,139**	**1,725,320**
Allocation of 2013 income	-	-	-	-	-	(73,293)	(49,139)	(122,432)
Movements of the 2014 period								
Cancellation of 918,315 shares of €2	(1,837)	(54,236)	-	-	-	-	-	(56,073)
Subscription of 565,642 shares by exercise of options	1,131	26,244	-	-	-	-	-	27,375
Net income as of 12/31/2014	-	-	-	-	-	-	31,197	31,197
Shareholders' equity as of 01/01/2015 before allocation of net income	**151,771**	**334,111**	**15,248**	**273,471**	**670,482**	**129,107**	**31,197**	**1,605,387**
Allocation of 2014 income	-	-	-	-	-	(101,291)	(31,197)	(132,488)
Movements of the 2015 period								
Cancellation of 1,000,000 shares of €2	(2,000)	(60,382)	-	-	-	-	-	(62,382)
Subscription of 958,592 shares by exercise of options	1,917	50,301	-	-	-	-	-	52,218
Subscription of 3,728,308 shares by contribution in kind	7,457	206,205	738	-	-	-	-	214,400
Net income as of 12/31/2015	-	-	-	-	-	-	340,119	340,119
Shareholders' equity as of 01/01/2016 before allocation of net income	**159,145**	**530,235**	**15,986**	**273,471**	**670,482**	**27,816**	**340,119**	**2,017,254**
Proposal for allocation of income(2)	-	-	-	-	-	200,867	(340,119)	(139,252)
Shareholders' equity as of 01/01/2016 with proposal for allocation of income	**159,145**	**530,235**	**15,986**	**273,471**	**670,482**	**228,683**	**0**	**1,878,002**

(1) Imerys' shareholders' equity does not include revaluation differences.
(2) Proposed to the Shareholders' General Meeting on May 4, 2016.

Number of shares

	2015	2014
Number of shares outstanding at the opening	**75,885,591**	**76,238,264**
Capital increase	4,686,900	565,642
Capital decrease	(1,000,000)	(918,315)
Number of shares outstanding at the closing	**79,572,491**	**75,885,591**

For 2015, the capital movements are the following:

- On February 26, 2015, the Board of Directors noted that the share capital had been increased by a nominal amount of €626,748 as a result of the exercise between January 1, and February 25, 2015 of 313,374 share options and of the creation of the same number of new Imerys shares. Upon the same meeting and as part of the completion of the S&B group acquisition, the Board of Directors approved of the contribution by the S&B Minerals S.A. company to the benefit of the Company of 2,531,964 ordinary shares of the S&B Minerals Finance SCA company. As a compensation for the contribution of these shares, the Board of Directors, pursuant to the delegation of powers given to him by the eighteenth resolution of the Ordinary and Extraordinary Shareholders' General Meeting held on April 25, 2013, issued 3,728,308 new shares to the benefit of the S&B Minerals S.A. company, absorbed on February 26, 2015 by Blue Crest Holding SA, a company governed by the laws of Luxemburg.
- On December 15, 2015, the Board of Directors, as part of the share buy-back programs authorized by the Shareholders' General Meetings of April 29, 2014 and April 30, 2015, and in accordance with the authorization given by the Shareholders' General Meeting of April 30, 2015, cancelled 1,000,000 treasury shares directly acquired on the market by the Company and totally allocated to the cancellation objective. This shares cancellation lead to a capital decrease of a nominal amount of €2,000,000.
- On January 7, 2016, the Chairman and Chief Executive Officer, pursuant to the delegation of powers given to him by the Board of Directors on December 15, 2015, noted that, on December 31, 2015, the share capital had been increased by a nominal amount of €1,290,436 as a result of the exercise between February 26, 2015 and December 31, 2015 of 645,218 share options and of the creation of the same number of new Imerys shares.

Detailed information concerning share capital is available in *chapter 7, paragraph 7.2.1 of the Registration Document*.

NOTE 20 WRITE-DOWNS AND PROVISIONS

(€ thousands)	**Amount at the beginning of the period**	**Increases**			**Decreases[(1)]**			**Amount at the end of the period**
		Operating	**Financial**	**Exceptional**	**Operating**	**Financial**	**Exceptional**	
Write-downs								
Investments	31,940	-	-	-	-	-	(28,937)	3,003
Trade receivables	-	263	-	-	-	-	-	263
Loans related to investments	1,482	-	-	-	-	(1,406)	-	76
Non-consolidated investments	-	-	-	-	-	-	-	0
Bond issuance premium[(2)]	1,333	-	992	-	-	(1,133)	-	1,192
Marketable securities	-	-	-	-	-	-	-	0
Prepaid expenses - future employee benefits	-	-	-	-	-	-	-	0
Total assets	**34,755**	**263**	**992**	**0**	**0**	**(2,539)**	**(28,937)**	**4,534**
Provisions								
Provisions for risks	**39,364**	**18,573**	**11,260**	**8,972**	**(17,182)**	**(13,583)**	**(3,602)**	**43,802**
Management risks	24,528	18,573	15	6,915	(17,182)	(2)	(2,731)	30,116
Provisions for exchange rate losses	7,666	-	4,696	-	-	(7,666)	-	4,696
Staff-related risks	438	-	-	2,057	-	-	(871)	1,624
Environmental risks	-	-	-	-	-	-	-	0
Financial instruments	5,915	-	6,549	-	-	(5,915)	-	6,549
Risks on subsidiaries and investments	817	-	-	-	-	-	-	817
Provisions for charges	**6,377**	**246**	**228**	**0**	**(910)**	**(106)**	**0**	**5,835**
Pensions	-	-	-	-	-	-	-	0
Future employee benefits	6,377	246	228	-	(910)	(106)	-	5,835
Other social contributions and tax expenses	-	-	-	-	-	-	-	0
Total liabilities	**45,741**	**18,819**	**11,488**	**8,972**	**(18,092)**	**(13,689)**	**(3,602)**	**49,637**
Grand Total	**80,496**	**19,082**	**12,480**	**8,972**	**(18,092)**	**(16,228)**	**(32,539)**	**54,171**

(1) Provisions decreased in accordance with used amounts for €9,482 thousand.
(2) The amortization of the bond issuance premium has been reduced by the fully amortized premiums of €1,593 thousand as of 12/31/2014.

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As head of the Group, Imerys recognizes management risk and environmental provisions. They specifically relate to the future grant of conditional free shares.

As of December 31, 2015, a write-down on the investment in Mircal Asia is reversed for an amount of €28.9 million.

A write-down on the loan granted to Mircal Asia is reversed in 2015 for €1.4 million.

As of December 31, 2015, a provision for risks on financial instruments is constituted for an amount of €6.5 million. This provision relates to hedging transactions on foreign currencies and on energy prices. The provision for risks on financial instruments increased in 2014 was fully reversed in 2015.

In 2015, a provision for risks increases by an amount of €18.5 million corresponding to the future grant of conditional free shares for 51,578 treasury shares and other shares that have not yet been purchased and that will be granted in accordance with the requirements of the conditional free shares plans. The provision for risks increased in 2014 by an amount of €17.1 million is fully reversed in 2015 due to the grant over the period of 136,817 treasury shares of the Company and new plans approved in 2015.

Some of these instruments, in accordance with the Group's financial risk management policy, are not recognized as hedging instruments at Imerys SA. The financial instruments held as of December 31, 2015 are described in *Note 25* and following.

Future employee benefits

The defined benefit plans firstly correspond to retirement benefits in accordance with the collective labour agreement of the metalworking industry and secondly to additional retirement plans including the French plan for managers.

The provision for future employee benefits is calculated in accordance with the following assumptions:

	Retirement	Other long-term employee benefits
Discount rates	1.3%	1.6%
Expected rates of return on plan assets	1.3%	-
Expected rates of salary increases	2.5%	2.5%
Annual turnover rates:		
▪ Executives and non-executives until 30 years	20.0%	20.0%
▪ Executives and non-executives between 30 and 40 years	15.0%	15.0%
▪ Executives and non-executives between 40 and 50 years	10.0%	10.0%
▪ Executives and non-executives between 50 and 55 years	5.0%	5.0%
▪ Executives and non-executives after 55 years	-	-

Actuarial differences are recognized according to the corridor method.

Net expense

	2015			2014		
(€ thousands)	Retirement	Other	Total	Retirement	Other	Total
Interest cost	(215)	(13)	(228)	(485)	(15)	(500)
Current service cost	490	(61)	429	(1 446)	(45)	(1 491)
Expected return on assets	106	-	106	330	-	330
Past service cost	(8)	-	(8)	(296)	-	(296)
Actuarial gains and (losses)	21	(38)	(17)	(32)	45	13
Curtailments and settlements	-	-	0	-	-	0
Recognized net expense	**394**	**(112)**	**282**	**(1 929)**	**(15)**	**(1 944)**
Assets' effective return	167	-	167	316	-	316

Change in the discounted value of obligations

	2015			2014		
(€ thousands)	Retirement	Other	Total	Retirement	Other	Total
Opening obligations	**(19,103)**	**(711)**	**(19,814)**	**(23,717)**	**(698)**	**(24,415)**
Interest cost	(215)	(13)	(228)	(485)	(15)	(500)
Current service cost	490	(61)	429	(1,446)	(45)	(1,491)
Benefit payments	1,395	56	1,451	5,706	2	5,708
Curtailments and settlements	-	-	0	-	-	0
Actuarial gains and (losses)	(2,725)	(38)	(2,763)	839	45	884
Closing obligations[(1)]	**(20,158)**	**(767)**	**(20,925)**	**(19,103)**	**(711)**	**(19,814)**
Funded by plan assets	(18,770)	-	(18,770)	(17,810)	-	(17,810)
Unfunded	(1,388)	(767)	(2,155)	(1,293)	(711)	(2,004)

(1) Of which retirement obligations to the benefit of the Executive Management and of members of the Board of Directors: €4,927 thousand in 2015, against €3,539 thousand in 2014.

Change in fair value of plan assets

	2015			2014		
(€ thousands)	Retirement	Other	Total	Retirement	Other	Total
Opening assets	**10,120**	**-**	**10,120**	**15,487**	**-**	**15,487**
Expected return on assets	106	-	106	330	-	330
Benefit payments	(1,189)	-	(1,189)	(5,683)	-	(5,683)
Employer contributions	-	-	0	-	-	0
Actuarial gains and (losses)	61	-	61	(14)	-	(14)
Closing assets	**9,098**	**0**	**9,098**	**10,120**	**0**	**10,120**

Assets / liabilities in the balance sheet

	2015			2014		
(€ thousands)	Retirement	Other	Total	Retirement	Other	Total
Funded obligations	(18,770)	-	(18,770)	(17,810)	-	(17,810)
Fair value of assets	9 098	-	9,098	10,120	-	10,120
Funded status	**(9,672)**	**0**	**(9,672)**	**(7,690)**	**0**	**(7,690)**
Unfunded obligations	(1,388)	(767)	(2,155)	(1,293)	(711)	(2,004)
Unrecognized past service cost	2,061	-	2,061	2,069	-	2,069
Net unrecognized actuarial differences	3,932	-	3,932	1,248	-	1,248
Assets (provisions) in the balance sheet	**(5,067)**	**(767)**	**(5,834)**	**(5,666)**	**(711)**	**(6,377)**
Provisions for retirement	-	-	0	-	-	0
Provisions for future employee benefits	(5,067)	(767)	(5,834)	(5,666)	(711)	(6,377)

Change in assets (provisions) in the balance sheet

	2015			2014		
(€ thousands)	Retirement	Other	Total	Retirement	Other	Total
Opening assets (provisions)	**(5,666)**	**(711)**	**(6,377)**	**(3,760)**	**(698)**	**(4,458)**
Current service cost after curtailments / settlements	393	(112)	281	(1,929)	(15)	(1,944)
Contributions	206	56	262	23	2	25
Closing assets (provisions)	**(5,067)**	**(767)**	**(5,834)**	**(5,666)**	**(711)**	**(6,377)**

NOTE 21 DEBTS AND REGULARIZATION ACCOUNTS AS OF DECEMBER 31, 2015

(€ thousands)	Amount	Maturity less than one year	Maturity from one to five years	Maturity beyond five years
Financial debts	3,087,046	1,606,084	927,556	553,406
Other debts[(1)]	62,365	33,365	29,000	-
Deferred revenue	0	-	-	-
Unrealized exchange rate gains	9,329	9,329	-	-
Total	**3,158,740**	**1,648,778**	**956,556**	**553,406**

(1) Of which the contingent consideration on the acquisition of S&B shares of €33.0 million.

The various bank overdrafts do not include any grants or guarantees from the Company to the benefit of the lending banks.

The financial debts by foreign currency share out as follows:

(€ thousands)	Amount
EUR	2,549,839
USD	247,560
GBP	75,363
JPY	45,118
Other foreign currencies	169,166
Total	**3,087,046**

The analysis of the financial debts by nature and maturity is the following:

(€ thousands)	Amount	Maturity less than one year	Maturity from one to five years	Maturity beyond five years
Bonds	1,483,944	2,981	927,556	553,407
Commercial papers	347,593	347,593	-	-
Bank loans	0	-	-	-
Subsidiary loans	50,000	50,000	-	-
Group financial current accounts	1,178,417	1,178,417	-	-
Bank overdrafts and accrued interests	27,092	27,092	-	-
Total	**3,087,046**	**1,606,083**	**927,556**	**553,407**

Debts with a maturity less than one year are backed up by draw-downs on confirmed, non-utilized and available bilateral credit lines if necessary. The amount of confirmed and available bilateral credit lines as of December 31, 2015 is presented in *Note 23*.

NOTE 22 ACCRUED RECEIVABLES AND PAYABLES

(€ thousands)	Accrued receivables	Accrued payables
Operating	-	3,031
Financial	542[(1)]	584
Total	**542**	**3,615**

(1) Accrued receivables mainly comprise accrued interests on financial instruments.

OTHER INFORMATION

NOTE 23 OFF BALANCE SHEET COMMITMENTS

The significant off balance sheet commitments of the Company are detailed in *Notes 24 to 28*.

As of December 31, 2015, the amount of bilateral multi-currencies credit lines confirmed, non-utilized and available for the benefit of Imerys with a maturity from 2016 to 2020 is €1,425.0 million.

Commitments given

	For the benefit of				
(€ thousands)	**Subsidiaries**	**Equity interests**	**Other controlled entities**	**Other**	**Total**
Avals, sureties, guarantees	-	88,222	215,415	6,527	310,164

Commitments received

	Received from				
(€ thousands)	**Subsidiaries**	**Equity interests**	**Other controlled entities**	**Other**	**Total**
Avals, sureties, guarantees	-	-	-	43,000	43,000

NOTE 24 OTHER COMMITMENTS IN RELATION TO SUBSIDIARIES

Considering the commitments which came to maturity in 2015, no other commitments are to report as of December 31, 2015.

NOTE 25 COMMITMENTS ON THE FOREIGN EXCHANGE RATE RISK

As of December 31, 2015, the Company has net commitments regarding forward purchases and sales against Euros divided up by foreign currencies as follows:

	(foreign currency thousands)		*(€ thousands)*	
	Forward purchases	**Forward sales**	**Forward purchases**	**Forward sales**
AUD	21,135	-	14,187	-
CAD	44,300	5,150	29,307	3,407
CHF	-	47,476	-	43,817
CZK	75,895	-	2,808	-
DKK	6,100	1,480	817	198
GBP	56,600	24,135	77,117	32,884
HUF	60,000	52,675	190	167
JPY	1,234,765	177,910	9,421	1,357
MXN	446,450	23,400	23,604	1,237
NZD	-	1,965	-	1,234
PLN	1,075	-	252	-
SEK	124,735	4,101	13,574	446
SGD	155,785	5,490	101,047	3,561
THB	-	349,850	-	8,914
USD	82,190	439,695	75,494	403,872
ZAR	3,070	345,885	181	20,403
Total			**347,999**	**521,497**

These transactions have been carried out in order to hedge the foreign exchange rate risk generated by intra-group financing and investments in foreign currencies. They also include the net positions between internal and external derivatives on transactions carried out in accordance with the Group's management policy of the foreign exchange rate risk.

NOTE 26 COMMITMENTS ON THE INTEREST RATE RISK

In accordance with its policy to manage the interest rate risk, the Group has, as of December 31, 2015, different hedging transactions (interest rate swaps). These transactions are in line with its management policy.

The nominal amount of derivative instruments at the end of the period amounts to JPY7,000.0 million.

NOTE 27 COMMITMENTS ON THE ENERGY PRICE RISK

The following table summarizes the positions taken as of December 31, 2015 to hedge the energy price risk:

	Net notional amounts *(in MWh)*	**Maturities**
Underlying position	6,050,444	<24 months
Management transactions	2,137,312	<24 months

NOTE 28 ELEMENTS RECOGNIZED UNDER MORE THAN ONE BALANCE SHEET ITEM (NET VALUE)

(€ thousands)	**Total**	**Of which controlled entities**(1)
Investments	4,003,834	4,003,608
Loans related to direct investments and other subsidiaries	1,107,128	1,106,310
Other financial investments	47	-
Operating receivables	27,494	11,696
Financial debts	3,087,046	1,227,716
Other debts	61,197	14,253

(1) The controlled entities are those that can be consolidated by full integration into the same group.

NOTE 29 MAIN SHAREHOLDERS

	Number of shares	**% of interest**	**% of voting rights**(1)
Belgian Securities BV(2)	42,851,473	53.85%	69.70%
Blue Crest Holding SA	4,052,784	5.09%	3.30%
Group employees	146,238	0.18%	0.24%
Self-holding	229,423	0.29%	0.19%
Public	32,292,573	40.59%	26.57%
Total as of December 31, 2015	**79,572,491**	**100.00%**	**100.00%**

(1) Total theoretical voting rights: 122,812,038.
(2) A 100% subsidiary of the company Groupe Bruxelles Lambert.

The consolidated financial statements of Imerys are included in the scope of consolidation of the Belgian group GBL.

NOTE 30 2015 AVERAGE HEADCOUNT

	Non-executives	**Executives**	**Total**
Full-time	24	137	161
Part-time	2	3	5
Total employees of the entity	**26**	**140**	**166**

NOTE 31 PERSONAL TRAINING ACCOUNT AS OF DECEMBER 31, 2015

As of January 1, 2015, the personal training account has replaced the individual training right. The Company did not sign an internal agreement to manage the personal training account. Employees were asked to transfer their hours of individual training rights to the website of the personal training account, which directly manages these hours.

NOTE 32 COMPENSATION OF DIRECTORS AND EXECUTIVE MANAGERS

(€ thousands)	**2015**	**2014**
Board of Directors[1]	835	904
Executive Management	1,726	1,510
Total	**2,561**	**2,414**

(1) Directors' attendance fees.

The global amount of retirement obligations contracted for the benefit of members of the Board of Directors and of the Executive Management is presented in *Note 20*.

NOTE 33 POST CLOSING EVENTS

No significant post closing event has to be notified for the Company.

NOTE 34 ALLOCATION OF EARNINGS

Proposed allocation of earnings pursuant to the provisions of article L. 232-7 of the French Code of Commerce[1].

(€)	
Income for the period	340,118,960.90
Increase in legal reserve in order to reach 10% of the share capital	-
Retained earnings	27,815,614.94
Distributable income	**367,934,575.84**
Dividend of €1.75 to each of the 79,572,491 shares existing as of January 1, 2016	(139,251,859.25)
Retained earnings	**228,682,716.59**

(1) Which will be proposed to the Shareholders' General Meeting on May 4, 2016.

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NOTE 35 TABLE OF SUBSIDIARIES AND EQUITY INTERESTS AS OF DECEMBER 31, 2015

	Country	SIREN Number	Capital (Local units (thousands))	Shareholders' equity other than share capital (Local units (thousands))	Number of shares held by Imerys	Type of securities
Subsidiaries (at least 50% of equity held by Imerys)						
Imerys TC	France	449 354 224	161,228	456,909	80,613,850	shares of €2
Mircal	France	333 160 620	1,034,653	359,551	68,976,891	shares of €15
Imerys USA	United States	-	526,005	606,295	1,000	shares of USD1
Imerys Services	France	320 750 730	371	414	24,700	shares of €15
Mircal Europe	France	444 384 234	56,365	587,399	56,365,195	shares of €1
S&B Minerals Finance	Luxembourg	-	121,505	209,519	12,150,505,600	shares of €0.01
Mircal Chili	France	434 143 574	1,554	13,928	1,554,000	shares of €1
Imerys (SHANGHAI) Investment Management Company Limited	China	-	14,404	21,573	1	share of CNY14,404,000

(€ thousands)

	% of interest held by Imerys	Gross amount of securities held	Net amount of securities held	Loans and advances granted by Imerys and not repaid	Borrowings taken up by Imerys and not repaid	Sureties, avals given by Imerys	Dividends collected by Imerys in 2015	2015 sales	2015 net income or loss
Subsidiaries (at least 50% of equity held by Imerys)									
Imerys TC	100.00	758,369	758,369	-	72,244	-	294,971	289,554	66,985
Mircal	100.00	1,289,076	1,289,076	122,803	-	-	115,191	-	56,872
Imerys USA	100.00	663,837	663,837	17,075	133,104	87,260	-	-	(2,827)
Imerys Services	100.00	1,043	1,043	-	218	-	-	19,875	(381)
Mircal Europe	100.00	565,483	565,483	387,844	-	-	60,311	126	57,004
S&B Minerals Finance	100.00	708,655	708,655	-	5,129	-	-	-	(4,483)
Mircal Chili	100.00	15,540	15,540	-	512	-	-	-	(4)
Imerys (SHANGHAI) Investment Management Company Limited	100.00	1,359	1,359	784	-	-	-	7,449	1,626
Equity interests									
10 to 50% of equity held by Imerys		-	-	-	-	-	-	-	-
Miscellaneous equity interests									
Non-significant French entities		3,475	472	1,040	508	962	-	-	-
Total		**4,006,837**	**4,003,834**	**529,546**	**211,715**	**88,222**	**470,473**	**317,004**	**174,792**

6.3 AUDIT FEES

TERMS OF OFFICE OF AUDITORS

The Shareholders' General Meeting of April 29, 2010 approved the renewal of the term of office of ERNST & YOUNG et Autres and Deloitte & Associés for another six years. The term of office has thus been reached and the shareholders' General Meeting of May 4, 2016 will have to rule on its renewal.

ORGANIZATION OF THE AUDIT OF IMERYS SUBSIDIARIES

For numerous years, the Group has primarily asked, in an equal standing, the two Imerys Statutory Audit firms to conduct the audit of the subsidiaries throughout the world. However, for practical or historical reasons, other audit firms intervened; the quantitative details were as follows:

Periods	2015	2014	2013	2012	2011	2010
Audit fees *(€ millions)*	7.5	6.2	6.3	6.5	6.2	6.1
Distribution						
ERNST & YOUNG et Autres	59%	50%	52%	51%	51%	50%
Deloitte & Associés	40%	49%	46%	44%	45%	46%
Other firms	1%	1%	2%	5%	4%	4%

FEES AS OF DECEMBER 31, 2015

The total fees paid in 2015 to the two Statutory Audit firms of the parent company Imerys, ERNST & YOUNG et Autres (EY) and Deloitte & Associés (DA), are as follows:

	2015				2014			
	EY		DA		EY		DA	
	(€M)	*(%)*	*(€M)*	*(%)*	*(€M)*	*(%)*	*(€M)*	*(%)*
Audit								
Certification and auditing of individual and consolidated accounts	**4.5**		**3.0**		**3.1**		**3.0**	
Imerys SA	0.8		0.8		0.8		0.8	
Fully integrated subsidiaries	3.7		2.2		2.3		2.2	
Other duties and services directly related to the audit mission	**0.5**		**0.3**		**1.2**		**0.1**	
Imerys SA	0.4		0.2		0.7		0.1	
Fully integrated subsidiaries	0.1		0.1		0.5		-	
Subtotal	**5.0**	**96.2%**	**3.3**	**91.7%**	**4.3**	**95.6%**	**3.1**	**93.9%**
Other services rendered by the network to fully integrated subsidiaries								
Legal, fiscal, social	-		0.1		0.1		0.1	
Other (to specify if > 10% of audit fees)	0.2		0.2		0.1		0.1	
Subtotal	**0.2**	**3.8%**	**0.3**	**8.3%**	**0.2**	**4.4%**	**0.2**	**6.1%**
Total	**5.2**	**100.0%**	**3.6**	**100.0%**	**4.5**	**100.0%**	**3.3**	**100.0%**

7

INFORMATION ABOUT THE COMPANY AND ITS SHARE CAPITAL

7.1 INFORMATION ABOUT IMERYS

CORPORATE NAME

IMERYS

REGISTERED OFFICE

154, rue de l'Université, 75007 Paris (France)

Phone number: +33 (0) 1 49 55 63 00

DATE OF REGISTRATION AND DURATION

Imerys was incorporated on April 22, 1880.

The Company's term of incorporation, initially set at 50 years, was extended until June 30, 2024 (article 5 of the by-laws).

REGISTRATION

The Company is registered with the Commercial Register of Paris under number 562 008 151. Its N.A.F code (code of main activity) is 7010Z.

LEGAL STATUS AND LAW OF INCORPORATION

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

HISTORIC AND KEY DATES

The Group has its origins in mining and metallurgy. When created the Company's core business was the extraction and processing of non-ferrous metals. Numerous acquisitions led to the Group's reorganization with the withdrawal from non-ferrous metallurgy to industrial minerals activities.

In the early 1970s federated under the name Imetal, the Group acquired the French company Huguenot Fenal, an event which marked its entry into the clay roof tiles market. It then purchased Copperweld Corporation (United States), a company specialized in steel production and metals processing.

In 1985 the first significant investment in refractory minerals and ceramics was made with the acquisition of Damrec (France). The Group then structured its business around three sectors: Building Materials, Industrial Minerals and Metals Processing. This reorganization is part of the Group's future withdrawal from non-ferrous metallurgy activities.

From 1990 onwards, the Group placed significant emphasis on the development of industrial minerals[1]. It acquired major positions in the kaolin sector (Dry Branch Kaolin Company, United States), calcium carbonate (Georgia Marble, United States), refractory minerals (C-E Minerals, United States), monolithic refractories (Plibrico, Luxembourg), ball clays (Ceratera, France) and ceramic bodies (KPCL, France) and technical ceramics markets (IKF, France). Through its subsidiary Timcal (North America, Europe, Asia), acquired in 1994, Imerys has become the world leader in technical applications of high performance graphite.

In 1999 with the acquisition of English China Clays plc (ECC, United Kingdom), one of the foremost specialists in industrial minerals, the Group became a global leader[2] in white pigments. The Group continued to increase its kaolin resources by acquiring Rio Capim Caulim S.A. (Brazil) and pursued its industrial base expansion in refractory minerals with Transtech and Napco (United States) and Rhino Minerals (South Africa). Through the acquisition of ECC and the related divestment of Copperweld (United States) and ECC's specialty chemicals business (Calgon, United States), the Group focused on industrial minerals processing. To reflect this development, Imetal changed its name to **Imerys.**

Since then, Imerys has been pursuing its development by continuously expanding its product line, extending its geographic network into high growth areas and entering new markets.

2000-2002 new minerals were added to the Group's portfolio: halloysite (New Zealand China Clays, New Zealand) and clays and feldspar (K-T Clay, United States and Mexico). The Group increased its carbonates resources in South America (Quimbarra, Brazil), in Asia (Honaik, Malaysia) and in France (AGS-BMP's carbonates activity). The takeover of the world's leading producer of corundum (fused alumina and bauxite), Treibacher Schleifmittel (Austria), is followed by more acquisitions in this sector in the Czech Republic, Germany, Brazil and China). The Group increased its Asian market presence for applications that mainly serve the sanitaryware industry with the acquisition of MRD-ECC (Thailand), a local kaolin producer.

Early 2005 the acquisition of Lafarge Réfractaires Monolithiques enabled Imerys to become the European leader in monolithic refractories. 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 (United States), world leader in filtration and performance minerals, bringing in new minerals: diatomite and perlite. The year ended with the acquisition of Denain Anzin Minerals adding feldspar, mica, quartz, kaolin deposits in Europe.

(1) *Industrial minerals: non-metallic and non-combustible rocks or minerals, mined and transformed for industrial purposes.*

(2) *Throughout the Registration Document, information on market positions corresponds to evaluations made by Imerys on the basis of its market knowledge, or is derived from trade publications such as Roskill and Industrial Minerals, or from reports drawn up by Kline & Company, Inc.*

2006-2008 the Group continued to grow: calcined clays with specialists AGS (France) and Vatutinsky (Ukraine), extensive reserves of high quality white marble in Malaysia, China and Vietnam as well as Europe, and feldspar mines in India (Jumbo Mining), the United States (The Feldspar Corporation) and Turkey. The acquisition of ACE, the Indian leader in monolithic refractories, gave Calderys a new dimension, reinforced by B&B (South Africa) and Svenska Silika Verken AB (Sweden). Imerys added fused zircon, a mineral for the refractory, technical ceramics and automotive markets to its portfolio, becoming the world leader with the successive acquisitions of UCM Group Plc (United Kingdom) and Astron China. Perlite activities were bolstered in South America with the acquisition of Perfiltra in Argentina. The acquisitions of Kings Mountain Minerals, Inc. (North Carolina, United States) and Suzorite Mining, Inc. (Quebec, Canada) added high quality mica to the Group's mineral portfolio.

In 2010 the commissioning of a new plant increased andalusite production capacity in China. 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 leader in talc processing. A production unit was inaugurated in Andersonville (Georgia, United States) to provide ceramic proppant, used to keep fractures open in non-conventional oil and gas exploration. Through the joint venture "The Quartz Corp SAS" created with the Norwegian group Norsk Mineral AS, the Group can serve the increasing demand of high purity quartz in semiconductor and photovoltaic markets. In Malaysia, the production capacity of the calcium carbonate plant was extended and in Japan, the Miyagi plant, rebuilt after the Tsunami, also increased its production capacity to meet higher demand from its main customer.

In 2012 the Group enhanced product offering in Brazil for the paint, polymer and rubber markets with the acquisition of Itatex and refractory activities with a refractory bauxite deposit from the Vale Group.

In 2013 several acquisitions are made throughout the Group's businesses: PyraMax Ceramics LLC (United States), an industrial complex for manufacturing ceramic proppants, Goonvean kaolin activities (United Kingdom), Ceraminas (Thailand) a local feldspar producing company. To support growing demand from mobile energy segments, the Group doubled the capacity of the Willebroek carbon black plant (Belgium). The construction of the lime production plant in Deresopolis (Brazil) was completed and the plant went into production. Arefcon B.V (Netherlands), Indoporlen (Indonesia) and Tokai (Japan) were integrated in the Group's Monolithic Refractories division. The sale of Imerys Structure (brick walls and partitions, and flues) to Bouyer Leroux-group (France) is finalized.

In 2014 the acquisition of Termorak strengthened the Group's position in the design and installation of 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 Graphite and Carbone's major local customers. The fused alumina production plant in Bahrain, whose construction was initiated in 2012, went into production. This joint-venture with Al Zayani Investments group, Imerys' first industrial base in the Middle East, enabled the Group to enlarge its business activities in this region. At the same time the Group disposed of four calcium carbonate paper plants in Europe and the United States as well as a production plant in Tunisia, and closed down the Ardoisières d'Angers site.

The **2015** acquisitions are the subject of a detailed presentation *in Chapter 2 of the Registration Document*.

▪ CORPORATE PURPOSE *(ARTICLE 3 OF THE BY-LAWS)*

Imerys is the parent company of an industrial and commercial group, which is the world leader in mineral-based specialty solutions for industry.

Under the terms of article 3 of the by-laws, "The Company's purpose, in France and abroad, is:

- the search for, acquisition, leasing, sale and operation of any mines and quarries, of any kind whatsoever;
- the processing and transformation of, and trading in, any minerals, metals, organic or non-organic materials and mineral substances, as well as their by-products and alloys;
- the manufacturing of any processed products in which minerals, metals, organic or non-organic materials and mineral substances are used;
- the purchase, obtaining, acquisition, operation, concession and sale, in whole or in part, on a temporary or permanent basis, of any patents, certificates or licenses pertaining to the above-mentioned purposes;
- the creation, acquisition, sale, concession of any buildings and plants, of any means of transportation and energy sources;
- the participation in any country, in any mining, quarrying, commercial, industrial and maritime operations aimed at favoring or developing the Company's own industries and businesses, through the creation of new companies, alliances, holding companies or otherwise; and, generally, any mining, quarrying, commercial, industrial, maritime, real estate, personal property and financial operations relating directly or indirectly, in whole or in part, to any of the above-specified purposes or any other similar or related purposes."

FINANCIAL YEAR (ARTICLE 28 OF THE BY-LAWS)

The financial year is 12 months. It begins on January 1 and ends on December 31 of each year.

BOARD OF DIRECTORS (ARTICLES 12 AND 13 OF THE BY-LAWS)

The Company is managed by a Board of Directors comprised of at least three members and no more than eighteen members, except for any dispensation provided by law.

Directors are appointed or renewed by the Ordinary General Meeting of the Shareholders, which may remove them at any time. The term of office of the Directors is three years. The term of office of a Director shall expire at the close of the Ordinary General Meeting of the Shareholders that rules on the financial statements for the previous financial year and which is held in the year during which the term of office expires. No person aged seventy (70) or over may be appointed a Director. If one of the Directors reaches said age, he or she shall be deemed to have automatically resigned on the date of the first General Meeting of the Shareholders after his or her 70th birthday.

In accordance with legal provisions and article 12 of the Company's by-laws, the Board of Directors shall also comprise one Director representing employees who is designated by the European Works Council. When the number of Directors appointed by the Shareholders' General Meeting is higher than 12, second Director representing employees shall be designated by the France Group Committee.

√ For more details regarding the composition, powers and functioning of the Board of Directors, please *see chapter 3, section 3.1 of the Registration Document*.

SHAREHOLDERS' GENERAL MEETINGS (ARTICLES 21 AND 22 OF THE BY-LAWS)

Convening

Shareholders' General Meetings are convened under the terms and conditions provided by current legal provisions and are held either at the registered office or in any other place specified in the notice of meeting.

Conditions for admission

All shareholders have the right to take part in Shareholders' General Meetings – whether in person, *via* a proxy or by correspondence – subject to the obligation to prove their identity and their share ownership by means of, either being registered in the name of the holder, or by transmission of a certificate of holding proving the registration of bearer shares. Registration or deposit formalities must be completed no later than two business days prior to the meeting. Any shareholder may also, by decision of the Board of Directors as notified in the notice of meeting, take part in General Meetings and vote by data transmission and/or any other means of telecommunication, under the conditions provided by current legal provisions.

Conditions for the exercise of voting rights

All documents specified by articles R. 225-81 and R. 225-83 of the French Code of Commerce, including a postal or proxy voting form, are sent to shareholders on request. This form can only be validly taken into account if it is completed in accordance with current legislation and returned to the registered office or to the address given on the notice of meeting. Moreover, any shareholder may, by decision of the Board of Directors as notified in the notice of meeting, obtain and return the voting form by post or proxy, by data transmission or any other means of telecommunication, under the terms and conditions provided by current legal provisions.

Double voting rights

Shares registered in the name of the same shareholder for at least two years carry a double voting right. This right is authorized by law and provided by article 22 of the by-laws, and is intended to reward the Company's shareholders for their loyalty. The double voting right is also granted to new free shares granted to shareholders under a capital increase operation, on the basis of the old shares which benefited from this right. The double voting right ceases ipso jure when a registered share is converted to a bearer share or is transferred, except in cases of collateral assignment or transfer as life interest or by inheritance or family bequest. Finally, the double voting right may be cancelled by decision of an Extraordinary Shareholders' General Meeting with prior authorization of the Special General Meeting of the holders of this right.

Restriction of voting rights

None.

ALLOCATION OF PROFITS (ARTICLE 30 OF THE BY-LAWS)

Income for each financial year is determined in accordance with the legal and regulatory provisions in force, as follows:

- at least 5% of net earnings for the financial year, less any prior losses, where applicable, are withheld to make up the legal reserve. This withholding ceases to be obligatory when the reserve reaches 10% of the share capital;
- earnings for the financial year, less any prior losses and increased by any earnings carried over, subject to deduction of any retained earnings carried forward by the Shareholders' General Meeting or assigned by it to one or more reserves, are allocated among shares, without distinction;
- the Shareholders' General Meeting may grant to each shareholder, for all or part of the dividend being distributed, or for advances on dividends, an option between payment of the dividend in cash or in shares.

▪ IDENTIFIABLE BEARER SHARES *(ARTICLE 9 OF THE BY-LAWS)*

The Company is authorized, under the terms and conditions provided by current legal provisions, to ask Euroclear France for the information needed to identify the owners of bearer shares that grant, whether immediately or at a later date, voting rights in its Shareholders' Meetings, as well as the quantity of shares or other securities held by each of them and, as the case may be, any restrictions that may apply to these securities.

▪ DISCLOSURE OF THRESHOLD CROSSINGS

Imerys' by-laws do not contain any clause imposing disclosure requirements in the case of holdings that cross certain thresholds, other than those set down by law.

Any shareholder, whether acting alone or with others, whose holding rises above or passes below one of the holding thresholds for the Company's capital and/or voting rights provided by the legislation in force must comply with the provisions of articles L. 233-7 *et seq.* of the French Code of Commerce and, more specifically, notify the Company (or, as the case may be, any person that the Company may have been designated for that purpose) and the *Autorité des marchés financiers* (AMF), within four trading days of their holding crossing the threshold in question, in line with article 223-14 of the AMF's General Regulations. In the event of failure to comply with this obligation, the provisions of article L. 233-14 of the French Code of Commerce shall apply.

▪ DOCUMENTS ACCESSIBLE TO THE PUBLIC

The by-laws, minutes of Shareholders' General Meetings, statutory and consolidated financial statements, Statutory Auditors' Reports and all documents made available to the shareholders may be read at the Company's registered office or on the Company's website (***www.imerys.com*** – News & Media Center – regulated information & publications section).

7.2 INFORMATION ABOUT THE SHARE CAPITAL

7.2.1 SHARE CAPITAL AMOUNT

On February 26, 2015, the Board of Directors acknowledged that the share capital had been increased by a nominal amount of €626,748 as a result of the exercise between January 1 and February 25, 2015 of 313,374 stock options and consequently the creation of an equivalent number of new Imerys shares. During the same meeting, the Board of Directors, as part of the completion of the acquisition of the S&B group, approved the contribution to Imerys by S&B Minerals SA of 2,531,964 ordinary shares of S&B Minerals Finance SCA. As consideration of this shares contribution, the Board of Directors, pursuant to the delegation of authority granted by the eighteenth resolution of the Ordinary and Extraordinary Shareholders' Meeting of Imerys held on April 25, 2013, issued 3,728,308 new Imerys shares in favor of S&B Minerals SA that was merged into Blue Crest Holding SA, a company incorporated under the Luxembourg Law, on February 26, 2015 *(see paragraph 7.3.5 of the present chapter)*.

On December 15, 2015, the Board of Directors, as part of the share buy-back programs authorized by the Shareholders' General Meetings of April 29, 2014 and April 30, 2015, and according to the authorization granted by the Shareholders' General Meeting of April 30, 2015, cancelled 1,000,000 treasury shares acquired on the market directly by the Company or through an Investment Services Provider (for more details, please *see paragraph 7.2.4 of the present chapter*). This cancellation of shares led to a share capital decrease of the Company by a nominal amount of €2,000,000.

On January 7, 2016, the Chairman and Chief Executive Officer, pursuant to the delegation of powers given to him by the Board of Directors on December 15, 2015, acknowledged that, on December 31, 2015, the share capital had been increased by a nominal amount of €1,290,436 as a result of the exercise between February 26, 2015 and December 31, 2015 of 645,218 stock options and consequently the creation of an equivalent number of new Imerys shares.

As a result of those operations, Imerys' fully-paid up share capital as of December 31, 2015 totaled €159,144,982; it was made up of 79,572,491 shares with a €2 par value of which 43,239,547 benefited from double voting rights pursuant to article 22 of Imerys' by-laws. Finally, the total number of theoretical voting rights attached to existing shares was 122,812,038. Considering the 229,423 treasury shares held by the Company as on December 31, 2015 *(see paragraph 7.2.4 of this chapter)*, the total number of net voting rights attached to existing shares was 122,582,615 at that date.

Taking into account the 1,459,672 stock options and 901,803 free shares granted to certain employees and executive corporate officers and not yet exercised or acquired at December 31, 2015, the maximum potential dilution of the Company's share capital was 2.88% as on this date (i.e., a nominal amount of €163,867,932). The share capital has not changed since that date.

No directly registered shares have been pledged by the Company.

7.2.2 CHANGES IN SHARE CAPITAL OVER THE PAST FIVE YEARS

Changes in the number of shares and in the Company's share capital over the past five years are as follows:

Year	Operation	Nominal amount of change in capital *(in €)*	Issue premium *(in €)*	Number of shares created	Par value of shares *(in €)*	Successive amounts of the Company's capital *(in €)*	Number of shares that make up capital
2011	Cancellation of shares	(1,065,622)	(23,828,533)	(532,811)	2	149,882,688	74,941,344
	Exercise of stock options	402,344	5,050,706	201,172	2	150,285,032	75,142,516*
2012	Exercise of stock options	452,060	6,561,165	226,030	2	150,737,092	75,368,546*
2013	Cancellation of shares	(87,448)	(1,963,193)	(43,724)	2	150,649,644	75,324,822
	Exercise of stock options	1,826,884	38,078,652	913,442	2	152,476,528	76,238,264*
2014	Cancellation of shares	(1,836,630)	(54,236,971)	(918,315)	2	150,639,898	75,319,949
	Exercise of stock options	1,131,284	26,244,140	565,642	2	151,771,182	75,885,591*
2015	Exercise of stock options	626,748	15,747,996	313,374	2	152,397,930	76,198,965
	Share capital increase in compensation of 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*

* *As at December 31.*

7.2.3 FINANCIAL AUTHORIZATIONS

In accordance with the provisions of article L. 225-100 of the French Code of Commerce, an overview of all the financial authorizations and delegations of authority granted to the Board of Directors by the Shareholders' General Meeting and existing at the date of this Registration Document is set out in the table below.

■ SUMMARY OF THE FINANCIAL AUTHORIZATIONS AND DELEGATIONS OF AUTHORITY IN FORCE

Type of authorizations	Expiry and duration of the authorization	Maximum nominal authorized amount	Use in 2015
Issue of shares and debt securities			
Issue of shares or debt securities giving access to the share capital with preemptive subscription rights(1) (Shareholders' General Meeting of April 30, 2015, 13th resolution)	June 29, 2017 (26 months)	Capital: €75 million (i.e. approx. 50% of capital) Debt securities: €1 billion	None
Issue of shares or debt securities giving access to the share capital without preemptive subscription rights, and, as the case maybe, a priority period granted by the Board of Directors (2) (Shareholders' General Meeting of April 30, 2015, 14th resolution)	June 29, 2017 (26 months)	Capital: €30 million (i.e. approx. 20% of capital) Debt securities: €1 billion	None
Issue of shares or securities giving access to the share capital, by private investments with cancellation of preemptive subscription rights in favor of qualified investors or a limited circle of investors(3) (Shareholders' General Meeting of April 30, 2015, 15th resolution)	June 29, 2017 (26 months)	15% of the capital on the issue day, the issued amount being charged to the ceiling of the 14th resolution of the Shareholders' General Meeting of April 30, 2015	None
Authorization to increase the number of shares in the event of excess demand of shares to be issued with or without preemptive subscription rights(4) (Shareholders' General Meeting of April 30, 2015, 16th resolution)	June 29, 2017 (26 months)	15% of the initial issue, the issued amount being charged to the ceiling of the 14th and 20th resolutions of the Shareholders' General Meeting of April 30, 2015	None
Authorization to set the issue price of shares or securities giving access to the share capital in the event of cancellation of preemptive subscription rights(5) (Shareholders' General Meeting of April 30, 2015, 17th resolution)	June 29, 2017 (26 months)	10% of the capital per year, the issued amount being charged to the ceiling of the 14th resolution of the Shareholders' General Meeting of April 30, 2015	None
Issue of shares or securities giving access to the share capital in compensation for contributions in kind made of shares or securities giving access to the share capital(6) (Shareholders' General Meeting of April 30, 2015, 18th resolution)	June 29, 2017 (26 months)	10% of the capital per year, the issued amount being charged to the ceiling of the 14th resolution of the Shareholders' General Meeting of April 30, 2015	None
Increase of share capital by capitalization of reserves, earnings and issue or share premiums(7) (Shareholders' General Meeting of April 30, 2015, 19th resolution)	June 29, 2017 (26 months)	€75 million, the issued amount being charged to the ceiling of the 13th resolution Shareholders' General Meeting of April 30, 2015	None
Overall ceilings of the share capital increases with or without preemptive subscription right (Shareholders' General Meeting of April 30, 2015, 20th resolution)		Capital: €75 million Debt securities: €1 billion	-
Share buyback and cancellation of shares			
Purchase by the Company of treasury shares(8) (Shareholders' General Meeting of April 30, 2015, 12th resolution)	October 29, 2016 (18 months)	10% of the existing shares as of January 1, 2015	1,186,591 acquired shares
Share capital decrease by cancellation of treasury shares (Shareholders' General Meeting of April 30, 2015, 22nd resolution)	June 29, 2017 (26 months)	10% of the capital per 24-month period	1,000,000 cancelled shares

(1) In accordance with the provisions of articles L. 225-129 et seq. and L. 228-91 et seq. of the French Code of Commerce.
(2) In accordance with the provisions of articles L. 225-129 et seq., L. 225-135 et seq., L. 225-136 and L. 228-91 et seq. of the French Code of Commerce.
(3) In accordance with the provisions of articles L. 225-129-2, L. 225-135, L. 225-136, L. 228-91 et seq. of the French Code of Commerce and L. 411-2 of the French Monetary and Financial Code.
(4) In accordance with the provisions of article L. 225-135-1 of the French Code of Commerce.
(5) In accordance with the provisions of articles L. 225-129-2 and L. 225-136, 1° paragraph 2 of the French Code of Commerce.
(6) In accordance with the provisions of articles L. 225-147 and L. 228-91 et seq. of the French Code of Commerce.
(7) In accordance with the provisions of articles L. 225-129, L. 225-129-2 et seq. and L. 225-130 of the French Code of Commerce.
(8) In accordance with the provisions of articles L. 225-209 et seq. of the French Code of Commerce and 241-1 to 241-6 of the AMF's General Regulations.

Type of authorizations	Expiry and duration of the authorization	Maximum nominal authorized amount	Use in 2015
Issues in favor of employees and corporate officers			
Issue of shares or securities giving access to the share capital reserved for Group employees that joined a company or Group savings plan[10] (Shareholders' General Meeting of April 30, 2015, 21st resolution)	June 29, 2017 (26 months)	€1.6 million	None
Grant of Imerys stock options to employees and corporate officers, or certain categories of them[11] (Shareholders' General Meeting of April 30, 2015, 14th resolution)	June 28, 2017 (38 months)	Common ceiling: 3% of the share capital on the day of the Board's decision to grant share subscription and/or acquisition options or free shares or to issue share subscription and/or acquisition Sub-ceiling of grant of stock options and conditional free shares to executive officers: 0.5% of share capital on the day of the Board's decision to grant	None[12]
Grant of Imerys conditional free shares to employees and corporate officers, or certain categories of them[13] (Shareholders' General Meeting of April 30, 2015, 15th resolution)			309,550 conditional free shares were allotted in 2015 i.e. 0.38% of the capital[14]

(10) *In accordance with the provisions of articles L. 225-129 et seq. and L. 225-138 of the French Code of Commerce and L. 3332-1 et seq. of the French Labor Code.*

(11) *In accordance with the provisions of articles L. 225-177 et seq. of the French Code of Commerce.*

(12) *For more details regarding stock options grants, see chapter 3, section 3.4 of the Registration Document.*

(13) *In accordance with the provisions of articles L. 225-197-1 et seq. of the French Code of Commerce.*

(14) *For more details regarding allotments of conditional free shares, see chapter 3, section 3.5 of the Registration Document.*

The table below sets out the financial authorizations of which the renewal will be proposed to the Shareholders' General Meeting of May 4, 2016.

√ For more details, *see chapter 8, paragraphs 8.1.6 and 8.1.7 and section 8.4 of the Registration Document.*

■ SUMMARY OF THE FINANCIAL AUTHORIZATIONS FOR WHICH THE RENEWAL WILL BE PROPOSED TO THE ORDINARY AND EXTRAORDINARY SHAREHOLDERS' GENERAL MEETING OF MAY 4, 2016

Type of authorizations	Expiry and duration of the authorization	Maximum nominal authorized amount
Share buyback		
Purchase by the Company of treasury shares[1] (Shareholders' General Meeting of May 4, 2016, 16th resolution)	November 3, 2017 (18 months)	10% of the existing shares as of January 1, 2016 i.e. 7,957,249 shares
Issues in favor of employees and corporate officers		
Grant of Imerys conditional free shares to employees and corporate officers, or certain categories of them[2] (Shareholders' General Meeting of May 4, 2016, 17th resolution)	July 3, 2017 (14 months)	Common ceiling with the authorization to grant stock options approved by the Shareholders General Meeting of April 29, 2014 (14th resolution: 3% of the share capital on the day of the Board's decision to grant share subscription and/or acquisition options or free shares. Sub-ceiling of grant of stock options and conditional free shares to executive officers: 0.5% of share capital on the day of the Board's decision to grant

(1) *In accordance with the provisions of articles L. 225-209 et seq. of the French Code of Commerce and 241-1 to 241-6 of the AMF's General Regulations.*

(2) *In accordance with the provisions of articles L. 225-197-1 et seq. of the French Code of Commerce.*

■ OTHER SECURITIES

As the decision to issue ordinary bonds is within the competence of the Board of Directors in accordance with article L. 228-40 of the French Code of Commerce, the Board of Directors delegated on April 30, 2015 full powers to the Chairman and Chief Executive Officer for the purposes of carrying out such issues and deciding their conditions, within the period of one year and an initial limit of a maximum annual nominal amount of €1.5 billion and a maximum nominal amount per operation of €350 million. This authorization was not used in 2015.

7.2.4 SHARE BUYBACK PROGRAMS

▪ LEGAL FRAMEWORK OF SHARE BUYBACK PROGRAMS IMPLEMENTED IN 2015

The Ordinary and Extraordinary Shareholders' General Meeting of April 30, 2015 renewed in favor of the Board of Directors and for a period of 18 months, i.e. until October 29, 2016, the authorization previously granted by the Ordinary and Extraordinary Shareholders' General Meeting held on April 29, 2014 for the Company to buy back its own shares, in accordance with articles L. 225-209 *et seq.* of the French Code of Commerce, within the limit of 10% of the shares existing and outstanding as of January 1, 2015, i.e. 7,588,559 and within the limit of a global investment amount of €645 million. This Shareholders' General Meeting also decided that the number of shares likely to be held, directly or indirectly, at all times, shall not exceed 10% of the shares making up the share capital. Lastly, the maximum acquisition price was set at €85 per share.

In accordance with provisions of article L. 225-209 paragraph 3 of the French Code of Commerce, the Board of Directors delegated to the Chairman and Chief Executive Officer on April 30, 2015 all powers for the purposes of purchasing the Company's shares, under the conditions and within the limits set by the Shareholders' General Meeting.

▪ OPERATIONS CARRIED OUT IN 2015(1)

In accordance with article L. 225-211 of the French Code of Commerce, the following operations were carried out with respect to the Company's share buyback programs in force in 2015.

Transactions completed between January 1 and April 30, 2015 within the framework of the former share buyback program

Nil.

Transactions completed between May 1 and December 31, 2015 within the framework of the current share buyback program

Under the share buyback program approved by the Ordinary and Extraordinary Shareholders' General Meeting of April 30, 2015, 186,591 shares were acquired directly by the Company on the market at an average price of €67.18 and totally allocated for the purpose of future cancellation.

Furthermore, 1,000,000 shares were bought back on the market at an average weighted price of €61.62 by an investment services provider ("PSI") as part of a share purchase mandate entered into by the Company on July 7, 2015, in accordance with the provisions of European regulation (EU) 2273/2003, articles 241-1 *et seq.* and 631-5 *et seq.* of AMF's General Regulations and AMF's position on the implementation of the share buyback framework. The signing of the mandate was announced on Imerys website on July 7, 2015.

Among these shares, 769,758 were allocated for the purposes of subsequent cancellation, 52,397 were allocated for the purposes of conditional free share grants to certain employees and corporate officers and the remainder, i.e. 177,845 actions, for the purposes of their subsequent transfer with respect to the share performance amount for the S&B group acquisition to be paid by the Company in 2016, 2017 and 2018 pursuant to the provisions of the share purchase agreement entered into on November 5, 2014.

Number of treasury shares held as at December 31, 2015

Taking into account:

- the remaining number of treasury shares as on January 1, 2015, i.e. 179,649,
- the number of shares acquired on the market in 2015 by Imerys directly or through the share purchase mandate granted to an Investment Services Provider i.e. 1,186,591,
- the delivery in 2015 of 136,817 vested shares to the beneficiaries of conditional Free Share Plans (for further details, *see chapter 3, paragraph 3.5.1 of the Registration Document*), and
- the cancellation of 1,000,000 treasury shares by the Board of Directors of December 15, 2015,

229,423 treasury shares with a par value of €2 and acquired on the market at an average price of €62.28 were self-held by the Company on December 31, 2015, representing 0.29% of share capital at that date.

It is noted that:

- all transactions conducted in 2015 by the Company with respect to its share buyback programs were made on a spot basis without any open purchasing or selling position being taken;
- the Company does not use derivatives with respect to its share buyback programs;
- the bank fees relating to the buyback transactions made directly on the market by the Company in 2015 amounted to €43,346. The French tax on financial transactions ("TTF") amounted to €148,310.

▪ RENEWAL OF THE SHARE BUYBACK PROGRAM

As the authorization granted by the Ordinary and Extraordinary Shareholders' General Meeting of April 30, 2015 expires on October 29, 2016, its renewal in favor of the Board of Directors, on a similar basis, will be proposed at the Ordinary and Extraordinary Shareholders' General Meeting of May 4, 2016 for a further period of 18 months, i.e. until November 3, 2017 *(see chapter 8, paragraph 8.1.6 and section 8.4 of the Registration Document)*.

The description of this new program, drawn up in accordance with the provisions of articles 241-1 to 242-6 of the AMF's General Regulations, will be available on the Company's website (***www.imerys.com*** – News & Media Center section – Regulated Information) and sent to the AMF. A copy of this description can also be obtained on request from the Company's head office.

(1) *All prices and amounts are given excluding fees and commissions.*

7.2.5 EMPLOYEE SHAREHOLDING

As at December 31, 2015, 0.18% of the share capital and 0.24% of the voting rights in the Company were held, either directly or through the Imerys Actions mutual fund, by Group employees under the Group Savings Plan.

7.3 SHAREHOLDING

7.3.1 DISTRIBUTION OF SHARE CAPITAL AND VOTING RIGHTS OVER THE PAST THREE YEARS

The changes in the share capital and voting rights structure over the past three years are as follows:

	As of December 31, 2013				As of December 31, 2014				As of December 31, 2015			
	Number of shares held	% of share capital	Voting rights attached(1)	% of voting rights(2)	Number of shares held	% of share capital	Voting rights attached(1)	% of voting rights(2)	Number of shares held	% of share capital	Voting rights attached(1)	% of voting rights(2)
Belgian Securities BV	42,851,473	56.21	85,702,946(3)	71.63	42,851,473	56.47	85,702,946	71.87	42,851,473	53.85	85,602,946	69.70
Blue Crest Holding SA	-	-	-	-	-	-	-	-	4,052,784	5.09	4,052,784	3.30
Group employees(4)	159,082	0.21	318,164	0.27	154,807	0.20	183,788	0.15	146,238	0.18	292,158	0.24
Treasury shares	100,137	0.13	100,137(5)	0.08	179,649	0.24	179,649(5)	0.15	229,423	0.29	229,423(5)	0.19
Public	31,356,672	41.13	31,751,472	26.54	31,671,162	41.74	32,148,897	26.96	32,292,573	40.59	32,634,727	26.57
Total	**76,238,264**	**100**	**119,643,619**	**100**	**75,885,591**	**100**	**119,243,780**	**100**	**79,572,491**	**100**	**122,812,038**	**100**

1) In compliance with article 22 of the by-laws, nominal shares registered for at least two years carry a double voting rights.

(2) The percentages are calculated on the basis of the theoretical voting rights existing as of December 31 of each year.

(3) The increase in the number of voting rights of Belgian Securities BV results from the grant of double voting rights on April 8, 2013 to the shares acquired by Belgian Securities BV from Pargesa Netherlands BV on April 8, 2011 (for further details, see paragraph 7.3.5 of this chapter).

(4) In accordance with the provisions of article L. 225-102 of the French Code of Commerce, only shares held by Group employees under the Group Savings Plan appear in this table.

(5) These are theoretical voting rights, as treasury shares do not benefit from voting rights at the Shareholders' General Meetings.

7.3.2 CROSSING OF THRESHOLDS

On May 8, 2015, Blue Crest Holding SA declared to AMF that it exceeded on May 5, 2015 the 5% threshold in the Company's capital and held 4,024,793 shares representing as many voting rights, i.e. 5.01% of capital and 3.25% of voting rights in Imerys as of that date (AMF decision and information No. 215C0604 dated May 11, 2015).

No other threshold crossing was brought to the attention of the Company during the 2015 financial year and up to the date of the Registration Document.

To the best of Imerys' knowledge, no shareholder other than those mentioned in *paragraph 7.3.1 of this chapter* directly or indirectly holds more than 5% of the share capital and voting rights of the Company.

7.3.3 CONTROL OF THE COMPANY AND SHAREHOLDERS' AGREEMENT

CONTROL OF THE COMPANY

Because of the number of voting rights held by Belgian Securities BV which is directly controlled by Groupe Bruxelles Lambert and indirectly by Pargesa Holding SA (for further details, *see the organizational chart in paragraph 7.3.5 of this chapter)*, the Pargesa-GBL concert has controlling rights over the Company. Nevertheless, the Company judges that there is no risk of such control being exercised abusively. The Company and its Board of Directors have always been extremely attentive to the respect of all shareholders' interests and have always striven to comply with the best Corporate Governance rules and practices in this field, as shown, in particular, by the number of independent members of the Board of Directors and its Audit Committee and Appointment and Compensation Committee (for further information on the composition of the Board of Directors and its Committees, *see chapter 3, paragraph 3.1.2 of the Registration Document)*.

SHAREHOLDERS' AGREEMENT

On November 5, 2014, Groupe Bruxelles Lambert, Belgian Securities B.V., Blue Crest Holding S.A. and S&B Minerals S.A entered into a shareholders' agreement with respect to their direct or indirect shareholding in the Company. This agreement, governed by Luxembourg law, came into force on February 26, 2015 for a renewable period of seven years and provides for the following:

- a commitment to keep for three years the 3,728,308 shares created as compensation for the contribution of shares by S&B Minerals S.A for the benefit of Imerys, held since February 26, 2015 by Blue Crest Holding SA (as well as the Imerys shares that the latter would receive in consideration of the performance amount by virtue of the share purchase agreement concluded on November 5, 2014);
- a joint tag-along right for three years for Blue Crest Holding SA with respect to Groupe Bruxelles Lambert, in the event of a transfer of Imerys shares by Groupe Bruxelles Lambert to a third party with the effect of reducing Groupe Bruxelles Lambert's interest to less than 40% of Imerys' capital;
- a pre-emptive right for the benefit of Groupe Bruxelles Lambert, with Blue Crest Holding SA having pledged, after the expiry of its holding commitment, to grant Groupe Bruxelles Lambert a pre-emptive right on any Imerys shares that Blue Crest Holding SA may wish to sell;
- a right of representation for Blue Crest Holding SA on the Board of Directors and on the Strategic Committee, for as long as Blue Crest Holding SA holds at least 3% of Imerys shares;

This shareholders' agreement also provides for its early termination if any of the following events occur:

- in the event that Blue Crest Holding SA comes to directly or indirectly hold a number of Imerys shares that is less than 50% of the 3,728,308 shares newly created as compensation for the contribution of shares implemented on February 26, 2015;
- in the event it is terminated by Groupe Bruxelles Lambert, which it would be authorized to do if Blue Crest Holding SA's current shareholders were to no longer control Blue Crest Holding SA or no longer directly or indirectly hold 100% of Blue Crest Holding SA's capital;
- if Groupe Bruxelles Lambert's direct or indirect interest in Groupe Bruxelles Lambert were to fall below 40% of Imerys' capital.

It is specified that this shareholders' agreement does not form a concert in the sense of article L. 233-10 of the French Code of Commerce. It was disclosed to the AMF and the Company on March 5, 2015 (AMF decision and information No. 215C0360 dated March 27, 2015 available on the AMF website: *www.amf-france.org*).

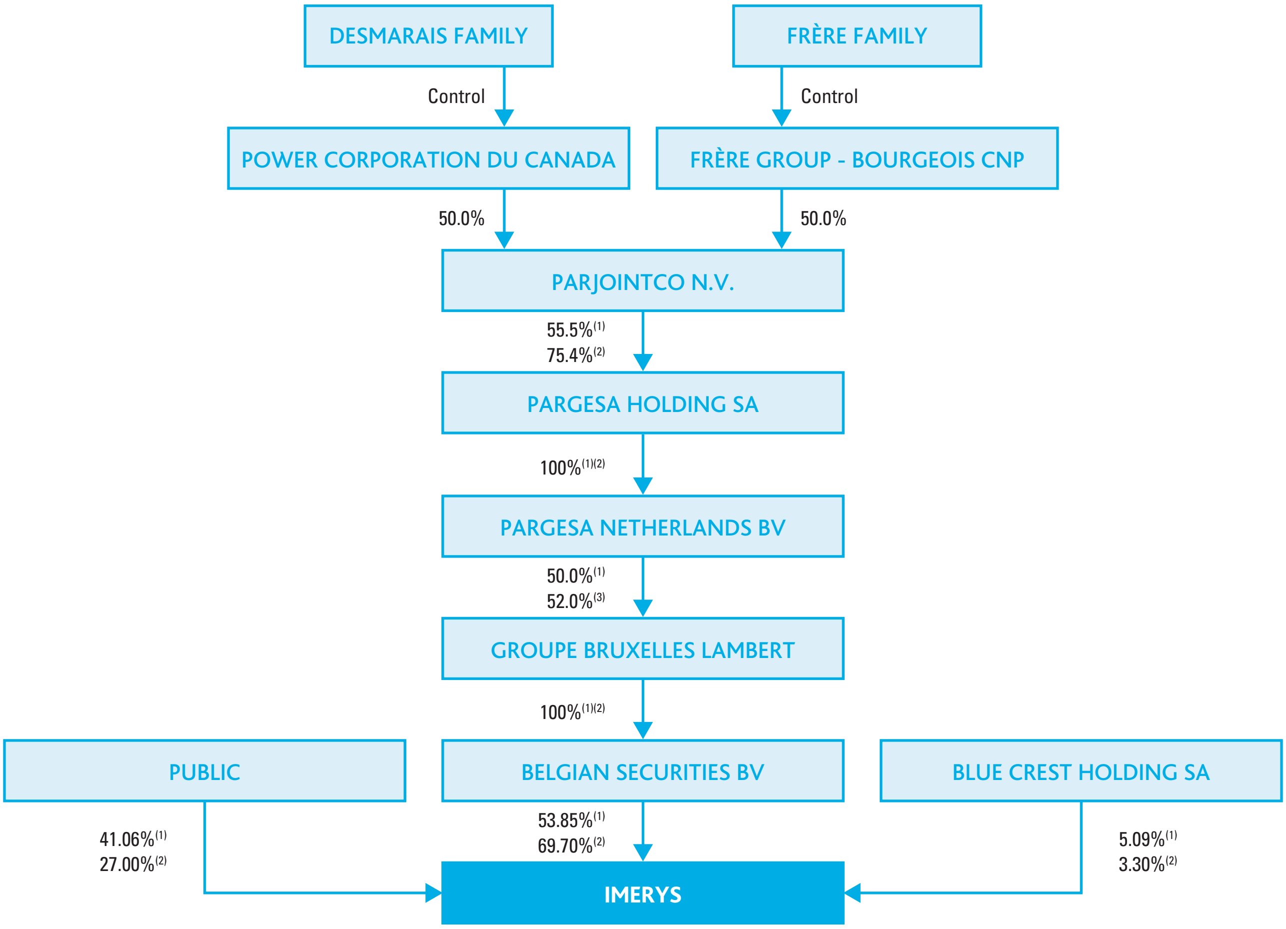
As of the date of this Registration Document, the Company has not been informed of any other agreement between the Company's shareholders, nor of any agreement that, if implemented, could lead to a change of control.

7.3.4 IDENTIFICATION OF BEARER SHAREHOLDERS

Imerys asked Euroclear France to conduct a survey of identifiable bearer shares in the Company among financial intermediaries with holding thresholds over 30,000 shares. Except for the controlling shareholder (Belgian Securities BV), this survey identified 3,512 bearer shareholders with over 200 shares that together represented 36.64% of share capital as of December 31, 2015 (of which 361 institutional investors holding 34.71% of share capital).

7.3.5 GROUP SHAREHOLDING STRUCTURE

The organizational chart showing the relationships between Imerys shareholders as regards share capital and voting rights as of December 31, 2015 may be presented as follows:



(1) Participation of share capital
(2) Participation of voting rights
(3) Given the suspended voting rights of treasury shares

Pargesa Holding SA is a company governed by Swiss law with registered offices located at 11, Grand-Rue, CH 1204 Geneva (Switzerland). Pargesa Netherlands BV is a company governed by Dutch law, with registered offices located at Herengracht 483, 1017 BT Amsterdam (Netherlands). Groupe Bruxelles Lambert (GBL) is a company governed by Belgian law, with registered offices located at Avenue Marnix 24, 1000 Brussels (Belgium). Belgian Securities BV is a company governed by Dutch law, with registered offices located at Herengracht 555, 1017 BW Amsterdam (Netherlands).

The direct tie-up of Imerys to the Pargesa-GBL group results from the merger of Parfinance with the Company, completed on June 30, 1998. Parfinance was then the Company's controlling shareholder, and had already been so for several years.

Parjointco is a company governed by Dutch law, with registered offices located at Veerkade 5, 3016 DE-Rotterdam, Netherlands. It is held equally and jointly controlled by both Power Group, a Canadian group controlled by the Desmarais family and by Groupe Frère/CNP (Compagnie Nationale à Portefeuille), a Belgian group controlled by the family of Baron Albert Frère.

On March 21, 2011, the Pargesa-GBL group notified the AMF of its intention to reclassify Imerys shares, following which Belgian Securities BV would acquire all of the Imerys shares held by Pargesa Netherlands BV. As this reclassification gave rise to a direct crossing by Belgian Securities BV and an indirect one by Groupe Bruxelles Lambert (holding 100% of Belgian Securities BV) of the one-third threshold of the Company's share capital and an increase of more than 2% in their direct and indirect stake in less than a twelve-month period, Belgian Securities BV and Groupe Bruxelles Lambert requested an exemption from the AMF from the obligation to file a take-over bid plan for the Company's shares. An exemption was granted on March 29, 2011 (AMF Decision and Information No. 211C0389 dated March 31, 2011), and Imerys shares held by Paragesa Netherlands BV were transferred to Belgian Securities BV on April 8, 2011. This transaction, which has no impact on the ultimate control of the Company, resulted in the loss of double voting rights attached to Pargesa Netherlands BV's stake and similarly reduced the total number of voting rights of the Company. On April 8, 2013, in accordance with the provisions of the Company's by-laws, double voting rights were granted to the shares acquired by Belgian Securities BV from Pargesa Netherlands BV leading to the increase of the total number of the Company's voting rights and a direct crossing by Belgian Securities BV of the two-third threshold of these voting rights *(see section 7.3.2 of this chapter)*.

Blue Crest Holding SA is a company governed by Luxembourg law with registered offices located at 19, rue Eugène Ruppert, L-2453 Luxembourg (Luxembourg). It is held and controlled by the Kyriacopoulos family.

7.4 ELEMENTS WHICH COULD HAVE AN IMPACT IN THE EVENT OF A TAKEOVER BID

Pursuant to article L. 225-100-3 of the French Code of Commerce, elements which could have an impact in the event of a takeover bid for the securities of the Company are as follows, it being stipulated that no specific mechanism has been set up by the Company:

Structure of the share capital – direct or indirect investments in the share capital – Shareholders' agreements

Information regarding the shareholding of the Company (structure of the share capital, thresholds crossings and control of the Company) appear in *section 7.3 of this chapter*.

Restrictions to the exercise of voting rights and to the transfer of shares or agreements known by the Company

See *paragraph 7.3.3 of this chapter*.

Holders of securities granting specific control rights

The Company's by-laws specify that shares registered in the name of the same shareholder for at least two years carry double voting rights *(see section 7.1 of this chapter)*.

Control mechanisms under employee shareholding schemes

None.

Specific rules governing the appointment or replacement of Directors and the modification of the Company's by-laws

None.

Powers of the Board of Directors regarding the issue or buyback of shares

The terms and conditions for the buyback of the Company's shares are set out in *paragraphs 7.2.3 and 7.2.4 of this chapter*.

Agreements that may be amended or terminated in the event of a change of control of the Company

Some of the Company's main financing agreements *(see note 24.5 to the consolidated financial statements)* contain a clause which provides for their early reimbursement, under certain conditions and on the Company's initiative, in the event of a change of control.

Joint venture agreements entered into by the Company's subsidiaries generally provide for an exit clause in the event of a change of control of the said subsidiaries.

Agreements providing indemnities to be paid to members of the Board of Directors or employees if they resign or are dismissed without genuine and serious cause or if their employment ends because of a takeover bid

Terms and conditions of the indemnity that may be owed to the Chairman and Chief Executive Officer in the event his duties end are detailed in *chapter 3, paragraph 3.3.2 of the Registration Document*.

7.5 IMERYS STOCK EXCHANGE INFORMATION

Imerys shares are listed on Euronext Paris and are eligible for the deferred settlement system ("Système à Règlement Différé" – SRD) (ISIN code FR 0000120859-Mnemo NK). Imerys is part of the CAC MD (mid 60) index within the SBF 120 which represents the 120 largest stocks listed on Euronext Paris (in terms of market capitalization, free float and trading volumes), as well as of the CAC Basic Materials index. Imerys shares are also part of the "Dow Jones Euro Stoxx", the benchmark index for the euro zone, comprising 291 shares selected from the 12 member countries.

Imerys shares have been listed, since November 2, 2009, under the general mining sector ("1775 General Mining Activities" according to ICB classification) and they also belong to more than 60 international indexes.

The Group remains attentive to the ratings of non-financial analysis agencies *(see chapter 5, paragraph 5.2.2 of the Registration Document)*.

No securities in any Imerys subsidiary are listed on a stock exchange.

7.5.1 HIGHEST AND LOWEST MARKET PRICES BETWEEN 2011 AND 2015

Year	Highest market price* *(€)*	Lowest market price* *(€)*	Final market closing price of the year* *(€)*
2011	55.00	31.87	35.59
2012	48.70	35.09	48.19
2013	64.00	45.31	63.21
2014	68.10	50.45	61.01
2015	73.93	56.85	64.42

* *Market prices observed during trading (Sources: Bloomberg and Euronext).*

7.5.2 TRADING SINCE JANUARY 2014

			Total monthly trading volume		Average daily trading		
	Highest price* *(€)*	**Lowest price*** *(€)*	**Number of shares**	**Capital** *(€M)*	**Number of shares**	**Capital** *(€M)*	**Number of trades**
2014							
January	64.79	59.70	2,421,783	151.87	110,081	6.90	1,390
February	68.10	58.37	1,997,720	127.17	99,886	6.36	1,260
March	67.65	61.57	1,756,172	112.79	83,627	5.37	1,274
April	65.69	60.55	1,269,871	80.18	63,494	4.01	1,047
May	63.99	59.08	1,387,308	85.88	66,062	4.09	931
June	66.10	56.05	1,302,714	81.95	62,034	3.90	1,014
July	64.62	56.71	1,488,343	89.41	64,711	3.89	958
August	62.23	56.00	1,461,417	86.61	69,591	4.12	1,063
September	61.84	56.64	1,607,529	95.34	73,070	4.3	1,041
October	58.57	50.45	2,092,665	114.88	90,985	4.99	1,359
November	61.22	56.35	1,253,867	74.41	62,693	3.72	929
December	62.66	55.76	1,481,924	88.92	70,568	4.23	983
Total 2014			**19,521,313**	**1,189.40**			
2015							
January	65.69	57.75	1,941,683	118.15	92,461	5.63	1,348
February	67.88	63.10	1,573,318	103.78	78,666	5.19	1,154
March	70.97	65.36	1,635,009	111.22	74,319	5.06	1,127
April	73.93	65.65	2,150,616	153.12	107,531	7.66	1,589
May	69.44	64.45	2,169,193	145.71	108,460	7.29	1,565
June	72.00	66.04	2,994,196	206.86	136,100	9.40	1,641
July	71.45	64.66	1,657,589	113.10	72,069	4.92	1,171
August	69.68	58.72	1,586,138	103.25	75,530	4.92	1,337
September	63.33	56.85	2,168,283	130.01	98,558	5.91	1,710
October	62.50	56.86	1,900,957	113.87	86,407	5.18	1,296
November	64.38	60,44	1,534,117	96.28	73,053	4.58	1,254
December	65.00	59.34	1,419,952	88.09	64,543	4.00	1,015
Total 2015			**22,731,051**	**1,483.43**			

* *Market prices observed during trading (Sources: Bloomberg and Euronext).*

7.6 DIVIDENDS

Imerys' policy with regard to the distribution of dividends is based on the net income from current operations recorded for the considered financial year. Imerys historical payout ratio is approximately 37% of such income.

In accordance with the provisions of article 243 bis of the French General Tax Code, the dividends distributed with respect to the last three financial years were as follows:

	2014	2013	2012
Net income per share	€4.15	€4.03	€4.00
Net dividend per share	€1.65	€1.60	€1.55
Gross dividend per share	€1.65	€1.60	€1.55
Number of shares entitled to dividend	80,298,521	76,519,723	75,455,357
Total net distribution	**€132.5 million**	**€122.4 million**	**€116.9 million**

Imerys does not usually make interim distributions. Dividends are paid once a year following the Shareholders' General Meeting called upon to approve the management and financial statements for the financial year just ended.

The right to claim dividends lapses five years from the date of payment. Unclaimed amounts are deposited with the French State in the first 20 days of January of the year following the expiry of the limitation period.

7.7 SHAREHOLDER RELATIONS

Imerys pays special attention to its shareholders by keeping them up to date with its activities, strategy, capital expenditure, results and prospects. This goal is reflected in the various communication vehicles that involve shareholders in the Group's life:

- the ***www.imerys.com*** website for news of the Group's activities and share prices, with a specific section dedicated to individual shareholders which provides access to the "Individual Shareholder's Guide";
- a Letter to Shareholders published several times a year, presenting the Group's news, results and outlook;
- an Annual Report;
- a Registration Document including the Annual Financial Report, plus a Half-year Financial Report;
- a Sustainable Development Report;
- a dedicated phone line and e-mail address.

All these documents are published in English and French and are sent to each registered shareholder and to the bearer shareholders who wish to receive them regularly.

The financial community and individual shareholders are also informed on the Company's business through financial announcements published in the press (paper and web format) whenever results are published and when annual Shareholders' General Meeting is convened.

Imerys, through the intermediary of CACEIS Corporate Trust which is in charge of its registry services, provides shareholders who opt to register their shares in their own name[(1)] with an online service for consulting their securities account through the secure Internet site *www.nomi.olisnet.com*. This site gives shareholders access in particular to the prices and characteristics of the securities in their portfolio, their latest security transactions and the availability of their stocks and the attached voting rights. It also contains all documentation concerning the annual Shareholders' General Meeting and enables them to vote on line.

Imerys keeps up ongoing, open and transparent relations with the whole financial, institutional and socially responsible community through individual meetings, sector conferences and conference calls. More than 350 meetings organized throughout 2015 enabled the Executive Management and the Investor Relations team to dialog with financial analysts, institutional investors and international fund managers in the United States, Canada, France and United Kingdom as well as in Austria, Belgium, Germany, Italy and Switzerland.

(1) Shares registered in the holder's name are kept on Imerys' books and administrated by CACEIS Corporate Trust. This identification makes direct, personalized contact possible.

Financial Communication is part of the Group Finance Function:

- Telephone: +33 (0) 1 49 55 64 01
- Fax: +33 (0) 1 49 55 63 16
- e-mail address: finance@imerys.com

Registry services for Imerys shares are provided by the following bank:

CACEIS Corporate Trust

14, rue Rouget-de-Lisle

92862 Issy-les-Moulineaux Cedex 9 (France)

- Telephone: +33 (0) 1 57 78 34 44
- Fax: +33 (0) 1 49 08 05 80
- e-mail address: ct-contact@caceis.com

CACEIS Corporate Trust is more specifically at the service of registered shareholders for the management of their Imerys shares.

7.8 PARENT COMPANY/SUBSIDIARIES ORGANIZATION

As of December 31, 2015, the Group was made up of 350 companies in 58 countries (the main consolidated entities of the Group are listed in *note 25 to the consolidated financial statements)*. The Group operational structure is based on four business groups details of which are set out in *chapter 1, paragraph 1.2.6 of the Registration Document*.

Imerys is the Group's holding company. In that respect it does not directly carry out any industrial or commercial activity. The Company's assets are mainly comprised of the investments it directly holds in some Group subsidiaries. For further information about the subsidiaries held directly by the Company, *see note 35 to the statutory financial statements*.

Imerys as well as some of its local holding companies (Belgium, Brazil, China, Singapore, United Kingdom and United States) provide all its subsidiaries with general assistance and expertise in particular in the following areas:

- Accounting & Financial Control;
- Audit;
- Communication;
- Environment, Health & Safety;
- Human Resources;
- Information Technology;
- Innovation, Research & Development;
- Insurance;
- Intellectual Property;
- Legal;
- Purchasing;
- Strategy;
- Tax;
- Treasury.

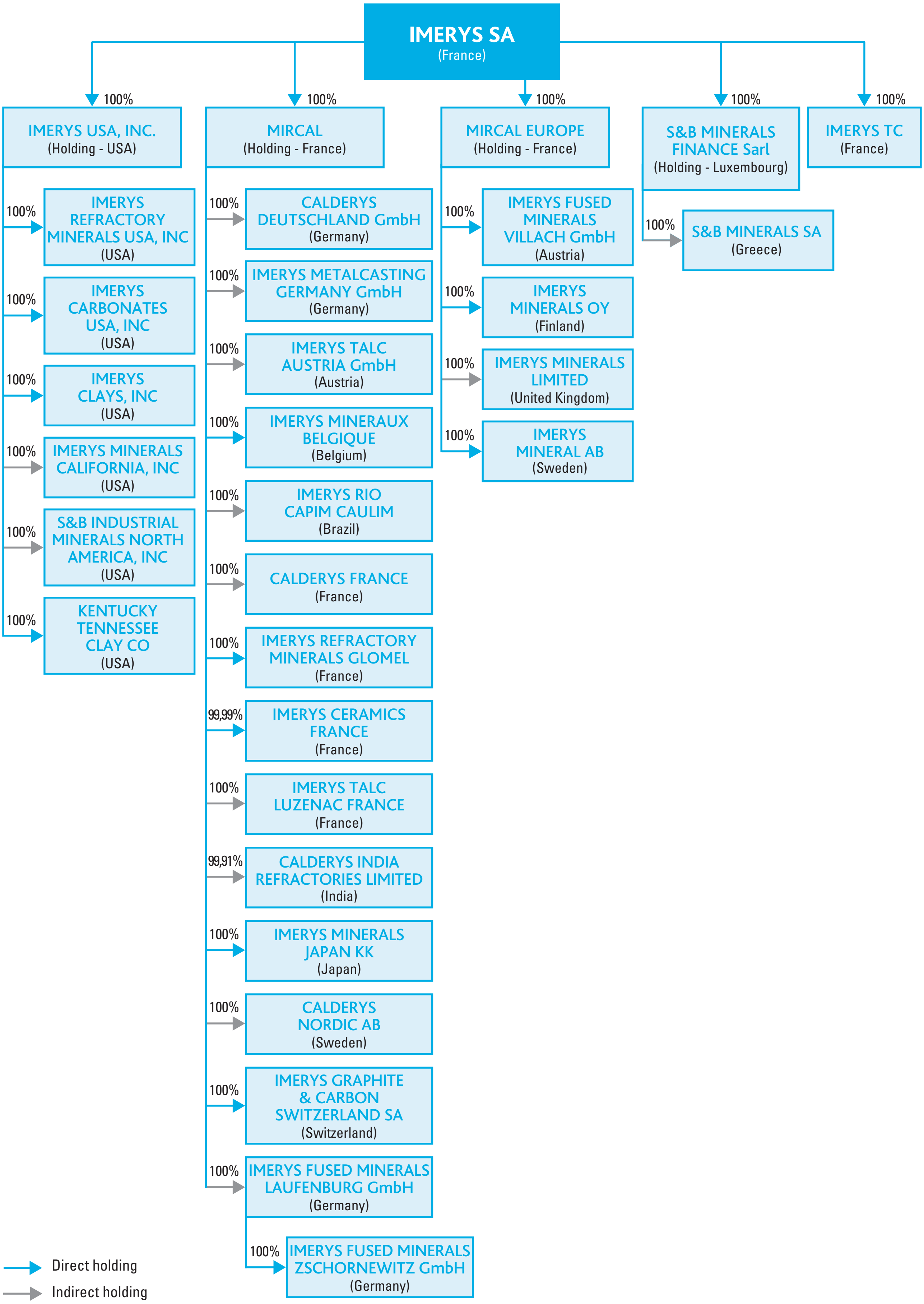
These services include, notably: assistance and advice in response to case-by-case requests from its subsidiaries, as well as more general studies and analyses or even recommendations or proposed actions as preventive measures.

Compensation for these services is determined on the basis of the related costs incurred by Imerys and its local holding companies. These costs are allocated among the subsidiaries that benefit from the services. either in proportion to their revenues compared to the total revenues of the activity they belong to or in proportion to the number of their employees. In addition, external costs incurred specifically on behalf of a subsidiary and the costs of employees seconded to a subsidiary are allocated separately to that subsidiary.

The Company invoiced a net total amount of €27.9 million in 2015 for services provided to its subsidiaries.

Imerys is also the parent company of the tax consolidation group for the Group's French companies with more than 95% of their share capital being held by Imerys *(see note 8 to the statutory financial statements)*.

The simplified organization chart presented below shows the main operating entities of the Group whose turnover exceeded €50.0 million as of December 31, 2015.



8

ORDINARY AND EXTRAORDINARY SHAREHOLDERS' GENERAL MEETING OF MAY 4, 2016

8.1 PRESENTATION OF THE RESOLUTIONS BY THE BOARD OF DIRECTORS

The resolutions that the Board of Directors drew up at its meeting of February 11, 2016 and submit for your approval, fall within the scope of the Ordinary part of the Shareholders' General Meeting for resolutions 1 to 16 and 18 and within the scope of the Extraordinary part of the Shareholders' General Meeting for resolution 17.

8.1.1 FINANCIAL YEAR 2015 – ANNUAL FINANCIAL STATEMENTS AND ALLOCATION OF EARNINGS

(Three resolutions falling within the scope of the Ordinary Shareholders' General Meeting)

We first submit for your approval the Company's financial statements ***(first resolution)*** and the Group's consolidated financial statements ***(second resolution)*** for the 2015 financial year.

The presentation of these financial statements and the description of the financial situation, business and results of the Group and the Company for the financial year just ended, as well as the various items of information required by current legal and regulatory provisions, appear in *chapters 2 and 6 of the Registration Document*.

You are then called upon to decide on the allocation of the Company's 2015 earnings ***(third resolution).*** The Company's net income in 2015 totalled €340,118,961 to which the retained earnings appearing in the balance sheet of €27,815,615 be added in order to give a total distributable amount of €367,934,576. The Board of Directors proposes the payment of a dividend of €1.75 per share, i.e. a 6.1% increase compared with the dividend paid in 2015 with respect to the previous financial year. The dividend will be payable as from May 12, 2016.

In accordance with the provisions of article 243 *bis* of the French General Tax Code, the entire proposed dividend with respect to 2015 is eligible for the 40% tax credit provided for by article 158-3-2° of the French General Tax Code, which natural persons resident in France for tax purposes may benefit from.

Dividends paid out with respect to the previous three financial years were as follows:

Financial year ending	12/31/2014	12/31/2013	12/31/2012
Net dividend per share	€1.65	€1.60	€1.55
Number of shares entitled to dividend	80,298,521	76,519,723	75,455,357
Total net distribution	€132.5 M	€122.4 M	€116.9 M

8.1.2 REGULATED AGREEMENTS AND COMMITMENTS

(One resolution falling within the scope of the Ordinary Shareholders' General Meeting)

You are asked under the ***fourth resolution*** to consider the Statutory Auditors' special report relating to the regulated agreements and commitments governed by the provisions of articles L. 225-38 et seq. of the French Code of Commerce as well as the modification made to the commitment made by the Company in favor of Gilles Michel, Chairman and Chief Executive Officer, regarding the severance indemnity that could be owed to him in case of end of his corporate office.

At its meeting of February 11, 2016, the Board of Directors, on the recommendation of the Appointments and Compensation Committee and in order to comply with the terms of the AFEP-MEDEF Corporate Governance Code, amended the conditions for the payment of the severance indemnity that could be owed to Gilles Michel in the event of the end of his corporate office. Consequently, Gilles Michel's employment contract now provides that severance indemnity would only be owed in the event of forced departure linked to a change of control, a change of strategy or a major disagreement over them; no indemnity would be owed in the event of Gilles Michel's voluntary departure or if he had the possibility of benefiting from his pension rights at short notice after he reaches the age of 63. It is specified that the other payout conditions (calculation of amount, applicable performance conditions) are unchanged.

At the same meeting, the Board of Directors, in accordance with legal provisions, reexamined all the other regulated agreements and commitments authorized and entered into in previous years in favor of Gilles Michel (collective pension schemes and social guarantee for Company managers and executives) and confirmed that said commitments were to continue unchanged according to their initial terms and conditions.

√ For more information *see chapter 3 paragraph 3.3.2 of the Registration Document)*.

All the commitments made by the Company are detailed in the Statutory Auditors' special report inserted in *chapter 2, paragraph 2.2.3 of the Registration Document*.

8.1.3 COMPENSATION OF THE CHIEF EXECUTIVE OFFICER

(One resolution falling within the scope of the Ordinary Shareholders' General Meeting)

In accordance with the recommendations of the AFEP-MEDEF Corporate Governance Code, your opinion is required under the ***fifth resolution*** on the compensation items and benefits due or awarded for the 2015 financial year to Gilles Michel, as Chairman and Chief Executive Officer, and that are summarized in the table below (for further details on the compensation policy, *see chapter 3, section 3.3 of the Registration Document)*.

Compensation items due or awarded for the year ended	Amounts or accounting valuation submitted to the vote	Presentation
Fixed compensation	€800,000	Gross fixed compensation decided by the Board of Directors on February 12, 2015, unchanged since 2010.
Annual variable compensation	€666,400 paid in 2015 €882,816 to be paid in 2016	The economic performance criteria for 2015 were related to the achievement of financial targets: net income, Group operating cash flow for 2015 and return on capital employed. A multiplier of 0.8 to 1.2 could be applied to the resulting amount according to the achievement of other specific goals, the confidential nature of which prevents their publication. A ceiling of 132% of the fixed amount of Gilles Michel's compensation is set for the variable part of his compensation.
Deferred variable compensation	NA	No deferred variable compensation was paid to the Chairman and Chief Executive Officer.
Multi-annual variable compensation	NA	No multi-annual variable compensation was paid to the Chairman and Chief Executive Officer.
Extraordinary compensation	NA	No extraordinary compensation was paid to the Chairman and Chief Executive Officer.
Stock options, performance shares and any other element of long-term compensation	NA	No stock options were granted to the Chairman and Chief Executive Officer in 2015.
	Valuation of performance shares awarded = €1,608,513 Other element = NA	35,000 performance shares were granted to the Chairman and Chief Executive Officer upon the decision of the Board of Directors of April 30, 2015 pursuant to the Ordinary and Extraordinary Shareholders' General Meeting authorization of April 29, 2014 *(15th resolution)*, representing 0.04% of the Company's share capital after dilution. These performance shares, and their number, are conditioned by and proportionate to the achievement of economic performance goals related to the growth of the Group's net income per share and of the Group's ROCE *(r*eturn on capital employed) during the 2015-2017 period.
Attendance fees	NA	No attendance fees are allotted to the Chairman and Chief Executive Officer.
Valuation of any benefits	€16,562 (accounting valuation)	Company car with driver.
Indemnity due to end of duties	€0	In 2015, Gilles Michel's employment contract as Executive Corporate Officer was providing for an indemnity in the event that his corporate office is terminated at the Company's initiative or in the event of forced departure linked to a change of control or strategy. The amount of this severance indemnity would be calculated on the basis of a maximum of two years' compensation (fixed + variable). The amount of this indemnity would be calculated on the basis of a maximum of two years' compensation (fixed + variable). Its payment would be subject and proportional to performance conditions appraised on the basis of the arithmetic average of the percentages of achievement of the sole economic and financial goals of the last three financial years, as set down for the determination of the variable compensation with respect to each of those financial years. In addition, Gilles Michel benefits from the social guarantee for Company managers and executives (GSC).

Compensation items due or awarded for the year ended	Amounts or accounting valuation submitted to the vote	Presentation
Indemnity due to end of duties	€0	The Board of Directors on February 11, 2016 decided to modify the conditions for the payment of this severance indemnity in order to comply with the terms of the AFEP-MEDEF Corporate Governance Code *(see chapter 3, paragraph 3.3.2 of the Registration Document)*. In accordance with legal provisions, the amendment made by the Board of Directors on February 11, 2016 was published on the Company's website and notified to the Statutory Auditors for the drafting of their special report on regulated agreements and commitments *(see chapter 2, paragraph 2.2.3 of the Registration Document)* and will be submitted to the approval of the present Shareholders' General Meeting (resolution 4) *(see paragraph 8.1.3 and section 8.4 of this chapter)*.
Indemnity under a non-competition clause	NA	There is no indemnity under a non-competition clause.
Supplementary pension plans	€0	The Chairman and Chief Executive Officer since April 28, 2011 is among the potential beneficiaries of the collective supplementary pension plan with defined benefits for the principal managers of Imerys who meet the restrictive and objective eligibility criteria. The maximum amount of the life annuity that may be paid to the beneficiaries of the plan as from the liquidation of their pension rights is calculated in order to guarantee them: ▪ a total annual gross amount (after allowing for pensions from obligatory and other supplementary plans, including the defined contribution supplementary pension plan described below) of 60% of their reference salary (average of the last two years of the beneficiary's fixed plus variable compensation); said salary is limited to 30 times the annual French social security ceiling (PASS); ▪ subject to a pay-in ceiling equal to 25% of said reference salary. Furthermore, the Company decided to set up, as from October 1, 2009, a defined contribution supplementary pension plan for the benefit of some of Imerys' top managers, including the Chairman and Chief Executive Officer. Contributions to this scheme, set at 8% of the compensation of eligible employees with a ceiling of 8 PASS, are made jointly by the employee (for 3%) and the Company (for 5%). These commitments taken by the Company in favor, among others, of Gilles Michel, Chairman and Chief Executive Officer, were approved again by the Ordinary and Extraordinary Shareholders' General Meeting of April 30, 2015 on the occasion of the renewal of his office as Director. They continued without any modification during the financial year 2015 and they were notified to the Statutory Auditors for the drafting of their special report on regulated agreements and commitments *(see chapter 2, paragraph 2.2.3 of the Registration Document)*.

8.1.4 COMPOSITION OF THE BOARD OF DIRECTORS

(Six resolutions falling within the scope of the Ordinary Shareholders' General Meeting)

In accordance with the law, you are first asked to ratify the appointment as new Directors of Mr. Laurent Raets ***(sixth resolution)*** and Mr. Colin Hall ***(seventh resolution)*** who were appointed in succession to respectively Mr. Olivier Pirotte and Mr. Arnaud Laviolette by the Board of Directors at its meetings of July 29, 2015 and December 15, 2015 (for further details, *see chapter 3, paragraph 3.1.2 of the Registration Document)*. Subject to your approval, Mr. Raets and Mr. Hall will hold their office pour the remaining duration of their respective predecessor, i.e. regarding Mr. Raets until this Shareholders' General Meeting and concerning Mr. Hall until the close of the Shareholders' General Meeting that will be called in 2017 to rule on the management and financial statements for the 2016 financial year.

Moreover, the terms of office of Mrs. Fatine Layt and Messrs. Ian Gallienne, Robert Peugeot, Laurent Raets (subject to the ratification of his appointment proposed above) and Amaury de Seze will expire at the end of this Meeting. At its meeting of February 11, 2016, the Board of Directors acknowledged that Mrs. Fatine Layt, Mr. Robert Peugeot and Mr. Amaury de Seze did not request the renewal of their expiring term of office and, in accordance with the recommendations of the Appointments and Compensation Committee, decided to propose to the Shareholders' General Meeting to:

- renew the term of office of Mr. Ian Gallienne and Mr. Laurent Raets for a further three-year period, i.e. until the close of the Shareholders' General Meeting that will be called in 2019 to rule on the management and financial statements for the 2018 financial year ***(eighth and ninth resolutions);*** and
- appoint for the same three-year period, i.e. until also the end of the Shareholders' General Meeting called in 2019 to rule on the management and financial statements for the 2018 financial year, Mrs. Odile Desforges and Mr. Arnaud Vial as new Directors ***(tenth and eleventh resolutions)*** to succeed respectively Mr. Robert Peugeot and Mr. Amaury de Seze, Mrs. Fatine Layt being not replaced in her duties.

Professional information regarding Messrs. Ian Gallienne, Laurent Raets and Colin Hall is included in *chapter 3, paragraph 3.1.3 of the Registration Document.*

Information concerning Mrs. Odile Desforges and Mr. Arnaud Vial is provided below.

Professional information concerning Mrs. Odile Desforges (born in 1950, French national):
A graduate of École Centrale de Paris, Odile Desforges began her career in 1973 as a researcher at Institut de Recherche des Transports (transport research institute). She joined the Renault group (France) in 1981 as a researcher in the automotive planning department before becoming a product engineer. In 1986 she joined the purchasing department as head of the external parts section then was appointed body part purchasing Manager, from 1992 at GIE Renault Volvo Car Purchasing then in the Renault Purchasing Department in 1994. In March 1999, she became Deputy CEO of the Renault VI-Mack group in charge of 3P (Product Planning, Product Development, Purchasing, Project). In 2001 she was appointed President of the AB Volvo group's 3P Business Unit. In 2003, Odile Desforges became VP Purchasing at Renault and Chairman & CEO of Renault Nissan Purchasing Organization. On that date she became a member of Renault's Management Committee. In 2009, Odile Desforges was appointed a member of the Executive Committee, VP Engineering and Quality for the Renault Group, an office that she held until July 2012, when she ended her professional activities.

Professional information concerning Mr. Arnaud Vial (born in 1953, French and Canadian national):
A graduate of École Supérieure d'Électricité de Paris, Arnaud Vial began his career in 1977 at BNP Paribas (France). In 1988, he joined the Pargesa Group as Vice-President Accounting & Financial Services then Deputy CEO of Parfinance (France). In 1993 he was appointed General Secretary of Pargesa Holding SA (Switzerland). Since 1997, Arnaud Vial has held the office of Senior Vice-President of Power Corporation of Canada and Corporation Financière Power (Canada). He has also been Director and CEO of Pargesa Holding SA since 2013.

In accordance with the principles used by the Company to determine the independent status of its Directors, and after examining their personal situation, the Board of Directors, upon proposal of the Appointments and Compensation Committee, recognized the independent status of Mrs. Odile Desforges. Independent status was not awarded to Messrs. Ian Gallienne, Colin Hall, Laurent Raets and Arnaud Vial, who represent Imerys controlling shareholders (for more details, *see chapter 3, paragraph 3.1.2 of the Registration Document).*

Following the Shareholders' General Meeting of May 4, 2016 and subject to its approval of the above proposals, the Board of Directors will be made up as follows:

Year of end of term of office	Name	Independent member
2017	Aldo Cardoso	Yes
	Paul Desmarais III	No
	Marion Guillou	Yes
	Colin Hall	No
	Arielle Malard de Rothschild	Yes
2018	Xavier Le Clef	No
	Gilles Michel	No
	Giovanna Kampouri Monnas	Yes
	Ulysses Kyriacopoulos	No
	Katherine Taaffe Richard	Yes
	Marie-Françoise Walbaum	Yes
2019	Odile Desforges	Yes
	Ian Gallienne	No
	Laurent Raets	No
	Arnaud Vial	No

According to legal and statutory provisions, Mrs. Éliane Augelet-Petit and Mr. Enrico d'Ortona were appointed as Directors representing employees on October 6, 2014 for a three-year period, i.e. until October 6, 2017.

8.1.5 AUDITORS

(Four resolutions falling within the scope of the Ordinary Shareholders' General Meeting)

The term of office of the Joint Statutory Auditors and the Joint Alternate Auditors will expire at the close of this Shareholders' General Meeting. At its meeting of February 11, 2016, the Board of Directors, in accordance with the recommendations of the Audit Committee, decided to propose to the Shareholders' General Meeting to renew the terms of office of:

- Ernst & Young et Autres ***(twelfth resolution)*** and Deloitte & Associés ***(fourteenth resolution)*** as Joint Statutory Auditors; and
- Auditex ***(thirteenth resolution)*** and BEAS ***(fifteenth resolution)*** as their respective Alternate Auditors.

These terms of office would be held for the legal and statutory six-year period and would consequently expire at the close of the Shareholders' General Meeting that will be called in 2022 to rule on the management and financial statements for the 2021 financial year.

8.1.6 SHARE BUYBACK PROGRAM

(One resolution falling within the scope of the Ordinary Shareholders' General Meeting)

The authorization to buy back the Company's shares on the market, given to the Board of Directors for a 18 month-period by the Ordinary and Extraordinary Shareholders' General Meeting of April 30, 2015 will expire on October 29, 2016; it is therefore proposed that you renew it now in accordance with the provisions of articles L. 225-209 et seq. of the French Code of Commerce and articles 241-1 to 241-6 of the AMF's General Regulations ***(sixteenth resolution).***

√ For further information about the Company's implementation of its share buyback programs in 2015, *see chapter 7, paragraph 7.2.4 of the Registration Document*.

This authorization is intended to enable the Board of Directors to purchase a maximum number of Company shares representing 10% of the outstanding shares at January 1, 2016 (i.e. 7,957,249 shares) mainly for the purpose of:

- their subsequent cancellation by reducing the Company's capital;
- covering the stock purchase option plans and/or free share grant plans, as well as any grant of shares under shareholding plans set up by the Company (or assimilated plans), or with respect to profit-sharing and/or any other forms of grant, award or transfer of shares to current employees, former employees and/or corporate officers of the Company and/or any related companies pursuant to articles L. 225-180 and L. 233-16 of the French Code of Commerce, within the frame of the regulations in force or ad hoc plans set up by the Company;
- awarding or exchanging shares purchased on the occasion, in particular, of rights exercises or issues of securities giving the right by redemption, conversion, swap, warrant or in any other manner to the grant of shares;
- keeping shares with a view to their later transfer for exchange or payment, under or following external growth, merger, split or contribution operations;
- ensuring the liquidity of the market through an investment services firm acting in the name and on behalf of the Company, under a liquidity contract in accordance with a code of conduct recognized by the AMF; and
- more generally, operating for any other purpose that is or may come to be authorized by law, and/or implementing any market practice that may come to be authorized by *Autorité des marchés financiers.*

The number of shares that may be held, whether directly or indirectly and at any time whatsoever, shall not exceed 10% of the shares making up the capital. Finally, the maximum purchase price would be €85 per share, representing a maximum total investment of €676 million.

Acquisitions will be carried out by any means, including the transfer of blocks and the use of derivatives.

The description of this new program, drawn up in accordance with the provisions of articles 241-1 to 242-6 of AMF's General Regulations, will be available on the Company's website (***www.imerys.com*** – News & Media Center – Regulated Information section) prior to the Shareholders' General Meeting of May 4, 2016. A copy of this description can also be obtained on request from the Company's head office.

8.1.7 AUTHORIZATION FOR FREE ALLOTMENT OF SHARES IN FAVOR OF EMPLOYEES AND/OR CORPORATE OFFICERS OF THE GROUP

(One resolution falling within the scope of the Extraordinary Shareholders' General Meeting)

In accordance with the provisions of the Macron law published on August 7, 2015, the allotment and taxation mechanisms for free shares granted by French companies to their employees were made simpler and lighter through shorter vesting and holding periods, possible tax relief for the beneficiary and reduced employee and employer contributions.

In order to benefit from this new legislative framework while continuing the Group's policy for retaining high-potential managers as described in *chapter 3, section 3.5 of the Registration Document*, it is proposed that you grant the Board of Directors a new authorization for the free allotment of free shares to the Group's employees and/or corporate officers ***(seventeenth resolution)*** which would then replace the authorization previously approved by the Ordinary and Extraordinary Shareholders' General Meeting of April 29, 2014. The allotment conditions and mechanisms provided by this new authorization would be identical to the authorization currently in force, i.e.:

- in accordance with the Company grant policy, acquisition of free shares, in particular by executive corporate officers, shall be necessarily subject to the achievement of one or more performance criteria determined by the Board of Directors;
- the maximum number of conditional free shares that could be awarded to executive corporate officers pursuant to this authorization shall not be greater than 0.5% of the Company's capital on the day of the Board's granting decision;
- the total number of shares that may be the subject or free grants could not exceed an overall ceiling of 3% of the Company's capital on the day of the Board's granting decision;
- the sub-ceilings of 0.5% and 3% shall be common to those set up for grants of stock subscription or stock purchase options, specified in the fourteenth resolution approved by the Ordinary and Extraordinary Shareholders' General Meeting of April 29, 2014;
- the minimum vesting period as well as the minimum holding period for that shares would be determined by the Board of Directors in accordance with the regulations in force on the day of their grant;
- last, with a view to homogenization between specific authorizations granted to the Board of Directors in favor of employees and/or corporate officers of the Group, this authorization shall be granted for a period of 14 months, i.e. until July 3, 2017 and shall replace the previous one which shall thus be rendered null and void for the unused part.

8.1.8 POWERS

The ***eighteenth resolution,*** and ***the last one,*** confers all necessary powers to complete legal formalities arising from the Shareholders' General Meeting.

8.2 STATUTORY AUDITORS' REPORT

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

S.A.S with variable capital
Statutory Auditors
Member of compagnie régionale de Versailles

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

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

8.2.1 STATUTORY AUDITORS' REPORT ON THE AUTHORIZATION TO ALLOT FREE EXISTING SHARES OR SHARES TO BE ISSUED

Extraordinary Shareholders' Meeting of May 4, 2016

Seventeenth resolution

This is a free translation into English of a report issued in French and it is provided solely for the convenience of English-speaking users. This report should be read in conjunction with and is constructed in accordant with French law and professional auditing standards applicable in France.

To the Shareholders,

In our capacity as Statutory Auditors of your Company and in accordance with the terms of our engagement defined by article L. 225-197-1 of the French commercial code (Code de commerce), we present below our report on the project of authorization to allot free existing shares or shares to be issued to eligible salaried employees and executive directors of your Company or companies or groupings related to it pursuant to article L. 225-197-2 of the French commercial code (Code de commerce), an operation upon which you are requested to vote.

The total amount of free shares allotted won't exceed 3% of the share capital of your Company at the date the board decides to allot shares. This limit is common to present resolution and fourteenth resolution approved by mixed general assembly of May 29, 2014.

Your board of directors proposes, on the basis of its report that you delegate to the board, for a period of 14 months, the authority to allot free existing shares or shares to be issued.

It is the responsibility of your board of directors to prepare a report on this proposed operation. Our role is to report, where applicable, our observations on the information provided to you on the proposed operation.

We have performed those procedures that we considered necessary to comply with professional guidance issued by the French national auditing body (Compagnie nationale des commissaires aux comptes) relating to this assignment.

These procedures have consisted mainly in verifying that the proposed methods set out in the report of the board of directors comply with the provisions of the law.

We have no matters to report on the information given in the report of the board of directors relating to the proposed operation to authorize the allotment of free shares.

Paris-La Défense et Neuilly sur Seine, le 16 mars 2016

The Statutory Auditors
French original signed by

ERNST & YOUNG et Autres
Jean-Roch VARON

DELOITTE & ASSOCIES
Frédéric GOURD

8.3 AGENDA

ORDINARY PART

1. Approval of the Company's management and annual financial statements for the financial year ended on December 31, 2015.
2. approval of the Group's consolidated financial statements for the financial year ended on December 31, 2015;
3. allocation of earnings and determining of dividend with respect to the financial year ended on December 31, 2015;
4. statutory Auditors' special report referred to in article L. 225-40 of the French Code of Commerce on regulated agreements and commitments governed by articles L. 225-38 et seq. of the French Code of Commerce and approval, pursuant to paragraph 4 of article L. 225-42-1 of the French Code of Commerce, of the modification made to commitments made by the Company in favor of Mr. Gilles Michel, Chairman and Chief Executive Officer;
5. opinion on the compensation items due or awarded for the financial year ended on December 31, 2015 to Mr. Gilles Michel, Chairman and Chief Executive Officer;
6. ratification of the appointment of Mr. Laurent Raets as Director;
7. ratification of the appointment of Mr. Colin Hall as Director;
8. renewal of the term of office as Director of Mr. Ian Gallienne;
9. renewal of the term of office as Director of Mr. Laurent Raets;
10. appointment of Mrs. Odile Desforges as a new Director;
11. appointment of Mr. Arnaud Vial as a new Director;
12. renewal of the term of office as joint Statutory Auditor of Ernst & Young et Autres;
13. renewal of the term of office as joint Alternate Auditor of Auditex;
14. renewal of the term of office as joint Statutory Auditor of Deloitte & Associés;
15. renewal of the term of office as joint Alternate Auditor of BEAS;
16. repurchase by the Company of its own shares.

EXTRAORDINARY PART

17. Authorization to make allotments of free Company's shares to employees or officers of the Company and its subsidiaries, or to certain categories of them;
18. powers.

8.4 DRAFT RESOLUTIONS

ORDINARY PART

FIRST RESOLUTION

Approval of the Company's management and annual financial statements for the financial year ended on December 31, 2015

The Shareholders' General Meeting, ruling under the quorum and majority conditions required for ordinary shareholders' general meetings, having considered the Board of Directors' report and the Auditors' Report relating to the Company's financial statements for the financial year ended on December 31, 2015 approves, as presented, such financial statements, as well as the transactions evidenced by such financial statements and summarized in such reports.

SECOND RESOLUTION

Approval of the Group's consolidated financial statements for the financial year ended on December 31, 2015

The Shareholders' General Meeting, ruling under the quorum and majority conditions required for ordinary shareholders' general meetings, having considered the Board of Directors' report and the Auditors' Report relating to the Group's consolidated financial statements for the financial year ended on December 31, 2015 approves, as presented, such financial statements as well as the transactions evidenced by such financial statements and summarized in such reports.

THIRD RESOLUTION

Allocation of earnings and determining of dividend with respect to the financial year ended on December 31, 2015

The Shareholders' General Meeting, ruling under the quorum and majority conditions required for Ordinary Shareholders' General Meetings, having considered the Board of Directors' report:

▪ acknowledges that the Company's profit for the past financial year is:	€340,118,960.90
▪ increased by the retained earnings amounting to:	€27,815,614.94
▪ representing a total distributable amount of:	€367,934,575.84
▪ resolves to pay in respect of financial 2015 a dividend of €1.75 to each of the 79,572,491 shares that make up the share capital as on December 31, 2015, which represents a distribution of:	€(139,251,859.25)
▪ and allocates the remaining amount to retained earnings which now amount to:	€228,682,716.59

The Shareholders' General Meeting decides that the total amount of the dividend paid out shall be adjusted according to the exercise as from January 1, 2016 of subscription options for shares entitled to the dividend with respect to financial year 2015 as on the payment date of that dividend. The amount allocated to retained earnings shall be determined on the basis of the total amount of dividend effectively paid out. Moreover, if the Company were to be holding some of its own shares on the date of payment of the dividend, the sums corresponding to the dividends that would not have been paid out as a result would be allocated to retained earnings.

The Shareholders' General Meeting decides that the dividend will be paid as from May 12, 2016.

In accordance with article 243 *bis* of the French General Tax Code, the proposed dividend is eligible for the 40% allowance provided for by article 158-3-2° of the French General Tax Code, from which private individuals domiciled in France for tax purposes may benefit.

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The Shareholders' General Meeting acknowledges that the sums paid out as dividends with respect to the previous three financial years were as follows:

	Fiscal year 2014	Fiscal year 2013	Fiscal year 2012
Net dividend per share	€1.65(1)	€1.60(1)	€1.55(1)
Number of shares compensated	80,298,521	76,519,723	75,455,357
Total net distribution	€132.5 M	€122.4 M	€116.9 M

(1) Dividend eligible for the 40% allowance.

FOURTH RESOLUTION

Statutory Auditors' special report referred to in article L. 225-40 of the French Code of Commerce on regulated agreements and commitments governed by articles L. 225-38 **et seq.** ***of the French Code of Commerce and approval, pursuant to paragraph 4 of article L. 225-42-1 of the French Code of Commerce, of the modification made to commitments made by the Company in favor of Mr. Gilles Michel, Chairman and Chief Executive Officer***

The Shareholders' General Meeting, ruling in the quorum and majority conditions required for ordinary shareholders' general meetings, having considered the Board of Directors' report and the Statutory Auditors' special report drawn up pursuant to the provisions of article L. 225-40 of the Code of Commerce, and ruling on that report, again approves, in accordance with the provisions of paragraph 4 of article L. 225-42-1 of the French Code of Commerce, the modification made to the commitment made by the Company in favor of Mr. Gilles Michel, Chairman and Chief Executive Officer, relating to the severance indemnity that would be owed to him in the event that his corporate office was terminated. The Shareholders' General Meeting acknowledges that all the other regulated agreements or commitments concluded and approved during previous years continued without modification.

FIFTH RESOLUTION

Opinion on the compensation items due or awarded for the financial year ended December 31, 2015 to Mr. Gilles Michel, Chairman and Chief Executive Officer

The Shareholders' General Meeting, ruling under the quorum and majority conditions required for ordinary shareholders' general meetings, consulted pursuant to the AFEP-MEDEF Corporate Governance Code, gives a favorable opinion on the compensation items due or awarded for the 2015 financial year to Mr. Gilles Michel, Chairman and Chief Executive Officer, as described in the presentation of the resolutions by the Board of Directors, in chapter 8 of the Company's 2015 Registration Document.

SIXTH RESOLUTION

Ratification of Mr. Laurent Raets' appointment as Director

The Shareholders' General Meeting, ruling in the quorum and majority conditions required for ordinary shareholders' general meetings, having considered the Board of Directors' report, resolves to ratify the appointment of Mr. Laurent Raets as a new Director decided by the Board of Directors at its meeting of July 29, 2015, for the remaining duration of the term of Mr. Olivier Pirotte, his predecessor, that is until the end of this Shareholders' General Meeting.

SEVENTH RESOLUTION

Ratification of Mr. Colin Hall's appointment as Director

The Shareholders' General Meeting, ruling in the quorum and majority conditions required for ordinary shareholders' general meetings, having considered the Board of Directors' report, resolves to ratify the appointment of Mr. Colin Hall as a new Director decided by the Board of Directors at its meeting of December 15, 2015 for the remaining duration of the term of Mr. Arnaud Laviolette, his predecessor, that is until the end of the Shareholders' General Meeting called upon in 2017 to rule on the management and financial statements for financial year 2016.

EIGHTH RESOLUTION

Renewal of the term of office as Director of Mr. Ian Gallienne

The Shareholders' General Meeting, ruling under the quorum and majority conditions required for ordinary shareholders' general meetings, having considered the Board of Directors' report, acknowledging that Mr. Ian Gallienne's term of office as Director expires following the present General Meeting, resolves to renew such term for a period that, pursuant to statutory provisions, will expire at the end of the Shareholders' General Meeting called upon in 2019 to rule on the management and financial statements for financial year 2018.

NINTH RESOLUTION

Renewal of the term of office as Director of Mr. Laurent Raets

The Shareholders' General Meeting, ruling under the quorum and majority conditions required for ordinary shareholders' general meetings, having considered the Board of Directors' report, acknowledging that Mr. Laurent Raets' term of office as Director expires following the present General Meeting, resolves, subject to the approval of the sixth resolution above, to renew such term for a period that, pursuant to statutory provisions, will expire at the end of the Shareholders' General Meeting called upon in 2019 to rule on the management and financial statements for financial year 2018.

TENTH RESOLUTION

Appointment of Mrs. Odile Desforges as a new Director

The Shareholders' General Meeting, ruling under the quorum and majority conditions required for ordinary shareholders' general meetings, having considered the Board of Directors' report, resolves to appoint as a new Director, Mrs. Odile Desforges for a period that, pursuant to statutory provisions, will expire at the end of the Shareholders' General Meeting called upon in 2019 to rule on the management and financial statements for financial year 2018.

ELEVENTH RESOLUTION

Appointment of Mr. Arnaud Vial as a new Director

The Shareholders' General Meeting, ruling under the quorum and majority conditions required for ordinary shareholders' general meetings, having considered the Board of Directors' report, resolves to appoint as a new Director Mr. Arnaud Vial for a period that, pursuant to statutory provisions, will expire at the end of the Shareholders' General Meeting called upon in 2019 to rule on the management and financial statements for financial year 2018.

TWELFTH RESOLUTION

Renewal of the term of office of Ernst & Young et Autres as Joint Statutory Auditor

The Shareholders' General Meeting, ruling in the quorum and majority conditions required for ordinary shareholders' general meetings, having considered the Board of Directors' report, acknowledging that the term of office of Ernst & Young et Autres as Joint Statutory Auditor expires following the present General Meeting, resolves to renew such term for a period that, pursuant to statutory provisions, will expire at the end of the Shareholders' General Meeting called upon in 2022 to rule on the management and financial statements for financial year 2021.

THIRTEENTH RESOLUTION

Renewal of the term of office of Auditex as joint Alternate Auditor

The Shareholders' General Meeting, ruling in the quorum and majority conditions required for ordinary shareholders' general meetings, having considered the Board of Directors' report, acknowledging that the term of office of Auditex as Joint Alternate Auditor expires following the present General Meeting, resolves to renew such term for a period that, pursuant to statutory provisions, will expire at the end of the Shareholders' General Meeting called upon in 2022 to rule on the management and financial statements for financial year 2021.

FOURTEENTH RESOLUTION

Renewal of the term of office of Deloitte & Associés as joint Statutory Auditor

The Shareholders' General Meeting, ruling in the quorum and majority conditions required for ordinary shareholders' general meetings, having considered the Board of Directors' report, acknowledging that the term of office of Deloitte & Associés as Joint Statutory Auditor expires following the present General Meeting, resolves to renew such term for a period that, pursuant to statutory provisions, will expire at the end of the Shareholders' General Meeting called upon in 2022 to rule on the management and financial statements for financial year 2021.

FIFTEENTH RESOLUTION

Renewal of the term of office of BEAS as joint Alternate Auditor

The Shareholders' General Meeting, ruling in the quorum and majority conditions required for ordinary shareholders' general meetings, having considered the Board of Directors' report, acknowledging that the term of office of BEAS as Joint Alternate Auditor expires following the present General Meeting, resolves to renew such term for a period that, pursuant to statutory provisions, will expire at the end of the Shareholders' General Meeting called upon in 2016 to rule on the management and financial statements for financial year 2015.

SIXTEENTH RESOLUTION

Repurchase by the Company of its own shares

The Shareholders' General Meeting, ruling under the quorum and majority conditions required for ordinary shareholders' general meetings, having considered the Board of Directors' report pursuant to the provisions of articles L. 225-209 et seq. of the French Code of Commerce and articles 241-1 to 241-6 of the General Regulations of Autorité des marchés financiers (AMF):

1) authorizes the Board of Directors, with the possibility of sub-delegating under the conditions provided by law, to make purchases of the Company's own shares for:
   - the subsequent cancellation of the shares acquired by reducing the Company's capital,
   - covering the stock purchase option plans and/or free share award plans, as well as any grant of shares under shareholding plans set up by the Company (or assimilated plans), or with respect to profit-sharing and/or any other forms of grant, award or transfer of shares to current employees, former employees and/or corporate officers of the Company and/or any related companies pursuant to articles L. 225-180 and L. 23-16 of the French Code of Commerce,
   - awarding or exchanging shares purchased on the occasion, in particular, of rights exercises or issues of securities giving the right by redemption, conversion, swap, warrant or in any other manner to the grant of shares,
   - keeping shares with a view to their later transfer for exchange or payment, under or following external growth, merger, split or contribution operations,
   - ensuring the liquidity of the market through an investment services firm acting in the name and on behalf of the Company, under a liquidity contract in accordance with a code of conduct recognized by the AMF, and
   - more generally, operating for any other purpose that is or may come to be authorized by law, and/or implementing any market practice that may come to be authorized by Autorité des marchés financiers.

The acquisition, sale, transfer or exchange of the shares may be carried out, in compliance with the regulations in force, on the market or by mutual agreement and by any means, including the transfer of blocks of shares and the use or exercise of any financial instrument or derivative;

2) sets the following limits for the use of the present authorization by the Board of Directors:
   - the maximum number of shares that may be purchased shall not exceed 10% of the total number of shares issued and outstanding as of January 1, 2016, that is 7,957,249 shares,
   - the number of shares that the Company may hold, whether directly or indirectly and at any time whatsoever, shall not exceed 10% of the shares that make up the Company's capital,
   - the maximum purchase price of the shares shall not be greater than €85,
   - consequently, the maximum amount that the Company is liable to use for such repurchases shall not be greater than €676 million;
3) resolves that, in the event that the par value of the stock is modified, the capital is increased by the capitalization of reserves or free shares are granted, or in the event of a stock split or consolidation, the above-stated maximum amount devoted to these buybacks and the maximum number of shares to be repurchased will be adjusted accordingly by a multiplier equal to the ratio between the number of shares that made up the capital before the operation and the resulting number after the operation;
4) sets at eighteen months from the date of this General Meeting the term of this authorization, which renders null and void, for the unused part, any previous authorizations granted to the Board of Directors with regard to the Company's repurchase of its shares;
5) grants full powers to the Board of Directors, with the authority to delegate such powers under the conditions provided by law, to implement this authorization and, in particular, to sign any stock purchase, sale, exchange or transfer agreements, file any statements with Autorité des marchés financiers or any other agency, proceed with the adjustments set forth above, complete any formalities and, generally, do what is necessary.

EXTRAORDINARY PART

SEVENTEENTH RESOLUTION

Authorization to make free allotments of Company's shares to employees or corporate officers of the Company and its subsidiaries, or certain categories of them

The Shareholders' General Meeting, ruling under the quorum and majority conditions required for extraordinary shareholders' general meetings, after examining the Board of Directors' report and the Auditors' special report, pursuant to the provisions of articles L. 225-197-1 et seq. of the French Code of Commerce:

1) authorizes the Board of Directors to make, as it judges appropriate, in one or more times, free allotments of existing shares or shares to be issued in the Company to the employees and corporate officers of the Company and, as the case may be, companies and groups that are affiliated to it in the conditions provided in article L. 225-197-2 of the French Code of Commerce, or certain categories of them;
2) resolves that the shares, whether in existence or to be issued, that may be granted pursuant to this authorization shall not represent more than 3% of the Company's capital on the date of the Board's decision to grant the shares, it being specified that this ceiling is common to the present resolution and the fourteenth resolution of the Shareholders' General Meeting of April 29, 2014 and that it is set without taking into account the number of shares to be issued, as the case may be, to maintain, in accordance with the law and applicable contractual stipulations, the rights of the bearers of securities or rights giving access to capital;
3) resolves that any shares, whether existing or to be issued, that may be granted pursuant to the present authorization to executive corporate officers shall not represent more than 0.5% of the Company's capital on the day of the Board's decision to grant the shares, it being specified that that this sub-ceiling is common to both the present resolution and the fourteenth resolution of the Shareholders' General Meeting of April 29, 2014;
4) resolves that the vesting of the free shares granted to executive corporate officers shall be subject necessarily to the achievement of one or more performance criteria determined by the Board of Directors on the date of grant, except however for any free shares that may be granted with respect to employee shareholding operations implemented by the Company;
5) resolves that the shares shall be definitively granted to their beneficiaries at the end of the vesting period set by the Board of Directors, while such period may not be less than that provided by the regulations in force on the grant date;
6) resolves that the minimum period for which the beneficiaries must hold the shares shall be that set by the Board of Directors, while such period may not be less than that provided by the regulations in force on the date of granting;
7) notes that, in the event of granting free shares to be issued, this decision constitutes, in favor of the beneficiaries, a waiver ipso jure by the shareholders of any right to the new shares freely granted and the portion of the reserves, profits or premiums that will be incorporated into capital if new shares are issued;

8) states that the existing shares that may be granted pursuant to the present resolution must be acquired by the Company, either under article L. 225-208 of the French Code of Commerce, or, as the case may be, under the share buyback program authorized by the twelfth resolution put to the present Meeting with respect to article L. 225-209 of the French Code of Commerce or any share buyback program implemented before or after the passing of the present resolution;

9) delegates full powers to the Board of Directors, with the option of subdelegating in the conditions provided by law, to implement the present authorization, in particular in order to:
   - determine the categories of the beneficiaries of the allotments and the terms and conditions, in particular the performance conditions, and, as the case may be, the criteria for granting the shares;
   - set the vesting and holding periods for the shares in accordance with the minimum periods provided for by the applicable law,
   - set and define the issue conditions for the shares that may be issued under this authorization,
   - adjust, as the case may be, during the acquisition period, the number of shares pertaining to any operations on the Company's share capital in order to protect the rights of the beneficiaries;
   - acknowledge, as the case maybe, the capital increase or capital increases that may be carried out pursuant to this authorization, modify the by-laws accordingly, and carry out or have carried out any acts and formalities in order to make such capital increases definitive,
   - and, in general, do whatever is necessary.

10) sets at fourteen months as from the date of the present Shareholders' Meeting the term of validity of the present delegation, which renders null and void, for the unused part, any previous delegation granted to the Board of Directors for the same purposes.

▪ EIGHTEENTH RESOLUTION

Powers

The Shareholders' General Meeting, ruling in the quorum and majority conditions required for ordinary shareholders' general meetings, fully empowers the bearer of a duplicate or an extract of the minutes of the present Meeting to carry out any formalities with respect to registration or publication.

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ADDITIONAL INFORMATION OF THE REGISTRATION DOCUMENT

9.1 PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT

Gilles Michel, Chairman and Chief Executive Officer

9.2 CERTIFICATE OF THE PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT

I certify that, after taking every reasonable measure for that purpose, the information contained in the present Registration Document is, to the best of my knowledge, accurate and does not contain any omission that could make it misleading.

I certify, to my knowledge, that the accounts have been prepared in accordance with applicable accounting standards and give a fair view of the assets, liabilities, financial position and profit and loss of the Company and all undertakings included in the consolidation, and that the Board of Directors' Management's discussion and analysis appearing on pages 38 to 48 presents a fair picture of the development and performance of the business and financial position of the Company and all undertakings included in the consolidation as well as a description of the main risks and uncertainties to which they are exposed.

I have obtained a letter of completion from the Statutory Auditors in which they state that they have checked the information on the financial position and the financial statements given in this Registration Document and that they have read the Document in its entirety.

The historical financial information presented in the Registration Document is the subject of the Statutory Auditors' Reports appearing on pages 49 to 52. The report on the consolidated statements for the period ending December 31, 2013, incorporated by reference to the corresponding historical financial statements as specified on page 279 of the present Registration Document, contains an observation concerning the financial year's changes of method.

Paris, March 17, 2016

Gilles Michel

Chairman and Chief Executive Officer

9.3 AUDITORS

STATUTORY AUDITORS

Deloitte & Associés

represented by Arnaud de Planta
185, avenue Charles-de-Gaulle
92524 Neuilly-sur-Seine Cedex – France

first appointed at the Extraordinary and Ordinary Shareholders' General Meeting of May 5, 2003 and renewed by the Extraordinary and Ordinary Shareholders' General Meeting of April 29, 2010

Ernst & Young et Autres

represented by Jean-Roch Varon
1/2, place des Saisons
92400 Courbevoie – Paris-La Défense 1 – France

first appointed at the Extraordinary and Ordinary Shareholders' General Meeting of April 29, 2010 in replacement of Ernst & Young Audit

Deloitte & Associés and Ernst & Young et Autres are members of the Auditors' Regional Company of Versailles.

ALTERNATE AUDITORS

BEAS

7-9, villa Houssay
92524 Neuilly-sur-Seine Cedex – France
part of the Deloitte network

first appointed at the Extraordinary and Ordinary Shareholders' General Meeting of May 5, 2003

Auditex

Faubourg de l'Arche
1/2, place des Saisons
92400 Courbevoie – Paris-La Défense 1 – France
part of the Ernst & Young network

first appointed at the Extraordinary and Ordinary Shareholders' General Meeting of April 29, 2010 in replacement of Mr. Jean-Marc Montserrat

The term of office of the joint Statutory Auditors and the joint Alternate Auditors will expire at the close of the Shareholders' General Meeting to be held on May 4, 2016; it will be proposed to the Shareholders to renew those terms of office for the legal and statutory 6-year period *i.e.* until the close of the Shareholders' General Meeting that will be called in 2022 to rule on the management and financial statements for the 2021 financial year *(see Chapter 8, paragraph 8.1.5 and section 8.4 of the Registration Document)*.

9.4 INFORMATION INCLUDED IN THE REGISTRATION DOCUMENT BY REFERENCE

Pursuant to article 28 of EC Regulation 809/2004 of April 29, 2004, the following information is included in the present Registration Document by Registration:

- with respect to the financial year ending on December 31, 2014, the consolidated financial statements, annual financial statements, the related Auditors' Reports, the Auditors' special report on regulated agreements and the Board of Directors' management report appearing respectively on pages 168 to 243, 244 to 264, 58 to 59, 60 to 61, and 62 to 63 of the 2014 Registration Document filed with Autorité des marchés financiers (French Securities Regulator) on March 19, 2015 under number D.15-0173;
- with respect to the financial year ending on December 31, 2013, the consolidated financial statements, annual financial statements, the related Auditors' Reports, the Auditors' special report on regulated agreements and the Board of Directors' management report appearing respectively on pages 164 to 235, 236 to 256, 66 to 69, 70 to 71, and 54 to 65 of the 2013 Registration Document filed with Autorité des marchés financiers (French Securities Regulator) on March 20, 2014 under number D.14-0173.

Any other information that is not included in the present Document is either of no relevance to investors or mentioned in another part of the Registration Document.

9.5 PERSON RESPONSIBLE FOR FINANCIAL INFORMATION

Olivier Pirotte, Group Chief Financial Officer.

9.6 CROSS-REFERENCE TABLE

In order to facilitate the reading of this Registration Document, the subject index can be used to identify the main information required by the Autorité des marchés financiers (the French Securities Regulator) with respect to its regulations and instructions.

Items of Annex 1 to the EC Regulations 809/2004 of April 29, 2004			References	Pages
21.2	Memorandum and Articles of Association		7	244-247
	21.2.1	The Issuer's scope of business	7	245
	21.2.2	Members of the management and supervisory bodies	3	58-59; 78
	21.2.3	Description of rights, preferences and restrictions attaching to the existing shares	7	246
	21.2.4	Changes of the rights of holders of the shares	7	246
	21.2.5	Description of the conditions governing the manner in which annual General Meeting of Shareholders are called including the conditions of admission	7	246
	21.2.6	Change in control of the Issuer		n.a.
	21.2.7	An indication of the Articles of Association provisions, if any, governing the ownership threshold above which shareholder ownership must be disclosed	7	246; 252
	21.2.8	Changes in the capital	7	255
▪ 22	**Material contracts**		**Chapter 4**	**99**
▪ 23	**Third party information and statement by experts and declaration of any interest**		**n.a.**	
23.1	Where a statement or report attributed to a person as an expert is included in the Registration Document, provide such person's name, business address, qualifications and material interest if any in the Issuer			n.a.
23.2	Confirmation that this information has been accurately reproduced			n.a.
▪ 24	**Documents on display**		**Chapter 7**	**247; 257-258**
▪ 25	**Information on holdings**		**Chapter 6**	**215-216; 240**

9.7 TABLE OF RECONCILIATION WITH THE ANNUAL FINANCIAL REPORT

This Registration Document includes all information of the Annual Financial Report provided for in I of article L. 451-1-2 of the French Monetary and Financial Code and in article 222-3 of the general regulations of the Autorité des marchés financiers.

The table below sets out the references to the extracts from the Registration Document that correspond to the various items comprising the Annual Financial Report.

Sections	Pages
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