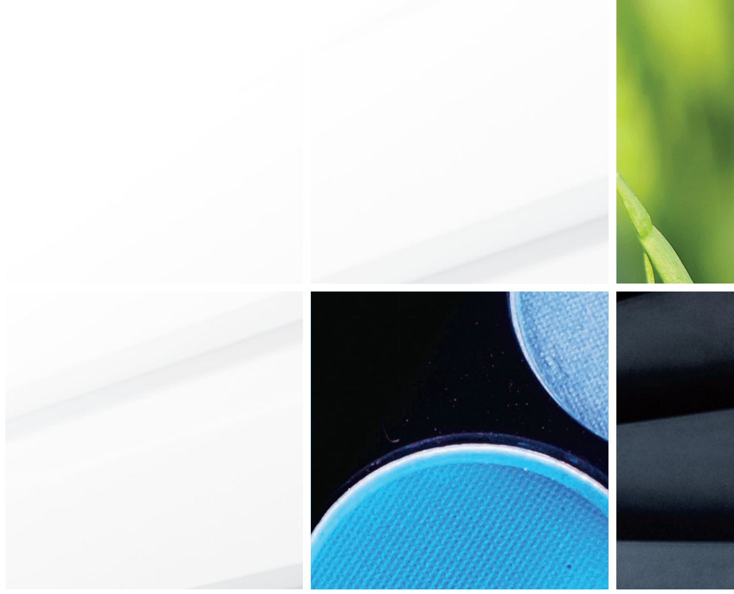
ANNUAL FINANCIAL REPORT

UNIVERSAL REGISTRATION DOCUMENT

2020



IMERYS

Content

UNIVERSAL REGISTRATION DOCUMENT

including the Annual Financial Report

2020

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

AUTORITÉ DES MARCHÉS FINANCIERS
AMF

The French version of this Universal Registration Document was filed on March 22, 2021 with the AMF, in its capacity as competent authority under Regulation (EU) 2017/1129, without prior approval in accordance with Article 9 of said Regulation. The Universal Registration Document can be used for the purposes of a public offering of securities or the admission of securities to trading on a regulated market if it is supplemented by a transaction note and if necessary , a summary and all the amendments made to the Universal Registration Document. The assembly then formed is approved by the AMF in accordance with Regulation (EU) 2017/1129.

The annual financial report included in the Universal Registration Document is a translation of the official version of the annual financial report which has been prepared in French, in format ESEF (European Single Electronic Format) and is available on the issuer's website.

INTEGRATED REPORT

"Our ambition is simple: we want to unlock the sustainable potential of minerals."

PATRICK KRON

CHAIRMAN OF THE BOARD

Interview

"Our management team has demonstrated commitment and flexibility. The results speak for themselves."

ALESSANDRO DAZZA

CHIEF EXECUTIVE OFFICER

What has the COVID-19 pandemic revealed about Imerys, according to you?

PATRICK KRON

I was impressed by the level of responsiveness, alignment and implementation capacity of Imerys during this unprecedented crisis. The management swiftly put in place a comprehensive action plan in order to protect the employees and to mitigate the impacts of Covid-19 pandemic. This ambitious plan received the full support of the Board of Directors in early April and was then successfully executed by the teams throughout the year with results beyond expectations.

The pandemic also revealed the resilience of Imerys' business model even under the most challenging circumstances. Imerys is a leading specialty minerals company with a strong technical expertise, agile organization and long standing relationships with more than 15,000 customers in 142 countries in end markets from construction to consumer goods and industrial markets.

In this crisis context, the Group can rely on a solid financial structure and strong liquidity. Most importantly, Imerys benefits from the strong support of its shareholders, who have, to a large extent, opted for the payment of the 2019 dividend in shares, thus contributing to the strength of Imerys' financial structure which will allow us to seize potential development opportunities as they arise.

ALESSANDRO DAZZA

First of all, I want to express my gratitude to each and every one of my colleagues for their efforts and achievements during the year.

We have shown a great ability to collectively take on the sanitary and operating challenges posed by the crisis, while ensuring the continuity of our activities, especially the supply to our customers. We have managed to complete ongoing projects and to successfully adapt to new ways of working.
Our management team has demonstrated commitment and flexibility. The results speak for themselves: efficient cost management measures led to €131 million gross savings on fixed costs and overheads for the year 2020 and the focus set on cash generation translated into a net current free operating cash flow of €373 million. Imerys also demonstrated its engagement and social responsibility through donations to local communities around the world, as well as by providing funding to charities organizations engaged in fighting the pandemic.

What do you expect from the transformation of the Group? Does the Covid-19 crisis change its development prospects?

P.K.: In 2019, the Group embarked on a transformation journey with clear objectives: increasing the focus on customers to better serve their needs, improving efficiency by streamlining the organization, building a more competitive industrial base and leveraging Imerys innovation potential.
The Group has made good progress through the implementation of the Connect & Shape transformation program. It can now rely on strong fundamentals and - at the same time - improved development prospects. The recent bolt-on acquisitions in Turkey, Taiwan and the USA, as well as the capacity expansion announced in synthetic graphite for Lithium-ion batteries show that we continue to invest for future growth, even in challenging times. I am convinced that Imerys will emerge from the Covid-19 pandemic stronger and ready to seize opportunities in the long term.

€131M
GROSS SAVINGS ON FIXED COSTS AND OVERHEADS

€373M
NET CURRENT FREE OPERATING CASH FLOW

A.D.: Now that our new customer-focused organisation is largely operational and effective, I believe that Imerys is ready to take advantage of the expected recovery in its underlying markets. There is no shortage of opportunities in our business and this new organization gives us more levers. Minerals are a key component in our economies, our homes and our lives: from the calcium carbonates in toothpaste to the kaolin in bathroom tiles, from the graphite in the battery of electrical cars to the diatomite which filters the beverages we drink. Our products and solutions are needed everywhere and greatly contribute to higher living standards.
As part of our business strategy, we will continue to expand our presence in emerging economies and to develop our industrial assets with several projects underway to address growing demand in the most promising markets. We also plan to strengthen our innovation capabilities in close collaboration with our customers. Finally, yet importantly, we will accelerate our Corporate Social Responsibility (CSR) commitments and initiatives, for which we have already been recognized with an Ecovadis Platinum rating, placing us among the top 1% of companies assessed.

How will sustainable development change Imerys' strategy?

P.K.: Corporate social responsibility is an essential and critical topic in today's world: financial performance can not be dissociated from social and environmental performance. The Board of directors of Imerys plays an important role in overseeing the nature of the CSR commitments of the Group and the actions undertaken by the management to achieve them.
As the world's leading supplier of mineral-based specialty solutions, Imerys' technical knowledge and expertise place us in the best position to extract, source and transform minerals responsibly over the long term. Our ambition is simple: we want to unlock the sustainable potential of minerals.

A.D.: To achieve our CSR commitments, we have launched a comprehensive program called SustainAgility, with clear and measurable objectives aligned with the United Nations Sustainable Development Goals. These targets are embedded in our way of doing business everyday and all our people are engaged to drive the program and deliver on it.
In a growing number of applications, minerals help to replace less environmentally friendly materials and give the end products characteristics, such as lighterweight, which support energy reduction. We are scaling up our efforts to deliver new solutions to extend the life cycle of our minerals, recognizing both the society and our customers demand to produce better for longer.
We work closely with our local communities and we are determined to play a positive role in the development of local ecosystems and economies in the long-term.
We partner with recognised experts, such as the French Museum of Natural History, to better preserve biodiversity and the environment.
In the global drive to combat climate change, we are committed to act by reducing carbon emissions in our operations by 36%, relative to revenue, by 2030. We are accelerating the pace of transition towards low-carbon energy and cleaner fossil fuels across all our businesses.
To drive the necessary change, we will work even closer with our customers, suppliers and other stakeholders, leading the way towards a more sustainable industry.

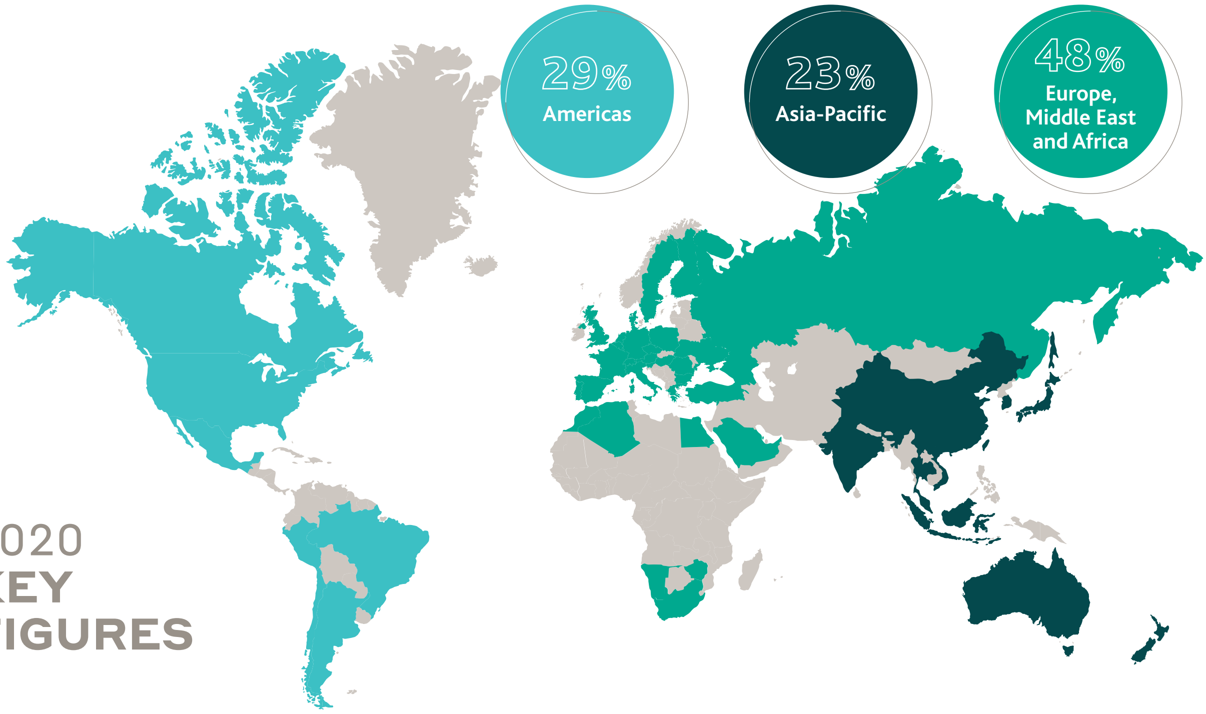
1.1 IMERYS, THE WORLD'S LEADING SUPPLIER OF MINERAL-BASED SPECIALTY SOLUTIONS FOR THE INDUSTRY

About **Imerys**

As the world's leading supplier of mineral-based specialty solutions for the industry, Imerys delivers high value-added, functional solutions to a wide variety of industries, ranging from process manufacturing to consumer goods.

The Group draws on its understanding of applications, its technological knowledge and expertise in material science to deliver solutions by beneficiating its mineral resources or creating synthetic minerals and formulations. Imerys contributes essential properties to its customers' products and their performance, including heat resistance, hardness, conductivity, opacity, durability, purity, lightness, filtration, adsorption or water repellency. The Group pursues a number of ambitious goals in terms of environment, social and governance (ESG) to achieve responsible growth over time.

2020 CONSOLIDATED REVENUE (%)



2020 KEY FIGURES

€3.8BN
REVENUE (€ billion)

€3.3BN
MARKET CAPITALIZATION (31/12)

142
COMMERCIAL PRESENCE
(number of countries)

16,400
EMPLOYEES

40
INDUSTRIAL PRESENCE
(number of countries)

>15,000
CUSTOMERS

#1
IN 75% OF MARKETS

Key **figures**

	2018	2019	2020	Medium-term objectives[1]
Results and profitability *(€ millions)*		*(post IFRS 16)*	*(post IFRS 16)*	
Revenue	4,590	4,354	3,799	
Change at constant scope and exchange rates	+3.4%	-3.8%	-10.7%	▪ Organic growth in line with underlying markets in 2022
Current EBITDA	793	765	631	▪ Gross cost savings of €100 million by 2022
Current EBITDA margin	17.3%	17.6%	16.6%	▪ Gradual current EBITDA margin improvement in 2021 and 2022[2]
Current operating income	562	439	299	
Current operating margin	12.2%	10.1%	7.9%	
Operating income	-89	229	138	
Net income from current operations	357	277	167	
Net income, Group share	560	121	30	
Capital employed	5,506	5,635	5,174	
Data per share *(€)*				
Net income from current operations, per share	€4.50	€3.50	€2.03	
Net income per share	€7.06	€1.53	€0.37	
Dividend per share	€2.150	€1.720	€1.150[3]	▪ Increase in dividend in line with the net income from current operations, with a flexible payout ratio
Balance Sheet and Cash Flow *(€ millions)*				
Net current free operating cash flow	286	348	373	
Capital expenditure	333	292	262	▪ Annual capital expenditure between €300 million and €350 million
Net financial debt	1,297	1,685	1,508	
Net financial debt/current EBITDA	1.6x	2.2x	2.4x	
Equity	3,253	3,162	2,956	
Gearing	40%	53%	51%	
Financial resources	3,312	3,183	2,810	
Moody's/Standard & Poor's rating	Baa2 / BBB	Baa2 / BBB	Baa3/BBB-	▪ Maintain a solid investment grade rating
Main non-financial indicators (see chapter 3 for the full list)				
Occupational health & safety: ▪ Total recordable accident frequency rate[4] ▪ Average level of maturity of operational sites	 4.32 2.4	 3.22 2.6	 2.66 2.65	▪ Improve Group Safety Culture Maturity to Level 3 across all business areas by the end of 2022[5]
Diversity and inclusion: proportion of women within the Group's senior management team[6]	19%	22%	26%	▪ Increase the number of women in senior management to 30% by the end of 2022
Environmental impact management: proportion of audits conducted against an environmental maturity matrix	10%	25%	60%	▪ Conduct 100% of audit using the environmental maturity matrix by the end of 2022
Biodiversity and rehabilitation: level of completion of the biodiversity improvement program	-	43%	93%	▪ Achieve 100% of objectives defined within Group act4nature commitment by the end of 2021
Climate change strategy: % reduction in CO_2e emissions by million euro of revenue compared to 2018[7]	-	-11%	-12%	▪ Reduce Group CO_2 emission by 36% relative to revenue (tCO_2e/M€) by 2030
Business conduct and responsible supply chain management: proportion of suppliers assessed against environmental, social and governance criteria[8]	13%	16%	14%	▪ Evaluate at least 50% of Group suppliers by spend by end of 2022
Environmental, social and economic impact products: proportion of product portfolio measured against environmental social and governance criteria	-	5%	6%	▪ Assess at least 40% of Imerys product portfolio (by revenue) by the end of 2022

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

(1 Medium-term objectives announced at the Investor Day on June 13, 2019.
(2) Objective announced on February 17, 2021.
(3) Proposal made by the Board of Directors and submitted for approval at the Shareholders' General Meeting.
(4) Includes all accidents without lost time whenever a healthcare professional is involved in the treatment, even if only for first aid.
(5) Level 3 corresponds to 'Proactive' level on the Imerys Safety Culture Maturity Matrix where Imerys Safety System is fully implemented, employees are engaged and contribute actively.
(6) The definition of Senior Manager was updated in 2020 to exclude Executive Committee members, thus the percentages for 2019 and 2018 have been adjusted accordingly.
(7) Scopes 1 & 2 – Greenhouse gas emissions expressed in tonne of CO_2e equivalent..
(8) By expenditure. In 2018 and 2019, this percentage represented the suppliers assessed within high risk categories and countries. In 2020 a new program was launched, including for some of the previously assessed suppliers.

1.1.1 IMERYS AND ITS BUSINESS ECOSYSTEM

1.1.1.1 SPECIALTY SOLUTIONS WITH A DIFFERENTIATED VALUE PROPOSITION

SPECIALTY SOLUTIONS FOR A VARIETY OF MARKETS

Imerys offers value-added solutions which are designed to meet the specific, technical requirements of each customer and can be split into three categories:

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

Imerys' specialty minerals solutions address two well-defined market segments:

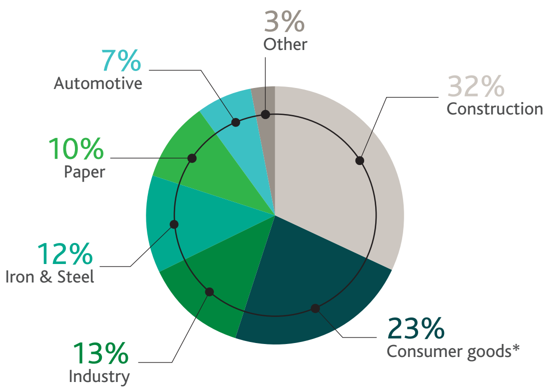
PERFORMANCE MINERALS:

- Additives for paints (such as interior decorative paints) and coatings (marine protection, facade coating, can coating, etc.)
- Minerals for technical ceramics and traditional ceramics (floor and wall tiles, large slabs, sanitaryware and tableware)
- Components for the production of high purity silicon metal used to manufacture aluminium alloys, electronics and solar panels
- Components used in the construction industry, such as insulation ceiling tiles
- Functional additives for plastics and thermoset, used in the automotive, construction, packaging and hygiene industries
- Additives for rubber, especially tires, medical rubber and cables
- Additives for adhesives and sealants
- Fillers and coatings for graphic paper, as well as board and packaging
- Filtration agents for liquids and blood plasma
- Specialty graphites for mobile energy and precision industries (lithium-ion batteries for electric vehicles, brake pads, etc.)

HIGH TEMPERATURE SOLUTIONS:

- Refractory minerals and solutions for high-temperature industrial processes (e.g. refractory linings and insulation materials to protect furnaces and boilers)
- Bentonite for foundry molds
- Alumina and Zirconia for abrasives (e.g. industrial cutting discs and grinding discs)
- High-performance binders for dry mix mortars and floor screeds in the construction industry

IMERYS' PRODUCTS AND SOLUTIONS SERVE MANY DIFFERENT INDUSTRIES SUCH AS CONSTRUCTION, PAPER AND BOARD, MOBILE ENERGY, STEELMAKING, AGRICULTURE, FOOD, AUTOMOTIVE AND COSMETICS.



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

A DIFFERENTIATED VALUE PROPOSITION

High quality mineral resources and industrial assets

Imerys possesses a broad portfolio of mineral resources, which effectively underpins a large proportion of its supply of raw materials, as well as highly efficient industrial assets using a wide variety of exclusive industrial technologies and processes.

Imerys operates over 102 mineral deposits throughout the world and mines and/or processes more than 30 different minerals. The Group continues to replace and develop its mineral reserves and resources, ensuring it maintains an average of 20 years of mineral reserves.

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

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

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MINERAL DEPOSITS THROUGHOUT THE WORLD

Exclusive industrial processes and technologies

The Group possesses specific expertise and know-how in the following conversion processes:

- Mechanical treatments: purification, refining, micronization, screening, drying, molding, cycloning, elutriation, classification, flotation, mixing, etc.
- Heat treatments: high temperature calcination, fusion, sinterization, etc.
- Chemical treatments: synthesis, crystallization, precipitation, coatings, etc.

The mineral solutions marketed by Imerys normally account for a relatively small portion of its customers' production costs, but they add key properties to their products or industrial processes. Imerys solutions are sold as powders, grains, granules, blends, pastes or aqueous dispersions. Depending on the product, production cycles range from a few days to several weeks.

The Group's permanent quest for excellence in its products, production resources and assets, people and safety led it to introduce a program designed to continuously improve its industrial processes and performance, called Imerys Industrial Improvement (I-Cube).

By defining common indicators and standards, as well as developing and sharing best practices, Imerys aims to optimize industrial production (through improved energy efficiency, management of resources and waste/discharges, safety, etc.), and empower employees. In 2020, the program was in place across 200 Group sites.

As part of its operations excellence program I-Cube, Imerys is implementing an Industry 4.0 approach in its operations. The first proof of concept (POC) initiatives were launched at the beginning of 2019. So far 20 pilot sites have paved the way towards the use of digital tools as an additional lever to accelerate improvement of processes and operations. This program will bring a host of benefits to its sites and mines, including real-time monitoring and use of data analytics for process optimization, remote control through augmented reality, quality control through computer vision and machine learning, digital mine supervision and inspection with drones imagery, fleet management optimization using smart sensors and improved safety trainings thanks to virtual reality.

INNOVATIVE, RELIABLE AND SUSTAINABLE SOLUTIONS IN LINE WITH MARKET TRENDS

The Group's innovation strategy builds on its ability to combine minerals with applications to provide customers with creative solutions to improve the characteristics of their products. Innovation is key to help Imerys maintain its leadership position in the market and respond effectively to the major technological challenges facing manufacturing companies going forward.

In recent years, Imerys has organized its innovation efforts around end-markets to better respond to customers needs.

New products are the result of a continuous flow of innovations driven by new ideas and by upgrades of the existing product range. In 2020, Imerys launched 70 new minerals solutions.

Imerys protects its innovations with an active industrial property policy: over 2,450 patents and over 30 industrial models were registered at end of 2020. Furthermore, to protect its extensive product range, the Group owns around 4,000 trademarks as of December 31, 2020, including the Imerys brand, which is registered in 80 countries.

OVER
2,450
PATENTS AND OVER 30 INDUSTRIAL MODELS

Key new products launched in 2020 can be found in the following markets and applications:

MARKET	APPLICATIONS AND PROPERTIES
Electric vehicles	Increased performance of lithium-ion batteries for electric vehicles > Lower CO_2 emissions
Health & Beauty	Natural mineral solution for cosmetics > Offering sustainability
Animal Husbantry	Natural solutions for animals' wellbeing > Adsorptions of organic toxins
Industrial equipment	Ultra-fine alumina for high-performance abrasives > Improved resistance of abrasives
Industry	Additives for cryogenic insulation to store liquefied gas > Energy efficiency
Construction	Additives for large ceramic tiles > Lightweight slabs and less energy consumption
Automotive	Rigidity of plastics used in cars > Lighter vehicles
Refractories for high-temperature solutions	Solution for the cement industry > High corrosion resistance gunning material
Foundry	Bentonite-based binder > Improved molding precision and yield
Paints & Coatings	New additive for anticorrosion in powder coatings > LIghtweight decorative renders in facade coatings
Packaging	Mineral based barrier coating for carton board and containers > Recyclability

1.1.1.2 MAJOR TRENDS AND SOURCES OF OPPORTUNITIES

Imerys offers solutions that anticipate needs of fast changing markets, driven by the emergence of:

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

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

Long Term **Trends**

URBANIZATION

The world's population is expected to reach 10 billion by 2050, with the majority of people living in cities.

CHALLENGES
To deal with urbanization, it is necessary to develop solutions that will stand up to the challenges of tomorrow, such as growing demand in the construction and renovation of infrastructure.

EXAMPLES OF OPPORTUNITIES
- **Imerys produces high performance binders** for self-leveling or quick drying floor screeds used in advanced construction/ renovation techniques.
- **Imerys develops additives for cements** that offer strong resistance to corrosion in wastewater infrastructure.
- **Imerys develops additives for adhesives** used in structural glazing.

DEMOGRAPHICS AND EXTENDED LIFE EXPECTANCY

Countries are confronted with the rapid aging of their population and the explosion of healthcare costs.

CHALLENGES
To deal with population growth and the increase in life expectancy, it is necessary to develop more sustainable methods of farming and innovative solutions for the pharmaceutical industry.

EXAMPLES OF OPPORTUNITIES
- **Imerys develops filtration solutions** using diatomite for blood plasma fractionation to meet the growing needs of the pharmaceutical industry.
- **Imerys develops new ranges of products using minerals for agriculture** to deal with the challenges of a growing world population.

CLIMATE

Climate change poses an urgent, global, systemic and irreversible risk.

CHALLENGES
To deal with global warming, it is necessary to exercise even tighter control over the environmental footprint and develop appropriate solutions.

EXAMPLES OF OPPORTUNITIES
- **Imerys develops conductive additives** to extend autonomy and reduce charging time for lithium-ion batteries used in electric vehicles.
- **Imerys develops sustainable solutions that make vehicles lighter** and strengthen plastics while reducing the total weight of components by up to 60%.
- **Imerys develops profitable solutions to refine and purify biodiesel.**

RAREFACTION OF RESOURCES

Population growth places a strain on natural resources and disrupts traditional consumption models.

CHALLENGES
To deal with the rarefaction of resources, it is necessary to advocate for the sustainable use of resources and bolster environmental and ethical standards.

EXAMPLES OF OPPORTUNITIES
- **Imerys is recycling a growing proportion of raw materials** used in monolithic refractories for high temperature industries.
- **Imerys develops new abrasives** that reduce the consumption of energy and materials while enabling more cuts per unit of abrasive.
- **Imerys develops solutions to improve performance of recycled plastics** by improving the reach of poorly sorted post consumer waste.

1.1.2 GENERAL STRUCTURE

The market-focused organization of the Group is built around two segments, grouping five business areas:

- The **Performance Minerals** segment brings together three geographic business areas – Europe, Middle East and Africa (EMEA), Americas and Asia Pacific (APAC) – serving the plastics, rubber, paints & coatings, filtration, ceramics, building products, renewable energy and paper & board markets.
- The **High Temperature Materials & Solutions** segment regroups two business areas – High Temperature Solutions, and Refractory, Abrasives & Construction – serving the iron and steel, thermal, refractory, foundry, abrasives and building & infrastructure markets.

This simplified organization with a limited number of management layers brings the Group closer to its customers and allows it to meet their needs in a more effective way. The Senior Vice Presidents of the five business areas report directly to the Chief Executive Officer.

Support functions (Finance, IT, Human Resources, Communications, Legal and Strategy) are centralized at Group level and operate as business partners to the different business areas, while Innovation and Operations report directly into the business areas.

The Group's organization will enable Imerys to achieve its full organic-growth potential and further improve its competitive position to create value over the long term in a highly competitive environment, while also making savings on operating expenses.

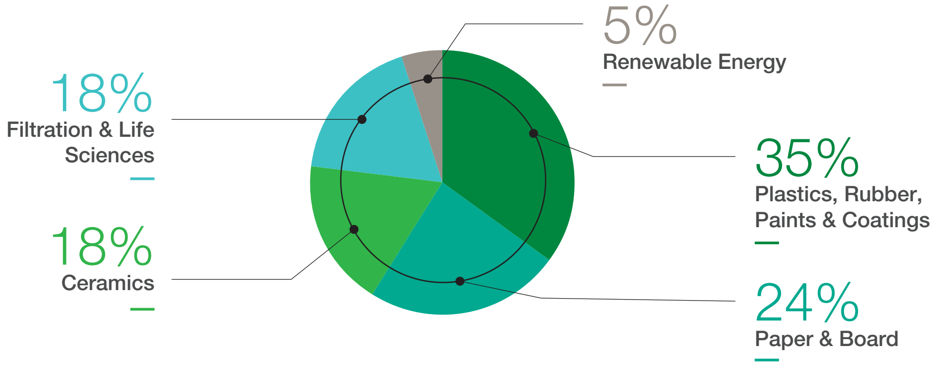
SEGMENTS	PERFORMANCE MINERALS			HIGH TEMPERATURE SOLUTIONS	
Business area	Performance Minerals, Europe Middle East and Africa	Performance Minerals, Americas	Performance Minerals, Asia Pacific	High Temperature Solutions	Refractory, Abrasives & Construction
Core markets	> Plastics, Paints, Rubber & Coatings > Paper & Board > Ceramics and Building Products > Filtration & Life Sciences > Renewable Energy			> Iron & Steel > Foundry > Thermal	> Refractory > Abrasives > Building & Infrastructure
2020 Revenue *(€ millions)*	1,009	886	440	632	1,050

√ For further details on 2020 earnings, please *see the Comments by Segment in chapter 5, section 5.3, and Information by Segment in the Consolidated Financial Statements in chapter 6 of the Universal Registration Document.*

PERFORMANCE MINERALS

The Performance Minerals segment serves five main markets.

2020 REVENUE (%)



		PERFORMANCE MINERALS AMERICAS	PERFORMANCE MINERALS ASIA-PACIFIC	PERFORMANCE MINERALS EUROPE, MIDDLE EAST AND AFRICA
KEY FIGURES				
	Revenue (€ millions)	886	440	1,009
	Number of customers	3,300	7,500	8,000
	Employees (as at December 31)	3,020	1,518	3,092
	Number of industrial sites	66	38	64
	Countries (industrial presence)	6	14	17
	Minerals	8	16	15
CORE MARKETS (REVENUE BREAKDOWN)				
	**Plastics, Rubber, Paints & Coatings, Adhesives**	38%	23%	39%
	**Paper & Board**	20%	29%	24%
	**Filtration & Life Sciences**	25%	11%	17%
	**Ceramics & Building Products**	17%	16%	20%
	**Renewable Energy**	-	21%	-

PERFORMANCE MINERALS

PLASTICS, RUBBER, PAINTS & COATINGS, ADHESIVES

35%
REVENUE

Plastics and Rubber

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

MINERALS

Carbon black/ Carbonate/ Diatomite/ Expanded graphite/ Graphite/ Kaolin/ Mica/ Talc/ Wollastonite

MARKET POSITIONS

World #1 in minerals for breathable polymer films
World #1 in talc for plastics
World #1 in wollastonite for plastics

Paints and Coatings

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

MINERALS

Carbon black/ Carbonate/ Diatomite/ Kaolin/ Mica/ Perlite/ Synthetic graphite/ Talc/ Wollastonite/ Zirconia-based chemicals

MARKET POSITIONS

World #1 in mica for high-performance coatings
World #1 in talc for paints
World #1 in wollastonite for paints & coatings
World #1 in perlite for paints & coatings
European #1 in kaolin for paints & coatings

Adhesives, caulks and sealants

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

MINERALS

Carbonate/ Kaolin

MARKET POSITIONS

World #1 in kaolin
World #2 in natural calcium carbonate

PERFORMANCE MINERALS

PAPER & BOARD

24%
REVENUE

Paper & board

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

MINERALS
Bentonite/ Carbonate/ Kaolin/ Talc

MARKET POSITIONS
World #1 in kaolin
World #1 in talc
World #2 in natural calcium carbonate

CERAMICS & BUILDING PRODUCTS

18%
REVENUE

Ceramics & building products

From fine dinner plates to stylish bathroom shower trays, the design and quality of ceramics influence many parts of everyone's daily life. This is why tableware, sanitaryware and tile manufacturers demand the highest standards for functionalities such as whiteness, mechanical strength and dimensional stability. Imerys is the world leader in mineral solutions for ceramics, prepared bodies and glazes as well as kiln furniture. The engineered mineral blends are also a key asset for unrivaled quality and high-performance products.

Imerys minerals & products (such as carbonates, sand, gravels, perlite, talc, mica) are also highly valued by the building sector for a large range of applications including acoustical ceiling tiles, insulation solutions (thermal, acoustic), roofing tiles as well as decorative materials.

MINERALS
Ball clay/ Bentonite/ Ceramic bodies and glazes/ Chamotte/ Engobes/ Feldspar/ Fused alumina/ Halloysite/ Kaolin/ Kiln furniture/ Mica/ Pegmatite/ Quartz/ Talc/ Wollastonite

MARKET POSITIONS
World #1 in raw materials and ceramic bodies for sanitaryware
World #1 in kiln furniture for roofing tiles
World #2 in kiln furniture for tableware
European #1 in raw materials and ceramic bodies for tableware

PERFORMANCE MINERALS

FILTRATION & LIFE SCIENCES

18%
REVENUE

Filtration & life sciences

High quality functional additives are essential for many consumer goods and life science industries, including personal care, pharmaceuticals, food, animal feed, pet litter, crop protection, and for the filtration of beer, wine, sweeteners, edible oils and blood plasma. Imerys' solutions are formed using naturally occurring minerals with exceptional properties such as opacity, adsorption capacity, texturing enhancement, high level porosity etc. Innovation capabilities allow fulfilling the latest market trends linked to consumer demands on naturality, on eco-responsibility in full compliance with market specifications and regulations.

MINERALS
Diatomite/ Perlite/ Talc/ Kaolin/ Bentonite/ Moler/ Mica/ Calcium Carbonate

MARKET POSITIONS
World #1 in diatomite- and perlite-based products for filtration
World #1 in kaolin
World #1 in talc

RENEWABLE ENERGY

5%
REVENUE

Renewable Energy

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

MINERALS
Carbon black/ Graphite

MARKET POSITIONS
World #1 in conductive additives for Li-ion batteries
World #1 in graphite for alkaline batteries

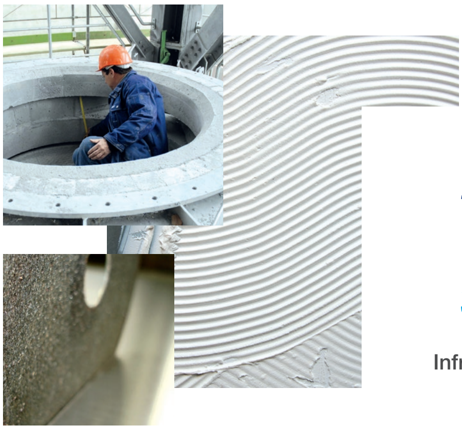
HIGH TEMPERATURE MATERIALS AND SOLUTIONS

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

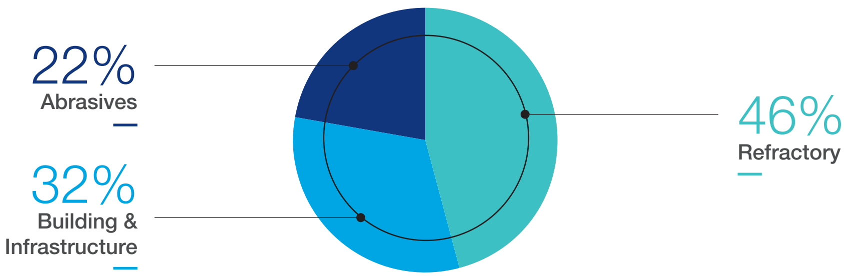
	REFRACTORY, ABRASIVES & CONSTRUCTION	HIGH TEMPERATURE SOLUTIONS
KEY FIGURES		
Revenue (€ millions)	1,050	632
Number of customers	4,500	6,800
Employees (as at December 31)	4,056	2,837
Number of industrial sites	40	37
Countries (industrial presence)	15	18
Minerals	8	NA*
REVENUE BREAKDOWN BY REGION		
Europe, Middle East and Africa	52%	58%
Americas	25%	12%
Asia-Pacific	23%	30%

** NA Non applicable*

REFRACTORY, ABRASIVES & CONSTRUCTION



2020 REVENUE (%)



Refractory (including Technical Ceramics)

Each refractory application is unique to sustain high temperatures as well as extreme physical and chemical conditions. Imerys develops minerals, binders and additives that enable continuous improvement in the steelmaking, power plant incinerator, biomass boiler, glass, as well as the cement and petrochemical industries. Technical ceramics are used applications such as electrical equipment, thermal equipment and in the automotive, aerospace, military and medical industries. The Group's unique mineral portfolio and treatment processes have enabled it to develop a number of industrial solutions for technical porcelain, steatite, cordierite, silicon carbide, mullite and alumina ceramics.

MINERALS

Alumina/ Andalusite/ Ball clay/ Calcium aluminate-based binders/ Chamotte/ Cordierite/ Diatomite/ Feldspar/ Electrically fused aluminas/ Fused mullite/ Fused Silica/ Fused zirconia/ Graphite/ Kaolin/ Molochite/ Mulite/ Silicon carbide/ Steatite/ Standard ceramic bodies/ Talc/ Technical ceramic bodies/ Wollastonite

MARKET POSITIONS

World #1 in high-performance calcium aluminate-based binders for refractories
World #1 in alumino-silicate minerals for refractories
World #1 in fused zirconia

Building & Infrastructure

Imerys develops cutting-edge solutions that have a wide range of applications, as well as essential properties ranging from rapid setting & drying to esthetics for the construction and civil engineering industries. Specialty calcium aluminate binders, metakaolin, smart fillers and functional additives like bentonite, perlite and ball clays offer performance to meet our customers expectations. These highly technical products can be used in a number of applications, such as flooring, tile adhesives & grouts, technical mortars, waterproofing membranes, renders, external insulation as well as mortar & concrete for industrial flooring, wastewater sewage, tunnel boring and mining.

MINERALS

Ball clay/ Bentonite/ Calcium aluminate-based binders/ Graphite/ Kaolin/ Metakaolin/ Perlite/ Talc

MARKET POSITIONS

World #1 in calcium aluminate-based binders

Abrasives

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

MINERALS

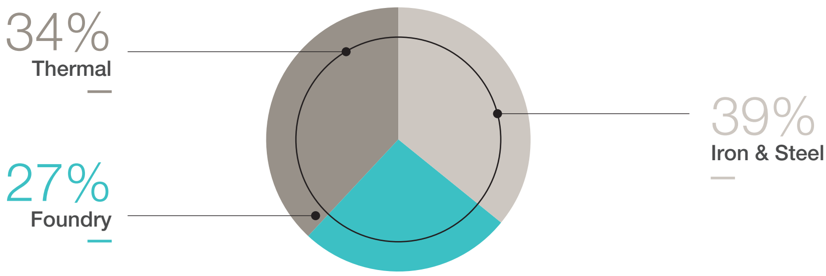
Electrically fused aluminum oxide (corundum)/ Sintered alumina/ Sol Gel alumina

MARKET POSITIONS

World #1 in fused minerals for abrasives

HIGH TEMPERATURE SOLUTIONS

2020 REVENUE (%)



Iron & Steel

The iron & steel industry supplies a wide range of end-use markets, such as construction and infrastructure, automotive and other transportation segments such as aircraft and railroad, as well as mechanical engineering, domestic appliances, and oil & gas. The steel industry is in a permanent evolution to enhance the metals properties and keep the leading position among sustainable materials. Imerys provides the steelmaking industry with a number of minerals, refractory solutions and services covering all aspects of the molten steel production process, from fluxes for continuous casting or secondary metallurgy to the global refractory solutions and abrasion coatings.

MINERALS

Refractory solutions/ Calcium aluminate fluxes

MARKET POSITIONS

World #1 in casting fluxes
World #1 in alumino-silicate monolithic refractories
World #1 in calcium aluminates for slag conditioning

Foundry

The production and casting of molded components has a long history, the origins of which date back over 5,000 years. Today, molds made from sand, ceramic and metal are widely used to make metal components for the automotive, construction and farming industries as well as for other equipment manufacturers. Imerys provides high performance minerals and innovative solutions to support foundry process efficiency from melting to molding and core making . The Group is a leading supplier of both refractory and green molding sand additive solutions for ferrous and non-ferrous metal foundries.

MINERALS

Bentonite/ Green sand additives/ Refractory solutions

MARKET POSITIONS

World #2 in bentonite for metal casting
European #1 in monolithic refractories

Thermal

Imerys refractory solutions form part of the equipment used in a wide range of industries ranging from aluminium and other non-ferrous metals, cement and lime, waste to energy and power facilities, and petrochemical complexes. Imerys provides customized refractory material formulations combined with a full range of technical services and project management to meet the demand from customers globally.

MINERALS

Refractory solutions

MARKET POSITIONS

World #1 in alumino-silicate monolithic refractories

1.2 A PROFITABLE GROWTH STRATEGY

1.2.1 STRATEGY AND GROWTH DRIVERS

To safeguard its profitable and sustainable growth, the Group is pursuing two strategic objectives: step up organic growth and increase operating profitability.

1.2.1.1 STEPPING UP ORGANIC GROWTH

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

AN ORGANIZATION BUILT AROUND OUR CUSTOMERS AND OUR MARKETS

The market-oriented organization **helps to improve proximity to customers** and is supported by a new commercial excellence program. The organization leverages the benefits of a broad portfolio of mineral specialties and the opportunities to cross-sell several complementary mineral products to customers. **Commercial excellence** helps taking a personalized approach to key accounts and to bolster partnerships with customers.

DIFFERENTIATED BUSINESS MANDATES

The Group takes a tailored approach to managing its operations, **allocating resources to markets with the most promising outlook for growth.** In more mature business areas, the Group seeks to generate cash and optimize its cost structure.

PRIORITY GIVEN TO HIGH GROWTH REGIONS

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

PORTFOLIO MANAGEMENT

The Group will continue to grow by pursuing **its active acquisitions strategy** to consolidate its existing positions, gain a foothold in new regions or new applications and complement its portfolio of specialty solutions.

The Group has deployed this strategy in each of its business units.

A COMPREHENSIVE STRATEGY TO STEP UP ORGANIC GROWTH

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

CUSTOMER-CENTRIC APPROACH

In the Performance Minerals segment, **the Group offers a comprehensive range of products** (carbonates, mica, talc, kaolin, diatomite and perlite) to meet all needs in the paints and coatings market (matting effect, crack resistance, reduction of TiO_2 and insulating properties), with a personalized approach to manage key accounts and a strong technical support service. For life science applications (personal care, pharma, animal feed, agriculture), Imerys offers a full range of mineral-based solutions with a strong natural and sustainability profile, replacing current materials based on chemicals. In the High Temperature Materials & Solutions segment, the Group has been able to enhance its offer through dedicated investments in new facilities to increase or improve its product portfolio (e.g. in steel casting fluxes, lances, plastic refractory, tap-hole clays, ready shapes and light weight castables).

DEVELOPMENT IN HIGH GROWTH REGIONS

In the Performance Minerals segment, **Imerys is accelerating its commercial development in ceramics in emerging countries** (Eastern Europe & Middle East) by leveraging its new sales organization and investing in processing platforms in countries such as Ukraine and Egypt. It develops innovative solutions for strengthening plastics to reduce the overall weight of vehicles in order to meet new environmental standards in China. In the High Temperature Materials & Solutions segment, Imerys developed new products and services to meet growing demand in the Indian steel market.

TARGETED CAPACITY EXPANSIONS

The Group is **pursuing its strategy of expanding production capacities** to meet demand for its products in regions and/or markets with high growth potential:

- In the Performance Minerals segment, an investment of €35 million in its plant in Bodio, Switzerland, to expand production capacity for high-purity synthetic graphite used in Lithium-ion batteries, mostly for electric cars. This investment is the first of a series of capacity expansion projects the Group envisages to support and accompany the expected strong growth of the electric vehicles market worldwide.
- In the High Temperature Materials & Solutions, an investment of €37 million for the commissioning of a plant in Vizag, India, to serve the growing demand of the domestic refractory market with high performance solutions. India is the second largest steel producer in the world.

ACTIVE ACQUISITION STRATEGY

The Group is pursuing an active acquisitions strategy to consolidate its position in the market, gain a foothold in new regions or new applications and complement its portfolio of specialty solutions.
Main acquisitions having a perimeter effect in 2020 are the following:

Business areas	Company (holding percentage)	Region	Date	Yearly Revenue *(€m)*	Main rationale
Performance Minerals Americas	EDK (100%)	Brazil	November 2019	USD 13 million	Calcium carbonate producer, strengthening Imerys' product portfolio for paints and coatings applications
Refractory, Abrasives, Construction	Shandong Luxin Mount Tai Co (65%)	China	December 2019	€12 million	Producer of high-quality minerals for abrasives
Performance Minerals Americas	Cornerstone Industrial Minerals Corp. (100%)	North America	April 2020	USD 12 million	Producer of specialty perlite, strengthening Imerys' offering in the attractive agriculture and horticulture markets.
High Temperature Solutions	Hysil (100%)	India	July 2020	€5 million (2019)	Producer of calcium silicate boards used for thermal insulation
High Temperature Solutions	Sunward Refractories (80%)	Taïwan	October 2020	USD 15 million (expected in 2021)	Producer of high temperature refractory solutions which extends the Group market reach in Asia
High Temperature Solutions	Haznedar group (60%)	Turkey	December 2020	USD 64 million (2019)	Producer of high-grade refractory monolithics and bricks, complementing Imerys product offering and developing its position in the growing Turkish market. The acquisition also offers a cost competitive production-base strategically located between Europe, Middle-East and Africa

1.2.1.2 INCREASE OPERATING PROFITABILITY

To improve profitability, Imerys has put in place an action plan structured around two core pillars:

A LEANER, MORE EFFICIENT ORGANIZATION

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

CORPORATE EXCELLENCE

In order to leverage its scale, the Group has implemented an organization based on **specialized corporate support departments.** Shared service centers are set up to optimize costs and expertise, in particular in HR and finance. The principle of **corporate excellence** has been applied in plants, quarries, purchasing and marketing to improve the sharing of best practice and boost coordination among segments.

The Group regularly assesses its portfolio of businesses. In 2020, Imerys divested its Kaolin operations located in Pittong, Australia (December 2020).

In addition to the Connect & Shape transformation plan, Imerys has also implemented in 2020 a specific action plan to contain the impact of the Covid-19 pandemic with the aim of limiting the adverse impact of the volume shortfall on the Group's performance and cash flow. This plan delivered savings on fixed costs and overheads of €131 million in 2020. As part of this plan, Imerys also reduced its capital expenditures to €262 million in 2020, significantly below the typical range for the Group of €300-€350 million per year, and its working capital, notably through a significant decrease of inventories.

€131M

SAVINGS ON FIXED COSTS AND OVERHEADS IN 2020

1.2.2 A FIRM COMMITMENT TO CORPORATE SOCIAL RESPONSIBILITY

Increasing urbanization, changing demographics and rising consumption around the world are resulting in growing demand for natural resources, which puts pressure on natural systems.

As the world's leading supplier of mineral-based specialty solutions, Imerys' technical knowledge and expertise place the Group in the best position to extract and transform minerals responsibly over the long term.

The Group's ambition is simple: **to unlock the sustainable potential of minerals.**

The Group's CSR Steering Committee approves and sets the targets for the CSR policy, as well as manages and monitors the implementation of the related action plans. The Steering Committee is chaired by the Chief Executive Officer and includes members from the Executive Committee (Group General Counsel, Chief Human Resources Officer, Chief Industrial Officer and three Senior Vice Presidents) as well as two senior managers from the Group's other corporate support and operational departments.

The Board of Directors reviews the performance and progress made by the Group every year.

THE GROUP IS COMMITTED TO PLAYING A ROLE IN SOCIETY, MEETING ITS OBLIGATIONS TO THE COUNTRIES AND COMMUNITIES IN WHICH IT DOES BUSINESS.

Imerys' growth strategy and approach to creating value take into account the challenges and expectations from a wide range of stakeholders from both within the Group and beyond, including panels of experts, professional bodies, local forums and customers.

The medium- and long-term CSR targets strive for continuous improvement and fall under the following three main areas:

EMPOWERING OUR PEOPLE

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

CARING FOR OUR PLANET

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

BUILDING FOR THE FUTURE

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

The SustainAgility CSR program is built around six pillars and 16 themes, which are in line with and contribute to the United Nations Sustainable Development Goals (SDG). Imerys' teams are engaged to drive the program, transforming the business and leading the industry responsibly.

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

** This list only includes the themes that were identified as a priority following the Group materiality assessment. Refer to chapter 3 for additional details.*

Imerys adheres to major international framework agreements such as the United Nations Guiding Principles on Business and Human Rights, the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises, and the International Labour Organization (ILO) Fundamental Conventions.

Imerys' ambition to unlock the sustainable potential of minerals through concrete actions is demonstrated by:

- **Scaling up efforts to deliver new solutions and opportunities to extend the life cycle of the Group portfolio, by assessing 40% of its portfolio against sustainability criteria by 2022, recognizing both the society and customer demand to produce better for longer.** The Group is focusing on developing circular solutions, directly with our customers, as well as within the full business value chain, including for example by increasing the use of recycled raw materials and re-using refractory products in the High Temperature Solutions business area.
- **Playing a positive role within communities, both for local ecosystems and economies on the long-term.** The Group is firmly committed to the conservation of biological diversity and its restoration, communicating concrete actions through act4nature International[1] and partnering with recognised scientific experts such as UMS Patrimoine Naturel[2]. The Group continues to look for new ways to help employees and our local communities thrive, creating positive value through education and skills development.
- **Contributing to the global drive to combat climate change by reducing carbon emissions in Group operations by 36% relative to revenue by 2030.** As a signatory of the French Business Climate Pledge, Imerys has committed to work to accelerate the pace of transition towards a low carbon economy. For example within its own operations, in one of its highest emitting sites, in Andersonville, in the United States, Imerys is adjusting the installation to modify the fuel mix, integrating biomass waste as a feed for rotary kilns and thereby significantly reducing the carbon emissions associated with the operations. Within the Group portfolio, Imerys solutions likewise support the reduction of emissions within the value chain, such as ultra-reactive, low-CO_2 concrete, a highly reactive specialty binders that allows a reduction in the overall binder content of concretes and drymix mortars.
This solution can lead to a reduction of 40% of CO_2 emissions in flooring applications (compared to a formulation based on Portland cement), thus creating the potential to reduce the construction sector's CO_2 footprint by thousands of tons worldwide.

IMERYS' SOLUTION CAN LEAD TO A REDUCTION OF
40%
OF CO_2 EMISSIONS IN FLOORING APPLICATIONS

Indices/Assessment & **Latest rating** *(year)*

CDP- Climate Change	B (2020)
EcoVadis (0 – 100)	Platinum– 74 (2020)
MSCI ESG	AA (2020)
Sustainalytics (100 - 0)	29.6 (2020)
ISS – oekom	C (2020)
Vigeo Eiris (0 – 100)	60 (2020)

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

To drive the necessary change, Imerys continues to work closely with customers, suppliers and other stakeholders, leading the way towards a more sustainable industry, one that responds to the world's growing demand while benefiting local communities and protecting the natural environment.

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

(1) act4nature is an initiative launched by EPE (Entreprises pour l'Environnement) and a number of partners with the aim of mobilizing companies to protect, promote and restore biodiversity. http://www.act4nature.com/en/.
(2) UMS Patrimoine Naturel is an umbrella organization bringing together the French National Museum of Natural History (FNMNH), the French Agency for Biodiversity and the National Center for Scientific Research (CNRS) http://www.patrinat.fr/fr/ums-patrimoine-naturel-346.

1.2.3 A BUSINESS MODEL THAT CREATES VALUE

1.2.3.1 A BUSINESS MODEL THAT CREATES VALUE OVER THE LONG TERM

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

ASSETS

HUMAN RESOURCES

16,400 employees in 40 countries

71% of employees have benefited from at least one training course

ENVIRONMENTAL RESOURCES

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

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

PEOPLE AND SOCIETY

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

FINANCIAL RESOURCES

Equity: €2,956 M

Net debt: €1,508 M
(51% of equity and 2.4x of current EBITDA)

Investment grade credit rating:
BBB- (S&P), Baa3 (Moody's)

INDUSTRIAL AND COMMERCIAL RESOURCES

245 industrial sites and 102 mines in 40 countries

Investment in maintenance and development:€262 M

I-Cube industrial improvement program rolled out at 200 sites

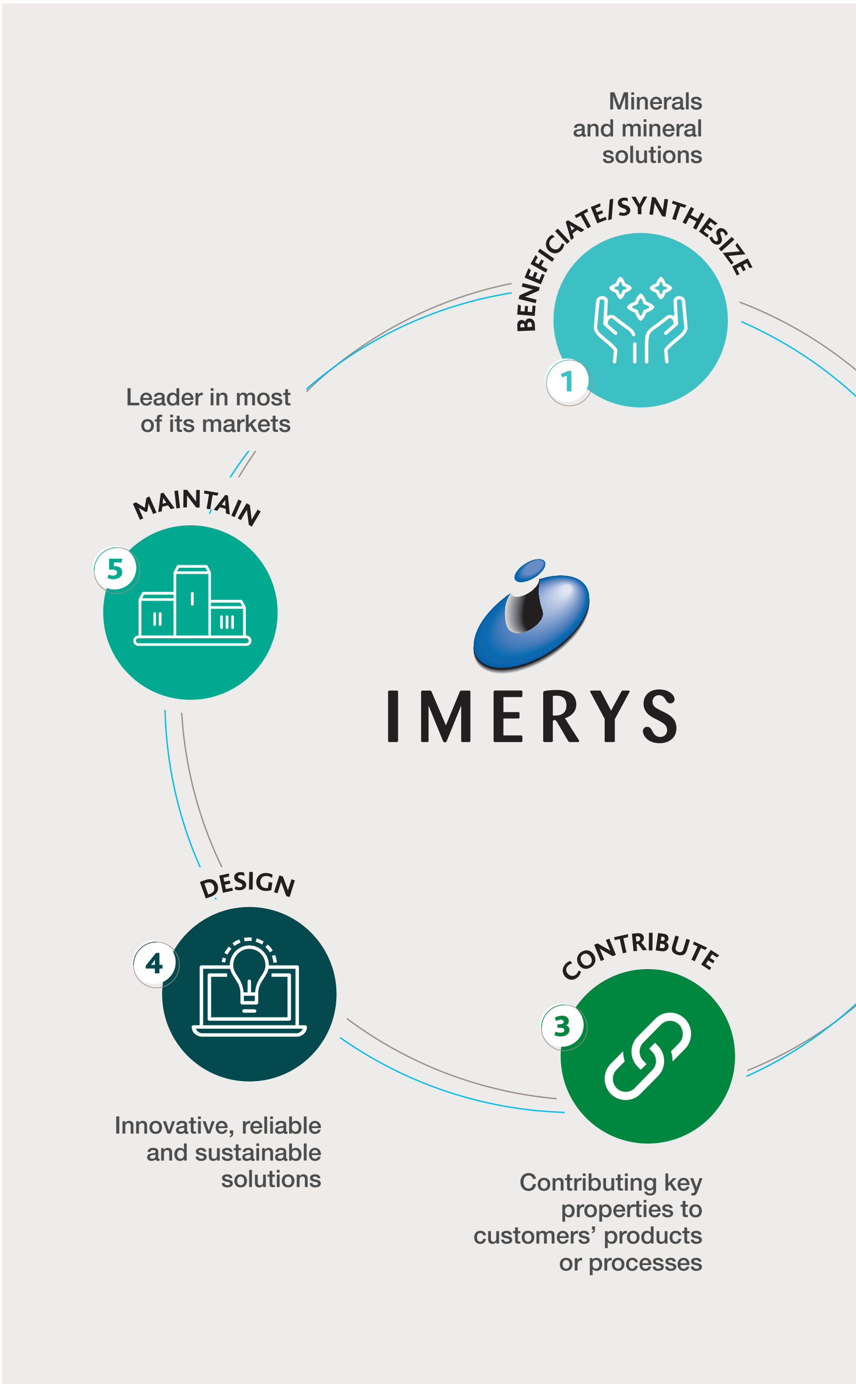
INTELLECTUAL RESOURCES

Portfolio of 2,450 **patents**

330 people working in 9 **R&D centers**

70 new minerals solutions launched in 2020

BUSINESS MODEL



IMPACT IN 2020

Exclusive processes and technologies

High quality industrial assets

HUMAN RESOURCES

Safety: 2.66 Total Recordable Injury Rate

Equality and diversity: 26% of women in the Group's senior management team

92.9% of employees hired on unlimited contracts

ENVIRONMENTAL RESOURCES

Fight against climate change:
12% reduction in tons of CO_2 equivalent emitted per million euro of revenue since 2018

Optimization of non-energy resources:
14% reduction in water used at Group sites

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

PEOPLE AND SOCIETY

Local community engagement:
42 new local community relations projects

Business conduct and responsible purchasing:
14% of Group suppliers (by spend) covered by EcoVadis CSR assessments

Product sustainability:
6% of Group portfolio assessed against environmental and social criteria

Product Life Cycle Analysis (LCA):
49 product LCA competed

FINANCIAL RESOURCES

Current EBITDA: €631 M (margin on revenue 16.6%)

Net current free operating cash flow: €373 M

Dividend per share: €1.15*

INDUSTRIAL AND COMMERCIAL RESOURCES

15,000 customers across 142 countries

Market leader in 75% of operations

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

VALUE CREATED FOR STAKEHOLDERS

IMERYS
€3,799 M
Revenue

EMPLOYEES
€875 M
Salaries and social security contributions, bonuses

COMMUNITIES
€2 M
Contribution to charitable projects, donations, sponsorship and community action, including Covid-19 related donations (Imerys calculations)

STATES
€86 M including €45 M
paid in income tax

SUPPLIERS
€2,261 M
Purchase of raw materials, consumables and services

SHAREHOLDERS
€137 M
ordinary dividend

BANKS
€44 M
net interest

1.2.3.2 DISCIPLINED CAPITAL ALLOCATION

The Group allocates its resources to best optimize value creation and deliver a long-term, attractive return on investment for its shareholders.

The Group's efforts to step up organic growth, strictly manage costs and its business model – built on market leading positions and mineral solutions that contribute key properties to its customers' products – will generate solid and sustainable cash flow in the future.

The cash generated by Imerys will be:

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

Imerys also strives to maintain a solid financial position to safeguard its independence and the long-term success of its business model. At the end of 2020, the gearing ratio was 51%. The financial rating agencies Moody's and Standard & Poor's assigned to Imerys the ratings Baa3, negative outlook, and BBB-, stable outlook, respectively.

2018-2020 Cumulative Resources	2018-2020 Use
Current net free cash flow generation before capital expenditures: €1,894M	**Capital expenditure:** €887M **Acquisitions:** €167M
Disposals (excluding Roofing): €73M	**Return on capital (mainly dividend):** €514M **Others*:** €399M

** Change in other operating items, financial charges and non-recurring costs.*

"€1.0BN CUMULATED NET CURRENT FREE OPERATING CASH FLOW (AFTER CAPEX) OVER THE LAST 3 YEARS"

1.2.4 AN EFFECTIVE RISK MANAGEMENT

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

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

These tools allow the Group to identify and assess the key risks, as set out in the following pages. These risks are addressed with mitigating plans, which are detailed in *chapter 2 of the Universal Registration Document*.

1.2.4.1 OVERVIEW OF RISK MANAGEMENT GOVERNANCE AT IMERYS

BOARD OF DIRECTORS

- Ensures risks are managed effectively

AUDIT COMMITTEE AND STRATEGIC COMMITTEE

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

CHIEF EXECUTIVE OFFICER AND THE EXECUTIVE COMMITTEE

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

RISK COMMITTEE

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

Foreign Exchange, Interest Rate and Energy Committee

Ethics Committee

Investment Committee

Corporate Social Responsibility Committee

IT/Cybersecurity Committee

Safety Committee

Pensions Committee

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

1.2.4.2 THE RISK MAPPING PROCESS

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

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

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

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

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

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

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

Covid-19

All end-markets and geographies have been affected by the Covid-19 pandemic with an unprecedented and rapid decline in business activity, however Imerys showed an adaptive and resilient business model in this crisis period. Through dedicated Crisis committees gathering health & safety, human resources and operational managers, Imerys reacted quickly to ensure the health & safety of its employees, their families and all its stakeholders, while preserving business continuity and adjusting production to lower demand when necessary.

Although the main consequences of such a crisis are already covered in existing risks, a new category of risk, indicated as "Crisis response", has been integrated in the Group Risk Map, covering any new major disruptive event which could occur, in order for a more formalised crisis response approach to be implemented.

1.3 GOVERNANCE AT THE HEART OF THE GROUP'S PHILOSOPHY

A SEPARATED GOVERNANCE STRUCTURE

Since 2018[(1)], the governance structure involves the separation of the offices of the Chairman of the Board of Directors and of the Chief Executive Officer, which ensures that the Imerys' governance bodies operate effectively and fosters the development of complementary skills. The reduction of the number of directors sitting on the Board has helped improving the Board's agility and effectiveness.

At the date of this Universal Registration Document was filed, Patrick Kron acts as Chairman of the Board and Alessandro Dazza acts as Chief Executive Officer.

1.3.1 THE CHIEF EXECUTIVE OFFICER AND THE EXECUTIVE COMMITTEE

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

The Executive Committee

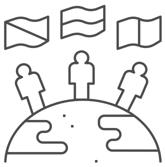
The Executive Committee is made up of the Chief Executive Officer, the heads of corporate support services and the Senior Vice Presidents of the five business areas. Its main role is to implement the strategic priorities set by the Board of Directors and ensure the value creation targets are achieved.

The Executive Committee is collectively responsible for the overall performance of Imerys and seeks to promote the Group's interests.

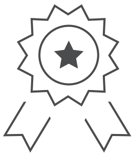
(1) Save for a 3-month interim period between October 2019 and February 2020 following departure of former Chief Executive Officer.

Structure of the Executive Committee

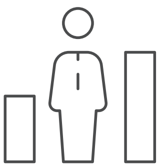
At the date this Universal Registration Document was filed, the Executive Committee was composed of:



4
NATIONALITIES



13 years
AVERAGE TIME SPENT WITHIN THE GROUP



52.6 years
AVERAGE AGE OF EXECUTIVE COMMITTEE MEMBERS

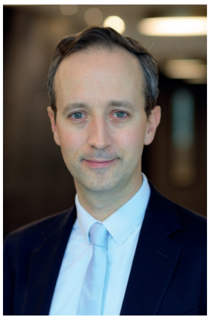
Alessandro Dazza
Chief Executive Officer
Member of the Group and the Executive Committee since February 2020*

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

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

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

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



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

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

Vincent Lecerf
Chief Human Resources Officer
Member of the Groupe and the Executive Committee since 2017

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

Olivier Pirotte
Chief Strategy Officer
Member of the Groupe and the Executive Committee since 2015

Sébastien Rouge
Chief Financial Officer
Member of the Groupe and the Executive Committee since 2020

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

A regular dialogue between the Chief Executive Officer, the Executive Committee and the Board of Directors

The regular dialogue between the Chief Executive Officer, the Executive Committee and the Board of Directors plays a decisive role in defining and implementing the Group's strategy. The constructive interaction among the parties is fostered through and encouraged by:

- regular presentations of the Group's business areas and key projects given by the members of the Executive Committee to the Board of Directors and its committees;
- the creation of dedicated ad-hoc sub-committees of the Board of Directors, comprising members of the Board and key personnel from within the Group, reporting directly to the Board;
- members of the Board having unrestricted access to all relevant information to allow them to properly carry out their duties; and
- visit of key operations sites of the Group by Board members.

Balanced compensation in line with value creation over the long and short term

Imerys' compensation policy remunerates its senior management team and a large number of its employees based on the long and short-term performance of the Group and the value creation.

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

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

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

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

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

1.3.2 BOARD OF DIRECTORS AND ITS COMMITTEES

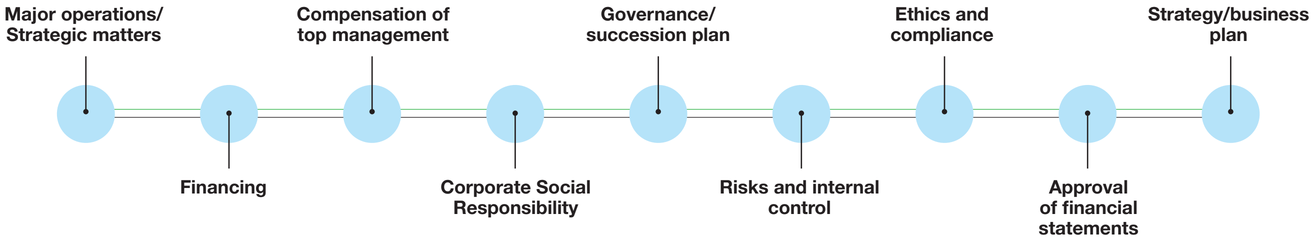
Imerys' Board of Directors is headed by Patrick Kron, Chairman of the Board since June 25, 2019.

Duties of the Board of Directors

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

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

Duties of the Board of Directors



Experienced and diligent members of the Board

3.3 years
AVERAGE TIME SPENT ON THE BOARD

55.5 years
AVERAGE AGE OF BOARD MEMBERS

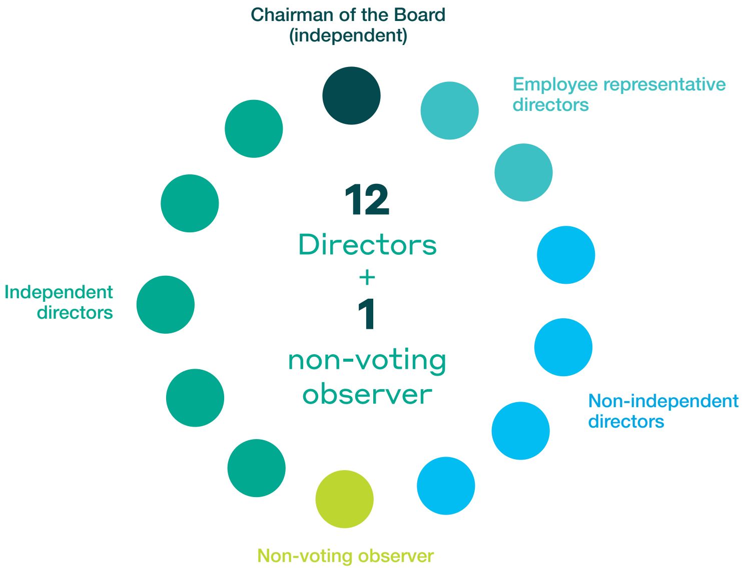
7
MEETINGS IN 2020

95 %
ATTENDANCE RATE

Structure of the Board of Directors

A diverse and balanced international body

At the date of this Universal Registration Document was filed, the Board of Directors was made up of:



12
DIRECTORS
INCLUDING 2 DIRECTORS REPRESENTING EMPLOYEES

4
FEMALE DIRECTORS

6
INDEPENDENT DIRECTORS

1
OBSERVER
(ATTENDING IN AN ADVISORY CAPACITY)

7
NATIONALITIES
INCLUDING DIRECTOS REPRESENTING EMPLOYEES AND OBSERVER

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

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

Committees of the Board of Directors

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

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

STRATEGIC COMMITTEE	AUDIT COMMITTEE	APPOINTMENT COMMITTEE	COMPENSATION COMMITTEE
Chair: Ian Gallienne	Chair: Aldo Cardoso	Chair: Marie-Francoise Walbaum	Chair: Marie-Francoise Walbaum
6 Members	4 Members	3 Members	4 Members
1/3 Independence	3/4 Independence	2/3 Independence	2/3 Independence
6 Meetings in 2020	6 Meetings in 2020	2 Meetings in 2020	4 Meetings in 2020
94% Attendance rate	100% Attendance rate	90% Attendance rate	100% Attendance rate

Strategic Committee – Main duties

1. Strategy

- Formulate and approve the Group's long-term industrial, commercial and financial strategic orientations and how to pursue them.
- Ensure the long-term strategy implemented by the management is in line with the orientations approved by the Board.
- Analyze and make recommendations on:
  - the Group's budget;
  - the operations likely to significantly modify the purpose or scope of business of the Group, including investments or acquisitions worth more than €20 million per transaction,
    - material commercial or industrial agreements; -any financing operation for amounts likely to substantially modify the Group's financial structure,
    - the general orientations of the CSR and innovation policies.

2. Risk

- Analyze matters relating to the way the Chief Executive Officer identifies, measures and monitors the main challenges and potential risks facing the Group.

Audit Committee – Main duties

- Ensure the relevance, consistency and proper application of, and compliance with, the accounting standards adopted to prepare the Group's consolidated and statutory financial statements.
- Verify the Group's external financial communications prior to publication.
- Analyze the accounting and financial treatment of material acquisitions or disposals.
- Monitor the application and effectiveness of all processes designed to improve internal control within the Group.
- Ensure compliance with the rules, principles and recommendations safeguarding the independence of Statutory Auditors.
- Oversee the selection procedure to appoint or re-appoint Statutory Auditors.
- Keep abreast of the Group's financial position and the overall orientation of the Group's financial and tax policies.
- Keep abreast of insurance policies, IT governance, IT security and cybersecurity.

Appointment Committee – Main duties

- Examine and submit opinions and recommendations to the Board concerning prospective candidates for the positions of Chairman, Chief Executive Officer, Deputy Chief Executive Officers (if any), Directors, and members of committees.
- Present a succession plan for executive corporate officers and the Executive Committee.
- Review the independent status of Directors.
- Consider draft responses to any requests from regulatory authorities (French Financial Market Authority or France's High Committee for Corporate Governance, the HCGE). Make recommendations to the Board to comply with best practice in governance and the recommendations set out in the AFEP-MEDEF Code.

Compensation Committee – Main duties

- Examine and submit opinions and recommendations to the Board concerning:
  - the amount of and allocation method applied to determine compensation for directors;
  - the comprehensive compensation policy for executive corporate officers, which the Board submits for approval at the Shareholders' General Meeting;
  - the comprehensive compensation policy for the Group's senior executives;
  - all components of compensation, sign-on bonuses, severance packages and benefits of any kind owed or likely to be owed to each executive corporate officer;
  - the Group's policy on employee share ownership.

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

RISK FACTORS AND INTERNAL CONTROL

2.1 RISK FACTORS

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

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

Degree / Type	Moderate	Significant	High
Strategic		Evolution and volatility of end markets Product stewardship *[CSR]* Innovation *[CSR]* Digital transformation	
Operational	Mineral reserves and resources *[CSR]* Employee health & safety *[CSR]* Crisis management	Cybersecurity Environment and climate change *[CSR]*	
Legal		Compliance with laws and regulations *[CSR]*	

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

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

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

2.1.1 STRATEGIC RISKS

■ EVOLUTION AND VOLATILITY OF END MARKETS

Description

The Group's earnings are sensitive to the macroeconomic conditions of the end markets it serves. Cyclical volatility in specific markets, as observed in the automotive industry during the Covid-19 pandemic, along with the structural decline of certain mature markets, such as the printing and writing paper sector, may adversely affect the individual financial performance of a number of the Group's business areas depending on their exposure to the different markets *as described in chapter 1, paragraph 1.1.1.1 of the Universal Registration Document.*

Key risk control measures taken

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

PRODUCT STEWARDSHIP [CSR]

Description

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

Key risk control measures taken

- The Group has set up its own product stewardship team. Headed by the Group Product Stewardship Vice-President, it is represented in each business area by an experienced director who leads a team of product stewardship managers and regulatory compliance experts for each region and market. In addition, a Product Stewardship Steering Committee, chaired by the Group Chief Executive Officer, has been created. The structure, reviewed in 2019, is fully operational in 2020.
- In 2018, the Group implemented a new product stewardship policy and supporting protocols, which define the objectives, roles and responsibilities, guiding principles and specific requirements, as well as continuous improvement process to be followed. Continuous improvement is implemented in particular by updating and supplementing the review of its portfolio of minerals and raw materials used to manufacture its products.
- The Group employs state-of-the art analytical methods, equipment, and testing to ensure that product assessments and associated decisions are driven first and foremost by sound science. For certain minerals, the Group applies the Mine to Market Mineral Management (M4) program, both for owned and external deposits. This program, which has been developed over a number of years and is regularly reviewed and enhanced, involves strict quality control at all stages of the process, from mining to manufacturing. The Group continually evaluates testing protocols and invests in innovation to ensure continuous improvement in quality and compliance. Furthermore, product stewardship risks are fully factored into the new product development process.
- The Group has improved product stewardship by rolling out specially designed tools.

INNOVATION [CSR]

Description

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

Key risk control measures taken

- Innovation has been put under the responsibility of the various business areas in order to best meet the needs of markets and customers. Directors of Innovation are tasked with identifying and implementing best practice in their own business area, especially in regard to research project management, intellectual property, skill development, scientific excellence and procedures.
- Centralizing and pooling the Group's intellectual property assets within a specially designed entity guarantees better protection, safeguarding and optimization of the Group's innovation efforts.
- Directors of Innovation have access to a shared project portfolio management system to help them manage, assess and optimize their investments.
- Strict methods have been put in place to ensure products effectively meet the needs of customers in the desired market segments. They include building close relations between the science & technology, marketing and business development teams in each segment and the Group's external customers to better understand their work and technical constraints, and anticipate their needs.
- Any changes to laws and regulations that could potentially affect the Group's operations are anticipated and integrated in its innovation programs in order to rapidly respond to new requirements as and when the time comes while also minimizing costs and/or to take advantage of the business development opportunities arising from such changes.
- The Group's industrial excellence program "I-Cube" *(see chapter 1, section 1.1.1 of the Universal Registration Document)* is supported by a robust and stringent procedure to handle the capital expenditure requests made by business areas, as well as checks to ensure they are properly implemented in order to avoid any lengthy delays.

▪ DIGITAL TRANSFORMATION

Description

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

Key risk control measures taken

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

2.1.2 OPERATIONAL RISKS

▪ CYBERSECURITY

Description

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

Key risk control measures taken

- With support from a specialized cybersecurity consulting firm, the Group has drawn up and rolled out an action plan since 2018. The implementation of the plan was reviewed in early 2019 by the same specialized firm, which confirmed it was adequate. As a result, Imerys has set up an IT security team, assessed and fortified its communications network, deployed new IT security systems, reviewed access rights to the Group's various IT systems, carried out a number of initiatives to raise awareness among employees and systematically develops continuity plans.
- The IT and Cybersecurity Committee, chaired by the Group's Chief Financial Officer monitors the plan and reviews its priorities on a quarterly basis in order to factor in emerging threats and supplement it where necessary. Since November 2019, IT security projects have been undertaken to make effective progress on the most considerable sources of risk and the priorities are regularly reviewed. The projects are looking at issues such as network segmentation, obsolescence, computer folders, management of accounts with additional rights, remote connections etc.
- These plans are presented to both the Group's Executive Committee and Audit Committee.

▪ ENVIRONMENT AND CLIMATE CHANGE [CSR]

Description

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

Key risk control measures taken

- An Environmental Management System (EMS) is used to identify, prioritize and roll out checks to manage all potentially material environmental impacts resulting from the Group's industrial operations and includes compliance audits *(see chapter 3, paragraph 3.6.1 of the Universal Registration Document)*.
- A dedicated team has been formed, overseen by the Group Chief Environmental Officer, with representatives in each business area and environment correspondents at each Imerys site.
- A process to identify and analyze the key potential risks inherent to each site operated by the Group has been conducted.
- A regulatory watch system has been deployed at each site in the Group's main operating countries.
- Environment protocols and a maturity matrix ensure these matters are handled in the same way across the Group.

- A Group Environmental Charter was published in February 2020.
- A study into the vulnerability of industrial sites to extreme weather events and natural disasters was carried out in 2020.
- The Group has implemented a method to measure the environmental and social impact of products that includes their carbon footprint. Furthermore, Imerys includes carbon footprint reduction criteria in its investment decision process.

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

▪ MINERAL RESERVES AND RESOURCES [CSR]

Description

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

Key risk control measures taken

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

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

▪ HEALTH AND SAFETY [CSR]

Description

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

Key risk control measures taken

- The Group has set up the "Imerys Safety System", which was built around three pillars – (i) procedures and standards to be implemented in all Group operations (the "27 safety protocols", the "seven procedures" to handle the most severe risks and the "Five Step" rule to follow before taking any decisive action); (ii) regular communication about these rules, in particular through the "Safety Universities" and "Safety Alerts"; and (iii) regular compliance audits at all Imerys sites.
- The system has been supplemented with the introduction of procedures to systematically assess safety risks at each site, new safety protocols and a new campaign to raise awareness of the risk of fatal and serious accidents. A further system designed to collect safety data has been deployed.
- The Director of Occupational Health has put together a process to review the risk of industrial operations on employee health, which has been rolled out to all Imerys sites. Furthermore, protocols to address key risks have been set up by the Group's occupational health managers appointed in each business area.

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

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

▪ CRISIS MANAGEMENT

Description

Any crisis – *i.e.* an event or series of events likely to cause major disruption, including loss of sales, reputation damage – could have a negative impact on the Group should it fail to provide a rapid and appropriate response. The Covid-19 pandemic has set a new precedent in crisis management that has highlighted the importance of crisis preparation and operational resilience.

Key risk control measures taken

- The Group regularly analyzes the major risks that are likely to have a material impact on its business, thereby identifying the central focus of crisis management.
- A crisis management project has been launched in 2020, which will result in a formal action plan.
- The potential impact of a crisis is also factored into the different risks identified by the Group, in particular in evolution and volatility of end markets and cybersecurity.
- During the Covid-19 pandemic, Imerys took rapid action through crisis management committees, which brought together Health and Safety, Human Resources and operational managers in order to guarantee the health and safety of the Group's stakeholders, employees and their families, while also safeguarding business continuity.

2.1.3 LEGAL RISKS

▪ COMPLIANCE WITH LAWS AND REGULATIONS [CSR]

Description

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

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

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

Key risk control measures taken

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

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

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

2.1.4 INSURANCE – RISK COVERAGE

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

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

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

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

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

■ GENERAL LIABILITY

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

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

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

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

■ PROPERTY DAMAGE AND OPERATING LOSSES

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

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

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

The "master" policy provides the Group, minus the exclusions that are common practice on the insurance market for this type of risk and the sub-limits applied to certain defined events, with coverage for property damage and business interruption of €200 million per claim per year.

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

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

■ OTHER GROUP-WIDE INSURANCE

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

2.2 RISK MANAGEMENT AND INTERNAL CONTROL

2.2.1 INTRODUCTION

OBJECTIVES

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

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

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

These control systems therefore help the Company protect its value for shareholders and employees and achieve the strategic, financial, compliance and operational goals it sets.

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

PRINCIPLES

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

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

2.2.2 A STRUCTURE FIT FOR PURPOSE

ORGANIZATIONAL MODEL

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

The control system put in place within the Group guarantees the effective circulation of information as well as the transparency and traceability of decisions, while conserving the principles of subsidiarity and decentralization that are deemed essential to the optimal management of Group industrial and commercial operations. It requires a high level of commitment and accountability from all operational and support managers, who must adopt the policies and procedures defined at business area and Group level, make sure they are implemented and followed and enrich them with appropriate measures given the distinct nature of their operations or areas of responsibility.

The Board of Directors exercises control over the way in which the Chief Executive Officer manages the Group. To assist in this task, the Board has created four specialized committees – the Strategic Committee, the Appointments Committee, the Compensation Committee and the Audit Committee – which carry out their duties under the Board's responsibility. The Strategic Committee and the Audit Committee's responsibilities in identifying and managing risks, as well as monitoring certain internal control mechanisms, as presented in *chapter 4, section 4.1 of the Universal Registration Document*.

PEOPLE INVOLVED IN THE INTERNAL CONTROL SYSTEM

Executive Management and the Executive Committee

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

The Chief Executive Officer is supported by an Executive Committee, which is made up of the Chief Executive Officer, the Senior Vice-Presidents of support departments and the Senior Vice-Presidents of the Group's five business areas. The Executive Committee, under the authority of the Chief Executive Officer, is in charge of implementing the strategic orientations set by the Board of Directors and ensuring that all its members comply with the main decisions that fall within their individual scope of responsibility in relation to the Group's organization or general conduct of its business *(see chapter 4, section 4.2 of the Universal Registration Document)*.

Operational departments

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

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

Support departments

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

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

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

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

Risk Committee

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

Internal Audit & Control Department

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

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

At the end of 2020, the Internal Audit & Control Department had 12 staff, working in the areas of internal audit, risk management and internal control.

Internal Audit & Control Department	Main responsibilities	Reference framework and/or mechanisms
Internal audit	■ Ensure operating entities comply with the principles and rules defined by the Group ■ Perform IT system audits ■ Identify and share best practice in the Group ■ Investigate incidents of fraud ■ Monitor the implementation of action plans following audits ■ Review the reliability of self-assessments	■ Audit cycle of four to seven years ■ Annual audit plan approved by the Audit Committee ■ 16 audits conducted in 2020 ■ Structured audit methodology ■ Fraud investigation reports ■ Anti-fraud training and awareness-raising ■ Dashboard for quarterly follow-up of action plans ■ Limited audits
Internal control	■ Define and maintain Group internal control standards ■ Provide internal control training	■ Group policies and procedures ■ Internal control training material ■ Self-assessment questionnaires
Risk management	■ Develop risk management methodology ■ Define and update the Group's risk universe ■ Map the main risks facing the Group ■ Review the implementation of action plans defined during risk mapping ■ For further details, *see paragraph 2.2.3 of the present chapter*	■ Update of the risk identification process in May 2019 and approval from the Audit Committee ■ Annual assessment of the impact and level of control of risks ■ Annual review of the risk management action plans

2.2.3 PERIODIC ANALYSIS OF THE MAIN RISKS FACING THE GROUP

■ OBJECTIVES

By analyzing risk, Imerys is able to identify the incidents that could seriously threaten the achievement of its strategic, financial and operational goals and/or pose a risk of non-compliance of its operations with applicable local laws and regulations. Risk assessment also makes it possible to identify the events that, if they were to come to pass, could have a negative impact on the Group's external stakeholders.

Through a structured process designed to enable the Group to understand and analyze its main risks, Imerys can assess the suitability of its existing internal control mechanisms, set up relevant action plans to improve their efficiency and, more generally, better protect the Group's value in accordance with applicable the laws and regulations and the expectations of its stakeholders.

■ STRUCTURE

The risk analysis process is split over three levels:

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

2.2.4 APPROPRIATE CONTROL ACTIVITIES

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

■ FRAMEWORK

Internal rules

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

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

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

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

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

Code of Business Conduct and Ethics

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

The Code of Business Conduct and Ethics reflects Imerys' firm commitment to ethical business conduct, aligning the Group with the most rigorous international standards. The Group has also put in place a whistleblowing system through an online platform and a reporting hotline managed by an independent organization, ensuring confidentiality throughout the process.

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

■ IT SYSTEMS

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

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

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

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

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

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

■ HUMAN RESOURCES MANAGEMENT

Recruitment and development

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

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

The recruitment and career development processes are now managed through a single system, which simplifies and standardizes HR processes as well as improves the Group's ability to identify its global talent pool and develop talent internally.

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

Training

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

Compensation & benefits

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

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

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

■ RELIABLE ACCOUNTING AND FINANCIAL INFORMATION CONTROL

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

Organization of the accounting and financial departments

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

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

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

Furthermore, shared service centers, which will manage all accounting transactions, are currently being set up in Europe and the Americas.

Accounting framework

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

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

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

Multi-year strategic plan

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

Annual budget and monitoring its execution

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

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

Consolidation process

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

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

Earnings review

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

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

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

3

CORPORATE SOCIAL RESPONSIBILITY

3.1 VISION AND AMBITION

3.1.1 STRATEGY AND GOVERNANCE

Imerys respects the world in which it operates. The Group is committed to playing a role in society, to meeting its obligations to the countries and communities within which it does business, to acting as a responsible environmental steward and to contributing to sustainable development through its operations and portfolio of solutions.

To achieve the aforementioned ambitions, in 2018, the Group launched its new CSR program named SustainAgility. The SustainAgility program was developed duly considering the 2030 Agenda for Sustainable Development[1] and the international framework presented in *chapter 1, section 1.2.2 of the Universal Registration Document*.

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

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

SustainAgility is the Group comprehensive approach to doing business in a way that creates value for internal and external stakeholders. This approach is supported by a series of dedicated programs that are developed and rolled-out in an iterative fashion. The ultimate goal to be achieved through SustainAgility is to further embed sustainability within the Group strategy and drive systematic continuous improvement of CSR aspects in all Group activities, thereby continuing to reduce risks, create new opportunities and build capacity for long-term shared value creation by unlocking the sustainable potential of minerals. The continuous improvement approach, new projects, and scientific studies shall continue to be developed and deployed based on a reinforced framework of solid policies, procedures, improved tools, training, as well as series of maturity matrices upon which Group sites are assessed and against which action plans are developed.

The SustainAgility program is overseen by a CSR Steering Committee, chaired by the Group CEO, which meets quarterly and has the responsibility to establish Group CSR ambitions, validate key milestones and guide and monitor implementation on progress towards the Group objectives. In 2020, in order to build on the progress achieved over the past years and to accelerate the implementation of a consistent and comprehensive approach to CSR within the six pillars of SustainAgility, a new Operational Committee was created. This SustainAgility Operational Committee, led by the Group CSR Vice-President and composed of functional leaders, is responsible for coordinating the implementation of the SustainAgility program.

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

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

3.1.2 UNITED NATIONS GLOBAL COMPACT AND SUSTAINABLE DEVELOPMENT GOALS

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

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

In accordance with the UNGC Principles, the Group is committed to publish its annual Communication on Progress (COP). The Group is committed to supporting Ten Principles of UNGC in the areas of Human Rights, Labor, Environment and Anti-Corruption and embed the UN Global Principles within the Group strategy, operations and corporate values.

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

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

The Group CSR commitments, objectives and results against 2020 objectives, are presented in the context of continuous progress made towards the UNGC Principles and the aforementioned nine UN SDGs.

√ For more information on Imerys' contribution to the SDGs, *see the film "Fostering positive changes in the world of industrial minerals"*.

3.2 STAKEHOLDER ENGAGEMENT

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

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

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

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

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

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

At the end of 2019, the results of the materiality assessment were used to define mid-term CSR objectives, which are described in *section 3.4 of the present chapter*. The next materiality assessment exercise is planned for 2021.

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

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

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

3.3 MATERIAL CSR RISKS

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

Imerys material CSR challenges and opportunities are summarized below under the six SustainAgilty pillars: Safety & Health, human capital, environmental stewardship, climate change, business conduct, and product management.

They are consistent with the macro approach to Group risk and internal control presented in *chapter 2 of the Universal Registration Document*.

Ensuring the **Safety & Health** of Group employees as well as contractors is a core value and Imerys' number one commitment. Being a safe place to work is a cornerstone of Imerys' sustainability. Due to the inherent nature of industrial activities, Imerys employees, contractors, customers' employees may be exposed to risks that, in the event of failings in the safety management hierarchy of controls summarized in *section 3.5.1 of the present chapter*, could result in a fatality,

(1) IMA Europe published the "2050 Roadmap" for the industrial mineral sector in September 2014. This roadmap identifies the megatrends, risks and opportunities of the industrial minerals sector between today and the horizon of 2050.

(2) IMA Europe published the "Industrial Minerals sector contribution to a circular economy" report in October 2018 focusing on projects from industrial minerals companies contributing to the circular economy, throughout the different life cycle stages of the minerals: extraction, manufacturing, transport, use phase and end of life.

life-changing injury, occupational accident, or health effects. The highest risks activities managed through the "Serious 7" protocols are related to the risk of contact with hazardous energy, interaction with mobile equipment and machinery, working at heights, as well as ground control in surface mines. Occupational health risks in mineral mining and processing activities include ambient dust, noise and vibration. Limited quantities of chemicals are also used during industrial processes and in the laboratories for quality assurance and research and development. Certain jobs also involve manual handling or repetitive tasks with the potential to cause ergonomic problems.

Imerys **human capital** is the most important Group asset, thus ensuring the respect of human rights and labor practices, implementing tools for talent and skills development, maintaining constructive social dialogue and ensuring a diverse and inclusive environment with equal opportunities for all are crucial to the Group's long-term strategy. Possible issues in this regard are related to potential violations of the Group Code of Business Conduct and Ethics that could result in the risk of causing or being linked to salient right abuses. While in the 2018 materiality assessment, diversity and inclusion were not assessed as the most material, the promotion of diversity and inclusion is considered to be a long-term objective that needs constant focus as expressed through the employee engagement and other surveys. As such the CSR Steering Committee defined it as a key theme, with the development of the Group Diversity and Inclusion program set as a high priority in the mid-term.

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

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

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

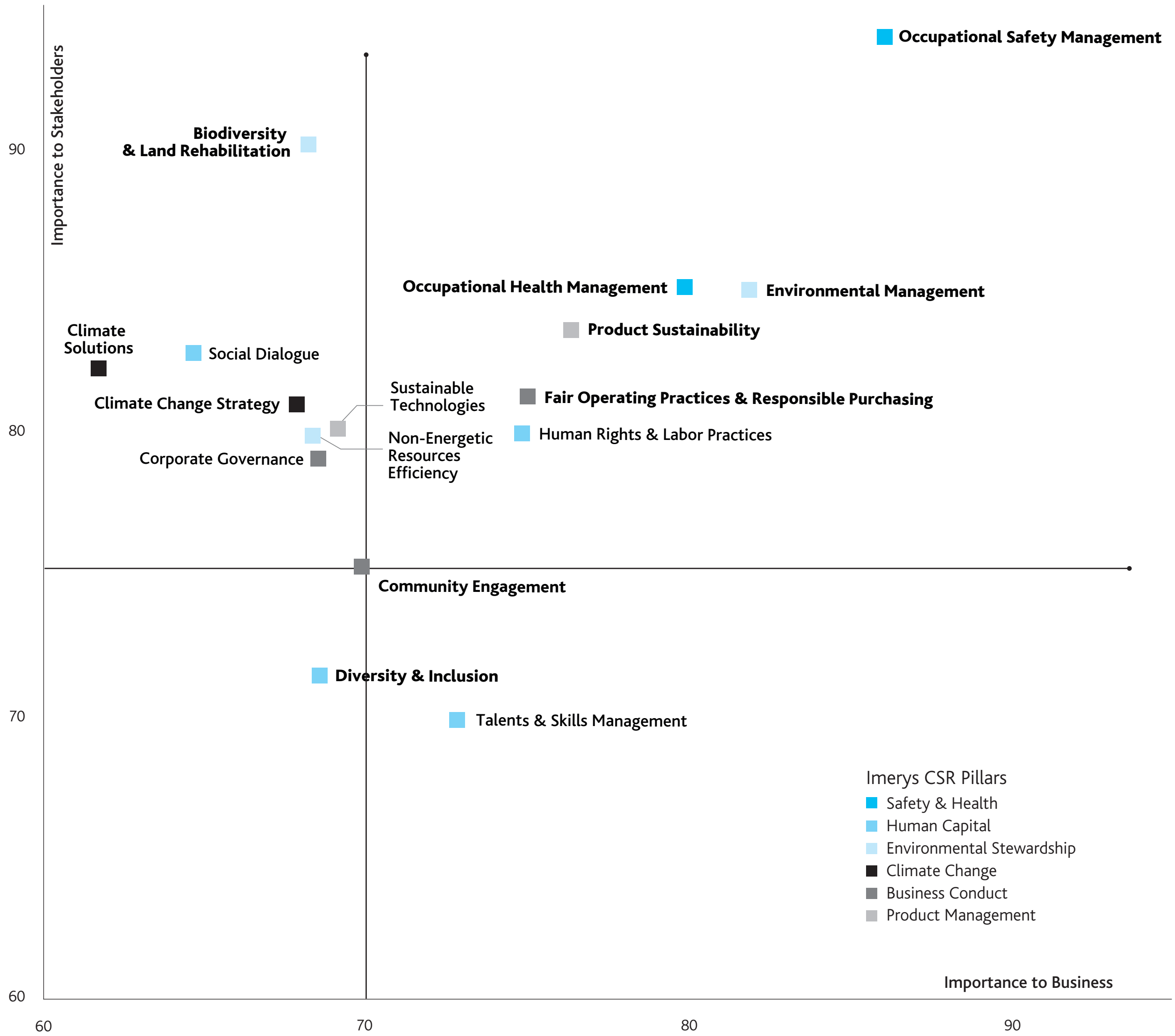
Imerys is fully aware of stakeholder expectations for the Group to reduce product environmental footprints while at the same time provide sustainable solutions aligned to global megatrends. **Product management** that incorporates environmental and societal criteria contributes to the development of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

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

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

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

IMERYS MATERIALITY RESULTS



3.4 KEY OBJECTIVES AND PERFORMANCE

In 2019, the Group defined mid-term CSR objectives based on the materiality assessment process and results presented in *sections 3.2 and 3.3 of the present chapter*. The Group CSR commitments, specific objectives for each of the eight **CSR priority themes** as well as the performance indicator and timeline to achieve the objective[(1)] are presented in the following sections together with their alignment to UNGC Principles and the UN Sustainable Development Goals to which they contribute. Each of the Group's CSR mid-term objectives has been translated to specific objectives for the five Business Areas with a dedicated action plan and monitoring in place.

A complete summary of the Group's non-financial Key Performance Indicators (KPIs), which also reflect local performance at site level, can be found in *section 3.8.2 of the present chapter*.

During 2020, the Group made a series of acquisitions and divestitures, which are described in *chapter 1, section 1.2 of the Universal Registration Document*. The potential impacts on non-financial indicators of these modifications in the Group operating perimeter are described wherever appropriate in the following sections of this chapter. Adjustment to the Group programs and/or progress toward mid-term objectives have in some instances been affected by the Covid-19 pandemic. Where this is the case, the impact has been described.

For the past 16 years the Group has organized a company-wide competition called the Sustainable Development Challenge (SD Challenge), which serves as an impetus to develop and share best practices, innovations, and technological solutions, each contributing to the Group CSR commitments and supporting progress towards several UN Sustainable Development Goals. In total, over 1,300 projects have been submitted in the SD Challenge since it was launched. In 2020, 259 SD Challenge projects were submitted in the initial phase, with 216 projects competing in the final phase. To be considered for the SD Challenge, a project must have concretely contributed to specific CSR themes and focused on creating shared value, contributing to sustainable innovation, and achieving long-term sustainable results together with local partners. Imerys is committed to ensuring that the Group SD Challenge continues to inspire greater awareness and understanding of material CSR themes and continues to serve as a platform to support the realization of the Group CSR ambition.

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

3.5 EMPOWERING OUR PEOPLE

3.5.1 SAFETY & HEALTH

Imerys' Commitment	Mid-term CSR objectives	UNGC Principles	UN SDGS
Ensure that Health and Safety is a core value by developing and continually improving our health and safety culture and systems, with all our partners, to achieve an injury-free workplace	■ Occupational Safety Management • Improve Group Safety Culture Maturity to Level 3[(1)] across all Business Areas by the end of 2022 ■ Occupational Health Management • Improve Group occupational health performance by 30% against 2019 baseline assessments by the end of 2022 **2020 Results achieved** ■ Occupational Safety Management ✓ Group Safety Culture Maturity measures at Level 2.65 at the end of 2020 ■ Occupational Health Management ✓ The Group baseline assessment was completed across all operations in 2020[(2)] and detailed action plans have been developed/started to be implemented.	Principle 1	3 GOOD HEALTH AND WELL-BEING 8 DECENT WORK AND ECONOMIC GROWTH

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

(2) *Completion of the baseline assessments were impacted by the restrictions in place as a result of the COVID pandemic. Additional details are included below in section 3.5.1.2 of the present chapter.*

(1) *Progress towards mid-term objectives that is on-track as of the end of 2020 is denoted with the symbol "✓" in the table of objectives in the followng sections.*

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

3.5.1.1 OCCUPATIONAL SAFETY

The Group has a dedicated Safety Steering Committee, chaired by the CEO and composed of each of the Business Area Senior Vice-presidents and functional Senior Managers of the Group. The Safety Committee meets twice a year and monitors the Group progress on all Safety objectives and programs. Main health and safety indicators are reviewed on a monthly basis during Executive Committee meetings.

Imerys requires each operation to have an effective Safety Management System (SMS). Programs are built within the Group Imerys Safety System framework (ISS) based on 3 pillars: compliance, continuous improvement and training & communication. The ISS framework implementation and risk management is supported by appropriate hierarchy of controls (elimination, substitution, engineering controls, administrative controls and personal protective equipment). To support the development of an effective safety culture, the Group has developed a Safety Culture Maturity (SCM) matrix based on four key elements: leadership and accountability, compliance and continuous improvement, Behavior-Based Safety (BBS) and an integrated approach. The SCM matrix, built considering internationally recognized standards for safety management and aligned to the fundamentals of the Imerys safety protocols and procedures, helps operations to conduct gap analyses and drive their improvement plans in partnership with industrial teams and safety professionals. In 2019, the occupational safety maturity of all Group operations were categorized using the SCM matrix. As a result of the comprehensive assessment, sites have continued to develop specific site-level safety action plans. **The mid-term target is for the Group Business Areas to achieve a Level 3 maturity by 2022, which corresponds to 'Proactive' level, where the Imerys Safety System is fully implemented, employees are engaged and contribute actively to safety**. At the end of 2020, the result of the most recent assessment shows that the Group Business Areas maturity of 2.65, which represents an improvement in line with the Group's mid-term objective.

From the beginning of the Covid-19 outbreak, Imerys focused on ensuring the safety of its employees and partners while maintaining business continuity. Imerys established a dedicated Crisis Management Team to handle the unprecedented situation and set up a strict monitoring process under the supervision of the Executive Committee. Local management teams adapted activities daily based on the guidelines from the Crisis Managements Team. The Group developed a Covid-19 specific protocol, compliant with international and national authorities. This Protocol outlines recommendations for the management and control of the specific Covid-19 epidemic within all Group operations, technology centers and offices.

√ For more information on Covid-19 specific measures, *see Imerys.com*.

Given the importance of Behavior-Based Safety as an essential component within an effective safety culture, Imerys' operations either implement specialized BBS programs or integrate behavioral factors into regular safety inspections. Improvement in BBS is also supported by a dedicated section in the aforementioned Group Safety Culture Maturity matrix. Safety compliance requirements for each Imerys operation include not only local laws and regulations, but also the Group's policies, protocols and procedures. The Group Environment, Health and Safety (EHS) Audit Team normally conducts approximately 60 comprehensive onsite EHS compliance audits annually. These compliance audits could not all be conducted as planned in 2020 due to travel restriction. Of the 60 planned for 2020, 23 were completed, and thus some shall be carried over into 2021. Corrective actions are tracked by Corporate and Business Area EHS teams through to completion using a web-based software system.

Safety Culture Improvement Team (SCIT) events are organized by senior EHS professionals within the Group to drive safety culture. Numerous planned events could not be held in 2020, with a total of two events conducted.

Training and awareness on the Group Safety & Health system are achieved through various communication and training activities often developed in local languages. These activities include: Safety Summits, Imerys Safety University (ISU), web seminars, the digital learning paths delivered through the Group e-learning platform "IM-Pulse" and the Group Welcome Sessions for new managers. Other initiatives are managed at regional, hub or site level and include job related safety training and regular safety toolbox meetings. Training on EHS topics represents 49% of total training hours in 2020 *(see section 3.5.2.2 within the present chapter)*. The Group safety training focuses in particular on the "Serious 7" to address highest risk areas: lock out, tag out, try out, electrical safety, machine guarding and conveyor safety, mobile equipment, working at heights, ground control and forklift safety.

The Group recognizes the pivotal role that senior management plays within the Group safety culture. Their ability to effectively engage with all employees at site level on safety is fundamental to continually improve safety performance. The Group Safety Summits focus on strengthening Visible Felt Leadership (VFL) within the most senior leadership, while the Imerys Safety University focuses on a tailored approach to coach site managers on how to cascade Visible Felt Leadership within their supervisory teams. At the end of 2020, 17611 VFL interactions were recorded through our Group Health and Safety reporting platform.

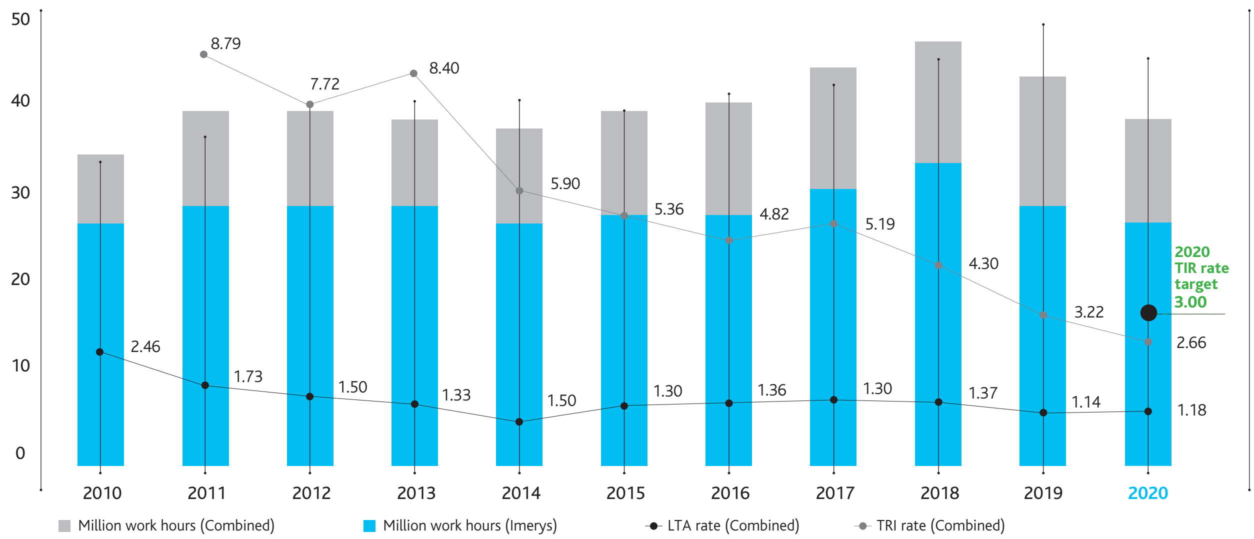
The Group has an internal Safety & Health incident reporting process. Imerys tracks and analyses safety performance for both employees and contractors on a monthly basis using lagging indicators for fatalities, life-changing injuries, lost-time and non-lost-time accidents at all levels of the Group. The Group likewise collects and assesses leading indicators such as near misses, at-risk conditions or behaviors reported, the number of workplace inspections or risk assessments performed, the percentage of site employees that have attended safety training events or safety meetings, and the number of safety observations or interventions. All levels of the Group review recorded safety performance metrics every month in a single web-based platform. The platform facilitates the collection of details related to any incident, helps to identify the critical factors to prevent further accidents and strengthens the management of incidents across the Group.

Incident investigations are conducted and corrective actions are implemented at site level with follow-up by Business Area teams. Safety alerts are issued whenever a fatality, a life–changing injury or a Significant Potential Incident (SPI) occurs to share root causes and lessons learned. An SPI is any reported incident that had the potential to result in a fatality regardless of the actual severity. Where appropriate, corrective actions identified through an incident investigation are directly integrated into the next update of Group safety protocols to reduce the risk of recurrence. In 2020, 48 safety alerts related SPIs were shared across the Group.

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

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

GROUP LOST TIME ACCIDENT RATE



** The TRIR has been calculated since 2011.*

As of December 2020, the combined LTA rate of the Group was 1.18 and the combined Total Recordable Injury Rate (TRIR)(1) was 2.66. The Group achieved the 2020 target TRIR, which was set at 3.00 and continues to observe continuous improvement across Group operations. Tragically, in 2020 a colleague passed away following injuries sustained in a road accident in Indonesia. This fatality happened on the commute to work outside the Group reporting perimeter, nevertheless defensive driving policies have been reinforced in order to contribute to prevent off site incidents. The Group shall continue its unyielding focus on continuously improving safety performance and work towards its goal to achieve an injury–free workplace.

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

3.5.1.2 OCCUPATIONAL HEALTH

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

In 2019, led by the Group Industrial Hygienist, the Group defined a new occupational health strategy starting with a comprehensive baseline assessment (gap analysis). The baseline assessment focuses on industrial workplace health risk identification, assessment, control, monitoring and review processes. The baseline assessment is an objective evaluation of practices and performance at a site level and provides the information needed to generate an action plan to close out any gaps, focusing on short, medium and longer term actions. The completion of the full baseline assessment across all Group sites was affected by Covid-19, however at the end of 2020, all sites across the Group have been assessed against the baseline criteria and detailed action plans have been developed/started to be implemented. **The Group mid-term occupational health performance target is to improve by 30% against 2019 baseline assessments**. As such progress towards this objective is well underway. Based on the completed assessments the Group has drawn up a comprehensive 5-year occupational health action plan, focusing on the following four pillars: risk and general management, systems, training and protocols.

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

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

All Group operations participate in the European Social Dialogue Agreement (SDA) on workers' health protection through the good handling and use of crystalline silica and products containing it and have reported on specific aspects of their implementation through participation in a program organized by the European Network for Silica (NEPSI)[1]. NEPSI reporting campaigns are conducted every two years. In 2020, all of Imerys' concerned sites reported into NEPSI.

Group Reported Occupational Illnesses

	2020	2019	2018
Occupational illnesses with lost time	0	1	2
Occupational illnesses without lost time	1	1	0
Total	**1**	**2**	**2**

In 2020, one occupational illness linked to hand-arm vibration was reported from one Imerys site located in the United Kingdom. Medical treatment and monitoring as well as corrective actions were implemented to address this reported case.

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

3.5.2 HUMAN CAPITAL

Imerys' Commitment	Mid-term CSR objectives	UNGC Principles	UN SDGS
Develop our Human Capital by respecting internationally recognized human rights and labor practices as set out in our Code of Business Conduct and Ethics, investing in the talent and skills of our employees, engaging in constructive social dialogue and fostering a culture of workplace diversity and inclusion based on mutual respect	■ Diversity and Inclusions • Increase the number of women in senior management to 30% by the end of 2022 • Fully implement the Group Diversity and Inclusion 3-year program by the end of 2022 **2020 Results achieved** ■ Diversity and Inclusions ✓ The number of women in senior management increased to 26% at of the end of 2020 ✓ Implementation of the Group Diversity and Inclusion 3-year program is at 40% at the end of 2020	Principle 1 Principle 2 Principle 3 Principle 4 Principle 5 Principle 6	4 QUALITY EDUCATION 5 GENDER EQUALITY 8 DECENT WORK AND ECONOMIC GROWTH

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

Employment

	2020	2019	2018
Registered employees	**16,437**	**16,305**	**17,769**
of which permanent employees	15,270	15,023	16,220
of which non-permanent employees *(fixed term)*	1,167	1,282	1,549
External employees (Full-Time Equivalent)[1]	**4,790**	**6,205**	**4,204**

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

3.5.2.1 HUMAN RIGHTS AND LABOR PRACTICES

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

The Group Code of Business Conduct and Ethics spells out the fundamental principles and shared commitments to ethical behavior, including respect of human rights and labor practices. The Code applies to all Imerys employees, including those of its subsidiaries, as well as Imerys business partners. Managers at Imerys have a particular responsibility to ensure its daily application because of their roles and responsibilities with regards to Group operations. Imerys recognizes the right to freedom of association and the right to collective bargaining, which is clearly articulated within the Group Code as well as within the Group Employee Engagement Policy. Approximately 73% of Group employees are covered by Collective Bargaining Agreements (CBAs). These CBAs commonly include subjects such as health and safety, work organization and working hours, training, compensation and benefits, and equal opportunities.

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

Since 2019, the Group has organized training and awareness raising sessions on Human Rights based on UN Guiding Principles. The purpose of these sessions is to train groups of employees on human rights and the UN Guiding Principles and support the identification of any potential human rights risks in. Unfortunately additional training sessions could not be conducted in 2020 as a result of Covid restrictions, but such sessions will continue in the future to progressively cover more countries and key functions.

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

The Group has developed a global and comprehensive program (Global Benefits Management) that aims at mapping all the healthcare, death and disability benefits provided to its employees, and ensuring that the corresponding levels of coverage are in line with local regulations and market practice. This program currently covers 32 countries where the Group operates. Through the continued expansion of the program, the Group is advancing its employee benefits harmonizing actions in a structured and efficient way.

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

To support mental health and well-being of employees during the unprecedented challenges of the pandemic, in 2020, the Group developed a new mental health guide for employees and for managers to help them support their teams.

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

Employee moves

	2020	2019	2018
Net variation of permanent employees (excluding acquisitions and divestitures)	(258)	(828)	(438)
External recruitments	1,157	1,001	1,446
Mutual agreements[(1)]	(282)	(133)	-
Redundancies (economical & non-economical)	(499)	(753)	(557)
Retirements	(238)	(301)	(303)
Voluntary terminations & others	(592)	(928)	(1,024)
Turnover[(2)]	3.9%	5.9%	6.1%
Net variation of temporary employees (excluding acquisitions and divestitures)	(171)	(270)	569
Acquisitions – Divestitures	561	(361)	(721)
Variation of Registered Headcount	**132**	**(1464)**	**(590)**

(1) Mutual agreements is a new employee move category introduced in 2019.
(2) The turnover above is based on the number of voluntary termination and other termination in the year, and the average headcount for the year for permanent employees.

Compared to December 2019, the Group's headcount increased by 0.8%. Part of the observed variation in headcount is due to changes in Imerys' perimeter associated with acquisitions, as detailed in *note 25 of chapter 6 of the Universal Registration Document*. The variation in terms of mutual agreements and redundancies in 2019 and 2020 is associated with the implementation of the final phase of the Group transformation project launched in 2018.

3.5.2.2 TALENT AND SKILLS MANAGEMENT

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

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

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

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

The Group is committed to continuously diversify and increase the Group's training program through a blended learning approach, enabling employees to actively lead their own development and learning experience. The Group's entire learning offer is proposed through the Imerys Learning Center for in-class training and through the digital learning platform "IM-Pulse" for the e-learning training offer. The digital platform is accessible to more than 7,500 employees across the Group. In-class training and e-learning courses cover safety, finance, management and leadership, project management, commercial excellence and industrial marketing, and basics of geology and mining amongst other topics. In 2020, the vast majority of planned in-person training of the Imerys Learning Center had to be cancelled or postponed due to Covid-19. However, multiple new digital courses were made available, including content to support employees with remote working and managing uncertainty. Traditional in-person training programs, such as the Imerys Leadership Program, were also redesigned to be delivered in a virtual format. Global compliance trainings were rolled-out in 2020, including a new anti-bribery course for more than 6,000 employees and an anti-discrimination training for more than 2,500 people managers. At the end of 2020, 81% and 82% of the respective target populations of employees have completed these training courses. The Group likewise developed and launched a new introductory CSR digital course that will continue to be rolled out in 2021.

In 2020, the Group launched a digital global onboarding program to create global consistency for onboarding of new recruits, and offer a streamlined and supportive approach and a centrally managed process, which give each newly recruited employee clear knowledge about Imerys in their first 90 days. The onboarding program guides new recruits through valuable information including: Imerys' organization and tools, markets, customers, mandatory training (including the Code of Business Conduct and Ethics, safety, diversity and inclusion, cybersecurity, CSR) as well as Business Area, function, and country specific content. This onboarding is available on the IM-Pulse training platform, with a dedicated workflow that ensures that all new employees receive key messages and information directly after arrival.

The Group likewise focuses on induction training for Imerys' new plant managers to help them understand the Group's "Raise the Bar" approach to continuous improvement, covering topics such as safety, processes, finance, HR, CSR, as well as I-Cube.

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

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

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

Group training hours

	2020	2019	2018
Number of trained employees	13,042	15,958	13,636
Number of training hours by year	212,640	367,453	508,356
Number of hours by category of program			
Environment, Health & Safety	103,152	200,935	211,645
Technical skills	90,024	127,092	245,078
Management	19,464	39,426	51,633

In 2020, 71% of employees[1] in the Group have benefited from at least one training program in the year. The total number of training hours decreased in 2020 by 42% relative to 2019 due to the Covid pandemic as many in-person training courses were cancelled or postponed, while new digital learning courses were developed to adapt to the context.

The Group is committed to continuously invest in its workforce and provide opportunities for its employees to develop new skills. The Group SD Challenge serves as an effective channel to strengthen the focus on talent and skill development and share best practices: a total of 18 new projects were entered into the 2020 SD Challenge in this category, including the I-Cube Solutions Program, through which over 100 employees at various levels in the organization in Argentina, Brazil and Chile, shared operational excellence projects to deepen their knowledge on the Plan – Do – Check – Act (PDCA) method, safety, environment, quality and processes.

(1) *The training hour's percentage is based on the number of employees during the year.*

3.5.2.3 SOCIAL DIALOGUE AND EMPLOYEE ENGAGEMENT

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

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

"Communicate and collaborate" are one of Imerys leadership behaviors, and as such the Group privileges regular managerial face-to-face dialogue to share key information within teams. To complement this form of dialogue, the Group launched various video messages and question and answer sessions with the Group CEO to facilitate open exchange with employees during a year where travel was severely restricted.

Imerys is committed to engage in constructive dialogue with employee representatives. In Europe, the European Works Council (EWC) covers all Group employees in 21 countries: Austria, Belgium, Bulgaria, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Italy, Luxembourg, the Netherlands, Poland, Portugal, Romania, Slovenia, Spain, Sweden, Switzerland, and the United Kingdom. The employee delegation consists of 18 members, representing 19 different nationalities. In addition to the annual plenary session, the EWC's five officers meet at least three times a year and act as liaison between representatives and Imerys management. The EWC agreement was signed on May 31, 2018, covering 2018–2022. The term of office of elected representatives of the EWC is four years. The dialogue between Imerys management and the EWC was particularly important and frequent during the Covid-19 pandemic. A total of 15 specific meetings were held together with the EWC representatives (bi-weekly and then monthly) to share information on the evolution of the Covid-19 outbreak, the impact on Imerys activity and the measures put in place to mitigate the potential impacts. Dialogue likewise extended to discussions around the Group de-confinement protocol and its adaptation according to local needs across each country.

Notwithstanding efforts to engage in constructive social dialogue, labor strikes may still occur. In 2020, 1,962 hours were lost due to labor strikes (3,127 in 2019), of which 1,906 hours in France and 56 hours in Greece.

3.5.2.4 DIVERSITY AND INCLUSION

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

The Diversity and Inclusion Charter, signed by the Group CEO, has been translated in 22 languages and is posted across Group sites. The Charter clearly articulates the shared commitment to achieving greater diversity, as well as inclusion across the Group. Since 2019, with broad participation from employees across functions and geographies, the Group has analyzed the key drivers and challenges and structured a 3–year diversity and inclusion program. The Group designated a Diversity and Inclusion Steering Committee, composed of four Executive Committee members as well as functional Senior Managers to ensure the program is successfully implemented and the objectives achieved. The Diversity and Inclusion Steering Committee is facilitated by the Group Diversity and Inclusion coordinator, who is responsible for the planning, coordination and implementation of the new program in close collaboration with Business Areas and functions. **The Group's mid-term Diversity and Inclusion specific and time-bound mid-term objective is two-fold: to increase the number of women in senior management to 30% and fully implement the Group Diversity and Inclusion program by the end of 2022.** The program addresses areas for improvement centered around: decision process and governance, training and awareness, human resources policies, communication and offices and sites accessibility. The deployment of the 3-year program began in 2020. At the end of 2020, 26% of senior managers were female and 40% of the 3-year plan had been implemented, including the creation and animation of an internal network of Diversity and Inclusion Ambassadors and the launch of numerous communication and awareness campaigns across Group sites and offices.

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

To create a truly inclusive culture, the Group continues to work to eliminate barriers, to raise awareness on the effects of implicit and/or unconscious bias and to help employees develop effective strategies for ensuring that such bias do not undermine Group efforts to ensure a diverse and fulfilling workplace for all. In November 2020, training on anti-discrimination was rolled out for all senior managers and people managers. At the end of 2020, 82% of senior managers and people managers completed this training. Participants of this training were provided with guidelines on how to identify discriminatory behaviors within the workplace and on how to approach, step in and effectively resolve them. The Group leadership programs likewise adapted to include dedicated sessions focusing on unconscious bias and conscious inclusion. All managers within the leadership program participated in managing inclusion training sessions within 2020. A dedicated section on diversity and inclusion within the IM-Pulse e-learning platform was enriched to provide additional practical resources and tools for training and awareness campaigns related to inclusion. Diversity and Inclusion elements were likewise included in the digital onboarding program for new employees.

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

Within the context of the 2020 SD Challenge, diversity and inclusion commitments continue to be given greater visibility, encouraging employees across the Group to develop and submit projects linked to the ambitions expressed in the Imerys Diversity and Inclusion Charter. Initiatives were carried out in France, Brazil, India, the United Kingdom, the United States, and Switzerland covering a wide range of diversity dimensions, each essential to achieve a more diverse and inclusive mindsets in the workplace. As an example, in 2020 one of the top three projects submitted in the SD Challenge Diversity and Inclusion category focused on work flexibility, autonomy and collaboration following the principles of “smart working”, established during 2020 in the Bironico and Bodio sites in Switzerland. Another focused on the recruitment and retention of female interns for operational roles in Barcarena (Brazil), which achieved the target to fulfil 50% of the vacancies in the Operational Excellence department. Finally, in Vizag (India), a robust gender diversity and inclusion project focused on increasing the number of women in the Vizag workforce. At the end of 2020, 23.4% of the site workforce was female.

√ For more information on the Imerys 2019 Gender Equality Index, *see Imerys.com*.

Gender diversity

Percentage of permanent headcount by gender	2020	2019	2018
Percentage of female Board members	40%(1)	45%	42%
Percentage of female Executive Committee members	9%	9%	9%
Percentage of females in Senior Management roles(2)	26%	22%	19%
Percentage of females in Manager/Expert/Professional roles	26%	27%	26%
Percentage of females in Paraprofessional roles(3)	12%	12%	-
Percentage of females in the Group	17%	17%	18%

(1) As from May, 4th 2020 and without taking account of the employees’ representative directors as per laws.
(2) The definition of Senior Manager was updated in 2020 to exclude Executive Committee members, thus the percentages for 2019 and 2018 have been adjusted accordingly.
(3) This management level is a category introduced in the 2019 reporting cycle and thus not available for the previous years.

In 2020, the number of female senior managers as a proportion of all senior managers increased as a result of the Diversity and Inclusion program focus on adapting HR policies and practices. The overall proportion of women in other roles within the Group have remained relatively stable over the past years.

Disability

	2020	2019	2018
Number of employees with a disability	419	167	186
Percentage of registered headcount with a disability	3%	1%	1%

Imerys Diversity and Inclusion program addresses not only gender diversity, but also focuses on creating an inclusive working environment for people with disabilities. The Group launched an assessment related to the accessibility of Group sites and offices for people with physical disabilities. This assessment, which is still ongoing, shall inform the improvement actions of the next stages in the Diversity and Inclusion plan. The percentage of the Group's registered headcount with a declared disability increased in 2020. The Group remains committed to creating an environment where employees of all physical and mental abilities are accepted and valued and this shall remain a key element of the Group Diversity and Inclusion program for the years to come.

Age and seniority

	2020	2019	2018
Percentage of permanent headcount by age bracket			
Less than 30 years	10%	11%	11%
From 30 to 39 years	26%	25%	25%
From 40 to 49 years	29%	29%	29%
From 50 to 54 years	14%	15%	15%
More than 55 years	21%	21%	20%
Percentage of permanent headcount by seniority			
Less than 10 years	51%	50%	50%
More than 10 years	49%	50%	50%
of which more than 20 years	21%	21%	23%

The Group age pyramid structure has remained relatively stable over the past years, which provide a solid basis for the Group to continue to grow and develop internal skills and competencies and ensure solid technical and managerial expertise. To further support and build on the benefits of an age-diverse workforce, Imerys continues to recruit across all age brackets. In 2020, 35% of new permanent recruits were less than 30 years old and 10% were over 50 years of age.

In addition to the dimensions of diversity that are summarized above, a total of over 90 different nationalities are represented within the Group permanent employee headcount, and 17 different nationalities are represented amongst senior managers.

3.6 CARING FOR OUR PLANET

3.6.1 ENVIRONMENTAL STEWARDSHIP

Imerys' Commitment	Mid-term CSR objectives	UNGC Principles	UN SDGS
Act as responsible environmental stewards by assessing environmental risks and continually improving control measures to reduce adverse environmental impacts, maximizing the efficient use of natural resources and conserving and creating biodiversity value	■ Environmental Management • Reduce environmental impacts through the deployment of a continuous improvement program and conduct 100% of environmental audits using the environmental maturity matrix by the end of 2022 ■ Biodiversity and Land Rehabilitation • Achieve all objectives defined within Group act4nature commitment and renew engagement for an additional midterm cycle by the end of 2021 **2020 Results achieved** ■ Environmental Management ✓ The deployment of a continuous improvement program has commenced and 60% of environmental audits were based on the environmental maturity matrix at the end of 2020 ■ Biodiversity and Land Rehabilitation ✓ 93% of the objectives defined within Group act4nature commitment have been fulfilled and the Group engagements for an additional midterm cycle were renewed in 2020	Principle 7 Principle 8 Principle 9	6 CLEAN WATER AND SANITATION 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 15 LIFE ON LAND

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

3.6.1.1 ENVIRONMENTAL MANAGEMENT

Imerys' Environmental Charter, signed by the Group CEO and reviewed annually, forms the basis of the approach taken to the monitoring and continuous improvement with regards to the environment. Environmental stewardship rests upon the implementation of a robust Environmental Management System (EMS), which is a key factor to improve operating efficiency while reducing environmental impacts. Imerys requires each operation to have an effective EMS enabling it to identify and establish controls for significant environmental risks. The mandatory EMS requirements for all activities are covered by Group-wide environmental protocols, which include eight pillars aligned to the core elements of the international standards for environmental management systems: policy, aspects and impacts, legislative and regulatory requirements, objectives and targets, roles and responsibilities, training, emergency response, and auditing. The environmental protocols specify the internal requirements applicable to all operations. They define the responsibilities of site-level and senior managers and Group EHS personnel in managing and controlling potential exposures and risks in order to prevent adverse environmental impacts and to reduce the environmental footprint of operations. To continue to strengthen environmental management across the Group, a maturity matrix covering the critical elements of sound environmental management was developed. This maturity matrix which, as with the other continuous improvement matrices deployed across the Group, will be used to assess site level environmental performance and guide the development of action plans. To confirm compliance and conformity with regulations and Group protocols, Imerys operations are audited at regular intervals as per the Group auditing protocol. **The mid-term environmental management target is for the Group to deploy the continuous improvement program and ensure that environmental audits are based on the defined maturity matrix**. The Group has begun the roll-out of the environmental maturity matrix and while the number of Environmental Management System audits conducted in 2020 was heavily impacted by Covid-19 restrictions, 60% of the environmental audits that were completed were based on the environmental maturity matrix. The audits that could not be completed in 2020 shall be completed in 2021.

In addition to implementation of mandatory EMS requirements, which are fully aligned with international standards, the Group encourages ISO 14001 and Eco-Management and Audit Scheme (EMAS) certifications. As of the end of 2020, 93 of 245 (38%) of Group operations are ISO 14001 or EMAS certified by external certification organizations.

Since 2018, the Group has been progressively deploying a new integrated solution to manage environmental legal compliance and regulatory monitoring. This new solution supports the development of updated environmental legal registers, with regular alerts, register updates and regulatory assistance by environmental legal specialists for each country. To date approximately 82/245 (33)% of Group sites, including France, China, Greece, Netherlands, Thailand, US and Brazil sites are covered by this news solution. In addition to the new solution developed at Group level, sites across Imerys use various other tools to support regulatory monitoring locally.

ENVIRONMENTAL INCIDENTS, PROSECUTIONS AND FINES

The Group's ultimate aim is to have zero incidents, but when they do occur, each incident is thoroughly investigated as an opportunity to learn. The Group has a structured internal environmental incident reporting process. The Group incident reporting process is integrated in a digital platform to support the continuous improvement approach by helping operational teams to gain additional knowledge and understanding of the typologies and causes of the environmental incidents when they do take place and facilitate greater sharing of improvement actions across the Group.

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

	2020	2019	2018
Number of environmental incidents	28	14	6
Number of prosecutions	7	8	5
Amount of fines *(€)*	62,260	54,571	17,232

In 2020, 28 environmental incidents were reported within the Group: the increase in the number of reported incidents in 2019 and 2020 is related to the introduction of the new reporting tool in 2019. The updated reporting protocol, aimed at capturing a broader classification of environmental incidents to encourage proactive actions to prevent reoccurrence, requires the reporting of any environmental incidents with minor, medium, serious, major or catastrophic consequences. Among the 28 environmental incidents reported in 2020, 16 were categorized as minor (no harm to the environment) and 10 as medium (minimal and no permanent harm to the environment) and two as serious (limited short-term harm to the environment) according to the Group reporting protocol. The incidents classified as medium occurred in Brazil, France, Germany, South Africa, United Kingdom, United States, and were linked to temporary exceedance of suspended solid (mineral) discharge thresholds, one non-compliance with an air emission measuring procedure and one small discharge of hydraulic oil. The incidents classified as serious occurred in France and Brazil and were both linked to temporary exceedence of suspended solid thresholds.

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

The environment-related prosecutions that occurred in 2020 concerned four sites located in Italy, Greece, Netherlands and the United States. They were associated with environmental permitting obligations related to dust emission measures and dust emissions authorization as well as two old cases from 2018. Corrective actions to fully address environmental non–compliance issues have been promptly implemented at the relevant operations.

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

√ For detailed information on environmental incident reporting, *see CSR Reporting Principles 2020*.

■ WASTEWATER MANAGEMENT

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

Wastewater discharge incidents

	2020	2019	2018
Number of environmental incidents related to wastewater discharge	10	3	2

Ten wastewater discharge incidents occurred in 2020 (eight with minimal and no permanent harm to the environment and two with limited short-term harm to the environment). They are associated with the environmental incidents described above: temporary exceedence of suspended solid discharge thresholds, which were the result of strong rain and runoff events in particular.

The Group continues to explore solutions to improve discharged water quality through the introduction of new technology. For example, at Imerys Doreys site in the United Kingdom, a partnership with Bournemouth University resulted in an ecological restoration initiative to improve the water quality in the toll bar stream and re-establish a naturally sustainable and balanced fish community. The initiative included the introduction of a multi-parameter monitoring, which measured improved water quality and reduced turbidity as a result of the program. Within the ecological restoration program local community representatives were consulted on the approach proposed as well as through various stages of the fish surveys. The local fish species that were selected for translocation were successfully reintroduced, creating a self-sustaining community of local fish species.

■ WASTE MANAGEMENT

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

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

Waste generation and recycling

	2020	2019[(1)]	2018
Total industrial waste *(tons)* **of which:**	**147,471**	**155,815**	**278,009**
Non-recycled hazardous industrial waste	2,141	1,952	4,017
Recycled hazardous industrial waste	891	1,175	2,374
Non-recycled non-hazardous industrial waste	83,901	92,262	155,402
Recycled non-hazardous industrial waste	60,539	60,425	116,215
Industrial waste generation/revenue *(kg/€)*	**0.04**	**0.05**	**0.06**

(1) 2019 waste data has been restated due to a data entry error that was identified and corrected in 2020.

The Group's activities generated 147 kt of industrial waste in 2020, 98% of which was non-hazardous. The decrease in waste generation is mainly due to the reduction of some sites' activity due to the Covid-19 pandemic.

The industrial waste generation rate per Euro of revenue was 0.04 kg/€ in 2020. The intensity of waste generation has remained steady at a relatively low level for several years. The small amount of hazardous waste generated by most Imerys operations is principally chemical additives, residual oils and associated packaging waste.

The Group is committed to raise awareness on the importance of reducing food waste and organic waste, however, this impact is not material at Group level. The Group has approximately 2,000 employees in France at 34 operations. While most of these operations have dedicated areas where employees can take breaks and eat their meals, the majority do not have canteens that provide prepared food. Some of the largest sites provide access to catered canteens, which are operated by third-party vendors. The waste generated from these third-party canteen facilities is not presently monitored. Likewise, the Group operations do not impact on animal welfare or responsible, equitable and sustainable food purchasing and as such these subjects are not reported on within *this Universal Registration Document.*

▪ AIR EMISSIONS MANAGEMENT

Several of the Group's mineral conversion processes use calcination, which can emit nitrogen oxide (NO_X) and sulfur dioxide (SO_2). The Group emission estimation methodology is described within a dedicated energy, emissions & production reporting protocol.

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

Group SO_2 and NO_X emissions

(tons)	2020	2019[(1)]	2018[(1)]
Sulfur dioxide *(SO_2)*	2,509	3,853	4,565
Nitrogen oxide *(NO_X)*	5,126	5,945	6,953

(1) 2018 and 2019 emission data have been restated following a minor correction in fuel consumption.

The Group SO_2 emissions decreased by 1,344 tons in 2020 as a result of operational shutdown periods and reduction in fuel consumption, modification in fuel mix at some key sites and divestitures of some Group operations.

NO_x emissions reduced by 819 tons. This reduction is likewise related to the reduction in fuel consumption and modification in fuel mix at some Group operations.

The Group continues its efforts to reduce both SO_2 and NO_X emissions related to its operations through technological upgrades and investments, for example, through the conversion from coal to natural gas in the alkali melting and calcination phase, at Zhejiang site in China. In addition to a reduction in CO_2 emission associated with the project, particulate NOx and SOx emissions decreased by 24 and 72 tons respectively.

3

3.6.1.2 NON-ENERGETIC RESOURCES EFFICIENCY

The technological know-how of Imerys, as a world leader in industrial minerals, enables the Group to be in an excellent position to improve the yield of its mineral resources. At the same time, the strength of the Group's commercial network and strong innovation capacity maximize Group production value and capacity to optimize resource use efficiency across the globe, thereby contributing to SDG 12 to ensure sustainable consumption and production patterns. The Group is continuously improving the production processes by analyzing the environmental impacts associated with Group operations. In 2020, the Group conducted 49 "cradle to gate" Life Cycle Assessment, which provide a detailed inventory of non-energetic resources consumed during each phase of production of the products.

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

▪ MINERAL RESOURCES OPTIMIZATION

Establishing and maintaining effective management of mineral resources is the core of what Imerys does. Mineral resources management is defined through a series of mining and resources planning policies, procedures and protocols, which are reviewed regularly. Each mining operation is required to have a Life of Mine Plan (LOM Plan) and create a detailed Five-Year Mine Plan. This approach enables the operations to maximize the efficient use of mineral resources.

In 2019, the Group updated the maturity matrices used to audit mineral assets. These matrices now focus on "Mineral Resources" and "Mineral Reserves" and are used to audit sites on a three to five year-cycle. As with other matrices in the "I-Cube" program are used to drive continuous improvement and the development of action plans. Mineral resources and mineral reserves reports are aligned with the PERC[(1)] reporting code as described in *section 3.8.2 of the present chapter*. Imerys supports, has aligned its internal standards to and is continuously improving its operations in line with the Global Industry Standard on Tailings Management[(2)].

Opportunities to optimize mineral resource consumption are identified continuously during the implementation process of the "I-Cube" program and through other ongoing initiatives, including the Group SD Challenge. The Group is constantly seeking to develop ways to create a more sustainable, circular value chain and still produce high-performance end-product for customers. An example of this approach is demonstrated by four sites in the United Kingdom, which have recovered an estimated of 1.2ktpa by applying dust and clay recovery management techniques, or the Mica recovery beneficiation process created in Kings Mountain (US), which increased mica recovery from 66% in 2014 to 84% in 2020. Similar projects are being investigated in other areas across the Group.

(1) PERC is the organization responsible for setting standards for public reporting of exploration results, mineral resources, and mineral reserves by companies listed on markets in Europe.

(2) The United Nations Environment Programme (UNEP), the Principles for Responsible Investment (PRI) and the International Council on Mining and Metals (ICMM) launched the Global Industry Standard on Tailings Management in the context of the Global Tailings Review.

The industrial minerals industry is working in partnership with downstream industries on processes to increase recyclability. In 2018, IMA-Europe published a report entitled *"Recycling Industrial Minerals"*, where they studied publicly available data on recycling of glass, plastic, concrete and paper and concluded that a total of 40% to 50% of all minerals consumed in Europe are recycled[1]. While recycling rates of industrial minerals are relatively high, the Group is committed to continue to identify recycling opportunities and assess circular economy solutions, recognizing the global need to produce with less, for longer and smarter.

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

√ For more information on Mineral Reserves and Resources, *see section 3.8.2 of the present chapter*.

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

■ WATER MANAGEMENT

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

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

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

Group water consumption

	2020	2019	2018
Total water withdrawals[1] *(millions of liters)*	37,472	40,796	47,128
Water withdrawn/revenue *(liters/€)*	9.9	9.3	10.3

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

The top 10 water users in the Group account for approximately 61% of total annual water withdrawal. Site-specific water management plans have been established at these sites. The plans include a description of current water use, water balance analysis, water accounting, water risk assessment and pertinent action planning to manage high priority water issues. At the end of 2020, the Group launched a new tool to improve monitoring and help reduce water consumption.

Imerys also reports the amount of water recycled by its operations as recycling water reduces the amount of water being removed from natural habitats, thereby reducing the Group's water footprint. The Group is working towards the identification of innovative ways to reduce its water footprint. As an example, in Baltimore (US), following a detailed mapping of the water system, various equipment were modified using recycled water and the water processing system was extended, which will enable the site to decrease consumption of city water in the future. In Amritsar (India) a rainwater harvest system was installed, which supplies water to the site during the dry season, and provides additional water to the local paddy cultivators nearby. The harvest system is expected to collect 261,000 liters of rainwater each year.

Group water recycling

	2020	2019	2018
Total water recycled[1] *(millions of liters)*	34,937	42,271	46,249
Number of sites reporting recycled water	54	57	62
Recycled water rate[2]	0.48	0.51	0.50

(1) The environmental reporting protocol includes the definition of "recycled water".
(2) Recycled water rate: total recycled water/(total water withdrawal + total recycled water).

(1) IMA Europe report on Recycling Industrial Minerals gather publicly available data on the recycling rate of the main applications and products in which industrial minerals are used as primary raw materials.

3.6.1.3 BIODIVERSITY AND REHABILITATION

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

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

Starting in 2017, the Group has carried out an assessment of the biodiversity issues associated with its operations, in collaboration with key stakeholders based on the EBEvie[(1)] approach, which resulted in a program designed to respond to the identified challenges. To support the development and implementation of the program, Imerys entered into a three-year scientific partnership (2018-2021) with the UMS Patrimoine Naturel[(2)], an umbrella organization bringing together the French National Museum of Natural History (MNHN), the French Agency for Biodiversity and the National Center for Scientific Research (CNRS). In addition, Imerys has committed to act4nature[(3)] initiatives that have been launched by "Entreprises pour l'Environnement" (EpE)[(4)] and other partners with the aim of mobilizing businesses to protect biodiversity. **The mid-term target is for the Group to achieve all objectives defined within Group act4nature commitment and renew engagement for an additional midterm cycle by the end of 2021**. At the end of 2020, 93% of the objectives had been completed, Imerys renewed its commitment to act4nature International and likewise renewed the Group's scientific partnership with UMS Patrimoine Naturel for an additional three-year cycle (2021-2024).

The act4nature partners have established ten common commitments to engage businesses to include biodiversity in their global development strategy. As a member of act4nature, Imerys signed the ten common goals and in 2018 articulated its own program in specific commitments linked to the act4nature engagements. Progress in the development of the program has enabled Imerys to improve technical and scientific knowledge on biodiversity and roll-out actions to address the identified challenges, as described below:

1. **Design and deploy a global continuous improvement approach:** the diversity of Imerys' activities and geographic location translate into very diverse ecological, regulatory and maturity contexts depending on the site. This is why Imerys designed a maturity matrix that aims to support sites in the assessment of their environmental performance. In 2019 Imerys began collecting ecological data from its sites in France to assess the challenges and their ecological quality, as well as their potential to promote local fauna and flora. At the end of 2020, Imerys completed sensitivity mapping for 101 sites across the world using the World Database of Protected Areas[(5)]. In addition, the French National Museum of Natural History is developing a multi-criteria tool to evaluate the sensitivity of Imerys' French sites at a territorial scale. Working together with partners UMS Patrimoine Naturel[(6)] Imerys co-developed internal guidelines that outline the actions to be implemented to ensure the protection of biodiversity throughout the life of Group quarries.
2. **Initiate and conduct studies and research on biodiversity knowledge and conservation**: the French National Museum of Natural History carried out "Évaluation de l'équivalence écologique" (ECOVAL) analysis on two Group sites, as well as four biodiversity diagnostics in quarries in France and Brazil, which help to improve the quality of the Mitigation Hierarchy[(7)]. Together with partners Imerys has begun to test an Ecologic Quality Index methodology on two sites in France. In addition, a scientific article was published in Espaces Naturels[(8)] based on the rehabilitation efforts of Imerys in Milos, Greece. As a result of the studies undertaken, 1,807 data entries on biodiversity were published in The National Inventory of Natural Heritage[(9)]. The mapping of biodiversity-related stakeholders was initiated, however this activity was postponed and will be taken up again at a later date.

(1) EBEvie is a tool for assessing the interdependencies between companies and biodiversity developed by the French Ministry of Ecology, Sustainable Development and Energy.
(2) http://www.patrinat.fr/fr/ums-patrimoine-naturel-346.
(3) act4nature is an initiative launched by EPE (Entreprises pour l'Environnement) and a number of partners with the aim of mobilizing companies to protect, promote and restore biodiversity.
(4) "Entreprises pour l'Environnement" (EpE), is a forum that gathers nearly 40 large French and international companies from all sectors of the economy to work together to better integrate the environment into both their strategies and their day-to-day management. http://www.epe-asso.org/en/.
(5) World Database on Protected Areas (WDPA) is the most comprehensive global database on terrestrial and marine protected areas. It is a joint project between the United Nations Environment Programme (UNEP) and the International Union for Conservation of Nature (IUCN), managed by UNEP World Conservation Monitoring Centre (UNEP-WCMC).
(6) UMS Patrimoine Naturel. Nature Data and Expertise Center http://www.patrinat.fr/fr/ums-patrimoine-naturel-346.
(7) The mitigation hierarchy is a set of guidelines, established through the International Finance Corporation's Performance Standard 6 that aims to avoid a net loss of biodiversity, managing biodiversity impacts and averting risk.
(8) Academic Journal on biodiversity http://www.espaces-naturels.info/ecosystemes-mediterraneens-mieux-connaitre-pour-mieux-restaurer
(9) The INPN is the reference information system for data related to Nature https://inpn.mnhn.fr/accueil/donnees-referentiels.

3. **Develop pilot projects**: Imerys deployed three pilot projects sites in Brazil, Greece, and France to improve rehabilitation techniques in different ecological contexts. These pilot projects support the use of the Mitigation Hierarchy throughout the life cycle of a mine, provide support for existing initiatives and contribute to research on improving rehabilitation techniques.
4. **Raise awareness, train and involve internal and external stakeholders**: Imerys has implemented numerous activities with internal and external stakeholders to create greater awareness on biodiversity. The Group organized educational sessions on biodiversity with employees in Clérac, France and training sessions on the mitigation hierarchy for all site managers in France. The Group likewise launched a pedagogical film on biodiversity for Group employees to share details on the program and raise awareness on biodiversity. In 2020 an internal environmental community was created, which shall support the dissemination of good practices and biodiversity knowledge across the Group. Imerys has participated in numerous external forums dedicated to biodiversity together with other industrial actors and associations.

In parallel with the development of the Group biodiversity roadmap, sites across Imerys have continued to develop local initiatives aimed at supporting biodiversity and promoting innovative rehabilitation projects, both during and after mining activities. In 2020, 13 biodiversity projects were submitted in the SD Challenge competition. One example is the launch of an ambitious landscape restoration project near the Rabenwald site in East Styria (Austria). The project involved the definition of a detailed 10-year forest management plan in collaboration with the local forestry authority, including planting of over 10,000 trees from a broad range of local species, which will support a transition to a biodiverse mixed forest.

The Group follows two land use indicators across 26 quarries located in Western Europe, quantifying the surface disturbed by the Group's mining activities, as well as the surface rehabilitated. In 2020, the total disturbed surface area by these quarries was 1,670 hectares, and the total rehabilitated area was 380 hectares.

√ For more information on Imerys' 2018-2021 act4nature commitments, *see act4nature.com*

√ For more information on Imerys' 2021-2024 act4nature commitments, *see Imerys.com*

3.6.2 CLIMATE CHANGE

Imerys' Commitment	Mid-term CSR objectives	UNGC Principles	UN SDGS
Reduce the impacts of climate change through the implementation of a long-term climate change strategy to support international commitments and global targets	■ Climate Change Strategy • Reduce Group scope 1 & 2 greenhouse gas emissions by 36% relative to revenue *(tCO_2/M€)* by 2030 • Engage 71% of suppliers by spend to have science based targets by 2023 **2020 Results achieved** ■ Climate Change Strategy ✓ Group scope 1 & 2 greenhouse gas emissions reduced by 12% relative to revenue *(tCO_2/M€)* compared to 2018 baseline at the end of 2020 ✓ Group suppliers with science based targets represent 10% by spend at the end of 2020	Principle 7 Principle 8 Principle 9	13 CLIMATE ACTION

Imerys recognizes that climate change is a major global challenge. In 2017, on the occasion of the international One Planet Summit, the Group became a signatory of the French Business Climate Pledge. In 2019, and again in 2020, Imerys renewed its commitment within The *French Business Climate Pledge*[1]. Through this Pledge, Imerys publicly affirms its engagement to contribute to the collective efforts, drawing up a roadmap compatible with the international commitments formulated in the Paris Agreement and work towards SDG 13 to take urgent action to combat climate change and its impacts. Imerys signed up to the Science Based Targets initiative (SBTi)[2] in 2018 and in 2019 set greenhouse gas (GHG) emissions reduction targets, which were subsequently approved by the SBTi. **Imerys has aligned its climate change strategy to a 2° C trajectory scenario[3], committing to reduce Scopes 1 and 2 emissions by 36% relative to revenue by 2030 (from a baseline year 2018) and for Scope 3 indirect emissions engaging with its suppliers to align with a science-based low-carbon trajectory by 2023**. At the end of 2020, Scope 1 and 2 emissions relative to revenue decreased by 12% from the 2018 baseline, while 10% of the Group suppliers have already confirmed science-based emission reduction targets based on the first phase of the Group's supplier project initiated mid-2020.

(1) The French Business Climate Pledge is a public commitment made by French Companies to reduce greenhouse gas emissions.
(2) The Science Based Targets initiative collaboration between CDP, World Resources Institute (WRI), the World Wide Fund for Nature (WWF), and the United Nations Global Compact (UNGC) supports companies to set targets consistent with limiting global warming to well below 2°C.
(3) The Paris Climate agreement in 2015 saw 195 of the world's governments commit to prevent the worst impacts of climate change by limiting global warming to below 2 degrees Celsius, often referred to as the 2° C scenario.

3.6.2.1 CLIMATE CHANGE STRATEGY

Since the end of 2017, the Group has been working to address climate change as a priority CSR theme. The Group created a cross-functional working group to complete a comprehensive climate change benchmark, assess risks and opportunities as well as current CO_2 footprint of the Group, and define relevant KPI and targets. Imerys has likewise identified concrete levers for carbon reduction in the context of the long-term climate change strategy. The defined strategy will ultimately cover every domain: organization, equipment, methods, technology, supplies, transportation, and renewable energies. The Group has defined Scope 1[(1)], 2[(2)] and 3[(3)] emissions reduction targets, which have all been approved by the SBTi.

A preliminary identification of climate change risks to which the Group is exposed was conducted in 2017 and in 2020 this was updated, including a stress test and scenario analysis based on the International Energy Agency's 2019 World Energy Outlook Report[(4)]. This climate risk assessment informed the Group risk mapping exercise, which was reviewed in 2020 and is presented in *chapter 2, sections 2.1.2 of the Universal Registration Document*. The principle climate-related risks identified are associated with transitional risks linked to current or emerging regulatory requirements, increasing tax or carbon quotas, or costs of raw materials in the market, and shifting customer preference, which may lead to the substitution of existing products and services with lower emissions options. The Group exposure to acute physical risks due to climate change was likewise assessed together with transitional risks. The type and level of each risk determines the management method including to mitigate, transfer, accept, adapt or control.

For the past 14 years, Imerys has participated in the CDP[(5)]. The Group 2020 CDP performance score is ranked as Level B, which places the Group in the second highest band, corresponding to management of climate issues in a concrete and systematic way. Imerys' comprehensive climate reporting through the CDP is publicly available.

√ For more information on Imerys' climate specific reporting, *see Imerys' 2020 CDP report.*

■ SCOPE 1 AND 2 STRATEGY

In 2019, the Group defined two separate GHG emissions targets to reduce its climate change impact. With the first target, the Group is committed to reduce its Scope 1 and 2 emissions by 36% relative to revenue (tCO_2/M€) by 2030 from a baseline year of 2018. The second target, defined for Scope 3, is described in *section 3.6.2.2 of the present chapter*. The Group's Scope 1 emissions considered as direct emissions are generated from energy-related emissions such as fossil fuels, diesel and process related emissions, and the Scope 2 emissions considered as indirect emissions are mainly related to purchased electricity consumption. Combined Scope 1 and 2 emissions represent approximately 45% of Groups total emissions. As such the strategy and action plans for both scopes are addressed principally through improving energy efficiency and increasing the use of renewable energy.

■ ENERGY EFFICIENCY

Imerys has operational energy demand, especially in its mineral transformation processes that use thermal technologies and its quarrying activities that use heavy equipment. Energy efficiency improvement makes it possible to use less energy to achieve the same level of productivity and consequently to contribute to climate change mitigation efforts. The Group energy efficiency strategy is based on three pillars from Group to plants level: management system, technical performance, and behavior. The management system structures the vision, objectives, performance tracking, policy and procedures. Technical performance is driven by asset optimization, operational performance as continuous improvement and technology change. Behavior is about awareness and the promotion of energy efficiency, which is reinforced with training, seminars, knowledge base sharing and dedicated energy efficiency community.

Initiatives are driven collaboratively between the different operational and functional groups at Corporate, Business Area and site levels, including operations, industrial management, environment, geology and mining. The Group Corporate energy team is responsible for supporting plants with a dedicated energy efficiency methodology, defining the analysis and reporting standards and providing the necessary training to ensure consistency and reliability of the reported results. Detailed energy efficiency analysis is disclosed in a quarterly energy report. This analysis, together with the improvement plans, is reviewed by the Group senior management.

(1) Scope 1: emissions are direct emissions from sources owned or controlled by the Group.
(2) Scope 2: emissions are indirect emissions from the consumption of purchased energy.
(3) Scope 3: emissions are all indirect emissions (not included in scope 2) that occur in the Group value chain, including both upstream and downstream emissions.
(4) The International Energy Agency is an autonomous intergovernmental organization established in the framework of the Organisation for Economic Co-operation and Development in 1974. The World Economy Report 2019 provides strategic insight on the future of energy and energy-related emissions, providing detailed scenarios that map out the consequences of different energy policy and investment choices.
(5) The CDP is a global environmental impact non-profit organization, providing a platform for all companies and cities to report information on their climate impacts.

Part of the Group variable performance-related components of compensation for concerned managers (energy managers, facility managers, process operation managers, etc.) has also been linked to performance against internal energy efficiency and CO_2 emission reduction KPIs.

Total energy consumption and breakdown by energy source

	2020	2019	2018
Total energy consumption[(1)] *(MWh)*	**8,159,406**	**9,234,462**	**10,916,835**
Electricity (net), steam, hot water	31,3%	31.0%	29.4%
Natural gas	41.1%	39.0%	41.5%
Other fossil fuels	24.6%	27.3%	26.7%
Biomass	3.0%	2.7%	2.4%

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

Between 2019 and 2020, the total energy consumption decreased by 12%. The overall change is linked to a reduction in activity associated with Covid-19 in some sites as well as the divestiture of some sites. The reduction in coal consumption is associated with the conversion to natural gas and to biomass at key energy consuming sites.

Since 2016, the Group has been focusing in particular on energy monitoring of 12 key industrial sites, which represent approximately 30% of the Group's total energy consumption. Imerys is improving energy management and driving excellence through the Group "I-Cube" Program. All of the 12 key sites mentioned above are under specific review within the "I-Cube" Program, and the reviews at these sites are linked to 36% of the energy saved by the Group in 2020.

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

In 2019, the Group launched the "I-Nergize" program in cooperation with Business Area to evaluate the sites energy performance and improve energy efficiency, with a particular focus on top 60 energy consuming sites representing 80% of Group consumption. This program is based on an assessment methodology covering six main items: vision, process, maintenance, purchasing, renewables, and Energy Management System. The outcome of this program is to define a three-year roadmap of energy actions for each plant in order to improve energy efficiency and reduce carbon emissions. While the possibility to complete the site energy assessments were impacted by Covid-19 travel restrictions, at the end of 2020, three sites have been assessed with the objective to evaluate 25 sites by the end of 2021.

Twelve energy-related digital training modules are available on IM–Pulse to provide an overview of Imerys' energy strategy as well as knowledge and awareness on energy efficiency. In addition, internal knowledge databases have been created on Dryers, Rotary Kilns, Motors and Ball Mills to promote the best practice of industrial energy efficiency on key equipment used in Imerys. The Group has also conducted three virtual classes with more than 330 attendees on various specific energy-related topics such as Flash Dryers, Brainstorming methodology and Knowledge base.

A dedicated energy community on the Group intranet serves as a platform to share knowledge, good practices and events related to energy.

▪ RENEWABLE ENERGY SOURCES

The Group continues to support the transition to renewable energy and cleaner fossil-fuel technology where feasible, either with power from low-carbon sources or biomass waste. Through the Group's low carbon electricity purchasing strategy, Imerys systematically assesses the options to supply Imerys operations with low carbon or renewable energy sources including solar, hydropower and wind power. Different business models have been developed to promote low-carbon electricity such as on-site Power Purchase Agreements (PPA), off-site PPAs, certificates, lease agreement and direct investment for small scale projects. In 2020, 200 kt of CO_2 emissions were avoided in the seven different countries for Imerys sites that use low carbon power: Austria, United Kingdom, Brazil, United States, India, Australia, and Belgium. At present the emissions avoided through these low-carbon contracts are not reflected in the Group Scope 2 emissions reporting as current reporting is location-based.

In addition to the low-carbon power described above, the Group also has 23 renewable energy installations that have been developed across Group sites: ten in the United Kingdom, seven in France, two in Australia, one Belgium, Austria, the United States and India, accounting in total for 68 MW. These installations in some instances provide renewable electricity to Group sites or to the local grid. Presently the produced and/or consumed renewable energy from these installations are not reflected in the reported energy or CO_2 data consolidated in *section 3.8.2. of the present chapter*.

A new reporting tool is being rolled-out across the Group that will enable the accurate reporting of market-based emissions as well as renewable energy consumption and production in the future.

√ For additional details on Imerys energy reporting methodology, *see CSR Reporting Principles 2020 on www.imerys.com.*

Biomass waste is promoted within the Group to replace fossil fuels when it is feasible. Currently, five plants are consuming biomass waste such as wood chips, sawdust, animal waste, and olive seeds. A current project in Andersonville in the US, is introducing ground peanuts shells as an alternative energy source. The objective of the project is to adjust the installation to modify the energy mix by integrating biomass waste as an energy source and thus significantly reduce fossil carbon emissions linked to operations. At the end of the project, the fuel mix will be modified, moving from a historical 100% fossil fuel supply to a ratio of 56% biomass fuel/44% fossil fuels, which is expected to reduce around 3% of the Group's total CO_2 emissions per year.

■ CARBON EMISSIONS MANAGEMENT

The majority of the Group greenhouse gas emissions are generated through the production of thermal energy from natural gas and fossil fuels. Alternatives to these energy sources, such as biomass and steam are increasingly investigated and used. Indirect emissions from the consumption of electricity are the second source of emissions. Some processes used in Imerys operations result in direct emissions of CO_2 (*e.g.* de-carbonation of raw materials).

Measures to monitor and reduce GHG emissions are one of the principal means through which the Group contributes to SDG 13 to take urgent action to combat climate change and its impacts.

In 2020, the Group introduced an internal carbon price (€50/tCO_2) for all the energy-related projects and capital expenditure (CAPEX) projects impacting CO_2 emissions by plus or minus 1,000 tons (above a defined monetary threshold).

Group carbon emissions

(thousands of tons, kt)	2020	2019(1)	2018
Scope 1 CO_2 emissions	1,510	1,740	2,207
Scope 2 CO_2 emissions	984	1,103	1,214
Total CO_2 emissions (Scope 1 and Scope 2)	**2,494**	**2,843**	**3,421**
Energy	86.7%	87.3%	84.1%
Processes	13.3%	12.7%	15.9%
CO_2 emission/revenue *(ton CO_2e/M€)*	**657**	**653**	**745**

(1) 2019 emission data have been restated due to a data related error on process CO_2 emissions that was identified and corrected in 2020

For 2020 the Group Scope 1 and 2 CO_2 emissions equaled 657 tCO_2e per million euros of revenue, which represents a 12% decrease since 2018. Between 2019 and 2020, the annual total Scope 1 and Scope 2 CO_2 emissions decreased by approximately 350 kt. This reduction is due to a combination of factors, including the reduction in production volumes due to Covid-19, which negatively impacts the overall energy efficiency of certain plant equipment. These challenges are compensated by reductions in energy consumption, the launch of projects to reduce coal consumption and other projects to substitute fossil fuels with biomass waste, as well as the launch of low carbon purchasing agreements.

■ SCOPE 3 STRATEGY

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

Group upstream value chain suppliers

Purchasing categories	Percentage of key purchases(1)	Upstream suppliers
Raw materials(2)	15%	Principally, but not exclusively, bauxite, zircon sand, soda ash, silica sand
Mining, industrial services and equipment	35%	Mining subcontractors, service vendors for maintenance and repair
Transportation	20%	Freight by rail, truck and ship, and business travel
Energy	10%	See energy mix above, counted in Scope 1 & 2 emissions
Chemicals and other consumables	6%	Mainly chemicals and packaging materials

(1) The analysis was based upon the 2019 data; the total spend of above-mentioned categories represents approximately 90% of Group purchases.
(2) Imerys self-supplies approximately two-thirds of raw materials and purchases one-third externally.

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■ SCOPE 3 EMISSION ESTIMATION

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

Source of Scope 3 emissions	Percent of Scope 3 emissions	Emissions calculation methodology	Explanation
Purchased goods and services	65%	Emissions calculated with Scope 3 Evaluator	These emissions include upstream freight and distribution of purchased goods because they are included in the price of the goods. Financial data are used.
Capital goods	6%	Emissions calculated with Scope 3 Evaluator	This category has been calculated taking into account all capital investments and by applying the highest emission factor among the different capital goods to the whole category. Therefore, all the emissions from this category are accounted for.
Fuel-and-energy-related activities (not included in Scope 1 or 2)	14%	Emissions calculated with Scope 3 Evaluator	These estimated emissions come from the production and distribution of energy (as opposed to its combustion), estimates from Scopes 1 and 2 are used to calculate this data.
Waste generated in operations	1%	Emissions calculated with Scope 3 Evaluator	Calculations are based on waste quantity and an approximation of its treatment prices.
Business travel of several regional headquarters	Less than 1%	Emissions were calculated from travel distances using GHG Protocol emission factors	Data was provided by Imerys main travel agencies for train, car rental and air travels (based on 2019 travel data)
Downstream transportation and distribution	7%	Emissions calculated with Scope 3 Evaluator	Financial from freight purchases have been used. Freight paid by clients is not included in the calculation.
Employee Commuting	Less than 1%	Emissions calculated with Scope 3 Evaluator	This data is an estimate calculated with the number of Imerys total employees.
Investments	5%	Emissions calculated with Scope 3 Evaluator	This is based on the emissions of the Group's activity in two joint ventures and an associated company not accounted for in Scope 1 and 2 emissions.

Imerys is taking action to reduce Scope 3 emissions, focusing in particular on purchased good, however efforts also target other sources of Scope 3 emissions, for example the integration of an internal carbon price within capital expenditure (CAPEX) projects favors machines with greater fuel efficiency and the Group's Industry 4.0 project will help to monitor and reduce non-productive engine idling generating additional reductions in fuel consumption.

√ For more information regarding Corporate Governance, *see chapter 1, section 1.1.1.1 of the Universal Registration Document.*

3.6.2.2 CLIMATE SOLUTIONS

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

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

In 2020, the Group calculated 49 product carbon footprints, from cradle to gate, using the Life Cycle Assessment (LCA) approach described in *section 3.7.2.1 of this chapter*. Often these study results are shared with customers to help encourage downstream efforts to calculate product impacts and differentiate Imerys solutions from other competitors' higher carbon products.

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

3.7 BUILDING FOR THE FUTURE

3.7.1 BUSINESS CONDUCT

Imerys' Commitment	Mid-term CSR objectives	UNGC Principles	UN SDGS
Ensure exemplary Business Conduct by maintaining the highest standard of corporate governance, respecting and implementing fair operating practices, ensuring responsible purchasing and engaging with local community to create shared value in particular through education and skills development	■ Fair Operating Practices & Responsible Purchasing • Improve the external CSR rating of the Group • Deploy a CSR rating scheme covering at least 50% of Group suppliers (by spend) by the end of 2022 **2020 Results achieved** ■ Fair Operating Practices & Responsible Purchasing ✓ The external CSR rating by EcoVadis improved to 74 out of 100 (Platinum) placing the Group in the top 1% of companies assessed ✓ Deployment of a CSR rating scheme started in mid–2020 and covers 14% of Group suppliers (by spend) at the end of 2020	Principle 1 Principle 6 Principle 8 Principle 9	

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

3.7.1.1 CORPORATE GOVERNANCE

Imerys is committed to sound corporate governance as a means to ensure the Group continually improves its functioning and management, in an atmosphere of transparency, duly respecting the expectations of investors and other stakeholders. Regular dialogue between the Chief Executive Officer, the Executive Committee and the Board of Directors plays a decisive role in defining and implementing the Group's strategy, including with regards to the Group's CSR ambition. Imerys follows the recommendations of the *AFEP-MEDEF Corporate Governance Code* applicable to French-listed companies.

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

3.7.1.2 FAIR OPERATING PRACTICES & RESPONSIBLE PURCHASING

■ VIGILANCE PLAN

In accordance with article L. 225-102-4 of the French Commercial Code, the vigilance plan (the "Vigilance Plan") aims to set out the reasonable measures of vigilance put in place within the Group to identify risks of and prevent severe impacts on human rights, fundamental freedoms, human health and safety and the environment resulting from the activities of the Group as well as those of Group subsidiaries as defined in point II of article L. 233-16 of the French Commercial Code, as well as the activities of subcontractors and suppliers (hereafter collectively referred to as Suppliers), in France and abroad with which Imerys has an established commercial relationship, where such activities are linked to this relationship.

Imerys is committed to exemplary business conduct, ensuring ethical behavior and fair operating practices throughout all Group activities. In the spirit of continuous improvement, Imerys assesses its CSR policies, actions and results annually through a comprehensive EcoVadis[1] sustainability assessment, sharing these results openly with internal and external stakeholders. Imerys has been assessed annually by EcoVadis since 2014. **The mid-term target for the Group is to improve its CSR rating based on the EcoVadis assessment and deploy a CSR rating scheme covering at least 50% of Group Suppliers (by spend) by the end of 2022**. At the end of 2020, the Group's EcoVadis assessment results increased by ten full points relative to the 2019 assessment, from 64 to 74, placing Imerys in the top 1% of all companies assessed. Improvements were observed for each of the four pillars: environment, labor and human rights, ethics and sustainable procurement. In addition, in the second half of 2020, the Group launched the deployment of a CSR rating scheme for Suppliers together with EcoVadis, which is described in greater details in the following sections of the present chapter.

The Group has a dedicated Ethics Committee, chaired by the Group General Counsel and composed of Executive Committee members and functional Senior Managers of the Group. The Ethics Committee sets out ethics-related priorities, monitors the achievement of the related objectives, ensures the adequacy, effective dissemination of and training on ethics-related codes, policies and procedures and ensures the adequacy of the systems in place for confirming compliance. The Ethics Committee is likewise responsible for monitoring ethics-related misconducts, reported either via the alert system or other channels. The Ethics Committee meets regularly throughout the year, reviews the updated risk mapping and Vigilance Plan at least annually and provides a report to the Board Audit Committee at least annually.

√ For more information on the Audit Committee, *see chapter 4 of the Universal Registration Document*.

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

The Code is a "living document", regularly reviewed and updated in order to take into account internal and external changes and developments in applicable international regulations. This Code, introduced by the Group CEO, and translated into 23 languages, applies to all Imerys employees, Imerys controlled joint ventures, and partners with whom Imerys does business. The Code was updated in 2020 to include additional details on the Group anti-bribery policy.

Imerys believes that high standards in all environmental, social and governance areas are essential for all of its business operations across the globe. The Group expects its suppliers to adhere to the same principles as elaborated with the Group Code. In 2018, Imerys launched Supplier ESG Standards (the Standards). These Standards, based on the Group Code and CSR Charter and aligned with Imerys' SustainAgility ambition, have been translated into 23 languages. The Standards, which must be acknowledged and complied with, are applicable to all suppliers and form an important part of the Group Purchasing policy.

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

The Group compliance program is supported by numerous procedures linked with the Code of Business Conduct and Ethics, including but not limited to, the Group Anti-bribery policy, Gifts and Hospitality, Conflict of Interest, Sponsorship and Charitable Donations and Stakeholder Management and Community Relations procedures. All the aforementioned policies and procedures clearly outline the process, reporting and necessary levels of control to ensure compliance with the procedures.

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

(1) EcoVadis is a recognized leader used across industries to assess sustainability performance based on 4 pillars: environment, labour and human rights, ethics and sustainable procurement.

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

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

√ For more information regarding Imerys Report on payments to governments in 2020, *see imerys.com*.

ESG RISK MAPPING PROCESS

The Group operates in different geographies across the world, with its largest operational footprint in Europe (approximately 48%) and North America (approximately 20%). The Group has established a detailed process for mapping corruption, human rights, health, safety and environmental risks within its operations and those of its subsidiaries as well as those of its Suppliers in different geographical areas. The risk mapping exercise, while conducted specifically to identify and assess corruption, human rights, health, safety and environmental risk scenarios, is consistent with the Group risk mapping process presented in *chapter 2, section 2.2.3 of the Universal Registration Document*.

A series of dedicated interviews with key representatives of both businesses and support functions were conducted in 2017 to design the initial version of compliance risk framework, including potential risk scenarios. These interviews were complemented by additional consultations with external agencies and non-governmental organizations to collect feedback on the framework and process. The consolidated risk framework was presented to the Executive Committee and validated, and on this basis a first list of corruption and human rights, health, safety and environmental risk scenarios was developed.

The initial Group risk assessments for two first pilot geographic areas were conducted in 2018. These workshops brought together experts representing diverse functions, including but not limited to legal, operations, sales, purchasing, logistics, human resources, CSR, and finance within the geographic area being assessed. These first assessments confirmed the validity of the risk assessment framework in addition to generating the assessments results. The second phase of geographic assessments were conducted in 2018 through questionnaires and interviews with business leaders from each of the remaining geographic areas where the Group operates. In 2019, two additional risk assessment workshops were conducted to continue to reinforce the level of assessment done in the geographic areas initially covered by the expert reviews. In 2020 three risk assessment workshops were conducted (remotely due to Covid-19 restrictions), completing the full cycle of risk mapping for the five geographic areas (Europe, North America, Asia-Pacific, South America, and Middle East & Africa).

The purpose of these workshops is to review and update, if needed, the list of risk scenarios, assess the criticality (inherent impact and probability) of each risk scenario, assess the effectiveness of current mitigation measures and, in addition, for human rights, health, safety and environmental scenarios, identify the highest risks per purchasing categories (criticality). The risk assessment workshops systematically include a review and eventual update of the risk scenarios to ensure that the list is comprehensive. As of 2020 the corruption risk register includes a total of 25 potential risk scenarios, while the human rights, health, safety and environmental risk register includes 15 potential risk scenarios.

3

EVALUATION OF ESG RISKS

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

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

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

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

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

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

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

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

Following the assessment of each purchasing category, for all the human rights, health, safety and environmental scenarios assessed, the risks evaluated as being highest are those related to the raw material Supplier category. The final Supplier risk ranking of low, medium or high determines the control measures to be put in place to eliminate or mitigate the potential risk.

CONTROL MEASURES

Imerys operations and Group subsidiaries

The Group management framework is articulated through a series of policies, protocols and procedures based upon the ambitions and commitments expressed in The Code and the CSR Charter. This framework, covering human rights, health, safety and environment, amongst other themes, defines clear requirements for all Group operations. Implementation of Group policies, protocols and procedures are the responsibility of all business and support Functions. Details on the management of occupational Safety & Health risks are presented in *section 3.5.1.1 and 3.5.1.2 of this present chapter*, management of human rights risks are presented in *section 3.5.2.1, 3.5.2.3 and 3.5.2.4 of this present chapter* and management of environmental risks are presented in *section 3.6.1 of this present chapter*.

Imerys Suppliers

Based on The Code, Group requirements for all Suppliers are clearly defined within the Imerys Supplier Environmental, Social and Governance Standards. The Group Purchasing policy clearly defines the roles and responsibilities, requirements, reporting and necessary approvals of the purchasing processes. The policy requirements in terms of Supplier Environmental Social and Governance performance are based on the following principles:

1. **Supplier Environmental, Social and Governance Standards**

   The Group is committed to build strong transparent relationships and mutual trust with its Suppliers. All Suppliers must acknowledge and accept to comply with the Imerys Supplier ESG Standards. The roll-out of these Standards shall continue over the next years.

2. **Supplier risk identification and assessment**

   The assessment of ESG performance of Suppliers starts during Supplier qualification and onboarding. Purchasing teams are responsible for carrying out reasonable controls before considering and accepting a Supplier, including in particular any Supplier that may be classified as higher risk (due to a country or category-related risk classification) during the Supplier onboarding process in order to make sure that Suppliers are able to demonstrate compliance with the Supplier ESG Standards. In 2020, the Group redefined the process to qualify, screen and monitor Suppliers environmental, social and governance performance. The process will be rolled out progressively and will require all new Suppliers to pass through a series of validations and third-party screening prior to being accepted as Suppliers for the Group. The new onboarding process has been designed to ensure that Suppliers are aware of and commit to comply with the Group ESG Standards, but also to support Suppliers development and continuous improvement in ESG performance.

   In the first quarter of 2020, within the responsible purchasing program the Group launched the deployment of a CSR rating scheme for Suppliers conducted together with EcoVadis. This comprehensive assessment covers environment, labor and human rights, ethics and sustainable procurement, with customized assessments based on the size of the company and type of activity. Purchasing teams have the responsibility to contribute to the identification and prioritization of Suppliers to review within the responsible purchasing program. The role of the program was launched in priority for Suppliers regions and categories that had been assessed as higher risk during the risk mapping process described above. At the end of 2020, six months after the launch of the new program, a total of 200 Suppliers representing 14% of the Group spend have been assessed.

3. **Risk reduction**

   Risk reduction includes awareness and training. Awareness of and training on the requirements of the Group Code are provided to help managers and employees to understand and respect the Code. Employees are trained through digital learning courses, as well as through in-class training and internal expert presentations, which ensures the strong protection of all employees through the awareness of ethical issues.

   In addition to the aforementioned e-learning, Imerys also punctually conducts training and workshops with the purchasing organization focused on the UN Guiding Principles on Business and Human Rights and their application within Imerys. The purpose of these workshop sessions is to train the purchasing teams on the fundamental elements of the Guiding Principles, helping them to recognize signs of potential violations and based on their knowledge of the Supplier panel, prioritize the Suppliers where additional risk reduction measures may be required. In 2019, the Group organized dedicated purchasing workshops that included approximately 62% of purchasing teams from across the different geographic areas. Additional training could not be held in 2020 as a result of Covid–19 restrictions.

   The Supplier assessments conducted through EcoVadis likewise support risk management and reduction as the assessment results provide a detailed view on the specific areas where improvements are needed.

4. Supplier ESG audits

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

Imerys verifies alignment to the Supplier ESG Standards through the use of Supplier self-declaration, self-assessments, and assessments by Imerys teams as appropriate to the situation. In designated high-risk countries third-party audits may be conducted. The Group developed an ESG Supplier assessment checklist to monitor the existing Supplier's operations and identify their performance according to the Group's ESG Standards.

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

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

■ ALERT MECHANISM

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

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

■ MONITORING AND EVALUATION OF THE EFFECTIVENESS OF CONTROL MEASURES

In 2020, 11 cases of suspected violations of the Group Code were identified internally or reported using the Group alert mechanism. The reported incidents related to suspicions of fraud, safety, discrimination, and other human resources topics. Each of the reported cases was reviewed and investigated as per the Group policy. Following investigation, six of the reported cases were cleared (not confirmed following investigation), while one investigation is still ongoing. When the reported cases are confirmed remedial actions are immediately implemented and are monitored by the Audit and Internal Control department.

Every year, the Group Internal Control function conducts Internal Control Self-Assessment (ICSA) campaigns. These campaigns are conducted in order to identify any key missing controls and define action plans where any missing internal controls are identified.

During the risk assessment workshops annually, workshop participants review the mitigation effectiveness of existing control measures for each of the human rights, health, safety and environmental risk scenarios. The consolidated review of internal mitigation effectiveness assessed the level of current control as "adequate" for nearly all scenarios and in some cases as "requires minor improvements". For scenarios where minor improvements are required, specific actions have been identified and are monitored by the Ethics Committee as well as by the functional teams responsible for each action.

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

√ For more information with regards to the requirements of the "Duty of Care" law, see the correlation table included in *chapter 9, section 9.5.5.2 of the Universal Registration Document*.

3.7.1.3 COMMUNITY ENGAGEMENT

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

The Group Stakeholder Management and Community Relations procedure, through clear processes and by defining the roles and responsibilities of all parties involved, provides an efficient and dynamic set of rules to guide operations in their relations with local stakeholders, including ensuring a local grievance process is in place in addition to the Group alert mechanism described in *section 3.7.1.2 of the present chapter*. Furthermore, the Group has also introduced a Charity and Sponsorship procedure and set up appropriate reporting, accounting and approval processes to avoid the risks of improper conduct.

Since its creation, the SD Challenge has helped develop and share best practices in stakeholder and local community engagement. In 2020, nearly 20% of the 216 SD Challenge initiatives launched were linked to community engagement projects directly developed by Imerys in 28 countries across the world. Community engagement initiatives take many forms across the Group based on the local context and Imerys employees are empowered to build strong community relations. For this reason, Imerys' employees often volunteer in events and provide essential support to vulnerable members of their local communities. For example, through renovation works done on the facilities of a local association for people with disability and the donation of desks, chairs and computers to the local Library, in Dikili (Turkey). In Three Springs (Australia), through the creation of a community chest fund, Imerys supported a local health service center and a mental health and well-being support group. In the city of Cuautitlan (Mexico) Imerys supported an urban beautification campaign, which included the cleaning of parks, sidewalks, tree pruning and urban art mural paintings. In Wuhu (China) the donation of a rescue boat has helped flood fighting and rescuing during the Qingyi Jiang River floods. Finally, in La Guardia (Spain), partnerships with local NGOs facilitated the inclusion of people with disability in the provision of gardening maintenance and small assembling services.

√ For more information on Imerys recent SD Challenge projects, *see "Imerys Replay"*.

Imerys sites and colleagues united to support healthcare workers, neighboring organizations and members of their local communities during the Covid-19 crisis. Donations to support Covid-related relief efforts during mid-2020 totaled over €350,000 in 15 different countries. The donations included personal protective and hygiene supplies as well as hospital equipment such as respirators and filters, oximeters, air conditioners, hospital mattresses, laptops and oxygen concentrators for lung ventilation equipment. Several donations were made to local food banks to support vulnerable members of local communities and other donations were made to organisations working to respond to the Covid-19 pandemic.

Through its community engagement efforts, Imerys' priority is to support education within neighboring communities, promote equal opportunities and focus its actions towards young adults, women and girls, and people in socially fragile situations in the areas surrounding the Group operations. As children spend most of their time in school as students, school infrastructure constitutes a major factor impacting on their academic performance. In India, the provision of school kits in Nagpur, as well as the organization of events beyond the regular curriculum, like sports day, yoga day, environment day, and several exhibitions to encourage art and culture, help ensure that more girls and boys can get the quality education they need to unlock their full potential. In Katni, four classrooms were upgraded and digital teaching and learning methods were introduced, providing an enriched learning experience. In Kadthal, school infrastructure has been improved with the installation of 14 toilet blocks combined with a sanitation campaign that covered the delivery of training on hygiene practices, and the provision of menstrual hygiene products.

In addition to the direct efforts made locally through the Group operations, Imerys continues to sponsor and collaborate with education partners operating in France and internationally. At Group level, partnerships have been established with *Alliance pour l'education – United Way*[1]. Imerys is a member of the Alliance pour l'Éducation – United Way Coordination Committee together with other large French companies. In September 2017, Alliance pour l'education – United Way launched a new program: "Défi Jeunesse". Built upon the framework established by the French Ministry of National Education, the program aims to support young people in secondary school through personalized training, internships, orientation sessions and discovery of the professional world. Imerys hosted 45 pupils from three different schools as part of the Défi Jeunesse program, together with Alliance pour l'Éducation – United Way and Entreprendre pour Apprendre Île-de-France. 15 Imerys volunteers acted as mentors to the students to help them develop and present a business project answering the question: "What can be done to mitigate climate change, at school or in our company?". The following month, Imerys welcomed 15 students from the Collège René Descartes (Tremblay, France) and provided them with the chance to experience a working week in a real business environment, as a part of the internship required in their education cycle "Stage de 3e".

(1) *Alliance pour l'education – United Way is a non-profit organization whose mission is to co-build programs through which private, public and solidarity actors commit to collectively address education, health, economic stability issues across France.*

Imerys has likewise supported the *Fonds Dan Germiquet* since its creation in 2014. The Dan Germiquet Foundation provides financial scholarship to international students from universities partners who have chosen to integrate l'École Nationale Supérieure de Géologie de Nancy (ENSG). Between 2014 and 2019, a total of 18 students have graduated as a result of the scholarship provided through the Dan Germiquet Foundation. Imerys also supports the *Chaire Industrie Minérale et Territoires*, which supports scientific research related to mining and geology in four leading French universities.

3.7.2 PRODUCT MANAGEMENT

Imerys' Commitment	Mid-term CSR objectives	UNGC Principles	UN SDGS
Innovate through our product portfolio by assessing the sustainability of our products, processes and services to contribute solutions for society	■ Product Sustainability • Assess Imerys Products in Application Combinations (PAC) according to CSR criteria to cover at least 40% of Imerys product portfolio (by revenue) by the end of 2022 • Ensure at least 50% of Group New Product Developments are scored as 'SustainAgility Solutions[1] by the end of 2022	Principle 7 Principle 8 Principle 9	12 Responsible consumption and production 13 Climate action
	2020 Results achieved		
	■ Product Sustainability ✓ Assessment of Imerys Products in Application Combinations (PAC) according to CSR criteria has been completed for 6% of Imerys product portfolio (by revenue) at the end of 2020 ✓ 11% of projects in the innovation pipeline have been assessed as per the methodology at the end of 2020		

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

3.7.2.1 PRODUCT SUSTAINABILITY

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

In 2020, to continue to further strengthen the Group's product stewardship program, a dedicated Product Stewardship Steering Committee, chaired by the Group CEO, was created.

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

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

As of the end of 2020, approximately 69% of Imerys operations were certified to the ISO 9001 Quality Management System. In addition, extensive tracking of employees' health is conducted, through ongoing industrial health programs and medical surveillance programs.

(1) A "SustainAgility Solution" is a product in an application that has scored within the two highest categories in the SustainAgility Solutions Assessment framework.

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

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

Going beyond compliance, Imerys is committed to developing materials and expertise to deliver relevant and innovative market-driven solutions to support the growth of the Group while at the same time delivering sustainable solutions to society. The capacity to quantify the environmental and social impacts and steer the Group's product portfolio to ensure long-term product sustainability is a key theme within the Group SustainAgility program. **The mid-term target is to assess Imerys Products in Application Combinations (PAC) according to CSR criteria to cover at least 40% of Imerys product portfolio (by revenue) and to ensure at least 50% of Group New Product Developments are scored as "SustainAgility Solutions" by the end of 2022**. Imerys has launched its SustainAgility Solutions Assessment framework, which has been designed in line with the World Business Council for Sustainable Development (WBCSD)[2] guidelines for Portfolio Sustainability Assessments (PSA)[3], so as to objectively measure the sustainability of Imerys products and identify their environmental and social impacts. The SustainAgility Solutions Assessment framework provides a systematic, high quality, scientifically robust and transparent approach to review products and services based on several criteria, ultimately scored on two factors: **Sustainable Value Creation** – the balance between the economic value created and the environmental impact and **Market Alignment** – the level of sustainability-related benefits or challenges (based on an evaluation of public data and thorough review from key stakeholders). At the end of 2020, after an initial delay due to Covid-19, 6% of the Group portfolio by revenue was assessed. Likewise 41 projects at different stages, representing 11% of in-progress projects in the innovation pipeline have been assessed as per the methodology. As such progress towards the mid-term targets are well on-track.

In parallel with the definition of a larger framework to evaluate the Group products portfolio, Imerys has continued to calculate products' environmental footprints or ecoprofiles from "cradle-to-gate", using a LCA methodology. In 2020, the Group assessed 49 products following the requirements of ISO 14040 & ISO 14044[4], bringing the total number of product ecoprofiles completed since 2018 to 77. A wide range of mineral and product families have been covered by such assessment (Kaolin, Refractory minerals, Talc, Perlite, Diatomaceous Earth, Mica, Carbonate, Wollastonite, Bentonite, Calcium aluminates, Tap hole clay, Refractory castables, steel casting flux).

The Group aims to help drive sustainable innovation in the specialty minerals industry, pushing the boundaries of Group products to meet customers' needs while at the same time offering sustainable solutions that meet global environmental and social challenges. Recent innovations include Imerys' EcoBright solution, which is a stabilized slurry that is helping reduce the environmental impact of the paper industry's bleaching processes. This sustainable innovative solution reduces the amount of hazardous chemicals used, the organic substances in effluents, the wood consumption and the carbon footprint of the chemical recipe.

(1) *GHS/CLP: Globally Harmonized System/Classification, Labelling and Packaging of chemicals.*
(2) *The WBCSD is a global, CEO-led organization of over 200 leading businesses working together to accelerate the transition to a sustainable world by making more sustainable businesses more successful.*
(3) *https://docs.wbcsd.org/2017/10/Framework4Port_Sustainability.pdf*
(4) *ISO 14040: 2006 describes the principles and framework for life cycle assessment and ISO 14044: 2006 specifies requirements and provides guidelines for life cycle assessment.*

3.8 REPORTING METHODOLOGIES

3.8.1 ESG REPORTING METHODOLOGIES AND PROTOCOLS

Imerys Group reporting complies with the French "*Déclaration de Performance Extra-Financière*" (DPEF) law[1] and other applicable French reporting obligations. The Group CSR program and reporting approach is based on frameworks such as the SASB Industry Standards, the GRI's Sustainability Reporting Guidelines ("Core" option), the UN Global Compact, the UN Guiding Principles on Business and Human Rights, Organisation for Economic Co-operation and Development (OECD) Guidelines, International Organization for Standardization (ISO) 26000 and the ILO Fundamental Conventions.

The Group's CSR reporting covers all of the activities over which it exerts operational control. Protocols and guidelines exist at the Group level to regulate the collection and collation of human resources, health and safety, environmental and energy data from the Group's operations.

The Group has also structured the processes for data consolidation and quality control to ensure the reliability and auditability of the reporting, including several layers of internal verifications. Under the regulatory obligations stemming from the "DPEF" law, the Group retains a third party to verify its sustainability reporting and compliance status. Deloitte provided the verification services for the 2020 reporting and issued the report *in section 3.9 of the present chapter*.

A correlation table with regards to the reporting requirements of the "DPEF" is presented in *chapter 9, section 9.5.5.1 of the 2020 Universal Registration Document*.

A correlation table with regards to the requirements of the "Duty of Care" law[2] is presented in *chapter 9, section 9.5.5.2 of the 2020 Universal Registration Document*.

√ For detailed information on the reporting items, frequency, scope and collection systems within the Group, *see CSR Reporting Principles 2020*.

3.8.2 MINERAL RESERVES AND RESOURCES

The mineral reserves and mineral resources data published in this Universal Registration Document have been prepared in accordance with the Pan-European Standard for reporting of Exploration Results, Minerals Resources and Reserves 2017 (PERC Reporting Standard) which is an internationally recognized reporting standard for mineral assets and member of the CRIRSCO group of codes[3]. In accordance with company procedures, the Group's mineral reserves and resources are regularly audited by internal and external auditors.

3.8.2.1 MINERAL REPORTING PRINCIPLES

■ MINERAL ASSET REPORTING

Mineral Reserves correspond to the portions of a deposit that are demonstrably economic to extract given the prevailing or reasonably forecast economic climate at the time of estimation. Reserves are subdivided into Proven or Probable to reflect the level of certainty in the geological understanding of the deposit, Proven being the higher level. Mineral Resources include deposits or portions of deposits for which extraction has yet to be demonstrated as economically profitable, but it is reasonable to expect that extraction will be viable in the future. These assets typically lack the detailed (mining, processing, marketing and/or legal) technical studies required to demonstrate their economic viability. Mineral Resources are classified in ascending order of geological confidence as Inferred, Indicated or Measured.

The Group's production operations consume its mineral reserves. Imerys continuously undertakes initiatives to compensate for the consumption of these reserves in order to maintain the equivalent of around 20 years' worth of production. On existing sites, this involves the exploration and detailed modeling of already identified mineral resources to confirm the potential for exploitation based on quality, quantity, mining parameters and associated costs. Where exploratory work leads to a positive conclusion, Imerys seeks to obtain the necessary exploitation rights (outright ownership, long-term lease or concession), permits and official authorizations. If these elements can be obtained, the resources are converted into reserves. Group mineral reserves can also be replaced or increased through acquisitions from third parties or acquisitions of companies as part of the Group's external growth operations.

(1) *Decree n° 2017-1265 of August 9, 2017 taken for the application of the ordinance n° 2017-1180 of July 19, 2017 relating to the publication of non-financial information by some large companies and certain groups of companies.*
(2) *Law no. 2017-399 of March 27, 2017 related to the "duty of vigilance for parent and instructing companies".*
(3) *CRIRSCO: Committee for Mineral Reserves International Reporting Standards.*

MINERAL ASSET AUDITS

To ensure consistent reporting across all Group entities and full compliance with all relevant standards, internal and external audits are conducted on a three to five-year cycle. Internal audits are conducted by a group of eight experienced geologists and mining engineers who are independent of the sites they audit. Each audit is conducted by two people from this team using assessment matrices. Audit results are published in a report setting out any comments and improvement requirements, the implementation of which is then tracked. These audits are an opportunity to share best practices and drive continuous improvement in mineral resource management and exploitation. The results of mineral reserves and resources reporting and auditing are assessed by the Audit Committee.

RISKS AND UNCERTAINTIES

Mineral reserves and resources are estimates of the size and quality of deposits based on the technical, regulatory and economic parameters available at a given point in time. Due to unpredictable changes in these parameters and the natural uncertainty associated with such assessments, estimates of Group mineral reserves and resources presented in the following table may vary over time. Over the course of geological exploration and assessment, mineral reserves and resources may change significantly, either positively or negatively. At this point in time, Imerys has no knowledge of any environmental, legal, political or other factors that may adversely affect the estimates presented in these tables in any material way.

√ For further details, see chapter 4, paragraph 4.1.1 of the Registration Document.

3.8.2.2 KEY MINERALS

Ball clays are very fine-grained sedimentary clays with high plasticity. Once extracted, clays are selected, processed and blended to achieve the desired properties, such as rheological stability, high resistance and mechanical strength.

Bentonite is an alumino-silicate clay formed from altered volcanic rocks, it has high rheological and absorbent properties.

Calcium carbonates include marble, limestone and chalk. Processed carbonates are used in different forms. Ground natural calcium carbonate (GCC) is used for its whiteness and alkaline properties. Precipitated calcium carbonate (PCC) is a synthetic product obtained from natural limestone that contributes excellent optical properties to finished products.

Diatomite is a sedimentary mineral composed of the silicon-rich skeletons of diatoms – unicellular algae present in marine and lake environments. It is known for its low density, high surface area, high porosity and mattifying properties.

Feldspars are naturally occurring alumino-silicate minerals containing varying concentrations of potassium, sodium, calcium and/or lithium, and are used for their fusing properties at high and low temperatures.

Kaolin is composed predominantly of kaolinite, a white hydrated alumino-silicate clay produced by the geologic alteration of granite and similar types of rock. The high temperature (700-1,200°C) to which it is subjected during the calcination process transforms kaolin into a whiter and more inert mineral. The kaolin family of minerals also includes halloysite, prized in fine porcelain manufacture for its whiteness and translucence.

Moler is a very lightweight sedimentary rock formed from a natural blend of diatoms and clays with highly absorbent properties.

Perlite is a very specific type of volcanic rock with a natural water content of between 2% and 5%. Perlite is a low-density, high-porosity mineral. Processed and subsequently heated, perlite expands up to 20 times its original volume, creating a multi-cellular material with a large specific surface area at low density.

Refractory minerals are valued for their resistance to extreme temperatures, mechanical stresses and corrosion. They include refractory clays (transformed by calcination to chamotte), bauxite and andalusite.

Talc is a very soft hydrated magnesium silicate with properties unique to the deposit from which it is extracted.

Imerys extracts many other minerals, including bauxite, graphite (one of the crystalline forms of carbon), mica, wollastonite and zeolite. Imerys also produces the high-quality quartz minerals required to produce silicon and ferro-silicon, both of which are used in special steel alloys. Imerys produces a range of high-quality synthetic graphites and talcs as well as the highest quality of fused magnesia, carbon black and zirconia.

The Group also sources and processes certain raw materials from external suppliers to create its specialty products. These materials include bauxite, alumina and zirconia, which are processed to produce synthetic corundums. Tabular alumina is used in refractory applications.

3.8.2.3 MINERAL RESERVES AND RESOURCES

For the clarity and materiality of reporting its reserves and resources, Imerys has grouped mineral category estimates together. This also protects commercially sensitive information related to individual extraction sites. This practice is in accordance with the "Reporting of Industrial Minerals, Dimension Stone and Aggregates" section of the PERC Reporting Standard.

Mineral Resources are reported exclusive to Mineral Reserves. Product mass is expressed in thousands of metric tons of minerals marketable in dry form. The corresponding estimates at December 31, 2019 are presented for the purpose of comparison. Changes in estimates of reserves and resources between December 31, 2019 and December 31, 2020 correspond to mineral used in production, the ongoing exploration and assessment of new and existing assets, technical studies, changes in ownership and mining rights, as well as acquisitions and disposals made as part of normal business. Mining assets totaled €425.6 million at December 31, 2020 (€502.9 million at December 31, 2019).

In accordance with accounting rules, the mineral reserve and resource assets are recognized at historical cost. They are initially measured at acquisition cost, and subsequently at historical cost minus any accumulated depreciation and impairment. Depreciation is estimated on the basis of actual extraction.

■ MINERAL RESERVES ESTIMATES (AT DEC. 31, 2020 *VS* DEC. 31, 2019)

Product	Region	Proven	Probable	Total	Proven	Probable	Total
		2020 *(kt)*			2019 *(kt)*		
Ball Clays	Europe	2,980	8,205	11,185	2,694	7,373	10,067
	Americas	3,607	34	3,641	3,378	541	3,919
	Asia-Pacific	531	0	531	580	0	580
	Africa & Middle East	0	128	128	0	272	272
	Total	**7,118**	**8,367**	**15,485**	**6,652**	**8,186**	**14,838**
Bentonite	Europe	6,481	139	6,620	6,767	1,298	8,065
	Americas	0	295	295	0	376	376
	Africa & Middle East	156	35	191	168	52	220
	Total	**6,637**	**469**	**7,106**	**6,935**	**1,726**	**8,661**
Carbonates	Europe	0	16,812	16,812	0	17,564	17,564
	Americas	52,512	93,337	145,849	54,413	100,913	155,326
	Asia-Pacific	0	32,002	32,002	0	33,005	33,005
	Africa & Middle East	0	4,651	4,651	0	4,651	4,651
	Total	**52,512**	**146,802**	**199,314**	**54,413**	**156,133**	**210,546**
Feldspar	Europe	3,460	4,747	8,207	6,036	4,299	10,335
	Africa & Middle East	240	1,200	1,440	0	3,062	3,062
	Total	**3,700**	**5,947**	**9,647**	**6,036**	**7,361**	**13,397**
Kaolin	Europe	3,660	2,921	6,581	4,051	3,508	7,559
	Americas	24,574	24,938	49,512	29,405	45,023	74,428
	Asia-Pacific	333	37	370	314	1,169	1,483
	Total	**28,567**	**27,896**	**56,463**	**33,770**	**49,700**	**83,470**
Minerals for Refractories	Europe	772	4,956	5,728	830	4,931	5,761
	Americas	4,313	935	5,248	3,297	1,287	4,584
	Africa & Middle East	237	1,134	1,371	303	1,155	1,458
	Total	**5,322**	**7,025**	**12,347**	**4,430**	**7,373**	**11,803**
Perlite & Diatomite	Europe	5,015	19,135	24,150	5,867	18,874	24,742
	Americas	31,490	14,711	46,201	28,229	14,580	42,809
	Africa & Middle East	0	833	833	0	871	871
	Total	**36,505**	**34,679**	**71,184**	**34,096**	**34,325**	**68,421**
Talc	Europe	1,461	12,924	14,385	1,698	13,578	15,276
	Asia-Pacific	2,336	631	2,967	2,353	780	3,133
	Total	**3,797**	**13,555**	**17,352**	**4,051**	**14,358**	**18,409**
Other minerals	Europe	1,538	0	1,538	1,642	0	1,642
	Americas	2,429	1,562	3,991	2,615	1,480	4,096
	Total	**3,967**	**1,562**	**5,529**	**4,257**	**1,480**	**5,738**

Notes: In addition to the normal activities of production, significant changes in the Mineral Reserves occurred due to the sale of the Pittong kaolin site in Australia and acquisition of Cornerstone Perlite in the US. In addition there were site level reassessments in kaolin in Brazil, carbonates in USA and feldspar in Europe.

MINERAL RESOURCES ESTIMATES (AT DEC. 31, 2020 *VS* DEC. 31, 2019)

		Measured	Indicated	Inferred	Total	Measured	Indicated	Inferred	Total
Product	**Region**	**2020** *(kt)*				**2019** *(kt)*			
Ball Clays	Europe	6,552	1,722	1,470	9,744	6,982	3,037	2,252	12,271
	Americas	5,442	9,564	9,506	24,512	5,628	9,562	10,109	25,299
	Asia-Pacific	37	787	0	824	37	740	0	777
	Africa & Middle East	0	0	200	200	0	0	150	150
	Total	**12,031**	**12,073**	**11,176**	**35,280**	**12,647**	**13,339**	**12,511**	**38,497**
Bentonite	Europe	55,192	20,479	0	75,671	47,387	22,648	1,652	71,687
	Americas	378	2,040	2,849	5,267	378	2,045	2,849	5,272
	Africa & Middle East	32	1,381	273	1,686	65	1,657	290	2,012
	Total	**55,602**	**23,900**	**3,122**	**82,624**	**47,830**	**26,350**	**4,791**	**78,971**
Carbonates	Europe	0	3,609	8,155	11,764	0	2,989	8,159	11,148
	Americas	12,746	75,216	93,016	180,978	10,811	77,485	97,906	186,202
	Asia-Pacific	0	0	512	512	0	0	512	512
	Africa & Middle East	0	0	0	0	0	0	0	0
	Total	**12,746**	**78,825**	**101,683**	**193,254**	**10,811**	**80,474**	**106,577**	**197,862**
Feldspar	Europe	0	3,359	6,963	10,322	2,084	3,438	7,107	12,629
	Americas	0	0	0	0	0	0	1,849	1,849
	Africa & Middle East	0	270	0	270	800	2,675	667	4,142
	Total	**0**	**3,629**	**6,963**	**10,592**	**2,884**	**6,113**	**9,623**	**18,620**
Kaolin	Europe	1,690	2,345	14,494	18,529	1,714	2,370	14,766	18,850
	Americas	22,898	71,509	32,789	127,196	20,263	58,254	52,194	130,711
	Asia-Pacific	98	1,042	36	1,176	56	5,683	36	5,775
	Total	**24,686**	**74,896**	**47,319**	**146,901**	**22,033**	**66,307**	**66,996**	**155,336**
Minerals for Refractories	Europe	176	4,592	2,280	7,248	134	3,904	2,723	6,761
	Americas	5,243	3,583	2,495	11,321	8,057	6,989	137	15,183
	Africa & Middle East	300	600	900	1,800	300	517	1,500	2,317
	Total	**5,719**	**8,775**	**5,875**	**20,369**	**8,491**	**11,410**	**4,360**	**24,261**
Perlite & Diatomite	Europe	4,814	13,722	50,145	68,681	1,266	20,688	57,804	79,758
	Americas	19,617	30,704	43,346	93,667	21,904	29,766	40,959	92,630
	Asia Pacific	0	0	0	0	79	1	0	80
	Africa & Middle East	0	1,373	7,187	8,560	0	1,198	7,592	8,790
	Total	**24,431**	**45,799**	**100,678**	**170,908**	**23,249**	**51,654**	**106,355**	**181,258**
Talc	Europe	193	1,660	6,145	7,998	99	2,071	6,846	9,016
	Asia-Pacific	2,847	1,458	2,179	6,484	2,494	1,235	2,760	6,489
	Total	**3,040**	**3,118**	**8,324**	**14,482**	**2,593**	**3,306**	**9,606**	**15,505**
Other minerals	Europe	1,687	815	1,029	3,531	1,687	815	650	3,152
	Americas	6,270	27,066	70,162	103,498	6,270	25,671	66,473	98,414
	Africa & Middle East	914	749	956	2,619	914	749	956	2,619
	Total	**8,871**	**28,630**	**72,147**	**109,648**	**8,871**	**27,235**	**68,079**	**104,185**

Notes: In addition to the normal activities of exploration, resource development and transfer of resources to reserves, in 2020 there has been significant changes in the Mineral Resources due to the sale of the Pittong kaolin site in Australia and acquisition of Cornerstone Perlite in the US. In addition, there was significant resource reassessment of sites in Brazil (kaolin), USA (Mineral For Refractories and carbonates) and Europe (Filtration and Feldspar).

3.8.3 SUMMARY OF KEY PERFORMANCE INDICATORS

The Group's Key Performance Indicators (KPIs) on Corporate Social Responsibility have been defined and gradually evolved in accordance with pertinent international standards and regulatory framework mentioned above. The following table summarizes the KPI results of three consecutive years (2018-2020). The perimeter of each category is Group level unless explicitly indicated otherwise.

Category	KPIs	Unit	2020	2019	2018	GRI
Empowering our people						
Safety & Health						
Mid-term 2022 objectives	**Safety Culture Maturity Level**	#	2.65	-	-	403-2
	Occupational health baseline assessment improvement	%	baseline completed	-	-	403-2
Fatalities	Fatalities – Imerys Employees	#	0	1	1	403-2
	Fatalities – Contractor Employees[1]	#	0	1	0	403-2
Life-changing injuries[2]	Life-changing injuries – Imerys Employees	#	2	0	4	403-2
	Life-changing injuries – Contractor Employees	#	1	2	0	403-2
Lost-Time Accident rates[3]	Imerys employees	/	1.21	1.03	1.45	403-2
	Contractor employees	/	1.12	1.34	1.16	403-2
	Combined rate (Imerys employees and Contractor employees)	/	1.18	1.14	1.37	403-2
Total Recordable Incident rates[4]	Imerys employees	/	2.84	2.98	4.43	403-2
	Contractor employees	/	2.24	3.71	4.24	403-2
	Combined rate (Imerys employees and Contractor employees)	/	2.66	3.22	4.30	403-2
Severity rates[5]	Imerys employees	/	0.08	0.05	0.07	403-2
	Contractor employees	/	0.05	0.06	0.05	403-2
	Combined rate (Imerys employees and other employees)	/	0.07	0.05	0.07	403-2
Occupational illnesses	Occupational illnesses with lost time	#	0	1	2	403-2
	Occupational illnesses without lost time	#	1	1	0	403-2
Human Capital						
Mid-term 2022 objectives	**Females in senior management**	%	26	-	-	102-8
	Diversity and Inclusion 3-year program completion	%	40	-	-	102-8
Employees	Year-to-end total headcount on payroll	#	16,437	16,305	17,769	102-8
	Full-time employees	#	16,168	16,109	17,324	102-8
	Female employees	#	2,668	2,751	2,898	102-8
	Male employees	#	13,500	13,358	14,426	102-8
	Part-time employees	#	269	373	445	102-8
	Female employees	#	185	209	220	102-8
	Male employees	#	84	164	225	102-8
	Permanent employees	#	15,270	15,023	16,220	102-8
	Female employees	#	2,602	2,559	2,805	102-8
	Male employees	#	12,668	12,464	13,415	102-8
	Fixed-term contract	#	1,167	1,282	1,549	102-8
	Female employees	#	251	262	313	102-8
	Male employees	#	916	1,020	1,236	102-8
	External employees (Full-Time Equivalent)	#	4,790	6,205	4,204	102-8

Category	KPIs	Unit	2020	2019	2018	GRI
Employees by region	Europe	#	7,481	7,781	8,455	102-8
	Permanent employees	#	7,051	7,272	7,815	102-8
	Fixed-term contract	#	430	209	640	102-8
	Of which France	#	2,008	2,080	2,242	102-8
	Permanent employees	#	1,923	1,980	2,082	102-8
	Fixed-term contract	#	85	100	160	102-8
	Americas	#	4,211	4,213	4,634	102-8
	Permanent employees	#	4,208	4,186	4,600	102-8
	Fixed-term contract	#	3	27	34	102-8
	Asia-Pacific	#	3,740	3,543	3,882	102-8
	Permanent employees	#	3,164	2,969	3,242	102-8
	Fixed-term contract	#	576	574	640	102-8
	Africa & Middle East	#	1,005	768	798	102-8
	Permanent employees	#	847	59	563	102-8
	Fixed-term contract	#	158	172	235	102-8
Employees by function(6)	Administration & Support	#	599	645	689	
	Finance	#	893	853	933	
	General Management	#	30	33	92	
	Human Resources	#	329	323	395	
	Innovation / S&T	#	394	350	488	
	IT & Business Process	#	285	269	263	
	Legal	#	56	71	80	
	Operations(7)	#	11,458	11,349	13,379	
	Sales & Marketing	#	1,281	1,372	1,416	
	Strategy / Business Development	#	35	18	34	
	Supply Chain(7)	#	1,077	1,022	-	
Employees by Business Segment(8)	Performance Minerals	#	7,630	7,696	9,276	
	Americas	#	3,020	3,081	3,675	
	Asia-Pacific	#	1,518	1,504	1,817	
	Europe Middle East and Africa	#	3,092	3,111	3,784	
	High Temperature Materials and Solutions	#	6,893	6,764	7,858	
	High Temperature Solutions	#	2,837	2,633	3,100	
	Refractory, Abrasives & Construction	#	4,056	4,131	4,758	
	Ventures & Partnership	#	7	37	67	
	Group(9)	#	1,907	1,808	568	
Employee moves	Net variation of permanent employees (excluding acquisitions and divestitures)	#	(258)	(828)	(438)	401-1
	External recruitments	#	1,157	1,003	1,446	401-1
	Mutual agreements	#	(282)	(133)	-	401-1
	Redundancies (economical & non-economical)	#	(499)	(753)	(557)	401-1
	Retirements	#	(238)	(301)	(303)	401-1
	Voluntary terminations & others	#	(592)	(928)	1,024	401-1
	Turnover	%	3.9	5.9	6.1	401-1
	Net variation of temporary employees (excluding acquisitions and divestitures)	#	(171)	(207)	569	401-1
	Acquisitions – Divestiture	#	561	(361)	(721)	401-1

Category	KPIs	Unit	2020	2019	2018	GRI
Absenteeism	Total absenteeism rate	%	3.1	3.0	2.8	403-2
	Absenteeism rate by geographical region					
	Europe	%	*4.9*	*4.4*	*4.4*	*403-2*
	Americas	%	*1.7*	*1.4*	*1.4*	*403-2*
	Asia-Pacific	%	*1.1*	*1.6*	*1.2*	*403-2*
	Africa & Middle East	%	*1.9*	*2.0*	*1.6*	*403-2*
Human rights and Labor Practices	Employees under collective bargaining agreement	%	73	68[10]	68	
Talent and Skills Management	Employees with regular performance and career development reviews	%	36	35	27	404-3
	Employees who received training at least once in the reporting year	#	13,042	15,958	13,636	
	Training hours	Hours	212.640	367,453	508,356	404-1
	Hours by category of program					
	Environment, Health & Safety	Hours	*103,152*	*200,935*	*211,645*	*404-2*
	Technical skills	Hours	*90,024*	*127,092*	*245,078*	*404-2*
	Management	Hours	*19.464*	*39,426*	*51,633*	*404-2*
Social Dialogue	Working hours lost due to strikes	Hours	1,962	3,127	7,657	
	Employee Engagement Survey Results					
	Loyalty Rate[11]	%	75	75	75	
Age	Less than 30 years	%	10	11	11	405-1
	From 30 to 39 years	%	26	25	25	405-1
	From 40 to 49 years	%	29	29	29	405-1
	From 50 to 54 years	%	14	15	15	405-1
	More than 55 years	%	21	21	20	405-1
New permanent hiring by age bracket	Less than 30	%	35	36	35	401-1
	More than 55	%	4	4	4	401-1
Seniority	Less than 10 years	%	51	50	50	405-1
	More than 10 years	%	49	50	50	405-1
	of which more than 20 years	*%*	*21*	*21*	*23*	*405-1*
Gender balance	Female Board members	%	40	46	41.7	405-1
	Female Executive Committee members	%	9	9	9.1	405-1
	Females in Senior management	%	26	22	19	405-1
	Females in Manager/Expert/ Professional roles	%	26	27	25.6	405-1
	Females in Paraprofessional roles	%	12	12	-	405-1
	Total female employees	%	17	17	17.5	405-1
Disability	Employees with disability	#	419	167	186	405-1
	Employees with disability	%	3	1	1	
Caring for our planet						
Environmental Stewardship						
Mid-term 2022 objectives	**Environmental audits using the environmental maturity matrix**	%	60	-	-	103
	Group act4nature commitment completion	%	93	-	-	304-3
Environmental Management	ISO 14001 or EMAS[12] certified operations	#	93	99	101	103
	Operations with Imerys 8-pillar EMS	#	152	125	129	103
	Environmental incidents (including with no or with minor environmental impact)	#	28	14	6	307
	Environmental prosecutions	#	7	8	5	307
	Amount of fines	€	62,260	54,571	17,232	307

Category	KPIs	Unit	2020	2019	2018	GRI
Waste	Total industrial waste produced	*Tons*	147,471	155,815	278,009	306-1
	Hazardous industrial waste	*Tons*	2,141	1,952	4,017	306-2
	Recycled hazardous industrial waste	*Tons*	891	1,175	2,374	306-2
	Non-hazardous industrial waste	*Tons*	83,901	92,262	155,402	306-2
	Recycled non-hazardous industrial waste	*Tons*	60,539	60,425	116,215	306-2
	Industrial waste generation / Revenue	*kg/M€*	0.04	0.05	0.06	
Air emissions produced	Sulfur dioxide (SO_2)	*Tons*	2,509	3,853	4,565	305-7
	Nitrogen oxide (NO_X)	*Tons*	5,126	5,945	6,953	305-7
Water consumption	Total water withdrawals	*M liters*	37,472	40,796	47,128	303-1
	Water obtained from water groundwater	*%*	53.1	52.2	55.6	303-1
	Water withdrawn from suppliers	*%*	9.5	11.4	10.3	303-1
	Water withdrawn from surface water	*%*	29.1	29.1	27.8	303-1
	Water obtained from other sources[13]	*%*	8.3	7.3	6.3	303-1
	Total water recycled	*M liters*	34,937	42,271	46,249	303-3
	Sites with recycled water reported	*#*	54	57	62	303-3
Biodiversity and Land Rehabilitation	Surfaces disturbed by the Group's mining activities[14]	*Hectares*	1,670	1,387	2,038	304-3
	Surfaces rehabilitated[14]	*Hectares*	380	436	396	304-3
Climate Change						
Mid-term objectives (2030 and 2023)	**Scope 1 & 2 greenhouse gas emissions reduction relative to revenue *(tCO_2/M€)* (by 2030)**	*%*	-12	-12	-	305-1, 305-2
	Suppliers with science based targets (by 2023)	*%*	10	-	-	305-3
Energy	Total energy consumption	*MWh*	8,159,406	8,234,462	10,916,835	302-1
	Natural gas	*%*	41.1	39.0	41.5	302
	Other fossil fuels	*%*	24.6	27.3	26.7	302
	Biomass	*%*	3.0	2.7	2.4	302
	Electricity (net) and steam	*%*	31.3	31.0	29.4	302
CO_2 emissions	Total CO_2 emissions	*kt CO_2e*	2,494	2,843	3,421	305
	Scope 1 CO_2 emissions	*kt CO_2e*	1,510	1,740	2,207	305-1
	Scope 2 CO_2 emissions	*kt CO_2e*	984	1,103	1,214	305-2
	Emissions by source					
	CO_2 emissions from Energy	*%*	86.7	87.3	84.1	305-1
	CO_2 emissions from Processes	*%*	13.3	12.7	15.9	305-1
	CO_2 emissions / Revenue	*tCO_2/M€*	657	653	745	
	Scope 3 emission estimation	*% of total emissions*	55	55	55	305-3
	Product carbon footprints calculated	*#*	49	30	20	305-3

Category	KPIs	Unit	2020	2019	2018	GRI
Building for the future						
Business Conduct						
Mid-term 2022 objectives	**CSR rating by EcoVadis**	#	74	64	56	-
	Supplier CSR rating scheme coverage (by spend)	%	14	-	-	308-1
Corporate Governance	Independent Board members	%	50	54	50	405-1
Fair Operating practices	Reported violations of the Group Code of Business Conduct and Ethics	#	11	13	4	412-1
	Confirmed cases of violation of the Group Code of Business Conduct and Ethics	#	4	7	3	412-1
Supplier CSR engagement	Trainings on responsible purchasing	#	0	4	10	412-1
	Suppliers assessed	#	200	228	484	308-1 414-1
Community Engagement	Sites with a formal action plan managing the impacts of operations on communities	%	90	90	89	413-1
	New community engagement initiatives launched	#	42	56	62	413-1
	Reported external grievances	#	0	1	0	413-2
Product Management						
Mid-term 2022 objective	**Products in Application Combinations (PAC) assessed according to CSR criteria (by revenue)**	%	6	-	-	
	New Product Developments scored as "SustainAgility Solutions"	%	Assessments ongoing	-	-	
Product Sustainability	Number of Life Cycle Assessments calculated for Group products	#	49	28	14	301-1

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

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

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

This is a free translation into English of the Statutory Auditor's report issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

For the year ended December 31, 2020

To the Shareholders,

In our capacity as Statutory Auditor of Imerys SA, appointed as independent third party and accredited by COFRAC under number 3-1048 (scope of accreditation available at www.cofrac.fr), we hereby report to you on the consolidated non-financial statement for the year ended December 31, 2020 (hereinafter the "Statement"), presented in the group management report pursuant to the legal and regulatory provisions of Articles L. 225-102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code (*Code de commerce*).

■ COMPANY'S RESPONSIBILITY

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

■ INDEPENDENCE AND QUALITY CONTROL

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

■ RESPONSIBILITY OF THE STATUTORY AUDITOR APPOINTED AS INDEPENDENT THIRD PARTY

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

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

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

■ NATURE AND SCOPE OF PROCEDURES

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

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

- We familiarized ourselves with the Group's business activity and the description of the principal risks associated.
- We assessed the suitability of the Guidelines with respect to their relevance, completeness, reliability, neutrality and clarity, taking into account, where appropriate, best practices within the sector.
- We verified that the Statement covers each category of information stipulated in section III of Article L. 225-102-1 governing social and environmental affairs, as well as in the second paragraph of Article L. 22-10-36 regarding the respect for human rights and the fight against corruption and tax evasion.
- We verified that the Statement provides the information required under article R. 225-105 II of the French Commercial Code, where relevant with respect to the principal risks, and includes, where applicable, an explanation for the absence of the information required under article L. 225-102-1 III, paragraph 2 of the French Commercial Code.

- We verified that the Statement presents the business model and a description of principal risks associated with all the entity's activities, including where relevant and proportionate, the risks associated with its business relationships, its products or services, as well as its policies, measures and the outcomes thereof, including key performance indicators associated to the principal risks.
- We referred to documentary sources and conducted interviews to
  - assess the process used to identify and confirm the principal risks as well as the consistency of the outcomes, including the key performance indicators used, with respect to the principal risks and the policies presented, and
  - corroborate the qualitative information (measures and outcomes) that we considered to be the most important[(1)] ; concerning certain risks (business conduct or product management for instance), our work was carried out on the consolidating entity, for the others risks, our work was carried out on the consolidating entity and on a selection of entities.
- We verified that the Statement covers the consolidated scope, i.e. all companies within the consolidation scope in accordance with Article L. 233-16, with the limits specified in the Statement.
- We obtained an understanding of internal control and risk management procedures the entity has put in place and assessed the data collection process to ensure the completeness and fairness of the Information.
- We carried out, for the key performance indicators and other quantitative outcomes[(2)] that in our judgment were of most significance:
  - analytical procedures that consisted in verifying the correct consolidation of collected data as well as the consistency of changes thereto;
  - substantive tests, on a sampling basis, that consisted in verifying the proper application of definitions and procedures and reconciling data with supporting documents. These procedures were conducted for a selection of contributing entities[((3))] and covered between 8% and 39% of the consolidated data for the key performance indicators and outcomes selected for these tests;
- We assessed the overall consistency of the Statement in relation to our knowledge of the company.

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

MEANS AND RESOURCES

Our work engaged the skills of six people between October 2020 and March 2021.

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

CONCLUSION

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

Paris-La Défense, March 19, 2021

One of the statutory auditors,

Deloitte & Associés

Frédéric Gourd
Partner

Olivier Jan
Partner, Sustainability Services

(1) Qualitive information: Covid-19 specific protocol; 2020 SD Challenge on diversity and inclusion; matrices of mineral assets; methodology of climate-related risks assessment: focus on heat waves and water stress; EcoVadis CSR assessment; SustainAgility Solutions Assessment framework.

(2) Environmental quantitative information: total industrial waste generated (hazardous and non-hazardous); total industrial waste recycled (hazardous and non-hazardous); total water withdrawals; total energy consumption; total CO_2 emissions (scopes 1 and 2); CO_2 emissions/revenue; variation of CO_2 emissions/revenue compared to 2018 baseline; total SO_2 emissions ; total NO_X emissions.

(17) Social quantitative information: total headcount as of December 31, 2020; external recruitments; leavings (mutual agreements, redundancies, retirements, voluntary terminations & others); lost-time accident rate (Imerys and contractor employees); accident severity rate (Imerys and contractor employees); total number of occupational illnesses.

(3) Selected entities: Beyrède – Refractory, Abrasives, Construction (France); Clérac – Refractory, Abrasives, Construction (France); Cockeysville – Performance Minerals Americas (USA); Dunkerque – Refractory, Abrasives, Construction (France); Fos-sur-Mer – Refractory, Abrasives, Construction (France); Imerys Metallurgy Bauxite – Refractory, Abrasives, Construction (Greece); Laufenburg – Refractory, Abrasives, Construction (Germany); Lixhe – Performance Minerals EMEA (Belgium); Luzenac – Performance Minerals EMEA (France); Sandersville Calcine Plant – Performance Minerals Americas (USA); Villach – Refractory, Abrasives, Construction (Austria) ; Zschornewitz – Refractory, Abrasives, Construction (Germany).

4

CORPORATE GOVERNANCE

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

Governance structure

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

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

The governance structure makes it possible to:

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

Corporate Governance Report

The information covered in the present chapter forms an integral part of the Corporate Governance Report, which constitutes a specific section in the Management Report in accordance with article L. 225-37 paragraph 6 of the French Commercial Code (*Code de commerce*). This report, the cross-reference table for which can be found in chapter 9, paragraph 9.5.4, was approved by the Board of Directors on February 17, 2021.

The AFEP-MEDEF Code – a corporate governance framework

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

AFEP-MEDEF Code recommendation	Reason for not implementing the recommendation
Paragraph 9.5.1 – Independent status criteria *"Not to be, or have been during the past five years: an employee or executive corporate officer of the Company; an employee, executive corporate officer or director of a company consolidated by the Company; an employee, executive corporate officer or director of the parent company (GBL) or a company consolidated by that parent company."*	The Board of Directors has decided to maintain the independent status of Patrick Kron, despite recently having held the position of interim Chief Executive Officer in the course of 2019 and 2020. It was deemed that although Patrick Kron acted as interim Chief Executive Officer for a 3-month transition period (unremunerated position), his critical judgment with respect to the Group's Executive Management was not impaired and he could therefore still be considered independent.
Paragraph 9.5.6 – Independent status criteria *"Not to have been a director of the Company for more than twelve years. Loss of the status of independent director occurs on the date when this twelve-year limit is reached."*	The Board of Directors has decided to maintain the independent status of Aldo Cardoso, whose term of office as director exceeds 12 years, as it considers that: ▪ the duration of his term of office does not affect his critical judgment with respect to the Group's Executive Management, and his skills and deep understanding of the Group were vitally important following recent changes to the Group's governance and the implementation of the Group's transformation plan; ▪ he is renowned for his expertise and authority in finance, control and corporate governance, skills recognized by market authorities and industry bodies alike. Board independence stands at 60%, a ratio well above current recommendations for companies with controlling shareholders.
Paragraph 25.5.1 – 2-year ceiling for calculation of the non-competition and termination benefits *"The termination payment must not exceed, where applicable, two years of (annual fixed and variable) compensation. If a non-competition clause has also been stipulated, the Board decides on whether or not to apply this clause at the time of the director's departure [...]. Under no circumstances may the aggregate amount of these two benefits exceed this ceiling."*	In order to ensure the attractiveness of its compensation and the alignment of the latter with the profile and the experience of the new Chief Executive Officer, Alessandro Dazza, the Board has decided to remunerate the non-compete indemnity which, added to the termination benefit, would exceed the stated ceiling of two years of compensation. However, given the Board of Directors is able to decide whether or not to enforce the non-compete clause at the time of the director's departure, no indemnity would be due should the clause be waived.

4.1 BOARD OF DIRECTORS

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

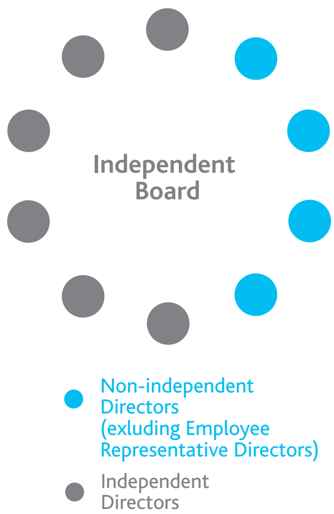
4.1.1 STRUCTURE

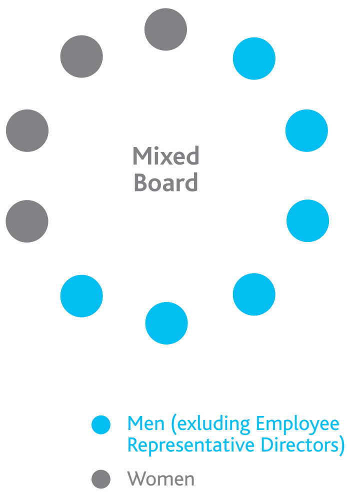
A DIVERSE AND BALANCED INTERNATIONAL BODY

At the date this Registration Document was filed, the Board of Directors was made up of:

- 12 Directors, including 2 Employee Representative Directors;
- 4 female Directors;
- 6 independent Directors;
- 7 nationalities, including the non-voting observer;
- 1 non-voting observer (since May 4, 2018) to support the Board in fulfilling its duties and take part in its discussions in an advisory capacity.

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





▪ BRIEF OVERVIEW OF THE BOARD

At the date this Universal Registration Document was filed:

	Personal details				Experience	Position on the Board				
	Age[1]	Gender	Nationality	Number of shares	Number of directorships in listed companies	Independence	Date first appointed	Expiration of term of office	Number of years of the Board[2]	Involvement in Board committees
Executive Corporate Officer and Director										
Patrick Kron (Chairman)	67	M	FR	634	4	Y	06/25/2019	SGM in 2021[3]	1.9	N/A
Directors										
Aldo Cardoso	65	M	FR	1,680	3	Y	05/03/2005	SGM in 2023	15.11	Chairman of the Audit Committee, member of the Strategic Committee
Paul Desmarais III	39	M	CAN	600	5	N[4]	04/29/2010	SGM in 2023	6.11	Member of the Strategic Committee
Ian Gallienne	50	M	FR	600	5	N[4]	04/29/2010	SGM in 2022	10.11	Chairman of the Strategic Committee, member of the Appointments and Compensation committees
Colin Hall	50	M	USA	600	5	N[4]	12/15/2015	SGM in 2023	5.3	Member of the Strategic and Audit committees
Ulysses Kyriacopoulos	68	M	GRE	642	2	N[5]	04/30/2015	SGM in 2021	5.11	Member of the Strategic Committee
Annette Messemer	56	F	GER	100	4	Y	05/04/2020	SGM in 2023	0.11	Member of the Appointments, Compensation and Audit committees
Lucile Ribot	54	F	FR	898	2	Y	05/04/2018	SGM in 2022	2.11	Member of the Audit Committee
Véronique Saubot	56	F	FR	100	3	Y	05/04/2020	SGM in 2023	0.11	Member of the Strategic Committee
Marie-Françoise Walbaum	71	F	FR	600	2	Y	04/25/2013	SGM in 2021	7.11	Chair of the Appointments and Compensation committees
Employee Representative Directors										
Dominique Morin	57	M	FR	0	0	N/A		2023	0.6	Member of the Compensation Committee
Carlos Manuel Pérez Fernández	47	M	ES	0	0	N/A		2023	0.6	N/A
Non-voting observer										
Laurent Raets	41	M	BE	642	2	N/A	05/04/2018	2021	2.9[6]	N/A

(1) At March 22, 2021.
(2) At March 22, 2021. Figures rounded up.
(3) Expiration of the term of office of Gilles Michel, Patrick Kron's predecessor as Chairman of the Board, given his appointment following Gilles Michel's resignation.
(4) Board Member representing a controlling shareholder in the Company.
(5) Director with a business relationship with the Company.
(6) As non-voting observer only. Laurent Raets was previously a director of the Company since July 29, 2015.

CHANGES IN 2020

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

	Departure	Appointment	Re-appointment
Board of Directors	▪ Odile Desforges (May 4, 2020) ▪ Marion Guillou (May 4, 2020) ▪ Martina Merz (May 4, 2020) ▪ Paul Desmarais III stepped down from his position as Vice-Chairman (May 4, 2020) ▪ Éliane Augelet-Petit (October 6, 2020) ▪ Enrico d'Ortona (October 6, 2020)	▪ Annette Messemer (May 4, 2020) ▪ Véronique Saubot (May 4, 2020) ▪ Dominique Morin (October 6, 2020) ▪ Carlos Manuel Pérez Fernández (October 6, 2020)	▪ Patrick Kron (ratification on May 4, 2020) ▪ Aldo Cardoso (May 4, 2020) ▪ Paul Desmarais III (May 4, 2020) ▪ Colin Hall (May 4, 2020)
Strategic Committee	▪ Odile Desforges (May 4, 2020)	▪ Véronique Saubot (May 4, 2020)	▪ Aldo Cardoso (May 4, 2020) ▪ Paul Desmarais III (May 4, 2020) ▪ Colin Hall (May 4, 2020)
Appointments Committee	▪ Paul Desmarais III (May 4, 2020) ▪ Marion Guillou (May 4, 2020)	▪ Marie-Françoise Walbaum (as Chairwoman from May 4, 2020) ▪ Annette Messemer (May 4, 2020)	N/A
Compensation Committee	▪ Paul Desmarais III (May 4, 2020) ▪ Marion Guillou (May 4, 2020) ▪ Éliane Augelet-Petit (October 6, 2020)	▪ Marie-Françoise Walbaum (as Chairwoman from May 4, 2020) ▪ Annette Messemer (May 4, 2020) ▪ Dominique Morin (October 30, 2020)	N/A
Audit Committee	▪ Marie-Françoise Walbaum (May 4, 2020)	▪ Annette Messemer (May 4, 2020)	▪ Aldo Cardoso (May 4, 2020)

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

CHANGES PLANNED FOR 2021

The next Shareholders' General Meeting will be asked to approve (i) the renewal of the term of office of Patrick Kron and Marie-Françoise Walbaum and (ii) the appointment of Paris Kyriacopoulos (*see chapter 8, paragraph 8.2.5*).

At the same Shareholders' General meeting, Ulysses Kyriacopoulos will be relieved of its duties.

Furthermore, as of and subject to the decisions taken by the upcoming Shareholders' General Meeting, and in accordance with the decisions taken by the Board of Directors at its meeting of February 17, 2021 and the recommendations of the Appointments Committee, Paris Kyriacopoulos will be appointed as a member of the Strategic Committee.

INDEPENDENCE

At the date this Universal Registration Document was filed: six of the ten directors (not including two employee representative directors, in accordance with the AFEP-MEDEF Code), *i.e.* 60%, qualified as independent. This ratio is well above that of one third recommended by the AFEP-MEDEF Code for companies with controlling shareholders.

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

At its meeting held on February 17, 2021 and in line with the recommendations made by the Appointments Committee, the Board of Directors:

- reviewed the independence criteria (as set out in the following table) and restated that the criteria neither preclude independent status if any are not met, nor necessarily permit such status. A member's independent status must be assessed according to their own individual situation or the Company's situation, with respect to its shareholding or any other consideration;
- assessed each individual situation, including the business relationships that may exist with any companies of the Group, and the qualification of independence for each director, especially those whose terms of office will be submitted for renewal at the next Shareholders' General Meeting.

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

- no business relationship existed between the directors representing the Company's controlling shareholders other than the capital ties between them and the Company;
- capital ties exist between Ulysses Kyriacopoulos and the Company following the acquisition of S&B group by Imerys, as well as certain business relationships relating to the fulfillment of actions or commitments made after the acquisition was completed. Indeed, the Kyriacopoulos family held a significant share in of Imerys' share capital through Blue Crest Holding S.A. and has entered a shareholders' agreement with the GBL group, with no intention for the parties to act in concert, as set out in greater detail in *chapter 7, paragraph 7.3.5.3*;
- no other director had any business relationship with the Group that was likely to affect their independence or create a conflict of interest.

Furthermore, at its meeting of February 17, 2021 and in accordance with the recommendations of the Appointments Committee, the Board of Directors considered the independent status of Paris Kyriacopoulos, who has been put forward for appointment at the next Shareholders' General Meeting (*see chapter 8, paragraph 8.2.5*). The Board of Directors decided not to qualify Paris Kyriacopoulos as independent, due to its former role as an employee of Imerys, and for the same reasons as given above for Ulysses Kyriacopoulos, due to its relationship with Blue Crest S.A.

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

Criteria[(1)]	**Patrick Kron**	**Aldo Cardoso**	**Paul Desmarais III**	**Ian Gallienne**	**Colin Hall**	**Ulysses Kyriacopoulos**	**Annette Messemer**	**Lucile Ribot**	**Véronique Saubot**	**Marie-Françoise Walbaum**	**Dominique Morin**	**Carlos Perez**	**Laurent Raets**
Criteria 1: Not an employee/corporate officer in the past five years	x	√	√	√	√	√	√	√	√	√	N/A	N/A	N/A
Criteria 2: Absence of simultaneous directorships	√	√	√	√	√	√	√	√	√	√	N/A	N/A	N/A
Criteria 3: Absence of material business relationships	√	√	√	√	√	√	√	√	√	√	N/A	N/A	N/A
Criteria 4: Absence of family ties	√	√	√	√	√	√	√	√	√	√	N/A	N/A	N/A
Criteria 5: Have not been a Statutory Auditor	√	√	√	√	√	√	√	√	√	√	N/A	N/A	N/A
Criteria 6: Not have had a term of office of over 12 years	√	x	√	√	√	√	√	√	√	√	N/A	N/A	N/A
Criteria 7: Not a non-executive corporate officer	√	√	√	√	√	√	√	√	√	√	N/A	N/A	N/A
Criteria 8: Not a significant shareholder	√	√	x	x	x	x	√	√	√	√	N/A	N/A	N/A
Independence conclusion (Y/N)	**Y**[(2)]	**Y**[(3)]	**N**	**N**	**N**	**N**	**Y**	**Y**	**Y**	**Y**	**N/A**	**N/A**	**N/A**

(1) **Criteria 1:** *Not be, or have been during the past five years: an employee or executive corporate officer of the Company; an employee, executive corporate officer or director of a company consolidated by the Company; an employee, executive corporate officer or director of the parent company (Parjointco) or a company consolidated by that parent company.*
Criteria 2: *Not be an executive corporate officer of a company in which the Company holds, directly or indirectly, a directorship or in which an employee is designated as a director or an executive corporate officer of the Company (whether at present or in the past five years).*
Criteria 3: *Not be a customer, supplier, investment banker or commercial banker that is material to the Company or the Group, or for which the Company or its Group represents a significant share of business.*
Criteria 4: *Have any close family ties with a corporate officer of the Company or any other Group company.*
Criteria 5: *Have been a Statutory Auditor of the Company in the past five years.*
Criteria 6: *Have been a director of the Company for more than 12 years.*
Criteria 7: *Not receive any variable compensation in cash or shares or any performance-based compensation from the Company or the Group.*
Criteria 8: *directors representing the Company's major shareholders may qualify as independent provided that these shareholders do not take part in the control of the Company. However, if shareholders pass the threshold of 10% of capital or voting rights, the Board, on the basis of a report produced by the Appointments Committee, systemically examines if independent status can be retained taking into account the Company's shareholding and any potential conflicts of interest.*

(2) *As previously mentioned, the Board agreed with the recommendation of the Appointments Committee that although Patrick Kron acted as interim Chief Executive Officer, for a 3-month transition period (and unremunerated office), his critical judgment with respect to the Group's Executive Management was not impaired.*

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

EMPLOYEE REPRESENTATIVE DIRECTORS AND THE SOCIAL AND ECONOMIC COUNCIL

Since October 6, 2014, the Board of Directors has included two employee representative directors. They are offered specific training to enable them to perform their duties, paid for by the Company and provided by either external organizations or the Imerys Learning Center. At its meeting of February 12, 2020, the Board of Directors decided employee representative directors must spend a minimum of 40 hours and a maximum of 45 hours in training over the course of their term of office (excluding any language training). The Board also decided to set aside 15 hours of their legally prescribed working hours to prepare for each Board meeting. As previously mentioned, two new directors, one appointed by the Group's French Works Council and the other by the European Works Council, joined the Board in October 2020.

The social and economic council is represented on the Board of Directors by one person who attends all Board meetings in an advisory capacity.

DIVERSITY

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

Pursuant to article L. 22-10-10, paragraph 2 of the French Commercial Code, the table below presents, *inter alia*, the diversity policy that was applied to the Board of Directors, setting out the criteria and objectives achieved by the Board as well as their implementation and results.

<table>
<tr><th></th><th>Objectives</th><th>Implementation measures and results</th></tr>
<tr><td rowspan="5">Board of Directors</td><td>Gender-balanced structure</td><td>Female directors (excluding employee representative directors in accordance with the provisions of article L. 225-27 of the French Commercial Code):
■ 2013 = 21.4%
■ 2015 = 26.66%
■ 2019 = 45.45%
■ At December 31, 2020, after the Board was streamlined from 11 to 10 members = 40% of directors were female, i.e. 4 female members</td></tr>
<tr><td>Well-balanced structure in terms of nationality, expertise and experience</td><td>Directors of different nationalities:
■ 2013 = 3 nationalities
■ 2015 = 4 nationalities
■ 2019 = 6 nationalities
■ 2020 = 7 nationalities (including non-voting observer)
Expertise/Experience:
■ Finance/accounting
■ Operations/marketing/industry/management
■ Human Resources
■ International
■ Stable presence on boards of listed companies and international groups
■ 2020 = Arrival of Annette Messemer and Véronique Saubot, who have significant experience in finance, strategy and industry, as well as being members of other boards and committees in other listed companies</td></tr>
<tr><td>Presence of employee representative directors</td><td>Since 2014 = two employee representative directors</td></tr>
<tr><td>Independent directors – Minimum 1/3</td><td>At December 31, 2020 = 6 out of 10 directors (excluding employee representative directors), i.e. 60%</td></tr>
<tr><td>Age of directors – Maximum 1/3 > 70 years old</td><td>At March 22, 2021 = ages ranging from 39 to 71, with an average (excluding employee representative directors) of 58</td></tr>
<tr><td>Executive Committee</td><td>Gender-balanced structure</td><td>At December 31, 2020 = 1 woman and 10 men</td></tr>
<tr><td>Top 10% of senior positions</td><td>Diversity and inclusion</td><td>■ In 2017, the Group put in place an ambitious plan to cultivate diversity, primarily with respect to gender and nationality.
For example, in 2020:
• A Diversity and Inclusion Steering Committee was set up among members of the Executive Committee
• A Diversity and Inclusion program was approved with a view to being fully operational by the end of 2022
• A Diversity and Inclusion Coordinator responsible for implementing the Group's Diversity and Inclusion program was appointed
• HR and recruitment policies were updated
• Training and awareness campaigns focusing on discrimination, diversity, inclusion and unconscious bias were run for managers as part of the leadership program
• The Imerys Leadership Behaviors and a Code of Business Conduct and Ethics strive to cultivate diversity and inclusion, making it a cornerstone of the Group
• A Diversity & Inclusion category was included in the Sustainable Development Challenge
■ Of the 90 Senior Manager positions in the Group (excluding the Executive Committee), 23 are occupied by women (i.e. 25.5% in 2020 vs. 22% in 2019)
■ The Group has set itself the target to increase the proportion of female Senior Managers to 30% by the end of 2022</td></tr>
</table>

4

■ OTHER INFORMATION

Expertise and experience of members of the Board

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

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

Family ties between members of the Board

To the best of the Company's knowledge, there are no family ties between the members of the Board. It is specified that Paris Kyriacopoulos, whose appointment as director is submitted to the next Shareholders' General Meeting, is the son of Ulysses Kyriacopoulos, current and departing director (*see chapter 8, paragraph 8.2.5*).

Potential conflicts of interest between members of the Board

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

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

To the best of the Company's knowledge, no potential conflicts of interest exist between the duties of the directors with respect to the Company and their private affairs and/or other duties, except those mentioned in *the paragraph above on Independence* concerning Ulysses Kyriacopoulos and Paris Kyriacopoulos.

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

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

Service contracts between the Company and members of the Board

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

Convictions for fraud

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

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

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

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

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

Requirement for directors to hold shares in the Company

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

4.1.2 PROFILE, EXPERIENCE AND EXPERTISE OF DIRECTORS

The following information was provided to the Company by each member of the Board in office at December 31, 2020.

Complementary information, including age, nationality, date they were first appointed, expiration of term of office, the number of shares held and any membership of Board committees, can be found in *paragraph 4.1.1 of the present chapter ("Brief overview of the Board")*.

Furthermore, this paragraph includes the information regarding Paris Kyriacopoulos, whose appointment as a new director will be submitted to the next Shareholders' General Meeting. For further details, *see chapter 8, paragraph 8.2.5*.

Patrick Kron

Independent director and Chairman of the Board of Directors

Born on September 26, 1953

Work address

c/o Imerys
43, quai de Grenelle
75015 Paris
France

Date first appointed

June 25, 2019

Term of office expires

Shareholders' General Meeting in 2021

Biography

Patrick Kron graduated from École Polytechnique and has an engineering degree from École nationale supérieure des mines de Paris.

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

Appointed as an independent director to the Board of Alstom in July 2001, he then went on to become the Chief Executive Officer of Alstom in January 2003 and Chairman & Chief Executive Officer in March 2003. He left Alstom in January 2016 after finalizing the sale of the group's energy business to General Electric and completing a share buyback program. In February 2016, Patrick Kron set up a management consulting firm, PKC&I. In November 2016, he integrated Truffle Capital, a venture capital firm specializing in BioMedTech and Digital, as its Chairman.

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

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

OFFICES AND POSITIONS HELD AT DECEMBER 31, 2020

Group companies

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

Non-Group companies

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

OFFICES AND POSITIONS THAT EXPIRED IN THE PAST FIVE YEARS

Group companies

- (Interim) Chief Executive Officer – Imerys* – France

Non-Group companies

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

* *Listed company.*

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Aldo Cardos
Independent director

Born on March 7, 1956

Work address

Imerys
43, quai de Grenelle
75015 Paris
France

Date first appointed

May 3, 2005

Term of office expires

Shareholders' General Meeting in 2023

Biography

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

OFFICES AND POSITIONS HELD AT DECEMBER 31, 2020

Group companies

- Director – Imerys* – France

Non-Group companies

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

OFFICES AND POSITIONS THAT EXPIRED IN THE PAST FIVE YEARS

Group companies

- None

Non-Group companies

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

* *Listed company.*

Paul Desmarais III
Director

Born on June 8, 1982

Work address

c/o Power Corporation of Canada
751, square Victoria
Montreal QC H2Y 2J3
Canada

Date first appointed

April 29, 2014

Term of office expires

Shareholders' General Meeting in 2023

Biography

Paul Desmarais III serves as Chairman of the Board and Head of Sagard Holdings, Executive Chairman of the Board and co-founder of Portag3 Ventures, and Chairman of the Board and co-founder of Diagram. Within the investment portfolio of Portag3 Ventures and Sagard Holdings, he serves as Chairman of the Board of Wealthsimple and Dialogue, and director of KOHO Financial and Peak Achievement Athletics.

Paul Desmarais III is also Senior Vice-President of Power Corporation and holds directorships at Parjointco, Groupe Bruxelles Lambert and Imerys.

He previously held the position of Deputy Vice-President, Risk Management at Great-West Lifeco. He also worked in supply chain management and corporate strategy at Imerys, France. Paul Desmarais III started his career at Goldman Sachs in the US, within the Investment Banking and Strategic Investors groups, as well as in the Special Situations Group. He obtained a baccalaureate (Economics and Social Science) with distinction from Harvard College and also has a Master's in Business Management from INSEAD, France.

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OFFICES AND POSITIONS HELD AT DECEMBER 31, 2020

Group companies

- Director – Imerys* – France

Non-Group companies

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

OFFICES AND POSITIONS THAT EXPIRED IN THE PAST FIVE YEARS

Group companies

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

Non-Group companies

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

* *Listed company.*

Ian Gallienne
Director

Born on January 23, 1971

Work address

c/o Groupe Bruxelles Lambert
24, avenue Marnix
1000 Brussels
Belgium

Date first appointed

April 29, 2010

Term of office expires

in 2022

Biography

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

OFFICES AND POSITIONS HELD AT DECEMBER 31, 2020

Group companies

- Director – Imerys* – France

Non-Group companies

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

OFFICES AND POSITIONS THAT EXPIRED IN THE PAST FIVE YEARS

Group companies

None

Non-Group companies

- Director – Lafarge S.A.* – France
- Director – Umicore* – Belgium
- Director – Erbe S.A. – Belgium
- Member of the Supervisory Board – Kartesia Management S.A. – Luxembourg
- Legal Manager – Ergon Capital II Sàrl – Luxembourg

* *Listed company.*

Colin Hall
Director

Born on November 18, 1970

Work address

c/o Groupe Bruxelles Lambert
24, avenue Marnix
1000 Brussels
Belgium

Date first appointed

December 15, 2015

Term of office expires

Shareholders' General Meeting in 2023

Biography

After completing an MBA at Stanford University Graduate School of Business in the US, Colin Hall started his career in 1995 as a financial analyst at Morgan Stanley in New York. In 1997, he joined the Rhône Capital Group, a private equity fund, where he held various management positions in London and New York over the following 10 years. In 2009, he co-founded a hedge fund, Long Oar Global Investors (New York), which he ran until 2011. In 2012, he was appointed Chief Executive Officer at Sienna Capital, a wholly-owned subsidiary of Groupe Bruxelles Lambert combining its alternative activities, a position he held until 2020. In 2016, he became Director of Investments at the Groupe Bruxelles Lambert.

OFFICES AND POSITIONS HELD AT DECEMBER 31, 2020

Group companies

- Director – Imerys* – France

Non-Group companies

- Director – Marnix French ParentCo (Webhelp) – France
- Director of Investments – Groupe Bruxelles Lambert* – Belgium
- Director – Ergon Capital Partners S.A. – Belgium
- Director – Ergon Capital Partners II S.A. – Belgium
- Director – Ergon Capital Partners III S.A. – Belgium
- Director – LafargeHolcim* – Switzerland
- Director – GEA* – Germany
- Director – Avanti Acquisition Corp.* – Cayman Islands
- Director – Globality, Inc. – US (California)

OFFICES AND POSITIONS THAT EXPIRED IN THE PAST FIVE YEARS

Group companies

None

Non-Group companies

- Chief Executive Officer – Sienna Capital – Luxembourg
- Member of the Supervisory Board – Kartesia Management S.A. – Luxembourg
- Director – Umicore* – Belgium
- Director – Parques Reunidos Servicios Centrales S.A.* – Spain

* *Listed company.*

Ulysses Kyriacopoulos
Director

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

Biography

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

OFFICES AND POSITIONS HELD AT DECEMBER 31, 2020

Group companies
- Director – Imerys* – France

Non-Group companies
- Director – ASK Chemicals GmbH – Germany
- Director – Lamda Development S.A.* – Greece
- Director – Blue Crest Holding S.A. – Luxembourg
- Director – White Crest S.A. – Luxembourg
- Director – K & R Holdings Sarl – Luxembourg
- Chairman – Ithaki Yachts HCPY – Greece
- Vice-Chairman – Panoma S.A. – Greece
- Director – Alba Association – Greece
- Member of the Board of Trustees – College Year in Athens (CYA) – Greece
- Member of the Board – Foundation for Economic and Industrial Research – Greece

OFFICES AND POSITIONS THAT EXPIRED IN THE PAST FIVE YEARS

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

Non-Group companies
- Director – Motodynamiki S.A.* – Greece
- Member of the Board of Trustees – American College of Greece (ACG) – Greece

* *Listed company.*

Annette Messemer
Independent director

Born on August 14, 1964

Work address

Opernplatz 10
60313 Frankfurt
Germany

Date first appointed

May 4, 2020

Term of office expires

Shareholders' General Meeting in 2023

Biography

Annette Messemer is a banking and finance executive who sits on boards of financial institutions and industrial groups. She is a director of Société Générale, EssilorLuxottica and Savencia. Annette Messemer also sits as a member of the audit and risk, nomination and compensation Committees of EssilorLuxottica.

Until June 2018, Annette Messemer was a member of the Executive Committee and the Corporate Clients division at Commerzbank AG in Frankfurt, Germany. She started working in investment banking at JP Morgan in New York in 1994 before continuing her career in Frankfurt and London. Over the 12 years Annette Messemer spent at JP Morgan, she acquired experience in finance, strategic M&A, financial transactions and risk management. Having reached the level of Senior Banker, she moved from JP Morgan to Merrill Lynch in 2006 as Managing Director and member of the executive committee in Germany. In 2010, she was appointed to the supervisory committee of WestLB by the German Minister of Finance in order to assist with one of the largest restructuring operations of the German banking system during the financial crisis. She went on to join Commerzbank in February 2013.

Annette Messemer studied political science and economics and holds an MA and a PhD from the University of Bonn (Germany), a Master's from Tufts University and Harvard University (US), as well as a diploma in politics from Sciences Po in Paris.

OFFICES AND POSITIONS HELD AT DECEMBER 31, 2020

Group companies

- Director – Imerys* – France

Non-Group companies

- Director – EssilorLuxottica* – France
- Director – Société Générale* – France
- Director – Savencia* – France

OFFICES AND POSITIONS THAT EXPIRED IN THE PAST FIVE YEARS

Group companies

None

Non-Group companies

- Member of the Executive Committee – Comerzbank AG* – Germany
- Member of the Supervisory Board – Commerzreal – Germany
- Member of the Supervisory Board – K+S Aktiengesellschaft – Germany
- Director – Essilor International S.A.* and Essilor International SAS – France

* *Listed company.*

Lucile Ribot
Independent director

Born on November 26, 1966

Work address
10, rue Mayet
75006 Paris
France

Date first appointed
May 4, 2018

Term of office expires
Shareholders' General Meeting in 2022

Biography

After graduating from HEC, France, in 1989, Lucile Ribot started her career at Arthur Andersen, where she conducted audits and provided financial advice to a number of major international groups. In 1995, she joined the industrial engineering group Fives and was appointed Chief Financial Officer in 1998 then a member of the management board in 2002. She stayed with the Group, driving growth and strategic development, until 2017. Since then, she has served as an independent director. She became a director of Imerys on May 4, 2018.

OFFICES AND POSITIONS HELD AT DECEMBER 31, 2020

Group companies

- Director – Imerys* – France

Non-Group companies

- Director and member of the Audit Committee – HSBC Continental Europe
- Director and member of the Audit Committee – Kaufman & Broad* – France
- Offices held within the Acropole Holding Group: member of the Supervisory Committee and Chair of the Audit Committee – Acropole Holding SAS – France, as well as member of the Supervisory Board – Siaci Saint Honoré – France

OFFICES AND POSITIONS THAT EXPIRED IN THE PAST FIVE YEARS

Group companies

None

Non-Group companies

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

* *Listed company.*

Véronique Saubot
Independent director

Born on December 27, 1964

Work address
23, rue Raynouard
75016 Paris

Date first appointed
May 4, 2020

Term of office expires
AGM in 2023

Biography

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

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

Véronique Saubot graduated from ESCP, INSEAD and IHEDN (Poldef session 69).

OFFICES AND POSITIONS HELD AT DECEMBER 31, 2020

Group companies

None

Non-Group companies

- Senior Partner (representing Tykya) – Kairn Strategy Consulting – France
- Director – Lisi* – France
- Director – ESSO S.A.F.* – France
- Director – Harmonie Mutuelle – France
- Director – Day One – France
- Director – Aspen Institute – France
- Director – Force femmes – France

OFFICES AND POSITIONS THAT EXPIRED IN THE PAST FIVE YEARS

Group companies

None

Non-Group companies

None

* *Listed company.*

Marie-Françoise Walbaum
Independent director

Born on March 18, 1950

Work address

10, rue d'Auteuil
75016 Paris
France

Date first appointed

April 25, 2013

Term of office expires

Shareholders' General Meeting in 2021

Biography

Marie-Françoise Walbaum holds a degree in Sociology from Paris X University and a Master's in Economics. She started her career in 1973 at BNP (Banque Nationale de Paris) and held various positions in retail banking and credit analysis until 1981. From 1981 to 1994, she served as Senior Auditor at BNP's Inspectorate General, then Chief Executive Officer for mutual funds before being appointed Chief Executive Officer of the brokerage firm Patrick Dubouzet S.A. In 1994, Marie-Françoise Walbaum became Head of Principal Investments and Private Equity Portfolio Manager at BNP Paribas. She ended her 39-year career when she left BNP Paribas on September 30, 2012.

OFFICES AND POSITIONS HELD AT DECEMBER 31, 2020

Group companies

- Director – Imerys* – France

Non-Group companies

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

OFFICES AND POSITIONS THAT EXPIRED IN THE PAST FIVE YEARS

Group companies

None

Non-Group companies

- Director and Chair of the Audit & Risk Committee – Esso* – France
- Director – Vigeo – France

* *Listed company.*

Dominique Morin
Employee representative director

Born on February 7, 1964

Work address

Imerys Refractory Minerals Clérac
17270 Clérac
France

Date first appointed

October 6, 2020

Term of office expires

2023

Biography

Dominique Morin has worked for the Imerys Group within Imerys Refractory Minerals Clérac since 1989. He has fulfilled six terms as employee representative, three of which as company Works Council Secretary, before he was appointed Secretary of the Group's French Works Council in 2018. On October 6, 2020, he took up the office as employee representative director on the Board of Imerys S.A., as designated by the French Works Council.

OFFICES AND POSITIONS HELD AT DECEMBER 31, 2020

Group companies

- Director – Imerys* – France

Non-Group companies

None

OFFICES AND POSITIONS THAT EXPIRED IN THE PAST FIVE YEARS

Group companies

None

Non-Group companies

None

* *Listed company.*

Carlos Manuel Pérez Fernàndes

Employee representative director

Born on June 24, 1973

Work address

Imerys Kiln Furniture España
Lugar Salcidos San Lorenzo P Bo
A Guarda Galicia 36780
Spain

Date first appointed

October 6, 2020

Term of office expires

2023

Biography

Carlos Manuel Pérez Fernàndes has worked for the Imerys Group within Imerys Kiln Furniture Spain since 1997. He was elected by the European Works Council as representative for Spain and Portugal, before he was appointed Secretary of the European Works Council in October 2018. On October 6, 2020, he took up the office as employee representative director on the Board of Imerys S.A., as designated by the European Works Council.

OFFICES AND POSITIONS HELD AT DECEMBER 31, 2020

Group companies

- Director – Imerys* – France

Non-Group companies

None

OFFICES AND POSITIONS THAT EXPIRED IN THE PAST FIVE YEARS

Group companies

None

Non-Group companies

None

* *Listed company.*

Laurent Raets
Non-voting observer

Born on September 9, 1979

Work address

c/o Groupe Bruxelles Lambert
24, avenue Marnix
1000 Brussels
Belgium

Date first appointed

May 4, 2018

Term of office expires

2021

Biography

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

OFFICES AND POSITIONS HELD AT DECEMBER 31, 2020

Group companies

- Non-voting observer – Imerys* – France

Non-Group companies

- Director – Umicore* – Belgium

OFFICES AND POSITIONS THAT EXPIRED IN THE PAST FIVE YEARS

Group companies

- Director – Imerys* – France

Non-Group companies

None

* *Listed company.*

Paris Kyriacopoulos

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

Please refer to paragraph 8.2.5 in chapter 8

Born on May 12, 1981 (40 years old)
Greek national
Work address
ORYMIL SA
Amerikis 21 a
10672 Athens
Greece
Number of shares owned 1,679 shares

Biography

Paris Kyriacopoulos holds a Bachelor of Arts degree with honors *(cum* laude) in Philosophy, Politics and Economics (PPE) from the University of Pennsylvania Philadelphia (US) and an MBA with high distinction from Harvard Business School in Cambridge (US).

From 2005 to 2007, Paris Kyriacopoulos was a junior associate with the Boston Consulting Group (Austria).

From 2010 to 2015, he was the General Manager of FiberLean, Filtration and Performance Additives Business Group of Imerys. From 2016 to 2020, he led FiberLean Technologies Ltd., a joint-venture between Imerys and OMYA as Chief Executive Officer (United-Kingdom).

In 2013, he was elected director, and in 2015, Executive Chairman of the Board of Motodynamics S.A., a listed company in the Athens Stock Exchange.

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

Group companies

None

Non-Group companies

- Executive Chairman of the Board – Motodynamics * – Greece

OFFICES AND POSITIONS THAT EXPIRED IN THE PAST FIVE YEARS

Group companies

- Chief Executive Officer – FiberLean Technologies Ltd. – United-Kingdom

Non-Group companies

- Director – ALBA Association – Greece

* *Listed company.*

4.1.3 POWERS

In accordance with French legislation, the Company's by-laws and the Charter of the Board, the Board is tasked with the following duties:

- protecting the Company's corporate interests and assets;
- determining the strategic focus for the Company's operations and overseeing its fulfillment;
- choosing the Company's corporate governance structure and appointing its executive corporate officers;
- stopping the policy of awarding compensation to corporate officers and setting their compensation in accordance with the policy, subject to the prerogatives of the Shareholders' General Meeting;
- exercising permanent control over the way in which Executive Management manages the Company;
- ensuring the quality of information provided to shareholders and markets.

In order to perform its role, the Board of Directors:

- carries out the checks and controls it deems appropriate throughout the year. It may obtain any documents it considers useful to fulfill its duties;
- is informed by Executive Management of its annual operating objectives for the year ahead and, periodically, its long-term strategic projects;
- receives regular reports from Executive Management on the state of Company affairs, prepared in the way requested by the Board of Directors. The report includes the Group's quarterly and half-yearly financial statements;
- receives regular reports from Executive Management on the state of Company affairs, which are prepared in the way requested by the Board. The report includes the Group's quarterly and half-yearly financial statements. The Board examines and approves the Group's half-yearly financial statements;
- is provided by Executive Management with the Company's annual financial statements, the Group's consolidated financial statements and its annual report within the first three months following the end of the financial year. The Board reviews and checks the documents before approving the financial statements and the terms of its Management Report, which will be presented to the annual Shareholders' General Meeting.

Furthermore, prior to their implementation by Executive Management and within the limits of the general powers granted to it by law, the Board examines and approves the following:

- the strategic orientations of the Company and Group and any operations likely to significantly influence such orientations. It also periodically reviews the long-term strategic plan (multi-year plan) drawn up or revised by 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 asset (and any financially comparable transaction, including contributions or exchanges) for more than €75 million per transaction, or the equivalent amount in any other currency,
  - the material commercial or industrial agreements that bind the long-term future of the Company or the Group,
  - any financing operation for amounts likely to substantially modify the Group's financial structure;
- where necessary, the allocation of managerial tasks between the various Deputy Chief Executive Officers, as proposed by the Chief Executive Officer;
- more generally, any commitment made by the Company or the Group that constitutes a related party agreement, in accordance with law.

Finally, the Board of Directors grants any specific delegations of its powers to Executive Management, where necessary and within the limits and conditions set by law, to:

- grant on behalf of the Company any third-party guarantee (such as sureties and endorsements) or collateral on its assets, within a maximum principal amount determined each year;
- make, pursuant to the authorizations granted to the Board of Directors by the Shareholders' General Meeting, purchases by the Company of its own shares or certain capital increases;
- issue ordinary bonds in one or several transactions.

Reporting to the Board, the specialized Committees play an advisory role, submitting opinions and recommendations that help the Board make its decisions. The duties and activities conducted by each Board committee in 2020 are detailed *in paragraph 4.1.4.2 of the present chapter*.

4.1.4 OPERATING PROCEDURES OF THE BOARD

■ CHARTER OF THE BOARD

As previously mentioned, the Board has adopted a Charter that contains all the principles of conduct applicable to its members and the operating procedures of the Board and its Committees. The Charter of the Board is updated regularly in order to include any applicable legal or regulatory developments, corporate governance guidelines and the results of the assessment conducted by the Board each year of its own operating procedures. The latest version of the Charter of the Board (updated on May 4, 2020) is available on the Company's website, www.imerys.com.

4.1.4.1 BOARD OF DIRECTORS

■ CHAIRMAN, VICE-CHAIRMAN (IF APPLICABLE), SECRETARY OF THE BOARD AND NON-VOTING OBSERVER

Chairman of the Board

The Chairman organizes and oversees the work of the Board, on which he reports to the Shareholders' General Meeting. He ensures the Company's bodies operate effectively and, along with the Vice-Chairman (should there be one), ensures directors are able to carry out their duties. He is also charged with calling and chairing Board meetings after setting an agenda with the Chief Executive Officer and the Secretary.

In addition to his legal responsibilities and in collaboration with the Chief Executive Officer, the Chairman may perform the following duties:

- represent the Company in its high-level relations nationally and internationally, in particular with the French State, partners and certain stakeholders of strategic importance to the Company;
- regularly give his opinion on all dealings of material importance to the Company (such as strategic orientations, major investment or divestment projects, significant financial transactions, social responsibility initiatives as well as recruiting business executives and key positions), without prejudice to the prerogatives of the Board of Directors, its Committees or the executive responsibilities of the Chief Executive Officer;
- attend the meetings of Committees on which he does not sit, if invited to do so by the Committee's Chair.

Vice-Chairman

When necessary, the Vice-Chairman supports the Chairman in organizing the work of the Board and its Committees. Traditionally one of the directors representing the Company's controlling shareholders, the Vice-Chairman ensures the Company's governance bodies operate effectively and chairs Board meetings if the Chairman is absent. He also coordinates the Company's relations with its controlling shareholders and their representatives, seeks to prevent any situations likely to cause potential conflicts of interest for a director and, more generally, ensures that best corporate governance practice is applied.

At the date this Universal Registration Document was filed, the Board had not appointed a Vice-Chairman since Paul Desmarais III stepped down on May 4, 2020.

Secretary

The appointment and, as the case may be, dismissal of the Secretary come within the sole competence of the Board. The Secretary assists the Chairman, Vice-Chairman (if applicable), committee Chairs and the Board, making any helpful recommendations on the procedures and rules that apply to the Board and its Committees, as well as their implementation and compliance. The Secretary is authorized to certify copies or extracts of minutes taken at Board meetings.

They also act as Ethics Officer, tasked with giving an opinion prior to any transactions in the Company's shares considered by the Group's directors and senior executives, at their request (*see paragraph 4.4.2 of the present chapter*).

The current secretary of the Board of Directors is Frédérique Berthier-Raymond, the Group General Counsel.

Non-voting observer(s)

The Board may appoint one or several non-voting observers, who may or may not already be shareholders of the Company, to:

- ensure the proper application of the Company's by-laws and policies applicable to the Board;
- inform and advise the Board, in particular by giving their opinion on any matter put to them by the Board or one of its Committees;
- carry out any specific task entrusted to them by the Board or one of its Committees;
- more generally, assist the Board in performing its duties without actually getting involved in the management of the Company or acting as a director.

Non-voting observers are subject to the same rules as directors as set out in the Board of Directors Charter.

Board meetings

2020	
Number of meetings	7
Average attendance rate*	94.74%
2021	
Expected number of meetings	5

* *Directors and non-voting observer.*

The Board meets as often as the interests of the Group require and at least four times a year. Meetings are called by the Chairman, Secretary or Vice-Chairman of the Board, should there be one, by any means of communication, including verbal.

Sent to each director via a secure digital platform, notices of meetings include all the information and documents concerning the items on the agenda that members require to effectively take part in debates. Such information and documents may include the Group's (provisional or definitive) quarterly, half-yearly or annual financial statements and presentations on the current situation in the Group's various businesses or any other specific items that will be raised. Directors may also be given certain additional documents in meetings, such as draft press releases on the Group's financial statements for the period or information on changes in the Company's share price.

In order to allow directors to carry out their duties in the best possible way, the Chairman and the members of the Executive Committee if so called upon will communicate any important information published about the Group between Board meetings, including critical reports (in particular press articles and financial analysis reports) and any other sufficiently important or urgent information that is relevant to the Group's situation, projects, and economic or market context.

In accordance with the recommendations of the AFEP-MEDEF Code, the Board of Directors plans to regularly organize executive sessions at the end of Board meetings, *i.e.* without Executive Management or any Group employees present.

4.1.4.2 COMMITTEES OF THE BOARD OF DIRECTORS

The Board has formed four permanent specialized Committees: the Strategic Committee, the Audit Committee, the Appointments Committee and the Compensation Committee. These Committees carry out their work under the responsibility of the Board, which defines their duties, structure and the compensation of their members based on proposals made by the Appointments Committee and the Compensation Committee. In addition, in 2019, the Board set up a temporary *ad hoc* Committee – the Chapter 11 Monitoring Committee, which was disbanded in February 2020.

The Board committees play an advisory role and do not have the power to make decisions. The chairs of each Board committee are required to regularly provide the Board with reports on their work.

The members of the Board committees are chosen by the Board, based on proposals made by the Appointments Committee, from among the directors. Committee members are appointed for the same term of office as their directorship. Each Committee elects its own chair based on the recommendation of the Appointments Committee.

■ STRATEGIC COMMITTEE

Structure

On the date this Universal Registration Document was filed, the Strategic Committee was made up of six members appointed by the Board, as follows:

Name	Date first appointed to the Committee	Number of years spent on the Committee	Expiration of term of office	Independent
Ian Gallienne, Chairman	April 29, 2010	10.11	GM in 2022	No
Aldo Cardoso	May 2, 2007	13.11	GM in 2023	Yes
Paul Desmarais III	April 29, 2014	6.11	GM in 2023	No
Colin Hall	May 4, 2018	3.11	GM in 2023	No
Ulysses Kyriacopoulos	April 30, 2015	5.11	GM in 2021	No
Véronique Saubot	May 4, 2020	0.11	GM in 2023	Yes
Number of members: 6				**2 (*i.e.* 33%)**

Duties

The Charter of the Board defines the duties of the Strategic Committee as follows:

"The duties of the Strategic Committee include examining and submitting opinions and recommendations to the Board of Directors on:

1. Strategy

- formulate and approve the Group's long-term industrial, commercial and financial strategic orientations and how to pursue them;
- ensure the long-term strategy implemented by Executive Management is in line with the orientations approved by the Board of Directors.

It therefore closely analyzes and, where necessary, makes recommendations to the Board on:

- the Group's budget drawn up by 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 asset (and any financially comparable transaction, including contributions or exchanges) for more than €20 million (€20,000,000) per transaction, or the equivalent amount in any other currency,
  - the material commercial or industrial agreements that bind the long-term future of the Company or the Group,
  - any financing operation for amounts likely to substantially modify the Group's financial structure;
- the orientations, implementation and monitoring of the Group's Corporate Social Responsibility (CSR) and Innovation strategy conducted by Executive Management.

At the end of every year, the Strategic Committee presents to the Board its annual schedule for the coming year of the work it plans to undertake to review the strategic issues affecting the future of the Group.

2. Risk

- analyze matters relating to the way Executive Management identifies, measures and monitors the main challenges and potential risks facing the Group in the following areas:
  - outside the Group: investor relations and the Group's market positions;
  - Group policies: financial resource management, human resources and skills management, dependence and continuity of key industrial or commercial activities;
  - management information: financial control and reports as well as retrospective checks, where appropriate, on the most material investment projects."

Activity in 2020

2020	
Number of meetings	6
Average attendance rate	94.44%
2021	
Expected number of meetings	4

The Strategic Committee met to consider the following matters:

- As the Covid-19 pandemic heavily impacted the global economy, the Strategic Committee studied the ways in which Imerys' business was required to change, as well as any shifts in the Group's main markets. The Strategic Committee therefore closely examined Imerys' consolidated quarterly financial statements, forecasts, as well as the way forecasts reflect the action taken by Executive Management, especially the cost saving plans. The Strategic Committee also reviewed the Group's financial structure to ensure it was solid enough to enable Imerys to continue its selective investment and acquisitions policy.
- The Strategic Committee examined the progress in the US litigation concerning the Group's talc business and ensured the best options were chosen to limit the risks and financial impact, which led to an agreement to resolve the dispute with representatives of the claimants in May 2020, and the divestment of the North American talc subsidiaries to the Canadian investment fund, Magris Resources, in November 2020.
- The Committee also monitored the implementation of major Group-wide projects designed to improve efficiency, in particular the Connect & Shape transformation plan initiated in 2018 and the roll-out of a single ERP (Enterprise Resource Planning) as part of the Opera project.
- Furthermore, the Committee reviewed the risks facing the Group with respect to product stewardship.
- Management presented details of the Group's occupational health & safety record at each of the meetings of the Strategic Committee.
- In addition, the Strategic Committee periodically examined and approved the key stages and main components of planned investments, acquisitions and divestments. In 2020, the Committee therefore: reviewed the strategy pursued by the High Temperature Solutions (HTS) segment in March 2020; monitored the planned acquisitions of Sunward (Taiwan) and Dürer & Haznedar (Turkey), finalized in October and December 2020, respectively; approved the planned acquisition of Cornerstone (Perlite business in the US) finalized in April 2020; reviewed the strategy pursued by the Kaolin division with respect to paper in July 2020; reviewed the strategy pursued by the Performance Minerals segment globally at its meeting in September 2020; reviewed the strategy pursued by the Imerys Group and its five-year financial plan at its meeting in October 2020; and monitored the divestment plans implemented, including Pittong Kaolin (Australia).

Operating procedures

The Strategic Committee conducts its debates with the majority of its members in attendance and meets as often as its Chairman sees fit or at the request of the Chairman of the Board or the Chief Executive Officer.

To perform its duties, the Strategic Committee hears from speakers – including the Chief Executive Officer, the Chief Financial Officer, the General Counsel and the Chief Strategy and M&A Officer, as well as any other member of the Executive Committee or operating or support department head, depending on the items on the agenda for the meeting. Speakers are invited by the Chief Executive Officer on behalf of either the Committee or himself. The Strategic Committee may, where appropriate, visit industrial sites and take the opportunity to speak with any of the Group's operating managers, as it sees fit in order to carry out its duties.

The position of Strategic Committee Secretary is held by the Group's Chief Strategy and M&A Officer, who drafts the minutes at its meetings.

■ APPOINTMENTS COMMITTEE

Structure

On the date this Universal Registration Document was filed, the Appointments Committee was made up of three members appointed by the Board, as follows:

Name	Date first appointed to the Committee	Number of years spent on the Committee	Expiration of term of office	Independent
Marie-Françoise Walbaum, Chairwoman	May 4, 2016	4.11	GM in 2021	Yes
Ian Gallienne	April 26, 2012	8.11	GM in 2022	No
Annette Messemer	May 4, 2020	0.11	GM in 2023	Yes
Number of members: 3				**2 (*i.e.* 66%)**

4

Duties

The Charter of the Board defines the duties of the Appointments Committee as follows:

"The duties of the Appointments Committee include examining and submitting opinions and recommendations to the Board of Directors to:

- assess prospective candidates for the positions of Chief Executive Officer, Deputy Chief Executive Officer, directors, Chairman of the Board and its committees as well as their members.

  As such, the Appointments Committee must take into account the structure and changes to the Company's shareholding to ensure the structure of the Board is balanced in terms of:

  - independence,
  - representation of women and men,
  - nationality,
  - international experience and expertise (in particular in the financial or accounting skills required for members of the Audit Committee);
- present a succession plan for executive corporate officers and, as requested by the Chief Executive Officer, members of the Executive Committee;
- consider the independent status of each director, with respect to the definition of independence adopted by the Board, and any changes (or clarification of criteria) to be made to that definition;
- prepare the section of the Board's Corporate Governance Report falling within its responsibility;
- review draft responses to any requests from regulatory authorities, such as the French financial markets authority (AMF) or France's High Committee for Corporate Governance (HCGE).

More generally, the Appointments Committee makes recommendations to the Board to ensure compliance with best practice in governance and the recommendations set out in the AFEP-MEDEF Code. As such, each year the Appointments Committee reviews the conclusions of the self-assessment made by the Board and its committees as well as the key recommendations."

Activity in 2020

2020	
Number of meetings	2
Average attendance rate	90%
2021	
Expected number of meetings	4

In 2020, the Appointments Committee met twice.

Marie-Françoise Walbaum was appointed Chairwoman of the Appointments Committee in 2020.

It was consulted regarding the structure of the Board of Directors and its Committees and it examined the profiles of the directors, especially those whose terms of office were expiring. The Appointments Committee therefore recommended to renew the terms of office of Aldo Cardoso and Colin Hall. Following the departure of Odile Desforges, Marion Guillou and Martina Merz, the Committee recommended the Board appoint Annette Messemer and Véronique Saubot.

The Appointments Committee also oversaw the self-assessment process conducted by the Board of Directors and its Committees, producing a detailed analysis of the assessment for 2019, which it shared with the Board.

The Committee reviewed the succession plans (OPR) in place for the key managers within the Imerys Group, considering in particular the way in which the Group's transformation may affect the solidity of these plans and any needs in terms of new skills.

The Committee closely monitored the progress made regarding diversity, in particular among senior managers, and equal opportunities.

Operating procedures

The Appointments Committee conducts its debates with at least two of its members in attendance and meets as often as its Chair sees fit or at the request of the Chairman of the Board or the Chief Executive Officer.

To perform its duties, the Appointments Committee invites speakers – including the Chairman of the Board, the Chief Executive Officer, the Chief Human Resources Officer and, if required, the Secretary of the Board. It also takes advice from independent experts as it sees fit.

The position of Appointments Committee Secretary is held by the Group's Chief Human Resources Officer, who drafts the minutes at its meetings.

■ COMPENSATION COMMITTEE

Structure

On the date this Universal Registration Document was filed, the Compensation Committee was made up of four members appointed by the Board, as follows:

Name	Date first appointed to the Committee	Number of years spent on the Committee	Expiration of term of office	Independent
Marie-Françoise Walbaum, Chairwoman	May 4, 2016	4.11	GM in 2021	Yes
Ian Gallienne	April 26, 2012	8.11	GM in 2022	No
Annette Messemer	May 4, 2020	0.11	GM in 2023	Yes
Dominique Morin	October 30, 2020	0.5	2023	N/A
Number of members: 4				**2 (*i.e.* 66%)***

* *Not including the employee representative director.*

Duties

The Charter of the Board defines the duties of the Compensation Committee as follows:

"The duties of the Compensation Committee include examining and submitting opinions and recommendations to the Board of Directors to:

- shape the compensation policy for corporate officers;
- determine the amount of and allocation method for compensation (fixed and variable components, the latter being higher) awarded to directors in accordance with the compensation policy;
- shape the comprehensive compensation policy for the Group's senior executives;
- review all components of compensation (fixed, variable and exceptional), sign-on bonuses, severance packages and benefits of any kind granted or likely to be granted to each executive corporate officer in accordance with the compensation policy;
- shape the comprehensive policy for granting stock options or free shares of the Company and determining the beneficiaries of such plans proposed by the Chief Executive Officer;
- determine individual stock option or free share grants to executive corporate officers as well as the specific terms and restrictions that apply to those grants (achievement of quantitative performance targets, restriction of the number of shares granted, lock-up periods, etc.), in line with the recommendations of the AFEP-MEDEF Code;
- prepare the section of the Board's Corporate Governance Report falling within its responsibility;
- shape the Group policy on employee share ownership and its terms and conditions as proposed by the Chief Executive Officer;
- review draft responses to any requests from regulatory authorities (AMF or France's High Committee for Corporate Governance, HCGE);
- more generally, the Compensation Committee makes recommendations to the Board to ensure compliance with best practice in governance and compensation and the recommendations set out in the AFEP-MEDEF Code."

The Compensation Committee predominantly comprises independent members, in accordance with the recommendation of the AFEP-MEDEF Code.

Activity in 2020

2020	
Number of meetings	4
Average attendance rate	100%
2021	
Expected number of meetings	3

In 2020, the Compensation Committee met four times.

Marie-Françoise Walbaum was appointed Chairwoman of the Compensation Committee in 2020.

The Committee acknowledged and confirmed the 2019 compensation policy was properly applied to the Chief Executive Officer and developed the 2020 compensation policy for Alessandro Dazza to recommend to the Board of Directors.

The Committee analyzed the figures used to review 2019 financial performance, which feed in particular into long-term incentive plans. On the basis of this work, it recommended to the Board of Directors the percentage of achievement for targets within the respective plans. It also recommended the overall number of performance shares to be granted as part of 2020 long-term incentive plans.

Given the exceptional circumstances that prevailed in 2020, the Committee also analyzed the impact of the pandemic and resulting economic crisis on the compensation granted to the Chief Executive Officer and the main executives within the Group. The Committee also recommended implementing specific measures designed to maintain motivation and retain managers and senior managers.

Operating procedures

The Compensation Committee conducts its debates with at least two of its members in attendance and meets as often as its Chair sees fit or at the request of the Chairman of the Board or the Chief Executive Officer.

To perform its duties, the Compensation Committee invites speakers – including the Chairman of the Board, the Chief Executive Officer and any relevant Human Resources managers. It also takes advice from independent experts as it sees fit.

The position of Compensation Committee Secretary is held by the Group's Chief Human Resources Officer, who drafts the minutes at its meetings.

■ AUDIT COMMITTEE

Structure

On the date this Universal Registration Document was filed, the Audit Committee was made up of four members:

Name	Date first appointed to the Committee	Number of years spent on the Committee	Expiration of term of office	Independent
Aldo Cardoso, Chairman	May 3, 2005	15.11	GM in 2023	Yes
Colin Hall	December 15, 2015	5.4	GM in 2023	No
Lucile Ribot	May 4, 2018	2.11	GM in 2022	Yes
Annette Messemer	May 4, 2020	0.11	GM in 2023	Yes
Number of members: 4				**3 (*i.e.* 75%)**

Over two thirds of the members of the Audit Committee are independent, in accordance with the recommendation of the AFEP-MEDEF Code and the AMF working group on audit committees.

Duties

The Charter of the Board defines the duties of the Audit Committee as follows:

"The duties of the Audit Committee include examining and submitting opinions and recommendations to the Board of Directors on:

1. Financial statements

- the statutory and consolidated annual, half-yearly and quarterly financial statements;
- the scope of consolidation;
- the relevance and consistency of accounting methods, by verifying, in particular, the reliability of internal procedures to collect and check information;
- the method and estimates applied to impairment tests carried out by the Group;
- the Group's debt position;
- any material litigation and off-balance sheet commitments, and their impact on the Group's financial statements;
- the procedure applied to producing and circulating accounting and financial information;
- the analysis of any remarks made by regulatory authorities (AMF) and the draft replies.

2. Financial information

- the policy and procedures applied to financial communication designed to ensure the Group's compliance with regulatory obligations;
- the main components of financial communication relating to the Group and Company financial statements.

3. External control

- the proposals to appoint or re-appoint Statutory Auditors;
- the Statutory Auditors' work plan and any additional assignments they or other members of their network may be given, as well as the corresponding fees;
- the supervision of the rules for calling upon the services of the Statutory Auditors other than for the legal certification of accounts ("authorized non-audit services") and, more generally, compliance with the principles safeguarding the independence of Statutory Auditors and the measures taken by them to mitigate any risk. The Audit Committee therefore reviews and gives prior approval for authorized non-audit services, in line with the conditions set by the Board. Exceptionally, where the total annual amount of fees paid for specific assignments does not exceed the percentages or amounts set by the Board, such fees are simply ratified by the Audit Committee by December 31 of each year at the latest;
- the conclusions of due diligence work by Statutory Auditors as well as their recommendations and follow-up actions.

4. Audit & Internal control

- the annual internal audit programs and internal control assessments and the resources allocated to their implementation;
- the results of the work of the internal and external auditors and the Internal Control Department, following up on any recommendations made, particularly concerning the analysis, corrective measures and preparation of the Group's material risk map as well as the way in which risk and significant off-balance sheet commitments are managed and internal audit teams are organized;
- the preparation and content of the Annual Report of the Board of Directors on the Group's risks and internal control mechanisms.

5. Risk

- the identification, measurement and monitoring by Executive Management of the main risks facing the Group in the following areas:
  - outside the Group: legal or regulatory developments, crisis or disaster management and cybersecurity,
  - Group processes: monitoring major disputes, compliance with applicable regulations (particularly Environment, Health & Safety and Sustainable Development), business conduct in accordance with regulations and Imerys' core ethical values (conduct and ethics, anti-corruption, anti-trust, etc.),
  - potential mineral reserves and resources;
- the orientations, implementation and monitoring by Executive Management of the Group's comprehensive policy on internal control, risk prevention (organization, policies and procedures, IT infrastructure and systems, telecommunications and digitization, etc.), Group insurance, and any changes that may be introduced;
- the work plans and findings of internal experts (*e.g.* auditors and lawyers) and any external experts that may be called upon to analyze, audit or measure the risks and the Group's performance in the aforementioned areas;
- any other subject likely to have a material financial or accounting impact on the Company or the Group."

Activity in 2020

2020	
Number of meetings	6
Average attendance rate	100%
2021	
Expected number of meetings	5

As in previous years, the Audit Committee reviewed Imerys S.A.'s statutory and consolidated financial statements for 2019, as well as the Group's quarterly and half-yearly financial statements in 2020. As part of that work, it examined the period-end procedures and related draft press releases. Following this work, it was able to recommend that the Board approve the definitive financial statements without qualification. The Audit Committee examined the monitoring of non-audit services on a quarterly basis. It also reviewed the ways in which IFRS was applied in the specific context of 2020, in particular due to the Covid-19 pandemic; monitored the areas for improvement identified by the AMF Corporate Accounting Directorate after it reviewed the chapter in the 2019 Universal Registration Document setting out the consolidated financial statements; monitored the recommendations made by the AMF; and was involved in preparing Imerys to incorporate ESEF reporting provisions applicable to the 2020 Universal Registration Document.

In addition, it examined changes in the effective overall tax rate for the Group and its components and reviewed the results of impairment tests on the Cash Generating Units (CGUs) concerned.

In the first half of 2020, the Audit Committee reviewed the Report on Payments to Governments made by the Group's entities conducting mining operations.

During 2020, the Committee also monitored the progression of the litigation relating to the activities of Imerys' Talc subsidiaries in the United States and the decision to file for the protection of the "US Chapter 11" legal procedure in February 2019 with a view to permanently resolving the long-running talc-related litigation in the US. It approved the accounting treatment applied to this operation.

Throughout the year, several presentations were given on the Group's compliance programs, in particular regarding the fight against corruption and compliance with the Sapin II Act. The Committee closely monitored the inspection the French anti-trust agency conducted of the Group.

At the end of each half-year, the Audit Committee examined the operational report produced by the Audit & Internal Control Department. It includes details of audit assignments completed and the progress of implementing action plans put in place following audits in previous years, as well as tests and evaluations of the internal control systems in force in the Group. The Audit Committee also reviewed the audit plan and the specific actions scheduled for 2021. In addition, it was able to study the updated risk assessment of the Group's risk map.

Throughout the year, the Committee also discussed the following matters: the Group's cash and liquidity position in the specific context of the Covid-19 pandemic; the measures implemented to limit the Group's exposure to cybersecurity risks; the accounting of the main restructuring operations; the progress of the Group's transformation plan launched in November 2018; interviews with firms involved in the tender process to renew the terms of statutory auditors; the inventory of the Group's mining reserves and resources; the review of the annual Ethics Committee report; the way in which employee benefit finances are managed; the management and status of main legal risks, and evaluation of the corresponding provisions; the management of insurance policies and renewal of material policies; the implementation of a new system to manage the Group's cash; as well as the assessment of the Group's tax positions in the main countries in which it is based and any potential related risks.

Operating procedures

The Audit Committee conducts its debates with the majority of its members in attendance and meets as often as its Chairman sees fit or at the request of its members, the Chairman of the Board or the Chief Executive Officer.

To perform its duties, the Audit Committee invites speakers – including the Chairman of the Board, the Chief Executive Officer, the Statutory Auditors and the Chief Financial Officer. Alternatively, the Chief Executive Officer or the Chief Financial Officer may invite or be asked by the Committee to invite any other person involved in preparing and auditing the financial statements or managing or preventing risks to speak (including the Finance Department, the Internal Audit & Control Department and the Legal Department), depending on the items on the agenda for the meeting.

The Audit Committee enjoys unrestricted access to all information available in the Group. It may also visit industrial sites and take the opportunity to speak with any of the Group's operating and support managers as it sees fit in order to carry out its duties. The Committee may also ask for any audit to be conducted, either internally or externally, on any issue it deems to come within its responsibility. The Chairman of the Board and the Chief Executive Officer must be informed of this decision.

The position of Audit Committee Secretary is held by the Group's Chief Financial Officer, who drafts the minutes at its meetings and communicates them to the Statutory Auditors.

▪ *AD HOC* COMMITTEE

On February 13, 2019, upon recommendation of the Appointments Committee, the Board of Directors set up a temporary *ad hoc* Committee specifically to monitor the "Chapter 11" proceedings in respect of the relevant North American talc entities of the Group (Chapter 11 Monitoring Committee). Given the progress of proceedings, the Board decided to disband the Chapter 11 Monitoring Committee as of February 12, 2020.

Chapter 11 Monitoring Committee (disbanded as of February 12, 2020)

For information purposes only:

Structure

Name	Date first appointed to the Committee	Number of years spent on the Committee	Expiration of term of office	Independent
Aldo Cardoso, Chairman	February 13, 2019	1.1	GM in 2023	Yes
Colin Hall	February 13, 2019	1.1	GM in 2023	No
Number of members: 2	-	-	-	**1 (*i.e.* 50%)**

Duties

The Committee was responsible for monitoring the implementation and the progress of the Chapter 11 proceedings in respect of the relevant North American talc entities of the Group, including the negotiation of the terms of their continuity plan. Within the Committee, the Chairman organized and ruled the debates, and reported to the Board and, as frequently as required, the Audit Committee and Strategic Committee.

Activity in 2020

In 2020, the Chapter 11 Monitoring Committee met once before the Board decided to disband it on February 12, 2020.

During this meeting, the Committee reviewed the progress of the Chapter 11 procedure pursued by the North American talc subsidiaries, the ongoing negotiation, up to that date, between the North American talc subsidiaries and the representatives of existing and future claimants in litigation related to their legacy talc business in the US, the estimated risk – financial and otherwise – facing the Group, the planned process to sell the assets of the North American talc subsidiaries, and the proposed disbandment of this *ad hoc* Committee.

Operating procedures

The Committee met as needed, depending on the progress of the Chapter 11 procedure and the negotiations of the business continuity plan for the entities involved and as frequently as the Chairman felt necessary for the Committee to effectively carry out its duties. The Committee conducted its debates with all of its members in attendance.

The Committee generally invited the following people to its meetings: the Chairman of the Board, the Chief Executive Officer and the General Counsel, as well as the Chief Financial Officer where necessary and any other member of Imerys' Executive Committee or qualified Group employee. At each meeting, reports were made concerning the work carried out by managers in the internal and external Chapter 11 monitoring team, in particular the US law firm representing the Company's interests.

The position of Chapter 11 Monitoring Committee Secretary was held by the former Secretary of the Board (Denis Musson), who drafted the minutes at its meetings.

ATTENDANCE RATE OF MEMBERS OF THE BOARD

In accordance with the AFEP-MEDEF Code, the following table presents a summary of the 2020 attendance record of each member of the Board of Directors and its Committees he/she was a member of during 2020 (excluding the Chapter 11 Monitoring committee, disbanded in February 2020):

	Board of Directors	Strategic Committee	Appointments Committee	Compensation Committee	Audit Committee
Patrick KRON *Chairman of the Board and director*	100%	N/A	N/A	N/A	N/A
Paul DESMARAIS III *Director* *Vice-Chairman of the Board (until May 4, 2020)*	85.71%	66.67%	100%	100%	N/A
Aldo CARDOSO *Director*	100%	100%	N/A	N/A	100%
Odile DESFORGES *Director (until May 4, 2020)*	100%	100%	N/A	N/A	N/A
Ian GALLIENNE *Director*	100%	100%	100%	100%	N/A
Marion GUILLOU *Director (until May 4, 2020)*	100%	N/A	100%	100%	N/A
Colin HALL *Director*	100%	100%	N/A	N/A	100%
Ulysses KYRIACOPOULOS *Director*	100%	100%	N/A	N/A	N/A
Annette MESSEMER *Director (since May 4, 2020)*	100%	N/A	100%	100%	100%
Martina MERZ *Director (until May 4, 2020)*	0%	N/A	0%	N/A	N/A
Lucile RIBOT *Director*	85.71%	N/A	N/A	N/A	100%
Véronique SAUBOT *Director (since May 4, 2020)*	100%	100%	N/A	N/A	N/A
Marie-Françoise WALBAUM *Director* *(Member of the Audit Committee until May 4, 2020)*	100%	N/A	100%	100%	100%
Dominique MORIN *Director (since October 6, 2020)*	100%	N/A	N/A	N/A	N/A
Carlos Manuel PÉREZ FERNÁNDEZ *Director (since October 6, 2020)*	100%	N/A	N/A	N/A	N/A
Éliane AUGELET-PETIT *Director (until October 6, 2020)*	100%	N/A	N/A	100%	N/A
Enrico D'ORTONA *Director (until October 6, 2020)*	100%	N/A	N/A	N/A	N/A
Laurent RAETS *Non-voting observer*	100%	N/A	N/A	N/A	N/A

4.1.4.3 SELF-ASSESSMENT BY THE BOARD OF DIRECTORS

Pursuant to the AFEP-MEDEF Code and in accordance with the terms of the Charter of the Board, every year the Board of Directors reviews and appraises its methods, procedures and activity in the prior year. The key findings are included in the Board's Corporate Governance Report. The Board of Directors also conducts or commissions a third-party consultant to conduct a formal assessment of its operating procedures at intervals determined by the Chairman and at least once every three years.

As every year, the Board of Directors at its meeting held on February, 17 2021, assessed and discussed its operating procedures and 2020 activity.

Due to external and exceptional circumstances, the formal assessment initiated in the course of the last quarter of 2020 and conducted by a third-party consultant could not be submitted and reviewed by the Board of Directors, as initially contemplated. The Board of Directors will consider this during 2021.

4.2 EXECUTIVE MANAGEMENT

On the date this Universal Registration Document was filed, the Group's Executive Management was headed by:

- Alessandro Dazza (see biography below);
- assisted by an Executive Committee made up of the Group's 10 key operating and support Executives (*see paragraph 4.2.3 of present chapter*).

4.2.1 CHIEF EXECUTIVE OFFICER

Alessandro Dazza
Chief Executive Officer

Born on April 17, 1969
Work address
c/o Imerys
43, quai de Grenelle
75015 Paris
France
Date first appointed
December 17, 2019, with effect from February 17, 2020
Term of office expires
Unlimited term of office

Biography

Alessandro Dazza graduated from Politecnico di Milano having studied Business Engineering. After starting his industrial career in Italy in 1991, he joined in 1995 Treibacher Schleifmittel in Germany. He participated in a management buyout with a few key managers and became a member of its Managing Board. Alessandro Dazza joined Imerys in 2002 when Imerys bought Treibacher Schleifmittel. From 2002 until 2013, Alessandro Dazza held various roles within Imerys and in July 2013, he became Executive Vice-President, member of the Executive Committee, in charge of three divisions with total sales of approximately €2 billion. In November 2018, following the arrival of a new CEO and as the result of a new reorganization, Alessandro Dazza left Imerys. He joined Mondi Plc, a leading company in packaging and paper, as a member of the Executive Committee, was in charge of two divisions with total sales of approximately €4 billion.

Alessandro Dazza became Imerys' Chief Executive Officer on February 17, 2020.

OFFICES AND POSITIONS HELD AT DECEMBER 31, 2020

Group companies

- Chief Executive Officer – Imerys* – France

Non-Group companies

- None

OFFICES AND POSITIONS THAT EXPIRED IN THE PAST FIVE YEARS

Group companies

- Various directorships within the Imerys Group

Non-Group companies

- Member of the Executive Committee and CEO of Flexible Packaging and Engineered Materials divisions – Mondi plc* – UK

* *Listed company.*
(1) *Alessandro Dazza worked and held various management positions at Imerys from 2002 to 2018 and was a member of the Executive Committee from 2013 to 2018.*
(2) *The declarations made in "Other information" in paragraph 4.1.1 of the present chapter also apply to Alessandro Dazza.*

4.2.2 POWERS

Pursuant to legal and statutory provisions, the Chief Executive Officer has the broadest powers to act in all circumstances in the Company's name. He exercises these powers within the scope of the Company's corporate purpose and subject to the powers expressly vested by the applicable laws and regulations in Shareholders' General Meetings and the Board. The Chief Executive Officer represents the Company in its dealings with third parties.

Pursuant to article 18 of the Company's by-laws, the Board may restrict his powers. However, any such restriction is not binding on third parties.

As such and in accordance with the Charter of the Board, *paragraph 4.1.3 of the present chapter* details all transactions that require approval from the Board prior to their implementation by Executive Management.

The Board may also appoint one or several Deputy Chief Executive Officers upon proposal of the Chief Executive Officer.

4.2.3 EXECUTIVE COMMITTEE

4.2.3.1 STRUCTURE OF THE EXECUTIVE COMMITTEE

Since 2018, Imerys has been organized around two segments, grouping five newly created business areas, which have been built around core markets (*see chapter 1, paragraph 1.1.2*).

The operating and support directors of the five business areas report directly to the Chief Executive Officer:

- the Performance Minerals segment brings together three geographic business areas – Europe, Middle East and Africa (EMEA), Americas and Asia-Pacific (APAC) – serving the plastics, paints & coatings, filtration, ceramics, renewable energy and paper & board markets;
- the High Temperature Materials & Solutions segment regroups two business areas – High Temperature Solutions, and Refractory, Abrasives & Construction – serving the refractory, foundry, metal flow, abrasives and building chemistry markets.

This structure, with business areas built around the Company's core markets:

- enables the Group to achieve its full organic growth potential and further improve its competitive position to boost sustained value creation;
- strips out layers of management to bring the Group closer to its customers and more effectively meet their needs.

On the date this Universal Registration Document was filed, the Executive Committee was composed of the following members:

Name	Title	Nationality	Date first joined the Group	Date first appointed to the Executive Committee
Alessandro Dazza	Chief Executive Officer	Italian	2020*	2020*
Operating executives				
Philippe Bourg	Senior Vice-President Refractory, Abrasives & Construction	French	1996	2018
Michel Cornelissen	Senior Vice-President High Temperature Solutions	Belgian	1991	2018
Guillaume Delacroix	Senior Vice-President Performance Minerals EMEA	French	2004	2018
Cyril Giraud	Senior Vice-President Performance Minerals APAC	French	1998	2018
Jim Murberger	Senior Vice-President Performance Minerals Americas	American	1996	2018
Support executives				
Frédérique Berthier	Group General Counsel	French	2008	2018
Jean-François Claver	Chief Industrial Officer	French	2015	2016
Vincent Lecerf	Chief Human Resources Officer	French	2017	2017
Olivier Pirotte	Chief Strategy Officer	Belgian	2015	2015
Sébastien Rouge	Chief Financial Officer	French	2020	2020

* *Alessandro Dazza worked at Imerys from 2002 to 2018 and was a member of the Executive Committee from 2013 to 2018.*

The Appointments Committee and the Board discuss the importance of diversity and the related action plans, as well as the succession and development plan for executive corporate officers and all members of the Group's Executive Committee (*see paragraph 4.1.4.2 of the present chapter*).

4.2.3.2 DUTIES OF THE EXECUTIVE COMMITTEE

The Executive Committee is an informative and advisory body. Its duties are to ensure that the organization, resources and general management of the Group's business, as implemented by each member within their individual scope of responsibility and under the authority of the Chief Executive Officer, are in line with the strategy adopted by the Board of Directors and in accordance with the policies and objectives set.

The main duties are as follows:

- review the presentations made on strategy and the budget to the Strategic Committee and the Board, ensuring their implementation, supervising their application, and making any adjustments required to ensure compliance with them ;
- define key targets for improving overall Group performance (particularly in terms of operational, financial, labor, social and environmental issues, as well as employee health & safety in the workplace), as well as monitoring those targets and implementing any corrective measures necessary ;
- review the suitability, development and mobility of Group managerial resources in accordance with its current and future needs, as well as key planned organizational changes ;
- adopt, oversee the deployment and supervise the implementation of the cross-functional and/or transformational policies and actions that apply across the Group (Innovation, CSR, Human Resources, Communication, Operational Excellence, Geology & Mines, Health & Safety, Legal & Regulatory Compliance, Internal Control & Risk Management, IT & Internal Efficiency), and more generally, all plans, operations and/or measures that are submitted to the Executive Committee by the Chief Executive Officer himself or proposed by other members.

The Executive Committee meets every month, and as often as is in the best interests of the Group. It met on 34 occasions in 2020.

4.3 CORPORATE OFFICERS' COMPENSATION

The information covered in the present section forms an integral part of the Corporate Governance Report, in accordance with article L. 22-10-8 of the French Commercial Code.

4.3.1 COMPENSATION POLICY APPLICABLE TO THE CORPORATE OFFICERS

In accordance with articles L. 22-10-8 I and R. 22-10-14 I of the French Commercial Code, the compensation policy awarded to corporate officers set out below covers all components of fixed and variable compensation and explains the process by which the policy was developed, revised and implemented.

■ GUIDING PRINCIPLES TO DEVELOP, REVISE AND IMPLEMENT THE COMPENSATION POLICY

In general, the compensation policy of the corporate officers is agreed each year by the Board, based on proposals made by the Compensation Committee. Where necessary, it is reviewed mid-year. The Committee makes its recommendations to the Board based on assessments and comparisons conducted on a regular basis by specialist consultants. To avoid any conflict of interest, when the Board of Directors votes on components of compensation, the people concerned do not take part.

This enables the Board of Directors, with support from the Compensation Committee, to ensure the compensation policy protects the Company's corporate interest, contributes to its long-term success and reflects its business strategy. Therefore, the Board pays particular attention to:

- align the policy with the Group's expectations regarding corporate officers performance and engagement, given their level of experience and expertise;
- align the policy, especially any components of variable and long-term incentive payments, with the Company's performance as well as its strategy for the short, medium and long term;
- maintain competitive alignment with best practice applied by comparable listed French companies in the market and monitor recent changes; and
- ensure the policy remains appropriate with respect to the remuneration of Company employees. Therefore, the performance criteria applicable to variable compensation and long-term incentive plans of the executive corporate officers reflect those applicable to other Group employees eligible for this type of remuneration.

The compensation policy is subject to the approval (*ex ante* vote) of the Shareholders' General Meeting each year or whenever significant amendments are made. It is published on the Company's website, in accordance with article R. 22-10-14 IV of the French Commercial Code.

In accordance with article L. 22-10-8 III of the French Commercial Code, the policy could be disregarded in exceptional circumstances, so long as any non-compliance remains temporary, protects the Company's corporate interest and is necessary to its long-term success or viability. After an in-depth review of the situation, any such non-compliance must be based on the recommendation of the Compensation Committee, as well as justified and approved by the Board, which must report on their decision at the following Shareholders' General Meeting. Non-compliance could apply to variable compensation or share based payments awarded to executive corporate officers.

The compensation policy will apply to all current and future corporate officers until it is amended.

■ 2021 COMPENSATION POLICY

The 2021 compensation policy described below was decided by the Board at its meeting of February 17, 2021 and based on the recommendations of the Compensation Committee. It will be submitted for approval at the Shareholders' General Meeting of May 10, 2021 (*see chapter 8, paragraph 8.2.3*). As detailed below, the 2021 compensation policy includes the same components as those provided for by the 2020 compensation policy, as approved by the Shareholders' General Meeting of May 4, 2020. The 2020 compensation policy and all other components of corporate officer compensation submitted to the vote of the Shareholders' General Meeting of May 4, 2020 received a favorable vote:

	In favor	Against
6th resolution – Approval of the compensation policy applicable to the executive corporate officers	89.86%	10.14%
7th resolution – Approval of the compensation policy applicable to the members of the Board of Directors	99.78%	0.22%
8th resolution – Approval of the information relating to the compensation of the corporate officers in accordance with article L. 225-37-3 I of the French Commercial Code	97.40%	2.60%
9th resolution – Approval of the fixed, variable and exceptional components of the total compensation and benefits paid or granted to Conrad Keijzer in the year ended December 31, 2019	92.01%	7.99%
10th resolution – Approval of the fixed, variable and exceptional components of the total compensation and benefits paid or granted to Gilles Michel in the year ended December 31, 2019	93.58%	6.42%
11th resolution – Approval of the fixed, variable and exceptional components of the total compensation and benefits paid or granted to Patrick Kron in the year ended December 31, 2019	99.97%	0.02%

Paragraphs 4.3.3.1 (regarding each executive corporate officer) and *4.3.2.1* (regarding the members of the Board) supplement the following summary table.

4

	Executive corporate officers	Members of the Board of Directors
Annual fixed compensation The fixed component of compensation is determined according to the level of experience and responsibility of corporate officers when they take up office. It is reviewed every year to ensure it is in line with market practices and the packages offered at comparable companies. √ For further details, *see paragraph 4.3.3.1 of the present chapter.*	√	N/A
Annual variable compensation The variable component of compensation is calculated according to quantitative and personal criteria set at the beginning of each year by the Board of Directors on the basis of recommendations made by the Compensation Committee and in line with best governance practice, in accordance with the relevant recommendation of the AFEP-MEDEF Code. The extent to which these targets are achieved is measured each year by the Board of Directors after evaluating corporate officers' performance and the fulfillment of performance criteria set and after reviewing the Company's overall performance for the past financial year, based on the recommendations of the Compensation Committee. Variable compensation owed with respect to year Y is paid the following year Y+1, when all the component parts are known, in particular once the Group's financial statements for the year Y are definitively approved by the Board of Directors and submitted for shareholder approval at the Shareholders' General Meeting. √ For further details, *see paragraph 4.3.3.1 of the present chapter.*	√	N/A
Multi-annual variable compensation As for the variable component of annual compensation, any multi-annual variable compensation is calculated according to quantitative and/or personal criteria set by the Board of Directors and based on the recommendations of the Compensation Committee. Multi-annual variable compensation is paid only when all the component parts are known and have been approved by the Shareholders' General Meeting (ex post vote). √ For further details, *see paragraph 4.3.3.1 of the present chapter.*	√	N/A
Benefits in kind The Board may award benefits in kind that are appropriate to the corporate officer in question. As such, any contributions paid - as the case may be - by Imerys for the unemployment insurance scheme for corporate officers go toward their annual compensation as benefits in kind. √ For further details, *see paragraph 4.3.3.1 of the present chapter.*	√	N/A

	Executive corporate officers	Members of the Board of Directors
Severance package The Board may award corporate officers a severance package, the terms and conditions of which are agreed by the Board and based on the recommendations of the Compensation Committee. √ For further details, *see paragraph 4.3.3.1 of the present chapter.*	√	N/A
Non-compete indemnity The Board may award corporate officers a non-compete indemnity, for which payment is subject to the Board's decision whether or not to enforce the non-compete clause at the time the corporate officer in question leaves office. √ For further details, *see paragraph 4.3.3.1 of the present chapter.*	√	N/A
Post-employment commitments The Board may agree to certain post-employment commitments in the form of defined contribution plans: a) article 83: a complementary defined contribution pension plan was set up on October 1, 2009 for which certain executive managers at Imerys are eligible. The plan provides for contributions of 8% of the compensation of beneficiaries, capped at eight times the annual French social security ceiling. Beneficiary contributions are set at 3% and Company contributions at 5%. It also allows beneficiaries to top up the mandatory payments with free and voluntary contributions. An independent insurance company has been appointed to manage the scheme. b) article 82: a further complementary pension plan has been put in place for certain executive managers of Imerys. This plan provides for contributions of a share of the beneficiary's annual fixed compensation. √ For further details, *see paragraph 4.3.3.1 of the present chapter.*	√	N/A
Long-term incentive payments in the form of shares or securities carrying rights to shares Subject to approval by the Shareholders' General Meeting, the Board may award corporate officers and certain employees of the Group shares or securities conferring entitlement to share capital (performance shares in particular). a) As set out in greater detail *in chapter 7, paragraph 7.3.5.4*, the main characteristics of grants made by the Board are as follows: • fully subject to the fulfillment of performance objectives, which are primarily financial; • except in exceptional circumstances, plans are annual and grants are usually made on the day of the Shareholders' General Meeting. b) This form of long-term incentive plan is subject to further restrictions set out by the Company (by its Shareholders' General Meeting and Board of Directors) and complies with the relevant recommendations of the AFEP-MEDEF Code, including: • compensation awarded to executive corporate officers may not exceed 0.5% of the Company's capital; and • the IFRS 2 value of performance shares may not exceed 18 months of gross annual compensation (fixed component + maximum variable compensation). c) As set out in greater detail *in paragraph 4.4.1 of the present chapter*, executive corporate officers are subject to shareholding restrictions. √ For further details, *see paragraph 4.3.4 of the present chapter and chapter 7, paragraph 7.3.5.4.*	√	N/A

	Executive corporate officers	Members of the Board of Directors
Directors' compensation (formerly attendance fees)	N/A	√
The maximum gross amount of compensation that may be awarded for the year to members of the Board is determined by the Shareholders' General Meeting. The Board decides the most appropriate distribution of this compensation between its members on the basis of a number of allocation bands that are reviewed each year. The allocation bands provide for a fixed component of compensation (that takes into account the duties of the director in question) and a variable component based solely on the attendance of Board members at its meetings or, where applicable, meetings of any Committees on which directors sit. In the event directors are unable to attend meetings in person, they may attend by telephone or video conference, in which case they will receive only half the variable component of compensation. When the Chairman or, when appropriate, the Committee Secretary require the Board or any of its Committees to meet by telephone or video conference due to sanitary conditions and restrictions in force at the time, the Board reserves the possibility to not apply this reduction. √ For further details, *see paragraph 4.3.2.1 of the present chapter*.		
Exceptional components		
■ Exceptional compensation	√	√
The Board may award exceptional compensation to corporate officers that have been entrusted with a specific assignment or duties, the terms and conditions of which are agreed at the time by the Board and based on the recommendations of the Compensation Committee. Any such compensation will be paid in cash.		
■ Sign-on bonus	√	N/A
The Board may award corporate officers a sign-on bonus, the terms and conditions of which are agreed by the Board and based on the recommendations of the Compensation Committee.		

Where necessary (in accordance with article R. 22-10-14 II 3° of the French Commercial Code), the 2021 compensation policy does not provide for any deferral period, nor the option to ask any corporate officer to reimburse variable compensation.

4.3.2 MEMBERS OF THE BOARD OF DIRECTORS (EXCLUDING THE CHAIRMAN OF THE BOARD)

4.3.2.1 PRINCIPLES GOVERNING THE COMPENSATION OF MEMBERS OF THE BOARD WITH RESPECT TO THE 2021 FINANCIAL YEAR

In accordance with articles L. 22-10-8 I and R. 22-10-14 II of the French Commercial Code and in addition to paragraph 4.3.1 above, the present paragraph details the 2021 compensation policy applicable to members of the Board of Directors (excluding the Chairman of the Board, as set out in *paragraph 4.3.3.1 of the present chapter*).

■ MAXIMUM AMOUNT AND ALLOCATION BANDS

The maximum gross amount of compensation that may be awarded for the year to members of the Board is determined by the Shareholders' General Meeting. For 2021, this amount has been set at €1,200,000, level since May 4, 2018.

The Board is responsible for distributing compensation between its members using a system of allocation bands agreed and based on the recommendations of the Compensation Committee. The bands are reviewed each year to ensure they remain appropriate and competitive in view of best practice within comparable listed companies in France and any recent changes.

Throughout their term of office, employee representative directors are entitled to compensation on the basis of the same terms and conditions as any other director.

On the date this Universal Registration Document was filed, the allocation bands were as follows:

		Gross amount (€) before tax and social security contributions
Board of Directors	Vice-Chairman (if applicable)	■ Fixed compensation: 30,000/year ■ Variable compensation: 4,000/meeting attended(1)
	Members (excl. the Chair and, if applicable the Vice-Chair)	■ Fixed compensation: 10,000/year ■ Variable compensation: 4,000/meeting attended(1)
Strategic Committee	Chair	■ Fixed compensation: 30,000/year
	All members	■ Variable compensation: 3,500/meeting attended(1)
Audit Committee	Chair	■ Fixed compensation: 30,000/year
	All members	■ Variable compensation: 4,000/meeting attended(1)
Appointments Committee	Chair	■ Fixed compensation: 10,000/year
	All members	■ Variable compensation: 3,000/meeting attended(1)
Compensation Committee	Chair	■ Fixed compensation: 10,000/year
	All members	■ Variable compensation: 3,000/meeting attended(1)

(1) Members receive only half the variable component of compensation if they attend meetings of the Board or its Committees by telephone or video conference. When the Chairman or, when appropriate, the Committee Secretary require the Board or any of its Committees to meet by telephone or video conference due to sanitary conditions and restrictions in force at the time, the Board reserves the possibility to not apply this reduction.

Excluding any potential exceptional compensation, as described in *paragraph 4.3.1 of the present chapter*, total compensation (including benefits in kind) of the members of the Board is equal to the amounts detailed above.

4.3.2.2 COMPENSATION OF MEMBERS OF THE BOARD WITH RESPECT TO THE 2020 FINANCIAL YEAR (EXCLUDING THE CHAIRMAN OF THE BOARD)

The structure of the Board of Directors (as set out in *section 4.1 of the present chapter*) is and was throughout 2020 in compliance with the legal requirements in terms of diversity. Therefore, no suspension was applied to the compensation awarded to members of the Board, as provided for in article L. 225-45, paragraph 2 of the French Commercial Code.

The amounts set out in the table below represent total compensation (made up solely of the fixed and variable compensation in line with the allocation bands detailed in *paragraph 4.3.2.1* above and excluding any other compensation or benefit in kind) paid in or granted with respect to 2020 by the Company or its controlling shareholders to each member of the Board of Directors (excluding the Chairman of the Board) with respect to the offices, responsibilities or other duties performed within or on behalf of the Group, with the exception of: compensation paid and/or granted to the two employee representative directors with respect to their positions as employees in the Group.

Compensation (formerly attendance fees) is paid to members of the Board (other than the Chairman of the Board) in arrears every half year. Consequently:

- the amount of compensation paid in 2020 includes the amount due with respect to the second half of 2019 and the amount due with respect to the first half of 2020;
- the amount of compensation granted in 2020 includes the amount due with respect to the first and second half of 2020.

For details of the compensation paid or granted to the Chairman of the Board in 2020, *see paragraph 4.3.3.2 of the present chapter.*

Table summarizing compensation of members of the Board of Directors

It should be noted that:

- all information indicated in the following table is expressed as gross amounts before tax and social security contributions;
- fixed compensation is calculated *prorata temporis* for the members of the Board whose terms of office expired or began during the year;
- variable compensation corresponds to the proportion of compensation dependent on the actual presence of the director at meetings of the Board or its Committees.

	2020		2019	
(€)	**Amount granted**	**Amount paid**	**Amount granted**	**Amount paid**
P. Desmarais III (Vice-Chairman until May 4, 2020)				
Compensation (fixed and variable)	52,420	80,753	108,667	106,833
Including variable compensation	*57.71%*	*43.65%*	53.99%	53.20%
Other compensation	0	0	0	0
A. Cardoso				
Compensation (fixed and variable)	88,113	115,113	146,333	138,833
Including variable compensation	*51.92%*	*54.51%*	72.67%	71.19%
Other compensation	0	0	0	0
O. Desforges (director until May 4, 2020)				
Compensation (fixed and variable)	18,434	52,767	71,833	65,000
Including variable compensation	*81.37%*	*77.70%*	86.08%	84.62%
Other compensation	0	0	0	0
I. Gallienne				
Compensation (fixed and variable)	85,250	91,250	113,000	109,500
Including variable compensation	*53.08%*	*56.16%*	64.60%	63.47%
Other compensation	0	0	0	0
M. Guillou (director until May 4, 2020)				
Compensation (fixed and variable)	18,934	38,934	58,500	57,500
Including variable compensation	*81.86%*	*78.34%*	82.91%	82.61%
Other compensation	0	0	0	0
C. Hall				
Compensation (fixed and variable)	56,113	83,113	116,333	108,833
Including variable compensation	*77.97%*	*73.09%*	91.40%	90.81%
Other compensation	0	0	0	0
U. Kyriacopoulos				
Compensation (fixed and variable)	36,250	50,333	66,917	62,083
Including variable compensation	*72.41%*	*73.51%*	85.06%	83.89%
Other compensation	0	0	0	0
A. Messemer (director since May 4, 2020)				
Compensation (fixed and variable)	32,593	1,593	N/A	N/A
Including variable compensation	*79.77%*	*0%*	-	-
Other compensation	0	0	0	0
M. Merz (director until May 4, 2020)				
Compensation (fixed and variable)	3,434	22,767	70,000	84,167
Including variable compensation	*0%*	*48.32%*	85.71%	88.12%
Other compensation	0	0	0	0

	2020		2019	
(€)	**Amount granted**	**Amount paid**	**Amount granted**	**Amount paid**
L. Ribot				
Compensation (fixed and variable)	38,000	48,000	70,000	78,000
Including variable compensation	*73.68%*	*79.17%*	85.71%	87.18%
Other compensation	0	0	0	0
V. Saubot (director since May 4, 2020)				
Compensation (fixed and variable)	25,093	3,343	N/A	N/A
Including variable compensation	*73.72%*	*52.34%*	-	-
Other compensation	0	0	0	0
M. F. Walbaum				
Compensation (fixed and variable)	58,687	64,687	92,000	100,000
Including variable compensation	*60.49%*	*79.61%*	89.13%	90.00%
Other compensation	0	0	0	0
Dominique Morin (director since October 6, 2020)				
Compensation (fixed and variable)	6,364	0	N/A	N/A
Including variable compensation	*62.85%*	*0%*	-	-
Other compensation	0	0	0	0
Carlos Manuel Pérez Fernández (director since October 6, 2020)				
Compensation (fixed and variable)	6,364	0	N/A	N/A
Including variable compensation	*62.85%*	*0%*	-	-
Other compensation	0	0	0	0
É. Augelet-Petit (director until October 6, 2020)				
Compensation (fixed and variable)	27,163	41,500	57,000	53,000
Including variable compensation	*71.79%*	*75.90%*	82.46%	81.13%
Other compensation	0	0	0	0
É. d'Ortona (director until October 6, 2020)				
Compensation (fixed and variable)	19,663	22,000	30,000	38,000
Including variable compensation	*61.03%*	*54.55%*	66.67%	73.68%
Other compensation	0	0	0	0
L. Raets				
Compensation (fixed and variable)	26,000	37,333	46,667	39,333
Including variable compensation	*61.54%*	*64.29%*	78.57%	74.58%
Other compensation	0	0	0	0
Total	**598,875**	**753,486**	**1,047,250**(1)	**1,041,082**(2)

(1) The 2019 Universal Registration Document indicated the amount granted with respect to 2019 totaled €1,243,361, which also included the compensation granted to Patrick Kron and Gilles Michel (with respect to their duties as members of the Board). Furthermore, in 2019, Conrad Keijzer did not receive any compensation with respect to his duties as a member of the Board (duties he ceased to perform on October 21, 2019).

(2) The 2019 Universal Registration Document indicated the amount paid with respect to 2019 totaled €1,459,694, which also included the compensation granted to Patrick Kron and Gilles Michel (with respect to their duties as members of the Board). Furthermore, in 2019, Conrad Keijzer did not receive any compensation with respect to his duties as a member of the Board (duties he ceased to perform on October 21, 2019).

Furthermore, it should be noted that:

- The compensation of the members of the Board of Directors (excluding the Chairman, as stated above) granted with respect to the 2020 financial year falls within the maximum gross amount fixed by the Shareholders' General Meeting and the applicable allocation bands;
- In 2020, no commitment of any kind was given to members of the Board of Directors (indemnities and benefits due or likely to be due in relation to starting, terminating or changing duties, during or at the end of their term of office, in particular post-employment commitments and other life annuities) ;
- Where necessary, the provisions stipulated in article 22-10-9 I 8° and 10° of the French Commercial Code do not apply to members of the Board of Directors in 2020 ;
- Members of the Board of Directors (with exception of compensation paid and/or granted to the two employee representative directors with respect to their positions as employees in the Group) do not receive any other compensation from a company within the Imerys scope of consolidation as defined in article L. 233-16 of the French Commercial Code.

4.3.3 EXECUTIVE CORPORATE OFFICERS

The following information applies to executive corporate officers of the Company in 2020, including:

- Patrick Kron (Chairman of the Board of Directors since June 25, 2019 and interim Chief Executive Officer from October 21, 2019 to February 16, 2020);
- Alessandro Dazza (Chief Executive Officer since February 17, 2020).

All information concerning the below and details of the long-term compensation of employees and executives (*see chapter 7, paragraph 7.3.5.4*) form an integral part of the Corporate Governance Report governed by article L. 225-37 of the French Commercial Code. All the required components were published on the Company's website, in accordance with the recommendations of the AFEP-MEDEF Code.

4.3.3.1 PRINCIPLES GOVERNING THE COMPENSATION OF EXECUTIVE CORPORATE OFFICERS WITH RESPECT TO THE 2021 FINANCIAL YEAR

In accordance with articles L. 22-10-8 I and R. 22-10-4 II of the French Commercial Code and in addition to paragraph 4.3.1 above, the present paragraph details the 2021 compensation policy and the components of compensation applicable to current executive corporate officers.

The following components include those decided by the Board of Directors, based on proposals made by the Compensation Committee, for the 2021 compensation package awarded to:

- Patrick Kron at the meeting of February 17, 2021;
- Alessandro Dazza at the meeting of February 17, 2021.

■ SUMMARY OF COMPENSATION OF EXECUTIVE CORPORATE OFFICERS WITH RESPECT TO THE 2021 FINANCIAL YEAR

	Employment contract	Complementary pension plan	Indemnities or benefits in relation to terminating or changing duties	Non-compete indemnity
Patrick Kron, Chairman of the Board	No	No	No	No
Alessandro Dazza, Chief Executive Officer	No	Yes(1)	Yes	Yes

(1) *Complementary defined contribution pension plan as defined in articles 82 and 83 of the French Tax Code (Code général des impôts).*

■ DETAILS OF COMPENSATION OF EXECUTIVE CORPORATE OFFICERS WITH RESPECT TO THE 2021 FINANCIAL YEAR

Patrick Kron **Chairman of the Board(1)**	
Annual fixed compensation	€250,000
Annual variable compensation	N/A
Multi-annual variable compensation	N/A
Benefits in kind	N/A
Severance package	N/A
Non-compete indemnity	N/A
Post-employment commitments	N/A
Long-term incentive payments in the form of shares or securities carrying rights to shares	N/A
Directors' compensation (formerly attendance fees)	N/A
Exceptional compensation(2)	N/A

(1) *For details of the duration of his term of office, see paragraph 4.1.2 of the present chapter. The conditions by which Patrick Kron may be removed from office are the same as those applicable to all directors, in accordance with the Company's by-laws and regulations.*
(2) *Exceptional compensation or sign-on bonus, when justified.*

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	Alessandro Dazza *Chief Executive Officer*[(1)]
Annual fixed compensation	€800,000
Annual variable compensation	The amount of variable compensation will be determined in 2022 by the Board of Directors, based on the recommendations of the Compensation Committee, taking into account the extent to which Alessandro Dazza satisfied quantitative criteria relating to financial performance and personal criteria relating to individual performance. These criteria are set out in detail in *Note (A)* below. The amount derived from measuring the fulfillment of quantitative financial performance criteria is calculated on the basis of 110% of annual fixed compensation. In the event annual quantitative targets are exceeded, the amount of variable compensation awarded for financial performance may be increased to 137.5% of annual fixed compensation. The achievement of quantitative objectives is capped at 125% of the target. A factor of between 0.8 and 1.2 is applied to reflect individual performance. The maximum total variable compensation that may be granted is capped at 165% of annual fixed compensation. The payment of this variable compensation is subject to approval by the Shareholders' General Meeting to be held in 2022 to approve the financial statements for the year ending December 31, 2021 (ex post vote).
Multi-annual variable compensation	N/A
Benefits in kind	■ Contributions to unemployment insurance for corporate officers (e.g. GSC) ■ Life insurance plans (covering death, long-term illness or disability) ■ Official accommodation for a maximum period of two years (from 2020) plus relocation expenses within a capped amount ■ Company car ■ Health insurance benefits, tax consultants, annual medical
Severance package	Severance pay would be due in the event of a change in control, strategy or a major disagreement over these issues. The amount paid with respect to this package would be subject and proportionate to performance conditions relating to cash flow and current operating income over a three-year period prior to departure (as explained in greater detail in *Note (B) below*) and capped in any event at two years' annual compensation (fixed and average variable for the last two full financial years). Should Alessandro Dazza leave within the first two financial years, the amount of variable compensation taken into account will reflect the sum of the variable components paid over the period, divided by the number of years in office. No compensation would be due if the Chief Executive Officer voluntarily steps down and is soon able to claim retirement benefits or if he is dismissed for gross or serious misconduct.
Non-compete indemnity	Alessandro Dazza is subject to a non-compete period of one year following the date at which his duties as Chief Executive Officer are terminated. The Board of Directors reserves the right to decide whether or not to enforce this clause. In the event it is enforced, Alessandro Dazza will receive the equivalent of one year's annual fixed compensation plus the average of the last two years' annual variable compensation. No compensation would be due if the Chief Executive Officer opts to claim retirement benefits.
Post-employment commitments	The Company makes contributions of 5% of beneficiaries' annual fixed compensation to complementary defined contribution pension plans "article 83" (awarded to certain senior executives in the Group, as detailed in the 2021 compensation policy above) and "article 82".
Long-term incentive payments in the form of shares or securities carrying rights to shares	Subject to the Shareholders' General Meeting approving the 2021 corporate officer compensation policy, Alessandro Dazza could benefit from free share grants subject to the condition that he must still be working with the Group and have achieved other performance conditions. In 2021, 75,000 shares would be allocated as part of free share grants, representing approximately 0.09% of share capital at December 31, 2020. These shares will be subject to the vesting and lock-up periods determined by the plan in question (*see chapter 7, paragraph 7.6.5.4*) and rules regarding restrictions on shareholdings applicable to executive corporate officers (*see paragraph 4.4.1 of the present chapter*). The grant is intended to tie the compensation awarded to Alessandro Dazza with the Group's overall performance, in line with the aim of the compensation policy. Details of grants will be made public, in accordance with regulatory requirements.
Compensation of members of the Board	N/A
Exceptional compensation[(2)]	N/A

(1) Since February 17, 2020 and for an unlimited term of office. The conditions by which Alessandro Dazza may be removed from office are the same as those applicable to any Chief Executive Officer, in accordance with the Company's by-laws and regulations, and without prejudice to any severance package or non-compete clause detailed above.

(2) Exceptional compensation or sign-on bonus, when justified.

Note (A) – Description of the quantitative and qualitative criteria applicable to the annual variable compensation awarded to the Chief Executive Officer in 2021

Quantitative criteria[1]	Weighting	Breakdown of variable compensation *(% of fixed compensation)*
Net income from current operations	40.0%	44.0%
Free operating cash flow	40.0%	44.0%
Revenue organic growth	20.0%	22.0%
Total	**100%**	**110%**

The achievement of financial objectives cannot exceed 125% of the target. Consequently, variable compensation awarded with respect to quantitative criteria can reach up to 137.5% of fixed compensation.

Personal criteria[2]	Impact on the percentage achieved	
These are linked to various actions to accelerate the organic growth as well as appropriate actions to face a difficult economic and sanitary environment, and the implementation of the "Sustainagility" CSR program (including workplace safety objective) as part of the Group's strategic priorities	Multiplied by a factor between 0.8 and 1.2	
Cap		**165%**

(1) Quantitative criteria, triggering thresholds and maximum caps applicable to 2021 annual variable compensation of the Chief Executive Officer are similar to those applicable for Executive Committee members and Senior Managers of the Group
(2) Confidential nature of such personal criteria prevents their full disclosure.

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Note (B) – Performance conditions applicable to the severance package of Alessandro Dazza

The severance package is subject to performance conditions related to cash flow and operating income, in particular:

1. Cash flow
   - If operating cash flow was positive across each of the past three financial years (or each year in office if the time served is less than three years), 100% of severance pay would be due;
   - if operating cash flow was positive in two of the past three financial years (or for over two thirds of the number of years spent in office if the time served is less than three years), 66% of severance pay would be due;
   - if operating cash flow was positive in one of the past three financial years (or for over one third of the number of years spent in office if the time served is less than three years), 33% of severance pay would be due;
   - if operating cash flow was negative across each of the past three financial years (or each year in office if the time served is inferior to three years), no severance pay would be due.
2. Operating income
   - If Group operating income, calculated at constant scope and exchange rates, fell by over 20% per year over the last three years in office prior to departure, the severance package calculated above would be reduced by 50%;
   - if Group operating income, calculated at constant scope and exchange rates, fell by over 25% per year over the last three years in office prior to departure, no severance pay would be due.

4.3.3.2 COMPENSATION OF EXECUTIVE CORPORATE OFFICERS WITH RESPECT TO THE 2020 FINANCIAL YEAR

Compensation paid and/or granted to executive corporate officers with respect to the 2020 financial year was in accordance with the compensation policies applicable to executive corporate officers, which were submitted at and fully approved by previous Shareholders' General Meetings.

The present paragraph includes all information required by the provisions stipulated by article L. 22-10-9 of the French Commercial Code for each executive corporate officer. Executive corporate officers do not receive any other compensation from a company within the Imerys scope of consolidation as defined in article L. 233-16 of the French Commercial Code.

In accordance with article L. 22-10-34 of the French Commercial Code and with respect to each executive corporate officer:

- the Shareholders' General Meeting of May 10, 2021 will be asked to approve the fixed, variable and exceptional components of the total compensation and benefits paid in or granted with respect to the year ended December 31, 2020;
- the payment of all components of variable and exceptional compensation granted with respect to the year ended December 31, 2020 is subject to approval by the Shareholders' General Meeting of May 10, 2021.

For further details, *see chapter 8, paragraphs 8.2.4.2 to 8.2.4.4*.

SUMMARY OF THE COMPENSATION WITH RESPECT TO 2020

	Employment contract	Complementary pension plan	Indemnities or benefits in relation to terminating or changing duties	Non-compete indemnity
Patrick Kron, Chairman of the Board and interim Chairman and Chief Executive Officer	No	No	No	No
Alessandro Dazza, Chief Executive Officer	No	Yes(1)	Yes	Yes

(1) Complementary defined contribution pension plan as defined in articles 82 and 83 of the French Tax Code.

SUMMARY OF THE COMPONENTS OF COMPENSATION WITH RESPECT TO 2020

(€)	2020	2019
Alessandro Dazza, Chief Executive Officer since February 17, 2020		
Compensation granted with respect to the year(1)	1,535,230	N/A
Value of options granted during the year	0	N/A
Value of performance shares granted during the year(2)	2,567,760	N/A
Value of other long-term incentive plans	0.00	N/A
Total	**4,102,990**	**N/A**

(1) For further details, see the table "Details of total compensation of benefits in kind paid in and granted with respect to 2020" below.
(2) Value of shares at the date they were granted as required by IFRS 2, after taking into account any discount related to performance criteria, but before the expense is spread over the vesting period.

(€)	2020	2019
Patrick Kron, Chairman of the Board of Directors since June 25, 2019 and interim Chief Executive Officer from October 21, 2019 to February 16, 2020		
Compensation granted with respect to the year(1)	250,000	125,000
Value of options granted during the year	N/A	N/A
Value of performance shares granted during the year	N/A	N/A
Value of other long-term incentive plans	N/A	N/A
Total	**250,000**	**125,000**

(1) This figure reflects solely the compensation for his duties as Chairman of the Board of Directors. Patrick Kron did not receive any additional compensation in his capacity as an interim Chief Executive Officer. For further details, see the table "Details of total compensation of benefits in kind paid in and granted with respect to 2020" below.

■ DETAILS OF TOTAL COMPENSATION AND OF BENEFITS IN KIND PAID IN AND GRANTED WITH RESPECT TO 2020

(€)	2020		2019	
Alessandro Dazza, Chief Executive Officer since February 17, 2020	**Amount granted**	**Amount paid**	**Amount granted**	**Amount paid**
Fixed compensation	700,000	666,667(1)	N/A	N/A
Variable compensation – see Note (A) below	742,000(2)	0	N/A	N/A
Multi-annual variable compensation	N/A	N/A	N/A	N/A
Variable compensation corresponding to a % of fixed compensation	106 %(3)	0	N/A	N/A
Exceptional compensation	N/A	N/A	N/A	N/A
Directors' compensation (gross amount)	N/A	N/A	N/A	N/A
Benefits in kind(4)	93,230	93,230	N/A	N/A
Total	**1,535,230**	**759,897**	**N/A**	**N/A**

(1) Fixed compensation paid in 2020 was reduced by 25% over a two-month period, in accordance with the recommendations made by AFEP with respect to the Covid-19 pandemic.
(2) The amount granted will be paid to Alessandro Dazza, subject to approval by the Shareholders' General Meeting of May 10, 2021.
(3) Fixed compensation excluding the reduction related to Covid-19.
(4) These benefits include a complementary pension plan and official accommodation.

(€)	2020		2019	
Patrick Kron, Chairman of the Board of Directors since June 25, 2019 and interim Chief Executive Officer from October 21, 2019 to February 16, 2020	**Amount granted**	**Amount paid**	**Amount granted**	**Amount paid**
Fixed compensation	250,000	239,583(1)	125,000	125,000
Variable compensation	N/A	N/A	N/A	N/A
Variable compensation corresponding to a % of fixed compensation	N/A	N/A	N/A	N/A
Multi-annual variable compensation	N/A	N/A	N/A	N/A
Exceptional compensation	N/A	N/A	N/A	N/A
Directors' compensation (gross amount)	0	0	0	0
Benefits in kind	N/A	N/A	N/A	N/A
Total	**250,000**	**239,583**	**125,000**	**125,000**

(1) Fixed compensation paid in 2020 was reduced by 25% over a two-month period, in accordance with the recommendations made by AFEP with respect to the Covid-19 pandemic.

All compensation and benefits granted to the Group's executive managers (Executive Committee, including Alessandro Dazza) and recognized in expenses for the years in question are included in *Note 27 to the consolidated financial statements as set forth in Chapter 6*.

Moreover, the amount of the five highest compensation packages paid by the Company with respect to 2020 was certified by the Statutory Auditors.

Note A – Details regarding the variable compensation granted to Alessandro Dazza with respect to 2020

At its meeting of February 17, 2021, the Board of Directors determined the amount of variable compensation granted to Alessandro Dazza with respect to 2020, which will be paid in 2021 subject to approval by the Shareholders' General Meeting of May 10, 2021, as follows:

Quantitative criteria	Weighting	Breakdown of variable compensation *(% of fixed compensation)*	% achieved	% payout *(max. 135.5%)*
Net income from current operations	50%	55%	62.3%	34.3%
Free operating cash flow	30%	33%	146.1%*	41.3%
Return on capital employed	20%	22%	75.9%	16.7%
Total	**100%**	**110%**		**92.2%**

* *Capped at 125%*

Personal criteria	Impact on the percentage achieved	Factor applied	% achieved *(after adjustment)*
Organization and leadership, implementation of the transformation plan, operational action plans to grow market share, strategic debates with the Board of Directors and implementation of the "Sustainagility" CSR program	Multiplied by a factor between 0.8 and 1.2	1.15	106%
Specific target regarding workplace safety	+ 3 pts	0	106%

* *Early adoption of the 2021 policy meant achieving the workplace safety target did not lead to the payment of an additional 3%.*

	Maximum variable compensation *(% of fixed compensation)*	Breakdown of variable compensation *(% of fixed compensation)*	Amount *(€)*
Total	**165%**	**106%**	**742,000**

The variable compensation payable to Alessandro Dazza for 2020 amounts to €742,000. This reflects the achievement of 83.8% of quantitative criteria (base of 100%) multiplied by a factor of 1.15 with respect to the personal criteria. Annual variable compensation therefore equaled 106% of granted fixed compensation for 2020.

4.3.4 LONG-TERM INCENTIVE PLANS

In order to make the present Universal Registration Document easier to read, the table presenting the number of stock options and performance shares previously granted to corporate officers, which forms an integral part of the Corporate Governance Report, has been moved *to chapter 7, paragraph 7.3.5.4*.

▪ STOCK OPTIONS

The Company's comprehensive stock option grant policy is agreed by the Board, based on proposals from the Compensation Committee. At its meeting of April 25, 2013, the Board decided to stop granting performance shares, which explains why no stock option have been granted since the April 2012 plan.

For further details regarding the stock option plans put in place by the Company, *see chapter 7, paragraph 7.3.5.4*.

No stock options were granted nor held by any executive corporate officer currently in office or who held office in 2020.

▪ PERFORMANCE SHARES

The Company's comprehensive performance share grant policy is agreed by the Board of Directors, based on proposals from the Compensation Committee. For further details regarding the free share plans put in place by the Company, *see chapter 7, paragraph 7.3.5.4*. For details regarding performance shares granted to executive corporate officers, *see paragraph 4.3.1* above.

Performance shares granted to an executive corporate officer in 2020

	No. and date of plan	Number of shares granted in 2020	Value of shares using the method applied in the consolidated financial statements	Vesting date	Available date	Performance conditions
Alessandro Dazza Chief Executive Officer	May 4, 2020	120,000, *i.e.* 0.14% of the Company's share capital at December 31, 2020	2,567,760	May 4, 2023*	May 4, 2023*	Yes

* *The vesting date and the end of the lock-up period correspond to the latest of the following two dates: the third anniversary of the grant date or the date of the Shareholders' General Meeting to approve the financial statements of the last reference year.*

On April 29, 2020, the Board of Directors, subject to the Shareholders' General Meeting of May 4, 2020 approving the 2020 compensation policy and granting the Board of Directors the necessary authorizations, awarded 120,000 performance shares (*i.e.* 0.14% of the Company's share capital) to Alessandro Dazza in his capacity as Chief Executive Officer. These shares are subject to the same conditions as those applicable to the General Free Share Plan offered to the Group's executive managers, in particular: the number of performance shares vested is proportionate to achieving a number of financial performance targets, and shares vest after a period of three years, on the condition Alessandro Dazza is still working with the Group at that date. For further details regarding this plan, *see chapter 7, paragraph 7.3.5.4*.

In 2020, no performance shares were granted to Patrick Kron (Chairman of the Board of Directors since June 25, 2019 and interim Chief Executive Officer from October 21, 2019 to February 16, 2020).

Performance shares awarded to executive corporate officers that vested in 2020

	No. and date of plan	Number of shares vested in 2020
Alessandro Dazza Chief Executive Officer	May 4, 2020	0
Patrick Kron Chairman of the Board of Directors (since June 25, 2019) and interim Chief Executive Officer (from October 21, 2019 and February 16, 2020)	N/A	N/A

Transactions carried out by corporate officers of the Company in Imerys shares are subject to certain specific restrictions, and the executive corporate officer in particular is subject to separate shareholding restrictions. *See section 4.4 of the present chapter.*

4.3.5 EXECUTIVE-EMPLOYEE PAY RATIOS AND YEAR-ON-YEAR CHANGE

■ RATIOS

The ratios and annual change over a five-year period, as presented in the following table, include the compensation awarded to the Chairman and Chief Executive Officer, the Chief Executive Officer, and Chairman of the Board and (i) the mean average salary per full time equivalent paid to employees of the Company (excluding corporate officers) and (ii) the median average salary per full time equivalent paid to employees of the Company (excluding corporate officers).

The offices of Chairman of the Board and Chief Executive Officer were separated on May 4, 2018. Therefore, the ratios regarding the compensation paid to the Chairman and Chief Executive Officer, the Chief Executive Officer, and Chairman of the Board with respect to 2018 include the compensation for the Chairman and Chief Executive Officer between January 1 and May 4 and for the Chief Executive Officer, and Chairman of the Board from May 4 to December 31.

Given Conrad Keijzer's duties ended on October 21, 2019 and the office of Chief Executive Officer was temporarily merged once again with the Chairman of the Board without any additional compensation, the compensation indicated for the Chief Executive Officer is based on the amount Conrad Keijzer would have been awarded on an annual basis.

Chairman and Chief Executive Officer	2016	2017	2018
Ratio to mean average salary	30.16	32.07	10.58
Ratio to median average salary	39.88	44.70	15.71

Chief Executive Officer	2016	2017	2018	2019	2020*
Ratio to mean average salary			20.30	30.46	24.56
Ratio to median average salary			30.17	44.14	32.63

* *In France (based on a scope representing more than 75% of Group employees in France), the Ratio to mean average salary equaled 49.4 and the Ratio to median average salary equaled 63.5.*

Chairman of the Board	2016	2017	2018	2019	2020*
Ratio to mean average salary			0.17	2.20	1.77
Ratio to median average salary			0.26	3.19	2.35

* *In France (based on a scope representing more than 75% of Group employees in France), the Ratio to mean average salary equaled 3.6 and the Ratio to median average salary equaled 4.6.*

■ Year-on-year change

		2016	2017	2018	2019	2020*
Annual compensation of the Chairman and Chief Executive Officer *(in €)*		3,121,763	3,543,284	1,281,440	N/A	N/A
Annual compensation of the Chief Executive Officer *(in €)*		N/A	N/A	2,460,105	3,715,634	3,327,657
Annual compensation of the Chairman of the Board *(in €)*		N/A	N/A	21,091	268,611	239,583
Average full time equivalent salary for employees of the Company*		103,518	110,486	121,166	122,003	135,469
Performance	Net income from current operations *(€ millions)*	362	403	357	278	167
	Current free operating cash flow *(€ millions)*	395	358	286	315	373
	ROCE	12.1%	12.2%	9.8%	7.8%	5.8%

* *Average remuneration within Imerys S.A. In France (based on a scope representing more than 75% of Group employees in France) in 2020, the average salary equaled €67,306.*

This data has been prepared in accordance with the French official Order of November 27, 2019 on compensation of corporate officers of listed companies.

In accordance with regulatory requirements, components of compensation have been measured against Imerys S.A. and performance data at Group level on a consolidated basis. It should be noted that performance was affected by the disposal of the Roofing business in 2018.

The components of compensation considered include the amounts paid in or granted with respect to year Y, *i.e.* fixed compensation, variable components paid in year Y with respect to year Y-1, exceptional compensation paid in year Y, performance shares granted in year Y (based on their IFRS value), employee savings schemes and the value of benefits in kind.

The terms and conditions to determine ratios and set performance are based on analyzing the data available to companies at February 17, 2021, the date at which the Board of Directors met. This information could be subject to change depending on any clarifications made by regulatory and/or market authorities in the future.

4.4 TRANSACTIONS COMPLETED BY CORPORATE OFFICERS IN COMPANY SHARES

4.4.1 RESTRICTIONS ON SHAREHOLDINGS APPLICABLE TO EXECUTIVE CORPORATE OFFICERS

Based on the recommendations of the Compensation Committee and in accordance with the provisions of articles L. 225-185, L. 22-10-57, L. 225-197-1 and L. 22-10-59 of the French Commercial Code, the Board confirmed the restrictions on shareholdings applicable to shares granted to executive corporate officers initially agreed in 2010, which include:

A requirement to hold shares in registered form until the termination of office:

- a number of performance shares that is at least equal to 25% of the total number of shares that will vest;
- until the total amount of shareholding, including stock options (where applicable) and performance shares, reaches 300% of annual fixed compensation for the prior year.

The total investment in shares of the Company must take into account all the shares held by the executive corporate officer at the date in question, regardless of their origin (purchased on the market, acquired by exercising stock options or acquired through performance share plans).

Furthermore, the Group's policy prohibits any executive corporate officer from making any leveraged or speculative transactions on Imerys shares, in accordance with the recommendations of the AFEP-MEDEF Code. Executive corporate officers must therefore refrain from (i) using any hedge instruments with respect to any stock options or performance shares that may be granted to them during their term of office and (ii) exercising any stock options that may be granted to them during their term of office during any blackout periods, even if other beneficiaries may be able to exercise their stock options, as such a transaction cannot be speculative as the exercise price has already been set.

4.4.2 TRADING POLICY

■ PRIVILEGED INFORMATION AND INSIDER TRADING POLICY

In accordance with the policy to prevent insider trading applied throughout the Group, (Insider Trading Policy, the most recent version of which was distributed to employees on November 15, 2018), corporate officers and related persons must refrain from carrying out any transaction, including forward transactions, in Imerys shares if they directly or indirectly hold privileged information not yet available to the public. In order to make it easier to implement this policy, the Secretary of the Board acts as Ethics Officer, tasked with giving an opinion prior to completing any transactions in the Company's shares considered by the Group's directors and senior executives, at their request. The opinion given by the Ethics Officer is advisory only.

4.4.2.1 BLACKOUT PERIODS

The Insider Policy also requires the Group's directors and senior executives to refrain from completing any transaction on Imerys shares (including hedging) ahead of public announcements of the Group's quarterly, half-year and annual results, known as "blackout periods". Pursuant to this policy, the restrictions concern corporate officers and any people who may have regular or intermittent access to sensitive information about the Company and its subsidiaries prior to it being made available to the public, as well as anyone with close ties to these people.

The blackout periods cover a number of days leading up to the publication of the Group's results as well as the day of the announcement. This period lasts for 30 days prior to statements concerning annual and half-yearly results, and 15 days before quarterly results.

The schedule of announcements of the Group's consolidated results over the next 12 months, as well as the resulting blackout periods are communicated to directors at the end of the year. It may be consulted at any time via the Group's website, is included in the quarterly letter to shareholders and is available on request from the Group's Financial Communication Department.

4.4.3 SUMMARY OF TRANSACTIONS MADE IN 2020

Pursuant to the provisions of article 223-26 of AMF's General Regulations, the following table presents a summary of the transactions made in Imerys shares throughout 2020 by corporate officers and any individuals connected to them, where applicable. These transactions must be declared to AMF in accordance with the provisions of article L. 621-18-2 of the French Monetary and Financial Code. All such declarations are available on AMF's website (www.amf-france.org).

Person making the declaration	Position	Financial instrument	Number	Number of transactions	Type of transaction	Gross amount[1] of transactions
Alessandro Dazza	Chief Executive Officer	Shares	20,000	1	Purchase	€715,840
Alessandro Dazza	Chief Executive Officer	Shares	1,140	1	Shares received with respect to the 2019 dividend payment	€24,076.80
Blue Crest Holding S.A.	Legal entity with ties to Ulysses Kyriacopoulos, director	Shares	195,762	11	Sale	€5,494,303.27
Blue Crest Holding S.A.	Legal entity with ties to Ulysses Kyriacopoulos, director	Shares	334,722	1	Shares received with respect to the 2019 dividend payment	€7,069,328.64
Blue Crest Holding S.A.	Legal entity with ties to Ulysses Kyriacopoulos, director	Shares	75,000	2	Stock options	€194,509
Martina Merz	Director	Shares	793	1	Purchase	€29,658.20

(1) Before tax, fees and costs.

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COMMENTS ON FISCAL YEAR 2020

At its meeting on February 17, 2021, the Board of Directors drew up the terms of the management report that it will present to the Annual Shareholders' General Meeting.

Imerys uses alternative performance measures in analyzing its business operations. These financial measures are set out in *section 5.5, Definitions and reconciliation of alternative performance measures to IFRS indicators.*

5.1 HIGHLIGHTS

In 2020, Imerys' results confirmed the solidity of its fundamentals and the resilience of its business model, in a context of unprecedented sanitary and economic crisis following the Covid-19 pandemic. Sales were down -12.8%, with a sharp drop in volumes, especially in the second quarter, which weighed on the Group's performance. The rebound in most markets since the beginning of the second half, the strength of the price-mix, as well as the implementation of the cost control action plan and the completion of the Connect & Shape transformation program have enabled the Group to post a current EBITDA margin in the third and fourth quarter (18%) higher than that of last year, and to generate solid cash flow, at €373 million, up +7,4%, thanks to strict management of working capital and investments.

Consolidated results[1] *(€ millions)*	**Q4 2019**	**Q4 2020**	**Change** *(%)*	**FY 2019**	**FY 2020**	**Change** *(%)*
Revenue	1,010	986	-2.3%	4,354	3,799	-12.8%
Organic change (like-for-like)	-	+1.7%	-	-3.8%	-10.7%	-
Current EBITDA	179	177	-0.9%	765	631	-17.4%
Current EBITDA margin	17.7%	18.0%	+0.3 bp	17.6%	16.6%	-0.9 bp
Current operating income	81	89	+10.0%	439	299	-32.0%
Current operating margin	8.0%	9.0%	+1.0 bp	10.1%	7.9%	-2.2 bps
Operating income	(46)	(42)	-	229	138	-39.6%
Net income from current operations, Group share	49	50	+1.9%	277	167	-39.7%
Net income, Group share	(38)	(65)	-	121	30	-75.1%
Net current free operating cash flow	-	-	-	348	373	+7.4%
Net financial debt	-	-	-	1,685	1,508	-10.5%
Net income from current operations per share[2]	€0.62	€0.59	-5.1%	€3.50	€2.03	-42.0%

(1) The definition of alternative performance measures can be found in the glossary at the end of the management report.
(2) Weighted average number of outstanding shares: 82,168,061 in 2020 compared with 79,089,697 in 2019.

■ CAPACITY EXPANSIONS AND BOLT-ON ACQUISITIONS TO SUPPORT FUTURE GROWTH

The Group is pursuing its growth strategy through expansions of production capacities to meet increasing demand for its products and services:

- In the Performance Minerals segment, an investment of €35 million in Switzerland to double production capacity for high-purity synthetic graphite used in Lithium-ion batteries. This investment is the first of a series of capacity expansion projects dedicated to the fast-growing electric vehicles market worldwide.
- In the High Temperature Materials & Solutions segment, an investment of €37 million for the commissioning of a greenfield plant in India, to serve growing demand of the domestic refractory market for high performance solutions. India is the second largest steel producer in the world.

In 2020, Imerys completed several bolt-on acquisitions in fast-growing geographies and markets:

- In October, Imerys announced the acquisition of Sunward Refractories (expected revenue of USD 15 million in 2021), a Taiwanese producer of high temperature refractory solutions which complements the existing product portfolio of the Group in the region and extends its market reach in Asia.
- In December, Imerys completed the acquisition of a majority stake of 60%, with options to purchase the remainder, of the Haznedar group, a Turkish-based, high-grade refractory monolithics and bricks manufacturer, serving the iron & steel, cement and petrochemical industries. This business generated USD 64 million in revenue (of which 40% from exports) and USD 17 million in EBITDA in 2019. With this deal, Imerys, World #1 in alumino-silicate monolithic refractories present in 30 countries, complements its current products offer and extends its industrial footprint with a competitive production base in Turkey, strategically located between Europe, Middle-East and Africa. The Group strengthens its position within the attractive and growing Turkish market, where Haznedar has leadership positions, a strong brand name and superior products. This business is consolidated in the High Temperature Solutions business area, part of the High Temperature Materials & Solutions segment.

- In the first part of the year, the Group also acquired Cornerstone Industrial Minerals Corp. (April 2020), a producer of high-quality perlite in North America (annual revenue of USD 12 million), and Hysil (July 2020), an Indian producer of calcium silicate boards used for thermal insulation projects for industries such as cement, metallurgical, oil refinery petrochemical and power plants (€5 million in annual revenue).

As part of its portfolio management, Imerys divested its Kaolin operations located in Pittong, Australia (December 2020, annual revenue of AUD 12 million).

■ DIVIDEND

At the Shareholders' General Meeting of May 10, 2021, the Board of Directors will propose a cash dividend of €1.15 per share, representing a total estimated payout of €97 million equal to 57% of net income from current operations, Group's share. This proposal reflects the Board's confidence in the Group's fundamentals and development prospects.

5.2 DETAILED COMMENTS ON THE 2020 ANNUAL RESULTS

■ REVENUE

Unaudited quarterly data *(€ millions)*	**2019**	**2020**	**Change**	**Like-for-like change**	**Volumes**	**Price mix**
First quarter	1,124.0	1,028.5	-8.5%	-7.5%	-8.5%	+1.0%
Second quarter	1,139.4	871.6	-23.5%	-24.1%	-24.6%	+0.5%
Third quarter	1,081.4	912.0	-15.7%	-11.4%	-11.7%	+0.3%
Fourth quarter	1,009,7	986.3	-2.3%	+1.7%	+0.7%	+1.0%
Total	**4,354.5**	**3,798.5**	**-12.8%**	**-10.7%**	**-11.4%**	**+0.7%**

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Revenue for the full year 2020 was €3,798.5 million, down 10.7% year-on-year at constant scope and exchange rates. Group sales volumes were up 0.7% in the fourth quarter of 2020, showing a continued improvement since the second quarter, which was negatively impacted by the peak of the Covid-19 pandemic. Recovery strengthened across all underlying markets in the fourth quarter.

In this context, Imerys maintained a positive 0.7% price-mix *versus* the prior year, with 1.0% (+€10.4 million) in the fourth quarter.

Revenue included a significant negative currency effect of €91.4 million (-2.1%), primarily as a result of the depreciation of the U.S. dollar against the euro in the second half of the year.

The scope effect was €0.7 million for the full year 2020, the positive contribution of recent bolt-on acquisitions being offset by the divestment of some non-core operations and the deconsolidation of the North American talc subsidiaries in February 2019.

Revenue by regions *(€ millions)*	**2019**	**2020**	**Change**
Americas	1,265	1,108	-12.5%
EMEA	2,108	1,825	-13.5%
APAC	981	866	-11.7%
Total	**4,354**	**3,799**	**-12.8%**

CURRENT EBITDA

Unaudited quarterly data *(€ millions)*	**2019**	**2020**	**Change**
First quarter	168.3	164.8	-2.1%
Margin	15.0%	16.0%	+1.0 bp
Second quarter	223.0	124.8	-44.0%
Margin	19.6%	14.3%	-5.3 bps
Third quarter	194.4	164.8	-15.2%
Margin	18.0%	18.1%	+0.1 bp
Fourth quarter	178.8	177.1	-0.9%
Margin	17.7%	18.0%	+0.3 bp
Year	**764.6**	**631.5**	**-17.4%**
Margin	*17.6%*	*16.6%*	*-0.9 bp*

Current EBITDA reached €631.5 million for 2020 full year. In the fourth quarter, current EBITDA margin improved to 18.0%, above 2019 level (17.7%).

In 2020, the negative volume contribution (€244 million) was partly offset by a positive price mix (€33 million) and the extensive cost reduction measures implemented by the Group. Variable costs benefited from €71 million of savings related to the Connect & Shape (purchasing centralization) and the I-Cube industrial excellence programs. Fixed costs and overheads were positively impacted by specific actions delivering €131 million in savings: €86 million in relation to Covid-19 measures and €45 million to the Connect & Shape program. The Group transformation plan has delivered on its targets (€100 million gross savings on a run-rate base) ahead of plan.

The currency effect was negative at €18.3 million.

Current operating income at €298.5 million shows a 32.0% decrease against 2019.

NET INCOME FROM CURRENT OPERATIONS

Net income from current operations, Group share, totaled €167.0 million, down 39.7% *vs.* 2019. Net financial result is negative at -€61.4 million in 2020, €17.7 million lower than in 2019, which benefited from the repayment in March 2019 of the private placement denominated in Japanese yen. The income tax expense of €44.3 million corresponds to an effective tax rate of 27.8%, compared with 28.8% in 2019. **Net income from current operations, Group share, per share** was down 42.0% to €2.03.

NET INCOME

Other income and expenses, after tax, represent an overall charge of €136.8 million in 2020, mostly coming from asset impairments and targeted business reorganizations. Consequently, **net income, Group share,** totaled €30.1 million in 2020.

NET CURRENT FREE OPERATING CASH FLOW

(€ millions)	**2019**	**2020**
Current EBITDA	764.6	631.5
Change in operating working capital requirement (WCR)	52.1	74.9
Notional tax on current operating income	(126.4)	(83.0)
Other	8.3	35.7
Net current operating cash flow (before capital expenditure)	**698.6**	**659.1**
Capital expenditure	(291.7)	(262.1)
Right-of-use assets (IFRS 16)	(59.0)	(23.5)
Net current free operating cash flow	**347.9**	**373.5**

Imerys generated solid **net current free operating cash flow** of €373.5 million in 2020, up 7.4%. This figure includes €262.1 million in capital expenditure (representing 6.9% of revenue), down €29.6 million year-on-year, and a significant improvement in operating working capital (positive contribution of €74.9 million) compared to last year, in particular thanks to better inventory management.

In addition, the limited cash out for the dividend distribution (€17.6 million in 2020 *versus* €172.7 million in 2019) and a positive change in non-operating working capital requirement contributed to the reduction of the net financial debt by €177.0 million in 2020.

(€ millions)	2019	2020
Net current free operating cash flow	**347.9**	**373.5**
Acquisitions and disposals	(68.3)	(97.8)
Dividend	(172.7)	(17.6)
Change in equity	(31.1)	(0.5)
Change in non-operating working capital requirement (WCR)[1]	(77.1)	25.2
Other non-recurring income and expenses	(75.4)	(69.0)
Debt servicing costs	(24.5)	(40.3)
Exchange rates and other	(8.2)	3.5
Change in net financial debt	**(109.4)**	**177.0**

(1) Change in income taxes liabilities and receivables.

■ FINANCIAL STRUCTURE

(€ millions)	2019	2020
Net financial debt at January 1	1,575.5	1,685.0
Net financial debt at December 31	1,685.0	1,508.0
Equity at December 31	3,162.0	2,955.6
Current EBITDA	764.6	631.5
Net financial debt/Equity	53.3%	51.0%
Net financial debt/current EBITDA	2.2x	2.4x

At December 31, 2020, **net financial debt** totaled €1,508.0 million, which represents 2.4x current EBITDA.

Imerys "investment grade" ratings were confirmed by Standard and Poor's (June 2, 2020, BBB-, stable outlook) and Moody's (April 2, 2020, Baa3, negative outlook).

At December 31, 2020, Imerys' bond financing amounted to €1,700 million with an average maturity of 4.8 years. The Group also has €1,110 million available in bilateral credit lines.

5.3 DETAILED COMMENTS BY BUSINESS SEGMENTS

▪ PERFORMANCE MINERALS

(57% of consolidated revenue)

Q4 2019 restated from Kaolin	Q4 2020	LFL change on Q4 2019 restated(1)	Unaudited quarterly data *(€ millions)*	2019 restated from Kaolin	2020	LFL change on 2019 restated
240.9	204.5	-6.3%	Revenue Americas	1,007.3	885.7	-7.1%
259.9	264.3	-0.2%	Revenue Europe, Middle East and Africa (EMEA)	1,109.9	1,008.9	-10.1%
116.6	120.0	+7.9%	Revenue Asia-Pacific (APAC)	479.5	440.3	-6.5%
(42.4)	(24.6)	-	Eliminations	(181.5)	(157.3)	-
575.0	**564.2**	**+4.7%**	**Total revenue**	**2,415.2**	**2,177.6**	**-7.7%**
-	-	-	**Current EBITDA**	**490.5**	**429.8**	**-12.4%**
-	-	-	Current EBITDA margin	20.3%	19.7%	-0.6 bp

(1) The Kaolin business revenue which was entirely recognized within the Performance Minerals Americas business area has been allocated to the Performance Minerals Americas, EMEA and APAC business areas based on the destination of sales since January 1, 2020. Historical data has been restated accordingly.

Revenue generated by the **Performance Minerals** segment fell 7.7% like-for-like in 2020, though showing a sequential positive trend in the second part of the year (+4.7% in the fourth quarter). On a reported basis, revenue was down 9.8% after a negative currency effect of €67.5 million (-2.8%). This decline was partly offset by a net positive scope effect of €16.7 million (+0.7%), resulting from the deconsolidation of the North American talc subsidiaries and additional revenues from the acquisition of EDK (November 2019), a calcium carbonate producer in Brazil and Cornerstone Industrial Minerals Corp. (April 2020), a producer of high-quality perlite in North America.

Revenue in the **Americas** was down 7.1% at constant scope and exchange rates in 2020. During the fourth quarter, revenue was down 6.3% like-for-like. Paints, rubber, polymers and ceramic markets continued to recover in the fourth quarter, driven by construction and automotive. Good performance of filtration and life science markets were supported by strong activity in pharma and agriculture. Certain paper mills closures and a decline in demand negatively impacted paper in the fourth quarter.

Revenue in **Europe, Middle-East and Africa** decreased by 10.1% at constant scope and exchange rates in 2020. During the fourth quarter (-0.2%), Imerys benefitted from a strong rebound in construction (paints and coatings), automotive (plastics, absorbents) and board & packaging, while demand for paper was low. Consumer goods market trends were contrasted, with decreasing food & beverage filtration markets but growing pharmaceutical and agriculture applications.

Revenue in **Asia-Pacific** was down 6.5% at constant scope and exchange rates in 2020. The strong rebound in the fourth quarter (+7.9%) was due to healthy growth of Graphite & Carbon for mobile energy and strengthening recovery in specialty minerals for plastics, paints & coatings and ceramics.

Current EBITDA for the segment totaled €429.8 million in 2020, with margin at 19.7%.

■ HIGH TEMPERATURE MATERIALS & SOLUTIONS

(43% of consolidated revenue)

Q4 2019	Q4 2020	LFL change on Q4 2019	Unaudited quarterly data *(€ millions)*	2019	2020	LFL change on 2019
180.7	171.0	-0.2%	Revenue High Temperature Solutions	794.5	632.1	-15.1%
269.5	264.4	+0.5%	Revenue Refractory, Abrasives & Construction	1,222.5	1,049.8	-13.6%
(6.8)	(7.7)	-	Eliminations	(41.0)	(33.8)	-
443.5	**427.7**	**-0.9%**	**Total revenue**	**1,976.0**	**1,648.1**	**-14.3%**
-	**-**	**-**	**Current EBITDA**	**251.5**	**188.4**	**-25.1%**
-	-	-	Current EBITDA margin	12.7%	11.4%	-1.3 bps

Revenue generated by the **High Temperature Materials and Solutions** segment fell 14.3% in 2020, but showed clear improvement in the fourth quarter at constant scope and exchange rates (-0.9%). On a reported basis, revenue was down 16.6% in 2020 due to a negative currency effect of €30.0 million (-1.5%) and scope effect of €14.8 million (-0.7%). The scope effect combines the disposal of non-strategic assets (fused magnesia, March 2019), with the acquisition of new businesses: Shandong Luxin Mount Tai Co., a Chinese producer of minerals for abrasives (December 2019), Hysil in India (July 2020), Sunward Refractories in Taiwan (November 2020) and Haznedar in Turkey (December 2020), three producers of refractory solutions.

Revenue in **High Temperature Solutions** decreased by 15.1% at constant scope and exchange rates in 2020, though the business started to benefit from underlying markets recovery (iron & steel, foundry for automotive) in the fourth quarter (-0.2% *vs*. 2019).

Revenue in the **Refractory, Abrasives & Construction** business area was down 13.6% at constant scope and exchange rates in 2020. During the fourth quarter (+0.5%), the refractory and abrasives markets recovered progressively, particularly in Europe, driven by iron & steel and automotive; the building and infrastructure segment (specialty binders) remained at a high level.

Current EBITDA for the segment totaled €188.4 million, or 11.4% of revenue in 2020.

5.4 OUTLOOK

■ 2021 OUTLOOK

At the start of 2021, even if the economic recovery is strengthening globally, the market environment remains uncertain, with the Covid-19 pandemic persisting. The Group will therefore continue to give priority to improving its operational and commercial performance - by maintaining in particular its cost reduction efforts – the generation of cash and the maintenance of a solid financial structure thanks to strict management of investments and working capital requirement. At the same time, backed by robust cash generation and a solid financial position, Imerys will continue to invest in the targeted increase of its capacities and in additional acquisitions, to support future growth and value creation.

■ UPDATE ON KEY TARGETS FOR 2022

Imerys confirms that it is broadly on track to achieve its key objectives for 2022 set at the 2019 Capital Market Day. Current EBITDA margin is expected to continue to improve in 2021 and 2022.

Improved growth and profitability profile	Ambition to gradual ramp up of organic growth to reach underlying markets level by 2022	☑
	€100 million expected cost savings in full in 2022	☑
	2022 current EBITDA margin up by +200 bp *versus* 2018 (17,3 %)	Gradual current EBITDA margin improvement expected in 2021 and 2022*
Disciplined capital allocation	€300 million – €350 million annual total capital expenditures	☑
	Development capital expenditures with target IRR of 15% and acquisitions with ROCE > WACC within 3 full years of integration	☑
Sound balance sheet	Solid investment grade rating	☑
Commitment to attractive shareholder returns	Consistent dividend growth in line with growth in net income from current operations per share, with flexible payout ratio	☑

☑ *Financial target confirmed*
* *No quantitative target for 2022 due to the uncertainty on the global economy following the Covid-19 pandemic.*

5.5 DEFINITIONS AND RECONCILIATION OF ALTERNATIVE PERFORMANCE MEASURES TO IFRS INDICATORS

Imerys' management process is based on the following non-IFRS measures that are selected for planning and reporting purposes. The Group's management believes these measures provide valuable additional information for users of the financial statements in understanding the Group's performance. These non-IFRS measures should be considered as complementary to the comparable IFRS measures. They include in particular "current" indicators that are important to measure the recurring performance of the business, excluding significant items that, because of their nature and their unusual occurrence, can not be considered as inherent to the recurring performance of the Group.

Alternative Performance Indicators	Definitions and reconciliation to IFRS indicators
Growth at constant scope and exchange rates (also called life-for-like change, LFL growth organic or internal growth)	Calculated by stripping out the impact of currency fluctuations as well as acquisitions and disposals (scope effect). Restatement of the currency effect consists of calculating aggregates for the current year at the exchange rate of the prior year. The impact of exchange rate instruments qualifying as hedging instruments is taken into account in current data. Restatement of Group structure to take into account newly consolidated entities consists of: ▪ subtracting the contribution of the acquisition from the aggregates of the current year, for entities entering the consolidation scope in the current year; ▪ subtracting the contribution of the acquisition from January 1 of the current year, until the last day of the month of the current year when the acquisition was made the prior year, for entities entering the consolidation scope in the prior year. Restatement of entities leaving the consolidation scope consists of: ▪ subtracting the departing entity's contribution from the aggregates of the prior year as from the first day of the month of divestment, for entities leaving the consolidation scope in the current year; ▪ subtracting the departing entity's contribution from the aggregates of the prior year, for entities leaving the consolidation scope in the prior year.
Volume effect	The sum of the change in sales volumes of each business area between the current and prior year, valued at the average sales price of the prior year.
Price mix effect	The sum of the change in average prices by product family of each business area between the current and prior year, applied to volumes of the current year.
Current operating income	The operating income before other operating income and expenses (income from changes in control and other non-recurring items).
Net income from current operations	The Group's share of income before other operating income and expenses, net (income from changes in control and other non-recurring items, net of tax) and income from discontinued operations.
Current EBITDA	Calculated from current operating income before operating amortization, depreciation and impairment losses and adjusted for changes in operating provisions and write-downs, share in net income and dividends received from joint ventures and associates.
Net current operating cash flow	Current EBITDA after notional income tax on current operating income, adjusted for changes in operational working capital requirement and proceeds from divested intangible and tangible assets.
Net current free operating cash flow	Current EBITDA after notional income tax on current operating income, adjusted for changes in operational working capital requirement, proceeds from divested intangible and tangible assets, paid intangible and tangible capital expenditure and changes in right-of-use assets.
Net financial debt	Difference between financial liabilities (borrowings, financial debts, and IFRS 16 liabilities) and cash and cash equivalents.

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5.6 ACTIVITIES AND RESULTS OF IMERYS SA IN 2020

INCOME STATEMENT

In 2020, operating revenue amounted to €143.5 million (€105.9 million in 2019), up €37.6 million primarily due to the holding company providing more extensive services to its subsidiaries. Purchases and external services represented €107.0 million (€103.7 million in 2019), *i.e.* a €3.3 million inflation following the creation of new cross-functional divisions as part of the transformation plan. This change also led to overall increase in staff expenses (€2.3 million), while costs incurred through performance share grants to certain Group employees fell.

Revenue from subsidiaries and affiliates amounted to €428.2 million, up €210.6 million on 2019. Imerys S.A. manages the foreign exchange risk related to changes in directly or indirectly held foreign net assets, as well as that resulting from loans and advances granted to subsidiaries and entities under cash pooling agreements, by adjusting the proportion of its debt drawn in foreign currencies. In 2020, Imerys S.A. recognized in this respect a net foreign exchange gain of €5.3 million (compared with a net loss of €18.0 million in 2019). Increases and decreases in financial provisions are presented in *Note 20 of the Statutory Financial Statements*.

Exceptional losses of €4.5 million were recorded in 2020 (€8.7 million loss in 2019). The Group notably reversed €3.6 million in provisions for management risks and €6.7 million in provisions for staff-related risks to cover the exceptional expenses incurred in 2020. Additional provisions of €6.0 million were recorded for staff-related risks in 2020.

In accordance with the terms of the tax consolidation agreements signed by each Imerys Group company in France, the tax expense or saving recognized in the accounts of Imerys S.A. is made up of the tax expense of Imerys S.A., calculated on a stand-alone basis, and the net amount of additional expenses and savings resulting from tax consolidation. In this respect, Imerys S.A. recognized savings of €8.4 million in 2020 (€15.2 million in 2019).

Net income amounted to €399.8 million in 2020 (€139.5 million in 2019).

At the Shareholders' General Meeting of May 10, 2021, the Board of Directors will propose a dividend of €1.15 per share, a €0.57 decrease compared to 2019 (€1.72, with an alternative payment option in the form of additional shares), representing a total estimated payout of €97.7 million equal to 58.5% of consolidated net income from current operations, Group share (proposed appropriation of profit: *see Note 29 to the Statutory Financial Statements,* as well as *chapter 8, paragraph 8.1.1 of the Universal Registration Document*).

FINANCIAL DEBT

(in € thousands)	Amount	Maturity in less than 1 year	Maturity from 1 to 5 years	Maturity beyond 5 years
Financial debt	3,346,306	1,632,625	802,982	910,700
Other debts	71,427	71,427	-	-
Deferred income	0	-	-	-
Unrealized exchange rate gains	47,477	47,477	-	-
Total	**3,465,210**	**1,751,529**	**802,982**	**910,700**

LIST OF EQUITY INVESTMENTS AND MARKETABLE SECURITIES

Subsidiaries and equity interests at December 31, 2020: *see Note 30 to the Statutory Financial Statements*. Marketable securities at December 31, 2020: *see Note 18 to the Statutory Financial Statements*.

SHARE CAPITAL AND DIVIDEND PAYOUTS OVER THE PAST THREE YEARS

Share capital at December 31, 2020: *see Notes 19 and 25 of the Statutory Financial Statements*, as well as *chapter 7, paragraph 7.3.1 of the Universal Registration Document*.

Dividend distribution policy: *see chapter 7, section 7.6 of the Universal Registration Document*.

Dividends paid over the past three years:

	2020	2019	2018
	with respect to the 2019 financial year	with respect to the 2018 financial year	with respect to the 2017 financial year
Gross dividend per share	€1.720	€2.150	€2.075
Net dividend per share	€1.720	€2.150	€2.075
Total net payout	**€135.9 M**	**€170.0 M**	**€164.6 M**

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

Type of indicators *(€)*	**2020**	**2019**	**2018**	**2017**	**2016**
I – Capital and other securities at December 31					
Share capital	169,881,910	158,971,388	158,971,388	159,208,570	159,135,748
Number of ordinary shares at December 31	84,940,955	79,485,694	79,485,694	79,604,285	79,567,874
Par value	€2	€2	€2	€2	€2
Number of preferred shares outstanding (which do not carry voting rights)	-	-	-	-	-
Maximum number of potential ordinary shares by exercising options	162,113	233,180	286,113	406,037	865,621
II – Transactions and profit for the period					
Revenue before tax	135,080,502	80,780,558	68,604,506	51,615,496	30,520,557
Income before tax and employee profit-sharing and amortization, depreciation and provisions	398,256,543	127,046,361	27,432,416	357,813,578	67,450,733
Income tax	8,362,269	15,242,689	26,225,775	51,281,606	33,968,800
Employee profit-sharing payable for the year	-	-	-	-	-
Income after tax and employee profit-sharing and amortization, depreciation and provisions	399,820,903	139,509,138	72,901,777	373,430,724	105,574,030
Distributed income (excluding withholding tax)	135,936,476	170,030,460	164,574,788	148,225,995	137,475,762
III – Earnings per share[(1)]					
Income after tax and employee profit-sharing and before amortization, depreciation and provisions	4.79	1.79	0.68	5.14	1.27
Income after tax and employee profit-sharing and amortization, depreciation and provisions	4.71	1.76	0.92	4.69	1.33
Net dividend per share	1.15[(2)]	1.72	2.15	2.075	1.87
IV – Employees					
Average number of employees over the year	257.00	236.00	218.00	199.00	168.00
Payroll for the year	33,620,502	31,006,666	26,598,361	22,332,788	19,057,948
Social security contributions for the year	14,272,532	15,678,343	10,757,042	11,623,061	8,771,366

(1) Based on the number of shares at December 31.
(2) Subject to approval by the Shareholders' General Meeting of May 10, 2021.

SUBSEQUENT EVENTS

The annual statutory financial statements at December 31, 2020 were approved by the Board of Directors at its meeting on February 17, 2021.

SUPPLIER AND CUSTOMER PAYMENT TERMS

Pursuant to article L. 441-6-1 and D. 441-4 of the French Commercial Code (*Code de commerce*), the following table presents the number and amount excluding VAT of invoices received and issued, past due and unpaid at the end of the reporting period:

	Article D. 441-4-I-1°: Received and unpaid invoices past due at December 31						**Article D. 441-4-I-2°: Issued and unpaid invoices past due at December 31**					
	0 days (indicative)	**1 to 30 days**	**31 to 60 days**	**61 to 90 days**	**91 days and more**	**Total (1 or more days)**	**0 days (indicative)**	**1 to 30 days**	**31 to 60 days**	**61 to 90 days**	**91 days and more**	**Total (1 or more days)**
(A) Breakdown of payments past due												
Number of invoices	33					75	3					178
Total amount of invoices excl. VAT *(€ thousands)*	3,984		556	52	265	873	875	4,831	519	7	2,402	7,759
Percentage of total purchases excl. VAT in 2020 *(%)*	3.91		0.55	0.05	0.26	0.86						
Percentage of revenue excl. VAT in 2020 *(%)*							0.64	3.55	0.38		1.77	5.70
(B) Invoices excluded from (A) related to disputed or unrecognized payables and receivables												
Number of invoices excluded												
Total amount of invoices excluded												
(C) Standard payment terms used (contractual or statutory terms – article L. 441-6 or article L. 433-1 of the French Commercial Code)												
Standard payment terms used to calculate late payments	Contractual terms: 45 days end of month						Contractual terms: 30 days					
	Statutory terms: 45 days end of month						Statutory terms: 30 days					

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FINANCIAL STATEMENTS

6.1 CONSOLIDATED FINANCIAL STATEMENTS

6.1.1 Financial statements

CONSOLIDATED INCOME STATEMENT

(€ millions)	Notes	2020	2019
Revenue	5	**3,798.5**	**4,354.5**
Raw materials and consumables used	6	(1,292.9)	(1,488.0)
External expenses	7	(968.4)	(1,126.5)
Staff expenses	8	(875.2)	(947.3)
Taxes and duties		(41.7)	(42.0)
Amortization, depreciation and impairment losses		(342.3)	(353.6)
Intangible assets, mining assets and property, plant and equipment		(268.9)	(269.8)
Right-of-use assets		(73.4)	(83.8)
Other current income and expenses	9	20.5	41.7
Current operating income		**298.5**	**438.8**
Gain (loss) from obtaining or losing control	10	(5.0)	(23.0)
Other non-recurring items	10	(155.5)	(187.3)
Operating income		**138.0**	**228.5**
Net financial debt expense		**(44.4)**	**(50.3)**
Income from securities	11	2.7	5.9
Gross financial debt expense	11	(47.1)	(56.2)
Interest expense on borrowings and financial debt		(42.2)	(49.8)
Interest expense on lease liabilities		(4.9)	(6.4)
Other financial income (expenses)		**(17.0)**	**6.6**
Other financial income		270.8	334.5
Other financial expenses		(287.8)	(327.9)
Financial income (loss)	**12**	**(61.4)**	**(43.7)**
Income taxes	13	(44.3)	(65.4)
Net income		**32.3**	**119.4**
Net income, Group share(1)	14	30.1	121.2
Net income attributable to non-controlling interests		2.2	(1.8)
(1) Net income per share			
Basic net income per share (in €)	*15*	*0.37*	*1.53*
Diluted net income per share (in €)	*15*	*0.36*	*1.52*

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(€ millions)	Notes	2020	2019
Net income		**32.3**	**119.4**
Components that will not be reclassified in profit or loss, before tax			
Gains (losses) on remeasurements of defined benefit plans	23.1	(39.6)	(68.6)
Components that will be reclassified in profit or loss, before tax			
Cash flow hedges		**13.0**	**(0.5)**
Gains (losses)	24.4	1.4	(9.2)
Reclassification adjustments	24.4	11.6	8.7
Hedges of net investments in foreign operations		**(3.6)**	**(9.9)**
Gains (losses)	26	(3.6)	(9.9)
Exchange rate differences		**(215.0)**	**42.6**
Gains (losses)	26	(214.2)	44.2
Reclassification adjustments	26	(0.8)	(1.6)
Other comprehensive income, before tax		**(245.2)**	**(36.4)**
Components that will not be reclassified in profit or loss, before tax		(39.6)	(68.6)
Components that will be reclassified in profit or loss, before tax		(205.6)	32.2
Aggregated income taxes on components that will not be reclassified in profit or loss	**13**	**7.4**	**13.7**
Aggregated income taxes on components that will be reclassified in profit or loss	**13**	**(0.4)**	**(2.2)**
Other comprehensive income		**(238.2)**	**(24.9)**
Total comprehensive income		**(205.9)**	**94.5**
Total comprehensive income, Group share		(205.9)	95.0
Total comprehensive income attributable to non-controlling interests		-	(0.5)

■ CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(€ millions)	Notes	2020	2019
Non-current assets		**4,862.4**	**5,129.0**
Goodwill	16	2,149.1	2,153.1
Intangible assets	17	287.6	281.8
Right-of-use assets	18	192.5	245.2
Mining assets	18	425.6	502.9
Property, plant and equipment	18	1,506.9	1,632.2
Joint ventures and associates	9	87.3	105.3
Other financial assets	21.1	49.1	45.8
Other receivables	21.1	29.8	37.6
Derivative financial assets	21.1	4.1	4.5
Deferred tax assets	13	130.4	120.6
Current assets		**2,128.7**	**2,345.7**
Inventories	20	691.8	812.6
Trade receivables	21.1	568.0	623.9
Other receivables	21.1	196.3	231.5
Derivative financial assets	21.1	14.2	6.1
Other financial assets	21.1	9.9	11.2
Cash and cash equivalents	21.1	648.5	660.4
Consolidated assets		**6,991.1**	**7,474.7**
Equity, Group share		**2,896.6**	**3,113.7**
Share capital		169.9	159.0
Share premium		614.4	520.9
Treasury shares		(6.7)	(27.4)
Reserves		2,088.9	2,340.0
Net income, Group share		30.1	121.2
Equity attributable to non-controlling interests		**59.0**	**48.3**
Equity	**22**	**2,955.6**	**3,162.0**
Non-current liabilities		**2,740.1**	**2,834.9**
Provisions for employee benefits	23.1	352.3	375.7
Other provisions	23.2	394.9	446.0
Borrowings and financial debt	24.2	1,698.3	1,689.0
Lease liabilities	24.2	167.8	194.6
Other debts	24.3	34.3	22.0
Derivative financial liabilities	24.1	0.5	0.7
Deferred tax liabilities	13	92.0	106.9
Current liabilities		**1,295.4**	**1,477.8**
Other provisions	23.2	58.8	21.0
Trade payables	24.1	475.6	542.6
Income taxes payable		79.2	83.1
Other debts	24.3	371.6	343.5
Derivative financial liabilities	24.1	6.0	11.9
Borrowings and financial debt	24.2	260.9	397.5
Lease liabilities	24.2	42.6	70.9
Bank overdrafts	24.2	0.7	7.3
Consolidated equity and liabilities		**6,991.1**	**7,474.7**

▪ CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(€ millions)	Equity, Group share: Share capital	Share premium	Treasury shares	Reserves: Cash flow hedges	Translation reserve	Other reserves	Subtotal	Net income, Group share	Subtotal	Equity attributable to non-controlling interests	Total
Equity at January 1, 2019	**159.0**	**520.4**	**(16.7)**	**(2.9)**	**(448.7)**	**2,443.8**	**1,992.2**	**559.6**	**3,214.5**	**36.3**	**3,250.8**
Total comprehensive income (expense)	**-**	**-**	**-**	**(0.6)**	**29.1**	**(54.7)**	**(26.2)**	**121.2**	**95.0**	**(0.5)**	**94.5**
Transactions between shareholders	**0.0**	**0.5**	**(10.7)**	**0.0**	**0.0**	**374.0**	**374.0**	**(559.6)**	**(195.8)**	**12.5**	**(183.3)**
Appropriation of 2018 net profit	-	-	-	-	-	559.6	559.6	(559.6)	0.0	-	0.0
Dividend (€2.15 per share)	-	-	-	-	-	(170.0)	(170.0)	-	(170.0)	(2.4)	(172.4)
Capital increase	-	0.5	-	-	-	-	0.0	-	0.5	-	0.5
Treasury share transactions	-	-	(10.7)	-	-	(20.9)	(20.9)	-	(31.6)	-	(31.6)
Share-based payments	-	-	-	-	-	9.6	9.6	-	9.6	-	9.6
Transactions with non-controlling interests	-	-	-	-	-	(4.3)	(4.3)	-	(4.3)	14.9	10.6
Equity at December 31, 2019	**159.0**	**520.9**	**(27.4)**	**(3.5)**	**(419.6)**	**2,763.1**	**2,340.0**	**121.2**	**3,113.7**	**48.3**	**3,162.0**
Total comprehensive income (expense)	**-**	**-**	**-**	**9.7**	**(213.6)**	**(32.1)**	**(236.0)**	**30.1**	**(205.9)**	**-**	**(205.9)**
Transactions between shareholders	**10.9**	**93.5**	**20.7**	**0.0**	**0.0**	**(14.9)**	**(14.9)**	**(121.2)**	**(11.0)**	**10.7**	**(0.3)**
Appropriation of 2019 net profit	-	-	-	-	-	121.2	121.2	(121.2)	0.0	-	0.0
Dividend (€1.72 per share)	-	-	-	-	-	(135.9)	(135.9)	-	(135.9)	(1.7)	(137.6)
Capital increase	11.4	108.4	-	-	-	-	0.0	-	119.8	-	119.8
Capital decrease	(0.5)	(14.9)	-	-	-	-	0.0	-	(15.4)	-	(15.4)
Treasury share transactions	-	-	20.7	-	-	(5.8)	(5.8)	-	14.9	-	14.9
Share-based payments	-	-	-	-	-	5.8	5.8	-	5.8	-	5.8
Transactions with non-controlling interests	-	-	-	-	-	(0.2)	(0.2)	-	(0.2)	12.4	12.2
Equity at December 31, 2020	**169.9**	**614.4**	**(6.7)**	**6.2**	**(633.2)**	**2,715.9**	**2,088.9**	**30.1**	**2,896.6**	**59.0**	**2,955.6**

■ CONSOLIDATED STATEMENT OF CASH FLOWS

(€ millions)	Notes	2020	2019
Net income		**32.3**	**119.4**
Adjustments			
Adjustments for depreciation and amortization	Appendix	407.7	391.8
Adjustments for impairment loss on goodwill	10	12.7	-
Adjustments for impairment loss (reversal of impairment loss) recognized in profit or loss, trade and other receivables		1.0	8.8
Adjustments for impairment loss (reversal of impairment loss) recognized in profit or loss, inventories		7.5	4.0
Adjustments for provisions	Appendix	(32.7)	14.4
Adjustments for share-based payments	8	5.8	9.6
Adjustments for losses (gains) on disposal of non-current assets	Appendix	1.6	2.6
Adjustments for undistributed profits from joint ventures and associates	9	7.7	5.5
Adjustments for net interest income and expense		42.0	47.1
Adjustments for fair value losses (gains)		0.4	1.0
Other adjustments for non-cash items		2.2	2.3
Other adjustments for which cash effects are investing or financing cash flow		2.3	9.4
Change in working capital requirement		**109.5**	**2.8**
Adjustments for decrease (increase) in inventories	24.2	86.3	35.4
Adjustments for decrease (increase) in trade receivables	24.2	34.9	30.1
Adjustments for increase (decrease) in trade payables	24.2	(46.3)	(13.4)
Adjustments for other receivables and debts		34.6	(49.3)
Adjustments for income tax expense	**13**	**44.2**	**65.6**
Net cash flow from (used in) operations		**644.2**	**684.3**
Interest paid		(46.5)	(52.2)
Income taxes refund (paid)	13	(63.9)	(122.7)
Adjustments for dividends received from joint ventures and associates	9	4.4	6.2
Net cash flows from (used in) operating activities		**538.2**	**515.6**
Acquisitions of intangible assets	Appendix	(22.3)	(24.9)
Acquisitions of property, plant and equipment	Appendix	(231.6)	(287.6)
Change in payables on acquisitions of intangible assets and property, plant and equipment		(8.2)	20.8
Cash flows used in (from gaining) control of subsidiaries or other businesses		(71.3)	(55.0)
Proceeds from disposals of intangible assets and property, plant and equipment	Appendix	38.7	20.5
Cash flows from losing control of subsidiaries or other businesses		0.5	(7.2)
Cash advances and loans granted to third parties		4.9	(10.1)
Cash receipts from repayment of advances and loans granted to third parties		(7.8)	3.2
Interest received		2.4	6.3
Cash flow from investing activities		**(294.7)**	**(334.0)**
Proceeds from issuing shares	24.2	119.8	0.5
Payments to acquire or redeem entity's shares	24.2	(0.5)	(31.7)
Dividends paid	24.2	(137.4)	(172.6)
Proceeds from borrowings	24.2	30.5	6.2
Repayments of borrowings	24.2	(294.0)	(57.7)
Payments of lease liabilities	24.2	(79.3)	(85.6)
Other cash inflows (outflows)	24.2	144.0	(27.0)
Cash flow from financing activities		**(216.9)**	**(367.9)**
Change in cash and cash equivalents		**26.6**	**(186.3)**

(€ millions)	2020	2019
Cash and cash equivalents at the beginning of the period	**653.2**	**837.3**
Change in cash and cash equivalents	26.6	(186.3)
Effect of exchange rate changes	(32.0)	2.2
Cash and cash equivalents at the end of the period	**647.8**	**653.2**
Cash	455.2	370.5
Cash equivalents	193.3	290.0
Bank overdrafts	(0.7)	(7.3)

Appendix: table of indirect references to the notes

The following table is intended to help users of the financial statements reconcile the amounts presented in the consolidated statement of cash flows and the amounts presented in the notes to the financial statements.

(€ millions)	Notes	2020	2019
Consolidated Statement of Cash Flows			
Adjustments for depreciation and amortization		407.7	391.7
Increase in amortization – intangible assets	17	22.2	22.3
Increase in depreciation – property, plant and equipment	18	320.5	334.9
Amortization and depreciation reversals – intangible assets and property, plant and equipment		(0.2)	(3.6)
Impairment – intangible assets	17	-	0.1
Impairment – property, plant and equipment	18	66.9	39.1
Reversal of impairment – intangible assets and property, plant and equipment		(1.6)	(1.1)
Adjustments for provisions		(32.7)	14.4
Net change in provisions for employee benefits – Current operating income	23.1	(2.5)	(16.0)
Net change in provisions for employee benefits – Other operating income and expenses	23.1	0.4	(7.2)
Net change in employee benefit liabilities – Closed plans	23.1	(1.5)	(4.6)
Normative return on assets of defined benefit plans	23.1	(22.0)	(31.1)
Unwinding of defined employee benefit liabilities	23.1	26.4	37.1
Net change in termination benefits		(24.3)	40.0
Increase in other provisions	23.2	32.3	64.5
Use of other provisions	23.2	(24.9)	(33.7)
Reversals of unused portions of other provisions	23.2	(19.2)	(38.9)
Unwinding of other provisions	23.2	2.6	4.3
Adjustments for losses (gains) on disposal of non-current assets		1.6	2.6
Income from asset disposals	9	(2.4)	(6.8)
Income from disposals of consolidated businesses	10	2.7	13.6
Income from non-recurring asset disposals	10	1.3	(4.2)
Acquisitions of intangible assets	17	(22.3)	(24.9)
Acquisitions of property, plant and equipment	18	(231.6)	(287.6)
Proceeds from disposals of intangible assets and property, plant and equipment		38.7	20.5
Intangible assets	17	0.6	0.4
Property, plant and equipment	18	8.4	7.8
Income from asset disposals	9	2.4	6.8
Income from non-recurring asset disposals	10	(1.3)	4.2
Change in receivables on disposals of intangible assets and property, plant and equipment		28.6	1.2

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6.1.2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

BASIS OF PREPARATION

NOTES TO THE CONSOLIDATED INCOME STATEMENT

NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

OTHER INFORMATION

6.1.2.1 2020 SIGNIFICANT EVENTS

This paragraph helps readers to easily identify the main notes addressing significant events that occurred in 2020.

- "Connect & Shape" transformation plan and reorganization of the Paper business: *Note 10*.
- Developments in the operational litigation related to past sales of talc in the US: *Note 23.2*.
- Health and economic crisis caused by the Covid-19 pandemic: *Note 4*.

■ BASIS OF PREPARATION

NOTE 1 ACCOUNTING PRINCIPLES

1.1 STATEMENT OF COMPLIANCE

Pursuant to European regulation no. 1606/2002 of July 19, 2002, the consolidated financial statements of Imerys, a group operating in the industrial minerals sector, headquartered at 43 quai de Grenelle, Paris, France and whose share is listed on compartment A of the Euronext Paris market, have been prepared at December 31, 2020 in accordance with the International Financial Reporting Standards (IFRS) adopted within the European Union at the end of the reporting period (hereinafter "the Principles"). The consolidated financial statements were approved on February 17, 2021 by the Board of Directors of Imerys S.A., the parent company of the Group, on a going concern basis, in millions of euros with one decimal rounded up to the nearest tenth.

1.2 DIFFERENCES BETWEEN THE PRINCIPLES AND IFRS

The European Union's adoption process may result in temporary differences at the end of the reporting period between the Principles and IFRS. However at December 31, 2020, no differences existed between the Principles and IFRS.

1.3 OPTIONAL STATEMENTS

First-time adoption. The first year the Principles were adopted, the financial statements published by Imerys at January 1, 2004 included a retrospective application, which was limited by some optional exemptions set out in IFRS 1, for the first-time adoption of IFRS and exercised by the Group. Acquisitions completed prior to the first-time adoption have not been adjusted. Carrying amounts of property, plant and equipment have not been adjusted, with the exception of mineral reserves and resources, which have been measured at fair value. The actuarial differences of post-employment benefits unrecognized at the date of first-time adoption were included in plan assets and provisions and measured against reserves. Finally, translation differences of foreign operations were reclassified in reserves.

Other optional statements. Some provisions in the Principles allow for recognition and measurement options. Amortized or depreciated historical cost provides the basis for measuring intangible assets *(Note 17)*, mining assets *(Note 18)* and property, plant and equipment *(Note 18)*. Inventories are measured on the basis of their characteristics in accordance with "First-In, First-Out" (FIFO) accounting or the weighted average cost method *(Note 20)*. The rules of hedge accounting are applied to the recognition of derivatives for hedging exchange rate, interest rate and energy price risks *(Note 24.4)*.

1.4 ABSENCE OF GUIDANCE

In the absence of any applicable standard or interpretation or sufficient detail of the existing standards and interpretations, Executive Management has defined recognition and measurement policies for the following three areas: greenhouse gas allowances *(Note 17)*, mining assets *(Note 18)* and purchase commitments for non-controlling interests of an entity controlled by the Group *(Note 25)*.

1.5 ALTERNATIVE PERFORMANCE MEASURES (APM)

Definition. APMs are performance indicators that Imerys uses in addition to those reported in accordance with IFRS. The definition of APMs is provided in the notes to the financial statements, so that the users of the financial statements may understand how they are measured and relate to standardized indicators. The main APMs defined by Imerys include current operating income and other operating income and expenses *(Notes to the Consolidated Income Statement – Accounting policy)* as well as net financial debt, and the various elements that caused the year-on-year change, in particular current EBITDA, and net current free operating cash flow *(Note 24.2 – Reconciliation of net financial debt)*. APMs are not displayed with more prominence or emphasis than standardized indicators.

Modification. APMs are applied consistently over time and only changed to make them more reliable and more relevant. If modified, the reason for the change is explained, the new definition is communicated and comparatives are restated.

NOTE 2 CHANGES IN ACCOUNTING POLICIES AND ERRORS

Accounting policy

Accounting policies are identical from one year to the next and are modified either on a mandatory basis to apply a new standard or interpretation *(Note 2.1)*, or on a voluntary basis to improve the reliability or relevance of information *(Note 2.2)*. Changes in accounting policies are applied retrospectively, unless specific transition measures have been identified in the standard or interpretation. The financial statements for all reported periods are modified, as if the new policy had always applied. Errors *(Note 2.3)* are corrected retrospectively.

2.1 MANDATORY CHANGES

Early adoption

Amendments to IFRS 9, IAS 39 and IFRS 7, as part of seeking Interest Rate Benchmark Reform. In 2019, Imerys decided to adopt Phase 1 of the amendment to IAS 39, IFRS 7 and IFRS 9, Interest Rate Benchmark Reform, before it became mandatory. Phase 1 dealt with issues arising through to December 31, 2021 ahead of the phasing out of interbank offered rates (IBORs) and introduction new benchmarks that are more consistent and more reliable. The early adoption of these amendments in 2019 made it clear that the hedged items, hedging instruments and documentation of a hedge accounting relationship would not be affected by the reform. The provisions of the amendment will cease to apply as soon as the uncertainty caused by the IBOR reform has been resolved. In 2020, the IASB added to the Phase 1 amendment with a Phase 2 that Imerys also decided to adopt straight away in 2020, before it becomes mandatory. As a practical expedient, Phase 2 of the project requires an entity to prospectively apply the reform by revising the effective interest rate of the underlying contract, as soon as the new benchmark is approved and may be considered economically equivalent to the previous basis. Furthermore, Phase 2 confirms existing hedging relationships may be maintained. The changes to the interest rate benchmark reform are being monitored by the Group Treasury Department, which is updating documentation for underlying contracts as and when they are renegotiated.

Adoption upon effective date

Amendment to IFRS 3, Business Combinations. This amendment clarifies the definition of a business by setting out three distinguishing elements: inputs, the substantive processes that create outputs, and the outputs themselves. The amendment narrows the definition of a business and outputs by focusing on goods and services provided to customers and removing the reference to an ability to reduce costs. Business combinations recognized in 2020 *(Note 16)* comply with this definition.

Amendment to IAS 1 and IAS 8, Definition of Material. By revisiting the definition of materiality, this amendment defines information as material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the users of the financial statements make on the basis of those financial statements.

Amendment to IFRS 16, Leases. On May 28, 2020, the IASB published an amendment to IFRS 16, Covid-19-Related Rent Concessions, that provides lessees with an exemption from assessing whether a Covid-19-related rent concession is a lease modification. Lessees are exempt from having to consider individual lease contracts to determine whether the rent concessions agreed are lease modifications and simply credit the benefit to income as variable lease payments. In 2020, Imerys did not receive any material advantages from its lessors as a result of the Covid-19 pandemic.

2.2 VOLUNTARY CHANGES

No voluntary changes were applied in 2020. In 2019, Imerys voluntarily decided to make the following change.

Change to the format of the primary financial statements. As of the financial year ending December 31, 2020, all issuers listed in the European Union are required to tag all items included in the five primary financial statements (Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows) filed with the national regulatory authority, in accordance with an accounting structure known as the XBRL taxonomy. In order to use direct and relevant tags, Imerys decided to adapt certain lines of its primary financial statements to match the XBRL taxonomy. This change was adopted in 2019 in order to enable users of the financial statements to become accustomed to the new filing format. These adaptations were limited and mainly applied to the Consolidated Statement of Cash Flows, which has been simplified. Comparative information was restated.

2.3 ERRORS

Any material error in the current year financial statements identified before the financial statements are approved for publication is corrected. Any material error in financial statements for prior years is corrected in the comparative information. No errors were corrected with respect to 2019 or 2020.

NOTE 3 STANDARDS AND INTERPRETATIONS EFFECTIVE AFTER THE CLOSING DATE

In line with the European Union's latest IFRS endorsement status report of February 12, 2021 published by the European Financial Reporting Advisory Group (EFRAG), Imerys will apply the following standards and interpretations after December 31, 2020.

3.1 APPLICATION IN 2021

The amendment to IFRS 4, Extension of the Temporary Exemption from Applying IFRS 9, does not apply to Imerys.

3.2 APPLICATION IN 2022

Amendments to IAS 16, Property, Plant and Equipment - Proceeds Before Intended Use. The proceeds received from selling items produced during the development of tangible assets and their cost of production are required to be accounted for in profit or loss by these amendments.

Amendments to IAS 37, Onerous Contracts - Cost of Fulfilling a Contract. This text specifies that only direct costs are to be used as costs of fulfilling to value onerous contracts.

Amendments to IFRS 3, Business Combinations. This amendment updates a reference to the Conceptual Framework in IFRS 3 without significantly changing its requirements.

3.3 APPLICATION IN 2023

Amendment to IAS 1, Classification of Liabilities as Current or Non-current. The modifications proposed by this amendment make it clear that the split between current and non-current liabilities is based on the contractual arrangements, irrespective of the issuer's intentions.

Amendments to IAS 1, Disclosure of Accounting Policies. IAS 1 requires that an entity discloses its significant discounting policies; whereas the amendment seeks the disclosure of all material accounting policies. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial, especially if the users of the financial statements need to be aware of the policy to understand the other information contained therein.

Amendments to IAS 8, Definition of Accounting Estimates. Having observed that entities often struggle to differentiate between changes in accounting policy that must be applied retrospectively and changes in accounting policy that must be applied prospectively, in particular regarding changes to measurement policies, the IASB seeks to clarify the two definitions with examples.

IFRS 17, Insurance Contracts, does not apply to Imerys.

NOTE 4 ESTIMATES AND JUDGMENTS

Estimates. Estimates are intended to provide a reasonable assessment of the most recent reliable information available about elements of uncertainty. They are revised to reflect changes in circumstances, newly available information and past experience. Changes in estimates are recognized for future periods. The following significant estimates made by Executive Management are discussed in detail separately in the notes:

- Estimated value of the assets and liabilities of an acquired business *(Note 16)*
- Amortization methods of intangible assets *(Note 17)*
- Depreciation methods of property, plant and equipment, in particular mineral reserves, overburden assets and certain industrial assets of discontinuous use *(Note 18)*
- Estimate of reasonably certain lease terms of certain leases *(Note 18)*
- Duration and amount of future cash flows as well as the discount rate and terminal growth rate used to calculate the value in use of assets for the impairment tests performed on non-financial assets, Executive Management factored uncertainties due to the Covid-19 crisis into these estimates *(Note 19)*
- Actuarial assumptions applied to defined benefit plans *(Note 23.1)*
- Assessment of the probability of settlement as well as the amount of obligations, the planned schedule of future payments and the discount rates required to recognize and measure provisions *(Note 23.2)*

Judgments. Judgments are made by analyzing and categorizing elements, transactions and situations. When a judgment is revised, it is recognized for future periods like for changes in estimates, except if the judgment has been revised to correct an error *(Note 2.3)*. The following significant judgments made by Executive Management are based on the following elements, which are detailed separately in the notes:

- Absence of going concern risk, in particular in the context of Covid-19, regarding the level of cash and cash equivalents *(Consolidated Statement of Cash Flows)* and available financial resources *(Note 24.5 – Market liquidity risk)*.
- Aggregation of operating segments to form the reporting segments *(Information by Segment)*.
- Allocation of certain transactions by level of profit or loss *(Notes to the Consolidated Income Statement)*. In particular Executive Management acknowledged that all the reduced levels of activity caused by the Covid-19 crisis should continue to be recognized in current operating income *(Notes 5 to 9)*.
- Definition of trigger levels for goodwill tests and impairment indicators for impairment tests performed on non-financial assets *(Note 19)*.

■ INFORMATION BY SEGMENT

Accounting policy

Imerys delivers high value-added, functional solutions to a wide variety of industries, ranging from process manufacturing to consumer goods. In each of its two segments, the Group draws on its understanding of applications, technological knowledge and expertise in material science to deliver solutions by beneficiating its mineral resources, synthetic minerals and formulations. Imerys' solutions contribute essential properties to customers' products and their performance, including heat resistance, hardness, conductivity, opacity, durability, purity, lightness, filtration, absorption and water repellency.

- The Performance Minerals segment brings together three geographic business areas – Europe Middle East Africa (EMEA), Americas and Asia Pacific (APAC) – serving the plastics, paints & coatings, filtration, ceramics, renewable energy and paper & board markets.
- The High Temperature Materials & Solutions segment regroups two business areas – High Temperature Solutions, and Refractory, Abrasives & Construction – serving the refractory, foundry, metal flow, abrasives and building chemistry markets.

Each of the reporting segments manufactures and sells goods and services presenting geological, industrial and commercial synergies. They are formed through the aggregation of operating segments made up of Cash Generating Units monitored each month by Executive Management in its business reporting. Executive Management does not consider the holding structure that handles the Group's centralized financing to be a segment. The aggregates for this activity are therefore presented in a reconciliation column with inter-segment eliminations (IS&H). Financial information by segment is measured in accordance with the principles set out in the Principles *(Note 1)*. Transactions between segments are measured at the price upon which two independent parties would have agreed on an arm's length basis.

Consolidated Income Statement

The following tables present a breakdown of revenue by segment before and after any inter-segment eliminations, as well as the main levels of the consolidated income statement.

Revenue from transactions made by Imerys with each of its external customers never exceeds the threshold of 10.0% of the Group's revenue.

At December 31, 2020

(€ millions)	PM	HTMS	IS&H	Total
External revenue	**2,159.7**	**1,646.9**	**(8.1)**	**3,798.5**
Sale of goods	1,913.6	1,494.4	(8.1)	3,399.9
Rendering of services	246.1	152.5	-	398.7
Inter-segment revenue	**17.9**	**1.2**	**(19.1)**	**0.0**
Revenue	**2,177.6**	**1,648.1**	**(27.3)**	**3,798.5**
Current operating income	**217.5**	**92.4**	**(11.4)**	**298.5**
Of which amortization, depreciation and impairment	(217.5)	(102.6)	(22.2)	(342.3)
Other operating income and expenses				**(160.5)**
Operating income				**138.0**
Financial income (loss)				**(61.4)**
Interest income				2.7
Interest expense				(39.9)
Income taxes				**(44.3)**
Net income				**32.3**

At December 31, 2019

(€ millions)	PM	HTMS	IS&H	Total
External revenue	**2,381.4**	**1,975.2**	**(2.0)**	**4,354.5**
Sale of goods	2,103.1	1,788.4	(2.1)	3,889.4
Rendering of services	278.3	186.8	0.1	465.1
Inter-segment revenue	**33.9**	**0.8**	**(34.7)**	**0.0**
Revenue	**2,415.2**	**1,976.0**	**(36.7)**	**4,354.5**
Current operating income	**279.2**	**150.7**	**8.9**	**438.8**
Of which amortization, depreciation and impairment	(223.3)	(108.2)	(22.1)	(353.6)
Other operating income and expenses				**(210.2)**
Operating income				**228.5**
Financial income (loss)				**(43.7)**
Interest income				6.4
Interest expense				(47.6)
Income taxes				**(65.5)**
Net income				**119.4**

Current EBITDA

At December 31, 2020

(€ millions)	PM	HTMS	IS&H	Total
Consolidated Income Statement				
External revenue	2,159.7	1,646.9	(8.1)	3,798.5
Raw materials and consumables used	(668.9)	(804.7)	180.7	(1,292.9)
External expenses	(590.9)	(316.5)	(61.0)	(968.4)
Staff expenses	(455.8)	(318.7)	(100.7)	(875.2)
Taxes and duties	(27.8)	(11.3)	(2.6)	(41.7)
Other current income and expenses	18.7	(0.7)	2.6	20.5
Adjustments				
Change in provisions for employee benefits	0.8	(2.7)	(0.5)	(2.5)
Change in current operating write-downs and provisions	(6.0)	(1.6)	(2.5)	(10.0)
Share in net income of joint ventures and associates	(2.9)	(3.5)	5.2	(1.2)
Dividends received from joint ventures and associates	2.9	1.3	0.2	4.4
Current EBITDA	**429.8**	**188.4**	**13.3**	**631.5**

At December 31, 2019

(€ millions)	PM	HTMS	IS&H	Total
Consolidated Income Statement				
External revenue	2,381.4	1,975.2	(2.0)	4,354.5
Raw materials and consumables used	(702.6)	(963.5)	178.0	(1,488.0)
External expenses	(690.7)	(388.2)	(47.5)	(1,126.5)
Staff expenses	(493.7)	(353.6)	(100.0)	(947.3)
Taxes and duties	(28.1)	(12.1)	(1.7)	(42.0)
Other current income and expenses	36.3	1.1	4.2	41.7
Adjustments				
Change in provisions for employee benefits	(0.6)	(3.5)	(11.9)	(16.0)
Change in current operating write-downs and provisions	(10.7)	(1.8)	(0.9)	(13.5)
Share in net income of joint ventures and associates	(4.8)	(3.6)	3.9	(4.5)
Dividends received from joint ventures and associates	4.2	1.5	0.4	6.2
Current EBITDA	**490.5**	**251.5**	**22.6**	**764.6**

Consolidated Statement of Financial Position

At December 31, 2020

(€ millions)	PM	HTMS	IS&H	Total
Capital employed – Assets	**3,366.4**	**2,613.5**	**155.1**	**6,135.0**
Goodwill(1)	1,186.2	962.0	0.8	2,149.1
Intangible assets and property, plant and equipment(2)	1,399.6	911.6	101.4	2,412.6
Inventories	326.1	367.4	(1.8)	691.8
Trade receivables	319.5	253.4	(4.9)	568.0
Other receivables – non-current and current	121.0	77.3	28.0	226.3
Joint ventures and associates	13.9	41.7	31.6	87.3
Unallocated assets				**856.2**
Total assets				**6,991.2**
Capital employed – Liabilities	**545.1**	**409.0**	**6.6**	**960.7**
Trade payables	247.4	225.7	2.5	475.6
Other debts – non-current and current	260.4	163.7	(17.9)	406.1
Income taxes payable	37.3	19.6	22.1	79.0
Provisions	**494.7**	**203.9**	**107.4**	**806.0**
Unallocated liabilities				**2,269.1**
Total non-current and current liabilities				**4,035.8**
Total capital employed	**2,821.3**	**2,204.5**	**148.4**	**5,174.2**
(1) Increase in goodwill	*15.4*	*54.0*	*-*	*69.4*
(2) Acquisitions of intangible assets and property, plant and equipment	*156.6*	*93.0*	*27.7*	*277.4*

At December 31, 2019

(€ millions)	PM	HTMS	IS&H	Total
Capital employed – Assets	**3,654.7**	**2,785.2**	**186.2**	**6,626.1**
Goodwill(1)	1,167.3	985.0	0.8	2,153.1
Intangible assets and property, plant and equipment(2)	1,610.1	958.3	93.6	2,662.0
Inventories	382.8	433.7	(4.0)	812.6
Trade receivables	342.8	290.2	(9.0)	623.9
Other receivables – non-current and current	135.8	77.9	55.6	269.3
Joint ventures and associates	15.9	40.2	49.2	105.3
Unallocated assets				**848.6**
Total assets				**7,474.7**
Capital employed – Liabilities	**544.7**	**441.8**	**4.8**	**991.3**
Trade payables	282.0	259.3	1.3	542.6
Other debts – non-current and current	237.7	168.5	(40.7)	365.5
Income taxes payable	25.0	13.9	44.2	83.2
Provisions	**485.4**	**228.8**	**128.5**	**842.7**
Unallocated liabilities				**2,478.8**
Total non-current and current liabilities				**4,312.8**
Total capital employed	**3,110.0**	**2,343.5**	**181.4**	**5,634.8**
(1) Increase in goodwill	*20.7*	*5.3*	*-*	*26.0*
(2) Acquisitions of intangible assets and property, plant and equipment	*199.8*	*120.1*	*51.6*	*371.5*

Information by region

Country risk. Due to the Group's mining activity and the variety of its end markets, its entities operate across many countries. Therefore, Imerys may be exposed to certain risks specific to these countries that may impact its financial statements in the future. Country risk includes two factors. The first concerns transfer and convertibility risk, i.e. the risk that government-imposed capital and exchange controls by a sovereign entity would prevent or materially impede the ability to convert local currency into foreign currency and/or transfer funds to non-resident creditors. The second factor takes into account the overall economic context, mainly in relation to the quality of public and private governance, as well as the risk of conflicts, expropriation, or civil and political instability.

Exposure to country risk. The transfer and convertibility component of country risk resulted in an unavailable cash balance of €2.0 million at December 31, 2020 (€4.9 million at December 31, 2019) *(Consolidated Statement of Cash Flows)*. Country risk is also taken into account in the country-market risk premium of the discount rates used for impairment tests *(Note 19)*. However, the majority of the Group's sources of supply and end markets are located in developed countries, which limits Imerys' exposure to country risk. In order to identify high-risk countries, Imerys uses the "Business Climate" risk assessment published by Coface, the leading French insurance company specialized in international credit insurance, which measures the potential influence of a country's economic, financial and political outlook on businesses' financial commitments. Coface's risk assessment uses an eight-level ranking system from A1 to E, in ascending order of risk. Countries in which the Group operates ranked in categories C to E, the highest levels of risk, include Algeria and Ukraine (category C). In addition, Imerys may decide to conduct studies on specific situations. One such study has been being carried out since 2016 to monitor the consequences of the UK's decision to leave the European Union (Brexit) on January 31, 2020. It found the potential risk to Imerys to be immaterial, affecting 5.29% of revenue by geographical location of Group operations in 2020 (5.80% in 2019), 3.03% of revenue by geographical location of customers in 2020 (3.55% in 2019) and 5.01% of the statement of financial position at December 31, 2020 after eliminating intragroup transactions (5.41% at December 31, 2019).

The following table presents a breakdown of revenue by geographical location of Group operations:

(€ millions)	**2020**	**2019**
France	465.7	530.9
Other European countries	1,496.0	1,713.9
North America	1,000.8	1,162.2
Asia – Oceania	668.3	748.0
Other countries	167.6	199.5
Revenue by geographical location of Group operations	**3,798.5**	**4,354.5**

In 2020, countries rated C to E by Coface's "Business Climate" risk assessment accounted for 0.20% of Group revenue (0.37% in 2019) and 0.61% of current operating income (0.03% in 2019).

The following table presents a breakdown of revenue by geographical location of customers:

(€ millions)	**2020**	**2019**
France	205.8	237.5
Other European countries	1,519.3	1,746.9
North America	943.0	1,083.9
Asia – Oceania	860.5	976.3
Other countries	270.0	309.9
Revenue by geographical location of customers	**3,798.5**	**4,354.5**

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

	2020			2019		
(€ millions)	Goodwill	Intangible assets and property, plant and equipment	Total	Goodwill	Intangible assets and property, plant and equipment	Total
France	1,082.2	572.0	1,654.2	935.3	570.6	1,505.9
Other European countries	428.8	748.0	1,176.8	383.6	812.0	1,195.6
North America	466.5	601.8	1,068.4	466.4	678.7	1,145.1
Asia – Oceania	118.4	308.5	426.9	284.9	313.6	598.5
Other countries	53.1	182.2	235.3	82.9	287.1	370.0
Total	**2,149.1**	**2,412.6**	**4,561.7**	**2,153.1**	**2,662.0**	**4,815.1**

At December 31, 2020, countries rated C to E by Coface's "Business Climate" risk assessment accounted for 0.03% of the statement of financial position (0.19% at December 31, 2019) and -0.66% of consolidated equity, Group share (-0.38% at December 31, 2019).

■ NOTES TO THE CONSOLIDATED INCOME STATEMENT

Accounting policy

Income and expenses recognized in the consolidated income statement are grouped according to materiality and are only offset when required by a standard or interpretation. Comparative information is presented for the prior year Y-1, while comparative information for Y-2 is incorporated by reference *(chapter 9, section 9.4 of the Universal Registration Document)*. The income statement is structured across two main levels: operating income and financial income (loss). Although in the majority of cases, the allocation of transactions by level of profit or loss does not require any specific comment, the options available in some standards and the absence of guidance from other standards have led Executive Management to make certain judgments and decisions about presentation. The following three tables present these decisions and specify the corresponding note.

Operating income. Operating income is made up of current operating income and other operating income and expenses. Current operating income *(Notes 5 to 9)* includes revenue generated by Imerys as well as the following items:

	Notes
Share-based payment expenses	8
Changes in employee benefits excl. restructuring	
■ Plan curtailments, settlements and amendments	8
■ Contributions to funds and direct payments to beneficiaries	8
■ Decrease in provisions for contributions and direct payments	8
■ Administrative fees for open plans	8
Hedge accounting	
■ Ineffective portion of operational hedge instruments	11
■ De-designations. Amortization of the effective portion of an operational hedge instrument measured at the date of the voluntary interruption of the hedge	11
Asset disposals excl. restructuring	9

Other operating income and expenses. Other operating income and expenses is composed of income from changes in control and other non-recurring items *(Note 10)*. In accordance with the ANC Recommendation No. 2013-03 issued by France's national accounting standards board on how to present IFRS financial statements, it corresponds to items of income and expenses resulting from a limited number of clearly identified, non-recurring and significant events, such as the impact in profit or loss of acquiring or losing control of a business, restructuring including any related asset disposals, impairment loss recognized against goodwill or major disputes. In particular, since applicable standards do not define restructuring as an infrequent or unusual occurrence, Executive Management has put in place approval criteria to ensure that only management decisions defined as both restructuring and non-recurring may be recognized in other operating income and expenses.

	Notes
Gain (loss) from changes in control	10
Impairment loss recognized against goodwill	10
Restructuring	10
Asset disposals due to restructuring	10
Changes in employee benefits due to restructuring	
■ Plan curtailments, settlements and amendments	10
■ Contributions and direct payments to beneficiaries	10
■ Decrease in provisions for contributions and direct payments	10
Major disputes	10
Net income from recurring operations of associates	10

Financial income (loss). Financial income (loss) is primarily made up of the cost of debt, exchange rate fluctuations, the financial components of defined benefit plans, the unwinding of discounts on provisions and impairment loss on financial assets *(Note 12)*, as well as the following specific items:

	Notes
Hedge accounting	
▪ Ineffective portion of financing hedge instruments	11
▪ De-designations. Amortization of the effective portion of a financing hedge instrument measured at the date of the voluntary interruption of the hedge	11
▪ De-designations. Change in the fair value of an operational or financing hedge instrument after the voluntary interruption of the hedge	11
Unrealized and realized translation gains (losses) on operating and financial transactions	12
Financial changes in employee benefits	
▪ Unwinding	12
▪ Normative return on assets	12
▪ Contributions to under-funded closed plans with mandatory funding requirement	12
▪ Administrative fees for closed plans with mandatory funding requirement	12
▪ Decrease in provisions for closed plans with mandatory funding requirement	12

NOTE 5 REVENUE

Accounting policy

Revenue is made up of two elements: (i) sales of goods, i.e. material specialties generally extracted from mineral deposits controlled by the Group and beneficiated in its plants, and (ii) services rendered, mainly invoicing customers the cost of shipping goods and providing industrial services. The contractual commitments made by the Group to transfer these goods and services to customers are categorized as performance obligations. When control of goods or services is transferred to customers, the performance obligation is deemed to have been satisfied and the revenue is recognized. Material specialties are therefore transferred to customers at a given point in time, which coincides with the transfer of all the risks and rewards defined in the contractual incoterms. The contract includes multiple incoterms due to the specificities of packaging (bulk, powder, paste and slurry etc.) and freight (sea, rail and road etc.). However, while certain services, such as molding work, are rendered at a given point in time, most of other services are transferred to customers over time. This is the case for shipping services, the revenue for which is recognized after the delivery has been made, and certain specialized services spread over two to seven months in the construction of industrial facilities, for which the degree of completion is measured based on the actual level of production costs committed. Collateral requirements on the sale of goods and rendering of services offer customers guarantees about the specifications agreed in the contracts, rather than an additional service on top of these guarantees. Consequently, guarantees are not recognized as performance obligations but as provisions *(Note 23.2)*. Sale of goods and rendering of services are measured at the fair value of the transaction, minus trade and volume rebates, as well as discounts for early payment.

Activity for the period

The following table presents a breakdown of revenue by sale of goods and rendering of services. In 2020, total revenue decreased -12.8% to €3,798.5 million (€4,354.5 million in 2019, down -5.1% year on year), including a negative currency effect of -€91.4 million (€96.9 million in 2019) and a positive scope effect of €0.7 million (-€157.3 million in 2019). At constant scope and exchange rates, revenue fell -10.7% (compared with a -3.8% decrease in 2019).

(€ millions)	2020	2019
Sale of goods	3,399.9	3,889.4
Rendering of services	398.7	465.1
Total	**3,798.5**	**4,354.5**

The following table presents a different breakdown of revenue by the time at which goods or services are transferred to customers, distinguishing between goods and services transferred to customers at a given point in time and services transferred to customers over time.

(€ millions)	2020	2019
Goods and services transferred to customers at a given point in time	**3,406.4**	**3,896.3**
Sale of material specialties	3,399.9	3,889.4
Rendering of industrial services	5.6	6.1
Rendering of other services	0.9	0.8
Services transferred to customers over time	**392.1**	**458.2**
Shipping revenue	256.6	287.3
Rendering of industrial services	134.7	169.7
Rendering of other services	0.9	1.2
Total	**3,798.5**	**4,354.5**

Furthermore, other breakdowns of revenue are presented in *Information by Segment*: by segment before and after inter-segment eliminations, by geographical location of Group operations and by geographical location of customers.

NOTE 6 RAW MATERIALS AND CONSUMABLES USED

(€ millions)	2020	2019
Raw materials	(577.8)	(730.7)
Energy	(290.9)	(350.4)
Chemicals	(50.7)	(62.4)
Other consumables	(188.2)	(198.1)
Merchandise	(112.1)	(121.1)
Change in inventories	(85.1)	(34.4)
Self-constructed assets	11.9	9.1
Total	**(1,292.9)**	**(1,488.0)**

NOTE 7 EXTERNAL EXPENSES

(€ millions)	2020	2019
Transportation	(445.4)	(520.9)
Lease payments recognized in expenses	(30.7)	(30.2)
Lease term of 12 months or less	(20.4)	(20.0)
Leases of low-value assets	(0.7)	(0.9)
Variable payments and services	(9.6)	(9.4)
Impact of reductions in the scope of leases	0.4	0.1
Subcontracting	(123.3)	(154.3)
Maintenance and repair	(116.8)	(123.2)
Fees	(96.6)	(103.7)
Other external expenses	(156.0)	(194.1)
Total	**(968.4)**	**(1,126.5)**

NOTE 8 STAFF EXPENSES

(€ millions)	2020	2019
Salaries	(680.7)	(729.0)
Social security contributions	(115.5)	(138.9)
Net change in provisions for employee benefits	2.5	16.0
Contributions to defined benefit plans	(15.0)	(25.6)
Contributions to defined contribution plans	(26.0)	(31.3)
Profit-sharing	(33.5)	(27.2)
Other employee benefits	(7.0)	(11.3)
Total	**(875.2)**	**(947.3)**

Management principles – Share-based payments

Since 2008, the Group's long-term incentive scheme has involved granting free performance shares acquired on the market. The corresponding expense is recognized in other employee benefits and amounted to €5.8 million in 2020 (€10.0 million in 2019). The management principles applied to share-based payments are agreed by the Board of Directors based on proposals made by the Compensation Committee. With the exception of grants made as part of the Group's employee shareholding operations, free shares are in principle subject and proportionate to the achievement of economic and/or financial performance objectives set by the Board of Directors. Share-based payment plans are annual and the total number of rights granted each year is adjusted in accordance with the Group's overall performance or specific events. Grants are usually awarded on the date of the Shareholders' General Meeting. The actual or probable beneficiaries include the Group's executive directors (such as the Chief Executive Officer, members of the Executive Committee, the management committees of segments and operations, as well as managers of the Group's main corporate support departments) and certain key employees reporting to them, as well as managers with considerable potential and employees who make an outstanding contribution to the Group's performance.

Accounting policy

The fair value of services rendered against the grant of Imerys free shares is measured using the Black & Scholes pricing model in reference to the fair value of instruments at the grant date. This measurement takes into consideration the life of instruments, the underlying share price, as well as the turnover rate of beneficiaries. In the majority of cases, the rights vest depending on employees' length of service in the Group and the fair value of services rendered is amortized in profit or loss over the vesting period against an increase in equity. The accounting treatment is identical when, in addition to the length of service condition, the rights vest subject to the achievement of pre-determined quantitative performance conditions. Volatility and assumptions related to the probability of rights vesting are revised at each closing date. The turnover rate of beneficiaries is adjusted definitively as vesting periods are closed.

Share-based payment expenses

	Number of free shares	Maturity	Turnover rate	Average dividend rate	Performance conditions	Fair value *(€)*	Total cost by plan *(€M)*	Cost of the plan in 2020 *(€M)*	Cost of the plan in 2019 *(€M)*
2015	309,550	4 years	25.5%	2.9%	78.4%	61.17	(11.3)	-	(0.5)
2016	32,500	3 years	0.0%	2.9%	96.0%	58.29	(1.8)	-	(0.3)
2016	270,000	3 years	20.9%	2.9%	96.0%	57.43	(11.5)	-	(1.9)
2017	35,000	3 years	0.0%	3.0%	62.7%	70.69	(1.6)	0.2	(0.6)
2017	258,400	3 years	29.6%	3.0%	62.7%	70.69	(7.7)	1.1	(2.3)
2018	265,200	3 years	30.7%	3.0%	62.7%	67.11	(7.7)	(1.6)	(2.8)
2018	30,000	3 years	100.0%	3.0%	62.7%	69.64	-	-	0.4
2019	427,500	3 years	28.6%	3.0%	66.7%	35.75	(7.3)	(2.3)	(2.0)
2020	154,150	3 years	10.0%	3.1%	80.0%	36.71	(4.1)	(1.4)	-
2020	457,700	3 years	14.0%	3.1%	80.0%	26.75	(8.4)	(1.8)	-
Cost of plans recognized as staff expenses								**(5.8)**	**(10.0)**
Settlement in investments in equity instruments								(5.8)	(9.6)
Settlement in cash								-	(0.4)

NOTE 9 OTHER CURRENT INCOME AND EXPENSES

(€ millions)	2020	2019
Other income and expenses	4.7	15.0
Income from asset disposals	2.4	6.8
Grants received	2.2	1.9
Net change in operating provisions and write-downs	10.0	13.5
Share in net income of joint ventures and associates	1.2	4.5
Total	**20.5**	**41.7**

Imerys holds stakes in businesses over which it exercises joint control or significant influence. The net income generated by these investments is presented under share in net income of joint ventures and associates and corresponded to €1.2 million in 2020 (€4.5 million in 2019).

Accounting policy

Imerys uses the equity method to measure the value of its investments under joint control (joint ventures, i.e. those whose financial and operating strategy are subject to a unanimous vote from Imerys and a third party) and the investments over which it exercises significant influence (associates, i.e. those whose financial and operating strategy are governed by a third party and Imerys only participates in the strategies, without having control over them). The stakes held in the net assets and earnings of such entities are presented in distinct lines in operating income and assets.

Main joint ventures and associates

The main investments accounted for using the equity method include The Quartz Corporation, Stollberg & Samil (joint ventures) and MST Mineralien Schiffahrt (associate). The summarized financial information from these investments is presented hereinafter as 100.00% amounts. Debit amounts are negative and credit amounts are positive. Information is reported at December 31, except for MST Mineralien Schiffahrt where data is taken from the most recent financial statements to which the Group has access.

	Joint ventures				Associates	
	The Quartz Corporation		Stollberg & Samil		MST Mineralien Schiffahrt	
(€ millions)	2020	2019	2020	2019	2020	2019
Consolidated Income Statement						
Revenue	93.4	89.6	33.9	38.1	-	90.0
Net income	3.8	2.6	3.5	2.6	-	(32.4)
Consolidated Statement of Financial Position						
Non-current assets	(94.4)	(84.9)	(18.8)	(20.0)	(171.3)	(171.3)
Current assets	(53.0)	(49.9)	(17.1)	(25.6)	(41.0)	(41.8)
Equity	55.6	55.2	33.5	30.7	51.7	52.6
Non-current liabilities	65.9	43.1	-	9.7	125.7	125.7
Current liabilities	25.9	36.5	2.4	5.2	34.8	34.8

Imerys holds a 50.00% stake (50.00% at December 31, 2019) in The Quartz Corporation (joint venture), a group of companies specialized in extracting and beneficiating high purity quartz in the US and Norway. It holds a 50.00% stake (50.00% at December 31, 2019) in Stollberg & Samil (joint venture), an entity that produces and distributes products for the foundry industry in South Korea. Imerys also holds a 25.39% stake (27.34% at December 31, 2019) in MST Mineralien Schiffahrt (associate), a German minerals shipping company. The following table presents the reconciliation between the equity of the joint ventures and associates, as disclosed at 100.00% in the previous table and as recognized in the assets of Imerys in accordance with the equity method.

(€ millions)	2020 Equity	2020 Stake attributable to other shareholders	2020 Goodwill	2020 Imerys' stake	2019 Equity	2019 Stake attributable to other shareholders	2019 Goodwill	2019 Imerys' stake
The Quartz Corporation	55.6	(27.8)	2.2	29.9	55.2	(27.6)	2.3	29.9
Stollberg & Samil	33.5	(16.8)	-	16.8	30.7	(15.4)	-	15.4
MST Mineralien Schiffahrt	51.7	(38.6)	-	13.1	52.6	(38.2)	-	14.4
Other investments	80.9	(55.7)	2.2	27.5	120.4	(77.0)	2.2	45.6
Total	**221.7**	**(138.8)**	**4.4**	**87.3**	**258.9**	**(158.2)**	**4.5**	**105.3**

The following table analyzes the change in the carrying amount recognized in the Group's assets in accordance with the equity method.

(€ millions)	2020	2019
Carrying amount at January 1	**105.3**	**112.8**
Income[(1)]	(7.7)	(5.5)
Dividends distributed by joint ventures and associates	(4.4)	(6.2)
Disposals	(2.9)	-
Exchange rate differences	(3.0)	4.2
Carrying amount at December 31	**87.3**	**105.3**

(1) The €7.7 million loss recognized for 2020 (-€5.5 million loss for 2019) included €1.2 million with respect to the share in net income of joint ventures and associates (€4.5 million in 2019) (Note 9) and a loss of -€8.9 million with respect to the share of net income from non-recurring operations of associates (-€10.0 million loss for 2019) (Note 10)

NOTE 10 OTHER OPERATING INCOME AND EXPENSES

(€ millions)	2020	2019
Gain (loss) from changes in control	**(5.0)**	**(23.0)**
Transaction costs	(2.3)	(9.4)
Income from disposals of consolidated businesses	(2.7)	(13.6)
Other non-recurring items	**(155.5)**	**(187.2)**
Impairment recognized against goodwill	(12.7)	-
Impairment due to restructuring	(65.4)	(38.2)
Income from non-recurring asset disposals	(1.3)	4.2
Restructuring expenses paid	(84.3)	(93.9)
Change in provisions	17.2	(49.4)
Share of net income from non-recurring operations of associates	(8.9)	(10.0)
Other operating income and expenses	**(160.5)**	**(210.2)**
Income taxes	21.6	48.3
Other operating income and expenses, net of income taxes	**(138.9)**	**(161.9)**

Other operating income and expenses in 2020

In 2020, gross other operating income and expenses represented a €160.5 million expense (including a €28.0 million expense through the "Connect & Shape" transformation plan and a €65.4 million expense to restructure the Paper business). Income tax gains on other operating income and expenses amounted to €21.6 million. Therefore, other operating income and expenses, net of income taxes reflected a total expense of €138.9 million.

Other operating income and expenses in 2019

In 2019, gross other operating income and expenses represented a €210.2 million expense (including €92.2 million through the "Connect & Shape" transformation plan). Income tax gains on other operating income and expenses amounted to €48.3 million. Therefore, other operating income and expenses, net of income taxes reflected a total expense of €161.9 million.

NOTE 11 FINANCIAL INSTRUMENTS

Accounting policy

Financial instruments are defined as any contract that gives rise to a financial asset in one entity and a financial liability or equity instrument in another entity. Financial instruments are divided into categories set by IFRS 9 in order to reflect their business model and contractual cash flow characteristics as well as to determine how they must be measured and recognized.

Amortized cost. Financial assets are measured at amortized cost when the objective of the business model is to collect the contractual cash flows. This applies to trade receivables from revenue *(Note 5)* as well as cash, i.e. cash on hand, bank deposits and cash equivalents. Cash equivalents are highly liquid investments indexed on a money market rate and the value of which is known or subject to very little uncertainty. In the Statement of Cash Flows, cash and cash equivalents also include bank overdrafts presented as a liability. Borrowings *(Note 24.2 – Reconciliation of net financial debt)* are also included in the amortized cost category. They are initially measured at fair value of the amount borrowed, minus any transaction costs. They are subsequently measured at amortized cost using the effective interest rate method. The Group purchases raw materials and energy for its own use and not for trading purposes. Consequently, the purchase contracts are recognized as trade payables and not as derivatives. Trade payables and other financial liabilities *(Note 24.1)* are measured at amortized cost.

Fair value through profit or loss. Financial assets are measured at fair value through profit or loss when the objective of the business model is to both collect the contractual cash flows and make a trading profit in the short term. They are non-derivative financial assets held for trading and recognized as assets between the dates of purchase and disposal. Any change in fair value is recognized in other financial income and expenses *(Note 12)* at market prices published at the end of the reporting period. Assets designated at fair value through profit or loss also include investments in non-listed companies over which the Group does not exercise control, joint control or significant influence, nor does it intend to dispose of the investment in the short term *(Note 21.2)*, as well as non-hedge derivatives *(Note 24.4)*.

Analysis of financial instruments by category

Notes 11, 12, 21.1 and 24.1 analyze the income, expenses, assets and liabilities from financial instruments by category, which is presented in columns. They distinguish between the categories applied by default to all non-hedged items and those to which hedge accounting is applied on an exceptional basis. The categories of amortized cost and fair value through profit or loss set out in IFRS 9 and defined above apply to the majority of non-hedged items. Hedged items and hedging instruments are categorized by their qualifications as a fair value hedge or cash flow hedge *(Note 24.4 – Accounting policy)*, distinguishing in separate columns the value of hedged items and hedging instruments and in separate lines the type of risk hedged *(Note 24.5 – Foreign exchange risk – Interest rate risk – Energy price risk)*. Furthermore, in order to make the reconciliation between the IFRS 9 categories and the financial statements, *Notes 11, 12, 21.1 and 24.1* include a column containing the following items not covered by IFRS 9: share-based payments (IFRS 2), mining assets (IFRS 6), inventories (IAS 2), income tax assets and liabilities (IAS 12), property, plant and equipment (IAS 16), short-term employee benefit assets and liabilities (IAS 19), subsidies and grants (IAS 20), provisions (IAS 37), intangible assets and prepaid expenses (IAS 38), overburden assets (IFRIC 20) and levies and taxes (IFRIC 21). The categorization of financial assets *(Note 21.1)* and liabilities *(Note 24.1)* is applied across all divisions of the Group to the change in profit or loss *(Notes 11 and 12)*. For example, revenue is included in amortized cost as its consideration in trade receivables or cash and cash equivalents belong to this category in assets.

The following tables present income and expenses before income taxes recognized in profit or loss and equity by category of financial instruments. The balances of other financial income and expenses are analyzed in more detail in *Note 12*.

At December 31, 2020

(€ millions)	Non-hedge accounting			Hedge accounting				
	IFRS 9 categories			Fair value		Cash flow		
	Amortized cost	Fair value through profit or loss	Non IFRS 9	Hedged item	Hedge	Hedged item	Hedge	Total
Operating income								
Revenue	3,516.2	(2.5)	-	-	-	278.1	6.7	3,798.5
Transactional currency risk – continued hedges	-	-	-	-	-	278.1	6.7	284.9
Transactional currency risk – discontinued hedges	-	(2.5)	-	-	-	-	-	(2.5)
Raw materials and consumables used	(1,104.6)	-	(64.1)	-	-	(105.8)	(18.3)	(1,292.9)
Transactional currency risk	-	-	-	-	-	(31.5)	(0.9)	(32.3)
Energy price risk	-	-	-	-	-	(74.3)	(17.5)	(91.8)
External expenses	(970.6)	-	2.2	-	-	-	-	(968.4)
Other current income and expenses	0.6	-	19.9	-	-	-	-	20.5
Financial income								
Income from securities	-	2.6	-	-	-	-	-	2.6
Gross financial debt expense	(47.0)	(0.1)	-	-	-	-	-	(47.1)
Interest rate risk – discontinued hedges	-	(0.1)	-	-	-	-	-	(0.1)
Other financial income (expenses)	(9.9)	2.6	(9.7)	-	-	-	-	(17.0)
Transactional currency risk – change in fair value	-	0.1	-	-	-	-	-	0.1
Transactional currency risk – discontinued hedges	-	2.5	-	-	-	-	-	2.5
Other financial assets – change in fair value	-	0.1	-	-	-	-	-	0.1
Equity								
Recognition in equity	-	-	-	-	-	-	1.4	1.4
Reclassification in profit or loss	-	-	-	-	-	-	11.6	11.6
From the cash flow hedge reserve	-	-	-	-	-	-	11.6	11.6
Total	**1,384.7**	**2.6**	**(51.7)**	**0.0**	**0.0**	**172.3**	**1.4**	**1,509.2**
Of which impairment in profit or loss	(8.8)	(0.3)	(4.3)	-	-	-	-	-
Of which reversals of impairment in profit or loss	11.1	0.3	1.0	-	-	-	-	-

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At December 31, 2019

	Non-hedge accounting			Hedge accounting				
	IFRS 9 categories			Fair value		Cash flow		
(€ millions)	Amortized cost	Fair value through profit or loss	Non IFRS 9	Hedged item	Hedge	Hedged item	Hedge	Total
Operating income								
Revenue	3,949.7	-	-	-	-	407.9	(3.1)	4,354.5
Transactional currency risk	-	-	-	-	-	407.9	(3.1)	404.8
Raw materials and consumables used	(1,327.9)	-	(6.7)	-	-	(147.8)	(5.6)	(1,488.0)
Transactional currency risk	-	-	-	-	-	(77.9)	-	(77.9)
Energy price risk	-	-	-	-	-	(69.9)	(5.6)	(75.4)
External expenses	(1,126.5)	-	-	-	-	-	-	(1,126.5)
Other current income and expenses	8.3	-	33.4	-	-	-	-	41.7
Financial income								
Income from securities	-	5.9	-	-	-	-	-	5.9
Gross financial debt expense	(56.1)	(0.1)	-	-	-	-	-	(56.2)
Interest rate risk – discontinued hedges	-	(0.1)	-	-	-	-	-	(0.1)
Other financial income (expenses)	20.5	(2.9)	(11.0)	16.2	(16.2)	-	-	6.6
Transactional currency risk – change in fair value	-	(0.9)	-	-	-	-	-	(0.9)
Interest rate risk – effective portion	-	-	-	16.2	(16.2)	-	-	0.0
Other financial assets – change in fair value	-	(2.0)	-	-	-	-	-	(2.0)
Equity								
Recognition in equity	-	-	-	-	-	-	(9.2)	(9.2)
Reclassification in profit or loss	-	-	-	-	-	-	8.7	8.7
From the cash flow hedge reserve	-	-	-	-	-	-	8.7	8.7
Total	**1,468.0**	**2.9**	**15.7**	**16.2**	**(16.2)**	**260.1**	**(9.2)**	**1,737.5**
Of which impairment in profit or loss	(14.8)	(2.7)	(5.9)	-	-	-	-	-
Of which reversals of impairment in profit or loss	8.6	0.6	3.1	-	-	-	-	-

NOTE 12 FINANCIAL INCOME

The following tables present the financial income (loss) by category of financial instrument. A description of the categories of financial instruments is provided in *Note 11*.

At December 31, 2020

	Non-hedge accounting			Hedge accounting				Total		
	IFRS 9 categories			Fair value		Cash flow				
(€ millions)	Amortized cost	Fair value through profit or loss	Non IFRS 9	Hedged item	Hedge	Hedged item	Hedge	Income	Expenses	Net
Net financial debt expense	**(47.1)**	**2.7**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**2.7**	**(47.1)**	**(44.4)**
Income from securities	-	2.7	-	-	-	-	-	2.7	-	2.7
Gross financial debt expense	(47.1)	-	-	-	-	-	-	-	(47.1)	(47.1)
Other financial income (expense)	**(9.8)**	**2.5**	**(9.7)**	**0.0**	**0.0**	**0.0**	**0.0**	**270.8**	**(287.8)**	**(17.0)**
Net exchange rate differences	(11.9)	2.5	(0.2)	-	-	-	-	245.1	(254.7)	(9.6)
Financial income and expenses of defined benefit plans	-	-	(6.6)	-	-	-	-	22.0	(28.6)	(6.6)
Unwinding of other provisions	-	-	(2.6)	-	-	-	-	-	(2.6)	(2.6)
Other financial income (expense)	2.1	-	(0.3)	-	-	-	-	3.7	(1.9)	1.8
Financial income (loss)	**(56.9)**	**5.2**	**(9.7)**	**0.0**	**0.0**	**0.0**	**0.0**	**273.5**	**(334.9)**	**(61.4)**

At December 31, 2019

	Non-hedge accounting			Hedge accounting				Total		
	IFRS 9 categories			Fair value		Cash flow				
(€ millions)	Amortized cost	Fair value through profit or loss	Non IFRS 9	Hedged item	Hedge	Hedged item	Hedge	Income	Expenses	Net
Net financial debt expense	**(56.2)**	**5.9**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**6.4**	**(56.7)**	**(50.3)**
Income from securities	-	5.9	-	-	-	-	-	6.2	(0.3)	5.9
Gross financial debt expense	(56.2)	-	-	-	-	-	-	0.2	(56.4)	(56.2)
Other financial income (expense)	**20.6**	**(2.9)**	**(11.0)**	**16.2**	**(16.3)**	**0.0**	**0.0**	**334.5**	**(327.9)**	**6.6**
Net exchange rate differences	6.8	(0.9)	0.8	-	-	-	-	298.3	(291.6)	6.7
Expense and income on derivative instruments	-	-	-	16.2	(16.3)	-	-	(16.3)	16.2	(0.1)
Financial income and expenses of defined benefit plans	-	-	(7.1)	-	-	-	-	31.2	(38.3)	(7.1)
Unwinding of other provisions	-	-	(4.3)	-	-	-	-	-	(4.3)	(4.3)
Other financial income (expense)	13.8	(2.0)	(0.4)	-	-	-	-	21.3	(9.9)	11.4
Financial income (loss)	**(35.6)**	**3.0**	**(11.0)**	**16.2**	**(16.3)**	**0.0**	**0.0**	**340.9**	**(384.6)**	**(43.7)**

NOTE 13 INCOME TAXES

Accounting policy

Income taxes are made up of two components: (i) taxes paid in France and overseas on taxable profits, including similar contributions calculated on the difference between income and expenses, such as the French companies' added value contribution (Cotisation sur la Valeur Ajoutée des Entreprises, CVAE); and (ii) withholding taxes paid by entities on the dividends they distribute to the Group. Income taxes are broken down into payable taxes and deferred taxes. Payable taxes are recognized as a liability until they have been paid and an asset when the amount paid exceeds the amount due. Deferred tax assets and liabilities are accounted for with respect to all taxable temporary differences between the taxes and consolidated values of assets and liabilities, except mainly for differences related to the initial recognition of goodwill and, in the case of taxable temporary differences, between the carrying amount and tax value of investment securities, when the Group is able to control the date of reversal of the temporary difference and it is probable that the temporary difference will not be reversed in the foreseeable future. A deferred tax asset is recognized with respect to taxable temporary differences, tax losses and tax credits only if it is probable that they will yield taxable amounts in the future, or there are taxable temporary differences in the same tax group that mature during the period these items remain recoverable. Imerys applies the tax rates and laws that have been enacted or substantively enacted at the end of the reporting period and will be applicable over the period of reversal of the temporary difference. Deferred taxes are not discounted. The amount of income taxes payable includes uncertainties in the measurement of income taxes. Each uncertainty is assessed individually, unless it affects several entities in the same way. The assessment of uncertainties assumes that the taxation authority has full knowledge of all relevant information when examining any amounts reported to it and considers whether it is probable that the relevant authority will accept each tax treatment. Judgments and estimates made about uncertainties are reassessed if facts and circumstances change. Deferred tax assets and liabilities are offset by tax group, i.e. by legal entity or tax consolidation group. Payable and/or deferred taxes are recognized in the same level of profit or loss as the item to which they are related. The principle of linking taxes to their base also applies to transactions recognized directly in equity.

Tax consolidation scope

In several countries, Imerys has set up tax consolidation systems that enable the Group to offset potential tax gains and losses within the consolidation group. Such tax consolidation systems exist in France, the US, the UK, Spain, Germany and Italy.

Income taxes paid

In 2020, income taxes paid in cash and using tax credits amounted to €63.9 million (€122.7 million in 2019).

Tax losses carried forward

Deferred tax assets are recognized as carried forward tax losses when they are deemed to be recoverable and the expected recovery time frame does not exceed five years. Deferred tax assets recognized in this way are based on analyzing past losses, whether it is probable these losses will be incurred again in future, the business outlook and national legislation limiting the use of carried forward tax losses. At December 31, 2020, deferred tax assets represented €16.4 million (€15.9 million at December 31, 2019). On the other hand, deferred tax assets not recognized as a tax loss or tax credit (because their recovery is uncertain) amounted to €437.8 million and €12.8 million, respectively, at December 31, 2020 (€380.8 million and €19.0 million, respectively, at December 31, 2019), of which €411.7 million and €12.8 million, respectively, expire after 2025 or may be carried forward without any time limit. Deferred taxes are calculated using effective rates over the period in question in accordance with the tax laws applicable in each country.

Temporary differences controlled by the Group

No deferred tax liability is recognized for taxable temporary differences between the carrying amount and tax value of investment securities, when the Group is able to control the date of reversal of the temporary difference and it is probable that the temporary difference shall not be reversed in the foreseeable future. The Group reported €14.6 million in unrecognized deferred tax liabilities at December 31, 2020 (€18.4 million at December 31, 2019).

Income taxes recognized in profit or loss

(€ millions)	2020	2019
Payable and deferred income taxes		
Income taxes payable	**(64.5)**	**(84.7)**
Income taxes payable for the year	(68.9)	(95.5)
Income taxes payable – prior year adjustments	4.4	10.8
Deferred taxes	**20.2**	**19.2**
Deferred taxes due to changes in temporary differences	20.2	18.9
Deferred taxes due to changes in income tax rates	-	0.3
Total	**(44.3)**	**(65.5)**
Income taxes by level of profit		
Income taxes on current operating and financial income (loss)	**(65.9)**	**(113.8)**
Current operating and financial income (loss) taxes payable	(82.2)	(113.1)
Current operating and financial income (loss) deferred taxes	16.3	(0.7)
Income taxes on other operating income and expenses	**21.6**	**48.3**
Income taxes payable on other operating income and expenses	17.7	28.4
Deferred taxes on other operating income and expenses	3.9	19.9
Total	**(44.3)**	**(65.5)**

Income taxes recognized in equity

(€ millions)	2020	2019
Gains (losses) on remeasurements of defined benefit plans	7.4	13.7
Income taxes on components that will not be reclassified	**7.4**	**13.7**
Cash flow hedges	**(3.2)**	**(0.1)**
Income taxes recognized in equity	0.1	2.9
Income taxes reclassified in profit or loss	(3.4)	(3.0)
Translation reserve	**2.8**	**(2.1)**
Income taxes recognized in equity	2.8	(2.1)
Income taxes on components that will be reclassified	**(0.4)**	**(2.2)**
Total	**7.0**	**11.5**

Tax reconciliation excluding non-recurring items

	2020	2019
Standard tax rate in France	**28.9%**	**34.4%**
National rate differences	(4.4)%	(10.6)%
Europe	(3.9)%	(6.0)%
North America	(0.3)%	(2.7)%
Asia – Oceania	(1.2)%	(2.2)%
Other countries	1.0%	0.3%
Permanent differences	(2.3)%	(1.9)%
Tax losses	5.0%	6.4%
Income taxes at different rates and bases	3.2%	2.9%
Impact of equity-accounted companies	(0.1)%	(0.4)%
Other (tax credits, reassessments and tax provisions, deferred tax adjustments in bases and rates, etc.)	(2.4)%	(2.0)%
Effective tax rate on current operating and financial income (loss)[(1)]	**27.9%**	**28.8%**

(1) In 2020, 27.9% = €65.9 million (income taxes on current operating income and financial income (loss))/[€298.5 million (current operating income) - €61.4 million (financial income (loss))]. In 2019, 28.8% = €113.8 million (income taxes on current operating income and financial income (loss))/[€438.8 million (current operating income) - €43.7 million (financial income (loss))].

Tax reconciliation including non-recurring items

	2020	2019
Standard tax rate in France	**28.9%**	**34.4%**
National rate differences	(4.6)%	(9.2)%
Europe	(6.7)%	(4.0)%
North America	2.8%	(2.3)%
Asia – Oceania	(3.5)%	(4.3)%
Other countries	2.8%	1.4%
Permanent differences	(3.0)%	(1.2)%
Tax losses	22.3%	15.8%
Income taxes at different rates and bases	6.1%	4.7%
Impact of equity-accounted companies	(0.5)%	(0.9)%
Other (tax credits, reassessments and tax provisions, deferred tax adjustments in bases and rates, etc.)	8.5%	(8.1)%
Effective tax rate on current operating income from continuing operations[(1)]	**57.7%**	**35.5%**

(1) In 2020, 57.7% = €44.3 million (income taxes)/[€137.9 million (operating income) - €61.4 million (financial income (loss))]. In 2019, 35.5% = €65.5 million (income taxes)/[€228.5 million (operating income (expense)) - €43.7 million (financial income (loss))].

Change in deferred taxes

At December 31, 2020

(€ millions)	Jan. 1, 2020	Profit or loss	Scope, equity and others	Dec. 31, 2020
Deferred tax assets	120.6	13.1	(3.3)	130.4
Deferred tax liabilities	(106.9)	7.1	7.8	(92.0)
Net deferred tax positions	**13.7**	**20.2**	**4.5**	**38.4**

At December 31, 2019

(€ millions)	Jan. 1, 2019	Profit or loss	Scope, equity and others	Dec. 31, 2019
Deferred tax assets	112.4	(61.2)	69.4	120.6
Deferred tax liabilities	(125.3)	80.4	(62.0)	(106.9)
Net deferred tax positions	**(12.9)**	**19.2**	**7.4**	**13.7**

Deferred tax breakdown by nature

(€ millions)	2019	Profit or loss	Scope, equity and others	2020
Deferred tax assets	**336.1**	**(15.7)**	**(3.3)**	**317.1**
Provisions for employee benefits	55.4	(10.7)	5.7	50.4
Other provisions	42.5	(3.1)	(3.2)	36.2
Intangible assets	19.7	(2.2)	(0.8)	16.7
Property, plant and equipment	108.7	(11.6)	(7.6)	89.5
Long-term investments	3.4	(0.1)	(3.3)	0.0
Current assets and liabilities	46.8	7.5	(6.6)	47.7
Tax losses carried forward	15.9	2.7	(2.2)	16.4
Other	43.7	1.8	14.7	60.2
Deferred tax liabilities	**(322.3)**	**35.9**	**7.8**	**(278.6)**
Intangible assets	(64.4)	1.9	(0.4)	(62.9)
Property, plant and equipment	(213.5)	40.4	11.5	(161.6)
Long-term investments	(15.6)	3.5	0.7	(11.4)
Current assets and liabilities	(5.7)	0.7	0.4	(4.6)
Other	(23.1)	(10.6)	(4.4)	(38.1)
Net deferred tax positions	**13.8**	**20.2**	**4.5**	**38.5**

NOTE 14 NET INCOME FROM CURRENT OPERATIONS AND NET INCOME, GROUP SHARE

(€ millions)	2020	2019
Current operating income	298.5	438.8
Financial income (loss)	(61.4)	(43.7)
Income taxes on current operating income and financial income (loss)	(65.9)	(113.8)
Current operating income (expense) and financial income (loss) attributable to non-controlling interests	(4.2)	(4.4)
Net income from current operations, Group share	**167.0**	**276.9**
Other operating income (expense), gross	(160.5)	(210.2)
Income taxes on other operating income and expenses	21.6	48.2
Other operating income (expense) attributable to non-controlling interests	2.0	6.3
Net income, Group share	**30.1**	**121.2**

NOTE 15 EARNINGS PER SHARE

Accounting policy

In its financial statements, Imerys presents both basic earnings per share and diluted earnings per share. Basic earnings per share is equal to net income attributable to holders of ordinary shares divided by the weighted average number of ordinary shares outstanding over the period, i.e. excluding treasury shares *(Note 22)*. Basic earnings per share can be broken down as net basic earnings per share from current operations and net basic earnings per share. Diluted earnings per share simulates the dilutive effect of free shares and share options *(Note 8)*. The previously defined weighted average number of ordinary shares is increased by the average number of ordinary shares that would have been issued between the start and the end of the reporting period if all dilutive options had been exercised by the end of the reporting period. The number of dilutive shares is equal to the difference between the number of shares to be issued through free shares and options and the number of shares that would be issued at the average market price over the year for an issue of the same amount. To calculate the amount of this issue, each share issued by exercising share options is valued at the share option exercise price plus the fair value of services to be rendered *(Note 8)*, while each free share is valued solely at the fair value of services to be rendered with an exercise price of nil. The surplus number of shares to be issued as free shares and options above the number of shares issued under market conditions corresponds to the number of dilutive shares. However, shares to be issued through options are only taken into account in the calculation for diluted earnings per share when the options are in the money, i.e. the exercise price plus the fair value of services to be rendered is below the average market price for the Imerys share over the year.

Earnings per share

The number of potential ordinary shares taken into account to calculate diluted earnings per share excludes share options out of the money, i.e. options where the exercise price plus the fair value of services to be rendered is above the average market price of the Imerys share over the year (€32.30 in 2020 and €41.50 in 2019). All option plans were therefore excluded from the calculation of diluted earnings per share at December 31, 2020. No significant transaction has changed the number of ordinary shares and potential ordinary shares between December 31, 2020 and February 17, 2021, date at which the financial statements were approved for publication by the Board of Directors.

(€ millions)	2020	2019
Numerator		
Net income, Group share	**30.1**	**121.2**
Net income from current operations, Group share	167.0	276.9
Denominator		
Weighted average number of shares used to calculate basic income per share	82,168,061	79,089,697
Impact of share option conversion	885,438	819,899
Weighted average number of shares used to calculate diluted income per share	83,053,499	79,909,596
Basic income per share, Group share *(in €)*		
Basic net income per share	0.37	1.53
Basic net income from current operations per share	2.03	3.50
Diluted income per share, Group share *(in €)*		
Diluted net income per share	0.36	1.52
Diluted net income from current operations per share	2.01	3.46

NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Accounting policy

The assets and liabilities recognized in the consolidated statement of financial position are grouped by materiality and ranked in ascending order of liquidity and due date distinguishing between non-current and current items, according to whether they will be recovered or settled in more or less than 12 months after the end of the reporting period. They are only offset or incorporate the cost of revenue when required by a standard or interpretation. Comparative information is presented for the prior year Y-1, while comparative information for Y-2 is incorporated by reference *(chapter 9, section 9.4 of the Universal Registration Document).*

NOTE 16 GOODWILL

Accounting policy

Goodwill is recognized when the acquisition price of a business is greater than the sum of the fair value of the identifiable assets acquired and liabilities assumed. Goodwill is recognized at the date control is acquired. Transaction costs are recognized as they are incurred in profit under other operating income and expenses *(Note 10)*. When the value of the identifiable net assets of the acquired business is greater than its acquisition price, negative goodwill is credited to the acquirer's profit or loss account for the reporting period in which the entity was acquired under other operating income and expenses *(Note 10).* The definitive value of goodwill is finalized within 12 months following the date at which control was acquired. Goodwill for a foreign company is measured in the functional currency of the company and translated in accordance with the rules applicable to translating financial statements of foreign operations. Goodwill is not amortized and is allocated to the Cash Generating Units *(Note 19)* that benefit from the synergies resulting from the acquisition. Goodwill is initially tested for impairment before the end of the reporting period during which the entity was acquired and subsequently at least once a year or more frequently if there is an indication that it may be impaired. Impairment loss on goodwill is recognized in other operating income and expenses *(Note 10)* and cannot be reversed.

Estimates

The value of the assets and liabilities of an acquired business is estimated by Executive Management on the basis of a series of assumptions. Assets and liabilities are measured at their acquisition-date fair value except for certain items measured in accordance with specific rules, such as income taxes, measured using the principles set out in *Note 13*, or employee benefits, measured using the principles set out in *Note 23.1.* When making its estimates, Executive Management may consult third-party specialists, in particular to estimate the value of certain material assets and liabilities or that require complex valuation techniques.

Table of changes

The goodwill recognized on acquisitions represents in particular the development prospects of the acquired businesses within Imerys. Impairment loss on goodwill is presented in *Note 19*. When an impairment loss is recorded against goodwill, it is only maintained on the Statement of Financial Position in the event of a partial write-down, as presented in the following table. When goodwill is fully impaired, the gross amount and impairment loss are removed from the Statement of Financial Position and no longer appear in the table. Imerys made a few minor acquisitions in 2020. Paid for in cash and totaling €80.4 million, these acquisitions generated total goodwill of €69.4 million, including €71.7 million through provisional purchase accounting and badwill of €2.3 million in finalized purchase accounting.

(€ millions)	**2020**	**2019**
Carrying amount at the beginning of the period	**2,153.1**	**2,143.3**
Gross amount	2,230.8	2,220.5
Impairment	(77.7)	(77.2)
Incoming entities	69.4	26.0
Outgoing entities	(2.1)	(25.8)
Exchange rate differences	(58.6)	9.6
Impairment	(12.7)	-
Carrying amount at the end of the period	**2,149.1**	**2,153.1**
Gross amount	2,236.4	2,230.8
Impairment	(87.3)	(77.7)

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NOTE 17 INTANGIBLE ASSETS

Accounting policy

Intangible assets controlled by Imerys are recognized as assets over their useful life. They are measured at acquisition cost, minus accumulated amortization and any impairment loss. The expenditure incurred by the research teams at Imerys in their efforts to improve the quality and properties of the Group's products is generally in response to customers' specific requirements. Such costs are therefore recognized immediately as an expense in current operating income. They are capitalized only if they correspond to a new or improved industrial process that is both technically feasible and a driver of future economic benefits. In the absence of any applicable standard or interpretation, Executive Management considers greenhouse gas emission rights as an intangible asset. Imerys uses this allocation with the sole intent to justify its emissions volume and not for trading purposes by making forward purchases or sales. Rights granted free of charge are recognized to have zero value and rights acquired on the market are recognized at acquisition cost. If at the end of the reporting period, the total rights allocation is not sufficient to cover actual emissions, a provision is recognized in current operating income for the value of rights to be acquired, measured at market value (net liability method). Disposals only relate to surplus rights and are recognized in current operating income as asset disposals *(Note 9)*. Executive Management makes estimates regarding the amortization methods applied to intangible assets.

Estimates

In the ordinary course of its business, Imerys uses intangible assets, the consumption of which is represented by amortization. Executive Management believes the best way to estimate this consumption is by using the straight-line method over the assets' useful life applied as follows:

- Software: 1 to 5 years
- Trademarks, patents and licenses: 5 to 40 years
- Industrial processes and others: maximum 10 years

The Group's greenhouse gas emission rights cannot be amortized.

Emission rights

Imerys is subject to greenhouse gas regulation schemes at 11 of its facilities in Europe and one facility in the US. In 2020, Imerys used 85.0% of the greenhouse gas emission allocation granted to its eligible sites (89.0% in 2019). The Group's actual emissions are there below the authorized level for all its facilities, except one in Europe, which set aside a €0.6 million provision to cover its deficit at December 31, 2020.

Table of changes

(€ millions)	Software	Trademarks, patents and licenses	Industrial processes and others	Total
Carrying amount at January 1, 2019	**18.4**	**163.6**	**95.6**	**277.6**
Gross amount	96.5	180.3	195.4	472.2
Amortization and impairment	(78.2)	(16.6)	(99.8)	(194.6)
Outgoing entities	(0.6)	-	-	(0.6)
Acquisitions	1.5	0.4	23.1	24.9
Disposals	-	-	(0.4)	(0.4)
Amortization	(11.0)	(1.5)	(9.9)	(22.4)
Impairment	-	-	(0.1)	(0.1)
Reclassification and other	12.1	1.2	(11.4)	1.9
Exchange rate differences	0.2	0.1	0.6	0.9
Carrying amount at December 31, 2019	**20.4**	**163.8**	**97.5**	**281.8**
Gross amount	108.2	180.4	168.1	456.7
Amortization and impairment	(87.7)	(16.5)	(70.6)	(174.9)
Incoming entities	-	2.3	7.7	10.0
Acquisitions	3.6	0.2	18.7	22.4
Disposals	(0.3)	-	(0.4)	(0.7)
Amortization	(10.6)	(1.5)	(10.1)	(22.2)
Reclassification and other	37.6	0.1	(37.7)	0.0
Exchange rate differences	(0.6)	(1.8)	(1.3)	(3.7)
Carrying amount at December 31, 2020	**50.1**	**163.1**	**74.4**	**287.6**
Gross amount	144.0	180.6	152.6	477.3
Amortization and impairment	(93.9)	(17.5)	(78.3)	(189.7)

NOTE 18 PROPERTY, PLANT AND EQUIPMENT

Accounting policy

Freehold property, plant and equipment. Items of property, plant and equipment for which Imerys owns the property rights are initially measured at acquisition or production cost. The cost of property, plant and equipment includes the cost of borrowings that finance their construction or production, when this process takes a substantial period of time. Where applicable, the cost of property, plant and equipment is reduced by the value of government grants awarded to finance their acquisition or construction. Maintenance and repair costs are immediately recognized as an expense in current operating income. The cost of property, plant and equipment also includes the discounted value of restoring or dismantling obligations, where a present obligation exists, in particular for satellite industrial facilities built on land owned by customers *(Note 23.2)*. Items of property, plant and equipment are subsequently measured at cost, minus accumulated depreciation and any impairment loss. Executive Management makes estimates regarding the depreciation methods applied to property, plant and equipment.

Leasehold property, plant and equipment. All contracts that convey the right to use an item of non-substitutable property, plant and equipment for a period of time in exchange for consideration are recognized as right-of-use assets against a lease liability *(Note 24.2 – Reconciliation of net financial debt)*. This treatment applies to all leases except mine land leases, which are recognized in the manner described in the following paragraph, as well as immaterial leases (leases with terms of 12 months or less and low-value assets), for which payments are recognized as an expense *(Note 7)*. Easements, especially for pipelines used to connect mineral deposits, processing facilities and shipping facilities are analyzed as non-mine land leases. Right-of-use assets are initially measured at the value of the lease liability, plus any initial direct costs and equipment dismantling costs where necessary. Lease liabilities are measured at the discounted value of future fixed lease payments due in accordance with a contractual payment schedule, adjusted for rent-free periods. Payments are therefore scheduled through to the reasonably certain end date of the lease, reflecting the date beyond which the lease ceases to be legally enforceable. This date represents the end of the lease, adjusted for any options the lessee is able to exercise regarding early termination or extension and any restrictions the lessor is able to exercise. The lease payments taken into account in the calculation of the lease liabilities include the unconditional payments due in exchange for the right to use the asset, as well as the cost related to the early termination, extension or purchase clauses when it is reasonably certain they will be exercised. The liability calculation excludes any variable payment related to the use of the asset (for example, a payment dependent on the actual number of hours a piece of mining equipment is used), as well as any payment for services rendered by the lessor (for example, rail car maintenance). In the absence of implicit interest rates, future payments determined in this way are discounted using the lessees' incremental borrowing rate. These rates are calculated over the duration of each lease by applying the risk-free rate of the lease currency, increased by Imerys' credit spread in euros and adjusted for the difference between Credit Default Swaps in France and the lessees' country. The first time deferred tax assets and liabilities are recognized, they are calculated separately for lease liabilities and right-of-use assets, respectively. In subsequent years, right-of-use assets are amortized in current operating income and lease liabilities are measured at amortized cost, which generates an interest expense that is recognized in financial income (loss). When an option is exercised, the lease must be reassessed to symmetrically adjust the carrying amounts of the lease liability and the right of use. Any modification to leases gives rise to such a symmetrical adjustment, except when the scope of the lease is restricted to reduce the capacity of the asset leased or the duration of the lease. In this situation, the carrying amount of the lease liability and the right of use are reduced in proportion to the reduction of the scope, generating an impact recognized in current operating income *(Note 7)*. In the financial statements, the following items are presented separately: right-of-use assets, lease liabilities, amortization and depreciation in current operating income generated by right-of-use assets and the interest expense generated by lease liabilities in financial income. In the Consolidated Statement of Cash Flows, cash payments for the principal portion of the lease liability are presented in "Payments for lease liabilities" for financing activities and cash payments for the interest portion of the lease liability are presented in "Interest paid" for operating activities.

Mining assets. In the absence of any specific applicable standard or interpretation, Executive Management has defined the following methods to recognize and measure mining assets. Prospection expenditure, i.e. searching for new sites with mineral producing potential and studying the technical feasibility and commercial viability of a geographical area, is immediately recognized as an expense in current operating income. Mineral reserves are included in property, plant and equipment. Freehold mineral deposits are initially measured at acquisition cost minus subsoil. Leasehold mineral deposits are measured at a value of nil if the lease is entered into in the ordinary course of business. If the lease is acquired through a business combination, the acquisition cost of the deposit is measured at the fair value of the ore. Costs incurred to determine the tonnage of ore present in the deposit are added to the acquisition cost. Overburden work, i.e. the process of removing the topsoil to gain access to the deposit, is considered a component of mineral reserve assets. The initial measurement of overburden work includes production cost and the discounted value of restoration obligations as a result of the deterioration caused by such work. Mineral reserves and overburden assets form the mining assets column in the table of changes below. Mining assets are subsequently measured at cost, minus accumulated depreciation and any impairment loss. Executive Management makes estimates regarding the depreciation methods applied to mining assets. Mining assets are allocated to Cash Generating Units *(Note 19)* in the same way as the Group's other assets and are subject to the same impairment tests.

Estimates

In the ordinary course of its business, Imerys uses property, plant and equipment, the consumption of which is represented by depreciation. Executive Management believes the best way to estimate this consumption is by using the straight-line method over the assets' useful life applied as follows:

- Office buildings: 10 to 50 years
- Industrial buildings: 10 to 30 years
- Improvements to office and industrial buildings: 5 to 15 years
- Machinery, tooling, facilities and equipment: 5 to 20 years
- Vehicles: 2 to 5 years

Right-of-use assets held through leases are depreciated over the reasonably certain end date of the lease. If the lessee is considering exercising their right to purchase the asset, the useful life of the asset leased is applied. Rights of use are depreciated or amortized on a straight-line bases, except those applicable to bulk carriers, which are depreciated by the number of journeys made. Freehold and leasehold equipment is depreciated over its useful life, up to the end of the reasonably certain end date of the lease. Furthermore, Executive Management does not consider the straight-line depreciation method appropriate to reflect the consumption of property, plant and equipment related to mining activities such as mineral reserves (representing €313.3 million at December 31, 2020 and €393.0 million at December 31, 2019) and overburden assets (€112.3 million at December 31, 2020 and €123.6 million at December 31, 2019), as well as certain industrial assets where the realization of the economic benefit is directly related to the level of production. Depreciation of mining assets is therefore estimated in units of production on the basis of actual extraction, while operational monitoring units such as production or operating hours are used to estimate depreciation of industrial assets. A mineral reserve is depreciated to the quantity of the geological inventory of the deposit minus discounts for the geological uncertainty inherent to the resources. Overburden assets, a component of mineral reserve assets, are depreciated over the quantity of reserve to which they specifically give access. Subsoil, i.e. the area of land not part of the mineral deposit, is not depreciated since it is not consumed by mining operations.

Table of changes

The following table shows the change in the carrying amount of property, plant and equipment owned by the Group between the beginning and end of the periods presented. The right-of-use assets column presents the change in rights conveyed by leases to use property, plant and equipment. The mining assets column includes the carrying amount of mineral deposits that Imerys owns or leases, as well as the overburden work required to gain access to the deposit. The other columns in the table analyze the change in freehold movable and immovable property, depending on their nature.

(€ millions)	Right-of-use assets	Mining assets	Land and buildings	Plant and equipment	Down payments and plants under construction	Other plant and equipment	Total
Carrying amount at January 1, 2019	**-**	**503.6**	**324.9**	**1,053.8**	**197.9**	**85.5**	**2,165.8**
Gross amount	-	896.2	575.4	3,903.0	228.4	319.3	5,922.3
Depreciation and impairment	-	(392.6)	(250.5)	(2,849.2)	(30.5)	(233.7)	(3,756.5)
Change in accounting policy(1)	276.0	-	(5.4)	(7.3)	-	(1.6)	261.7
Incoming entities	-	0.6	4.1	12.1	0.4	0.1	17.2
Outgoing entities	(2.5)	(10.2)	(4.7)	(45.5)	(3.7)	(11.2)	(77.8)
Acquisitions	-	61.9	4.4	54.1	158.2	9.0	287.6
Acquisition cost and subsequent adjustments	59.0	-	-	-	-	-	59.0
Disposals	-	(0.2)	(2.4)	(4.2)	(0.8)	(0.2)	(7.8)
Depreciation	(83.8)	(59.4)	(15.9)	(154.9)	(0.1)	(20.8)	(334.9)
Impairment	(6.6)	(14.7)	(0.4)	(15.3)	(0.6)	(1.6)	(39.1)
Reversals of impairment	-	-	-	1.0	-	-	1.0
Reclassification and other	-	14.1	17.7	105.1	(136.4)	15.7	16.2
Exchange rate differences	3.0	7.1	3.2	13.9	2.8	1.3	31.4
Carrying amount at December 31, 2019	**245.2**	**502.9**	**325.4**	**1,012.8**	**217.5**	**76.5**	**2,380.3**
Gross amount	499.5	947.1	589.1	3,735.9	243.1	303.5	6,318.2
Depreciation and impairment	(254.3)	(444.2)	(263.7)	(2,723.1)	(25.6)	(227.0)	(3,937.9)
Incoming entities	7.1	0.1	10.8	16.2	0.1	5.0	39.3
Outgoing entities	-	(1.2)	(0.1)	(0.9)	(0.5)	(0.1)	(2.8)
Acquisitions	-	57.1	4.8	38.1	122.8	8.9	231.7
Acquisition cost and subsequent adjustments	23.5	-	-	-	-	-	23.5
Disposals	-	(0.1)	(4.1)	(0.9)	(0.5)	(2.8)	(8.4)
Depreciation	(73.4)	(59.4)	(16.2)	(149.6)	(0.8)	(21.1)	(320.5)
Impairment	(4.2)	(32.9)	(8.3)	(21.0)	(0.3)	(0.2)	(66.9)
Reversals of impairment	-	-	1.2	0.3	-	-	1.5
Reclassification and other	-	2.1	15.1	87.1	(120.3)	16.0	0.0
Exchange rate differences	(5.7)	(43.0)	(22.5)	(58.8)	(19.1)	(3.6)	(152.7)
Carrying amount at December 31, 2020	**192.5**	**425.6**	**306.1**	**923.3**	**198.9**	**78.6**	**2,125.0**
Gross amount	397.5	907.2	579.7	3,622.2	222.0	309.8	6,038.4
Depreciation and impairment	(205.0)	(481.6)	(273.6)	(2,698.9)	(23.1)	(231.2)	(3,913.4)

(1) Change in accounting policy IFRS 16, Leases (Note 2.1 of chapter 6.1 of the 2019 Universal Registration Document).

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Leases

The Group negotiates leases to obtain from lessors the right to use certain mining, industrial and logistics equipment, as well as immovable administrative, industrial and logistical property. At December 31, 2020, the value of these rights, recognized in Right-of-use assets, amounted to €192.5 million (€245.2 million at December 31, 2019). The following table presents the change in the carrying amount of right-of-use assets by asset type.

(€ millions)	Industrial land, plants and warehouses	Offices and housing	Bulk carriers	Rail cars	Mining equipment	Other equipment	Right-of-use assets
Carrying amount at January 1, 2019	**79.2**	**71.8**	**64.8**	**30.5**	**16.2**	**13.5**	**276.0**
Gross amount	127.4	107.7	111.9	77.3	32.5	27.5	484.3
Depreciation and impairment	(48.2)	(35.9)	(47.0)	(46.9)	(16.4)	(14.0)	(208.4)
Outgoing entities	-	-	-	(2.5)	-	-	(2.5)
Acquisition cost and subsequent adjustments	15.5	5.6	(5.3)	3.7	6.7	32.8	59.0
Acquisition cost	9.5	3.0	-	3.3	6.7	33.7	56.2
Exercise of contractual options	(0.6)	0.8	-	-	0.1	-	0.3
Modification of leases	6.5	1.8	(5.3)	0.4	-	(1.0)	2.5
Depreciation	(16.4)	(13.6)	(21.2)	(9.7)	(7.4)	(15.4)	(83.8)
Impairment	-	(6.6)	-	-	-	-	(6.6)
Exchange rate differences	0.6	0.9	0.7	0.6	0.3	(0.1)	3.0
Carrying amount at December 31, 2019	**78.9**	**58.1**	**39.0**	**22.6**	**15.8**	**30.8**	**245.2**
Gross amount	133.0	106.4	108.0	64.2	32.0	55.9	499.5
Depreciation and impairment	(54.1)	(48.3)	(69.0)	(41.6)	(16.2)	(25.1)	(254.3)
Incoming entities	7.1	-	-	-	-	-	7.1
Acquisition cost and subsequent adjustments	6.9	4.2	(20.1)	6.9	14.6	11.0	23.5
Acquisition cost	3.4	2.9	-	7.3	14.6	10.6	38.8
Exercise of contractual options	2.7	1.2	-	-	-	0.1	4.0
Modification of leases	0.8	0.1	(20.1)	(0.4)	-	0.3	(19.3)
Depreciation	(16.4)	(11.4)	(14.2)	(9.4)	(8.0)	(14.0)	(73.4)
Impairment	-	-	(4.2)	-	-	-	(4.2)
Exchange rate differences	(1.5)	(0.2)	(0.5)	(1.7)	(0.8)	(1.0)	(5.7)
Carrying amount at December 31, 2020	**75.0**	**50.7**	**0.0**	**18.4**	**21.6**	**26.8**	**192.5**
Gross amount	138.1	101.2	-	56.9	39.0	62.3	397.5
Depreciation and impairment	(63.1)	(50.5)	-	(38.5)	(17.4)	(35.5)	(205.0)

The right-of-use and lease liability model is applied to all leases, except leases with a term of 12 months or less, leases of low-value assets and variable lease payments and services, which are recognized in expenses. At December 31, 2020, this liability amounted to €30.7 million (€30.2 million at December 31, 2019, as detailed in *Note 7*). At December 31, 2020, lease liabilities recognized against right-of-use assets amounted to €210.4 million (€265.5 million at December 31, 2019, as detailed in *Note 24.2 – Reconciliation of net financial debt*) and generated interest expense of €4.9 million (€6.4 million at December 31, 2019) recognized in financial income (loss) *(Consolidated Income Statement)*. Cash payments for right-of-use contracts made in 2020 totaled €84.2 million (€92.0 million at December 31, 2019), broken down as €79.3 million for the principal (€85.6 million at December 31, 2019) and €4.9 million in interest (€6.4 million at December 31, 2019), in financing and operating activities, respectively in the Consolidated Statement of Cash Flows. Cash payments made in 2020 for leases with a term of 12 months or less, leases of low-value assets and variable lease fees and services do not differ materially from the amounts recognized in expenses *(Note 7)*. *Note 24.5 – Borrower's liquidity risk* presents the schedule of future payments for lease liabilities in that of financial liabilities. It also analyzes the sensitivity of such future payments to early termination and extension options. The Group does not generate any material revenue from leasing the freehold assets it owns, nor from the sub-lease of assets leased.

NOTE 19 IMPAIRMENT TESTS

Accounting policy

Impairment tests on goodwill are performed every 12 months at the end of the reporting period. The test compares the carrying amount of assets to their recoverable amount (fair value minus costs to sell or value in use, whichever is higher). Fair value corresponds to the selling price. Value in use is measured by discounting the future cash flows generated by the continuous use of assets and, eventually, disposal. Consequently, the recoverable amount of an asset may not be considered an indicator of the price at which that asset could be sold. In addition to the annual impairment test on goodwill, impairment indicators may trigger immediate testing in the event of an unfavorable development. Furthermore, each director of operations, under the supervision of segment directors, ensures that the individual assets do not present any impairment risk. Impairment loss is recognized as soon as the recoverable amount of an asset falls below its carrying amount. Any increase in the recoverable amount of an asset results in the reversal of the previously recognized impairment loss, within the carrying amount that would have been obtained in the absence of impairment. Impairment losses on goodwill cannot be reversed. Executive Management makes judgments to define impairment indicators and the levels at which goodwill is tested along with estimates regarding the timeframe and amount of cash flow forecasts as well as the discount rates used to calculate the value in use.

Judgments

Levels of tests on goodwill. As goodwill feeds into the business management indicators monitored by Executive Management, it is tested for impairment at the same levels as those monitored by Executive Management, which are as follows: Performance Minerals, Europe Middle East Africa (PMEMEA), Performance Minerals Americas (PMA), Performance Minerals, Asia Pacific (PMAPAC) excl. G&C and Graphite & Carbon (G&C) within the Performance Minerals (PM) segment; and High Temperature Solutions (HTS) and Refractory, Abrasives & Construction (RAC) within the High Temperature Materials & Solutions (HTMS) segment. Other than goodwill, all assets within the Group including right-of-use assets net of lease liabilities and mining assets are covered within the scope of these tests.

Impairment indicators. Executive Management makes judgments as to which events should trigger an impairment test. They mainly include significant changes in the business, interest rates, technology, obsolescence, return on assets and the value of market capitalization falling below consolidated equity. An adverse change to one of these factors will trigger an immediate impairment test.

Estimates

Recoverable amount. The recoverable amount of an asset is equal to its fair value minus costs to sell or its value in use, whichever is higher. In practice, fair value is able to be reliably measured for individual assets only, where it corresponds to the transaction price of recently disposed similar assets. Value in use is the most frequently used basis of assessment in impairment tests.

Cash flow forecasts. The cash flow forecasts used for impairment tests at December 31, 2020 are taken from the 2021-2025 plan approved by Executive Management. This "mid case" was developed using independent analysis of underlying markets and integrates the best estimate of the identifiable impact of the Covid-19 crisis. As the Group's assets are not all exposed to the consequences of the crisis in the same way, the return to pre-Covid levels of business has been determined according to the different contexts. The key underlying assumption of these forecasts is the level of organic growth. To calculate the terminal growth rate, Imerys uses the Gordon Growth Model. Future cash flows correspond to net current free operating cash flow *(Note 24.2 – Reconciliation of net financial debt)* adjusted for lease payments and the change in non-operating working capital requirement *(Note 24.2 – Reconciliation of net financial debt)*.

Discount rates. The discount rate used to calculate value in use is determined using the weighted average cost of capital in the industrial minerals sector, i.e. an estimate of the rate of return demanded by the community of industry donors, on both equity and debt instruments, with the exception of lease liabilities due to a lack of sufficient observable data. This rate, set at 6.50% for 2020 (6.75% for 2019), is adjusted for a country-market risk premium, which depending on the assets tested ranged from 29 to 158 basis points (41 to 145 basis points in 2019). In 2020, the average discount rate after income taxes amounted to 7.24% (7.50% in 2019). The calculations net of income taxes are the same as those that would be performed with cash flows and rates before income taxes, as required by applicable standards. In the following table, the discount and terminal growth rates used to calculate the value in use are weighted by the cash flow forecasts of assets tested.

	2020		2019	
	Discount rate	Terminal growth rate	Discount rate	Terminal growth rate
Performance Minerals (PM)	7.47%	1.72%	7.67%	2.05%
Performance Minerals, Europe Middle East Africa (PMEMEA)	7.41%	1.00%	7.71%	1.52%
Performance Minerals Americas (PMA)	7.70%	1.80%	7.57%	2.26%
Performance Minerals, Asia Pacific (PMAPAC) excl. G&C	8.08%	2.30%	8.20%	3.24%
Graphite & Carbon (G&C)	7.07%	1.00%	7.45%	2.11%
High Temperature Materials & Solutions (HTMS)	7.09%	2.36%	7.25%	1.99%
High Temperature Solutions (HTS)	7.70%	3.30%	7.49%	2.42%
Refractory, Abrasives & Construction (RAC)	6.79%	1.90%	7.16%	1.83%
Total	**7.24%**	**2.16%**	**7.50%**	**2.02%**

Changes in cash flow forecasts, discount rates and terminal growth rates have the most significant impact on the Group's financial statements. Imerys conducted simulations to measure the impairment that would be recognized as a result of adverse changes to the assumptions retained in the "mid case" at December 31, 2020. Executive Management deems the various adverse changes used for the sensitivity tests to be reasonably possible in the context of the test. They are as follows: 5.00% decrease in cash flow forecasts (5.00% decrease at December 31, 2019); 1.00% increase in the discount rate (1.00% increase at December 31, 2019); and 1.00% decrease in the terminal growth rate (1.00% decrease at December 31, 2019). Furthermore, in addition to the "mid case" applied to the 2020 test, Imerys also considered a "crisis scenario", which pushed back the Group's return to pre-Covid levels of business. The sensitivity calculated in the "mid case" and the "crisis scenario" did not indicate any impairment.

Annual impairment test on goodwill

The annual impairment test did not lead to the recognition of any impairment loss in 2019 or 2020. The following table presents the carrying amount of goodwill at December 31.

(€ millions)	2020 Carrying amount	2019 Carrying amount
Performance Minerals (PM)	1,186.2	1,167.3
Performance Minerals, Europe Middle East Africa (PMEMEA)	554.6	503.0
Performance Minerals Americas (PMA)	450.2	474.7
Performance Minerals, Asia Pacific (PMAPAC) excl. G&C	154.7	162.5
Graphite & Carbon (G&C)	26.7	27.1
High Temperature Materials & Solutions (HTMS)	962.0	985.0
High Temperature Solutions (HTS)	222.8	240.0
Refractory, Abrasives & Construction (RAC)	739.2	745.0
Goodwill	**2,148.2**	**2,152.3**
Holding	0.8	0.8
Total	**2,149.1**	**2,153.1**

Impairment tests on individual assets

An adverse change in impairment indicators may trigger an immediate impairment test on individual assets, in addition to the annual impairment test on goodwill. As a result of the Covid-19 crisis, Executive Management, directors of operations and segment directors paid particular attention to identifying impairment indicators for individual assets. In 2020, Imerys recognized impairment of €83.5 million, of which €68.4 million in the Performance Minerals segment and €15.2 million in the High Temperature Materials & Solutions segment (€12.7 million with respect to goodwill and €2.5 million with respect to the Group's industrial production assets). In 2020, €5.4 million was recognized in reversals of impairment, of which €1.5 million in the Performance Minerals segment and €3.9 million in the High Temperature Materials & Solutions segment. As a result, €78.1 million was recognized in impairment loss, net of reversals in other operating income and expenses *(Note 10)*. In 2019, tests on individual assets led to the recognition of €39.3 million in impairment loss, of which €14.6 million in the Performance Minerals segment and €24.7 million in the High Temperature Materials & Solutions segment. In 2019, €1.1 million was recognized in reversals of impairment, of which €0.4 million in the Performance Minerals segment and €0.7 million in the High Temperature Materials & Solutions segment. As a result, €38.2 million was recognized for impairment loss, net of reversals in other operating income and expenses *(Note 10)*.

NOTE 20 INVENTORIES

Accounting policy

Inventories are recognized as assets at the date at which the risks, rewards and control are transferred to Imerys. When sold, inventories are recognized as an expense in current operating income at the same date as the corresponding revenue. Inventories are measured at cost of production or net realizable value, whichever is lower. When production is below normal capacity, fixed production overheads specifically exclude any idle capacity costs. Inventories with similar characteristics are measured using the same method. The Group uses "First-In, First-Out" (FIFO) accounting and the weighted average cost method. If the cost of production is not recoverable, it is written down to its net realizable value in accordance with the conditions relating to the physical state or forecast movement of existing stock at the end of the reporting period for the type of inventory considered. Due to the vast range of minerals extracted and beneficiated by the Group, it is not possible to systematically estimate inventory write-downs simply based on turnover rate.

Gross amount and write-down of inventories

	2020			2019		
(€ millions)	**Gross amount**	**Write-down**	**Carrying amount**	**Gross amount**	**Write-down**	**Carrying amount**
Raw materials	325.2	(23.2)	302.0	375.8	(24.3)	351.5
Work in progress	99.5	(3.9)	95.6	119.2	(1.8)	117.4
Finished goods	235.9	(20.7)	215.2	284.1	(16.1)	268.0
Merchandise	81.7	(2.7)	79.0	78.8	(3.1)	75.7
Total	**742.3**	**(50.5)**	**691.8**	**857.9**	**(45.3)**	**812.6**

NOTE 21 FINANCIAL ASSETS

21.1 CATEGORIES OF FINANCIAL ASSETS

The following tables present the value of financial instruments with respect to consolidated assets. The categories used to present the carrying amounts of financial instruments are explained in *Note 11*. The totals distinguish between operational hedge derivatives (hedge of operational foreign exchange risk and energy price risk) and financial hedge derivatives (hedge of financial foreign exchange risk, interest rate risk and conversion of financial statements risk). Financial hedge derivatives are used to calculate net financial debt *(Note 24.2 – Reconciliation of net financial debt)* The carrying amounts represent fair value, insofar as they correspond to the amount of cash to be received.

At December 31, 2020

	Non-hedge accounting			Hedge accounting				
	IFRS 9 categories			Cash flow		Net investment		
	Amortized cost	Fair value through profit or loss	Non IFRS 9	Hedged item	Hedge	Hedged item	Hedge	Total
Non-current assets								
Other financial assets	42.1	0.5	6.5	-	-	-	-	49.1
Other receivables	6.8	-	23.0	-	-	-	-	29.8
Derivative financial assets	-	-	-	-	-	-	4.1	4.1
Conversion of financial statements risk	-	-	-	-	-	-	4.1	4.1
Current assets								
Trade receivables	568.0	-	-	-	-	-	-	568.0
Other receivables	45.8	-	150.5	-	-	-	-	196.3
Derivative financial assets	-	1.4	-	-	12.7	-	-	14.2
Transactional currency risk	-	1.4	-	-	8.6	-	-	10.0
Energy price risk	-	-	-	-	4.1	-	-	4.1
Other financial assets	2.9	7.0	-	-	-	-	-	9.9
Cash and cash equivalents	648.5	-	-	-	-	-	-	648.5
Total	**1,314.1**	**9.0**	**180.0**	**0.0**	**12.7**	**0.0**	**4.1**	**1,519.9**
Of which operational derivatives	-	-	-	-	12.7	-	-	12.7
Of which financial derivatives	-	1.4	-	-	-	-	4.1	5.5

At December 31, 2019

	Non-hedge accounting			Hedge accounting				
	IFRS 9 categories			Cash flow		Net investment		
	Amortized cost	Fair value through profit or loss	Non IFRS 9	Hedged item	Hedge	Hedged item	Hedge	Total
Non-current assets								
Other financial assets	39.2	-	6.6	-	-	-	-	45.8
Other receivables	10.3	-	27.3	-	-	-	-	37.6
Derivative financial assets	-	-	-	-	-	-	4.5	4.5
Conversion of financial statements risk	-	-	-	-	-	-	4.5	4.5
Current assets								
Trade receivables	623.9	-	-	-	-	-	-	623.9
Other receivables	53.2	-	178.3	-	-	-	-	231.5
Derivative financial assets	-	1.0	-	-	5.1	-	-	6.1
Transactional currency risk	-	1.0	-	-	3.2	-	-	4.2
Energy price risk	-	-	-	-	1.9	-	-	1.9
Other financial assets	2.3	8.9	-	-	-	-	-	11.2
Cash and cash equivalents	660.4	-	-	-	-	-	-	660.4
Total	**1,389.3**	**9.9**	**212.2**	**0.0**	**5.1**	**0.0**	**4.5**	**1,621.0**
Of which operational derivatives	-	-	-	-	5.1	-	-	5.1
Of which financial derivatives	-	1.0	-	-	-	-	4.5	5.5

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21.2 TRADE RECEIVABLES, OTHER RECEIVABLES AND OTHER FINANCIAL ASSETS

Accounting policy

After their initial recognition, receivables are measured at their amortized cost. At the end of the reporting period, a write-down is recognized for the value of expected credit losses. Such losses correspond to the estimated weighted probability of credit losses, i.e. the expected loss of cash over the life of the trade receivable, minus cash to be received from credit insurance where applicable *(Note 21.3)*. A receivable sold to a banking institution for financing purposes is only derecognized if the factoring agreement also transfers to the factor all the risks and rewards incidental to the receivable.

Table of changes

At December 31, 2020, other non-current financial assets corresponded to €40.2 million in loans to joint ventures and associates (€35.6 million at December 31, 2019), €8.4 million in loans and deposits (€10.5 million at December 31, 2019), €6.5 million in assets related to employee benefits (€6.4 million at December 31, 2019) *(Note 23.1)* and investments in equity instruments, A significant proportion of other non-current receivables and related write-downs is made up of tax receivables excluding income taxes in Brazil. Other current receivables are also mainly made up of tax receivables excluding income taxes.

(€ millions)	Other non-current financial assets	Other non-current receivables	Trade receivables	Other current receivables	Other current financial assets	Total
Carrying amount at January 1, 2019	**42.0**	**35.1**	**656.6**	**297.0**	**8.9**	**1,039.6**
Gross amount	63.2	66.5	688.5	303.0	8.9	1,130.1
Write-down	(21.2)	(31.4)	(31.9)	(6.0)	-	(90.5)
Change in accounting policy(1)	-	-	-	(1.0)	-	(1.0)
Change in the scope of consolidation	3.5	(0.1)	(24.7)	(18.8)	(16.6)	(56.7)
Net change	1.3	0.6	(33.6)	(42.3)	(0.4)	(74.4)
Write-downs	(0.3)	0.4	(4.4)	(3.2)	(1.3)	(8.8)
Other	(1.9)	2.3	21.5	(4.5)	20.5	37.9
Exchange rate differences	1.2	(0.5)	8.5	4.3	0.1	13.6
Carrying amount at December 31, 2019	**45.8**	**37.8**	**623.9**	**231.5**	**11.2**	**950.2**
Gross amount	69.3	68.2	658.6	236.1	12.5	1,044.7
Write-down	(23.5)	(30.4)	(34.7)	(4.6)	(1.3)	(94.5)
Change in the scope of consolidation	(16.2)	-	10.3	30.8	-	24.9
Net change	17.0	0.9	(34.5)	(54.6)	0.8	(70.3)
Write-downs	3.9	(2.6)	(0.3)	(0.7)	(1.4)	(1.0)
Other	(0.9)	2.2	(1.2)	2.0	-	2.2
Exchange rate differences	(0.5)	(8.6)	(30.2)	(12.6)	(0.8)	(52.7)
Carrying amount at December 31, 2020	**49.1**	**29.8**	**568.0**	**196.4**	**9.9**	**853.3**
Gross amount	66.9	53.7	601.1	201.4	12.6	935.8
Write-down	(17.8)	(23.9)	(33.2)	(5.0)	(2.6)	(82.5)

(1) Change in accounting policy IFRS 16, Leases (Note 2.1 of chapter 6.1 of the 2019 Universal Registration Document).

The table below presents details of the main factoring agreement signed by the Group as well as the amount derecognized at the end of the reporting period.

(€ millions)	**PM**
Effective date of the agreement	Sept.-09
Possible redress for factor from Imerys on derecognized receivables	No
Since 90 days and more	20
Contractual duration	Unlimited
Maximum outstanding amount including all taxes	21.0
Pre-identification of derecognized receivables	Yes
Transfer of all risks and benefits to the factor, including default and late payment risks	Yes
Carrying amount of derecognized receivables at December 31, 2020	8.4
Carrying amount of derecognized receivables at December 31, 2019	8.9

21.3 MANAGING RISK IN RESPECT OF FINANCIAL ASSETS

Credit risk

Description. Credit risk is the risk that a debtor of Imerys does not reimburse their debt at the agreed due date. It mainly affects the trade receivables category.

Management. Credit risk is monitored at entity level by analyzing the breakdown of receivables by maturity. Generally due between 30 and 90 days, the Group's receivables are not covered by any material financing component. The following table presents their schedule at December 31:

(€ millions)	**2020**	**2019**
Receivables not yet due	**499.0**	**508.9**
Receivables due	**139.4**	**201.4**
1 to 30 days	79.1	129.2
31 to 60 days	14.8	29.4
61 to 90 days	9.4	8.1
More than 90 days	36.1	34.7
Total	**638.5**	**710.3**

At the end of the reporting period, receivables and other financial assets are written down to their recoverable amount *(Note 21.2)*. Group entities may hedge credit risk through credit insurance contracts or warranties *(Note 28 – Commitments received)*. At December 31, 2020, the Group's maximum exposure to credit risk before credit insurance and warranties, i.e. gross receivables net of write-downs, amounted to €853.3 million (€950.2 million at December 31, 2019).

The following table presents the change in write-downs of receivables and other financial assets:

(€ millions)	**Other non-current financial assets**	**Other non-current receivables**	**Trade receivables**	**Other current receivables**	**Other current financial assets**	**Total**
Balance at January 1, 2019	**(21.2)**	**(31.4)**	**(31.9)**	**(6.0)**	**-**	**(90.5)**
Change in the scope of consolidation	-	-	0.3	1.8	-	2.1
Increase	(6.0)	0.2	(10.0)	(6.1)	(1.5)	(23.4)
Utilizations	5.6	0.2	5.6	2.9	0.2	14.5
Other	(1.7)	-	1.6	2.8	-	2.7
Exchange rate differences	(0.1)	0.5	(0.3)	-	-	0.1
Balance at December 31, 2019	**(23.4)**	**(30.5)**	**(34.7)**	**(4.6)**	**(1.3)**	**(94.5)**
Change in the scope of consolidation	-	-	(0.1)	-	-	5.3
Increase	(0.8)	(2.7)	(6.9)	(1.5)	(1.4)	(13.4)
Utilizations	4.8	0.2	6.6	0.8	-	12.4
Other	1.5	-	0.3	0.1	-	(3.5)
Exchange rate differences	0.2	9.0	1.6	0.3	-	11.2
Balance at December 31, 2020	**(17.8)**	**(23.9)**	**(33.2)**	**(5.0)**	**(2.6)**	**(82.5)**

Transactional currency risk

Description. Transactional currency risk is the risk whereby a cash flow labeled in foreign currency may be subject to a deterioration caused by unfavorable fluctuations in its cross-entry in functional currency. In assets, transactional currency risk mainly affects trade receivables.

Management. In assets, transactional currency risk is managed in accordance with the same principles as the transactional currency risk related to financial liabilities *(Note 24.5 – Transactional currency risk)*.

NOTE 22 SHAREHOLDERS' EQUITY

Management principles

The management of capital covers three main fields: consolidated equity, share-based payments and share buybacks. Consolidated equity is managed to maintain a stable financial structure that generates dividends for shareholders by increasing earnings at a sustained, regular pace. Incentive schemes in which share options and free shares are granted to certain key employees help Imerys to reach this objective *(Note 8)*. Share buyback programs are intended to improve the transaction liquidity and price stability of the Imerys share and well as make certain share-based payments and cancellations necessary to offset the dilutive impact of exercised share options and vested free share grants.

Consolidated equity is composed of the capital and premiums of Imerys S.A. as well as its consolidated income and reserves. There are no hybrid instruments that combine the characteristics of liabilities and equity instruments. At December 31, 2020:

- consolidated equity amounted to €2,955.6 million (€3,162.0 million at December 31, 2019) on the basis of which the Board of Directors has proposed a dividend of €1.15 per share (€2.15 in 2019);
- a total of 162,113 share options and 1,049,200 free shares granted to certain employees and executive corporate officers that have not yet been exercised or vested, which represents 1.43% of the capital of Imerys S.A. after dilution (1.19% of the capital after dilution at December 31, 2019);
- after transactions made throughout the year to purchase, sell, cancel or transfer shares, Imerys S.A. held 182,330 Imerys shares (540,759 shares at December 31, 2019).

The capital of Imerys S.A. is subject to a number of mandatory requirements under the French Commercial Code *(Code de commerce)*. These requirements do not have any material impact on the financial statements. However, the Statutory Auditors carry out verifications to ensure Imerys S.A. is compliant. Furthermore, part of the Group's financing is secured through debt instruments, issued on the condition of compliance with a covenant related to the amount of consolidated equity. The covenant and the corresponding value recorded at the end of the reporting period are presented in *Note 24.5 – Borrower's liquidity risk*.

Accounting policy

Treasury share buybacks are recognized at acquisition cost against equity. The income generated from any subsequent disposal is directly recognized in equity.

Activity for the period

	2020			2019		
(number of shares)	Shares issued	Treasury shares	Outstanding shares	Shares issued	Treasury shares	Outstanding shares
Number of shares at January 1	**79,485,694**	**(540,759)**	**78,944,935**	**79,485,694**	**(237,342)**	**79,248,352**
Capital increase	5,686,703	-	5,686,703	-	-	-
Capital decrease	(231,442)	231,442	-	-	-	-
Treasury share transactions	-	126,987	126,987	-	(303,417)	(303,417)
Number of shares at December 31	**84,940,955**	**(182,330)**	**84,758,625**	**79,485,694**	**(540,759)**	**78,944,935**

At December 31, 2020, Imerys' fully paid up share capital totaled €169,881,910 divided into 84,940,955 shares each with a par value of €2.

During 2020, the following decisions were made regarding changes in the Company's share capital:

In accordance with the decisions made by the Board of Directors on February 12, 2020:

- it was acknowledged that the share capital at December 31, 2019 had increased by a nominal amount of €29,526 after 14,763 stock options were exercised between January 1 and December 31, 2019, which consequently created an equal number of new Imerys shares; and
- as part of the share buyback programs authorized and in accordance with the authorization granted by the Shareholders' General Meeting, 157,342 treasury shares acquired on the market through an investment services provider were canceled. The cancellation of these shares caused the share capital of the Company to decrease by a nominal amount of €314,684.

In accordance with the decisions made by the Chief Executive Officer on June 12, 2020:

- as a result of paying a portion of the 2019 dividend in shares, in accordance with the authorization granted by the Shareholders' General Meeting, a total of 5,671,940 new Imerys shares were issued, which increased the Company's share capital by a par value of €11,343,880.

In accordance with the decisions made by the Board of Directors on December 3, 2020:

- as part of the share buyback programs authorized and in accordance with the authorization granted by the Shareholders' General Meeting, 74,100 treasury shares acquired on the market through an investment services provider were canceled. The cancellation of these shares caused the share capital of the Company to decrease by a nominal amount of €148,200.

No stock options were exercised in 2020.

The share capital has not changed and the number of voting rights has not undergone any significant change between December 31, 2020 and February 17, 2021, i.e. the date at which the annual financial statements at December 31, 2020 were approved by the Board of Directors.

NOTE 23 PROVISIONS

23.1 PROVISIONS FOR EMPLOYEE BENEFITS

In accordance with the regulatory framework and business practices in each country, Imerys makes contributions to pension plans for its employees. Benefits are granted either through defined contribution plans, the future value of which is not guaranteed by Imerys *(Note 8)*, or defined benefit plans, the future value of which is guaranteed by Imerys by the provisions analyzed in this note.

(€ millions)	**2020**	**2019**
Pension plans	307.9	278.5
Health insurance	20.5	20.1
Other long-term employee benefits	12.4	12.2
Termination benefits	11.5	64.8
Total	**352.3**	**375.7**

Accounting policy

Defined contribution plans. In accordance with the regulatory framework and business practices in each country, Imerys makes contributions to pension plans for its employees by making, either on a mandatory or voluntary basis, contributions to third-party institutions such as pension funds, insurance companies or financial institutions. These plans, called defined contribution plans, do not provide beneficiaries with a guarantee of the total benefit that will be paid in the future. Contributions to these plans are recognized as staff expenses *(Note 8)*.

Defined benefit plans. In contrast, Imerys provides beneficiaries of defined benefit plans with a guaranteed future benefit. The corresponding obligations are measured using the Projected Unit Credit Method by means of economic and demographic actuarial assumptions. These assumptions are used to measure the value of the rights acquired by beneficiaries on the basis of an estimated salary at retirement date. Provisions and assets are recognized for the discounted value of the obligation, minus the fair value of plan assets, and capped where necessary. The rates used to discount obligations and calculate the normative return on assets in profit or loss are fixed by reference to the rates of bonds issued by AA-rated companies (high quality) within the main iBoxx GBP and USD Corporate AA indices. Where negative interest rates arise, they are applied as published, without a lower limit of zero. Executive Management make estimates concerning actuarial assumptions. Contributions to the funds and direct payments to beneficiaries are recognized in current operating income *(Note 8)* except for contributions and payments related to restructuring operations, which are recognized in other operating revenue and expenses *(Note 10)* and contributions to under-funded closed plans with mandatory funding requirements, which are recognized in financial income (loss) *(Note 12)*. The impact in profit or loss of these contributions is neutralized by decreases in provisions recognized in each of these three levels of profit or loss. Other items of change in post-employment plans are recognized in current operating income *(Note 8)*, except for amendments, curtailments and settlements related to restructuring operations, which are recognized in other operating income and expenses *(Note 10)* and unwinding of obligations and normative return on assets, which are recognized in financial income (loss) *(Note 12)*. Administrative fees are recognized in current operating income *(Note 8)* except for administrative fees for under-funded closed plans with mandatory funding requirements, which are recognized in financial income (loss) *(Note 12)*. Plan amendments, curtailments and settlements are immediately recognized in profit or loss. Actuarial differences and caps on post-employment plan assets are fully recognized in equity, net of asset management fees, with no subsequent reclassification in profit or loss.

Characteristics of defined benefit plans

At December 31, 2020, the Group's defined employee benefit obligations totaled €1,502.2 million (€1,465.6 million at December 31, 2019), made up of retirement benefits, post-employment health insurance and other pre-retirement benefits such as jubilee awards. The obligations, the value of which is presented as negative values in the following table, are mainly incurred in the UK and the US.

	2020				2019			
(€ millions)	UK	US	Rest of the world	Total	UK	US	Rest of the world	Total
Pension plans	(1,001.5)	(233.8)	(233.8)	(1,469.1)	(965.9)	(234.2)	(231.8)	(1,431.9)
Post-employment health insurance	-	(13.6)	(6.9)	(20.5)	-	(13.3)	(6.8)	(20.1)
Other pre-retirement benefits	-	-	(12.6)	(12.6)	-	-	(13.6)	(13.6)
Total	**(1,001.5)**	**(247.4)**	**(253.3)**	**(1,502.2)**	**(965.9)**	**(247.4)**	**(252.2)**	**(1,465.6)**

At December 31, 2020, 17,373 beneficiaries were covered by these obligations (24,091 beneficiaries at December 31, 2019), including employees who have been granted rights in return for the years of service they accumulate within the Group (active beneficiaries), employees who will no longer acquire rights in return for the years of service accumulated within the Group as well as former employees still in employment outside the Group (deferred beneficiaries) and former employees now in retirement (retired beneficiaries). The following table breaks down the main characteristics of these beneficiaries:

	2020				2019			
(€ millions)	UK	US	Rest of the world	Total	UK	US	Rest of the world	Total
Headcount								
Active beneficiaries	410	1,016	7,266	8,692	503	1,176	12,295	13,974
Deferred beneficiaries	1,503	1,013	496	3,012	1,556	1,277	464	3,297
Retired beneficiaries	3,985	927	757	5,669	4,002	2,030	788	6,820
Total	**5,898**	**2,956**	**8,519**	**17,373**	**6,061**	**4,483**	**13,547**	**24,091**
Average age								
Active beneficiaries	55	53	43	45	55	50	45	45
Deferred beneficiaries	56	57	50	55	55	53	50	55
Retired beneficiaries	75	72	74	74	75	74	71	74
Years of service								
Active beneficiaries	30	18	13	14	30	16	14	15

At December 31, 2020, 76.4% of the Group's total obligation was accounted for by just two plans (76.4% at December 31, 2019) – the Imerys UK Pension Scheme (Imerys UK) and the Imerys USA Retirement Growth Account Plan (Imerys USA). The following table breaks down the main characteristics of these two plans:

	2020		2019	
	Imerys UK	**Imerys USA**	**Imerys UK**	**Imerys USA**
Obligation by category of beneficiaries *(€ millions)*				
Active beneficiaries	(155.2)	(46.0)	(171.1)	(51.7)
Deferred beneficiaries	(229.5)	(42.5)	(198.9)	(46.3)
Retired beneficiaries	(616.8)	(58.0)	(595.9)	(55.9)
Total	**(1,001.5)**	**(146.5)**	**(965.9)**	**(153.9)**
Average age				
Active beneficiaries	55	54	54	54
Deferred beneficiaries	56	58	54	56
Retired beneficiaries	75	72	75	72
Eligibility				
Recruitment cut-off date	Dec. 31, 2004	Mar. 31, 2010	Dec. 31, 2004	Mar. 31, 2010
Retirement age	65	65	65	65
Description of the benefit				
Type of payment	Annuity(1)	Capital(2)	Annuity(1)	Capital(2)
Pegged to retail price index	Yes	No	Yes	No
Closing date for future accruals	Mar. 31, 2015	Dec. 31, 2014	Mar. 31, 2015	Dec. 31, 2014
Regulatory framework				
Minimum employer funding requirement	Yes(3)	Yes(3)	Yes(3)	Yes(3)
Minimum beneficiary contribution requirement	Yes	No	Yes	No
Governance				
Trustees representing the employer	Yes	Yes	Yes	Yes
Trustees representing the beneficiaries	Yes	No	Yes	No
Independent trustees	Yes	No	Yes	No
Trustee responsibility				
Defining the investment strategy	Yes	Yes	Yes	Yes
Negotiating deficit refinancing with the employer	Yes	-	Yes	-
Administrative management of the benefit payment	Yes	Yes	Yes	Yes

(1) The annuity is calculated according to the number of years of service accumulated, annual salary at retirement and an average of the three last annual salaries.
(2) Capital with guaranteed interest rate (Cash Balance Plan).
(3) The employer is required to fund each unit of service accumulated at 100.0% on the basis of a funding valuation.

Managing employee benefit risk

Description. Through the financial management of employee benefits, Imerys seeks to control of the funding ratio of obligations, i.e. the ratio between the value of plan assets and the value of obligations. The funding ratio of obligations may be deteriorated by a decorrelation between a change in value (generally negative) of plan assets and a change in value (generally positive) of obligations. The value of plan assets may be reduced by deteriorating the fair value of investments. The value of obligations may rise for (i) all plans after a drop in discount rates or (ii) benefits paid as life annuities, either due to an increase in the inflation rates used to remeasure the obligations of certain plans, or due to an increase in the life expectancy of beneficiaries.

Management. In order to control the funding ratio of obligations, Imerys aims first and foremost to optimize the value of plan assets. Investment strategies are therefore devised to deliver a steady return while also taking advantage of opportunities with limited or moderate risks levels. The choice of investments is specific to each plan and factors in the duration of the plan as well as minimum funding regulatory constraints. Since 2011, Imerys has pursued a specific strategy to control the funding ratio of obligations in the UK in particular, which defines plan asset investments to match the obligation. The strategy, known as Liability Driven Investment (LDI), controls the funding ratio of the obligation by pegging cash inflows to cash outflows over the duration of the obligation. In practice, it involves structuring the portfolio of plan assets so that the cash inflows generated by the return on investments match the cash outflows generated by the payment of benefits. It hedges the risk of an increase in the obligation due to a drop in discount rates (or an increase in inflation rates) by covering a portion of the value of the regularly revised obligation.

Financing employee benefits

Imerys finances the majority of employee benefits with investments unavailable to third parties in trusts or insurance contracts legally separate from the Group. At December 31, 2020, the value of these investments designated as plan assets amounted to €1,161.9 million (€1,155.4 million at December 31, 2019). Imerys also holds reimbursement rights, i.e. investments held directly by the Group, which amounted to €6.1 million at December 31, 2020 (€6.0 million at December 31, 2019). Therefore, the funding ratio of obligations equaled 77.8% at December 31, 2020 (79.2% at December 31, 2019). The total deficit of funded plans and unfunded plans amounted to €334.2 million at December 31, 2020 (€304.3 million at December 31, 2019), as disclosed in the following table:

	2020				2019			
(€ millions)	UK	US	Rest of the world	Total	UK	US	Rest of the world	Total
Obligations funded by plan assets	(1,001.5)	(232.2)	(106.6)	(1,340.3)	(965.9)	(232.9)	(109.1)	(1,307.9)
Obligations funded by reimbursement rights	-	-	(31.6)	(31.6)	-	-	(29.9)	(29.9)
Plan assets	924.3	172.9	64.7	1,161.9	917.5	173.5	64.4	1,155.4
Reimbursement rights	-	-	6.1	6.1	-	-	6.0	6.0
Funded plans surplus (deficit)	**(77.1)**	**(59.3)**	**(67.5)**	**(203.9)**	**(48.5)**	**(59.4)**	**(68.7)**	**(176.6)**
Unfunded obligations	-	(15.2)	(115.1)	(130.3)	-	(14.6)	(113.2)	(127.8)
Total surplus (deficit)	**(77.1)**	**(74.6)**	**(182.5)**	**(334.2)**	**(48.5)**	**(73.9)**	**(181.9)**	**(304.3)**

The following table presents the contributions paid to the funds by profit or loss level in 2019 and 2020 as well as an estimate for 2021. Contributions are generally recognized in current operating income. They are recognized in other operating revenue and expenses when they relate to restructuring. Contributions recognized in financial income (loss) are intended to recover the deficit of closed plans (absence of current service) with mandatory funding requirements. In this respect, each euro of service rendered before the plan was closed has been funded by a contribution of the same amount in current operating income. However, a drop in discount rates, increase in inflation rates and reduction in the fair value of investments has broken this initial balance and additional contributions are now required to restore it.

(€ millions)	2021 (estimate)	2020	2019
Contributions in current operating income	(11.8)	(6.3)	(16.4)
Contributions in financial income (loss) (closed plans)	(6.7)	(3.7)	(5.8)
Employer contributions	**(18.5)**	**(10.0)**	**(22.2)**

Plan assets are mainly invested in instruments whose market values are listed on an active market:

	2020				2019			
(€ millions)	UK	US	Rest of the world	Total	UK	US	Rest of the world	Total
Listed assets	**100.0%**	**100.0%**	**60.1%**	**96.6%**	**100.0%**	**100.0%**	**61.5%**	**97.9%**
Equity	4.2%	20.0%	-	5.8%	4.1%	50.0%	-	10.7%
Debt	92.7%	60.0%	0.8%	82.9%	94.4%	50.0%	0.9%	82.5%
Real estate	0.4%	-	-	0.6%	0.9%	-	-	0.7%
Money market investments	2.6%	20.0%	59.3%	7.3%	0.5%	-	60.6%	4.0%
Unlisted assets	**-**	**-**	**39.9%**	**3.4%**	**-**	**-**	**38.5%**	**2.1%**
Money market investments	-	-	39.9%	3.4%	-	-	38.5%	2.1%
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

In 2020, the assets held by Imerys to finance employee benefits generated €133.4 million in actual interest earnings (€109.8 million in 2019), i.e. an actual rate of return, including currency effects, of 12.9% in 2020 (11.0% in 2019), as presented in the following table. In accordance with applicable legal and regulatory standards, this return was only credited to financial income (loss) to the extent of a normative share of €22.0 million in 2020 (€31.1 million in 2019), calculated on the basis of the risk-free rate used to discount the obligations. The surplus of the actual return above the normative return was credited to equity for €111.4 million in 2020 (€78.7 million debited in 2019).

	2020				2019			
(€ millions)	UK	US	Rest of the world	Total	UK	US	Rest of the world	Total
Assets at January 1	**917.4**	**173.5**	**70.4**	**1,161.3**	**847.5**	**186.7**	**81.4**	**1,115.6**
Change in the scope of consolidation	-	-	-	-	-	(5.8)	(10.5)	(16.3)
Contributions	1.6	2.9	6.7	11.2	1.6	4.2	17.6	23.4
Payments to beneficiaries	(48.3)	(17.2)	(6.9)	(72.4)	(45.8)	(53.9)	(21.2)	(120.9)
Exchange rate differences	(49.8)	(15.7)	(0.1)	(65.6)	44.4	3.6	1.7	49.7
Actual return on assets	**103.4**	**29.4**	**0.6**	**133.4**	**69.8**	**38.7**	**1.3**	**109.8**
Normative return (financial income (loss))	16.3	5.3	0.4	22.0	22.8	7.3	1.0	31.1
Adjustment to actual return (equity)	87.1	24.1	0.2	111.4	46.9	31.4	0.4	78.7
Assets at December 31	**924.4**	**172.9**	**70.7**	**1,168.0**	**917.4**	**173.5**	**70.4**	**1,161.3**
Actual rate of return	**12.8%**	**18.9%**	**0.9%**	**12.9%**	**8.8%**	**24.7%**	**3.5%**	**11.0%**

Estimates

Executive Management makes estimates regarding the actuarial assumptions used to measure defined benefit plans. The following assumptions are weighted by the amount of obligations or assets, depending upon the item to which they apply.

	2020				2019			
(€ millions)	UK	US	Rest of the world	Total	UK	US	Rest of the world	Total
Discount rates	1.10%	2.10%	0.85%	1.22%	1.90%	2.80%	1.06%	1.91%
Retail price index	2.90%	-	-	2.66%	2.15%	-	-	2.21%
Salary increase rate	2.45%	-	2.40%	2.44%	2.85%	-	2.37%	2.59%
Changes in medical expense rates	-	-	7.65%	7.65%	-	-	7.65%	7.65%
Duration *(years)*	15	10	13	14	15	10	11	14

Among these estimates, it is the discount rate that has most significant impact on the Group's financial statements. The following table presents the impact of a reasonably estimated change in discount rates following a possible decrease (lower case) or increase (higher case) in the assumption applied to the financial statements at December 31, 2020 (actual 2020). The impact of these changes is measured on three aggregates (obligation, net interest and current service cost) in the two monetary zones in which the most significant obligations have been undertaken (UK and US). The reasonably estimated change in discount rates has been set at 50 basis points, based on the weighted average change in discount rates in the UK and the US over the last five years.

(€ millions)	Lower case	Mid case	Higher case
UK			
Discount rates	0.6%	1.1%	1.6%
Obligation at December 31	1,079.8	1,001.5	933.8
Net interest in 2021 profit or loss[(1)]	0.9	0.8	0.2
Current service cost in 2021 profit or loss[(2)]	-	-	-
US			
Discount rates	1.6%	2.1%	2.6%
Obligation at December 31	260.3	247.4	235.7
Net interest in 2021 profit or loss[(1)]	1.3	1.4	1.4
Current service cost in 2021 profit or loss	1.4	1.3	1.2

(1) Unwinding of the obligation, net of normative return on assets.
(2) Plan closed and frozen since April 1, 2015.

Table of changes

At December 31, 2020

(€ millions)	**Obligations**	**Assets**	**Assets (provisions)**
Balance at January 1, 2020	**(1,465.6)**	**1,161.3**	**(304.3)**
Plan assets			0.6
Reimbursement rights			5.8
Provisions			(310.7)
Unwinding	(26.4)	-	(26.4)
Current service cost	(15.7)	-	(15.7)
Plan amendments	(1.2)	-	(1.2)
Curtailments	1.6	-	1.6
Settlements	(0.6)	-	(0.6)
Actuarial gains (losses) of other employee benefits	0.2	-	0.2
Normative return on plan assets	-	22.0	22.0
Change recognized in profit or loss			**(20.1)**
Surplus (deficit) of actual return on assets over normative return	-	111.4	111.4
Actuarial gains (losses) of post-employment benefits on:			
▪ changes in demographic assumptions	3.6	-	3.6
▪ changes in financial assumptions	(155.3)	-	(155.3)
▪ experience adjustments	0.7	-	0.7
Change recognized in equity			**(39.6)**
Incoming entities	(0.2)	-	(0.2)
Outgoing entities	0.2	-	0.2
Routine benefit payments	81.9	(72.4)	9.5
Employer contributions	-	10.0	10.0
Employee contributions	(1.2)	1.2	0.0
Exchange rate differences	75.8	(65.6)	10.2
Balance at December 31, 2020	**(1,502.2)**	**1,167.9**	**(334.3)**
Plan assets			0.5
Reimbursement rights			6.0
Provisions			(340.8)

Change recognized in profit or loss can be broken down as follows:

(€ millions)	**Assets (provisions)**
Current operating income	**(12.5)**
Net change in provisions for employee benefits	2.5
Contributions to defined benefit plans	(15.0)
Other operating income and expenses	**(1.2)**
Net change in provisions for employee benefits	(0.3)
Contributions to defined benefit plans	(0.8)
Financial income (loss)	**(6.6)**
Net change in employee benefit liabilities – Closed plans	1.5
Contributions to defined employee benefit plans – Closed plans	(3.7)
Normative return on assets of defined benefit plans	22.0
Unwinding of defined employee benefit liabilities	(26.4)
Change recognized in profit or loss	**(20.1)**

At December 31, 2019

(€ millions)	Obligations	Assets	Assets (provisions)
Balance at January 1, 2019	**(1,374.6)**	**1,115.6**	**(259.0)**
Plan assets			0.8
Reimbursement rights			5.7
Provisions			(265.5)
Unwinding	(37.1)	-	(37.1)
Current service cost	(12.6)	-	(12.6)
Plan amendments	(0.6)	-	(0.6)
Curtailments	3.9	-	3.9
Settlements	(1.5)	-	(1.5)
Actuarial gains (losses) of other employee benefits	(0.8)	-	(0.8)
Normative return on plan assets	-	31.1	31.1
Normative return on reimbursement rights	-	0.1	0.1
Change recognized in profit or loss			**(17.5)**
Surplus (deficit) of actual return on assets over normative return	-	78.7	78.7
Actuarial gains (losses) of post-employment benefits on:			
■ changes in demographic assumptions	(0.8)	-	(0.8)
■ changes in financial assumptions	(137.4)	-	(137.4)
■ experience adjustments	(9.1)	-	(9.1)
Change recognized in equity			**(68.6)**
Outgoing entities	21.6	(16.3)	5.3
Routine benefit payments	100.7	(85.8)	14.9
Settlement payments	37.3	(35.1)	2.2
Employer contributions	-	22.2	22.2
Employee contributions	(1.2)	1.2	0.0
Exchange rate differences	(53.4)	49.6	(3.8)
Balance at December 31, 2019	**(1,465.6)**	**1,161.3**	**(304.3)**
Plan assets			0.6
Reimbursement rights			5.8
Provisions			(310.7)

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Change recognized in profit or loss can be broken down as follows:

(€ millions)	Assets (provisions)
Current operating income	**(9.6)**
Net change in provisions for employee benefits	16.0
Contributions to defined benefit plans	(25.6)
Other operating income and expenses	**(0.8)**
Net change in provisions for employee benefits	7.2
Contributions to defined benefit plans	(7.9)
Financial income (loss)	**(7.1)**
Net change in employee benefit liabilities – Closed plans	4.6
Contributions to defined employee benefit plans – Closed plans	(5.8)
Normative return on assets of defined benefit plans	31.1
Unwinding of defined employee benefit liabilities	(37.1)
Change recognized in profit or loss	**(17.5)**

Change recognized in equity

(€ millions)	2020 Actuarial gains (losses)	2020 Surplus of actual return on assets over normative return in profit	2020 Asset cap	2020 Total	2019 Actuarial gains (losses)	2019 Surplus of actual return on assets over normative return in profit	2019 Asset cap	2019 Total
Balance at January 1	**(697.8)**	**423.0**	**2.5**	**(272.3)**	**(538.0)**	**335.4**	**2.4**	**(200.2)**
Change in obligations	(151.0)	-	-	(151.0)	(147.3)	-	-	(147.3)
Change in assets	-	111.4	-	111.4	-	78.7	-	78.7
Change recognized in equity	**(151.0)**	**111.4**	**0.0**	**(39.6)**	**(147.3)**	**78.7**	**0.0**	**(68.6)**
Outgoing entities	-	-	-	-	2.3	-	-	2.3
Exchange rate differences	36.5	(23.1)	(0.1)	13.3	(14.8)	8.9	0.1	(5.8)
Balance at December 31	**(812.3)**	**511.3**	**2.4**	**(298.6)**	**(697.8)**	**423.0**	**2.5**	**(272.3)**

23.2 OTHER PROVISIONS

(€ millions)	2020	2019
Other non-current provisions	394.9	446.0
Other current provisions	58.8	21.0
Total	**453.7**	**467.0**

Accounting policy

A provision is recognized as soon as it becomes likely that a present obligation will require settlement and a reliable estimate can be made of the amount of that obligation. Provisions are recognized against profit or loss, except provisions for dismantling and certain provisions for restoration, which are included in the cost of the assets of which the construction created the obligation. This treatment mainly applies to certain industrial facilities and mining overburden assets. Provisions are measured using the best estimate of the amount required to settle the obligation. Discounts are not applied to provisions that are expected to be settled within 12 months after the end of the reporting period and those that may be settled at any time. Discounts are applied to provisions that are not expected to be settled within 12 months after the end of the reporting period. This treatment applies in particular to provisions accrued with respect to environmental obligations for pollution remediation (€12.9 million at December 31, 2020 and €14.9 million at December 31, 2019), obligations to dismantle plants (€107.5 million at December 31, 2020 and €111.9 million at December 31, 2019) and obligations to restore mine sites that are no longer operational (€145.0 million at December 31, 2020 and €153.2 million at December 31, 2019). Changes in discounted provisions after revisions to the amount of the obligation, the timing of settlement or the discount rate are recognized in profit or loss or as an adjustment to the cost of assets for provisions recognized against assets. Unwinding is recognized as a debit in other financial income and expenses *(Note 12)*. Executive Management makes estimates to assess the probability of settlement, amount of the obligation, expected timing of future payments and discount rates.

Estimates

Probability of settlement and amount of the obligation. The probability of settlement and the amount of the obligations are estimated by Executive Management, who generally call upon in-house company experts to approve the key assumptions, taking into account the anticipated effects, regulatory changes where applicable, and independent counsel regarding material disputes and claims. They relate to allegations of personal injury or financial losses regarding the potential civil liability of Imerys or breaches of contractual obligations or regulations covering HR, real estate and environmental issues. The provisions for these risks are included in the €184.9 million set aside for legal, social and regulatory risks in the table of changes published at the end of the present note. This amount includes in particular the balance of the provision set aside to resolve the litigation involving the Group's talc operations in the US. On February 13, 2019, the Group's three North American subsidiaries decided to file for the protection, with immediate effect, of the special legal process of Chapter 11 under US bankruptcy law in order to permanently resolve the potential liabilities related to their historic commercial talc operations in the United States. Under Chapter 11, the Group remains the legal owner of the share capital of the three North American talc entities (the "North American Talc Subsidiaries"), but their businesses are under the judicial control of the relevant US Delaware federal courts. The courts oversee the continuing operations of the relevant talc entities as well as the conclusion and execution of a business reorganization plan that these entities have sought to negotiate with representatives of existing and future potential claimants (the "Representatives of the Claimants") in talc related litigation brought against them. The Chapter 11 process also suspends all ongoing and future litigation proceedings and prevents any further claims being brought against these entities relating to past and current talc operations in the US. Given effective control of the North American Talc Subsidiaries was transferred on February 13, 2019 to the court to repay creditors, the assets and liabilities held by the entities were removed from the scope of consolidation of the Group's financial statements from this date forward, which led to an additional expense of €5.6 million being recognized in other operating income and expenses *(Note 10)*. Negotiations between the North American Talc Subsidiaries, which were joined by Imerys Talc Italy (the "Talc Subsidiaries Involved"), the Group and the Representatives of Claimants led to the agreement on May 15, 2020 of a joint reorganization plan (the "Plan"), which was filed on the same day with the competent Federal Court for the District of Delaware. The Plan provides that once the necessary approvals have been obtained, the Talc Subsidiaries Involved will emerge from the Chapter 11 process and the Group will be released from all existing and future talc-related liabilities arising out of their past operations, as such liabilities will be channeled into a dedicated trust to be established. The Plan is currently undergoing the necessary approval process. On January 25, 2021, the court approved the disclosure statement of the Plan ("Disclosure Statement") that is currently subject to a vote by the creditors of the Talc Subsidiaries Involved and claimants against them. Subject to the Plan being approved by a qualified majority of voters, it will then undergo a confirmation procedure that is currently scheduled to begin at the end of June, before it receives final approval by the competent Federal Courts. Imerys Talc Italy has been named in a few outstanding talc related lawsuits in the United States. Upon the grant of the required majority vote on the Plan, Imerys Talc Italy intends also to file for Chapter 11 protection and join the Plan in order to benefit from the same comprehensive and permanent resolution of historic talc-related liabilities as the North American Talc Subsidiaries. It is expected that the Plan could be approved in time for the Talc Subsidiaries Involved to emerge from Chapter 11 in summer 2021. Under the proposed Plan and concurrently with its approval process, the North American Talc Subsidiaries have sold their assets to Magris Resources, a Canadian investment fund, for USD223.0 million on February 17, 2021. Imerys Talc Italy's business is not included in this sale and will remain part of the Group throughout and after closing of the Chapter 11 proceedings. The Group's contribution to the Plan will consist of (i) a minimum cash payment of USD75.0 million, (ii) an additional amount of up to USD102.5 million subject to a reduction mechanism proportionate to the sale price for the assets of the North American Talc Subsidiaries, and (iii) certain other components further outlined in the Plan. These commitments primarily include certain insurance assets, financing of minor unsecured trade claims (USD5.0 million) or certain potential excess administrative costs of the Chapter 11 process incurred by the Talc Subsidiaries Involved up to a maximum of USD15.0 million. Given the North American Talc Subsidiaries were sold for USD223.0 million, the Group is expected to contribute the minimum of USD75.0 million under the above-mentioned (i) and (ii). In light of the terms of the Plan, the progress made in the approval process and the sale of assets held by the North American Talc Subsidiaries, at the date the Group's 2020 annual financial results were approved, Executive Management reviewed with the help of independent third-party experts and reiterated its prior estimate of the risk related to the resolution of the Chapter 11 procedure and the forecast financial impact for the Group. A provision of €250.0 million was initially accrued in Imerys' 2018 consolidated financial accounts, knowing that the North American Talc Subsidiaries have been deconsolidated since February 13, 2019. At December 31, 2020, the balance of this provision, which amounts to USD118.8 million, is considered appropriate to cover the expected financial impact of the Plan for the Group.

Expected timing of future payments. The following table presents the discounted value of future cash outflows required to settle the obligations included in other provisions:

(€ millions)	2021-2025	2026-2035	2036 and beyond	Total
Product warranties	3.4	-	-	3.4
Environmental and dismantling obligations	35.7	44.0	40.6	120.3
Mine site restoration	47.4	46.4	51.3	145.0
Legal, social and regulatory risks	184.9	-	-	184.9
Other provisions	**271.4**	**90.4**	**91.9**	**453.7**

Discount rates. Discount rates integrate the time value of money and monetary inflation at the date of future payments. The following assumptions are applied to the major monetary zones:

	2020			2019		
	EUR	GBP	USD	EUR	USD	GBP
Time value of money – environment and dismantling	0.2%	0.9%	2.0%	0.5%	1.7%	2.8%
Time value of money – mine site restoration	0.1%	0.9%	1.7%	0.4%	1.7%	2.8%
Inflation	(0.4)%	0.6%	1.3%	1.2%	1.3%	2.3%

Table of changes

(€ millions)	Product warranties	Environmental and dismantling obligations	Mine site restoration	Legal, social and regulatory risks	Total
Balance at January 1, 2019	**4.6**	**113.7**	**137.3**	**434.3**	**689.9**
Change in accounting policy[1]	-	0.2	-	(7.1)	(6.9)
Change in the scope of consolidation	-	(3.5)	(5.6)	(165.3)	(174.4)
Increase	1.8	10.7	23.2	28.8	64.5
Utilizations	(1.7)	(5.3)	(6.2)	(20.5)	(33.7)
Unused decreases	(0.8)	(4.8)	(1.0)	(32.3)	(38.9)
Unwinding expense	-	1.4	2.8	0.1	4.3
Reclassification and other	-	11.2	0.2	(60.9)	(49.6)
Exchange rate differences	(0.1)	3.1	2.5	6.2	11.7
Balance at December 31, 2019	**3.8**	**126.7**	**153.2**	**183.3**	**467.0**
Change in the scope of consolidation	-	-	(1.6)	(0.2)	(1.8)
Increase	1.7	5.9	7.4	17.3	32.3
Utilizations	(1.3)	(2.9)	(7.6)	(13.1)	(24.9)
Unused decreases	(0.6)	(3.2)	-	(15.4)	(19.2)
Unwinding expense	-	0.8	1.8	-	2.6
Reclassification and other	-	-	-	27.1	27.1
Exchange rate differences	(0.2)	(7.0)	(8.2)	(14.0)	(29.4)
Balance at December 31, 2020	**3.4**	**120.3**	**145.0**	**184.9**	**453.7**

(1) Change in accounting policy IFRS 16, Leases (Note 2.1 of chapter 6.1 of the 2019 Universal Registration Document).

NOTE 24 FINANCIAL LIABILITIES

24.1 CATEGORIES OF FINANCIAL LIABILITIES

The following tables analyze the value of financial instruments with respect to consolidated liabilities. The categories used to present the carrying amounts of financial instruments are explained in *Note 11*. The totals distinguish between operational hedge derivatives (hedge of operational foreign exchange risk and energy price risk) and financial hedge derivatives (hedge of financial foreign exchange risk, interest rate risk and conversion of financial statements risk). Financial hedge derivatives are used to calculate net financial debt *(Note 24.2 – Reconciliation of net financial debt)* Since they correspond to the amount of cash to be paid, carrying amounts represent fair value for all instruments except bonds. The tables are followed by an analysis of the difference between carrying amounts and fair value. The fair value of listed bonds is directly observable as it corresponds to the market value at the end of the reporting period (level 1 fair value). The fair value of unlisted bonds including accrued interests is calculated by a model using observable data, i.e. a revised valuation of discounted future contractual flows (level 2 fair value).

At December 31, 2020

(€ millions)	Non-hedge accounting: IFRS 9 categories: Amortized cost	Non-hedge accounting: IFRS 9 categories: Fair value through profit or loss	Non-hedge accounting: Non IFRS 9	Hedge accounting: Cash flow hedge: Hedged item	Hedge accounting: Cash flow hedge: Hedge	Hedge accounting: Net investment hedge: Hedged item	Hedge accounting: Net investment hedge: Hedge	Total
Non-current liabilities								
Borrowings and financial debt	1,698.3	-	-	-	-	-	-	1,698.3
Lease liabilities	167.8	-	-	-	-	-	-	167.8
Other debts	10.5	-	23.7	-	-	-	-	34.3
Derivative financial liabilities	-	-	-	-	-	-	0.5	0.5
Current liabilities								
Trade payables	475.6	-	-	-	-	-	-	475.6
Other debts	165.3	-	206.3	-	-	-	-	371.6
Derivative financial liabilities	-	1.2	-	-	4.8	-	-	6.0
Transactional currency risk	-	1.2	-	-	3.9	-	-	5.1
Energy price risk	-	-	-	-	0.9	-	-	0.9
Borrowings and financial debt	261.3	(0.4)	-	-	-	-	-	260.9
Transactional currency risk	-	(0.4)	-	-	-	-	-	(0.4)
Lease liabilities	42.6	-	-	-	-	-	-	42.6
Bank overdrafts	0.7	-	-	-	-	-	-	0.7
Total	**2,822.1**	**0.9**	**230.0**	**0.0**	**4.8**	**0.0**	**0.5**	**3,058.3**
Of which operational derivatives	-	-	-	-	4.8	-	-	4.8
Of which financial derivatives	-	1.2	-	-	-	-	0.5	1.7

The fair value of fixed rate bonds included in Borrowings and financial debt exceeded their carrying amount by €65.4 million:

Nominal amount *(in millions)*	Maturity	Listing	Interest rate: Nominal	Interest rate: Effective	Carrying amount	Fair value	Difference
300.0 EUR	Mar. 31, 2022	Listed	0.88%	0.96%	302.5	305.0	2.5
300.0 EUR	Mar. 31, 2028	Listed	1.88%	1.92%	305.7	321.3	15.6
500.0 EUR	Dec. 10, 2024	Listed	2.00%	2.13%	503.6	531.6	28.0
600.0 EUR	Jan. 15, 2027	Listed	1.50%	1.63%	615.2	634.5	19.3
Total at December 31, 2020 *(€ millions)*					**1,727.0**	**1,792.4**	**65.4**

At December 31, 2019

	Non-hedge accounting			Hedge accounting				
	IFRS 9 categories			Cash flow hedge		Net investment hedge		
(€ millions)	Amortized cost	Fair value through profit or loss	Non IFRS 9	Hedged item	Hedge	Hedged item	Hedge	Total
Non-current liabilities								
Borrowings and financial debt	1,687.8	(0.1)	1.2	-	-	-	-	1,689.0
Interest rate risk – discontinued hedges	-	(0.1)	-	-	-	-	-	(0.1)
Lease liabilities	194.6	-	-	-	-	-	-	194.6
Other debts	1.4	-	20.6	-	-	-	-	22.0
Derivative financial liabilities	-	-	-	-	-	-	0.7	0.7
Current liabilities								
Trade payables	542.6	-	-	-	-	-	-	542.6
Other debts	141.3	-	202.2	-	-	-	-	343.5
Derivative financial liabilities	-	2.1	-	-	9.7	-	-	11.9
Transactional currency risk	-	2.1	-	-	1.5	-	-	3.6
Energy price risk	-	-	-	-	8.3	-	-	8.3
Borrowings and financial debt	399.2	(1.7)	-	-	-	-	-	397.5
Transactional currency risk	-	(1.7)	-	-	-	-	-	(1.7)
Lease liabilities	70.9	-	-	-	-	-	-	70.9
Bank overdrafts	7.3	-	-	-	-	-	-	7.3
Total	**3,045.0**	**0.4**	**224.0**	**0.0**	**9.7**	**0.0**	**0.7**	**3,279.9**
Of which operational derivatives	-	-	-	-	9.7	-	-	9.7
Of which financial derivatives	-	2.1	-	-	-	-	0.7	2.9

The fair value of fixed rate bonds included in Borrowings and financial debt exceeded their carrying amount by €58.8 million:

Nominal amount *(in millions)*	Maturity	Listing	Interest rate Nominal	Interest rate Effective	Carrying amount	Fair value	Difference
167.6 EUR	Nov. 26, 2020	Listed	2.50%	2.60%	167.7	170.8	3.1
55.9 EUR	Nov. 26, 2020	Listed	2.50%	1.31%	56.0	57.0	1.0
300.0 EUR	Mar. 31, 2022	Listed	0.88%	0.96%	303.0	305.7	2.7
300.0 EUR	Mar. 31, 2028	Listed	1.88%	1.92%	305.9	318.2	12.3
500.0 EUR	Dec. 10, 2024	Listed	2.00%	2.13%	504.4	536.3	31.9
600.0 EUR	Jan. 15, 2027	Listed	1.50%	1.63%	616.3	624.1	7.8
Total at December 31, 2019 *(€ millions)*					**1,953.3**	**2,012.1**	**58.8**

24.2 CASH FLOWS RELATED TO FINANCIAL LIABILITIES

Changes in liabilities arising from financing activities

The *Consolidated Statement of Cash Flows* analyzes the change in Cash and cash equivalents broken down across operating activities, investing activities and financing activities. In the following tables, Cash flow from financing activities is presented in the Cash changes column, in accordance with their source positions in the Statement of Financial Position.

In 2020, Cash flow from financing activities represented a net cash outflow of €216.9 million, including €198.7 million broken down in the following table that arose from changes in liabilities arising from financing activities. The main components driving this change include the reimbursement of a bond issue (representing an outflow of €223.5 million), the reimbursement of lease liabilities (representing an outflow of €79.3 million) and the issue of short-term negotiable securities (NEU CP, representing an inflow of €130.0 million).

			Non-cash changes						
(€ millions)	**Jan. 1, 2020**	**Cash changes**	**Change in the scope of consolidation**	**Change in lease liabilities against rights of use**	**Accrued interest**	**Fair value**	**Reclassi-fication**	**Exchange rate differences**	**Dec. 31, 2020**
Non-current assets	**(4.5)**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.4**	**0.0**	**(4.1)**
Derivative financial assets	(4.5)	-	-	-	-	-	0.4	-	(4.1)
Current assets	**(18.7)**	**2.1**	**0.0**	**0.0**	**(3.0)**	**(7.7)**	**(0.4)**	**0.8**	**(26.7)**
Derivative financial assets	(6.1)	-	-	-	-	(7.7)	(0.4)	-	(14.2)
Other financial assets	(12.5)	2.1	-	-	(3.0)	-	-	0.8	(12.6)
Non-current liabilities	**1,884.3**	**52.0**	**7.0**	**23.5**	**2.2**	**0.1**	**(50.6)**	**(51.9)**	**1,866.6**
Borrowings and financial debt	1,883.6	52.0	7.0	23.5	2.2	0.1	(50.3)	(51.9)	1,866.1
Derivative financial liabilities	0.7	-	-	-	-	-	(0.3)	-	0.5
Current liabilities	**480.3**	**(252.9)**	**22.6**	**0.0**	**(1.9)**	**(5.0)**	**50.1**	**16.3**	**309.5**
Hedge liabilities	11.9	-	-	-	-	(6.2)	0.3	-	6.0
Borrowings and financial debt	468.4	(252.9)	22.6	-	(1.9)	1.2	49.8	16.3	303.5
Total	**2,341.5**	**(198.7)**	**29.6**	**23.5**	**(2.7)**	**(12.6)**	**(0.5)**	**(34.8)**	**2,145.2**
Loans issued	-	30.5	-	-	-	-	-	-	-
Repayments of borrowings	-	(294.0)	-	-	-	-	-	-	-
Payments of lease liabilities	-	(79.3)	-	-	-	-	-	-	-
Other cash inflows (outflows)	-	144.0	-	-	-	-	-	-	-

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In 2019, Cash flow from financing activities represented a net cash outflow of €367.9 million, including €164.1 million broken down in the following table that arose from changes in liabilities arising from financing activities. The majority of this decrease was driven by the reimbursement for the principal portion of lease liabilities (€85.6 million), the early reimbursement of a private placement worth JPY7 billion (€55.4 million) due to mature in 2033 using part of the cash generated by the disposal of the Clay business toward the end of 2018 and the reimbursement of the NEU CP short-term negotiable securities (€20.0 million).

			Non-cash changes						
(€ millions)	**Jan. 1, 2019**	**Cash changes**	**Change in the scope of consolidation**	**Change in lease liabilities against rights of use**	**Accrued interest**	**Fair value**	**Reclassi-fication**	**Exchange rate differences**	**Dec. 31, 2019**
Non-current assets	**(19.3)**	**(0.1)**	**-**	**-**	**-**	**-**	**14.9**	**-**	**(4.5)**
Derivative financial assets	(19.3)	(0.1)	-	-	-	-	14.9	-	(4.5)
Current assets	**(16.2)**	**(0.3)**	**16.6**	**-**	**0.7**	**16.1**	**(35.5)**	**(0.1)**	**(18.7)**
Derivative financial assets	(7.3)	-	-	-	-	16.1	(14.9)	-	(6.1)
Other financial assets	(8.9)	(0.3)	16.6	-	0.7	-	(20.5)	(0.1)	(12.5)
Non-current liabilities	**2,204.5**	**(71.1)**	**(1.5)**	**59.0**	**2.3**	**(16.2)**	**(312.3)**	**19.6**	**1,884.3**
Borrowings and financial debt	2,204.2	(71.1)	(1.5)	59.0	2.3	(16.2)	(312.7)	19.6	1,883.6
Derivative financial liabilities	0.4	-	-	-	-	-	0.3	-	0.7
Current liabilities	**247.9**	**(92.6)**	**(1.7)**	**-**	**1.3**	**1.6**	**332.9**	**(9.1)**	**480.3**
Hedge liabilities	9.7	-	-	-	-	2.6	(0.4)	-	11.9
Borrowings and financial debt	238.3	(92.6)	(1.7)	-	1.3	(1.0)	333.3	(9.1)	468.4
Total	**2,416.9**	**(164.1)**	**13.4**	**59.0**	**4.3**	**1.5**	**0.0**	**10.5**	**2,341.5**
Loans issued	-	6.2	-	-	-	-	-	-	-
Repayments of borrowings	-	(57.7)	-	-	-	-	-	-	-
Payments of lease liabilities	-	(85.6)	-	-	-	-	-	-	-
Other cash inflows (outflows)	-	(27.0)	-	-	-	-	-	-	-

Reconciliation of net financial debt

Net financial debt reflects the Group's net position on the market and with financial institutions. It is used to manage the Group's financial resources, in particular to calculate covenants with which Imerys has to comply as part of the financing agreements entered into with financial markets *(Note 24.5 – Borrower's liquidity risk)*.

Net financial debt corresponds to the total financing liabilities subscribed on the market and with financial institutions in the form of bonds, bank credits and bank overdrafts, minus cash, cash equivalents and other current financial assets. Although offset in the calculation of net financial debt, overdrafts and surplus cash are presented separately on the statement of financial position, either in the form of bank overdrafts or cash, in accordance with the agreements signed between Imerys and its bank counterparties. In general, these agreements stipulate that the various accounts opened at the bank counterparties remain as debit or credit balances, without any offset. However, some netting agreements exist within the Group in order to achieve a single position with certain bank counterparties across a given scope. A single position is organized by the entity heading the netting scope, either directly through its own bank account, or indirectly through an investment made at the bank counterparty that is credited in the form of loans to the entities within the scope. Direct netting is practiced on agreements in force in Europe and the US, while indirect netting is applied in China.

The following table presents the link between net financial debt and the Consolidated Statement of Financial Position with a distinction between non-derivative and derivative financial instruments. Derivative financial instruments included in the calculation of net financial debt correspond to financing hedge assets and liabilities since they are part of the future cash outflows of this aggregate *(Note 24.5 – Borrower's liquidity risk)*. Operational hedge instruments *(Note 24.4 – Derivative instruments in the financial statements)* are not included in the calculation of net financial debt. At December 31, 2020, cash and cash equivalents at December 31 included a restricted balance of €2.5 million (€5.8 million at December 31, 2019) not available for Imerys S.A. and its subsidiaries, of which €2.0 million (€4.9 million at December 31, 2019) due to legal restrictions or foreign exchange controls and €0.5 million (€0.9 million at December 31, 2019) due to statutory requirements. At December 31, 2020, cash equivalents were composed of €0.0 million in short-term money market UCITS (€0.1 million at December 31, 2019) and €193.3 million in time deposits and similar investments (€289.9 million at December 31, 2019).

(€ millions)	Notes	2020	2019
Non-derivative financial liabilities		**2,170.3**	**2,359.3**
Borrowings and financial debt – non-current		1,698.3	1,689.0
Lease liabilities – non-current		167.8	194.6
Borrowings and financial debt – current		260.9	397.5
Lease liabilities – current		42.6	70.9
Bank overdrafts		0.7	7.3
Non-derivative financial assets		**(658.5)**	**(671.6)**
Other financial assets		(10.0)	(11.2)
Cash and cash equivalents		(648.5)	(660.4)
Hedge derivatives		**(3.8)**	**(2.7)**
Financing hedge instruments – liabilities	24.1	1.7	2.9
Financing hedge instruments – assets	21.1	(5.5)	(5.6)
Net financial debt		**1,508.0**	**1,685.0**

In 2020, the change in net financial debt corresponded to a net cash outflow of €173.5 million (€101.2 million in 2019) as presented in the following table.

(€ millions)	2020	2019
Net financial debt at January 1	**(1,685.0)**	**(1,575.5)**
Change in net financial debt excl. currency fluctuations	173.5	(101.2)
Impact of currency fluctuations	3.5	(8.2)
Change in net financial debt	**177.0**	**(109.4)**
Net financial debt at December 31	**(1,508.0)**	**(1,685.0)**

The following tables analyze the change in net financial debt in two steps. Firstly, cash flow from recurring operations (net current free operating cash flow); and secondly, cash flow from non-recurring operations.

Net current free operating cash flow corresponds to the residual cash flow from recurring operations after current operating income taxes and operating capital expenditure, taking into account proceeds from operating asset disposals and cash changes in operating working capital requirement. In comparison with the cash flow presented in the *Consolidated Statement of Cash Flows*, net current free operating cash flow corresponds to the recurring portion of Net cash flows from (required for) operating activities adjusted for acquisitions and disposals of intangible assets and property, plant and equipment in Cash flow from investing activities after income taxes.

(€ millions)	Notes	2020	2019
Consolidated Income Statement			
Revenue	5	3,798.5	4,354.5
Raw materials and consumables used	6	(1,292.9)	(1,488.0)
External expenses	7	(968.4)	(1,126.5)
Staff expenses	8	(875.2)	(947.3)
Taxes and duties(1)		(41.7)	(42.0)
Other current income and expenses	9	20.5	41.7
Adjustments			
Change in provisions for employee benefits	8	(2.5)	(16.0)
Change in current operating write-downs and provisions	9	(10.0)	(13.5)
Share in net income of joint ventures and associates	9	(1.2)	(4.5)
Dividends received from joint ventures and associates	9	4.4	6.2
Current EBITDA		**631.5**	**764.6**
Income taxes			
Notional taxes on current operating income		(83.0)	(126.4)
Adjustments			
Change in operating working capital requirement(2)		74.9	52.1
Carrying amount of intangible assets and property, plant and equipment disposed of		35.7	8.3
Net current operating cash flow		**659.1**	**698.6**
Investing activities			
Acquisitions of intangible assets and property, plant and equipment	17-18	(262.1)	(291.7)
Additions to right-of-use assets	18	(23.5)	(59.0)
Net current free operating cash flow		**373.5**	**347.9**
(1) Consolidated Income Statement			
(2) Change in operating working capital requirement (Consolidated Statement of Cash Flows)		*74.9*	*52.1*
Adjustments for decrease (increase) in inventories		*86.3*	*35.4*
Adjustments for decrease (increase) in trade receivables		*34.9*	*30.1*
Adjustments for increase (decrease) in trade payables		*(46.3)*	*(13.4)*

The following table presents the cash flow from non-recurring operations, i.e. non-recurring operating transactions, changes in the scope of consolidation, financing transactions and transactions with shareholders. These cash flows, added to the net current free operating cash flow from the previous table, give the total change in net financial debt.

(€ millions)	**2020**	**2019**
Net current free operating cash flow	**373.5**	**347.9**
Income taxes		
Notional income taxes on financial income (loss) and non-recurring income and expenses	17.1	12.6
Change in current and deferred tax assets and liabilities	(16.4)	0.8
Change in income tax payables and receivables	0.8	(38.2)
Income taxes paid on non-recurring income and expenses	17.7	28.4
Consolidated Income Statement		
Financial income (loss)	(61.4)	(43.7)
Other operating income and expenses	(160.5)	(210.2)
Adjustments		
Change in non-operating working capital requirement	34.7	(49.3)
Change in financial write-downs and provisions	4.1	6.6
Change in fair value of hedging instruments	0.4	-
Non-recurring impairment losses	12.7	(0.4)
Change in non-recurring write-downs and provisions	48.2	87.0
Investments in associates	8.9	10.0
Gain (loss) on businesses disposed of	2.7	14.0
Gain (loss) on intangible assets and property, plant and equipment disposed of	1.3	(4.2)
Investing activities		
Acquisition of businesses	(99.0)	(43.1)
Disposal of businesses	0.8	(23.1)
Disposal of intangible assets and property, plant and equipment	0.5	5.5
Loans and advances in cash received from (granted to) third parties	(0.1)	(7.7)
Equity		
Share capital increases (decreases)	119.8	0.5
Disposals (acquisitions) of treasury shares	(0.5)	(31.7)
Share-based payments	5.8	9.6
Dividends	(137.4)	(172.7)
Change in net financial debt excl. exchange rate effects	**173.5**	**(101.3)**

24.3 OTHER DEBTS

(€ millions)	2020	2019
Non-current liabilities		
Income taxes payable	0.3	0.4
Debt on assets	10.5	1.3
Tax debt	0.6	0.6
Social security debt	19.4	15.4
Other	3.6	4.3
Total	**34.3**	**22.0**
Current liabilities		
Debt on assets	113.1	90.1
Tax debt	33.4	35.4
Social security debt	168.9	164.1
Contract liabilities	4.0	2.7
Other	52.3	51.2
Total	**371.8**	**343.5**

Contract liabilities correspond to the value of goods and services to be transferred after the end of the reporting period as part of agreements signed with customers *(Note 5)* for which compensation is due before the transfer of the good or service. Of the €12.4 million of goods and services to be transferred at December 31, 2020 (€12.3 million at December 31, 2019), €8.4 million had been received (€9.6 million at December 31, 2019) and €4.0 million was still outstanding (€2.7 million at December 31, 2019).

24.4 DERIVATIVE INSTRUMENTS

Management principles

The use of derivative instruments is controlled by a policy defined and implemented by the Group Treasury Department and periodically presented to the Board of Directors. The policy specifies that derivative instruments are exclusively used to hedge risks related to operating transactions (transactional currency risk and energy price risk), foreign investments (conversion of financial statements risk) and financing (transactional currency risk and interest rate risk). Imerys does not take speculative positions. Derivative instruments are negotiated centrally by the Group Treasury Department on over-the-counter markets with the highest rated banking institutions. Imerys prohibits its entities from subscribing derivative instruments directly outside the Group, except to comply with local legal or regulatory requirements. The application of this policy to foreign exchange risk (transactional currency and conversion of financial statements), interest rate risk and energy price risk is detailed in Note 24.5.

Accounting policy

Derivatives are recognized at the transaction date, i.e. the date at which the hedging contract is agreed, in non-current and current assets and liabilities by maturity and that of underlying transactions. Derivatives are initially measured at fair value and subsequently re-measured at the end of each period in line with market conditions. The fair value including accrued interests of derivatives is measured by a model using observable data, i.e. prices at the closing date provided by third parties active on financial markets (level 2 fair value). These values are adjusted for counterparty credit risk and the Group's own credit risk. Therefore, when the market value of a derivative is positive (derivative asset), its fair value includes the probability of counterparty default (Credit Value Adjustment, CVA). When the market value of a derivative is negative (derivative liability), its fair value includes the probability of Imerys defaulting (Debit Value Adjustment, DVA). These adjustments are measured using the spread of bonds outstanding on the secondary market, as issued by Imerys and its counterparties (level 2 fair value). The sole purpose of these instruments is to hedge the financial risks to which the Group is exposed. However, only those that meet hedge accounting criteria undergo the accounting treatment described below. All hedge accounting transactions are documented in reference to the hedging strategy by identifying the risk hedged, item hedged, hedging instrument, hedging relationship and method used to measure the hedge effectiveness. The measurement of hedge effectiveness is reviewed at the end of each reporting period. The recognition of hedge derivatives may vary depending upon their designation as either a fair value hedge, a cash flow hedge or a hedge of a net investment in foreign operations *(Notes 11, 12 and 24.5)*. Any derivative that is not eligible for hedge accounting is recognized in financial income (loss).

Fair value hedges. When changes in the fair value of a recognized asset or liability or an unrecognized firm commitment are likely to impact profit or loss, they may be hedged using a fair value hedge. The hedged item and hedging instrument are both re-measured against profit or loss at the end of each reporting period. The impact in profit is limited to the ineffective portion of the hedge *(Note 11)*.

Cash flow hedge. Cash flow hedges cover adverse changes in the cash flow of a recognized asset or liability or a highly probable future transaction, if these changes are likely to impact profit or loss. At the end of each reporting period, the effective portion of the hedge and any fluctuations in the time value of options or forward points of forward contracts are recognized in equity. The ineffective portion is recognized in profit or loss. When the transaction is recognized, the components previously recognized in equity are reclassified in profit at the same time the hedged item is recognized *(Note 11)*. If a derivative is de-designated, i.e. hedge accounting is voluntarily discontinued, the effective portion of the hedge previously recognized in equity is amortized in operating income or financial income (loss), depending on the nature of the hedged item, and the change in fair value after the de-designation date is recognized in financial income (loss).

Hedge of a net investment in foreign operations. Currency fluctuations generated by net assets held by the Group in foreign currencies may be hedged *(Note 24.5 – Conversion of financial statements risk)*. At the end of each reporting period, the effective portion of the hedge is recognized in equity and the ineffective portion in profit or loss. The effective portion in equity is reclassified in other operating income and expenses only when control over a consolidated business is lost or interest in a business under significant influence is reduced.

The ineffective portion of operational hedge instruments is recognized in current operating income. The ineffective portion of financing hedge instruments is recognized in financial income (loss). Changes in fair value of financial instruments that do not qualify for hedge accounting are immediately recognized in other financial income and expenses *(Note 11)*. In the Consolidated Statement of Cash Flows, the cash flows of derivatives are presented in the same levels as the cash flows of the underlying transactions.

Derivative instruments in the financial statements

Assets and liabilities. Derivative instruments recognized in assets and liabilities are presented by type of risk covered, i.e. foreign exchange risk, interest rate risk, energy price risk and conversion of financial statements risk, in *Notes 21.1 and 24.1*. At December 31, 2020, no legally enforceable right existed to offset the amounts recognized above. Imerys intends neither to settle the net amount, nor to realize the asset and settle the liability simultaneously. However, in accordance with applicable framework agreements, any default of Imerys or one of its counterparties would settle their outstanding transactions on a net basis. The total of all positions that would be offset in the event of default would reduce total derivative assets and liabilities by €5.6 million at December 31, 2020 (€4.6 million at December 31, 2019).

Equity. As part of its strategy to manage foreign exchange, interest rate and energy price risks, Imerys holds derivative instruments to hedge certain future purchases and sales in foreign currencies, as well as part of its floating rate financing and part of its future energy consumption in the US, UK and France. These positions are considered cash flow hedges. The following table presents the amounts before income taxes recognized in equity in this respect as well as the reclassifications in profit or loss. Details of these reclassifications in underlying income and expenses are presented in *Note 11*. Cash flow hedges are further outlined in the context of managing foreign exchange, interest rate and energy price risks in *Note 24.5*.

(€ millions)	Transactional currency risk	Interest rate risk	Energy price risk	Total
Balance at January 1, 2019	**(2.7)**	**0.0**	**(2.4)**	**(5.1)**
Continuing hedges	(2.7)	-	(2.4)	(5.1)
Effective portion of hedges	(4.8)	-	(9.4)	(14.2)
Time value of optional derivative instruments	1.9	-	-	1.9
■ Transaction related hedged item	1.9	-	-	1.9
Forward points of forward derivative instruments	3.0	-	-	3.0
■ Transaction related hedged item	3.0	-	-	3.0
Recognition in equity	**0.2**	**0.0**	**(9.4)**	**(9.2)**
Continuing hedges	3.1	-	5.6	8.7
Reclassification in profit or loss	**3.1**	**0.0**	**5.6**	**8.7**
Balance at December 31, 2019	**0.7**	**0.0**	**(6.3)**	**(5.7)**
Continuing hedges	0.7	-	(6.3)	(5.7)
Effective portion of hedges	11.8	-	(8.0)	3.8
Time value of optional derivative instruments	2.5	-	-	2.5
■ Transaction related hedged item	2.5	-	-	2.5
Forward points of forward derivative instruments	(5.0)	-	-	(5.0)
■ Transaction related hedged item	(5.0)	-	-	(5.0)
Recognition in equity	**9.3**	**-**	**(8.0)**	**1.4**
Continuing hedges	(5.3)	-	17.5	12.2
Discontinued hedges	(0.6)	-	-	(0.6)
Reclassification in profit or loss	**(5.9)**	**0.0**	**17.5**	**11.6**
Balance at December 31, 2020	**4.2**	**0.0**	**3.2**	**7.3**
Continuing hedges	4.2	-	3.2	7.3

24.5 MANAGING RISKS ARISING FROM FINANCIAL LIABILITIES

Transactional currency risk

Description. Transactional currency risk is the risk whereby a cash flow labeled in foreign currency may be subject to a deterioration caused by unfavorable fluctuations in its cross-entry in functional currency.

Management. The transactions performed by the Group's entities are accounted for, wherever possible, in the functional currency of the entity that carries out the transaction.

The following table presents the impact of a change in foreign exchange rates on the underlying items of net financial debt, i.e. before foreign exchange rates derivatives at December 31,2020. The analysis involves simulating both a decrease (lower case) and an increase (higher case) in 2020 foreign exchange rates *(Note 26)* (actual 2020).

(€ millions)	Lower case	Actual 2020	Higher case
Foreign exchange rates	10.0% decrease	-	10.0% increase
Net financial debt	1,468.5	1,508.0	1,547.4

When it is not possible to record a transaction in the functional currency of the entity, the transactional currency risk may be hedged on an individual basis using forwards, swaps or options. These instruments are used to hedge highly probable forecast transactions and are considered cash flow hedges. At December 31, 2020, Imerys held €170.6 million in transactional currency hedges at nominal value (€193.1 million at December 31, 2019). The following table presents the amount before income taxes recognized in equity within the translation reserve as well as the reclassifications in profit or loss.

(€ millions)	2020	2019
Balance at January 1	**0.7**	**(2.7)**
Recognition in equity	9.3	0.2
Reclassification in profit or loss	(5.9)	3.1
Balance at December 31	**4.2**	**0.7**
Of which reclassification in profit or loss expected within 12 months	4.2	0.7

The following table presents the impact of a change in foreign exchange rates on the portfolio of derivative instruments held at December 31, 2020 with respect to highly probable future purchases and sales in foreign currencies. The analysis involves simulating both a decrease (lower case) and an increase (higher case) in 2020 foreign exchange rates *(Note 26)* (actual 2020). The impact of changes in the effective portion of cash flow hedges is measured in equity while the impact of changes in the ineffective portion of cash flow hedges and non-hedge derivative instruments is measured in profit or loss.

(€ millions)	Lower case	Actual 2020	Higher case
Foreign exchange rates	10.0% decrease	-	10.0% increase
Effective portion in equity at December 31	13.6	4.2	(2.5)
Ineffective portion in profit or loss for the year	-	-	-

Interest rate risk

Description. Interest rate risk is the risk whereby interest due on financial debt may be subject to a deterioration by a rise in the market interest rates.

Management. Managing interest rate risk aims to guarantee the medium-term cost of net financial debt. Net financial debt is calculated in a report that records the financial debt of each entity with details of its components and characteristics. Reviewed each month by the Financial Department and each quarter by the Board of Directors, the report makes it possible to monitor the debt situation and adapt the management strategy where necessary. The management strategy is drawn up by the Group Treasury Department and approved every year by the Financial Department and the Board of Directors. As part of this process, the Group Treasury Department works with the highest rated banking institutions and obtains financial data and pricing from information providers. The Group's strategy focuses on obtaining finances mainly in euros, which is the most accessible fixed-rate financial resource. Medium-term fixed-rate bond issues are converted to floating rates using interest rate swaps. Given the expected trends in interest rates in 2020, the Group has fixed the interest rate for part of its future financial debt on various terms. The following table presents the impact of a change in interest rates on the interest expense generated by the underlying items of net financial debt, i.e. before interest rate derivatives at December 31, 2020. The analysis involves simulating both a decrease (lower case) and an increase (higher case) in 2020 interest rates (actual 2020).

(€ millions)	Lower case	Actual 2020	Higher case
Interest rate	0.5% decrease	-	0.5% increase
Net financial debt expense	(46.4)	(44.4)	(42.4)

Imerys usually holds a certain number of derivative instruments to hedge a portion of its floating rate debt. These instruments include interest rate swaps as well as options, including caps, floors, swaptions and futures. These instruments qualify as cash flow hedges. At December 31, 2020, Imerys did not hold any interest rate risk hedges. The nominal value at December 31, 2019 equaled €0.0 million. 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)	2020	2019
Balance at January 1	**0.0**	**0.0**
Recognition in equity	-	-
Reclassification in profit or loss	-	-
Balance at December 31	**0.0**	**0.0**
Of which reclassification in profit or loss expected within 12 months	-	-

The following table presents a breakdown of financial net debt between floating and fixed rate by currency at December 31, 2020:

(€ millions)	EUR	USD	JPY	Other foreign currencies	Total
Debt at fixed rate	**1,815.5**	**45.6**	**0.0**	**52.4**	**1,913.5**
Debt at fixed rate on issue	1,815.5	45.6	-	52.4	1,913.5
Fixed-for-floating swap	-	-	-	-	-
Debt at floating rate	**(541.1)**	**380.5**	**6.8**	**(251.7)**	**(405.5)**
Debt at floating rate on issue	236.6	(3.0)	4.5	14.2	252.3
Net cash and marketable securities	(150.0)	(77.1)	(9.6)	(421.1)	(657.8)
Fixed-for-floating swap	-	-	-	-	-
Exchange rate swap	(627.7)	460.6	11.9	155.2	-
Net financial debt at December 31, 2020	**1,274.4**	**426.1**	**6.8**	**(199.3)**	**1,508.0**

The following table presents a breakdown of interest rate hedging transactions by foreign currency at December 31, 2020:

(€ millions)	EUR	USD	JPY	Other foreign currencies	Total
Exposure at floating rate before hedging	**(541.1)**	**380.5**	**6.8**	**(251.7)**	**(405.5)**
Fixed rate hedges	-	-	-	-	-
Swap at average rate of	-	-	-	-	-
Capped rate hedges	-	-	-	-	-
Cap at average rate of	-	-	-	-	-
Exposure at floating rate after hedging	**(541.1)**	**380.5**	**6.8**	**(251.7)**	**(405.5)**

The following table presents the changes in interest rate hedging transactions at December 31, 2020 for 2020 and beyond by maturity:

(€ millions)	2020	2021-2025	2026 and beyond
Total exposure before hedging	**(405.5)**	**(405.5)**	**(405.5)**
Fixed rate hedges	-	-	-
Swap at average rate of	-	-	-
Capped rate hedges	-	-	-
Cap at average rate of	-	-	-
Total exposure after hedging	(405.5)	(405.5)	(405.5)

The following table presents the impact of a change in the interest rate of net financial debt on the portfolio of interest rate derivative instruments held at December 31, 2020. The analysis involves simulating both a decrease (lower case) and an increase (higher case) in 2020 interest rates (actual 2020).

The impact of changes in the effective portion of cash flow hedges is measured in equity while the impact of changes in the ineffective portion of cash flow hedges and non-hedge derivative instruments is measured in profit or loss.

(€ millions)	Lower case	Actual 2020	Higher case
Interest rate	0.5% decrease	-	0.5% increase
Effective portion in equity at December 31	-	-	-
Ineffective portion in profit or loss for the year	-	-	-

Energy price risk

Description. Energy price risk is the risk whereby the cash outflow due in relation to energy purchases may be subject to a deterioration by a rise in its market price. Imerys is exposed to the price risk of energy used in the production cycle of its activities, mainly natural gas, electricity and, to a lesser extent, coal.

Management. To manage energy price risk, Imerys sources its energy from a variety of geographical locations and sources. The Group looks to pass on any energy price increases in the selling price of its products. Furthermore, Imerys has centralized price risk management for natural gas in Europe and the US. The Group Treasury Department is responsible for implementing the framework and resources needed for the single management strategy, which includes the appropriate use of financial instruments available in the market. Since 2006, the Group has strengthened its research programs on alternative energy sources as well as its projects to reduce energy consumption under the supervision of a Group Energy Supervisor. Since 2008, energy managers have been appointed across the Group. Energy price risk is hedged using forward and option contracts, instruments that qualify as cash flow hedges. At December 31, 2020, Imerys held €42.3 million in energy price risk hedges at nominal value (€46.0 million at December 31, 2019). 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)	2020	2019
Balance at January 1	**(6.3)**	**(2.4)**
Recognition in equity	(8.0)	(9.4)
Reclassification in profit or loss	17.5	5.6
Balance at December 31	**3.2**	**(6.3)**
Of which reclassification in profit or loss expected within 12 months	3.2	(6.3)

The following table summarizes the main energy price risk hedge positions at December 31, 2020.

	Net notional amounts *(in MWh)*	**Maturity**
Underlying position	6,276,223	<24 months
Management transactions	1,860,454	<24 months

The following table presents the impact of a change in natural gas and Brent prices on the portfolio of derivative instruments held at December 31, 2020 with respect to highly probable future purchases of natural gas and Brent crude. The analysis involves simulating both a decrease (lower case) and an increase (higher case) in 2020 natural gas and Brent prices (actual 2020). The impact of changes in the effective portion of cash flow hedges is measured in equity while the impact of changes in the ineffective portion of cash flow hedges and non-hedge derivative instruments is measured in profit or loss.

(€ millions)	Lower case	Actual 2020	Higher case
Natural gas and Brent prices	10.0% decrease	-	10.0% increase
Effective portion in equity at December 31	(1.3)	3.2	7.7
Ineffective portion in profit or loss for the year	-	-	-

Borrower's liquidity risk

Description. Borrower's liquidity risk is the risk whereby Imerys would not be in a position to meet the repayment obligations of its financial liabilities. To assess the exposure of the Group to this risk, the following table presents maturity on issue at December 31, 2020. The maturity of lease liabilities presented below represents future cash outflows for the lease liability measured across a reasonably certain lease term *(Note 18 – Accounting policy)*. If all early termination options were exercised, future cash outflows for lease liabilities would total €244.9 million. If all extension options were exercised, future cash outflows for lease liabilities would total €275.0 million.

	2021		2022-2026		2027 and beyond		
(€ millions)	**Capital**	**Interest**	**Capital**	**Interest**	**Capital**	**Interest**	**Total**
Non-derivative financial liabilities	**302.3**	**25.0**	**922.5**	**90.3**	**956.1**	**30.3**	**2,326.5**
Eurobond/EMTN	-	22.4	800.0	81.4	900.0	14.3	1,818.1
Private placements	-	-	-	-	-	-	-
Short-term negotiable debt securities issued	230.0	-	-	-	-	-	230.0
Bilateral facilities	-	-	-	-	-	-	-
Other facilities	10.5	-	3.0	-	-	-	13.5
Lease liabilities	61.8	2.6	119.5	8.9	56.1	16.0	264.9
Hedge derivatives	**(3.8)**	**-**	**-**	**-**	**-**	**-**	**(3.8)**
Financing hedge instruments – liabilities	1.7	-	-	-	-	-	1.7
Financing hedge instruments – assets	(5.5)	-	-	-	-	-	(5.5)
Future cash outflows with respect to gross financial debt	**298.5**	**25.0**	**922.5**	**90.3**	**956.1**	**30.3**	**2,322.7**
Non-derivative financial liabilities	**0.7**	**-**	**-**	**-**	**-**	**-**	**0.7**
Bank overdrafts	0.7	-	-	-	-	-	0.7
Non-derivative financial assets	**(658.5)**	**-**	**-**	**-**	**-**	**-**	**(658.5)**
Other current financial assets	(10.0)	-	-	-	-	-	(10.0)
Cash and cash equivalents	(648.5)	-	-	-	-	-	(648.5)
Future cash outflows with respect to net financial debt	**(359.3)**	**25.0**	**922.5**	**90.3**	**956.1**	**30.3**	**1,664.9**
Of which items recognized at December 31, 2020 (Net financial debt)	(359.3)	(11.3)	922.5	-	956.1	-	1,508.0
Non-derivative financial liabilities	**847.4**	**-**	**-**	**-**	**-**	**-**	**847.4**
Trade payables	475.6	-	-	-	-	-	475.6
Other debts	371.8	-	-	-	-	-	371.8
Hedge derivatives	**(7.9)**	**-**	**-**	**-**	**-**	**-**	**(7.9)**
Operational hedge instruments – liabilities	4.8	-	-	-	-	-	4.8
Operational hedge instruments – assets	(12.7)	-	-	-	-	-	(12.7)
Future cash outflows	**480.2**	**25.0**	**922.5**	**90.3**	**956.1**	**30.3**	**2,504.4**

As a large portion of the debt issued at a fixed rate is swapped into floating rates, the maturity of the net financial debt after interest rate swaps is as follows:

(€ millions)	2021	2022-2026	2027 and beyond	Total
Debt at fixed rate	**35.0**	**922.5**	**956.1**	**1,913.6**
Debt at fixed rate on issue	35.0	922.5	956.1	1,913.6
Fixed-for-floating swap	-	-	-	-
Debt at floating rate	**(405.6)**	**-**	**-**	**(405.6)**
Debt at floating rate on issue	252.2	-	-	252.2
Net cash and other current financial assets	(657.8)	-	-	(657.8)
Fixed-for-floating swap	-	-	-	-
Net financial debt	**(370.6)**	**922.5**	**956.1**	**1,508.0**

Management. Imerys is required to maintain one covenant for a portion of its finance agreements. The main restrictive terms and conditions attached to certain bilateral facilities are as follows:

- Purpose: general corporate financing requirement.
- Covenant compliance obligations: consolidated net financial debt excluding IFRS 16 lease liabilities/consolidated equity shall, in accordance with the related financing agreements, be less than or equal to 1.60 at the end of each reporting period for annual consolidated financial statements. At December 31, 2020, the ratio calculated on continuing operations worked out at 0.44 (0.44 at December 31, 2019).
- Absence of any collateral in favor of lenders.

Failure to comply with the above obligations in any of the related financing agreements could lead to the available amount being canceled and the corresponding financial debt becoming immediately due, upon demand of the lender(s) in question. Other than with two exceptions, the Group's financing agreements do not provide for any cross default if a mandatory covenant is breached. At December 31, 2020, Imerys had a long-term rating of Baa3 outlook negative (Baa2, rating under review at December 31, 2019) from Moody's and BBB- outlook stable from S&P (BBB, credit watch negative at December 31, 2019).

On June 19, 2020, Imerys updated its Euro Medium Term Note program (EMTN) with the Financial Industry Regulatory Authority in Luxembourg, the Commission de Surveillance du Secteur Financier. The program amounted to €3.0 billion and is approved to issue notes similar to ordinary bonds with maturities from one month to 30 years. At December 31, 2020, outstanding securities amounted to €1,700.0 million (€1,923.5 million at December 31, 2019). Imerys also has a short-term negotiable securities program (NEU CP) capped at €1,000.0 million (€1,000.0 million at December 31, 2019) rated P-3 by Moody's (P-2 at December 31, 2019). At December 31, 2020, outstanding short-term negotiable securities amounted to €230.0 million (€100.0 million at December 31, 2019). At December 31, 2020, Imerys had access to €1,110.0 million in bilateral facilities (€1,260.0 million at December 31, 2019), a portion of which secures the short-term negotiable securities issued, in accordance with the Group's financial policy.

Market liquidity risk

Description. Market liquidity risk is the risk whereby a non-confirmed financial resource (short-term negotiable securities [NEU CP], bank facility and accrued interests, or other debt and facilities) would not be renewed.

Management. Imerys tends to use financial resources to adjust its financing capabilities, which exist either as financial debt that has been drawn or financing commitments granted by the highest rated banking institutions. Medium-term financial resources provided by bilateral facilities may be used over very short drawing periods (between one and 12 months) while remaining available over longer maturities (five years). The financial resources of the Group amounted to €2,810.0 million at December 31, 2020 (€3,183.5 million at December 31, 2019). Imerys manages the value of financial resources through regular comparison with the amount drawn down in order to measure available funds to which the Group may have access.

The robustness of financial resources is assessed on the basis of their amounts and average maturity as presented in the following table:

	2020	2019
Financial resources by maturity *(€ millions)*		
Maturity within one year	100.0	373.5
Maturity between one and five years	1,810.0	1,910.0
Maturity beyond five years	900.0	900.0
Total	**2,810.0**	**3,183.5**
Financial resources by nature *(€ millions)*		
Bond resources	**1,700.0**	**1,923.5**
Eurobond/EMTN	1,700.0	1,923.5
Private placements	-	-
Bank resources	**1,110.0**	**1,260.0**
Miscellaneous bilateral facilities	1,110.0	1,260.0
Total	**2,810.0**	**3,183.5**
Average maturity of financial resources *(in years)*		
Bond resources	4.8	5.2
Bank resources	2.4	2.1
Total	**3.9**	**4.0**

The following table measures the available financial resources after repayment of financing from uncommitted resources. It measures the actual exposure of Imerys to an illiquidity crisis on both financial and banking markets. At December 31, 2020, available financial resources after repayment of uncommitted resources corresponded to €644.2 million (€834.1 million at December 31, 2019), which gives the Group substantial room for maneuver, guarantees financial stability and makes it possible to guard against any going concern risk.

	2020			2019		
(€ millions)	Resources	Utilization	Available	Resources	Utilization	Available
Bonds	1,700.0	1,700.0	-	1,923.5	1,923.5	-
Short-term negotiable securities	-	230.0	(230.0)	-	100.0	(100.0)
Committed bank facilities	1,110.0	-	1,110.0	1,260.0	-	1,260.0
Bank facilities and accrued interests	-	8.7	(8.7)	-	31.9	(31.9)
Other debts and facilities	-	227.1	(227.1)	-	294.0	(294.0)
Total	**2,810.0**	**2,165.8**	**644.2**	**3,183.5**	**2,349.4**	**834.1**

Conversion of financial statements risk

Description. Conversion of financial statements risk is a form of foreign exchange risk whereby the value in euros of the financial statements of a foreign operation may be subject to a deterioration due to an unfavorable change in the foreign exchange rate of the functional currency of that business.

Management. Imerys hedges part of its net investments in foreign operations by granting loans specifically allocated to financing the operations in the long term and by controlling the proportion of its financial debt stated in foreign currencies. The exchange rate differences generated by the loans and borrowings qualified as hedges of net investments in foreign operations are recognized in equity *(Note 26 – Translation reserve)* so as to neutralize, to a certain extent, the translation gains or losses on hedged net investments. At December 31, 2020, the borrowings and exchange rate swaps taken out to hedge net investments in foreign entities included: USD568.3 million, CHF47.5 million, GBP80.9 million, DKK257.5 million, ZAR0.0 million and SGD5.5 million (USD568.3 million, CHF47.4 million, GBP74.8 million, DKK257.5 million, ZAR568.3 million and SGD5.5 million at December 31, 2019).

The following table presents financial debt before and after the impact of these foreign currency swaps.

	2020			2019		
(€ millions)	**Before currency swap**	**Currency swap**	**After currency swap**	**Before currency swap**	**Currency swap**	**After currency swap**
EUR	2,052.1	(627.7)	1,424.4	2,160.2	(347.3)	1,812.9
USD	42.6	460.6	503.2	124.4	344.7	469.1
JPY	4.5	11.9	16.4	4.4	18.2	22.6
Other foreign currencies	66.6	155.2	221.8	60.4	(15.6)	44.8
Total	**2,165.8**	**0.0**	**2,165.8**	**2,349.4**	**(0.0)**	**2,349.4**

At December 31,2020, the portion of financial debt in each foreign currency, after swaps, was as follows:

(€ millions)	**EUR**	**USD**	**JPY**	**Other foreign currencies**	**Total**
Gross financial debt	1,424.4	503.2	16.4	221.8	2,165.8
Net cash and marketable securities	(150.0)	(77.1)	(9.6)	(421.1)	(657.8)
Net financial debt at December 31, 2020	**1,274.4**	**426.1**	**6.8**	**(199.3)**	**1,508.0**

The following table presents the impact of a change in foreign exchange rates on the portfolio of foreign exchange swaps held at December 31, 2020 with respect to hedges of net investments in foreign operations. The analysis involves simulating both a decrease (lower case) and an increase (higher case) in 2020 foreign exchange rates *(Note 26)* (actual 2020). The impact of changes in the effective portion of hedges of net investments in foreign operations is measured in equity while the impact of changes in the ineffective portion of hedges of net investments in foreign operations and non-hedge derivative instruments is measured in profit or loss.

(€ millions)	**Lower case**	**Actual 2020**	**Higher case**
Foreign exchange rates	10.0% decrease	-	10.0% increase
Effective portion in equity at December 31	(276.1)	(205.5)	(147.8)
Ineffective portion in profit or loss for the year	-	-	-

■ OTHER INFORMATION

NOTE 25 MAIN CONSOLIDATED ENTITIES

Accounting policy

The entities controlled by Imerys, i.e. those over which the Group has the power to govern the financial and operating policies, are consolidated. Their assets, liabilities, income and expenses contribute to the various items in the consolidated financial statements. Intragroup transactions are eliminated. An entity's losses are allocated to non-controlling interests in proportion to the interest held, even if the result presents a negative balance. Where there is no impact on control, changes in interest are recognized in equity. In the absence of sufficient detail in existing standards and interpretations, Executive Management considers that any commitment entered into by Imerys with the intent to acquire shares from non-controlling interests is recognized as a liability measured at the fair value of the commitment against a derecognition of these interests. Any difference between the fair value of the liability and the carrying amount of the non-controlling interests is recognized in equity. If, at the end of the reporting period, it is highly probable that non-current assets or groups of directly related assets and liabilities will be disposed of, they are designated as non-current assets or groups of assets held for sale. Disposal is considered highly probable if, at the end of the reporting period, a plan to sell them at a reasonable price given their fair value has been initiated to identify a buyer and definitively conclude the disposal within a maximum of one year. Non-current assets or groups of assets held for sale are presented in separate items in the financial statements. They cease to be amortized or depreciated and are measured either at carrying amount or fair value less costs to sell, whichever is lower. Non-current assets or groups of assets that are to be closed rather than sold are considered non-current assets to be abandoned and not held for sale. When non-current assets corresponding to a disposal, held for sale or to be abandoned are allocated to a separate line item for the main operation and are to be abandoned as part of a single coordinated plan, they are categorized as discontinued operations and their related flows are disclosed separately in the income statement and statement of cash flows.

Changes in the scope of consolidation

Performance Minerals (PM). The most recent material change in the scope of consolidation occurred on February 13, 2019, when the segment relinquished control of its three North American entities specialized in manufacturing and selling talc products. Following their placement under the legal control of the court as part of seeking protection under Chapter 11 of the US Bankruptcy Act *(Note 23.2)*, this loss of control led to an additional expense of €5.6 million being recognized in other operating income and expenses in 2019 *(Note 10)*.

High Temperature Materials & Solutions (HTMS). The segment has not undergone any material change in the scope of consolidation since the acquisition on July 18, 2017 of the French group Kerneos, the world's leading manufacturer of high performance calcium aluminate binders.

2020 Scope of consolidation

The following table presents the main consolidated entities in 2020. The percentages of interest are identical to the percentages of control, unless otherwise indicated. The Group holds no unconsolidated structured entity.

Country Entity	Segment	% interest	Entity	Segment	% interest
France					
Calderys France SAS U	HTMS	100.00	Imerys Refractory Minerals Glomel SAS	HTMS	100.00
Imerys Aluminates SAS	HTMS	100.00	Imerys Refractory Minerals International Sales SAS U	HTMS	100.00
Imerys Ceramics France SAS	PM	99.99	Imerys SA	Holding	Parent
Imerys Filtration France SAS U	PM	100.00	Imerys Services SAS U	Holding	100.00
Imerys Fused Minerals Beyrede SAS U	HTMS	100.00	Imerys Tableware France SAS	PM	100.00
Imerys Metalcasting France Sarl	HTMS	100.00	Imerys Talc Luzenac France SAS U	PM	100.00
Imerys PCC France SAS	PM	100.00	Mircal SAS U	Holding	100.00
Imerys Refractory Minerals Clérac SAS U	HTMS	100.00			
Europe					
Austria					
Imerys Fused Minerals Villach GmbH	HTMS	100.00	Imerys Talc Austria GmbH	PM	100.00
Belgium					
Imerys Graphite & Carbon Belgium SA	PM	100.00	Imerys Talc Belgium NV	PM	100.00
Imerys Minéraux Belgique SA	PM	100.00			
Denmark					
Imerys Industrial Minerals Denmark A/S	PM	100.00			
Finland					
Calderys Finland OY	HTMS	100.00	Imerys Minerals OY	PM	100.00
Germany					
Calderys Deutschland GmbH	HTMS	100.00	Imerys Metalcasting Germany GmbH	HTMS	100.00
Imerys Aluminates GmbH	HTMS	100.00	Imerys Minerals GmbH	PM	99.99[1]
Imerys Fused Minerals Laufenburg GmbH	HTMS	100.00	Imerys Tableware Deutschland GmbH	PM	100.00
Imerys Fused Minerals Zschornewitz GmbH	HTMS	100.00			
Greece					
Imerys Bauxites SA	HTMS	100.00	Imerys Industrial Minerals Greece SA	PM	100.00
Hungary					
Imerys Kiln Furniture Hungary KFT	PM	100.00			
Italy					
Calderys Italia Srl	HTMS	100.00	Imerys Minerali Corsico Srl	PM	100.00
Imerys Aluminates Italia Srl	HTMS	100.00	Imerys Talc Italy SpA	PM	99.66
Imerys Bentonite Italy SpA	HTMS	100.00	Imerys Minerali SpA	PM	100.00
Imerys Fused Minerals Domodossola SpA	HTMS	100.00			
Luxembourg					
Imerys Minerals International Sales SA	PM	100.00			
Netherlands					
Calderys The Netherlands BV	HTMS	100.00			
Russia					
OOO Calderys	HTMS	100.00			
Slovenia					
Imerys Fused Minerals Ruse doo	HTMS	100.00			
Spain					
Imerys Diatomita Alicante SA	PM	100.00	Imerys Perlita Barcelona SA	PM	100.00
Sweden					
Calderys Nordic AB	HTMS	100.00	Peramin A.B.	HTMS	100.00
Imerys Mineral AB	PM	100.00			
Switzerland					
Imerys Graphite & Carbon Switzerland SA	PM	100.00			
UK					
Calderys NGJ Ltd	HTMS	100.00	Imerys PCC UK Ltd	PM	100.00
Imerys Aluminates Ltd	HTMS	100.00	Imerys UK Ltd	Holding	100.00
Imerys Minerals Ltd	PM/Holding	100.00			

(1) Percentage of control: 100.00%

Country Entity	Segment	% interest	Entity	Segment	% interest
US					
Americarb Inc.	PM	100.00	Imerys Perlite USA Inc.	PM	100.00
Calderys USA Inc.	HTMS	100.00	Imerys Refractory Minerals USA Inc.	HTMS	100.00
Imerys Carbonates USA Inc.	PM	100.00	Imerys Steelcasting USA Inc.	HTMS	100.00
Imerys Clays Inc.	PM/Holding	100.00	Imerys USA Inc.	Holding	100.00
Imerys Filtration Minerals Inc.	PM	100.00	Imerys Wollastonite USA LLC	PM	100.00
Imerys Fused Minerals Greeneville Inc.	HTMS	100.00	Kentucky-Tennessee Clay Company Inc.	PM	100.00
Imerys Fused Minerals Niagara Falls Inc.	HTMS	100.00	Kerneos Inc.	HTMS	100.00
Imerys Minerals USA Inc.	HTMS	100.00			
Rest of the world					
Bahrain					
Imerys Al Zayani Fused Minerals Co. WLL	HTMS	70.00			
Brazil					
Imerys Do Brasil Comercio De Extracao de Minerios Ltda	PM	100.00	Pará Pigmentos SA	PM	100.00
Imerys Fused Minerals Salto Ltda	HTMS	100.00	RT 043 Mineracao Ltda	PM	100.00
Imerys Rio Capim Caulim SA	PM	100.00			
Canada					
Imerys Canada LP	PM	100.00	Imerys Graphite & Carbon Canada Inc.	PM	100.00
Chile					
Imerys Minerales Chile SpA	PM	100.00			
China					
Calderys China Co. Ltd	HTMS	100.00	Kerneos China Aluminate Technologies Co. Ltd	HTMS	100.00
Guiyang Jianai Special Aluminates Co. Ltd	HTMS	100.00	Linjiang Imerys Diatomite Co. Ltd	PM	100.00
Imerys Fused Minerals Yingkou Co. Ltd	HTMS	100.00	S&B Bentonite Chaoyang Co. Ltd	HTMS	50.00
Imerys Pigements Wuhu Co. Ltd	PM	100.00	Shangdong Imerys Mount Tai Co. Ltd	HTMS	65.00
Imerys Shanghai Investment Management Co. Ltd	HTMS/PM/Holding	100.00	Zhengzhou Jianai Special Aluminates Co. Ltd	HTMS	90.00
Imerys Zhejiang Zirconia Co. Ltd	HTMS	100.00			
India					
Calderys India Refractories Ltd	HTMS	100.00	Imerys Minerals India Private Ltd	PM	100.00
Indonesia					
PT ECC Corp.	PM	51.00			
Japan					
Calderys Japan Co. Ltd	HTMS	100.00	Imerys Specialities Japan Co. Ltd	PM	100.00
Imerys High Resistance Minerals Japan KK	HTMS	100.00	Niigata GCC Co. Ltd	PM	60.00
Imerys Minerals Japan KK	PM	100.00			
Malaysia					
Imerys Minerals Malaysia SDN BHD	PM	100.00			
Mexico					
Imerys Diatomita Mexico SA de CV	PM	100.00	Minera Roca Rodando S. de RL de CV	PM	100.00
Imerys Ceramics Mexico SA de CV	PM	100.00			
Singapore					
Imerys Aluminates Asia Pacific Pte Ltd	HTMS	100.00	Imerys Asia Pacific Pte Ltd	PM	100.00
South Africa					
Imerys Refractory Minerals South Africa Pty Ltd	HTMS	73.95(1)			
South Korea					
Imerys Graphite & Carbon Korea Ltd	PM	100.00	Imerys Minerals Korea Ltd	PM	100.00
Taiwan					
Calderys Taiwan Co. Ltd	HTMS	100.00			

(1) Percentage of control: 100.00%

NOTE 26 TRANSLATION OF FOREIGN CURRENCIES

Accounting policy

The consolidated financial statements of Imerys are presented in euros. The main consolidated entities *(Note 25)* use the local currency as their functional currency. The accumulated impact of translating the financial statements of foreign operations is recognized in equity within the translation reserve. Assets and liabilities of foreign operations are translated at the exchange rate at the end of the reporting period and their income and expenses at the average exchange rate for the year. Non-monetary assets and liabilities from transactions in foreign currencies are measured at the exchange rate of the day or the average rate for the month of the transaction. With the exception of derivative financial instruments, monetary assets and liabilities from transactions in foreign currencies are measured at the exchange rate at the end of the reporting period. The corresponding exchange rate differences are recognized in other financial income and expenses *(Note 12)* except for those generated by monetary assets and liabilities from net investments in foreign operations and their hedges, which are recognized in equity within the translation reserve *(Note 24.5 – Conversion of financial statements risk)*. Upon disposal of a foreign operation, the accumulated impact of translating financial statements and hedges is recognized in other operating income and expenses with the proceeds from the disposal of the business segment *(Note 10)*.

Exchange rate

The following table presents the exchange rates applied to translate the financial statements of the main consolidated entities at December 31, 2020 *(Note 25)*.

		2020		2019	
(€1 =)	**Foreign currencies**	**Closing**	**Average**	**Closing**	**Average**
Bahrain	BHD	0.4606	0.4311	0.4228	0.4221
Brazil	BRL	6.3769	5.8480	4.5281	4.4127
Canada	CAD	1.5633	1.5303	1.4598	1.4855
Chile	CLP (100)	8.7241	9.0376	8.4113	7.8663
China	CNY	8.0067	7.8703	7.8371	7.7223
Denmark	DKK	7.4409	7.4544	7.4715	7.4661
Hungary	HUF (100)	3.6389	3.5148	3.3053	3.2530
India	INR	89.6441	84.6331	80.0692	78.8129
Indonesia	IDR (100)	172.4076	166.6553	155.9560	158.3527
Japan	JPY (100)	1.2649	1.2185	1.2194	1.2201
Malaysia	MYR	4.9337	4.7955	4.5977	4.6373
Mexico	MXN	24.4160	24.5503	21.2202	21.5565
Russia	RUB	91.4671	82.8226	69.9563	72.4553
Singapore	SGD	1.6218	1.5743	1.5111	1.5273
South Africa	ZAR	18.0219	18.7825	15.7773	16.1757
South Korea	KRW (100)	13.3509	13.4512	13.0067	13.0489
Sweden	SEK	10.0343	10.4959	10.4468	10.5891
Switzerland	CHF	1.0802	1.0704	1.0854	1.1125
Taiwan	TWD	34.7928	33.6807	33.6679	34.6180
UK	GPB	0.8990	0.8893	0.8508	0.8778
US	USD	1.2271	1.1420	1.1234	1.1195

Translation reserve

The following table presents the amount before income taxes recognized in equity within the translation reserve with respect to the translation of the financial statements of entities in the main foreign currencies. This table provides details of movements related to hedges of net investment in foreign operations *(Note 24.5 – Conversion of financial statements risk)*.

(€ millions)	BRL	GBP	INR	SGD	TRY	USD	Other foreign currencies	Total
Balance at January 1, 2019	**(260.9)**	**(81.7)**	**(71.9)**	**110.1**	**(43.7)**	**(45.3)**	**(98.6)**	**(492.0)**
Of which net investment hedge reserve	(0.5)	(28.0)	(0.8)	(2.8)	(6.4)	(128.3)	(24.6)	(191.4)
▪ continuing hedges	(0.5)	(28.0)	(0.8)	(2.8)	(6.4)	(128.3)	(24.6)	(191.4)
Change in accounting policy(1)	-	(1.9)	-	-	-	-	0.1	(1.8)
Recognition in equity	(8.0)	21.9	(4.0)	16.0	(2.1)	5.7	4.8	34.3
Hedges of net investments in foreign operations	-	(1.7)	0.2	(0.4)	-	(7.3)	(0.7)	(9.9)
Conversion of financial statements	(8.0)	23.6	(4.2)	16.4	(2.1)	13.0	5.5	44.2
Reclassification in profit or loss	-	1.4	-	-	-	(5.2)	2.2	(1.6)
Of which net investment hedge reserve	-	1.4	-	-	-	(5.2)	2.2	(1.6)
Change in the scope of consolidation	-	-	-	-	-	0.1	0.1	0.2
Balance at December 31, 2019	**(268.9)**	**(60.3)**	**(75.9)**	**126.1**	**(45.8)**	**(44.7)**	**(91.4)**	**(460.9)**
Of which net investment hedge reserve	(0.5)	(29.7)	(0.6)	(3.2)	(6.4)	(135.6)	(25.3)	(201.3)
▪ continuing hedges	(0.5)	(29.7)	(0.6)	(3.2)	(6.4)	(135.6)	(25.3)	(201.3)
Recognition in equity	(99.3)	(21.0)	(11.4)	(36.3)	(3.1)	(16.5)	(30.2)	(217.8)
Hedges of net investments in foreign operations	-	3.9	(2.9)	0.1	-	(0.2)	(4.5)	(3.6)
Conversion of financial statements	(99.3)	(24.9)	(8.5)	(36.4)	(3.1)	(16.3)	(25.7)	(214.2)
Reclassification in profit or loss	-	0.9	-	-	-	(0.8)	(0.9)	(0.8)
Change in the scope of consolidation	(4.7)	-	-	-	-	4.9	(0.2)	(0.0)
Balance at December 31, 2020	**(372.9)**	**(80.4)**	**(87.3)**	**89.8**	**(48.9)**	**(57.1)**	**(122.7)**	**(679.5)**
Of which net investment hedge reserve	(0.5)	(25.8)	(3.5)	(3.1)	(6.4)	(135.8)	(30.4)	(205.5)
▪ continuing hedges	(0.5)	(25.8)	(3.5)	(3.1)	(6.4)	(135.8)	(30.4)	(205.5)

(1) Change in accounting policy IFRS 16, Leases (Note 2.1 of chapter 6.1 of the 2019 Universal Registration Document).

NOTE 27 RELATED PARTIES

Related parties outside Imerys

Imerys has related party relationships with the Canadian group Power and the Belgian group Frère-CNP. These groups are the ultimate controlling parties of Imerys. Through their joint venture Parjointco, they jointly control the Swiss group Pargesa, which controls Imerys through a direct investment in the Belgian group GBL. In this respect, Pargesa and GBL are related parties of Imerys. Imerys is not involved in any transactions with these related parties.

Key management personnel of Imerys

The managers qualifying as related parties at December 31, 2020 are the 11 members of the Board of Directors, including the Chief Executive Officer (12 members at December 31, 2019) and the 11 members of the Executive Committee, including the Chief Executive Officer (11 members at December 31, 2019).

In 2019, PropCo2, an entity affiliated with Blue Crest Holding S.A., which holds 6.30% of voting rights in Imerys, reimbursed Imerys Industrial Minerals Greece S.A., which owns land in the name and on behalf of these entities, for the expenses it incurred in relation to its ownership of this land, in accordance with the amended acquisition agreement concluded between Imerys, S&B GP, Blue Crest and K and R Holdings Sàrl on November 5, 2014. As Imerys and Blue Crest Holding S.A. have a director in common, this reimbursement of €0.3 million constitutes a related party transaction. No amount was reimbursed in 2020.

On December 21, 2019, Imerys signed a rider to the acquisition contract of the S&B group with Blue Crest Holding S.A., holder of 6.37% of the voting rights in Imerys. As Imerys and Blue Crest Holding S.A. have a director in common, this rider was deemed to be a related party transaction.

Compensation and assimilated benefits granted to these related parties are presented in the following table:

		2020		2019	
(€ millions)	Notes	Expense	Liability	Expense	Liability
Short-term benefits	1	(7.5)	2.8	(7.8)	2.4
Directors' compensation	2	(0.6)	0.3	(1.3)	0.4
Post-employment benefits	3	(0.2)	1.2	(0.3)	1.4
Contributions to defined contribution plans		(0.7)	-	(0.6)	-
Termination benefits		-	-	(3.0)	2.5
Share-based payments	4	(1.2)	-	(3.3)	-
Total		**(10.2)**	**4.3**	**(16.3)**	**6.7**

Note 1. Short-term benefits. These amounts include the fixed part of the compensation paid for the year as well as the variable part also due for the year, but paid the subsequent year.

Note 2. Directors' attendance fees. These amounts correspond to the attendance fees paid to the members of the Board of Directors.

Note 3. Post-employment benefits. These amounts include in particular post-employment defined benefit plans available to the main executives of the Group's entities in France who meet the eligibility criteria. They are recognized for the beneficiaries qualifying as related parties, some of whom are among the above-mentioned executives (one in both 2019 and 2020). The maximum life annuity that can be paid to the beneficiaries of these plans upon liquidation of their retirement rights is calculated to guarantee a life annuity:

- equal to a total gross annual amount (after recognition of pensions from mandatory and complementary retirement plans) that corresponds to 60.0% of their reference salary, which is capped at 30 times the annual French Social Security ceiling at December 31, 2020 (30 times at December 31, 2019);
- subject to a payment ceiling of 25.0% of the above-mentioned reference salary over the last 12 calendar months preceding the withdrawal from the Group's payroll.

Note 4. Share-based payments. These amounts correspond to expenses recognized with respect to Imerys share options and free shares granted to related parties.

Post-employment benefits for Imerys employees

The post-employment benefit plans to which Imerys employees are entitled are deemed to be related party agreements. The amount of the contributions to external funds recognized as an expense in 2020 amounted to €10.0 million (€22.2 million in 2019), including €1.6 million for Imerys UK Pension Fund Trustees Ltd, United Kingdom (€1.6 million in 2019) and €2.9 million for Comerica, United States (€3.2 million in 2019).

FCPE Imerys Actions

The corporate mutual fund holding Imerys shares, known as FCPE Imerys Actions, is managed by BNP Paribas Asset Management SAS and overseen by a Supervisory Board of eight members made up of four shareholder representatives and four Imerys representatives. As Imerys, together with the shareholders, exercises joint control over FCPE Imerys Actions, the fund is deemed to be a related party. The amounts recognized in 2019 and 2020 for the FCPE Imerys Actions are immaterial.

NOTE 28 COMMITMENTS

To the best of Imerys' knowledge, other than contracts agreed (i) in the ordinary course of business, including contracts covering operating rights for mineral reserves and resources, (ii) as part of an acquisition or disposal of assets or companies already completed or announced or (iii) in relation to the financing operations mentioned in the present Universal Registration Document, no major contracts have been signed by any Group company in the two years prior to the date the present Universal Registration Document was filed that are currently still in force and contain provisions imposing any obligations or commitments likely to have a material impact on the Group's business, financial position or cash flow. Nevertheless, in the ordinary course of its business, Imerys is liable to third parties for obligations, often related to conditions or subsequent events, that do not (or only partially) meet the criteria for recognizing liabilities but may impact the future financial position. The unrecognized portion of the obligation is designated hereinafter by the term commitment. Identified in accordance with applicable accounting standards, material commitments, both given and received, are presented in the following tables.

Commitments given

(€ millions)	Notes	2020	2019
Mineral leases and services on lease contracts	1	4.2	10.7
Site restorations	2	48.6	49.8
Operating commitments	3	98.1	129.8
Financial commitments	4	57.3	64.7
Other commitments	5	138.0	165.5
Total		**346.2**	**420.5**

Note 1. Mineral leases and services on lease contracts. Since January 1, 2019, IFRS 16 has required nearly all operating leases to be recognized on the balance sheet. The remaining off balance sheet items are limited to contracts outside the scope of IFRS 16, in particular mineral leases and commitments to purchase services related to lease contracts.

Note 2. Site restorations. These commitments correspond to sureties and guarantees obtained from financial institutions in accordance with legal requirements minus any recognized provisions *(Note 23.2)*. Sureties and guarantees are generally taken out with government agencies to secure the financial capacity of Imerys to meet its environmental obligations.

Note 3. Operating commitments. These commitments correspond to firm purchase commitments made by Imerys as part of purchase contracts of goods, services, energy and freight. Energy supply commitments (mainly electricity and gas) amounted to €30.5 million at December 31, 2020 (€63.7 million at December 31, 2019).

Note 4. Financial commitments. These commitments correspond to letters of credit as well as sureties, guarantees, mortgages and pledges obtained by Imerys from financial institutions in order to guarantee operating treasury requirements in favor of customers.

Note 5. Other commitments. This item encompasses all commitments given that are not mentioned above, including seller warranties and price adjustment clauses given by the Group upon business disposals.

Commitments received

(€ millions)	Notes	2020	2019
Operating leases	1	23.8	18.3
Operating commitments	2	151.5	62.2
Financial commitments	3	3.0	3.7
Available financial resources	4	1,110.0	1,260.0
Other commitments	5	196.9	83.7
Total		**1,485.2**	**1,427.9**

Note 1. Operating leases. These commitments correspond to future rent payments on lease contracts in which Imerys is the lessor.

Note 2. Operating commitments. These commitments correspond to firm purchase commitments made by customers in favor of Imerys as part of sales contracts of goods and services.

Note 3. Financial commitments. These commitments correspond to letters of credit as well as sureties, guarantees, mortgages and pledges obtained by certain suppliers from their financial institutions, in order to guarantee operating treasury requirements in favor of Imerys.

Note 4. Available financial resources. These commitments correspond to the amount of available financial resources after the repayment of financing from uncommitted resources. *(Note 24.5 – Market liquidity risk)*.

Note 5. Other commitments. This item encompasses all the commitments received not mentioned above, including €59.6 million at December 31, 2020 (€64.5 million at December 31, 2019) in seller warranties and price adjustment clauses in favor of the Group upon business acquisitions.

NOTE 29 AUDIT FEES

For many years, the Group has endeavored to appoint in priority ERNST & YOUNG et Autres and Deloitte & Associés as the two Statutory Auditors of Imerys to audit its entities across equal scopes. However, for practical or historical reasons, other audit firms have been involved in a marginal capacity. The following table presents the fees charged for the statutory audit of the consolidated financial statements broken down by firm.

Year	2020	2019
Audit fees *(€ millions)*	8.6	9.5
Breakdown of fees		
ERNST & YOUNG et Autres	48%	47%
Deloitte & Associés	41%	44%
Other firms	11%	9%

The following table presents the breakdown of fees awarded to ERNST & YOUNG et Autres (EY) and Deloitte & Associés (DA) by the type of service rendered. “Other services” correspond to services other than statutory audit services as defined in French legal and regulatory texts, various tax services and services provided when conducting agreed procedures, issuing various declarations and auditing consolidated, social, environmental and societal information.

	2020				2019			
	EY		DA		EY		DA	
	(€M)	*(%)*	*(€M)*	*(%)*	*(€M)*	*(%)*	*(€M)*	*(%)*
Individual and consolidated statutory audit services	**4.1**	**95.3%**	**3.5**	**89.7%**	**4.5**	**91.8%**	**4.1**	**93.2%**
Imerys S.A.	0.7		0.9		1.0		1.0	
Consolidated entities	3.4		2.6		3.5		3.1	
Other services	**0.2**	**4.7%**	**0.4**	**10.3%**	**0.4**	**8.2%**	**0.3**	**6.8%**
Imerys S.A.	0.0		0.2		-		0.1	
Consolidated entities	0.2		0.2		0.4		0.2	
Total	**4.3**	**100.0%**	**3.9**	**100.0%**	**4.9**	**100.0%**	**4.4**	**100.0%**

NOTE 30 SUBSEQUENT EVENTS

Accounting policy

Events occurring between the end of the reporting period and the date at which the Board of Directors approve the financial statements for publication result in an adjustment to the financial statements only if they reveal, specify or confirm situations existing at the end of the reporting period.

Subsequent events

The annual consolidated financial statements at December 31, 2020 were approved by the Board of Directors at its meeting held on February 17, 2021. No significant event occurred between the end of the reporting period and the meeting of the Board of Directors.

6.2 STATUTORY FINANCIAL STATEMENTS

6.2.1 FINANCIAL STATEMENTS

■ INCOME STATEMENT

(€ thousands)	Notes	2020	2019
Operating revenue		**143,520**	**105,875**
Rendering of services		143,031	92,654
Other revenue and decreases in provisions		489	13,221
Operating expenses		**(163,403)**	**(156,885)**
Purchases and external services		(106,959)	(103,656)
Taxes and duties		(1,757)	(1,233)
Staff expenses		(43,186)	(40,827)
Amortization, depreciation, write-downs and provisions		(7,514)	(6,884)
Other expenses		(3,986)	(4,285)
Operating income	**10**	**(19,882)**	**(51,010)**
Financial income	**11**	**415,865**	**183,968**
Revenue from subsidiaries and affiliates		428,157	217,601
Net financial expenses		(14,050)	(13,118)
Increases and decreases in write-downs and provisions		(3,534)	(2,545)
Exchange rate gains (losses)		5,292	(17,970)
Current income		**395,983**	**132,958**
Exceptional income (loss)	**12**	**(4,525)**	**(8,692)**
Exceptional revenue		19,202	7,940
Exceptional expenses		(23,726)	(16,632)
Income taxes	**13**	**8,362**	**15,243**
Net income		**399,821**	**139,509**

BALANCE SHEET

(€ thousands)	Notes	2020	2019
Net intangible assets		**48,930**	**36,021**
Intangible assets	14	72,733	54,259
Accumulated depreciation	14	(23,802)	(18,238)
Net property, plant and equipment		**5,172**	**7,164**
Property, plant and equipment	14	12,093	13,009
Accumulated depreciation	14	(6,921)	(5,845)
Net investments		**4,518,730**	**4,518,882**
Equity interests	15	4,518,730	4,518,882
Write-downs	15	-	-
Loans related to direct investments and other subsidiaries, net value	**16**	**1,016,055**	**1,044,420**
Loans related to direct investments and other subsidiaries		1,016,107	1,044,474
Write-downs		(52)	(54)
Other financial investments	**17**	**1,430**	**25,244**
Other financial investments		1,430	25,244
Write-downs		-	-
Non-current assets		**5,590,317**	**5,631,731**
Other receivables	16	51,466	61,843
Marketable securities	18	71,882	83,803
Cash and cash equivalents		187,923	270,293
Current assets		**311,271**	**415,939**
Regularization accounts	16	52,781	55,934
Assets		**5,954,369**	**6,103,604**
Share capital		169,882	158,971
Additional paid-in capital		614,414	520,412
Reserves		959,939	959,939
Retained earnings		303,107	299,534
Net income for the year		399,821	139,509
Shareholders' equity	**19**	**2,447,162**	**2,078,365**
Provisions for risks and expenses	**20**	**41,997**	**43,939**
Financial debt	21	3,346,306	3,855,341
Other debts	21	71,427	76,885
Debt		**3,417,733**	**3,932,226**
Regularization accounts	21	47,477	49,074
Shareholders' equity and liabilities		**5,954,369**	**6,103,604**

6.2.2 NOTES TO THE STATUTORY FINANCIAL STATEMENTS

ACCOUNTING PRINCIPLES AND POLICIES

NOTES TO THE INCOME STATEMENT

NOTES TO THE BALANCE SHEET

OTHER INFORMATION

ACCOUNTING PRINCIPLES AND POLICIES

Imerys S.A. presents its annual financial statements in accordance with the accounting principles and policies established by the General Accounting Plan, as required by ANC Regulation No. 2014-03 issued by France's national accounting standards board on June 5, 2014 and amended by subsequent regulations. French generally accepted accounting principles were applied using a conservative approach in accordance with the following fundamental assumptions: going concern, consistent accounting policies from one year to the next, independence of financial years and in accordance with the general rules of preparation and presentation of annual financial statements. The generally applied methodology uses the historical cost method for the items recognized in the financial statements. The statutory financial statements present comparative information for the prior year Y-1. Comparative information for Y-2 is incorporated by reference to the financial statements included in the Y-2 Registration Document *(chapter 9, section 9.4 of the Universal Registration Document)*.

NOTE 1 INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

Intangible assets

Intangible assets recorded on the balance sheet are measured at acquisition cost. Software is amortized over three to eight years using the straight-line method.

Property, plant and equipment

Property, plant and equipment are measured at acquisition cost or contribution value.

Depreciation methods are representative of economic depreciation; therefore, no excess tax depreciation was recognized as liabilities on the balance sheet.

The depreciation methods and useful lives are applied as follows:

- Machinery and equipment: straight-line method, over 10 years
- Equipment and office furniture: straight-line method, over 5 to 10 years
- Office equipment: straight-line method, over 5 years
- IT equipment: straight-line method, over 3 to 5 years

NOTE 2 LONG-TERM INVESTMENTS

Long-term investments are measured at acquisition cost, excluding ancillary expenses. Securities and other long-term investments are measured at value in use. Value in use is calculated on the basis of the equity value of the entities concerned at end of the reporting period, as well as their level of profitability and business forecasts. If value in use exceeds the carrying amount recognized on the balance sheet, the carrying amount is not modified. On the contrary, if value in use is less than the carrying amount recognized on the balance sheet, the investment is written down. Securities and other long-term investments in foreign currencies are not remeasured at the closing exchange rate. Unrealized losses from fluctuations in foreign currencies in which long-term investments are denominated are not destined to realize. Therefore, unrealized foreign exchange losses are not in themselves sufficient to systematically justify a write-down.

NOTE 3 RECEIVABLES AND DEBT IN FOREIGN CURRENCIES

Receivables and debt in foreign currencies are translated at the closing exchange rate.

NOTE 4 MARKETABLE SECURITIES

The value in use of marketable securities is assessed at the average market price over the last month of the period for listed securities, at the last known redemption price for money market funds and at net asset value for mutual funds. Unrealized losses result in a write-down and unrealized gains are not recognized.

NOTE 5 PROVISIONS

Provisions for risks

Provisions for risks cover identified risks and are determined as follows:

- Provisions for management risks include ongoing disputes related to recurring operations.
- Provisions for restructuring relate to restructuring plans that have been officially approved and initiated before the end of the reporting period.
- Provisions for the risk of fluctuations in the value of certain equity interests are determined in accordance with the latest financial information available taking into account the outlook for the future.
- Provisions for risks relating to free share grants are determined by maturity, on the basis of the opening share price at the date of their allocation to the plan or, if the shares have not been purchased before the end of the reporting period, at the share price at that date, in accordance with CNC Recommendation No. 2008-17 issued by France's national accounting standards commission. The calculation for these provisions takes into account an assessment of the fulfillment of economic and/or financial performance objectives to which the shares are conditioned and apportioned. Increases and decreases in provisions and expenses for employer contributions are presented in staff expenses.

Provisions for expenses

Provisions for expenses include:

- Provisions for the refurbishment of the company headquarters.
- Provisions for complementary pension plans and retirement benefits for former employees.
- The retirement indemnities expense, calculated using the Projected Unit Credit Method. Imerys applies ANC Recommendation No. 2013-R02 to recognize and measure retirement benefit commitments and similar benefits. Actuarial differences are recognized using the corridor rule.

NOTE 6 FINANCIAL DEBT

Financial debt includes:

- Commission due and external costs incurred in connection with new borrowings, which are recognized in “Expenses to be allocated over several periods” and are spread on a straight-line basis over the maturity of borrowings.
- Bond reimbursement premiums, which are amortized on a straight-line basis over the maturity of each bond.

NOTE 7 DERIVATIVE INSTRUMENTS

Management principles

As the holding company of the Imerys Group, Imerys S.A. implements the Group’s risk management strategy relating to the financial markets identified within the Group: foreign exchange risk, interest rate risk and energy price risk. Derivatives subscribed by Imerys S.A. are intended solely to hedge the financial risks to which the Group is exposed.

Derivative instruments are negotiated centrally by the Group Treasury Department on over-the-counter markets with the highest rated banking institutions. Imerys prohibits its entities from subscribing derivative instruments directly outside the Group.

Accounting policy

Derivative instruments are accounted for in accordance with ANC Regulation No. 2015-05 issued on July 2, 2015 by France's national accounting standards board.

Simple hedge. A derivative instrument qualifies as a simple hedge if it is the subject of documentation identifying the hedged item, the type of hedging instrument, the type of risk hedged, the hedging relationship and the method used to assess its effectiveness. When the swap is agreed, the nominal value of the derivative instrument is recognized in off balance sheet commitments *(Note 23 – Commitments on interest rate risk)*. Realized and unrealized interest coupons are recognized symmetrically with the hedged item in profit. The simple hedge categorization was only tested for the swap agreed to hedge the interest rate risk of borrowings in JPY until March 18, 2019, the date at which the debt was due to be repaid and the rate swap unwound.

Isolated open position. Any derivative instrument that does not meet the documentation criteria of a simple hedge is classified as an isolated open position. This designation applies in particular to derivative instruments subscribed to hedge foreign exchange risk (swaps, forwards and options) and energy price risk (swaps and options). When the instruments are agreed, the nominal value of the derivative instrument is recognized in off balance sheet commitments *(Note 23 – Commitments on foreign exchange risk, Commitments on energy price risk)*.

Subsequently, the fair value of derivative instruments is measured as follows:

- With foreign exchange risk hedges, the value of derivatives measured at the closing exchange rate is aggregated with the value of the underlying assets (loans and borrowings in foreign currencies) in a comprehensive foreign exchange position calculated by currency or strongly correlated currencies. The resulting unrealized exchange rate gains and losses are recognized separately in regularization accounts – in assets for unrealized exchange rate losses *(Note 16)* and in liabilities for unrealized exchange rate gains *(Note 21)*. A provision is recorded to fully cover unrealized exchange rate losses *(Note 20)*.
- With energy price risk, the value of derivative instruments measured at the closing price is aggregated into a comprehensive commodity position calculated for all energy sources. A provision is recorded to fully cover unrealized losses *(Note 20)*.

Fair value

The following table presents the derivative instruments held by Imerys S.A. at the end of the reporting period for interest rate risk (simple hedging) as well as foreign exchange and energy price risks (isolated open positions).

	2020				
	Derivative assets		Derivative liabilities		Net
(€ millions)	External	Internal	External	Internal	
Foreign exchange risk (forwards, swaps, options)	**10.0**	**3.7**	**5.1**	**2.1**	**6.6**
Forward derivative instruments	9.3	3.7	5.1	1.4	6.6
Optional derivative instruments	0.7	-	-	0.7	-
Interest rate risk (swaps)	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Forward derivative instruments	-	-	-	-	-
Optional derivative instruments	-	-	-	-	-
Energy price risk (swaps, options)	**4.1**	**0.4**	**0.9**	**2.7**	**1.0**
Forward derivative instruments	4.1	0.4	0.9	2.7	1.0
Optional derivative instruments	-	-	-	-	-
Total	**14.1**	**4.1**	**6.0**	**4.7**	**7.5**

NOTE 8 TAX CONSOLIDATION

Since 1993, Imerys S.A. and some of its French subsidiaries have been taxed in accordance with article 223-A of the French Tax Code *(Code général des impôts)* on tax consolidation. In 2020, three entities left the tax consolidation scope: Mircal Europe, Parnasse 33 and Société de Valorisation des Mineraux Industriels. At December 31, 2020, the tax consolidation scope included the following 24 entities:

■ Ardoisières d'Angers	■ Imerys Refractory Minerals Glomel
■ Calderys France	■ Imerys Services
■ Imertech	■ Imerys Metalcasting France Sarl
■ Imerys S.A.	■ Imerys Tableware France
■ Imerys Aluminates S.A.	■ Imerys Talc Europe SAS
■ Imerys Ceramics France	■ Imerys Talc Luzenac France
■ Imerys Filtration France	■ Kerneos Corporate
■ Imerys Fused Minerals Beyrede	■ Kerneos Group
■ Imerys PCC France	■ Mircal
■ Imerys Refractory Minerals International Sales	■ Mircal Brésil
■ Imerys Minéraux France	■ Parimetal
■ Imerys Refractory Minerals Clerac	■ Parnasse 32

Relationships within the tax group, headed by Imerys S.A., are governed by an agreement that sets out the following principles:

- Each entity in the tax group records in its accounts the amount of tax that it would have paid on a stand-alone basis.
- All additional liabilities arising as a result of tax consolidation are recorded by Imerys S.A., which benefits from any savings resulting from consolidation.

NOTE 9 TRANSFER OF EXPENSES

"Transfer of expenses" includes:

- Transfers of expenses to balance sheet accounts (expenses incurred on new borrowings and capital increase expenses).
- Transfers from one category of expenses to another (operating expenses transferred to exceptional or financial expenses or vice versa).

NOTES TO THE INCOME STATEMENT

NOTE 10 OPERATING INCOME

In 2020, operating revenue amounted to €143.5 million (€105.9 million in 2019), up €37.6 million primarily due to the holding company providing more extensive services to its subsidiaries. Purchases and external services represented €107.0 million (€103.7 million in 2019), i.e. a €3.3 million inflation following the creation of new cross-functional divisions as part of the transformation plan. This change also led to overall increase in staff expenses (€2.3 million), while costs incurred through performance share grants to certain Group employees fell.

NOTE 11 FINANCIAL INCOME

(€ thousands)	2020	2019
Financial revenue	**670,818**	**543,222**
Revenue from subsidiaries and affiliates(1)	428,157	217,601
Other financial income(1)	53,061	77,733
Decrease in provisions and transfer of expenses	7,738	7,750
Exchange rate gains	181,862	240,138
Financial expenses	**254,953**	**359,254**
Financial interest and expenses on financial instruments(2)	67,110	90,851
Increase in financial amortization and provisions	11,272	10,295
Exchange rate losses	176,570	258,108
Financial income	**415,865**	**183,968**
(1) Of which revenue related to controlled entities	*473,302*	*260,837*
(2) Of which expenses related to controlled entities	*5,085*	*23,634*

Revenue from subsidiaries and affiliates amounted to €428.2 million, up €210.6 million on 2019. Imerys S.A. manages the foreign exchange risk related to changes in directly or indirectly held foreign net assets, as well as that resulting from loans and advances granted to subsidiaries and entities under cash pooling agreements, by adjusting the proportion of its debt drawn in foreign currencies. In 2020, Imerys S.A. recognized in this respect a net foreign exchange gain of €5.3 million (compared with a net loss of €18.0 million in 2019). Increases and decreases in financial provisions are presented in *Note 20*.

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NOTE 12 EXCEPTIONAL INCOME (LOSS)

(€ thousands)	2020	2019
Gains (losses) on asset disposals	1,810	(3,830)
Other exceptional revenue	1	13
Decrease in provisions and transfer of expenses	10,331	7,920
Increase in provisions	(6,427)	(12,684)
Other exceptional expenses	(10,240)	(111)
Exceptional income (loss)	**(4,525)**	**(8,692)**

The Group notably reversed €3.6 million in provisions for management risks and €6.7 million in provisions for staff-related risks to cover the exceptional expenses incurred in 2020. Additional provisions of €6.0 million were recorded for staff-related risks in 2020.

NOTE 13 INCOME TAXES

(€ thousands)	2020	2019
Taxes on long-term capital gains	-	-
Income taxes	8,362	15,243
Total	**8,362**	**15,243**

Breakdown of tax expenses

(€ thousands)	Profit or loss before tax	Tax	Profit or loss after tax
Current income	395,984	-	395,984
Exceptional income (loss)	(4,525)	-	(4,525)
Impact of tax consolidation	-	8,362	8,362
Total	**391,459**	**8,362**	**399,821**

In accordance with the terms of the tax consolidation agreements signed by each company from the Imerys Group in France, the tax expense or saving recognized in the accounts of Imerys S.A. is made up of:

- the tax expense of Imerys S.A., calculated on a stand-alone basis; and
- the net amount of additional expenses and savings resulting from tax consolidation.

In this respect, Imerys S.A. recognized savings of €8.4 million in 2020 (€15.2 million in 2019).

In 2020, Imerys S.A. recorded a loss of €9.5 million on a stand-alone basis. Imerys S.A. carried forward losses on a stand-alone basis for a cumulated amount of €1,364.3 million at December 31, 2020 (€1,354.8 million at December 31, 2019).

Deferred taxes

The deferred tax position is due to temporary differences in the treatment of certain items of revenue and expenses between tax rules and accounting rules. In accordance with French generally accepted accounting principles, decreases and increases in the future tax expense resulting from such differences are not recognized, but are subject to the following disclosure:

(€ thousands)	2020	2019
Deferred tax assets (decrease in the future tax expense)	6,310	6,755
Deferred tax liabilities (increase in the future tax expense)	2,185	1,658

■ NOTES TO THE BALANCE SHEET

NOTE 14 CHANGE IN INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

(€ thousands)	Gross amount Dec. 31, 2019	Acquisitions	Disposals	Gross amount Dec. 31, 2020
Intangible assets	54,259	18,478	5	72,733
Property, plant and equipment	13,009	1,253	2,169	12,093
Total gross intangible assets and property, plant and equipment	**67,268**	**19,731**	**2,173**	**84,826**

(€ thousands)	Amortization and depreciation Dec. 31, 2019	Increase	Decrease	Amortization and depreciation Dec. 31, 2020
Amortization of intangible assets	18,238	5,564	-	23,802
Depreciation of property, plant and equipment	5,845	1,690	614	6,921
Total amortization and depreciation of intangible assets and property, plant and equipment	**24,083**	**7,254**	**614**	**30,723**

In 2020, Imerys S.A. continued to invest in its management IT systems and rolled out its "Core Model", which is amortized over a period of eight years using the straight-line method.

NOTE 15 CHANGE IN THE VALUE OF INVESTMENTS

At December 31, 2020, the total gross amount of investments amounted to €4,518.7 million (€4,518.9 million at December 31, 2019).

In order to streamline management in the Imerys Group entities based in France and reduce administrative and legal management costs, Mircal absorbed Mircal Europe. This operation between two companies that are wholly owned by Imerys S.A. was conducted in accordance with the simplified merger procedure provided for in the ANC Regulation No. 2019-06 of November 8, 2019 amending ANC Regulation No. 2014-03 relating to the general chart of accounts on mergers and demergers without a share exchange. In the financial statements of Imerys S.A., the gross value of the share capital of Mircal Europe (the acquired company), corresponding to €565.5 million, was added to gross value of the share capital of Mircal (the acquiring company). The operation took affect retroactively at January 1, 2020.

NOTE 16 RECEIVABLES AND REGULARIZATION ACCOUNTS

(€ thousands)	Gross amount	Maturity in less than 1 year	Maturity from 1 to 5 years	Maturity beyond 5 years
Loans and receivables related to investments	**1,016,107**	**341,547**	**611,160**	**63,400**
Loans and receivables related to direct investments	436,998	125,052	311,946	-
Loans and receivables related to other Group subsidiaries	579,109	216,495	299,214	63,400
Other receivables	**51,925**	**45,951**	**4,985**	**989**
Operating receivables	44,331	44,331	-	-
Bond issuance premium	7,595	1,621	4,985	989
Regularization accounts	**52,781**	**49,649**	**2,529**	**603**
Prepaid expenses(1)	3,634	3,605	29	-
Bond issuance cost	3,962	859	2,500	603
Unrealized exchange rate losses(2)	45,185	45,185	-	-
Total	**1,120,813**	**437,147**	**618,674**	**64,992**

(1) *Prepaid expenses mainly comprise purchases of external services.*
(2) *Unrealized exchange rate gains and losses derive from remeasuring loans and receivables in foreign currencies at the closing exchange rate and valuation adjustments on cash instruments.*

The gross amount of loans and receivables related to investments fell by €28.4 million. Loans and receivables related to investments are governed by loan agreements and intragroup credit agreements aimed at optimizing cash management.

NOTE 17 OTHER FINANCIAL INVESTMENTS

At end-2020, other financial investments totaled €1.4 million, down €23.8 million on end-2019. At December 31, 2020, the Company no longer held any treasury shares to be canceled.

NOTE 18 MARKETABLE SECURITIES

Net securities

(€ thousands)	2020	2019
Money market funds and mutual funds	-	81
Deposit certificates	65,151	80,015
Treasury shares	6,731	3,707
Total	**71,882**	**83,803**

At December 31, 2020, the gross amount of marketable securities amounted to €71.9 million. At this date, the Company did not hold any stakes in money market funds or mutual funds.

NOTE 19 CHANGE IN SHAREHOLDERS' EQUITY

			Reserves[1]					
(€ thousands)	Share capital	Premiums	Legal	Regulated	Other	Retained earnings	Income for the year	Total
Equity at Jan. 1, 2019 before appropriation of profit	**158,971**	**520,412**	**15,985**	**273,471**	**670,482**	**396,663**	**72,902**	**2,108,887**
Appropriation of 2018 profit	-	-	-	-	-	72,902	(72,902)	0
Dividend payout	-	-	-	-	-	(170,031)	-	(170,031)
Profit at Dec. 31, 2019	-	-	-	-	-	-	139,509	139,509
Equity at Jan. 1, 2020 before appropriation of profit	**158,971**	**520,412**	**15,985**	**273,471**	**670,482**	**299,534**	**139,509**	**2,078,365**
Appropriation of 2019 profit	-	-	-	-	-	139,509	(139,509)	0
Dividend payout[2]	11,344	108,447	-	-	-	(135,936)	-	(16,145)
Capital increase	30	480	-	-	-	-	-	510
Capital decrease	(463)	(14,926)	-	-	-	-	-	(15,389)
Profit at Dec. 31, 2020	-	-	-	-	-	-	399,821	399,821
Equity at Jan. 1, 2021 before appropriation of profit	**169,882**	**614,414**	**15,985**	**273,471**	**670,482**	**303,107**	**399,821**	**2,447,162**
Proposed appropriation of profit[3]	-	-	1,003	-	-	398,818	(399,821)	0
Dividend payout[3]	-	-	-	-	-	(97,682)	-	(97,682)
Shareholders' equity at Jan. 1, 2021 incl. proposed appropriation of profit	**169,882**	**614,414**	**16,988**	**273,471**	**670,482**	**604,243**	**0**	**2,349,480**

(1) Imerys' shareholders' equity does not include remeasurement differences.
(2) As a result of paying a portion of the 2019 dividend in shares, in accordance with the authorization granted by the Shareholders' General Meeting of May 4, 2020, a total of 5,671,940 new Imerys shares were issued, which increased the Company's share capital by a par value of €11,343,880 following the decisions made by the Chief Executive Officer on June 12, 2020. A further €16,145,103.40 was paid in cash with respect to the 2019 dividend.
(3) Submitted for approval to the Shareholders' General Meeting of May 10, 2021.

Number of shares

	2020	2019
Number of shares outstanding at January 1	**79,485,694**	**79,485,694**
Capital increase	5,686,703	-
Capital decrease	(231,442)	-
Number of shares outstanding at December 31	**84,940,955**	**79,485,694**

At December 31, 2020, Imerys' fully-paid up share capital amounted to €169,881,910. It was made up of 84,940,955 shares with a par value of €2, representing an increase of 5,455,261 shares.

During 2020, the following decisions were made regarding changes in the Company's share capital:

- In accordance with the decisions made by the Board of Directors on February 12, 2020:
  - It was acknowledged that the share capital at December 31, 2019 had increased by a nominal amount of €29,526 after 14,763 stock options were exercised between January 1 and December 31, 2019, which consequently created an equal number of new Imerys shares.
  - As part of the share buyback programs approved and in accordance with the authorization granted by the Shareholders' General Meeting, 157,342 treasury shares acquired on the market through an investment services provider were canceled. The cancellation of these shares caused the share capital of the Company to decrease by a nominal amount of €314,684.
- In accordance with the decisions made by the Chief Executive Officer on June 12, 2020: as a result of paying a portion of the 2019 dividend in shares, in accordance with the authorization granted by the Shareholders' General Meeting, a total of 5,671,940 new Imerys shares were issued, which increased the Company's share capital by a par value of €11,343,880.
- In accordance with the decision made by the Board of Directors on December 3, 2020, as part of the share buyback programs approved and in accordance with the authorization granted by the Shareholders' General Meeting, 74,100 treasury shares acquired on the market through an investment services provider were canceled. The cancellation of these shares caused the share capital of the Company to decrease by a nominal amount of €148,200.
- No stock options were exercised in 2020.

The share capital has not changed and the number of voting rights has not undergone any significant change between December 31, 2020 and February 17, 2021, i.e. the date at which the annual statutory financial statements at December 31, 2020 were approved by the Board of Directors.

Change in treasury shares

(€ thousands)	2020	2019
Gross amount of treasury shares at January 1	**27,519**	**16,802**
Disposals (acquisitions) of treasury shares	-	30,702
Transfer of treasury shares to be granted (free shares)	(5,398)	(19,985)
Capital decrease by canceling treasury shares	(15,389)	-
Gross amount of treasury shares at December 31[(1)]	**6,731**	**27,519**

(1) At December 31, 2020, €6.7 million in treasury shares was recognized in marketable securities.

NOTE 20 WRITE-DOWNS AND PROVISIONS

(€ thousands)	Amount at January 1	Increases			Decreases [(1)]			Reclassi-fication	Amount at December 31
		Operating	Financial	Exceptional	Operating	Financial	Exceptional		
Write-downs									
Equity interests	0	-	-	-	-	-	-	-	0
Trade receivables	0	-	-	-	-	-	-	-	0
Loans and receivables related to investments	54	-	-	-	-	(2)	-	-	52
Non-consolidated investments	0	-	-	-	-	-	-	-	0
Bond issuance premium[(2)]	1,883	-	1,768	-	-	(572)	-	-	3,079
Miscellaneous debts	0	-	-	460	-	-	-	-	460
Marketable securities	0	-	-	-	-	-	-	-	0
Total assets	**1,937**	**0**	**1,768**	**460**	**0**	**(574)**	**0**	**0**	**3,591**
Provisions									
Provisions for risks	**31,690**	**12,761**	**8,460**	**640**	**(11,620)**	**(7,119)**	**(3,590)**	**(235)**	**30,986**
Management risks	20,981	12,761	-	-	(11,620)	-	-	(235)	21,887
Provisions for exchange rate losses	5,178	-	8,460	-	-	(5,178)	-	-	8,460
Staff-related risks	3,590	-	-	640	-	-	(3,590)	-	640
Financial instruments	1,941	-	-	-	-	(1,941)	-	-	0
Risks related to subsidiaries and investments	0	-	-	-	-	-	-	-	0
Provisions for expenses	**12,249**	**260**	**71**	**5,327**	**(346)**	**(45)**	**(6,741)**	**235**	**11,010**
Refurbishment of Company premises	1,496	-	-	-	-	-	-	-	1,496
Future employee benefits	2,147	260	71	-	(346)	(45)	-	235	2,322
Provisions for termination benefits	8,606	-	-	5,327	-	-	(6,741)	-	7,192
Total liabilities	**43,939**	**13,021**	**8,531**	**5,967**	**(11,966)**	**(7,164)**	**(10,331)**	**0**	**41,997**
Total write-downs and provisions	**45,876**	**13,021**	**10,299**	**6,427**	**(11,966)**	**(7,738)**	**(10,331)**	**0**	**45,587**

(1) Provisions reversed in line with amounts used for €15,978 thousand.
(2) No new bond issuance premiums were recognized at December 31, 2020.

As head of the Group, Imerys S.A. recognizes provisions for management risk, specifically in relation to future performance share grants, as well as environmental provisions. In 2020, a €12.8 million provision for risks was set aside in view of future performance share grants with respect to shares not yet acquired. The €11.6 million provision for risks recorded in 2019 was fully reversed in 2020 following the grant of 126,987 treasury shares during the year and new plans granted in 2020.

Future employee benefits

The defined benefit plans include both retirement benefits awarded in accordance with the collective bargaining agreement applicable to the metalworking industry, and complementary retirement plans, which have not taken on any new active beneficiaries since 2008. The provision for future employee benefits is calculated using the following assumptions:

	Pension plans	Other long-term employee benefits
Discount rate	0.6%	0.4%
Expected rate of salary increases	2.4%	2.4%
Annual turnover rate:		
▪ Managers and non-managers under 30 years old	8.4%	8.4%
▪ Managers and non-managers between 30 and 40 years old	5.7%	5.7%
▪ Managers and non-managers between 40 and 49 years old	4.0%	4.0%
▪ Managers and non-managers between 50 and 55 years old	2.3%	2.3%
▪ Managers and non-managers over 55 years old	-	-

Change in the discounted value of obligations

	2020			2019		
(€ thousands)	Retirement	Other	Total	Retirement	Other	Total
Obligations at January 1	**(8,326)**	**(1,209)**	**(9,535)**	**(18,823)**	**(680)**	**(19,503)**
Interest cost	(63)	(8)	(71)	(112)	(7)	(119)
Current service cost	(210)	(112)	(322)	278	(67)	211
Benefit payments	1,404	81	1,485	11,542	11	11,553
Curtailments and settlements	124	209	333	(549)	(424)	(973)
Reclassification	(263)	-	(263)	-	-	0
Actuarial gains (losses)	(20)	(39)	(59)	(662)	(42)	(704)
Obligations at December 31	**(7,354)**	**(1,078)**	**(8,432)**	**(8,326)**	**(1,209)**	**(9,535)**
Funded by plan assets	(4,845)	-	(4,845)	(5,876)	-	(5,876)
Unfunded	(2,509)	(1,078)	(3,587)	(2,450)	(1,209)	(3,659)

Change in fair value of plan assets

	2020			2019		
(€ thousands)	Retirement	Other	Total	Retirement	Other	Total
Assets at January 1	**6,393**	**0**	**6,393**	**6,722**	**0**	**6,722**
Expected return on assets	45	-	45	64	-	64
Benefit payments	(1,200)	-	(1,200)	(11,542)	-	(11,542)
Employer contributions	-	-	0	11,065	-	11,065
Actuarial gains (losses)	-	-	0	84	-	84
Assets at December 31	**5,238**	**0**	**5,238**	**6,393**	**0**	**6,393**

Assets/liabilities recorded in the balance sheet

	2020			2019		
(€ thousands)	Retirement	Other	Total	Retirement	Other	Total
Funded obligations	(4,845)	-	(4,845)	(5,876)	-	(5,876)
Fair value of assets	5,238	-	5,238	6,393	-	6,393
Funded status	**393**	**0**	**393**	**517**	**0**	**517**
Unfunded obligations	(2,509)	(1,078)	(3,587)	(2,450)	(1,209)	(3,659)
Unrecognized past service cost	53	-	53	70	-	70
Net unrecognized actuarial differences	819	-	819	925	-	925
Assets (provisions) in the balance sheet	**(1,244)**	**(1,078)**	**(2,322)**	**(938)**	**(1,209)**	**(2,147)**
Provisions for pensions	-	-	0	-	-	0
Provisions for future employee benefits	(1,244)	(1,078)	(2,322)	(938)	(1,209)	(2,147)

Change in assets (provisions) in the balance sheet

	2020			2019		
(€ thousands)	Retirement	Other	Total	Retirement	Other	Total
Assets (provisions) at January 1	**(938)**	**(1,209)**	**(2,147)**	**(11,829)**	**(680)**	**(12,509)**
Reclassification	(235)	-	(235)	-	-	0
Current service cost after curtailments/ settlements	(275)	50	(225)	(174)	(539)	(713)
Contributions	204	81	285	11,065	10	11,075
Assets (provisions) at December 31	**(1,244)**	**(1,078)**	**(2,322)**	**(938)**	**(1,209)**	**(2,147)**

NOTE 21 DEBT AND REGULARIZATION ACCOUNTS

(€ thousands)	Amount	Maturity in less than 1 year	Maturity from 1 to 5 years	Maturity beyond 5 years
Financial debt	3,346,306	1,632,625	802,982	910,700
Other debts	71,427	71,427	-	-
Deferred income	0	-	-	-
Unrealized exchange rate gains	47,477	47,477	-	-
Total	**3,465,210**	**1,751,529**	**802,982**	**910,700**

The Group's various bank overdrafts do not provide any grants or guarantees to the benefit of the lending banks. The following table presents the breakdown of financial debt by foreign currency:

(€ thousands)	Amount
EUR	3,034,456
USD	175,777
GBP	58,246
JPY	6,274
Other foreign currencies	71,553
Total	**3,346,306**

The following table analyzes financial debt by type and maturity:

(€ thousands)	Amount	Maturity in less than 1 year	Maturity from 1 to 5 years	Maturity beyond 5 years
Bonds	1,702,982	-	802,982	900,000
Commercial papers	230,000	230,000	-	-
Bank loans	0	-	-	-
Subsidiary loans	11,350	650	-	10,700
Group financial current accounts	1,391,611	1,391,611	-	-
Bank overdrafts and accrued interests	10,364	10,364	-	-
Total	**3,346,306**	**1,632,625**	**802,982**	**910,700**

Debt due to mature in less than one year is backed up by draw-downs on confirmed, non-utilized and available bilateral credit lines if necessary. The amount of confirmed and available bilateral credit lines at December 31, 2020 is presented in *Note 23*.

NOTE 22 ACCRUED RECEIVABLES AND PAYABLES

(€ thousands)	Accrued receivables	Accrued payables
Operating	-	14,748
Financial	186[(1)]	861
Total	**186**	**15,609**

(1) Accrued receivables are mainly made up of accrued interests on financial instruments.

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■ OTHER INFORMATION

NOTE 23 OFF BALANCE SHEET COMMITMENTS

Endorsements, sureties, guarantees

At December 31, 2020, the amount of confirmed, non-utilized and available multi-currency bilateral credit lines granted to Imerys and maturing between 2021 and 2025 totaled €1,110.0 million.

The following table presents the amount of commitments received and given for endorsements, sureties and guarantees to subsidiaries (direct investment), equity interests (indirect investment) and other entities:

Commitments given

(€ thousands)	Subsidiaries	Equity interests	Other	Total
Endorsements, sureties, guarantees	106,330	126,489	117,627	350,446

Commitments on foreign exchange risk

The following table presents the breakdown of net commitments on forward purchases and sales by foreign currency at December 31, 2020 (the equivalent value in thousands of euros is presented in the two right-hand columns):

	(local currency thousands)		*(€ thousands)*	
	Forward purchases	**Forward sales**	**Forward purchases**	**Forward sales**
AUD	31,419	1,417	19,765	891
BRL	3,486	27,190	547	4,264
CAD	10,021	-	6,410	-
CHF	6,918	86,876	6,405	80,426
CLP	4,537,343	-	5,201	-
CNY	25,676	66,527	3,207	8,309
CZK	-	9,719	-	370
DKK	9,194	316,782	1,236	42,573
GBP	21,963	86,067	24,430	95,736
HUF	23,485	150,000	65	412
INR	-	353,491	-	3,943
JPY	4,405,707	5,897,662	34,830	46,626
MXN	2,511,226	954,862	102,852	39,108
NZD	-	411	-	242
PLN	3,434	-	753	-
SEK	240,974	73,573	24,015	7,332
SGD	14,930	23,405	9,206	14,432
THB	-	396,500	-	10,796
TRY	21,890	-	2,402	-
USD	42,326	643,962	34,495	524,879
ZAR	258,407	118,318	14,338	6,565
Total			**290,157**	**886,905**

These transactions were entered into to hedge the foreign exchange risk generated by intragroup funding and investments in foreign currencies. They also include the net positions between internal and external derivatives on transactions carried out in relation with the Group's strategy to manage foreign exchange risk.

Commitments on interest rate risk

Imerys has not held any interest rate derivatives since March 16, 2019.

Commitments on energy price risk

The following table presents the positions taken at December 31, 2020 to hedge energy price risk:

	Net notional amounts *(MWh)*	**Maturity**
Underlying position	6,276,223	<24 months
Management transactions	1,860,454	<24 months

NOTE 24 ITEMS RECOGNIZED IN MORE THAN ONE LINE ON THE BALANCE SHEET (NET VALUE)

(€ thousands)	**Total**	**Of which controlled entities(1)**
Investments	4,518,730	4,518,715
Loans related to direct investments and other subsidiaries	1,016,055	1,014,431
Other financial investments	1,430	-
Operating receivables	43,871	20,647
Financial debt	3,346,306	1,400,736
Other debts	71,427	32,093

(1) Controlled entities are companies that are fully consolidated in the same group.

NOTE 25 MAJOR SHAREHOLDERS

	Number of shares	**% of interest**	**% of voting rights(1)**
Belgian Securities B.V.(2)	46,341,270	54.56%	67.53%
Blue Crest Holding S.A.	4,305,235	5.07%	5.93%
Group employees	959.332	1.13%	1.14%
Treasury shares	182.330	0.21%	0.14%
Public float	33,152,788	39.03%	25.26%
Total at December 31, 2020	**84,940,955**	**100.00%**	**100.00%**

(1) Total theoretical voting rights: 132,072,287
(2) A wholly-owned subsidiary of Groupe Bruxelles Lambert.

The consolidated financial statements of Imerys are included in the scope of consolidation of the Belgian group GBL.

NOTE 26 2020 AVERAGE HEADCOUNT

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	Non-managers	**Managers**	**Total**
Full time	26	229	255
Part time	-	2	2
Total employees of the entity	**26**	**231**	**257**

NOTE 27 COMPENSATION AWARDED TO DIRECTORS AND EXECUTIVE MANAGERS

(€ thousands)	**2020**	**2019**
Board of Directors	838	1,243
Executive management	1,502	1,422
Total	**2,340**	**2,665**

NOTE 28 SUBSEQUENT EVENTS

The annual statutory financial statements at December 31, 2020 were approved by the Board of Directors at its meeting on February 17, 2021.

NOTE 29 APPROPRIATION OF PROFIT

The appropriation of profit is proposed in accordance with the provisions of article L. 232-7 of the French Commercial Code *(Code de commerce)*[1].

(€)	
Income for the period	399,820,903.31
Allocation to the legal reserve to reach 10% of the share capital	(1,002,737.00)
Retained earnings	303,106,763.10
Distributable profit	**701,924,929.41**
Dividend of €1.15 paid for each of the 84,940,955 shares outstanding at December 31, 2020	(97,682,098.25)
Retained earnings	**604,242,831.16**

(1) Which will be submitted for approval at the Shareholders' General Meeting on May 10, 2021.

NOTE 30 TABLE OF SUBSIDIARIES AND EQUITY INTERESTS

	Country	SIREN number	*(local currency thousands)* Share capital	Shareholders' equity other than share capital	Number of treasury shares held	Type of securities
Subsidiaries (at least 50% of equity held by Imerys)						
Mircal	France	333 160 620	1,352,038	2,017,338	90,135,848	shares of €15
Imerys USA	US	-	594,700	557,721	1,000	shares of USD1
Imerys Services	France	320 750 730	371	1,664	24,700	shares of €15
S&B Minerals Finance	Luxembourg	-	121,505	212,657	12,150,505,599	shares of €0.01
Imertech	France	509 434 296	5,037	(131)	503,700	shares of €10
Imerys (SHANGHAI) Investment Management Company Limited	China	-	14,404	67,735	1	share of CNY14,404,000

(€ thousands)

	% of interest held by Imerys	Gross carrying amount of securities held	Net carrying amount of securities held	Loans and advances granted by Imerys and not repaid	Borrowings taken out by Imerys and not repaid	Sureties and endorse-ments given by Imerys	Dividends received by Imerys in 2020	2020 revenue	2020 net profit (loss)
Subsidiaries (at least 50% of equity held by Imerys)									
Mircal	100.00	3,076,544	3,076,544	59,872	247,146	-	428,157	-	(8,365)
Imerys USA	100.00	721,734	721,734	376,782	84,626	106,330	-	-	2,011
Imerys Services	100.00	1,043	1,043	344	-	-	-	-	243
S&B Minerals Finance	100.00	712,768	712,768	-	502	-	-	-	13,125
Imertech	100.00	5,037	5,037	-	2,168	-	-	-	(332)
Imerys (SHANGHAI) Investment Management Company Limited	100.00	1,359	1,359	-	-	-	-	47,088	3,938
Equity interests									
Between 10 and 50% of equity held by Imerys		-	-	-	-	-	-	-	-
Miscellaneous equity interests									
Immaterial French entities		245	245	-	455	-	-	-	-
Total		**4,518,730**	**4,518,730**	**436,998**	**334,897**	**106,330**	**428,157**	**47,088**	**10,620**

6.3 STATUTORY AUDITOR'S REPORTS

6.3.1 STATUTORY AUDITORS’ REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

DELOITTE & ASSOCIÉS
6 place de la Pyramide
92908 Paris-La Défense Cedex
S.A.S. au capital de € 2 188 160
572 028 041 R.C.S. Nanterre
Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles

ERNST & YOUNG et Autres
Tour First
TSA 14444
92037 Paris-La Défense Cedex
S.A.S. à capital variable
438 476 913 R.C.S. Nanterre
Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles

This is a translation into English of the statutory auditors’ report on the consolidated financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.This statutory auditors’ report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the information concerning the Group presented in the management report and other documents provided to shareholders. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Year ended December 31, 2020

To the annual general meeting of IMERYS,

OPINION

In compliance with the engagement entrusted to us by your annual general meeting, we have audited the accompanying consolidated financial statements of IMERYS for the year ended December 31, 2020.

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, 2020 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

BASIS FOR OPINION

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Statutory Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

Independence

We conducted our audit engagement in compliance with independence requirements of the French Commercial Code (*Code de commerce*) and the French Code of Ethics (*Code de déontologie*) for statutory auditors for the period from January 1st, 2020 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014.

JUSTIFICATION OF ASSESSMENTS - KEY AUDIT MATTERS

Due to the global crisis related to the Covid-19 pandemic, the financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organization and the performance of the audits.

It is in this complex and evolving context that, in accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code *(Code de commerce)* relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

Impairment of long-term assets (including *goodwill*) - note 19

Risk identified	The carrying value of long-term assets on the balance sheet amounts to **4,864.9 million euros** as of December 31, 2020 and includes *goodwill* for an amount of **2,149.1 million euros**. Such *goodwill* are tested at the level at which they are monitored by the General Management as indicated in note 19 to the consolidated financial statements. An impairment test of *goodwill* is carried out every 12 months at the end of the period. During the year, Management reviews any indicators of impairment for CGUs, group of CGUs or long-term individual assets. As soon as facts indicating that a CGU, a group of CGUs or an individual long-term asset may be impaired, Management performs an impairment test at an interim date. An impairment test consists in comparing the carrying value of the assets in the scope of IAS 36 with its recoverable amount, corresponding to the highest amount between its value in use, estimated based on discounted future cash flows and its fair value less cost to sell. We considered the impairment of non-current assets (including *goodwill*) to be a key audit matter for the following reasons: ■ The amount of *goodwill* is material in the consolidated financial statements; ■ The definition of the level of *goodwill* testing and determination of indications of impairment such as those related to the paper business restructured during the year represent major judgments exercised by management; ■ The determination of the parameters used to implement impairment tests require management to make significant estimates, such as the levels of expected organic growth underlying the projected cash flows and perpetual growth and discount rates, in the specific context of Covid-19 crisis, which is source of volatility and uncertainty.
Our response	We analyzed the consistency with IAS 36 'Impairment of assets' of the method used by Management to determine the recoverable amount of main CGUs or groups of CGUs and, where necessary, significant individual long-term assets falling within the scope of the standard, presenting an indication of impairment. We have also, with the assistance of our valuation experts, studied the implementation terms of this methodology and analyzed in particular: ■ The reasonableness of the cash flow projections relating to each group of CGUs compared to the economic and financial context in which they operate; ■ The consistency of these cash flow projections with the most recent Management estimates that were presented to the Board of Directors as part of the budget process and with external studies related to the markets served by the group; ■ The reasonableness of hypotheses applied to the projected cash flows, and mainly long-term growth rate and discount rate, with regards to market analyses, the consensus of the main players and the economic environment of countries in which the Group operates. We have also assessed the relevance of information disclosed in § 19 of the notes to the consolidated financial statements and verified arithmetical calculations of sensitivity analyses presented by Management.

Valuation of the provisions for mining sites restoration and dismantling - note 23.2

Risk identified	Imerys is subject to different regulatory requirements relating to the restoration and dismantling, at the end of their operations, of the mining and industrial sites that the Group operates. Provisions have been recognized on the balance sheet for this purpose, for an amount of **252.5 million euros** as of December 31, 2020 (**145.0** million euros for mining site restoration and **107.5** million euros for industrial site dismantling). The calculation of these provisions requires Management to make assumptions to estimate the useful life of the mining sites and industrial sites as well as to determine the costs related to the aforementioned regulatory requirements and the implementation timetable with regard to the specificities of each site, the time frame considered and local regulatory requirements. The determination of the discount rates for forecast costs is also an important assumption Management relies on in-house experts to determine the main assumptions, by considering the expected impacts, where applicable, of regulatory changes. The valuation of provisions for restoration of mining sites and dismantling of industrial sites are therefore considered to be a key audit matter.

Our response	We familiarized ourselves with the procedures set up by Management to determine these provisions and have performed certain specific tests on a sampling of operating entities. As part of those tests: ■ We have examined the competence of the in-house experts contacted by the Group; ■ We have assessed the pertinence of the method adopted and analyzed the reasonableness of the cost estimates with respect to applicable legal or contractual requirements; ■ We have analyzed the method for determining discount rates and reconciled the component parameters with market data. For the other entities, we have analyzed the changes in provisions to identify any possible inconsistencies with respect to our understanding of the relevant site restoration or dismantling programs.

Assessment of the financial impacts relating to the talc litigation - note 23.2

Risk identified	Certain Group subsidiaries are involved in litigations related to the talc business in the United States. In February 2019, the North American entities exposed to these disputes filed for Chapter 11 bankruptcy protection. Under this procedure, the Group remains legal owner of the relevant entities. However, the analysis of their placement under the legal control of the Court of the State of Delaware (United States) requested to negotiate a business reorganization plan that resulted in their exit from the Group's consolidation scope as from February 13, 2019, as the latter lost the previous control it exercised over them. On May 15, 2020, the Group reached an agreement with plaintiffs representatives on a joint restructuring plan which should lead to the resolution of the litigations. This plan is still subject to the approval of the majority of debtors and should be ratified by a US Federal Court. As part of this plan, the North American subsidiaries sold their assets to the Magris investment fund on February 17, 2021 for 223 million dollars. These different steps should lead to the emergence of Chapter 11 procedure during summer 2021. As of December 31, 2020, the remaining provision for these claims amounts to 118.8 million dollars. The assessment of a provision depends on management's judgment of the possibility of making a reliable estimate of the resulting obligation and all the related costs, where necessary. Management also exercised its judgment in determining the provision amount to be recorded. Considering the material financial impacts for the Group and the decisive nature of the judgments and estimates made by Management to assess the potential liability, we considered the assessment of the provision set aside for the risk relating to the resolution of the Chapter 11 proceedings to be a key audit matter.
Our response	We assessed the reasonableness of the residual provision recorded in the balance sheet, based on: ■ The 'Disclosure Statement' submitted to the Court for approval; ■ Extracts from the minutes of the Company's various Board of Directors' meetings, featuring the exchanges relating to this talc dispute in the US and the Chapter 11 proceedings. We obtained confirmation from the external legal advisors representing the Company in connection with the Chapter 11 proceedings of its North American subsidiaries that the provision reflected a reasonable estimate of the net financial impact for the Group arising from the potential resolution of these proceedings. We assessed the disclosure in the notes to the consolidated financial statements with regard to IAS 37 'Provisions, contingent liabilities and contingent assets'.

■ SPECIFIC VERIFICATIONS

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations of the information relating to the Group given in the Board of Directors' management report.

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

We attest that the consolidated non-financial statement required by Article L. 225-102-1 of the French Commercial Code (*Code de commerce*) is included in the information relating to the Group given in the management report OR is included in the Group management report, it being specified that, in accordance with Article L. 823-10 of this Code, we have verified neither the fair presentation nor the consistency with the consolidated financial statements of the information contained therein. This information should be reported on by an independent third party.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Format of presentation of the consolidated financial statements intended to be included in the annual financial report

We have also verified, in accordance with the professional standard applicable in France relating to the procedures performed by the statutory auditor relating to the annual and consolidated financial statements presented in the European single electronic format, that the presentation of the consolidated financial statements intended to be included in the annual financial report mentioned in Article L. 451-1-2, I of the French Monetary and Financial Code (*Code monétaire et financier*), prepared under the responsibility of general manager, complies with the single electronic format defined in the European Delegated Regulation No 2019/815 of 17 December 2018. As it relates to consolidated financial statements, our work includes verifying that the tagging of these consolidated financial statements complies with the format defined in the above delegated regulation.

Based on the work we have performed, we conclude that the presentation of the consolidated financial statements intended to be included in the annual financial report complies, in all material respects, with the European single electronic format.

We have no responsibility to verify that the consolidated financial statements that will ultimately be included by your company in the annual financial report filed with the AMF are in agreement with those on which we have performed our work.

Appointment of the Statutory Auditors

We were appointed as statutory auditors of IMERYS by your annual general meeting held on May 5, 2003 for Deloitte & Associés and on April 29, 2010 for ERNST & YOUNG et Autres.

As at December 31, 2020, Deloitte & Associés and ERNST & YOUNG et Autres were in the 18th year and 11th year of total uninterrupted engagement.

Previously, ERNST & YOUNG Audit had been statutory auditor since 1986.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, Management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

STATUTORY AUDITORS’ RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Objectives and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code (*Code de commerce*), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management in the consolidated financial statements.

- Assesses the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Report to the Audit Committee

We submit to the Audit Committee a report which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) No 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L. 822-10 to L. 822-14 of the French Commercial Code *(Code de commerce)* and in the French Code of Ethics *(code de déontologie)* for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris-La Défense Cedex and Paris-La Défense, March 22, 2021

The Statutory Auditors
French original signed by

DELOITTE & ASSOCIÉS	ERNST & YOUNG et Autres
Frédéric Gourd	Sébastien Huet

6.3.2 STATUTORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

DELOITTE & ASSOCIÉS
6 place de la Pyramide
92908 Paris-La Défense Cedex
S.A.S. au capital de € 2 188 160
572 028 041 R.C.S. Nanterre
Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles

ERNST & YOUNG et Autres
Tour First
TSA 14444
92037 Paris-La Défense Cedex
S.A.S. à capital variable
438 476 913 R.C.S. Nanterre
Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles

This is a translation into English of the statutory auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users. This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to the shareholders. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Year ended December 31, 2020

To the annual general meeting of IMERYS,

■ OPINION

In compliance with the engagement entrusted to us by your annual general meeting, we have audited the accompanying financial statements of IMERYS for the year ended December 31, 2020.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at December 31, 2020 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit Committee.

■ BASIS FOR OPINION

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Statutory Auditors' Responsibilities for the Audit of the Financial Statements* section of our report.

Independence

We conducted our audit engagement in compliance with independence requirements of the French Commercial Code (*Code de commerce*) and the French Code of Ethics *(Code de déontologie)* for statutory auditors for the period from January 1st, 2020 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014.

■ JUSTIFICATION OF ASSESSMENTS - KEY AUDIT MATTERS

Due to the global crisis related to the Covid-19 pandemic, the financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organization and the performance of the audits.

It is in this complex and evolving context that, in accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code *(Code de commerce)* relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

Valuation of investments

Risk identified	Equity interests, appearing on the balance sheet as of December 31, 2020 for a net amount of 4,518,730 thousand euros, represent one of the most significant balance sheet items. They are recognized on their entry date at acquisition cost and impaired, where necessary, based on their value in use, representing the amount that the company would agree to pay to obtain them if it had to acquire them. As indicated in Note 2 to the financial statements, the value in use is estimated by Management based on the value of equity at the year end of the entities concerned, their level of profitability and their business forecasts. The estimate of the value in use of these securities requires Management to exercise its judgment in its choice of items to consider according to the type of equity interests concerned. Such items may correspond to historical items such as equity, and for others, (earnings outlooks and economic situation). Competition and the economic environment confronted by certain subsidiaries as well as the geographical location of some of them can lead to a decrease in their activity and a deterioration in their operating income. In this context and because of uncertainties inherent to certain items and specifically the probability of attaining forecasts, we considered the valuation of equity interests based on a value in use to be a key audit matter.
Our response	To assess the reasonableness of the estimate of value in use of equity interests, based on the information communicated to us, our work mainly consisted in controlling that the estimate of these values, as determined by Management, is based on an appropriate justification of the valuation method and the figures used. For the valuations based on historical items, our work consisted in verifying that the equity retained is consistent with the accounts of the entities that were the subject of an audit or analytical procedures. For the valuations based on forecast items, our work consisted in: ■ obtaining the cash flow forecasts of the entities concerned prepared by Management and assessing their consistency with budget forecasts; ■ analyzing the consistency of the assumptions adopted with the economic environment on the dates the accounts were prepared and closed; ■ verifying that the value resulting from cash flow forecasts was adjusted for the debt of the entity considered.

■ SPECIFIC VERIFICATIONS

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations.

Information given in the management report and in the other documents with respect to the financial position and the financial statements provided to the shareholders

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

We attest the fair presentation and the consistency with the financial statements of the information relating to payment deadlines mentioned in Article D. 441-4 of the French Commercial Code (*Code de commerce*).

Report on Corporate Governance

We attest that the Board of Directors' Report on Corporate Governance sets out the information required by Articles L. 225-37-4, L. 22-10-10 and L. 22-10-9 of the French Commercial Code (*Code de commerce*).

Concerning the information given in accordance with the requirements of Article L. 22-10-9 of the French Commercial Code *(Code de commerce)* relating to remunerations and benefits received by, or allocated to the directors and any other commitments made in their favor, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from companies controlled thereby, included in the consolidation scope. Based on these procedures, we attest the accuracy and fair presentation of this information.

With respect to the information relating to items that your Company considered likely to have an impact in the event of a takeover bid or exchange offer, provided pursuant to Article L. 22-10-11 of the French Commercial Code (*Code de commerce*), we have agreed this information to the source documents communicated to us. Based on these procedures, we have no observations to make on this information.

Other information

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

■ REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Format of presentation of the financial statements intended to be included in the annual financial report

We have also verified, in accordance with the professional standard applicable in France relating to the procedures performed by the statutory auditor relating to the annual and consolidated financial statements presented in the European single electronic format, that the presentation of the financial statements intended to be included in the annual financial report mentioned in Article L. 451-1-2, I of the French Monetary and Financial Code (*Code monétaire et financier*), prepared under the responsibility of general manager, complies with the single electronic format defined in the European Delegated Regulation No 2019/815 of 17 December 2018.

Based on the work we have performed, we conclude that the presentation of the financial statements intended to be included in the annual financial report complies, in all material respects, with the European single electronic format.

We have no responsibility to verify that the financial statements that will ultimately be included by your company in the annual financial report filed with the AMF are in agreement with those on which we have performed our work.

Appointment of the Statutory Auditors

We were appointed as statutory auditors of IMERYS by your annual general meeting held on May 5, 2003 for Deloitte & Associés and on April 29, 2010 for ERNST & YOUNG et Autres.

As at December 31, 2020, Deloitte & Associés and ERNST & YOUNG et Autres were in the 18th year and 11th year of total uninterrupted engagement.

Previously, ERNST & YOUNG Audit had been statutory auditor since 1986.

■ RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

■ STATUTORY AUDITORS’ RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Objectives and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code *(Code de commerce)*, our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management in the financial statements.

- Assesses the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit Committee

We submit to the Audit Committee a report which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) No 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L. 822-10 to L. 822-14 of the French Commercial Code (*Code de commerce*) and in the French Code of Ethics (*code de déontologie*) for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris-La Défense Cedex and Paris-La Défense, March 22, 2021

The Statutory Auditors
French original signed by

DELOITTE & ASSOCIÉS
Frédéric Gourd

ERNST & YOUNG et Autres
Sébastien Huet

6.3.3 STATUTORY AUDITORS' REPORT ON RELATED PARTY AGREEMENTS

DELOITTE & ASSOCIÉS	**ERNST & YOUNG et Autres**
6 place de la Pyramide	1/2, place des Saisons
92908 Paris-La Défense Cedex	92400 Courbevoie - Paris-La Défense 1
S.A.S. au capital de 2 188 160 €	S.A.S. à capital variable
572 028 041 R.C.S. Nanterre	438 476 913 R.C.S. Nanterre
Commissaire aux Comptes	Commissaire aux Comptes
Membre de la compagnie	Membre de la compagnie
régionale de Versailles	régionale de Versailles

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

Annual General Meeting held to approve the financial statements for the year ended December 31, 2020

To the Annual General Meeting,

In our capacity as statutory auditors of your Company, we hereby present to you our report on related party agreements.

We are required to inform you, on the basis of the information provided to us, of the terms and conditions of those agreements indicated to us, or that we may have identified in the performance of our engagement, as well as the reasons justifying why they benefit the Company. We are not required to give our opinion as to whether they are beneficial or appropriate or to ascertain the existence of other agreements. It is your responsibility, in accordance with Article R. 225-31 of the French Commercial Code *(Code de commerce)*, to assess the relevance of these agreements prior to their approval.

We are also required, where applicable, to inform you in accordance with Article R. 225-31 of the French Commercial Code *(Code de commerce)* of the continuation of the implementation, during the year ended December 31, 2020, of the agreements previously approved by the Annual General Meeting.

We performed those procedures which we deemed necessary in compliance with professional guidance issued by the French Institute of Statutory Auditors *(Compagnie nationale des commissaires aux comptes)* relating to this type of engagement. These procedures consisted in verifying the consistency of the information provided to us with the relevant source documents.

▪ AGREEMENTS SUBMITTED FOR APPROVAL TO THE ANNUAL GENERAL MEETING

We hereby inform you that we have not been notified of any agreements authorized during the year ended December 31, 2020 to be submitted to the Annual General Meeting for approval in accordance with Article L. 225-38 of the French Commercial Code *(Code de commerce)*.

▪ AGREEMENTS PREVIOUSLY APPROVED BY THE ANNUAL GENERAL MEETING

We hereby inform you that we have not been notified of any agreements previously approved by the Annual General Meeting, whose implementation continued during the year ended December 31, 2020.

Paris-La Défense Cedex and Paris-La Défense, March 22, 2021

The Statutory Auditors
French original signed by

DELOITTE & ASSOCIÉS	ERNST & YOUNG Audit
Frédéric Gourd	Sébastien Huet

7

INFORMATION ABOUT THE COMPANY AND ITS SHARE CAPITAL

The details included in the present chapter regarding the terms and conditions of shareholders' participation in the Shareholders' General Meeting (*see section 7.1 of the present chapter*), financial authorizations currently in force (*see paragraph 7.3.3 of the present chapter*), elements that could have an impact in the event of a takeover bid (*see section 7.4 of the present chapter*) and the assessment process to which related party agreements are subject (*see section 7.8 of the present chapter*) form an integral part of the Corporate Governance Report. This report, the cross-reference table for which can be found in *chapter 9*, was approved by the Board of Directors on February 17, 2021. *Chapter 4* and *chapter 8* cover all other elements of the Corporate Governance Report.

7.1 INFORMATION ABOUT IMERYS

CORPORATE NAME

Imerys.

REGISTERED OFFICE AND COMPANY WEBSITE

43 quai de Grenelle, 75015 Paris, France.
Telephone: + 33 (0)1 49 55 63 00.

The Company website can be accessed at www.imerys.com[1].

INCORPORATION DATE AND TERM

Imerys was incorporated on April 22, 1880.

An extension to the Company's term was approved by the Shareholders' General Meeting held on May 3, 2017 until May 3, 2116 (article 5 of the by-laws).

REGISTRATION AND LEGAL ENTITY IDENTIFIER

The Company is registered at the Paris Trade and Companies Registry under number 562 008 151. Its N.A.F. code (French industry classification) is 7010Z. Its Legal Entity Identifier (LEI) is 54930075MZSSIB2TGC64.

LEGAL FORM AND APPLICABLE LEGISLATION

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

TIMELINE – KEY DATES

The Group was originally formed as a mining and metallurgy business. Initially, its core business involved extracting and processing non-ferrous metals. Numerous acquisitions led the Group to withdraw from the metallurgy of non-ferrous metals to focus on industrial minerals.

In the early 1970s, united under the name Imetal, the Group acquired the French company Huguenot Fenal, marking its entry into the clay roof tile market. It then purchased Copperweld Corporation (US), a company specialized in steel production and metals processing.

In 1985, the Group made its first material investment in refractory minerals and ceramics with the acquisition of Damrec (France). It then structured its business around three sectors: Building Materials, Industrial Minerals and Metals Processing. This reorganization was part of the Group's later withdrawal from non-ferrous metallurgy activities.

From 1990, the Group began to focus heavily on developing industrial minerals[2], entering the markets for kaolin (Dry Branch Kaolin Company, US), calcium carbonate (Georgia Marble, US), refractory minerals (C-E Minerals, US), monolithic refractories (Plibrico, Luxembourg), ball clays (Ceratera, France), ceramic bodies (KPCL, France), graphite (Stratmin Graphite, Canada and Timcal, Switzerland) and technical ceramics (Imerys Kiln Furniture, France). Through its Timcal subsidiary (North America, Europe, Asia) acquired in 1994, Imerys became a leading supplier of technical applications for high performance graphite.

In 1999, the Group became one of the world's leading producers[3] of white pigments following the acquisition of industrial mineral specialist English China Clays plc (ECC, UK). It then strengthened its presence in kaolin resources by acquiring Rio Capim Caulim S.A. (Brazil) and continued to grow its industrial base in refractory minerals with the acquisitions of Transtech and Napco (US) and Rhino Minerals (South Africa). By acquiring ECC and consequently divesting from Copperweld (US) and ECC's specialty chemicals business (Calgon, US), the Group focused on processing industrial minerals. To reflect this development, Imetal changed its name to Imerys.

Since then, Imerys has kept developing by continually growing its range of products, extending its geographic network into high-growth areas and expanding into new markets.

(1) The information published on the Company website do not form part of the Universal Registration Document, except where it is incorporated by reference in the present document.
(2) Industrial minerals: non-metallic and non-combustible rocks or minerals, mined and processed for industrial purposes.
(3) Throughout the Universal Registration Document, information on market positions corresponds to assessments made by Imerys on the basis of its market knowledge, or is derived from trade publications such as Roskill and Industrial Minerals.

From 2000 to 2002, Imerys added new minerals to its portfolio, including halloysite (New Zealand China Clays, New Zealand), clays and feldspar (K-T Clay, US and Mexico). The Group increased its carbonate resources in South America (Quimbarra, Brazil), Asia (Honaik, Malaysia) and France (AGS-BMP's carbonate activity). The takeover of the world's leading producer of corundum (fused alumina and bauxite), Treibacher Schleifmittel (Austria), was followed by further acquisitions in the sector in Brazil, China, the Czech Republic and Germany. By acquiring local kaolin producer MRD-ECC (Thailand), the Group increased its presence in the Asian market for applications designed mainly for the sanitaryware industry.

In early 2005, Imerys became the leading European supplier of monolithic refractories following the acquisition of Lafarge Réfractaires Monolithiques. The merger of these activities with Plibrico, acquired a few years earlier, led to the creation of a new entity, Calderys. In July, Imerys acquired World Minerals (US), a leading producer of filtration and performance minerals, which introduced diatomite and perlite into the Group's activities. The year ended with the acquisition of Denain Anzin Minerals, providing the Group with deposits of feldspar, mica, quartz and kaolin in Europe.

From 2006 to 2008, the Group continued to grow, acquiring calcined clay specialists AGS (France) and Vatutinsky (Ukraine), extensive reserves of high-quality white marble in China, Malaysia and Vietnam as well as Europe, and several feldspar mines across the world including Jumbo Mining (India), the Feldspar Corporation (US) and others in Turkey. The acquisition of ACE, the leading monolithic refractory company in India, took Calderys to a new level, further reinforced by the acquisitions of B&B (South Africa) and Svenska Silikaverken A.B. (Sweden). Imerys added fused zircon (a mineral for the refractory, technical ceramics and automotive markets) to its portfolio, becoming the world's leading provider with the successive acquisitions of UCM Group Plc (UK) and Astron China. The perlite businesses were bolstered in South America with the acquisition of Perfiltra (Argentina). The acquisitions of Kings Mountain Minerals, Inc. (North Carolina, US) and Suzorite Mining, Inc. (Quebec, Canada) added high-quality mica to the Group's mineral portfolio.

In 2010, the acquisition of Pará Pigmentos S.A. increased the Group's kaolin resources in Brazil.

In 2011, Imerys acquired the Luzenac Group and became the world's leading talc processing company. A production unit was inaugurated in Andersonville (Georgia, US) to manufacture ceramic proppants, used to keep fractures open in unconventional oil and gas exploration. Through "The Quartz Corp S.A.S.", a joint venture created with the Norwegian group Norsk Mineral A.S., the Group was able to meet the increasing demand for high-purity quartz in the semiconductor and photovoltaic markets. The Group extended the production capacity of its calcium carbonate plant in Malaysia and the Miyagi plant in Japan, which was rebuilt after the tsunami, in order to meet higher demand from its main customer.

In 2012, the Group strengthened its operations in Brazil, extending its product range for the paint, polymer and rubber markets with the acquisition of Itatex and a refractory bauxite deposit from the Vale Group.

In 2013, several acquisitions were made by the Group's businesses: PyraMax Ceramics LLC (US) and its ceramic proppant manufacturing plant, Goonvean (UK) and its kaolin reserves in Cornwall, and local feldspar producer Ceraminas (Thailand). To support soaring demand in the mobile energy sector, the Group doubled capacity at the Willebroek carbon black plant (Belgium). The lime production plant in Deresopolis (Brazil) was completed and put into production. Arefcon B.V. (Netherlands), Indoporlen (Indonesia) and Tokai (Japan) were brought into the Group's Monolithic Refractories division. The disposal of Imerys Structure (brick walls, partitions and flues) to Bouyer Leroux group (France) was finalized.

In 2014, the acquisition of Termorak (Finland) strengthened the Group's expertise in designing and installing refractory materials for the petrochemical and thermal industries. The Group expanded its geographical footprint in natural calcium carbonate with the integration of Kinta Powdertec Sdn Bhd (Malaysia). An applied R&D center opened in Japan to support the Group's major local graphite and carbon black customers. The result of a joint venture with Al Zayani Investments, the fused alumina production plant in Bahrain went into production after construction began in 2012. It represented Imerys' first industrial base in the Middle East, enabling the Group to gain a foothold in the region. At the same time, the Group disposed of four calcium carbonate paper plants in Europe and the US as well as a production plant in Tunisia, and it permanently closed the Ardoisières d'Angers site (France).

In 2015, Imerys acquired the S&B Group, the world's leading producer of steel casting fluxes, wollastonite and perlite-based solutions and the leading European supplier of bentonite. The Group also acquired the Precipitated Calcium Carbonate divisions (Austria, France, Germany and UK) of the Solvay Group, Europe's leading producer of fine and ultrafine PCC, which is used as a functional additive in specialty applications (polymers, paints, hygiene, health and beauty), and the Matisco Development Group (France), a company specialized in metal profile manufacturing.

In 2016, Imerys stepped up its development strategy by signing an agreement to acquire the Kerneos group, a leading global expert in high-performance calcium aluminate-based binders. The Group also purchased the specialty alumina business from the Alteo group (France and Germany) and completed its geographical coverage of monolithic refractories by acquiring the industrial production site SPAR (US), and extending its service offer with the acquisition of Fagersta Eldfasta (Sweden).

In 2017, Imerys completed its acquisition of the Kerneos group initiated in 2016. A major year in the rollout of Imerys' strategy, 2017 also saw the completion of several further acquisitions, allowing the Group to broaden its specialty offering and continue to develop its presence in countries such as Brazil, China and India.

In 2018, Imerys completed the disposal of its Roofing division to the private equity fund Lonestar.

In 2019, Imerys disposed of its ceramic proppants business (IOS) in the US and its plastics recycling business (Imerplast) in the UK. The Company acquired certain assets from EDK (a leading producer of Ground Calcium Carbonate) in Brazil, as well as a 65% stake in Shandong Luxin Mount Tai, the foremost producer of abrasive grains in China.

In 2020, Imerys acquired a 60% majority stake in the Haznedar group (Turkish supplier of high quality refractory bricks and monolithic products), Cornerstone and American Garden Perlite (horticulture and industrial grade perlite mining and transformation in the US), Sunward (manufacturer of high grade monolithic refractories and refractory bricks in Taiwan and Asia) and Hysil (major manufacturer of calcium silicate blocks in India). Imerys also disposed of its Kaolin business in Australia.

CORPORATE PURPOSE *(ARTICLE 3 OF THE BY-LAWS)*

Imerys is the parent company of an industrial and business group that is the world's leading supplier of mineral-based specialty solutions for industry.

Under the terms of article 3 of the by-laws, "The Company's purpose, in France and overseas, is:

- the research, acquisition, farmout, sale and operation of mines and quarries, of any kind whatsoever;
- the processing, transformation and trading of any minerals, metals, organic or non-organic materials and mineral substances, as well as their by-products and alloys;
- the manufacturing of any product in which ore, minerals, organic or non-organic materials and mineral substances are used;
- the purchase, acquisition, operation, concession, sale and full or partial, temporary or permanent handover, of any patents, certificates or licenses pertaining to the aforementioned purposes;
- the creation, acquisition, sale and concession of any buildings, plants, means of transportation and energy sources;
- the participation in any country in any mining, quarrying, commercial, industrial and maritime operations to promote or develop the Company's own industries and businesses, through the creation of new companies, alliances, joint ventures or otherwise; and, generally, any mining, quarrying, commercial, industrial, maritime, real estate, personal property and financial operations related directly or indirectly, in whole or in part, to any of the purposes specified above or any other similar or related purposes."

FINANCIAL YEAR *(ARTICLE 28 OF THE BY-LAWS)*

The financial year spans a 12 month period that begins on January 1 and ends on December 31 of each year.

BOARD OF DIRECTORS *(ARTICLES 12 AND 13 OF THE BY-LAWS)*

The Company is managed by a Board of Directors composed of at least three but no more than eighteen members, subject to certain exceptions permitted by law.

Directors are appointed for a three-year term of office, renewed by the Ordinary Shareholders' General Meeting, which may remove them at any time. In accordance with legal provisions, the number of directors over the age of 70 may not exceed one third of all directors in office. In the event that this limit should be exceeded, the oldest director shall automatically be deemed to have resigned. The Board of Directors also includes one or several employee representative directors, in accordance with current legal provisions.

Furthermore, the Board of Directors may appoint up to two non-voting observers for a three-year term, who may or may not already be Imerys shareholders.

For further details regarding the powers, structure and operating procedures of the Board of Directors, *see chapter 4, section 4.1*.

SHAREHOLDERS' GENERAL MEETINGS *(ARTICLES 21 AND 22 OF THE BY-LAWS)*

Convening

Shareholders' General Meetings are convened under the terms and conditions provided by current legal provisions and are held at the registered office or any other place specified in the notice of meeting.

Admission

All shareholders have the right to take part in Shareholders' General Meetings – whether in person, by proxy or by post – simply by providing proof of their identity and share ownership by means of either registering shares, or providing a share certificate proving the registration of bearer shares. These formalities must be completed no later than two business days prior to the meeting. Shareholders may also, by decision of the Board of Directors indicated in the notice of meeting, take part in General Meetings and vote through video conference and/or by any other means of communication under the conditions provided by current legal provisions.

Exercising voting rights

All documents specified by articles R. 225-81 and R. 225-83 of the French Commercial Code (*Code de commerce*), including a postal or proxy voting form, are sent to shareholders on request. This form can only be effectively taken into account if it is completed in accordance with current legislation and returned to the registered office or to the address given in the notice of meeting. Moreover, any shareholder may, by decision of the Board of Directors indicated in the notice of meeting, receive and return the voting form by post, proxy, email or by any other means of communication, under the terms and conditions provided by current legal provisions.

Double voting rights

Shares held in registered form under the name of the same shareholder for at least two years carry double voting rights. This right is provided by article 22 of the by-laws and aims to reward the Company's loyal shareholders. Double voting rights are also granted to new free shares in the event of a capital increase, in the case the old shares also carried this right. The double voting right ceases automatically when a registered share is converted to a bearer share or is transferred, except in cases of collateral assignment, transfer as life interest, inheritance or family bequest. Finally, double voting rights may be canceled by decision of an Extraordinary Shareholders' General Meeting after having obtained the prior authorization of the Special General Meeting of the holders of this right.

Restriction of voting rights

None.

■ PUBLICLY AVAILABLE DOCUMENTS

The by-laws, minutes of Shareholders' General Meetings, statutory and consolidated financial statements, Statutory Auditors' reports and all documents that must be made available to shareholders may be accessed via the Company's registered office or on the Company's website (www.imerys.com – Finance – Shareholders' corner).

■ COVID-19 PANDEMIC

Due to the Covid-19 pandemic, the aforementioned terms and conditions of shareholders' participation in the 2021 Shareholders' General Meeting and the ways in which they are able to exercise their voting rights may be adapted in accordance with legal and regulatory provisions in force at that time. Shareholders are asked to regularly check the dedicated page on the Imerys website (www.imerys.com – Finance – Shareholders' corner), which will be updated accordingly.

7.2 RELATIONS WITH SHAREHOLDERS

7.2.1 GENERAL INFORMATION

Imerys takes special care of its shareholders, ensuring they are regularly informed about changes in its business, strategy, investments, earnings and outlook. This is reflected in the various communication tools that are made available to involve shareholders in the life of the Group, such as:

- the website www.imerys.com, which enables shareholders to keep up to date in real time with changes in the Group and share prices, including a specific section dedicated to individual shareholders, where they can find the "Shareholders' Guide";
- a Letter to Shareholders published several times a year, detailing the Group's news, earnings and outlook;
- the Universal Registration Document (formerly known as the Registration Document) including the Integrated Report and the Annual Financial Report, as well as a Half-year Financial Report;
- the Corporate Social Responsibility Report;
- a direct phone number and e-mail address.

All these documents are published in both English and French and are sent to every holder of registered or bearer shares that wishes to receive them regularly.

Imerys also informs the financial community and individual shareholders about the Company's business through financial announcements published in the press (print and web format) whenever results are published and the annual Shareholders' General Meeting is held.

Through the intermediary of CACEIS Corporate Trust, in charge of share registry services, Imerys provides holders of shares in registered form with an online service that allows them to consult their share portfolio via the secure website *www.nomi.olisnet.com.* The website gives shareholders access to the prices and characteristics of the shares in their portfolio, their recent transactions as well as the availability of their stocks and the attached voting rights. It also contains all documentation concerning the annual Shareholders' General Meeting and gives them the option to vote on-line ahead of the day.

Imerys maintains regular, open and transparent relations with the entire financial, institutional and socially responsible investment community through individual meetings, industry conventions and conference calls. Executive Management and the Investor Relations team organized nearly 400 meetings and telephone calls throughout 2020 to connect with financial analysts, institutional investors and international fund managers (equity, bonds and sustainability) to consolidate and diversify the Imerys shareholder base.

The Group will publish its financial results on the following dates:

April 29, 2021	Q1 2021 Results
July 27, 2021	H1 2021 Results
November 2, 2021	Q3 2021 Results

The Group Finance Department is responsible for Financial Communication:

- Telephone: + 33 (0)1 49 55 64 01
- Fax: + 33 (0)1 49 55 63 16
- e-mail: finance@imerys.com

Imerys share registry services are provided by:

- CACEIS Corporate Trust
  14, rue Rouget-de-Lisle
  92862 Issy-les-Moulineaux Cedex 9, France
  Telephone: + 33 (0)1 57 78 34 44
  Fax: + 33 (0)1 49 08 05 80
  e-mail: ct-contact@caceis.com

CACEIS Corporate Trust is more specifically at the service of registered shareholders to provide support and manage their Imerys shares.

7.2.2 IMERYS STOCK MARKET INFORMATION

Imerys shares are listed on Euronext Paris and are eligible for the deferred settlement service (*Service à Règlement Différé – SRD*) (ISIN code FR 0000120859-Mnemo NK). Imerys is included in the CAC MD (mid 60) index within the SBF 120, which represents the 120 largest stocks listed on Euronext Paris (in terms of market capitalization, free float and trading volumes), as well as in the CAC Basic Materials index. Imerys shares are also included in "Dow Jones Euro Stoxx", the benchmark index for the euro zone. Since November 2, 2009, Imerys shares have been listed on the SBF 120 and Dow Jones Euro Stoxx 600 under the general mining sector ("1775 General Mining" according to ICB classification) and are also included in more than 60 international indices.

The Group also places great importance on the ratings of non-financial rating agencies (*see chapter 3, section 3.2*).

No shares belonging to any subsidiary of Imerys are traded on a stock exchange.

■ STOCK MARKET HIGHS AND LOWS BETWEEN 2016 AND 2020

Full year	Highest market price* *(€)*	Lowest market price* *(€)*	Market closing price for the year *(€)*
2016	72.24	50.38	72.07
2017	81.54	71.40	78.54
2018	87.45	41.04	41.98
2019	51.65	32.10	37.68
2020	43.54	20.68	38.66

* *Market prices observed during trading (sources: Bloomberg and Euronext).*

■ TRADING SINCE JANUARY 2018

	Highest market price* (€)	Lowest market price* (€)	Total monthly trading volume		Average daily trading		
			Number of shares	Capital (€ millions)	Number of shares	Capital (€ millions)	Number of transactions
2018							
January	86.85	78.05	1,736,353	144.40	78,925	6.56	1,073
February	87.80	77.55	1,865,177	154.53	93,259	7.73	1,282
March	84.00	77.50	1,825,129	146.69	86,911	6.99	1,122
April	81.65	75.05	2,005,247	157.26	100,262	7.86	1,249
May	77.40	71.00	2,433,704	180.66	110,623	8.21	1,374
June	75.00	64.85	2,707,496	190.00	128,928	9.05	1,385
July	69.95	64.45	2,227,391	149.29	101,245	6.79	1,084
August	65.95	61.70	2,092,422	132.85	90,975	5.78	1,006
September	65.30	58.55	2,244,191	138.22	112,210	6.91	1,039
October	63.80	52.10	2,502,720	144.14	108,814	6.27	1,073
November	57.40	47.20	2,552,616	130.31	116,028	5.92	1,319
December	49.54	39.72	2,751,137	121.65	144,797	6.40	1,461
2018 Total	-	-	**26,943,583**	**1,790.0**	-	-	-
2019**							
January	47.40	40.60	2,424,934	108.14	110,224	4.91	1,201
February	51.15	44.76	2,981,564	144.61	149,078	7.23	1,556
March	51.65	41.88	3,640,868	171.77	173,375	8.18	1,693
April	49.72	44.84	2,750,313	129.81	137,516	6.49	1,402
May	48.64	37.54	6,190,799	252.69	281,400	11.45	2,348
June	47.42	37.24	5,790,284	253.12	289,514	12.68	2,135
July	46.88	37.84	4,030,795	173.59	175,252	7.54	1,844
August	38.62	34.60	2,788,460	101.49	173,953	4.61	1,218
September	40.12	35.00	3,653,014	136.48	257,751	6.51	1,576
October	37.66	32.10	5,928,284	205.04	375,800	8.89	2,142
November	38.38	34.64	7,891,800	289.37	165,842	13.77	2,099
December	38.38	34.50	3,316,846	121.00	173,953	6.04	1,376
2019 Total	-	-	**51,387,961**	**2,087.11**	-	-	-
2020							
January	41.72	36.54	4,088,903	160.2	185,859	7.34	1,698
February	43.54	34.50	4,394,199	176.3	219,710	8.76	2,243
March	36.50	20.68	5,143,930	136.1	233,815	6.32	2,209
April	29.80	21.12	2,401,536	58.2	120,077	2.96	1,051
May	32.20	26.82	2,951,233	85.7	147,562	4.33	1,326
June	34.90	28.64	3,309,135	103.1	150,415	4.71	1,438
July	34.74	28.96	2,352,226	73.0	102,271	3.20	978
August	36	31.24	1,656,948	56.2	78,902	2.67	800
September	34.66	30.16	2,028,234	67.4	92,192	3.06	975
October	33.16	24.66	2,636,644	77.7	119,847	3.44	1,172
November	35.80	25.80	2,733,790	87.2	130,180	4.11	1,189
December	39.24	34.48	2,157,586	80.8	98,072	3.66	1,174
2020 Total	-	-	**35,854,364**	**1,161.9**	-	-	-

* *Market prices observed during trading (sources: Bloomberg and Euronext).*
** *Amounts for 2019 include correction of non-material formal errors.*

7.3 SHARE CAPITAL AND SHAREHOLDING

7.3.1 SHARE CAPITAL

■ SHARE CAPITAL AT DECEMBER 31, 2020

On December 3, 2020, as part of the share buyback programs authorized by the Shareholders' General Meeting and pursuant to the authorization granted by the Shareholders' General Meeting held on May 10, 2019, the Board of Directors cancelled 74,100 treasury shares acquired on the market through an investment services provider (for further details, *see paragraph 7.3.4 of the present chapter*). The cancellation of these shares caused the share capital of the Company to decrease by a nominal amount of €148,200.

No stock options were exercised in 2020.

As a result, Imerys' fully-paid up share capital at December 31, 2020 totaled €169,881,910, made up of 84,940,955 shares with a par value of €2, including 47,131,332 shares that carried double voting rights pursuant to article 22 of Imerys' by-laws. In total, 132,072,287 theoretical voting rights were attached to outstanding shares. Taking into account the 182,330 treasury shares held by the Company at December 31, 2020 (*see paragraph 7.3.4 of the present chapter*), the total number of net voting rights attached to outstanding shares was 131,889,957 at that date.

Taking into account the 162,113 share options and 1,049,200 free shares granted to certain employees and executive corporate officers and not yet exercised or acquired at December 31, 2020, the maximum potential dilution of the share capital was 1.43% at this date (*i.e.* a nominal amount of €2,422,626).

The Imerys share capital has not changed since this date.

■ PLEDGES

The Company has not pledged any directly registered shares.

7.3.2 CHANGES IN SHARE CAPITAL OVER THE PAST FIVE YEARS

Over the past five years, the following changes have occurred in the number of shares and the Company's share capital:

Full year	Transaction	Nominal change in capital (€)	Additional paid-in capital/Issue premium (€)	Number of shares created	Par value (€)	Company capital (€)	Number of shares that make up the capital
2016	Cancellation of shares	(600,000)	(16,046,322)	(300,000)	2	158,544,982	79,272,491
	Exercise of stock options	590,766	15,582,577	295,383	2	159,135,748	79,567,874*
2017	Cancellation of shares	(800,000)	(23,841,188)	(400,000)	2	158,335,748	79,167,874
	Exercise of stock options	872,822	22,418,675	436,411	2	159,208,570	79,604,285*
2018	Cancellation of shares	(471,762)	14,232,373	(235,881)	2	158,736,808	79,368,404
	Exercise of stock options	234,580	5,495,695	117,290	2	158,971,388	79,485,694*
2019	Exercise of stock options**	29,526	480,388	14,763	2	159,000,914	79,500,457*
2020	Cancellation of shares	(314,684)	(12,046,384)	(157,342)	2	158,686,230	79,343,115
	New shares issued in consideration for the 2019 dividend payment	11,343,880	108,447,493	5,671,940	2	170,030,110	85,015,055
	Cancellation of shares	(148,200)	(2,880,198)	(74,100)	2	169,881,910	84,940,955

* *At December 31.*

** *The increase in capital due to stock options exercised in 2019 was acknowledged by the Board of Directors on February 12, 2020, taking effect at December 31, 2019.*

7.3.3 FINANCIAL AUTHORIZATIONS

■ SUMMARY OF THE FINANCIAL AUTHORIZATIONS AND DELEGATIONS OF AUTHORITY IN FORCE

Type of authorization	Expiration and term of the auth orization	Maximum nominal amount authorized	Use in 2020
Share buyback and cancellation of shares			
Treasury share purchase by the Company *(Shareholders' General Meeting of May 4, 2020, 18th resolution)*	November 3, 2021 (18 months)	10% of outstanding shares at January 1, 2020 (representing 7,950,045 shares)	623,737 shares (*i.e.* 0.73% of share capital
Share capital decrease by canceling treasury shares *(Shareholders' General Meeting of May 10, 2019, 22nd resolution)*	July 9, 2021 (26 months)	10% of capital per 24-month period	74,100 shares
Issue of shares and securities			
Issue of shares or securities conferring entitlement to the Company's share capital, with pre-emptive subscription rights *(Shareholders' General Meeting of May 10, 2019, 13th resolution)*	July 9, 2021 (26 months)	Capital: €75 million Debt securities: €1 billion, such use to be counted against the Overall Cap	None
Issue of shares or securities conferring entitlement to the Company's share capital through an offer of securities to the public, without pre-emptive subscription rights, but with, where applicable, a priority period granted by the Board of Directors *(Shareholders' General Meeting of May 4, 2020, 19th resolution)*	July 9, 2021 (13 months)	Capital: €15 million Debt securities: €1 billion, such use to be counted against the Overall Cap	None
Issue of shares or securities conferring entitlement to the Company's share capital addressed to qualified buyers and/or a limited number of investors, without pre-emptive subscription rights *(Shareholders' General Meeting of May 4, 2020, 20th resolution)*	July 9, 2021 (13 months)	10% of the share capital on the issue date, such use to be counted against the Overall Cap	None
Increase in the number of shares to be issued in the event of excess demand for issued shares or securities conferring entitlement to the Company's share capital, with or without pre-emptive subscription rights *(Shareholders' General Meeting of May 10, 2019, 16th resolution)*	July 9, 2021 (26 months)	10% of the share capital on the issue date, such use to be counted against the Overall Cap	None
Setting of the issue price of shares or securities conferring entitlement to the Company's share capital in the event pre-emptive subscription rights are cancelled *(Shareholders' General Meeting of May 10, 2019, 17th resolution)*	July 9, 2021 (26 months)	10% of the capital per year, such use to be counted against the Overall Cap	None
Issue of shares or securities conferring entitlement to the Company's share capital in consideration for contributions in kind made up of shares or securities conferring entitlement to the Company's share capital *(Shareholders' General Meeting of May 10, 2019, 18th resolution)*	July 9, 2021 (26 months)	10% of the capital per year, such use to be counted against the Overall Cap	None
Increase of share capital paid up by capitalizing retained earnings, profits, additional paid-in capital or issue premiums *(Shareholders' General Meeting of May 10, 2019, 19th resolution)*	July 9, 2021 (26 months)	€75 million, such use to be counted against the Overall Cap	None
Overall cap for share capital increases and issues of debt securities with or without pre-emptive subscription rights (the "**Overall Cap**") *(Shareholders' General Meeting of May 4, 2020, 21st resolution)*	July 9, 2021 (26 months)	Capital: €75 million Debt securities: €1 billion	-
Issues granted to employees and executives			
Issue of shares or securities conferring entitlement to the Company's share capital reserved for Group employees who are members of a Company or Group savings plan *(Shareholders' General Meeting of May 4, 2020, 24th resolution)*	July 9, 2021 (13 months)	€1.6 million	None
Grant of Imerys stock options to employees and corporate officers or certain categories among them *(Shareholders' General Meeting of May 4, 2020, 22nd resolution)*	July 3, 2023 (38 months)	Common cap: 3% of share capital at the grant date	None
Free Imerys share grant to employees and corporate officers or certain categories among them *(Shareholders' General Meeting of May 4, 2020, 23rd resolution)*	July 3, 2023 (38 months)	Sub-cap for executive corporate officers: 0.5% of share capital at the grant date	611,850 performance shares were granted in 2020, representing 0.72% of the Company's share capital

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SUMMARY OF THE FINANCIAL AUTHORIZATIONS FOR WHICH RENEWALS ARE SUBMITTED FOR APPROVAL AT THE ORDINARY AND EXTRAORDINARY SHAREHOLDERS' GENERAL MEETING OF MAY 10, 2021

The following table presents the financial authorizations submitted to the approval of the Ordinary and Extraordinary Shareholders' General Meeting of May 10, 2021.

√ For further details *see chapter 8, paragraphs 8.2.6 and 8.2.7*.

Type of authorization	Expiration and term of the authorization	Maximum nominal amount authorized
Share buyback and cancellation of shares		
Treasury share purchase by the Company *(Shareholders' General Meeting of May 10, 2021, 13th resolution)*	November 9, 2022 (18 months)	10% of outstanding shares at January 1, 2021 (representing 8,494,095 shares)
Share capital decrease by canceling treasury shares *(Shareholders' General Meeting of May 10, 2021, 23rd resolution)*	July 9, 2023 (26 months)	10% of capital per 24-month period
Issue of shares and securities		
Issue of shares or securities conferring entitlement to the Company's share capital with pre-emptive subscription rights *(Shareholders' General Meeting of May 10, 2021, 14th resolution)*	July 9, 2023 (26 months)	Capital: €75 million Debt securities: €1 billion, such use to be counted against the Overall Cap
Issue of shares or securities conferring entitlement to the Company's share capital through an offer of securities to the public without pre-emptive subscription rights, but with, where applicable, a priority period granted by the Board of Directors *(Shareholders' General Meeting of May 10, 2021, 15th resolution)*	July 9, 2023 (26 months)	Capital: €15 million Debt securities: €1 billion, such use to be counted against the Overall Cap and Overall Sub-Cap
Issue of shares or securities conferring entitlement to the Company's share capital through an offer to the public addressed to qualified buyers and/or a limited number of investors, without pre-emptive subscription rights *(Shareholders' General Meeting of May 10, 2021, 16th resolution)*	July 9, 2023 (26 months)	10% of the capital on the issue date, such use to be counted against the Overall Cap and Overall Sub-Cap
Increase in the number of shares to be issued in the event of excess demand for shares or securities issued with or without pre-emptive subscription rights *(Shareholders' General Meeting of May 10, 2021, 17th resolution)*	July 9, 2023 (26 months)	15% of the initial issue, such use to be counted against the Overall Cap and, where applicable, the Overall Sub-Cap
Setting of the issue price of shares or securities conferring entitlement to the Company's share capital in the event pre-emptive subscription rights are cancelled *(Shareholders' General Meeting of May 10, 2021, 18th resolution)*	July 9, 2023 (26 months)	10% of the capital per year, such use to be counted against the Overall Cap and Overall Sub-Cap
Issue of shares or securities conferring entitlement to the Company's share capital in consideration for contributions in kind made up of shares or securities conferring entitlement to the Company's share capital *(Shareholders' General Meeting of May 10, 2021, 19th resolution)*	July 9, 2023 (26 months)	Capital: 10% of capital per year Debt securities: €1 billion, such use to be counted against the Overall Cap and Overall Sub-Cap
Increase of share capital paid up by capitalizing retained earnings, profits, additional paid-in capital or issue premiums *(Shareholders' General Meeting of May 10, 2021, 20th resolution)*	July 9, 2023 (26 months)	€75 million, such use to be counted against the Overall Cap
Overall cap for share capital increases and issues of debt securities with or without pre-emptive subscription rights *(Shareholders' General Meeting of May 10, 2021, 21st resolution)*	July 9, 2023 (26 months)	Capital: €75 million represents the maximum common cap for the 14th to the 20th resolutions (the "**Overall Cap**") Capital: €15 million represents the common cap applicable to issues without pre-emptive subscription rights (the "**Overall Sub-Cap**")
Issues granted to employees and executives		
Issue of shares or securities conferring entitlement to the Company's share capital reserved for Group employees who are members of a Company or Group savings plan *(Shareholders' General Meeting of May 10, 2021, 22nd resolution)*	July 9, 2023 (26 months)	€1.6 million

OTHER SECURITIES

On April 29, 2020 and February 17, 2021, as the decision to issue ordinary bonds falls within the authority of the Board of Directors, in accordance with article L. 228-40 of the French Commercial Code, the Board of Directors delegated full powers to the Chief Executive Officer for the purposes of carrying out such issues and deciding their conditions, in particular for the Company's Euro Medium Term Note ("EMTN") program, within the period of one year and a maximum nominal amount per year of €1.5 billion and a maximum nominal amount per operation of €600 million.

This authorization was not exercised in 2020.

7.3.4 SHARE BUYBACK PROGRAM

■ LEGAL FRAMEWORK OF SHARE BUYBACK PROGRAMS IMPLEMENTED IN 2020

The Ordinary and Extraordinary Shareholders' General Meeting held on May 4, 2020 renewed for a period of 18 months, *i.e.* until November 3, 2021, the authorization previously granted to the Board of Directors by the Ordinary and Extraordinary Shareholders' General Meeting held on May 10, 2019. In accordance with articles L. 22-10-62 *et seq.* of the French Commercial Code, this authorization enables the Company to buy back its own shares within the limit of 10% of the shares existing and outstanding at January 1, 2020, representing 7,950,045 shares, and within the limit of a total investment of €675.6 million. It was also decided at the 2020 Shareholders' General Meeting that the number of shares likely to be held by the Company, directly or indirectly, at any time, shall not exceed 10% of the total share capital. Lastly, the maximum acquisition price was set at €85 per share.

On April 29, 2020, in accordance with article L. 22-10-62 paragraph 3 of the French Commercial Code, the Board of Directors delegated full powers for the purposes of purchasing Company shares to the Chief Executive Officer, within the conditions and limits set by the Shareholders' General Meeting.

■ TRANSACTIONS CARRIED OUT IN 2020[(1)]

In accordance with article L. 225-211 of the French Commercial Code, the following transactions were carried out as part of the Company's share buyback programs in force in 2020.

Transactions completed between January 1 and May 3, 2020 as part of the share buyback program approved by the Shareholders' General Meeting of May 10, 2019

As part of the liquidity agreement and in accordance with the French Financial Market Authority (*Authorité des Marchés Financiers, AMF*) decision n°2018-01 of July 2, 2018, concluded by the Company with Rothschild & Cie Banque on February 14, 2019 (the "**Liquidity Agreement**"):

- 278,695 shares were purchased on the market at an average weighted price of €40.26; and
- 224,845 shares were sold on the market at an average weighted price of €39.89.

Transactions completed between May 4 and December 31, 2020 as part of the share buyback program approved by the Shareholders' General Meeting of May 4, 2020

As part of the Liquidity Agreement:

- 345,042 shares were purchased on the market at an average weighted price of €32.19; and
- 398,892 shares were sold on the market at an average weighted price of €32.29.

Furthermore, on July 26, 2019, the Company granted a share purchase agreement to an investment services firm ("**PSI**"), in accordance with Regulation (EC) No 2273/2003, articles 241-1 *et seq.* of the AMF's General Regulations and the AMF's position on the implementation of share buyback programs, expiring July 24, 2020 (the "**Purchase Agreement**"). Under the Purchase Agreement, no shares were purchased on the market in 2020.

Treasury shares held at December 31, 2020

Taking into account:

- the balance of treasury shares held at January 1, 2020, representing 540,759 shares;
- the delivery in 2020 of 126,987 vested shares to the beneficiaries of performance share (for further details, *see paragraph 7.3.5.4 of the present chapter*);
- 623,737 shares purchased and 623,737 shares sold under the Liquidity Agreement in 2020;
- the cancellation of 157,342 shares by the Board of Directors at its meeting held on February 12, 2020; and
- the cancellation of 74,100 shares by the Board of Directors at its meeting held on December 3, 2020;

the balance treasury shares held at December 31, 2020 totaled 182,330. These shares, which have a par value of €2 and were purchased on the market at an average weighted price of approximately €37.29, represented 0.21% of share capital at December 31, 2020.

It should be noted that:

- the transactions carried out by the Company in 2020 as part of its share buyback programs were made in full and without opening any buying or selling positions;
- the Company does not use derivatives as part of its share buyback programs;
- as the shares bought back in 2020 were exclusively made under the Liquidity Agreement, the Company did not incur any trading fees, nor did it pay any financial transaction tax for the year.

■ RENEWAL OF THE SHARE BUYBACK PROGRAM

As the authorization granted to the Board of Directors by the Ordinary and Extraordinary Shareholders' General Meeting held on May 4, 2020 expires on November 3, 2021, its renewal will be submitted for approval at the Ordinary and Extraordinary Shareholders' General Meeting held on May 10, 2021 for a further period of 18 months, *i.e.* until November 9, 2022 (*see chapter 8, paragraph 8.6*).

Details of the new program, drawn up in accordance with articles 241-1 to 242-6 of the AMF's General Regulations, will be sent to the AMF and published on the Company's website (www.imerys.com – Finance – Publications & Regulated Information). The details can also be received by simply sending a request to the Company's headquarters.

(1) *All prices and amounts are given excluding fees and commission.*

7.3.5 SHAREHOLDING

7.3.5.1 BREAKDOWN OF SHARE CAPITAL AND VOTING RIGHTS OVER THE PAST THREE YEARS

The following changes in the breakdown of share capital and voting rights have occurred over the past three years:

	At December 31, 2018				At December 31, 2019				At December 31, 2020			
	Number of shares	% of share capital	Voting rights(1)	% of voting rights(2)	Number of shares	% of share capital	Voting rights(1)	% of voting rights(2)	Number of shares	% of share capital	Voting rights(1)	% of voting rights(2)
Belgian Securities B.V.	42,851,473	53.91	85,702,946	67.67	42,851,473	53.91	85,702,946	67.59	46,341,270	54.56	89,192,743	67.53
Blue Crest Holding S.A.	3,866,275	4.86	7,628,425	6.02	4,166,275	5.24	7,983,256	6.30	4,305,235	5.07	7,835,669	5.93
Group employees	500,648	0.63	881,303	0.70	857,091	1.08	1,309,042	1.03	959,332	1.13	1,510, 561	1.14
Treasury shares	237,342	0.30	237,342(3)	0.18	540,759	0.68	540,759(3)	0.43	182,330	0.21	182,330	0.14
Public float	32,029,956	40.30	32,201,253	25.43	31,070,096	39.09	31,258,911	24.65	33,152,788	39.03	33,350,984	25.25
Total	**79,485,694**	**100**	**126,651,269**	**100**	**79,485,694**	**100**	**126,794,914**	**100**	**84,940,955**	**100**	**132,072,287**	**100**

(1) In accordance with article 22 of the Company by-laws, shares held in registered form for over two years carry double voting rights.
(2) Percentages are calculated on the basis of the theoretical voting rights existing at December 31 of each year (on the basis of the share capital for 2019).
(3) These figures reflect theoretical voting rights, as treasury shares are stripped of voting rights at Shareholders' General Meetings.

7.3.5.2 CROSSING OF STATUTORY THRESHOLDS

No disclosures were made to the Company to report a threshold being crossed in 2020 and up to the date the Universal Registration Document was filed.

To the best of Imerys' knowledge, no shareholder other than those mentioned in *paragraph 7.3.5.1 of the present chapter* either directly or indirectly held more than 5% of the Company's share capital or voting rights at the date of the Universal Registration Document was filed.

Shareholders are reminded that the Imerys by-laws do not contain any clauses requiring disclosures to be made when thresholds are crossed, other than those required by law. Any shareholder, whether acting alone or in concert, whose ownership exceeds or drops below one of the thresholds for the Company's capital and/or voting rights provided by the legislation in force must comply with the provisions of articles L. 233-7 *et seq.* of the French Commercial Code and in accordance with article 223-14 of the AMF's General Regulations.

7.3.5.3 CONTROL OF THE COMPANY AND SHAREHOLDERS' AGREEMENT

Control of the Company

Given the number of voting rights held, the Company is legally controlled by Belgian Securities B.V., which itself is controlled directly by Groupe Bruxelles Lambert and indirectly by the Frère and Desmarais families through the company Parjointco (for further details, *see the organization chart in paragraph 7.3.5.6 of the present chapter*). Nevertheless, the Company does not believe there is a risk such control be exerted abusively. The Company and its Board of Directors have always considered protecting shareholder interests to be of great importance and consistently spare no effort to comply with Corporate Governance rules and best practices, as demonstrated, in particular, by the number of independent members sitting on the Board of Directors and its committees (for further details on the structure of the Board of Directors and its committees, *see chapter 4, paragraph 4.1.1*).

Shareholders' agreement

On November 5, 2014, Groupe Bruxelles Lambert, Belgian Securities B.V., Blue Crest Holding S.A. and S&B Minerals S.A. entered into a shareholders' agreement with respect to their direct or indirect shareholding in the Company. Governed by Luxembourg law, the agreement came into force on February 26, 2015 for a renewable period of seven years and includes the following conditions:

- a commitment to hold for a period of three years (which expired on February 26, 2018) the 3,728,308 shares created in consideration for the shares transferred from S&B Minerals S.A. to Imerys and held since February 26, 2015 by Blue Crest Holding S.A. (as well as the Imerys shares that Blue Crest Holding S.A. received in consideration for the earnout clause contained in the acquisition agreement concluded on November 5, 2014);
- joint tag-along rights granted by Groupe Bruxelles Lambert to Blue Crest Holding S.A. for a three-year period (expired on February 26, 2018), in the event that Groupe Bruxelles Lambert transfers Imerys shares to a third party, causing its interest to fall below 40% of Imerys' capital;
- a pre-emptive right granted to Groupe Bruxelles Lambert, as Blue Crest Holding S.A. pledged, after its holding commitment expired, to grant Groupe Bruxelles Lambert a pre-emptive right to purchase any Imerys shares that Blue Crest Holding S.A. may wish to sell;
- a right for Blue Crest Holding S.A. to be represented on the Board of Directors and the Strategic Committee for as long as Blue Crest Holding S.A. holds at least 3% of Imerys shares.

The shareholders' agreement also includes an early termination clause in the event that:

- Blue Crest Holding S.A. comes to directly or indirectly hold less than 50% of the 3,728,308 shares created in consideration for the share transfer completed on February 26, 2015;
- the agreement is terminated by Groupe Bruxelles Lambert, which it would be authorized to do if Blue Crest Holding S.A.'s current controlling shareholders were to change or no longer directly or indirectly hold 100% of capital in Blue Crest Holding S.A;
- Groupe Bruxelles Lambert's direct or indirect interest in Imerys was to fall below 40%.

It should be noted that the shareholders' agreement does not constitute a concert party as defined in article L. 233-10 of the French Commercial Code. A copy of the agreement was sent to the AMF and the Company on March 5, 2015 (AMF decision and information No. 215C0360 dated March 27, 2015, and available on the AMF website: www.amf-france.org).

At the date this Universal Registration Document was filed, the Company has not been made aware of any other agreement between its shareholders, nor of any agreement that, if implemented, could trigger a change of control.

7.3.5.4 EMPLOYEE SHAREHOLDING, STOCK OPTIONS AND PERFORMANCE SHARES

Employee shareholding

At December 31, 2020, Group employees held 1.13% of outstanding share capital and 1.14% of theoretical voting rights in the Company, particularly through operations intended to promote employee share ownership (*see paragraph 7.3.1 of the present chapter*).

Stock options

Previous stock option grants

	2012 Plan	2011 Plan	2010 Plan	2009 Plan	2008 Plan
Date of Shareholders' General Meeting	Apr. 28, 2011	Apr. 28, 2011	Apr. 30, 2008	Apr. 30, 2008	Apr. 30, 2008
Date of Board of Directors or Management Board Meeting	April 26, 2012	Apr. 28, 2011	Apr. 29, 2010	Jul. 29, 2009	Apr. 30, 2008
Number of shares that may be subscribed or purchased, of which those that may be subscribed or purchased by:	362,720	331,875	482,800	464,000	497,925
■ Corporate officers(1)	N/A	N/A	N/A	N/A	N/A
Start of option exercise period	Apr. 26, 2015	Apr. 28, 2014	Apr. 29, 2013	Aug. 14, 2012	Apr. 30, 2011
End of option exercise period	Apr. 25, 2022	Apr. 27, 2021	Apr. 28, 2020	Aug. 13, 2019	Apr. 29, 2018
Subscription or purchase price	€43.62	€53.05	€46.06	€34.54	€54.19
Exercise conditions (for plans with several tranches)	N/A	N/A	N/A	N/A	N/A
Total number of shares subscribed at December 31, 2020	195,645	188,604	333,400	0	0
Total number of stock options canceled or forfeited at December 31, 2020	84,352	63,881	149,400	0	0
Number of stock options outstanding at December 31, 2020	82,723	79,390	0	0	0

(1) *To avoid all ambiguity, the corporate officers included in the category above are those in office at December 31, 2020 and/or at the date this Universal Registration Document was filed.*

Changes in the number of options in 2020

The total number of stock options outstanding at December 31, 2020 totaled 162,113, representing 0.19% of Imerys' share capital after dilution at that date. The weighted average exercise price was €48.26.

In 2020, 71,067 stock options were canceled and no options were exercised.

Performance shares

Performance shares grant policy

The main characteristics of grants made by the Board of Directors are as follows:

- grants take the form of performance shares, in principle, fully subject to financial performance targets;
- except in exceptional circumstances, plans are annual and grants are usually made on the day of the Shareholders' General Meeting;
- actual or likely beneficiaries of performance shares include the Group's executive managers (members of the Executive Committee as well as the operating and support executives reporting to them) and employees whose career potential or individual performance has been recognized as outstanding.

Main characteristics of performance shares

Vesting period

In accordance with current legal provisions, free shares are subject to a vesting period that may not be less than one year following the grant date (since the "Macron law" of August 6, 2016) or two years for grants made before August 8, 2015, subject, in principle, to fulfilling certain economic and financial performance criteria that cannot be assessed on the basis of a single year. The number of shares vested is subject and proportionate to achieving these targets.

Loss of shares

If the beneficiary leaves the Group before the end of the vesting period for any reason (including, in principle, if the company by which they are employed leaves the Group's scope of consolidation), they will lose (in principle, subject to derogation approved by the Board of Directors) all rights to performance shares, except in the event of death, long-term disability or retirement, in which case their rights will be maintained according to the specific terms and conditions of each plan.

Lock-up period

Since the Macron law, a lock-up period (between the vesting date and the availability date) is no longer mandatory for free share grants. Nevertheless, the total duration of vesting and lock-up periods for performance share grants may not be less than two years.

Following any such lock-up period, beneficiaries are able to transfer or sell the shares as they wish.

Futur performance share plan to be adopted in 2021

As for the plans currently in force, performance share plan to be adopted in 2021, whose final adoption and related grants will be subject to the approval of the Board of Directors at its next meeting, would specify that the final allocation of shares and the number of performance shares that might be granted would be subject and proportionate to meeting a set of objectives common to all beneficiaries. During its meeting held on February, 17 2021, based on the recommendation of the Compensation Committee, the Board of Directors has set the following objectives based on two quantitative criteria: the Group's annual growth in net income from current operations, per share (weighted at 60%) and free operating cash flow (weighted at 40%) during the period from 2021 to 2023. After being reviewed by the Compensation Committee, the extent to which these objectives would be met will be agreed by the Board of Directors at the end of each financial year on the basis of the Group's consolidated financial statements. All performance shares would be vested according to the extent to which the objectives would be achieved, three years after being granted. Consequently, in accordance with article L. 225-197-1 I, paragraph 7 of the French Commercial Code, these shares would not be subject to any lock-up period once vested.

Performance share plan adopted in 2020

- **Exceptional 2020 Plan**

  In 2020, as part of this plan, the Board of Directors granted 154,150 performance shares to 75 Group managers residing in France or overseas.

- **Annual 2020 Plan**

  In 2020, as part of this plan, the Board of Directors granted 457,700 performance shares to 188 Group managers residing in France or overseas, including 120,000 shares to the Chief Executive Officer. With the exception of Alessandro Dazza, Chief Executive Officer, the 10 beneficiaries receiving the highest number of performance shares in 2020 were granted a total of 110,000 shares.

- The final allocation of granted performance shares with respect to the 2020 plans is subject and proportionate to meeting a set of objectives common to all beneficiaries. Based on the recommendation of the Compensation Committee, the Board of Directors was able to verify the demanding nature of these objectives, which are based on two quantitative criteria: the Group's annual growth in net income from current operations, per share (weighted at 60%) and free operating cash flow for 2020-2022 (weighted at 40%). After being reviewed by the Compensation Committee, the extent to which these objectives have been met will be agreed by the Board of Directors at the end of each financial year on the basis of the Group's consolidated financial statements. All performance shares will be vested according to the extent to which the objectives have been achieved, three years after being granted. Consequently, in accordance with article L. 225-197-1 I, paragraph 7 of the French Commercial Code, these shares are not subject to any lock-up period once vested.

Previous performance share grants

	May 2020 Plan	January 2020 Plan	May 2019 Plan	May 2018 Plan	May 2017 Plan	May 2016 Plan	April 2015 Plan	April 2014 Plan
Date of Shareholders' General Meeting	May, 4, 2020	May, 4, 2018	May, 4, 2018	May, 4, 2018	May, 4, 2016	May, 4, 2016	Apr. 29, 2014	Apr. 29, 2014
Date of Board meeting	Apr. 29, 2020	Dec. 17, 2019(1)	Oct. 5, 2019	May, 4, 2018	May, 3, 2017	May, 4, 2016	Apr 30, 2015	Apr. 29, 2014
Total number of shares granted, of which to corporate officers(2)	457,700	154,150	427,500	295,200	293,400	302,500	309,550	282,475
▪ Alessandro Dazza	120,000(3)	N/A	65,000	30,000	N/A	N/A	N/A	N/A
▪ Other corporate officers	N/A	0	0	0	0	0	0	0
Vesting date(4)	May, 3, 2023	Jan. 14, 2023	May, 9, 2022	May, 4, 2021	May, 3, 2020	May, 4, 2019	Apr. 30, 2019	Apr. 29, 2018
End of lock-up period(4)	May, 3, 2023	Jan. 14, 2023	May, 9, 2022	May, 4, 2021	May, 3, 2020	May, 4, 2019	Apr. 30, 2019	Apr. 29, 2018
Performance conditions,*with % weighting expressed for each criteria*	Net income from current operations, per share *(60%)* Free cash flow *(40%)*	Net income from current operations, per share *(60%)* Free cash flow *(40%)*	Net income from current operations, per share *(50%)* Return on capital employed *(50%)*	Net income from current operations, per share *(50%)* Return on capital employed *(50%)*	Net income from current operations, per share *(50%)* Return on capital employed *(50%)*	Net income from current operations, per share *(50%)* Return on capital employed *(50%)*	Net income from current operations, per share *(50%)* Return on capital employed *(50%)*	Net income from current operations, per share *(50%)* Return on capital employed *(50%)*
Total number of shares vested at December 31, 2020	0	0	0	0	126,987	236,352	180,231	190,300
Total number of shares canceled or forfeited at December 31, 20 20(5)	5,200	7,400	130,350	142,400	166,413	66,148	129,319	92,175
Remaining performance shares at December 31, 2020	452,500	146,750	297,150	152,800	0	0	0	0

(1) Granted on January 14, 2020 by the Chief Executive Officer acting with the authorization of the Board.
(2) To avoid all ambiguity, the corporate officers included in the category above are those in office at December 31, 2020 and/or at the date this Universal Registration Document was filed.
(3) Representing 0.14% of share capital at December 31, 2020.
(4) For shares awarded to all beneficiaries, irrespective of their tax residence. The vesting date and the end of the lock-up period correspond to the latest of the following two dates: the third anniversary of the grant date or the date of the Shareholders' General Meeting to approve the financial statements of the last reference year.
(5) After beneficiaries leave the Group or fail to meet the performance conditions.

In 2020, 157,338 performance shares were canceled, while 126,987 performance shares vested and were transferred to their respective beneficiaries.

The total number of performance shares outstanding at December 31, 2020 equaled 1,049,200, representing 1.22% of Imerys' share capital after dilution at that date.

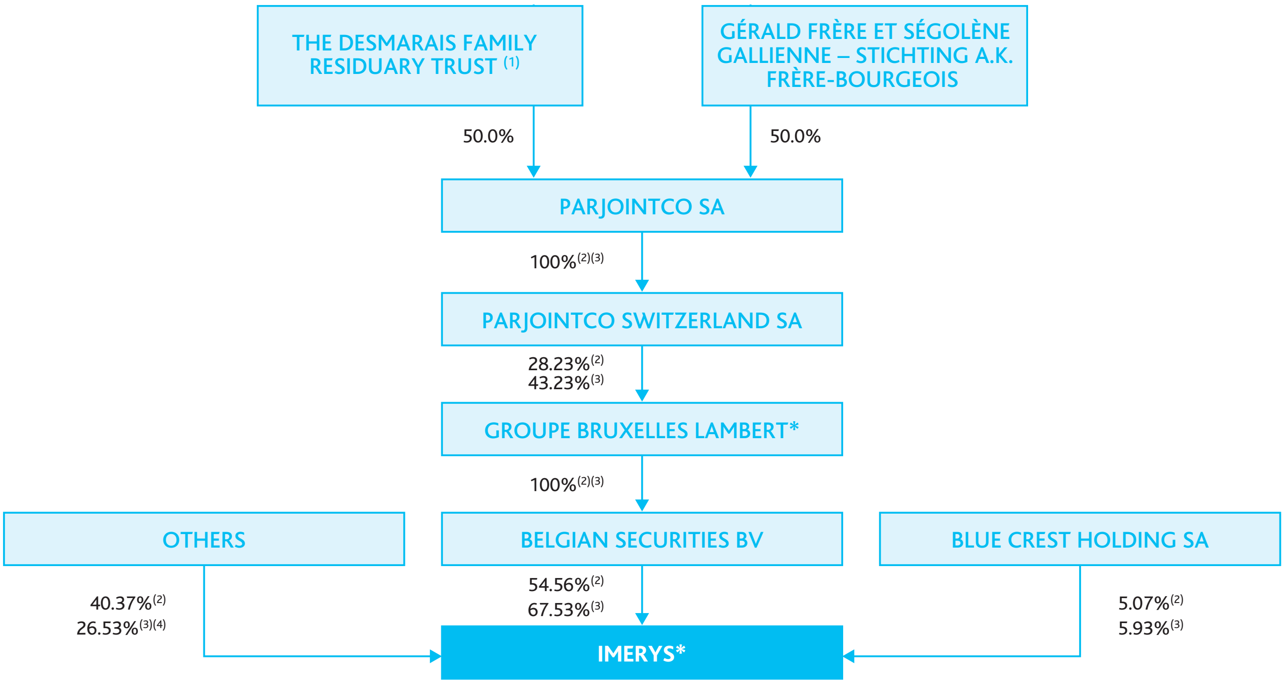
7.3.5.5 IDENTIFICATION OF BEARER SHARES

Imerys has tasked Euroclear France with conducting a survey of identifiable bearer shares in the Company among financial intermediaries with holding thresholds over 30,000 shares. Excluding the controlling shareholder (Belgian Securities B.V.), the survey identified 5,636 holders of bearer shares, each with over 200 shares, representing 34.88% of share capital at December 31, 2020 (*see paragraph 7.3.1 of the present chapter*) (of which 669 institutional investors holding 32.19% of share capital).

This request complies with current legislation and article 9 of the Company by-laws, which authorize it to ask Euroclear France to supply it with the information needed to identify the owners of bearer shares that grant, whether immediately or at a later date, voting rights in its Shareholders' Meetings, as well as the quantity of shares or other securities held by each of them and, where applicable, any restrictions that may apply to these securities. The Company by-laws are published on its website (www.imerys.com – Finance – Shareholders' corner).

7.3.5.6 GROUP SHAREHOLDING STRUCTURE

The following diagram represents the relationships between Imerys shareholders by share capital and theoretical voting rights at December 31, 2020 (*see paragraph 7.3.1 of the present chapter*):



** Listed company.*
(1) i.e. Paul Desmarais, Jr. and André Desmarais.
(2) Stake held in share capital.
(3) Stake held in voting rights.
(4) Given treasury share with no voting rights.

Parjointco is a company governed by Belgian law whose registered office is located at Avenue Marnix 24, 1000 Brussels (Belgium). It is jointly owned and controlled by The Desmarais Family Residuary Trust, held by the Desmarais family (Canada), and Stichting A.K. Frère Bourgeois controlled by the Frère family (Belgium).

Parjointco Switzerland S.A. is a company governed by Swiss law whose registered office is located at 11, Grand-Rue, CH-1204 Geneva (Switzerland).

Groupe Bruxelles Lambert is a company governed by Belgian law whose registered office is located at Avenue Marnix 24, 1000 Brussels (Belgium).

Belgian Securities B.V. is a company governed by Dutch law whose registered office is located at Amstel 134, 1017 AD Amsterdam (Netherlands).

The direct affiliation of Imerys to the GBL group resulted from the Company's merger with Parfinance completed on June 30, 1998. Parfinance was the Company's controlling shareholder at that time and had been so for several years.

Blue Crest Holding S.A. is a company governed by Luxembourg law whose registered office is located at 19, rue Eugène Ruppert, L-2453 Luxembourg (Luxembourg). It is owned and controlled by the Kyriacopoulos family (Greece).

7.4 ELEMENTS THAT COULD HAVE AN IMPACT IN THE EVENT OF A TAKEOVER BID

It should be noted that no specific mechanism has been set up by the Company.

Structure of the share capital – direct or indirect investments in the share capital – shareholders' agreements

Information regarding the Company's share ownership (structure of the share capital, threshold crossings and control of the Company) appear in *section 7.3 of the present chapter*.

Restrictions on voting rights and transfers of shares or agreements known by the Company

See paragraph 7.3.5.3 of the present chapter.

Holders of shares carrying specific control rights

The Company's by-laws state that shares held in registered form by the same shareholder for over two years carry double voting rights (*see section 7.1 of the present chapter*).

Control mechanisms applied to employee shareholding schemes

None.

Agreements between shareholders known by the Company that could lead to restrictions of share transfers and voting rights

See paragraph 7.3.5.3 of the present chapter.

Specific rules governing the appointment or replacement of directors and amendments to the Company's by-laws

None.

Powers of the Board of Directors, in particular regarding issues of shares or share buybacks

The terms and conditions of share buybacks are set out in *paragraphs 7.3.3 and 7.3.4 of the present chapter*.

It should be noted that the financial authorizations were approved at the Ordinary and Extraordinary Shareholders' General Meetings held on May 10, 2019 and May 4, 2020, excluded the option for the Board of Directors to buy back shares or use the delegations of authority granted to it during a takeover bid for the Company's shares. Same will apply pursuant to financial authorizations the renewal of which is to be approved by next Shareholders' General Meeting (*see paragraphs 8.2.6 and 8.2.7 of chapter 8*).

Agreements that may be amended or terminated in the event of a change of control of the Company

Among the Company's main financing agreements (*see Note 24.5 to the consolidated financial statements published in chapter 6, paragraph 6.1.2*) some contain a clause that provides for early reimbursement, under certain conditions and on the Company's initiative, in the event of a change of control.

Joint venture agreements entered into by the Company's subsidiaries generally include an exit clause in the event of a change of control.

Agreements including compensation clauses to be paid to members of the Board of Directors or employees if they resign or are dismissed without genuine or serious cause or if their contract is terminated as a result of a takeover bid

The terms and conditions applicable to compensation payable to coporate officers for termination of office are detailed in *chapter 4, section 4.3*.

7.5 DIVIDENDS

Imerys bases the distribution of dividends on the consolidated net income from current operations recorded in the financial year in question. The allocation of income is determined in accordance with current legal and regulatory provisions, as detailed in article 30 of the Company by-laws (published on its website www.imerys.com – Finance – Shareholders' corner)

In accordance with the provisions of article 243 *bis* of the French General Tax Code (*Code général des impôts*), the dividends paid in respect of the last three financial years were as follows:

	2019	2018	2017
Net income from current operations, per share	€3.50	€4.5	€5.11
Net dividend per share	€1.72	€2.15	€2.075
Gross dividend per share	€1.72	€2.15	€2.075
Number of shares carrying dividend rights	79,032,835	79,083,935	79,313,151
Total net distribution	**€135.9 million***	**€170 million**	**€164.6 million**

** Including dividend payment in cash: €16.1 million and dividend payment in shares: €119.8 million*

As a general rule, Imerys does not distribute interim dividends. Dividends are paid once a year following the Shareholders' General Meeting held to approve the management and financial statements for the previous financial year. The Shareholders' General Meeting may grant to each shareholder, for all or part of the dividend being distributed, or where applicable for interim dividends, the option to choose between payment of the dividend in cash or in shares[(1)].

Dividends that have not been claimed within five years after the dividend payment date are time-barred. Unclaimed dividends are paid to the French State in the first 20 days of January of the year following the expiration of the period of limitation.

7.6 PARENT COMPANY/SUBSIDIARY ORGANIZATION

At December 31, 2020, the Group was made up of 300 companies based in 58 countries (the main consolidated entities of the Group are listed in *Note 25 to the consolidated financial statements published in chapter 6, paragraph 6.1.2*). The Group's organizational structure is detailed in *chapter 1, paragraphs 1.1.2* et seq.

Imerys is the Group's holding company and therefore does not directly carry out any industrial or business activity. The Company's assets are mainly comprised of the investments it holds directly in certain Group subsidiaries.

√ For further details about the subsidiaries directly controlled by the Company, *see Note 30 to the statutory financial statements published in chapter 6, paragraph 6.2.2*.

Imerys, along with certain local holding companies (in Belgium, Brazil, China, India, Singapore, the UK and the US), provides all their subsidiaries with general support and expertise in the following areas in particular:

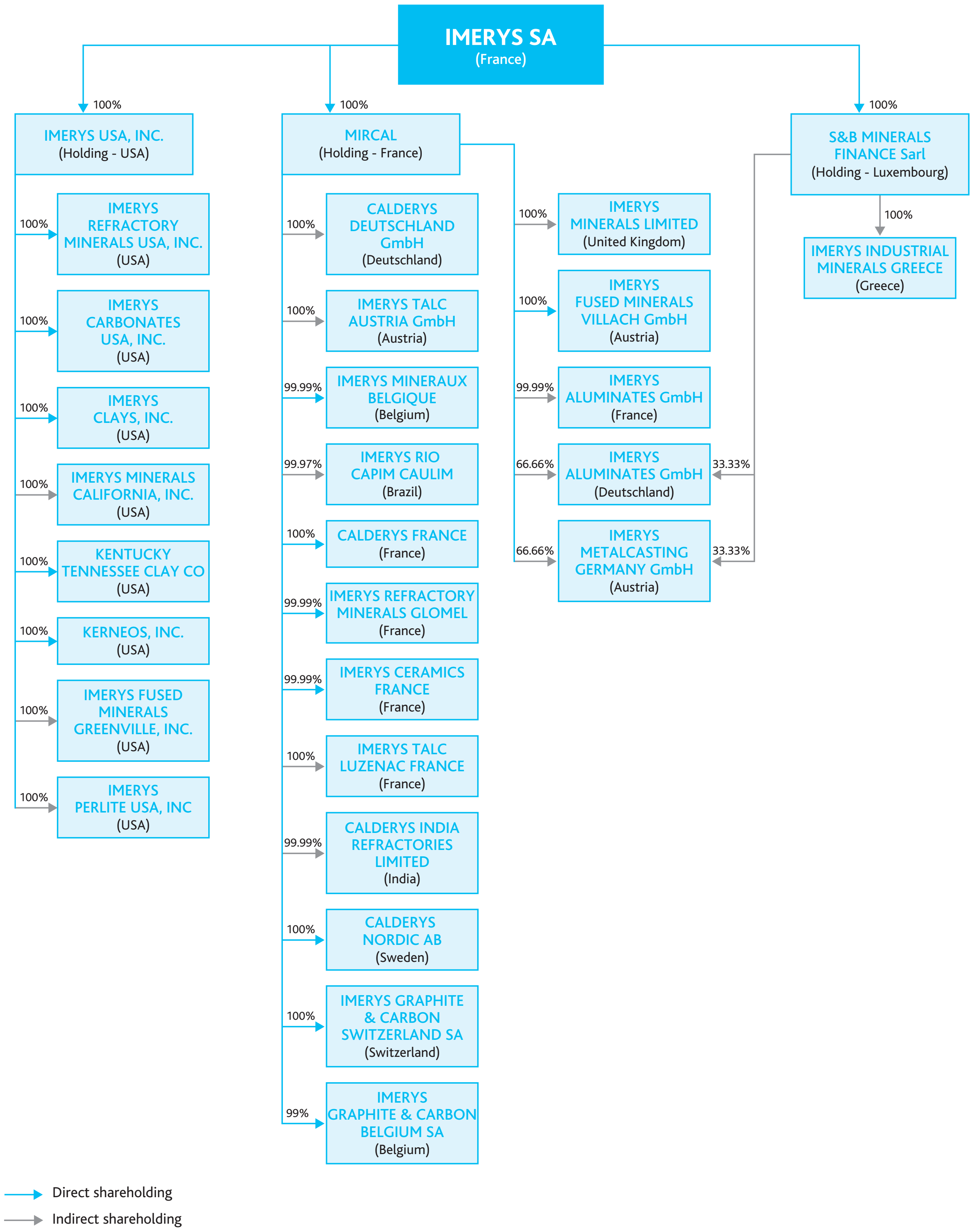
- Accounting & Financial Control;
- Audit;
- Cash management;
- Communication;
- Environment, Health & Safety;
- Geology;
- Human Resources;
- Industrial Projects;
- Information technologies;
- Innovation, Research & Development;
- Insurance;
- Intellectual Property;
- Legal;
- Mineral Transformation Processes;
- Operational Excellence;
- Purchasing;
- Strategy;
- Tax.

These services include: support and advice in *ad-hoc* requests from its subsidiaries, as well as more general studies and analyses or even recommendations or suggested preventive measures.

Compensation for these services is determined on the basis of the costs incurred by Imerys and its local holding companies. These costs are allocated to the subsidiaries that benefit from the services, either in proportion to their total revenue compared to the total revenue of their operating segment or in proportion to the number of their employees. In addition, external costs incurred specifically on behalf of a subsidiary along with the cost of seconding employees to a subsidiary are allocated to that subsidiary separately. In 2020, the Company invoiced a net total amount of approximately €137 million for services provided to its subsidiaries. Furthermore, Imerys charges subsidiaries a fee to use the Imerys brand. Imerys is also the parent company of the tax consolidation group for the Group's companies based in France where more than 95% of the share capital is held by Imerys (*see Note 8 to the statutory financial statements published in chapter 6, paragraph 6.2.2*).

The simplified organization chart presented below illustrates the main operating entities of the Group whose gross revenue exceeded €50 million at December 31, 2020.

(1) This situation arose following the decision made by the Shareholders' General Meeting of May 4, 2020, when shareholders representing 88.1% of voting rights opted for the alternative dividend payment in shares, which led to a €119.8 million increase in capital (issuance premium included).The dividend payment in cash totaled €16.1 million.


IMERYS SA
(France)
100%
IMERYS USA, INC.
(Holding - USA)
100%
IMERYS REFRACTORY MINERALS USA, INC.
(USA)
100%
IMERYS CARBONATES USA, INC.
(USA)
100%
IMERYS CLAYS, INC.
(USA)
100%
IMERYS MINERALS CALIFORNIA, INC.
(USA)
100%
KENTUCKY TENNESSEE CLAY CO
(USA)
100%
KERNEOS, INC.
(USA)
100%
IMERYS FUSED MINERALS GREENVILLE, INC.
(USA)
100%
IMERYS PERLITE USA, INC
(USA)
100%
MIRCAL
(Holding - France)
100%
CALDERYS DEUTSCHLAND GmbH
(Deutschland)
100%
IMERYS TALC AUSTRIA GmbH
(Austria)
99.99%
IMERYS MINERAUX BELGIQUE
(Belgium)
99.97%
IMERYS RIO CAPIM CAULIM
(Brazil)
100%
CALDERYS FRANCE
(France)
99.99%
IMERYS REFRACTORY MINERALS GLOMEL
(France)
99.99%
IMERYS CERAMICS FRANCE
(France)
100%
IMERYS TALC LUZENAC FRANCE
(France)
99.99%
CALDERYS INDIA REFRACTORIES LIMITED
(India)
100%
CALDERYS NORDIC AB
(Sweden)
100%
IMERYS GRAPHITE & CARBON SWITZERLAND SA
(Switzerland)
99%
IMERYS GRAPHITE & CARBON BELGIUM SA
(Belgium)
100%
IMERYS MINERALS LIMITED
(United Kingdom)
100%
IMERYS FUSED MINERALS VILLACH GmbH
(Austria)
99.99%
IMERYS ALUMINATES GmbH
(France)
66.66%
IMERYS ALUMINATES GmbH
(Deutschland)
33.33%
66.66%
IMERYS METALCASTING GERMANY GmbH
(Austria)
33.33%
100%
S&B MINERALS FINANCE Sarl
(Holding - Luxembourg)
100%
IMERYS INDUSTRIAL MINERALS GREECE
(Greece)
Direct shareholding
Indirect shareholding

7.7 STATUTORY AUDITORS

STATUTORY AUDITORS

Deloitte & Associés	Ernst & Young et Autres
represented by Frédéric Gourd	Represented by Sébastien Huet
6, place de la Pyramide, 92908 Paris La Défense, France	1/2, place des Saisons, 92400 Courbevoie, Paris-La Défense 1, France
first appointed by the Ordinary and Extraordinary Shareholders' General Meeting held on May 5, 2003 and most recently re-appointed by the Ordinary and Extraordinary Shareholders' General Meeting held on May 4, 2016.	first appointed by the Ordinary and Extraordinary Shareholders' General Meeting held on April 29, 2010 to replace Ernst & Young Audit and most recently re-appointed by the Ordinary and Extraordinary Shareholders' General Meeting held on May 4, 2016.

Deloitte & Associés and Ernst & Young et Autres are members of the Auditors' Regional Company of Versailles (Compagnie régionale des Commissaires aux comptes de Versailles).

ALTERNATE AUDITORS

BEAS	Auditex
195, avenue Charles de Gaulle, 92200 Neuilly-sur-Seine-Cedex, Francepart of the Deloitte network	1/2, place des Saisons, 92400 Courbevoie, Paris-La Défense 1, France part of the Ernst & Young network
first appointed by the Ordinary and Extraordinary Shareholders' General Meeting held on May 5, 2003 and re-appointed by the Ordinary and Extraordinary Shareholders' General Meeting held on May 4, 2016.	first appointed by the Ordinary and Extraordinary Shareholders' General Meeting held on April 29, 2010 to replace Jean-Marc Montserrat and most recently re-appointed by the Ordinary and Extraordinary Shareholders' General Meeting held on May 4, 2016.

7.8 RELATED PARTY AGREEMENTS AND ASSESSMENT PROCEDURE FOR ARM'S LENGTH AGREEMENTS

CHARTER ON RELATED PARTY AGREEMENTS *(CONVENTIONS REGLEMENTEES)* AND STANDARD AGREEMENTS WITH RELATED PARTIES (*CONVENTIONS LIBRES*)

On July 25, 2019 the Company's Board of Directors adopted a charter on related party agreements and standard agreements concluded with related parties, which sets out the procedure to assess standard agreements and identify any related party agreements that require prior approval from the Board. The Charter is published on the Company website (www.imerys.com - Finance - Regulated Information).

In accordance with article L. 22-10-10 6° of the French Commercial Code, the charter defines the notions of "arm's length agreement", details the criteria taken into account in the assessment of such agreements, lists the agreements that are presumed to ordinarily be conducted at arm's length, identifies the people responsible for the assessment process and describes the conditions under which the annual assessment is conducted by the Board. The Board thereby assesses the categorization of agreements as concluded with related parties or on an arm's length basis (given the criteria set out in the aforementioned charter).

RELATED PARTY AGREEMENTS IN 2020

At its meeting on February 17, 2021, the Board of Directors conducted its annual review of related party agreements for 2020, in accordance with the aforementioned charter.

As mentioned in the Statutory Auditors' special report published in *chapter 6, section 6.3 of the Universal Registration Document* and detailed in *chapter 8, paragraph 8.1.2*, it should be noted that:

- no related party agreements were concluded in 2020 and no agreement concluded in previous years was no longer or newly considered to be a related party agreement;
- no related party agreements concluded in previous years continued to apply in 2020.

ORDINARY AND EXTRAORDINARY SHAREHOLDERS' MEETING OF MAY 10, 2021

The Board of Directors decided the agenda and resolutions that will be submitted to the Ordinary and Extraordinary Shareholders’ Meeting of May 10, 2021 at its meeting of February 17, 2021.

8.1 AGENDA

ORDINARY RESOLUTIONS

1. approval of the Company’s management and statutory financial statements for the year ended December 31, 2020;
2. approval of the consolidated financial statements for the year ended December 31, 2020;
3. allocation of the net income and setting the dividend with respect to the year ended December 31, 2020;
4. Statutory Auditors’ special report governed by article L. 225-40 of the French Commercial Code;
5. approval of the compensation policy applicable to executive corporate officers with respect to the 2021 financial year;
6. approval of the compensation policy applicable to members of the Board of Directors with respect to the 2021 financial year;
7. approval of the components relating to corporate officers compensation with respect to the 2020 financial year, as setted out in article L. 22-10-9 I of the French Commercial Code;
8. approval of the fixed, variable and exceptional components of the total compensation and benefits paid or granted to Alessandro Dazza in the financial year 2020;
9. approval of the fixed, variable and exceptional components of the total compensation and benefits paid or granted to Patrick Kron in the financial year 2020;
10. re-appointment of Patrick Kron as a director;
11. re-appointment of Marie-Françoise Walbaum as a director;
12. appointment of Paris Kyriacopoulos as a director;
13. purchase by the Company of its own shares;

EXTRAORDINARY RESOLUTIONS

14. delegation of authority granted to the Board of Directors to increase the share capital by issuing shares or securities conferring entitlement to the Company's share capital, immediately or at a later date, with pre-emptive subscription rights;
15. delegation of authority granted to the Board of Directors to increase the share capital by issuing shares or securities conferring entitlement to the Company's share capital, immediately or at a later date, without pre-emptive subscription rights, through of offer to the public, and excluding offers defined by article L. 411-2-1° of the French Monetary and Financial Code and detailed in the sixteenth resolution;
16. delegation of authority granted to the Board of Directors to increase the share capital by issuing shares or securities conferring entitlement to the Company's share capital, immediately or at a later date, without pre-emptive subscription rights, through an offer addressed to qualified buyers or a limited number of investors as defined by article L. 411-2-1° of the French Monetary and Financial Code;
17. delegation of authority granted to the Board of Directors to increase the number of shares to be issued in a capital increase, with or without pre-emptive subscriptions rights, by up to 15% of the initial issue;
18. authorization granted to the Board of Directors to set the issue price of shares or securities conferring entitlement to the Company's share capital, for issues without pre-emptive subscription rights, up to 10% of capital per year;
19. delegation of power granted to the Board of Directors to increase the share capital in consideration for contributions in kind made up of shares or securities conferring entitlement to the Company's share capital, immediately or at a later date, up to 10% of capital per year;
20. delegation of authority granted to the Board of Directors to increase the share capital by capitalizing retained earnings, profits, additional paid-in capital, issue premiums or other items;
21. overall cap for the nominal value of share capital increases and issues of debt securities resulting from the aforementioned delegations and authorizations;
22. delegation of authority granted to the Board of Directors to increase the share capital by issuing shares or securities conferring entitlement to the Company's share capital reserved for members of a Company or Group savings plan, without pre-emptive subscription rights;
23. authorization granted to the Board of Directors to reduce share capital by canceling treasury shares;
24. powers to carry out formalities.

8.2 PRESENTATION OF THE RESOLUTIONS BY THE BOARD OF DIRECTORS

Of the resolutions submitted for approval at the Shareholders' General Meeting, resolutions 1 to 13 and 24 will be submitted to the Ordinary Shareholders' Meeting and resolutions 14 to 23 will be submitted to the Extraordinary Shareholders' Meeting.

Pursuant to the provisions of articles L. 225-37, L. 22-10-8, L. 22-10-9, L. 225-37-4, L. 22-10-10, L. 225-100 and L. 22-10-34 of the French Commercial Code (*Code de commerce*), *paragraphs 8.2.3 to 8.2.5* and *section 8.4 of the present chapter* form an integral part of the Corporate Governance Report.

8.2.1 2020 ANNUAL FINANCIAL STATEMENTS AND APPROPRIATION OF PROFIT

(Three resolutions submitted to the Ordinary Shareholders' General Meeting)

Shareholders are invited to approve the Company's annual financial statements **(first resolution)** and the Group's consolidated financial statements **(second resolution)** for the year ended December 31, 2020.

These financial statements, along with the financial situation, business and results of the Group and the Company for the year ended December 31, 2020, as well as various items of information required by current laws and regulations, are published in *chapter 5 (Comments on 2020) and chapter 6 (Financial statements).*

Shareholders are then called upon to approve the appropriation of the Company's distributable profit for 2020 **(third resolution).** In 2020, the Company's distributable profit totaled €701,924,929.41, representing €399,820,903.31 in net profit plus €303,106,763.10 in retained earnings brought forward from the prior year, minus €1,002,737.00 added to the legal reserve. The Board of Directors recommends paying a per-share dividend of €1.15.

Dividends paid for the past three financial years were as follows:

Financial year ending	Dec. 31, 2019	Dec. 31, 2018	Dec. 31, 2017
Net dividend per share	€1.72*	€2.15*	€2.075*
Number of shares carrying dividend rights	79,032,835	79,083,935	79,313,151
Total net distribution	**€135.9 million****	**€170 million**	**€164.6 million**

* *Fully eligible for the 40% tax allowance for individual shareholders domiciled in France for tax purposes stipulated in article 158-3-2° of the French Tax Code.*

** *The Ordinary and Extraordinary Shareholders' Meeting of May 4, 2020 approved an alternative payment option in shares for the dividend paid with respect to the 2019 financial year, which led to a €119.8 million increase in capital (issuance premium included) and a payment in cash totaling €16.1 million.*

The ex-dividend date will be May 13, 2021 and the dividend will be paid on May 17, 2021.

The total dividend payout will be adjusted to take into account the number of shares issued for stock options that have been exercised since January 1, 2021 and are eligible for the 2020 dividend at the date of payment. Consequently, the amount allocated to retained earnings will be determined on the basis of the total actual dividend payout. Furthermore, if the Company holds any treasury shares on the date at which the dividend is paid, the corresponding unpaid dividends will also be allocated to retained earnings.

Pursuant to the provisions of article 243 *bis* of the French Tax Code (*Code général des impôts*), individual shareholders domiciled for tax purposes in France may benefit from a 40% tax allowance on the totality of the proposed dividend for 2020, as stipulated in article 158-3-2° of the French Tax Code, subject to the taxpayer opting to be taxed according to the standard progressive income tax bands set out in article 200 A-2 of said Code.

8

8.2.2 RELATED PARTY AGREEMENTS AND COMMITMENTS

(One resolution put to the Ordinary Shareholders' General Meeting)

Pursuant to the provisions of article L. 225-40 of the French Commercial Code, shareholders are asked to approve the Statutory Auditors' special report on related party agreements and commitments governed by articles L. 225-38 *et seq*. of said Code and published in *chapter 6, section 6.3* **(fourth resolution).**

Shareholders are also informed that at its meeting held on February 17, 2021 and in accordance with legal requirements and its internal charter on related party and arm's length agreements and commitments (*see chapter 7, section 7.8*), the Board of Directors reviewed all agreements in place with related parties.

The Board of Directors noted that:

- no related party agreements were concluded in 2020; and
- no related party agreements concluded before 2020 and already approved by the Shareholders' General Meeting continued to apply in 2020.

The Statutory Auditors' special report on this matter is published in *chapter 6, paragraph 6.3.3*.

8.2.3 2021 CORPORATE OFFICERS COMPENSATION POLICIES

(Two resolutions put to the Ordinary Shareholders' General Meeting)

Pursuant to the provisions of article L. 22-10-8 of the French Commercial Code, shareholders are asked to approve the compensation policies applicable to corporate officers (executive corporate officers and member of the Board of Directors) with respect to the 2021 financial year, which protect the Company's corporate interests, contribute to its long-term success and reflect its business strategy **(fifth and sixth resolutions).** The Board of Directors determined the policies at its meeting held on February 17, 2021, based on proposals made by the Compensation Committee, that include the same items as in 2020.

Details of the corporate officers compensation policies applicable to executive corporate officers and members of the Board of Directors with respect to the 2021 financial year are set out in *chapter 4, section 4*.

8.2.4 COMPONENTS OF COMPENSATION PAID OR GRANTED TO CORPORATE OFFICERS IN 2020

(Three resolutions put to the Ordinary Shareholders' General Meeting)

8.2.4.1 INFORMATION ON COMPONENTS OF CORPORATE OFFICERS COMPENSATION IN 2020 (SEVENTH RESOLUTION)

Pursuant to the provisions of article L. 22-10-34 I of the French Commercial Code, shareholders are asked to approve the information set out in article L. 22-10-9 I of said Code, which includes in particular details of 2020 compensation of all corporate officers, as well as the CEO-to-average worker pay ratio. This information forms part of the Corporate Governance Report and is presented in *chapter 4, section 4.3*.

8.2.4.2 COMPONENTS OF COMPENSATION PAID OR GRANTED TO ALESSANDRO DAZZA FOR THE YEAR ENDED DECEMBER 31, 2020 (EIGHTH RESOLUTION)

Alessandro Dazza took up his position as Chief Executive Officer on February 17, 2020.

Components of compensation subject to approval	Amount paid in the year ended December 31, 2020	Amount granted in the year ended December 31, 2020 or equivalent accounting value	Details
Annual fixed compensation	€666,667	€700,000	Gross annual fixed compensation (prorata temporis): ■ granted with respect to 2020: €700,000, as approved by the Board of Directors, based on fixed annual compensation of €800,000 (at its meeting of December 17, 2019 and February 12, 2020) ■ paid in 2020: €666,667, taking into account the 25% reduction over a two-month period, in accordance with the recommendations made by AFEP with respect to the Covid-19 pandemic. √ For further details, *see chapter 4, paragraph 4.3.3.2*.
Annual variable compensation	0	€742,000	At its meeting of February 17, 2021 and based on the recommendations of the Compensation Committee, the Board of Directors considered the extent to which Alessandro Dazza had achieved the quantitative and personal targets set for 2020 in order to determine the amount of variable compensation payable for the year. The quantitative criteria for 2020 were tied to targets for the Group's net income from current operations, free operating cash flow and return on capital employed, accounting for 50%, 30% and 20%, respectively. The personal criteria were centered around achieving objectives related to organization and leadership, the implementation of the transformation plan, operational action plans to grow market share, strategic debates with the Board of Directors and the implementation of the "Sustainagility" CSR program. After assessing the extent to which the quantitative criteria have been met, the resulting amount of annual variable compensation is calculated based on the reference compensation equal to 110% of annual fixed compensation, multiplied by a factor of between 0.8 and 1.2 depending on the fulfillment of the personal criteria. The overall percentage achievement for these criteria may be increased or decreased by 3% depending on whether or not the workplace health & safety objective (applicable to all senior managers in the Group) was met. Total variable compensation could not be lower than 82.5% and exceed a maximum cap of 165% of its annual fixed compensation. Consequently, the variable compensation payable to Alessandro Dazza with respect to 2020 amounts to €742,000, representing 106% of his fixed compensation paid in 2020 (excluding Covid reduction). This figure reflects the achievement of 83.8% of the quantitative targets, 115% of the individual performance component (reflecting a factor of 1.15, which may range between 0.8 and 1.2). Despite having acknowledged the specific workplace health & safety objective was achieved, the Board of Directors decided not to apply the 3% increase to the Chief Executive Officer's annual variable compensation, as an early application of the compensation policy for 2021. This sum will be paid to Alessandro Dazza, subject to the approval of the eighth resolution submitted to the Shareholders' General Meeting of May 10, 2021. √ For further details, *see chapter 4, paragraph 4.3.3.2*.
Multi-annual variable compensation	N/A	N/A	No decision was made to award multi-annual variable compensation with respect to 2020.
Exceptional compensation	N/A	N/A	No decision was made to award exceptional compensation with respect to 2020.

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Components of compensation subject to approval	Amount paid in the year ended December 31, 2020	Amount granted in the year ended December 31, 2020 or equivalent accounting value	Details
Stock options, performance shares and any other long-term benefit	N/A	2,567,760 (accounting value of performance shares granted in 2020)	Performance shares At its meeting held on April 29, 2020 and based on the recommendations of the Compensation Committee, the Board of Directors decided to grant Alessandro Dazza 120,000 performance shares. This grant was made pursuant to the approved compensation policy and the authorization granted by the Ordinary and Extraordinary Shareholders' General Meeting of May 4, 2020 (sixth and twenty-third resolutions). The shares were subject to the same financial performance conditions as those applicable to the 2020 General Performance Share Plan offered to the Group's senior managers. The objectives related to the increase in net income from current operations per share and the Group's free cash flow over the period 2020-2022 (weighted 60/40). No other benefit/long-term compensation was granted in 2020.
Severance package	N/A	N/A	Termination benefit Alessandro Dazza would be due severance pay in the event of a change in control, strategy or a major disagreement over these issues. The amount paid with respect to this package would be subject and proportionate to performance conditions relating to cash flow and the change in current operating income over a three-year period prior to departure. In the event the term of office exceeds two years, the severance package may not exceed two years' annual compensation (fixed and average variable compensation for the last two full financial years). Should Alessandro Dazza leave within the first two financial years, the amount of variable compensation taken into account will reflect the sum of the variable components paid over the period, divided by the number of years in office. No compensation would be due if Alessandro Dazza voluntarily steps down and is soon able to claim retirement benefits or if he is dismissed for gross or serious misconduct. √ For further details, *see chapter 4, paragraph 4.3.3.* Non-compete indemnity Alessandro Dazza is subject to a non-compete period of one year following the date at which his duties as Chief Executive Officer are terminated. The Board of Directors reserves the right to decide whether or not to enforce this clause. In the event it is enforced, Alessandro Dazza will receive the equivalent of one year's annual fixed compensation plus the average of the last two years' annual variable compensation. No compensation would be due if Alessandro Dazza opts to claim retirement benefits. √ For further details, *see chapter 4, paragraph 4.3.3*.
Complementary pension plan	N/A	N/A	Alessandro Dazza benefits from complementary defined contribution pension plans as defined in article 83 (awarded to certain senior executives in the Group) and article 82, to which the Company makes contributions of 5% of his annual fixed compensation.
Director's compensation	N/A	N/A	-
Benefits in kind	93,230	93,230	Benefits in kind include contributions for life insurance plans (covering death, long-term illness or disability), official accommodation, relocation expenses, a company car, if any, as well as health insurance benefits, tax consultants, and an annual medical check-up. In 2020, the Company did not make any contributions to the unemployment insurance scheme for corporate officers ("GSC").

8.2.4.3 COMPONENTS OF COMPENSATION PAID OR GRANTED TO PATRICK KRON FOR THE YEAR ENDED DECEMBER 31, 2020 (NINTH RESOLUTION)

In 2020, Patrick Kron held the following positions:

- Chairman of the Board of Directors (from June 25, 2019)
- Interim Chief Executive Officer (from October 21, 2019 to February 16, 2020)

Components of compensation subject to approval	Amount paid in the year ended December 31, 2020	Amount granted in the year ended December 31, 2020 or equivalent accounting value	Details
Fixed compensation	€239,583	€250,000	■ Gross annual fixed compensation (for his duties as Chairman of the Board): • granted with respect to 2020: €250,000, as approved by the Board of Directors (at its meeting of June 25, 2019 and February 12, 2020) • paid in 2020: €239,583, taking into account the 25% reduction over a two-month period, in accordance with the recommendations made by AFEP with respect to the Covid-19 pandemic. ■ Patrick Kron did not receive any additional compensation for his duties as Interim Chief Executive Officer. √ For further details, *see chapter 4, paragraph 4.3.3.2*
Annual variable compensation	N/A	N/A	N/A
Multi-annual variable compensation	N/A	N/A	N/A
Exceptional compensation	N/A	N/A	N/A
Stock options, performance shares and any other long-term benefit	N/A	N/A	N/A
Severance package	N/A	N/A	N/A
Complementary pension plan	N/A	N/A	N/A
Director's compensation	N/A	N/A	See details under *"fixed compensation" above*.
Benefits in kind	N/A	N/A	N/A

8.2.5 COMPOSITION OF THE BOARD OF DIRECTORS

(Three resolutions put to the Ordinary Shareholders' General Meeting)

The terms of office of Patrick Kron, Ulysses Kyriacopoulos and Marie-Françoise Walbaum are due to expire at the close of the present Shareholders' General Meeting.

At its meeting held on February 17, 2021 and having considered the opinion given by the Appointments Committee, the Board of Directors:

- took note of Ulysses Kyriacopoulos' wish not to renew his term of office;
- decided to submit for approval at the Shareholders' General Meeting the renewal for a term of three years, *i.e.* until the Shareholders' General Meeting to be held in 2024 to approve the financial statements for the year ending December 31, 2023 the directorships of Patrick Kron and Marie-Françoise Walbaum and to appoint Paris Kyriacopoulos as a new director **(tenth, eleventh and twelfth resolutions).**

Details and careers of the directors put forward for re-appointment are published in *chapter 4, paragraph 4.1.2.* Furthermore, in accordance with article R. 225-83, 5° of the French Commercial Code, the details and the career of Paris Kyriacopoulos, who has been put forward for appointment, are also published in *chapter 4, paragraph 4.1.2.*

Regarding these candidates for appointment or renewal, the Board of Directors considered that:

- when they appointed Patrick Kron as a director and Chairman of the Board in 2019, his experience and skills would be a considerable asset for the Company. The Board was keen to bring in an independent candidate with in-depth knowledge of the Group and extensive international and industrial expertise. As the initial appointment of Patrick Kron was approved by the Shareholders' General Meeting of May 4, 2020 for the remainder of the term of office of his predecessor, Gilles Michel, renewal in 2021 would simply extend the mandate previously given by Shareholders;
- renewing the directorship of Marie-Françoise Walbaum was in the interest of the Company, especially given her significant contribution to the work of the Board and its Committees, in particular the Appointment and Compensation Committees, which she chairs. Marie-Françoise Walbaum has invaluable experience in banking, not least in investment and finance. Renewing the term of office of Marie-Françoise Walbaum would also help to maintain the proportion of women on the Board at 40%;
- appointing Paris Kyriacopoulos would be beneficial for the Company, given his expertise in industry, international experience and in-depth knowledge of the Group, in which he has held a number of positions, in particular as head of FiberLean Technologies between 2016 and 2020. Furthermore, as set out in *chapter 7, paragraph 7.3.5.3 "Shareholders' agreement"*, Ulysses Kyriacopoulos, outgoing director, and Paris Kyriacopoulos, nominated for a directorship, are affiliates to Blue Crest Holding SA that has a right to be represented on the Company's Board of Directors and Strategic Committee, in accordance with the terms of the agreement in force between Belgian Securities B.V. and Blue Crest Holding S.A. *inter alia*.

In accordance with the principles applied by the Company to determine the independent status of its directors, and after assessing their individual situations, based on the recommendations of the Appointments Committee, the Board of Directors recognized the independent status of Patrick Kron and Marie-Françoise Walbaum, but not Paris Kyriacopoulos (for further details, *see Chapter 4, paragraph 4.1.1*).

Consequently, at the close of the Shareholders' General Meeting of May 10, 2021 and subject to approval of the above proposals, the Board of Directors will be made up of 10 people, 40% of whom are women and 60% of whom are independent, as well as two employee representative directors. In detail, the Board will be composed as follows:

Expiration of term of office	Name	Independent
2024	Patrick Kron, Chairman of the Board	Yes
	Paris Kyriacopoulos	No
	Marie-Françoise Walbaum	Yes
2023	Dominique Morin, employee representative director	N/A
	Carlos Perez, employee representative director	N/A
2023	Aldo Cardoso	Yes
	Paul Desmarais III	No
	Colin Hall	No
	Annette Messemer	Yes
	Véronique Saubot	Yes
2022	Ian Gallienne	No
	Lucile Ribot	Yes

In addition, Laurents Raets is a non-voting observer on the Board of Directors whose term of office will be considered for renewal by the Board in 2021.

8.2.6 SHARE BUYBACK PROGRAM AND CANCELLATION OF TREASURY SHARES

(One resolution put to the Ordinary Shareholders' General Meeting and one resolution put to the Extraordinary Shareholders' General Meeting)

Share buyback program

The authorization to buy back the Company's shares, granted to the Board of Directors for an 18-month period by the Ordinary and Extraordinary Shareholders' General Meeting of May 4, 2020 will expire on November 3, 2021. Shareholders are therefore asked to renew the authorization at the present meeting, which would be subject to the same terms and conditions and in accordance with current provisions **(thirteenth resolution)**.

For further details about the way in which the Company implemented its share buyback programs in 2020, *see chapter 7, paragraph 7.3.4*.

This authorization enables the Board of Directors to purchase a maximum of 10% of Company shares outstanding at January 1, 2021 (*i.e.* 8,494,095 shares) mainly for the purpose of:

- canceling the shares at a later date to reduce the Company's share capital, subject to shareholders approving the twenty-third resolution;
- implementing and covering stock option plans and/or free share grants, as well as any shares granted under employee share ownership plans set up by the Company (or assimilated plans), or with respect to profit-sharing programs for current employees, former employees and/or corporate officers of the Company and/or any related companies as defined by articles L. 225-180, L. 225-197-2 and L. 233-16 of the French Commercial Code, within the current legal framework or *ad hoc* plans set up by the Company;
- granting or exchanging shares purchased, in particular, on exercise of rights or issue of shares or securities redeemable, convertible, exchangeable or otherwise exercisable for shares of the Company;
- maintaining the liquidity of the market through an investment services firm acting in the name and on behalf of the Company, under a liquidity agreement, and
- more generally, operating for any other purpose that is or may come to be authorized by law or regulations, and/or implementing any market practice that is or may come to be authorized by the AMF.

The number of shares that may be held, directly or indirectly at any time, may not exceed 10% of the Company's share capital. Furthermore, the purchase price may not exceed €85 per share, representing a maximum total investment of €721,998,075.

Shares may be purchased by any means, including block transfers and with the use of derivatives, at any time except during a public offer for the Company's shares.

Details of this new program, drawn up in accordance with the provisions of articles 241-1 to 241-7 of AMF's General Regulations, will be available on the Company's website (www.imerys.com – Finance – Publications & Regulated Information) prior to the Shareholders' General Meeting of May 10, 2021. A copy of this information can also be obtained on request from the Company's headquarters.

Cancellation of treasury shares

Shareholders are also invited in the **twenty-third resolution** to renew the authorization (subject to the same terms and conditions and for a period of 26 months) granted to the Board of Directors to cancel all or part of the treasury shares held due to a Company share buyback program, representing up to 10% of its capital per 24-month period, reducing its share capital by an equal amount and allocating the difference between the purchase price of the canceled shares and their par value to issue premiums and retained earnings.

In accordance with the authorization granted by the Shareholders' General Meeting of May 10, 2019, the Company canceled 314,684 shares, *i.e.* 0.19% of its share capital, on February 12, 2020 and 74,100 shares, *i.e.* 0.04% of its share capital, on December 3, 2020.

8.2.7 FINANCIAL AUTHORIZATIONS

(Eight resolutions put to the Extraordinary Shareholders' General Meeting)

The Board of Directors has been granted a number of financial authorizations, renewed most recently at the Ordinary and Extraordinary Shareholders' Meetings held on May 10, 2019 and May 4, 2020, which enable it to increase the Company's capital by issuing shares, debt securities or securities conferring entitlement to the Company's share capital, either immediately or at a later date, with or without pre-emptive subscription rights, or by capitalizing retained earnings, profits, additional paid-in capital or any other means (the table summarizing the delegations and financial authorizations in force is published in *chapter 7, paragraph 7.3.3*).

As in previous years, these financial authorizations are designed to give the Board of Directors the greatest scope and flexibility to decide the most effective and appropriate way of issuing shares to drive growth for the Company and the Group that are also the best suited to market conditions and the economic context at that time.

None of the delegations and authorizations that will expire on July 9, 2021 were exercised by the Board of Directors. Shareholders are asked to renew the delegations and authorizations under the same terms and conditions. The new delegations and authorizations will be granted for a period of 26 months, expiring the November 9, 2023, and will supersede those previously granted by the Ordinary and Extraordinary Shareholders' Meetings held on May 10, 2019 and May 4, 2020, which would no longer be valid. Financial delegations and authorizations are subject to various caps that remain unchanged. The Statutory Auditors' reports, which were made available to shareholders within the legal deadlines, are published *in paragraph 8.3 of the present chapter*.

Furthermore, the Board of Directors cannot exercise these delegations and authorizations during a public offer for the Company's shares without prior approval from the Shareholders' General Meeting.

Issue of shares or securities conferring entitlement to the Company's share capital with pre-emptive subscription rights

The **fourteenth resolution** proposes to renew the delegation of authority granted to the Board of Directors to issue ordinary shares and any other securities conferring entitlement to the Company's share capital with pre-emptive subscription rights for a period of 26 months and under the same terms and conditions. The Board of Directors proposes to maintain the cap for capital increases of this kind at **€75 million** (representing approximately 44% of the Company's share capital at December 31, 2020), or the equivalent value. The total par value of debt securities that may be issued under this delegation may not exceed **€1 billion**, or the equivalent value. The amount is included in the overall cap for debt securities issues set in the **twenty-first resolution**.

Issue of shares or securities conferring entitlement to the Company's share capital through an offer to the public without pre-emptive subscription rights

Shareholders are asked in the **fifteenth resolution** to renew the delegation of authority granted to the Board of Directors for a period of 26 months to issue ordinary shares or any other securities through an offer to the public without pre-emptive subscription rights, with the exclusion of offers detailed in article L. 411-2 1° of the French Monetary and Financial Code (*Code monétaire et financier*) and comprised in the sixteenth resolution. The possibility to carry out such issues enables the Company to attract a wider pool of investors both in France and overseas as well as reduce the time it takes to implement share issues, making them easier to carry out. The Board of Directors may grant shareholders a priority subscription term and modalities to be set up in accordance with the legal requirements in force.

The Board of Directors proposes to maintain the cap for such capital increases at **€15 million** (*i.e.* 8.8% of the Company's share capital at December 31, 2020), or the equivalent value. This amount is included in the overall cap of **€75 million** for all capital increases and the sub-cap of **€15 million** for capital increases carried out without pre-emptive subscription rights set in the **twenty-first resolution**.

The total par value of debt securities that may be issued under the present delegation may not exceed **€1 billion**, or the equivalent value. The amount is included in the overall cap for issues of debt securities set in the **twenty-first resolution**.

The subscription price for shares that may be issued under the present delegation is set by the Board of Directors in accordance with the provisions of articles L. 22-10-52 and R. 22-10-32 of the French Commercial Code. The price must be equal to at least the weighted average of the Imerys share price from the last three trading days preceding the issue date, which may be discounted by a maximum of 10%. The amount immediately received by the Company for issues of securities conferring entitlement to the Company's share capital, plus where applicable the amount that may be received by the Company at a later date for each ordinary share of the Company issued as a result of the securities issue, must for each share issued as a result of issuing these securities be at least equal to the minimum issue price set for the shares.

The **fifteenth resolution** proposes that ordinary shares or securities conferring entitlement to the Company's share capital may be issued in consideration for securities tendered to the Company as part of a public share exchange offer that meets the conditions stipulated by article L. 22-10-54 of the French Commercial Code.

Issue of shares or securities conferring entitlement to the Company's share capital without pre-emptive subscription rights addressed to qualified buyers or a limited number of investors

Shareholders are asked in the **sixteenth resolution** to renew the delegation granted to the Board of Directors for a period of 26 months to carry out share capital increases by issuing shares, securities or debt securities conferring entitlement to the Company's share capital to qualified buyers or a limited number of investors, as defined in article L. 411-2 1° of the French Monetary and Financial Code. These capital increases would entail a waiver of shareholders' pre-emptive subscription rights, enabling the Company to take advantage of greater flexibility and faster access to the market, and thereby enjoy favorable financing terms.

The Board of Directors proposes to set the overall cap for capital increases that may be carried out under the present delegation at **10% of the Company's share capital at the date of issue**. This amount is included in the overall cap of **€75 million** for all capital increases and the sub-cap of **€15 million** for any capital increases carried out without pre-emptive subscription rights set in the **twenty-first resolution**.

The total par value of debt securities that may be issued under the present delegation may not exceed **€1 billion** or the equivalent value. The amount is included in the overall cap for issues of debt securities set in the **twenty-first resolution**.

The subscription price for shares that may be issued under the present delegation is set in accordance with the provisions of article R. 22-10-32 of the French Commercial Code. The price must be equal to at least the weighted average Imerys share price from the last three trading days preceding the issue date, which may be discounted by a maximum of 10%.

Increase in the number of shares to be issued in the event of excess demand, up to a maximum of 15% of the number of shares initially issued

In accordance with the provisions of article L. 225-135-1 of the French Commercial Code, the delegation put forward in the **seventeenth resolution** enables the Board of Directors to increase the number of shares to be issued, within the conditions and deadlines set out in current regulations and within the cap of the fourteenth, fifteenth and sixteenth resolutions, if it observes excess demand for shares as part of an issue carried out under these resolutions. The provisions of article R. 225-118 of the French Commercial Code set the currently applicable conditions and deadlines as follows: the number of shares must be increased within thirty days of the subscription closing, by a maximum of 15% of the number of shares and at the same price at that set for the initial issue.

Setting of the issue price

In the **eighteenth resolution**, shareholders are invited to renew the authorization granted to the Board of Directors to overlook the conditions for setting the issue price of shares or securities conferring entitlement to the Company's share capital, within the annual cap of 10% of the Company's share capital, as part of shares issues without pre-emptive subscription rights. This price can then be set:

- for ordinary share issues, at a price equal to at least the share price from the last trading day of the Imerys share preceding the date at which the price is set, which may be discounted by a maximum of 10%.
- for issues of securities conferring entitlement to the Company's share capital, at a price equal to the amount immediately received by the Company, plus where applicable the amount likely to be received by the Company at a later date. Therefore, for each ordinary share issued as a result of the securities issue, a price at least equal to the issue price of the aforementioned shares.

This possibility, set out in the provisions of article L. 22-10-52, paragraph 2 of the French Commercial Code, makes it possible to carry out capital increases in the event of a downward trend on the Imerys share, which the fifteenth and sixteenth resolutions do not allow.

Capital increases in consideration for contributions in kind made up of shares or securities

Shareholders are also invited to approve the **nineteenth resolution** to renew the delegation of powers granted to the Board of Directors, for a period of 26 months and under similar terms and conditions, to carry out capital increases by issuing shares, securities or debt securities conferring entitlement to the Company's share capital on one or several occasions in consideration for contributions in kind tendered to the Company not as part of a public exchange offer and made up of shares or securities carrying rights to shares of another company, within the limit of **10% of the Company's share capital** and upon presentation of a report prepared by one orseveral auditors. This amount is included in the overall cap of **€75 million** for all capital increases and the sub-cap of **€15 million** for any capital increases carried out without pre-emptive subscription rights set in the **twenty-first resolution.**

The total par value of debt securities that may be issued under the present delegation may not exceed **€1 billion** or the equivalent value. The amount is included in the overall cap for issues of debt securities set in the twenty-first resolution.

This delegation is intended in particular to finance acquisitions by remunerating the vendor of shares or securities conferring entitlement to the Company's share capital with shares of the Company.

Capital increases paid up by capitalizing retained earnings, profits, additional paid-in capital or issue premiums

The **twentieth resolution** seeks the possibility to increase the Company's capital by capitalizing issue premiums, retained earnings, profits, additional paid-in capital or any other item that may be capitalized up to the maximum overall cap set in paragraph 1 of the twenty-first resolution, *i.e.* **€75 million** (representing approximately 44% of the Company's share capital at December 31, 2020), or the equivalent value. A capital increase of this kind would lead to the creation and grant of free shares and/or an increase in the par value of existing shares.

Issue caps

The overall cap applicable to increases of the Company's share capital that may result from exercising the delegations and authorizations granted by the fourteenth through twentieth resolutions is set in the **twenty-first resolution** at **€75 million**, representing approximately 44% of capital at December 31, 2020, or the equivalent value.

Furthermore, shareholders are reminded that the capital increases carried out without pre-emptive subscription rights under the fifteenth, sixteenth, seventeenth and nineteenth resolutions are included in a separate sub-cap set in the **twenty-first resolution** of **€15 million**, representing approximately 8.8% of capital at December 31, 2020, or the equivalent value. Where necessary, the caps are increased by the par value of shares to be issued due to adjustments required to maintain the rights of bearers of securities or other shares carrying rights to shares that may exist at the date at which the issue in question is carried out.

The maximum par value of debt securities that may be issued under authorizations to issue securities carrying rights, immediately or at a later date, to a proportion of share capital granted by the fourteenth, fifteenth, sixteenth and nineteenth resolutions remains at **€1 billion**.

8.2.8 CAPITAL INCREASES RESERVED FOR MEMBERS OF A COMPANY OR GROUP SAVINGS PLAN

(One resolution put to the Extraordinary Shareholders' General Meeting)

As the present Shareholders' General Meeting has been asked to approve the renewal of a number of delegations and financial authorizations granted to the Board of Directors that may lead to increases on one or several occasions in the Company's capital, shareholders are asked under the **twenty-second resolution** to renew the delegation of authority previously granted to the Board of Directors by the Shareholders' General Meeting held on May 4, 2020 to carry out capital increases reserved for employees and/or corporate officers who are members of a Company or Group savings plan for a period of 26 months. Increases in the Company's share capital as a result of exercising this delegation is subject to an overall cap €1.6 million, representing approximately 0.94% of capital at December 31, 2020. This cap is distinct and separate from those set in the twenty-first resolution. Subject to shareholders' approval, this delegation will replace the previous one, which would no longer be valid.

8.2.9 POWERS TO CARRY OUT FORMALITIES

(One resolution put to the Ordinary Shareholders' General Meeting)

As in previous years, the **twenty-fourth resolution** grants all necessary powers to carry out legal formalities arising from the Shareholders' General Meeting.

8.3 STATUTORY AUDITORS' REPORTS

8.3.1 STATUTORY AUDITORS' REPORT ON THE ISSUE OF ORDINARY SHARES AND/OR SECURITIES WITH RETENTION AND/OR CANCELLATION OF PREFERENTIAL SUBSCRIPTION RIGHTS

ERNST & YOUNG et Autres
Tour First
TSA 14444
92037 Paris-La Défense Cedex

S.A.S. à capital variable
438 476 913 R.C.S. Nanterre
Commissaire aux comptes
Membre de la compagnie régionale de Versailles et du Centre

DELOITTE & ASSOCIÉS
6, place de la Pyramide
92908 Paris-La Défense Cedex

S.A.S. au capital de 2 188 160 €
572 028 041 RCS Nanterre
Commissaire aux comptes
Membre de la compagnie régionale de Versailles et du Centre

Combined Shareholders' Meeting of May 10, 2021

14th, 15th, 16th, 17th, 18th, 19th and 21st resolutions

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

To the Imerys Shareholders' Meeting,

In our capacity as Statutory Auditors of your Company (the "Company") and pursuant to the procedures set forth in Articles L. 228-92, L. 225-135 *et seq.*, as well as in Article L. 22-10-52 of the French Commercial Code (*Code de commerce*), we hereby report to you on the proposed delegations of authority to the Board of Directors to carry out various issues of shares and/or marketable securities, transactions on which you are being asked to vote.

Based on its report, your Board of Directors proposes:

- to delegate to it, for a period of 26 months starting from the date of this Meeting, the authority to decide the following transactions and to set the final terms and conditions of these issues and proposes, where appropriate, to cancel your preferential subscription rights:
  - issue, with retention of preferential subscription rights (14th resolution), of ordinary shares and/or all other marketable securities of the Company, whether or not debt securities, conferring entitlement to ordinary shares to be issued of the Company or, in accordance with Article L.228-93 of the French Commercial Code, of any company that owns, directly or indirectly more than half of the Company's share capital or in which the Company owns, directly or indirectly, more than half of the share capital;
  - issue, with cancellation of preferential subscription rights, by public offering – with the exception of offerings referred to in Article L. 411-2 1° of the French Monetary and Financial Code (*Code monétaire et financier*) and provided for in the 16th resolution - (15th resolution), of ordinary shares and/or all other marketable securities, whether or not debt securities, conferring entitlement to ordinary shares to be issued of the Company or, in accordance with Article L.228-93 of the French Commercial Code, of any company that owns, directly or indirectly more than half of the Company's share capital or in which the Company owns, directly or indirectly, more than half of the share capital, it being specified that these shares may be transferred to the Company as part of a public exchange bid in accordance with the conditions set forth in Article L. 22-10-54 of the French Commercial Code;
  - issue, with cancellation of preferential subscription rights, by an offering in favor of qualified investors or a restricted group of investors referred to in Article L. 411-2 1° of the French Monetary and Financial Code (16th resolution), of ordinary shares and/or all other marketable securities, whether or not debt securities, conferring entitlement to ordinary shares of the Company to be issued;
- that you authorize it, pursuant to the 18th resolution and in connection with the implementation of the delegation referred to in the 15th and 16th resolutions, to set the issue price for up to the annual legal maximum of 10% of the share capital existing as of the end of the month preceding the issue date;
- that you delegate to it, for a period of 26 months as from the date of this Shareholders' Meeting, the authority to issue ordinary shares and/or all other marketable securities, whether or not debt securities, conferring entitlement to ordinary shares of the Company to be issued, in consideration of in-kind contributions made to the Company that are comprised of equity securities or marketable securities conferring entitlement to share capital (19th resolution), for up to a maximum of 10% of the Company's share capital existing as of the date this delegation is used.

The total par value amount of potential share capital increases likely to be carried out, immediately or in the future, may not exceed, pursuant to the 21st resolution, €75 million under the 14th to 20th resolutions, it being specified that the total par value amount of potential share capital increases likely to be carried out immediately or in the future, may not exceed:

- €75 million under the 14th resolution,

- €15 million under the 15th resolution, this amount representing, pursuant to the 21st resolution, a sub-ceiling applicable to all issues that may be carried out pursuant to the 15th, 16th, 17th and 19th resolutions, and
- 10% of the share capital of the Company on the issue date, under each of the 16th and 19th resolutions.

The overall nominal amount of debt securities that may be issued may not exceed, pursuant to the 21st resolution, €1 billion under the 14th, 15th, 16th, 17th and 19th resolutions, it being specified that this amount is the ceiling for the 14th, 15th and 16th resolutions.

These ceilings include the additional number of marketable securities to be created on the implementation of the delegations of authority resulting from the 14th, 15th and 16th resolutions, under the conditions set forth in Article L. 225-135-1 of the French Commercial Code, should you adopt the 17th resolution.

It is the responsibility of the Board of Directors to prepare a report in accordance with Articles R. 225-113 *et seq.* of the French Commercial Code. Our role is to express an opinion on the fair presentation of the quantified financial information extracted from the accounts, on the proposal to cancel preferential subscription rights and on certain other information concerning these transactions, as set out in this report.

We performed the procedures that we considered necessary in accordance with the professional guidelines of the French National Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*) applicable to this engagement. Such procedures consisted in verifying the content of the Board of Directors' report as it relates to these transactions and the terms and conditions on which the issue price of the equity securities to be issued is determined.

Subject to a subsequent review of the terms and conditions of proposed issues that may be decided, we have no comments on the procedures for determining the issue price of the equity securities to be issued presented in the Board of Directors' report in connection with the 15th, 16th and 18th resolutions.

Furthermore, as the report does not include information on the terms and conditions on which the issue price of the equity securities to be issued is determined pursuant to the 14th and 19th resolutions, we cannot express an opinion on the issue price calculation inputs.

As the final terms and conditions under which the issues will be carried out have not yet been set, we express no opinion on them and, consequently, on the proposed cancellation of preferential subscription rights on which you are being asked to vote in the 15th and 16th resolutions.

In accordance with Article R. 225-116 of the French Commercial Code, we will issue a supplementary report, where necessary, when this delegation of authority is used by your Board of Directors in the event of the issue of marketable securities which are equity securities conferring entitlement to other equity securities, in the event of the issue of marketable securities conferring entitlement to equity securities to be issued, and in the event of the issue of ordinary shares with cancellation of preferential subscription rights.

Paris-La Défense, March 22, 2021

The Statutory Auditors

ERNST & YOUNG et Autres	DELOITTE & ASSOCIÉS
Sébastien Huet	Frédéric Gourd

8.3.2 STATUTORY AUDITORS' REPORT ON THE ISSUE OF ORDINARY SHARES AND/OR MARKETABLE SECURITIES CONFERRING ENTITLEMENT TO SHARE CAPITAL RESERVED FOR EMPLOYEES OF A CORPORATE SAVINGS PLAN OF THE COMPANY OR ITS GROUP

ERNST & YOUNG et Autres
Tour First
TSA 14444
92037 Paris-La Défense Cedex

S.A.S. à capital variable
438 476 913 R.C.S. Nanterre
Commissaire aux comptes
Membre de la compagnie régionale de Versailles et du Centre

DELOITTE & ASSOCIÉS
6, place de la Pyramide
92908 Paris-La Défense Cedex

S.A.S. au capital de 2 188 160 €
572 028 041 RCS Nanterre
Commissaire aux comptes
Membre de la compagnie régionale de Versailles et du Centre

Combined Shareholders' Meeting of May 10, 2021

Twenty-second resolution

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

To the Imerys Shareholders' Meeting,

In our capacity as Statutory Auditors of your Company (the "Company") and pursuant to the procedures set forth in in Articles L. 228-92 and L. 225-135 *et seq.* of the French Commercial Code (*Code de commerce*), we hereby report to you on the proposed delegation of authority to the Board of Directors to decide on the issue of ordinary shares and/or more generally all marketable securities conferring entitlement to the share capital of the Company, with cancellation of preferential subscription rights, reserved for employees who are members of a corporate savings plan of the Company or its Group and/or its affiliated French or foreign companies or groupings within the meaning set forth in Article L. 225-180 of the French Commercial Code and Article L. 3344-1 of the French Labor Code (*Code du travail*), a transaction on which you are being asked to vote.

The par value amount of capital increases that may be carried out, immediately or in the future, may not exceed €1.6 million.

This transaction is submitted to you for your approval pursuant to Articles L. 225-129-6 of the French Commercial Code and L. 3332-18 *et seq.* of the French Labor Code.

Based on its report, your Board of Directors proposes that you confer on it, for a period of 26 months, the authority to decide on one or more issues and cancel your preferential subscription rights to the shares and/or marketable securities to be issued. If applicable, it will be responsible for determining the final issuance terms and conditions of this transaction.

It is the responsibility of the Board of Directors to prepare a report in accordance with Articles R. 225-113 *et seq.* of the French Commercial Code. Our role is to express an opinion on the fairness of the quantified data extracted from the financial statements, on the proposed cancellation of preferential subscription rights and on certain other information pertaining to the issuance as presented in this report.

We performed the procedures that we considered necessary in accordance with the professional guidelines of the French National Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*) applicable to this engagement. Such procedures consisted in verifying the content of the Board of Directors' report as it relates to this transaction and the terms and conditions on which the issue price of the equity securities to be issued is determined.

Subject to a subsequent review of the terms and conditions of the proposed issues that may be decided, we have no comments on the procedures for determining the issue price of the equity securities to be issued presented in the Board of Directors' report.

As the final terms and conditions under which the issues will be carried out have not yet been set, we express no opinion on them and, consequently, on the proposed cancellation of preferential subscription rights on which you are being asked to vote.

In accordance with Article R. 225-116 of the French Commercial Code, we will issue a supplementary report, where necessary, when this delegation of authority is used by your Board of Directors in the event of the issue of ordinary shares, in the event of the issue of marketable securities which are equity securities conferring entitlement to other equity securities, and in the event of the issue of marketable securities conferring entitlement to equity securities to be issued.

Paris-La Défense, March 22, 2021

The Statutory Auditors

ERNST & YOUNG et Autres
Sébastien Huet

DELOITTE & ASSOCIÉS
Frédéric Gourd

8.3.3 STATUTORY AUDITORS' REPORT ON THE SHARE CAPITAL DECREASE

ERNST & YOUNG et Autres
Tour First
TSA 14444
92037 Paris-La Défense Cedex

S.A.S. à capital variable
438 476 913 R.C.S. Nanterre
Commissaire aux comptes
Membre de la compagnie régionale de Versailles et du Centre

DELOITTE & ASSOCIÉS
6, place de la Pyramide
92908 Paris-La Défense Cedex

S.A.S. au capital de 2 188 160 €
572 028 041 RCS Nanterre
Commissaire aux comptes
Membre de la compagnie régionale de Versailles et du Centre

Combined Shareholders' Meeting of May 10, 2021

Twenty-third resolution

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

To the Imerys Shareholders' Meeting,

As Statutory Auditors of your Company (the "Company") and pursuant to the assignment set forth in Article L. 22-10-62 of the French Commercial Code (*Code de commerce*) concerning share capital decreases by cancellation of shares purchased, we hereby present our report on our assessment of the reasons for and terms and conditions of the proposed share capital decrease.

Shareholders are requested to confer all necessary powers on the Board of Directors, during a period of 26 months commencing the date of this Shareholders' Meeting, to cancel, up to a maximum of 10% of its share capital by 24-month period, the shares purchased by the Company pursuant to an authorization to purchase its own shares, as part of the provisions of the aforementioned article.

We performed the procedures that we considered necessary in accordance with the professional guidelines of the French National Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*) applicable to this engagement. Such procedures consisted in verifying the fairness of the reasons for and the terms and conditions of the proposed share capital decrease, which does not undermine shareholder equality.

We have no comments to make on the reasons for and the terms and conditions of the proposed share capital decrease.

Paris-La Défense, March 22, 2021

The Statutory Auditors

ERNST & YOUNG et Autres
Sébastien Huet

DELOITTE & ASSOCIÉS
Frédéric Gourd

8.4 DRAFT RESOLUTIONS

ORDINARY RESOLUTIONS

FIRST RESOLUTION

Approval of the Company's management and statutory financial statements for the year ended December 31, 2020

Deliberating in accordance with the rules of quorum and majority applicable to Ordinary General Meetings and having considered both the Management Report prepared by the Board of Directors and the Statutory Auditors' report on the annual financial statements, the shareholders approve the financial statements for the year ended December 31, 2020 as presented, as well as the transactions reflected in them and referred to in the Reports.

In accordance with article 223 *quater* of the French Tax Code (*Code général des impôts*), the shareholders approve the total amount of charges and expenses, as defined in article 39, paragraph 4 of said Code, which corresponded to €101,131.38 over the year ended December 31, 2020. No tax was incurred on these expenses.

SECOND RESOLUTION

Approval of the consolidated financial statements for the year ended December 31, 2020

Deliberating in accordance with the rules of quorum and majority applicable to Ordinary General Meetings and having considered both the Management Report prepared by the Board of Directors and the Statutory Auditors' report on the Group's consolidated financial statements, the shareholders approve the consolidated financial statements for the year ended December 31, 2020 as presented, as well as the transactions reflected in them and referred to in the Reports.

THIRD RESOLUTION

Allocation of the net income and setting the dividend with respect to the year ended December 31, 2020

Deliberating in accordance with the rules of quorum and majority applicable to Ordinary General Meetings and having considered the Management Report prepared by the Board of Directors, the shareholders:

■ acknowledge that the Company profit in 2020 is of:	€399,820,903.31
■ plus retained earnings of:	€303,106,763.10
■ minus the allocation to the legal reserve to reach 10% of the share capital	€1,002,737.00
■ representing a total distributable amount of:	€701,924,929.41
■ decide to award a dividend of €1.15 with respect to financial year 2020 to each of the 84,940,955 shares that made up the share capital at December 31, 2020, representing a distribution of:	€97,682,098.25
■ and allocate the balance to retained earnings, which now amount to:	€604,242,831.16

The shareholders decide that the total dividend payout shall be adjusted to take into account the number of shares issued due to stock options that have been exercised since January 1, 2021 and are eligible for the 2020 dividend at the date of payment. The amount allocated to retained earnings will be determined on the basis of the total actual dividend payout. Furthermore, if the Company holds any treasury shares on the date at which the dividend is paid, the dividend corresponding to these shares will not be paid and will be allocated to retained earnings.

The ex-dividend date will be May 13, 2021 and the dividend will be paid on May 17, 2021.

In accordance with article 243 *bis* of the French Tax Code, individual shareholders domiciled for tax purposes in France may benefit from a 40% tax allowance, as stipulated in article 158-3-2° of the French Tax Code, subject to the taxpayer opting to be taxed according to the standard progressive income tax bands set out in article 200-A-2 of said Code.

The shareholders acknowledge that the dividend paid with respect to the previous three financial years were as follows:

Financial year ending	**Dec. 31, 2019**	**Dec. 31, 2018**	**Dec. 31, 2017**
Net dividend per share	€1.72*	€2.15	€2.075
Number of shares carrying dividend rights	79,032,835	79,083,935	79,313,151
Total net payout	**€135.9 million****	**€170 million**	**€164.6 million**

* *Fully eligible for the 40% tax allowance for individual shareholders domiciled in France for tax purposes stipulated in article 158-3-2° of the French Tax Code.*

** *The Ordinary and Extraordinary Shareholders' Meeting of May 4, 2020 approved an alternative payment option in shares for the dividend paid with respect to the 2019 financial year, which led to a €119.8 million increase in capital (issuance premium included) and a payment in cash totaling €16.1 million.*

▪ FOURTH RESOLUTION

Statutory Auditors’ special report governed by article L. 225-40 of the French Commercial Code

Deliberating in accordance with the rules of quorum and majority applicable to Ordinary General Meetings, having considered both the Management Report prepared by the Board of Directors and the Statutory Auditors' special Report prepared in accordance with the provisions of article L. 225-40 of the French Commercial Code, the shareholders approve the special Report and all the items covered therein.

▪ FIFTH RESOLUTION

Approval of the compensation policy applicable to executive corporate officers with respect to the 2021 financial year

Deliberating in accordance with the rules of quorum and majority applicable to Ordinary General Meetings and having considered the Corporate Governance Report governed by article L. 225-37 of the French Commercial Code, the shareholders approve the compensation policy applicable to executive corporate officers of the Company with respect to the 2021 financial year, as detailed in chapter 4, section 4.3 of the Company’s 2020 Universal Registration Document, in accordance with the provisions of article L 22-10-8 II of said Code.

▪ SIXTH RESOLUTION

Approval of the compensation policy applicable to members of the Board of Directors with respect to the 2021 financial year

Deliberating in accordance with the rules of quorum and majority applicable to Ordinary General Meetings and having considered the Corporate Governance Report governed by article L. 225-37 of the French Commercial Code, the shareholders approve the compensation policy applicable to members of the Company’s Board of Directors with respect to the 2021 financial year, as detailed in chapter 4, section 4.3 of the Company’s 2020 Universal Registration Document, in accordance with the provisions of article L 22-10-8 II of said Code.

▪ SEVENTH RESOLUTION

Approval of the components relating to corporate officer compensation with respect to the 2020 financial year, as setted out in article L. 22-10-9 I of the French Commercial Code

Deliberating in accordance with the rules of quorum and majority applicable to Ordinary General Meetings and having considered the Corporate Governance Report governed by article L. 225-37 of the French Commercial Code, the shareholders approve all the components relating to corporate officer compensation with respect to the 2020 financial year presented in article L. 22-10-34 I of the French Commercial Code, as detailed in chapter 4, section 4.3 of the Company’s 2020 Universal Registration Document, in accordance with the provisions of article L. 22-10-9 I of said Code.

▪ EIGHTH RESOLUTION

Approval of the fixed, variable and exceptional components of the total compensation and benefits paid or granted to Alessandro Dazza in the financial year 2020

Deliberating in accordance with the rules of quorum and majority applicable to Ordinary General Meetings and having considered the Corporate Governance Report governed by article L. 225-37 of the French Commercial Code, the shareholders approve the fixed, variable and exceptional components of the total compensation and benefits paid or granted to Alessandro Dazza with respect to the financial year ended December 31, 2020 (for the period between February 17 and December 31, 2020) as detailed in chapter 4, paragraph 4.3.3 and chapter 8, paragraph 8.2.4 of the Company’s 2020 Universal Registration Document, in accordance with the provisions of article L. 22-10-34 II of said Code.

▪ NINTH RESOLUTION

Approval of the fixed, variable and exceptional components of the total compensation and benefits paid or granted to Patrick Kron in the financial year 2020

Deliberating in accordance with the rules of quorum and majority applicable to Ordinary General Meetings and having considered the Corporate Governance Report governed by article L. 225-37 of the French Commercial Code, the shareholders approve the fixed, variable and exceptional components of the total compensation and benefits paid or granted to Patrick Kron with respect to the financial year ended December 31, 2020, as detailed in chapter 4, paragraph 4.3.3 and chapter 8, paragraph 8.2.4 of the Company’s 2020 Universal Registration Document, in accordance with the provisions of article L. 22-10-34 II of said Code.

▪ TENTH RESOLUTION

Re-appointment of Patrick Kron as a director

Deliberating in accordance with the rules of quorum and majority applicable to Ordinary General Meetings, having considered the Management Report prepared by the Board of Directors and acknowledged that the directorship of Patrick Kron expires at the close of the present Shareholders’ General Meeting, the shareholders decide to re-appoint Patrick Kron as a director for a term expiring at the close of the Shareholders’ General Meeting to be held in 2024 to approve the financial statements for the year ending December 31, 2023, in accordance with statutory provisions.

▪ ELEVENTH RESOLUTION

Re-appointment of Marie-Françoise Walbaum as a director

Deliberating in accordance with the rules of quorum and majority applicable to Ordinary General Meetings, having considered the Management Report prepared by the Board of Directors and acknowledged that the directorship of Marie-Françoise Walbaum expires at the close of the present Shareholders’ General Meeting, the shareholders decide to re-appoint Marie-Françoise Walbaum as a director for a term expiring at the close of the Shareholders’ General Meeting to be held in 2024 to approve the financial statements for the year ending December 31, 2023, in accordance with statutory provisions.

■ TWELFTH RESOLUTION

Appointment of Paris Kyriacopoulos as a director

Deliberating in accordance with the rules of quorum and majority applicable to Ordinary General Meetings and having considered the Management Report prepared by the Board of Directors, the shareholders decide to appoint Paris Kyriacopoulos as a director of the Company for the first time, for a term expiring at the close of the Shareholders' General Meeting to be held in 2024 to approve the financial statements for the year ending December 31, 2023, in accordance with statutory provisions.

■ THIRTEENTH RESOLUTION

Purchase by the Company of its own shares

Deliberating in accordance with the rules of quorum and majority applicable to Ordinary General Meetings, having considered the Management Report prepared by the Board of Directors and in accordance with the provisions of articles L. 22-10-62 of the French Commercial Code, Regulation (EU) No. 596/2014 of the European Parliament and of the Council of April 16, 2014 on market abuse, articles 241-1 to 241-7 of the General Regulation of the French Financial Market Authority ("AMF") and its authorized market practice, the shareholders:

1. authorize the Board of Directors, or any representative duly empowered in accordance with the law, to purchase the Company's shares in order to:
   - cancel them at a later date to reduce the Company's share capital, under the authorization sought in the twenty-third resolution submitted to the present Shareholders' General Meeting,
   - implement and cover stock purchase option plans and/or free share grants, as well as any shares granted under shareholding plans set up by the Company (or assimilated plans), or with respect to profit-sharing for current employees, former employees and/or corporate officers of the Company and/or any related companies in accordance with articles L. 225-180 and L. 233-16 of the French Commercial Code, within the current legal framework or *ad hoc* plans set up by the Company,
   - grant or exchange shares purchased, in particular, following the exercise of rights or issue of shares or securities redeemable, convertible, exchangeable or otherwise exercisable for shares of the Company,
   - maintain the liquidity of the market through an investment services firm acting in the name and on behalf of the Company, under a liquidity agreement, and
   - more generally, operate for any other purpose that is or may come to be authorized by law or regulations, and/or implement any market practice that is or may come to be authorized by the AMF.

   Shares may be purchased, sold, transferred or exchanged at any time, except during a public offer for the Company's shares, in accordance with applicable regulations, on the market or over the counter and by any means, including through block transfers and with the use or exercise of any financial instrument or derivative;
2. set the following limits within which the Board of Directors may use the present authorization:
   - the number of shares that may be purchased may not exceed 10% of the total number of shares issued and outstanding at January 1, 2021, *i.e.* 8,494,095 shares,
   - the number of shares the Company may hold, whether directly or indirectly at any time, may not exceed 10% of the Company's share capital,
   - the price at which shares are purchased may not exceed €85,
   - consequently, the Company's total investment in share buybacks may not exceed €721,998,075;
3. decide that, if the par value of shares changes, the capital is increased by capitalizing reserves or granting free shares, or in the event of a stock split or reverse stock split, the aforementioned maximum investment available for share buybacks and the maximum number of shares able to be repurchased will be adjusted by the ratio between the number of shares that made up the capital before the operation and the number after the operation;
4. set the term of this authorization at 18 months from the date of the present Shareholders' General Meeting, which renders null and void the unused portion of any authorizations previously granted to the Board of Directors regarding share buybacks;
5. grant full powers to the Board of Directors, with right to subdelegate to any representative in accordance with the law, to implement this authorization and, in particular, place any and all buy and sell orders, sign any and all sale, exchange or transfer agreements, file any statements with the AMF or any other organization, reallocate shares purchased to achieve one of the aims pursued by a buyback program, noting that these reallocations may relate to shares purchased under previous authorizations, carry out all other formalities, and generally do everything necessary to use this authorization.

EXTRAORDINARY RESOLUTIONS

FOURTEENTH RESOLUTION

Delegation of authority granted to the Board of Directors to increase the share capital by issuing shares or securities conferring entitlement to the Company's share capital, immediately or at a later date, with pre-emptive subscription rights

Deliberating in accordance with the rules of quorum and majority applicable to Extraordinary General Meetings, having considered both the Management Report prepared by the Board of Directors and the Statutory Auditors' Report and in accordance with the provisions of articles L. 225-129-2 and L. 228-91 *et seq.* of the French Commercial Code, the shareholders:

1. delegate authority to the Board of Directors to increase the Company's share capital, on one or more occasions, on the market in France and/or overseas, in euros or any other currency, by issuing ordinary shares and/or any securities or debt securities carrying rights of any kind to ordinary shares of the Company to be issued, immediately or at a later date (at any time or at a set date), or in accordance with article L. 228-93 of the French Commercial Code any company that directly or indirectly holds over half of its capital or in which it directly or indirectly holds over half of the capital in securities that are redeemable, convertible, exchangeable or otherwise exercisable for shares. These securities, issued with pre-emptive subscription rights, may be denominated in foreign currencies or any monetary unit determined by reference to a basket of several currencies. The amounts and timing of such issues will be determined at the Board's discretion;
2. decide to set the cap for issues carried out by the Board of Directors under the present delegation of authority as follows:
   - the total par value of ordinary shares that may be issued, directly or in consideration for securities, under the present delegation may not exceed €75 million, *i.e.* approximately 44% of the Company's capital at December 31, 2020, or the equivalent value. The par value of shares issued under the present delegation is included in the overall cap for capital increases set in paragraph 1 of the twenty-first resolution and is increased where necessary by the additional par value of shares to be issued in order to maintain the rights of bearers of securities or other shares carrying rights to shares of the Company, in accordance with any applicable legal and contractual provisions,
   - the total par value of debt securities that may be issued under the present delegation and carry rights immediately or at a later date to shares of the Company may not exceed €1 billion or the equivalent value on the date at which the decision is made to carry out the issue. The par value of such issues is included in the overall cap for issues of debt securities set in paragraph 3 of the twenty-first resolution;
3. in the event the present delegation of authority is used:
   - decide that the issue(s) will give priority to existing shareholders able to exercise non-renounceable pre-emptive subscription rights,
   - grant the Board of Directors the possibility of offering renounceable subscription rights,
   - decide, in accordance with the provisions of article L. 225-134 of the French Commercial Code, that in the event the non-renounceable pre-emptive subscription rights and where applicable the renounceable subscription rights are not sufficient to absorb the full issue as detailed above, the Board of Directors may use one or any of the following as it sees fit:
     - limit the issue to the amount subscribed, if this amount is equal to a minimum of at least three quarters of the issue initially considered,
     - freely allocate all or part of the unsubscribed shares,
     - offer all or part of the unsubscribed shares to the public;
4. note that the present delegation requires shareholders to waive their pre-emptive subscription rights to shares of the Company to which securities issued under the present delegation may carry rights;
5. decide to grant the Board of Directors, within the aforementioned limits, the necessary powers to:
   - set the conditions of the issue(s) and in particular the type and characteristics of the securities to be created, decide the dates at which to open and close the subscription period, acknowledge any resulting increase in capital and make any changes to the by-laws,
   - allocate the cost of capital increases to the related premiums on its own initiative and withhold from this amount the necessary funds to bring the legal reserve to 10% of the share capital after each capital increase,
   - carry out all necessary adjustments in accordance with any applicable legal and contractual provisions and set the conditions under which they will maintain the rights of bearers of securities or other shares carrying rights to shares of the Company, where required,
   - delegate to the Chief Executive Officer, or to one or several Deputy Chief Executive Officers with the approval of the Chief Executive Officer, all necessary powers to carry out or postpone capital increases within the limits and conditions previously agreed by the Board of Directors,
   - and, more generally, take all necessary measures, conclude any agreements, carry out all other formalities and do everything necessary to successfully complete the planned issues;
6. decide that the Board of Directors may not use the present delegation of authority during a public offer for the Company's shares without prior approval from the shareholders;
7. grant the present delegation for a period of 26 months from the date of the present Shareholders' General Meeting, which supersedes any previous delegation granted for the same purpose.

▪ FIFTEENTH RESOLUTION

Delegation of authority granted to the Board of Directors to increase the share capital by issuing shares or securities conferring entitlement to the Company's share capital, immediately or at a later date, without pre-emptive subscription rights, through of offer of securities to the public, and excluding offers defined by article L. 411-2-1° of the French Monetary and Financial Code and detailed in the sixteenth resolution

Deliberating in accordance with the rules of quorum and majority applicable to Extraordinary General Meetings, having considered both the Management Report prepared by the Board of Directors and the Statutory Auditors' Report and in accordance with the provisions of articles L. 225-129-2, L. 225-135, L. 22-10-51, L. 22-10-52, L. 22-10-54 and L. 228-91 *et seq.* of the French Commercial Code, the shareholders:

1. delegate authority to the Board of Directors to increase the Company's share capital, on one or more occasions, on the market in France and/or overseas, in euros or any other currency, by issuing to the public (excluding the offers referred to in article L. 411-2 1° of the French Monetary and Financial Code and provided for in the sixteenth resolution) ordinary shares and/or any securities or debt securities carrying rights of any kind to ordinary shares of the Company to be issued, immediately or at a later date (at any time or at a set date), or in accordance with article L. 228-93 of the French Commercial Code any company that directly or indirectly holds over half of its capital or in which it directly or indirectly holds over half of the capital in securities that are redeemable, convertible, exchangeable or otherwise exercisable for shares. These securities may be denominated in foreign currencies or any monetary unit determined by reference to a basket of several currencies. The amounts and timing of such issues will be determined at the Board's discretion;
2. decide to set the cap for issues carried out by the Board of Directors under the present delegation of authority as follows:
   - the total par value of ordinary shares that may be issued, directly or in consideration for securities, under the present delegation may not exceed €15 million, *i.e.* approximately 8.8% of the Company's capital at December 31, 2020. The par value of shares issued under the present delegation is included in the overall cap for capital increases of €75 million set in paragraph 1 of the twenty-first resolution and the sub-cap of €15 million applicable to all issues without pre-emptive subscription rights set in paragraph 2 of the twenty-first resolution. These caps are increased where necessary by the additional par value of shares to be issued in order to maintain the rights of bearers of securities or other shares carrying rights to shares of the Company, in accordance with any applicable legal and contractual provisions,
   - the total par value of debt securities that may be issued under the present delegation and carry rights immediately or at a later date to shares of the Company may not exceed €1 billion or the equivalent value on the date at which the decision is made to carry out the issue. The par value of such issues is included in the overall cap for issues of debt securities set in paragraph 3 of the twenty-first resolution;
3. decide to cancel the shareholders' pre-emptive subscription rights to shares issued under the present resolution while maintaining the Board of Directors' authority to grant shareholders a priority subscription period, in accordance with article L. 22-10-51 of the French Commercial Code, that does not give rise to tradable rights, which must be applied in proportion to the number of shares owned by each shareholder. Applicable to all or part of the issue, this period may last as long and be applied in any way agreed by the Board of Directors;
4. note that the present delegation requires shareholders to waive their pre-emptive subscription rights to shares of the Company to which securities issued under the present delegation may carry rights;
5. decide that:
   - the issue price for ordinary shares issued under the present delegation is set by the Board of Directors in accordance with the provisions of articles L. 22-10-52 and R. 22-10-32 of the French Commercial Code. The price must be equal to at least the weighted average Imerys share price from the last three trading days preceding the issue date, which may be discounted by a maximum of 10%,
   - the issue price for securities carrying rights to shares of the Company is set at a price equal to the amount immediately received plus where applicable the amount that may be received at a later date, meaning for each ordinary share of the Company issued as a result of the securities issue, the price must be at least equal to that required by the previous paragraph after taking into account any difference in price at the enjoyment date;
6. decide that the Board of Directors may, within the limit of the total issue amount authorized in paragraph 2 above, issue ordinary shares and/or securities carrying rights immediately or at a later date to existing or future shares of the Company, in consideration for securities tendered to the Company as part of a public share exchange offer initiated in France or overseas (or any other operation under national law in another country that has the same effect as a public share exchange offer, such as a reserve triangular merger or a scheme of arrangement) that meets the conditions stipulated by article L. 22-10-54 of the French Commercial Code;
7. decide, in the event the present delegation of authority is used and in accordance with the provisions of article L. 225-134 of the French Commercial Code, that if the subscription rights are not sufficient to absorb the full issue, the Board of Directors may use one or any of the following as it sees fit:
   - limit the issue to the amount subscribed, if this amount is equal to a minimum of at least three quarters of the issue initially considered,
   - freely allocate all or part of the unsubscribed shares,
   - offer all or part of the unsubscribed shares to the public;

8. decide to grant the Board of Directors, within the aforementioned limits, the necessary powers to:
   - set the conditions of the issue(s) and in particular the type and characteristics of the securities to be created, decide the dates at which to open and close the subscription period, acknowledge any resulting increase in capital and make any changes to the by-laws,
   - for share issues in consideration for securities tendered to the Company as part of a public share exchange offer: set the number and type of shares in consideration, the terms and conditions of the issue, the exchange ratio as well as any balance to be paid in cash,
   - allocate the cost of capital increases to the related premiums on its own initiative and withhold from this amount the necessary funds to bring the legal reserve to 10% of the share capital after each capital increase,
   - carry out all necessary adjustments in accordance with any applicable legal and contractual provisions and set the conditions under which they will maintain the rights of bearers of securities or other shares carrying rights to shares of the Company, where required,
   - delegate to the Chief Executive Officer, or to one or several Deputy Chief Executive Officers with the approval of the Chief Executive Officer, all necessary powers to carry out or postpone capital increases within the limits and conditions previously agreed by the Board of Directors,
   - and, more generally, take all necessary measures, conclude any agreements, carry out all other formalities and do everything necessary to successfully complete the planned issues;
9. decide that the Board of Directors may not use the present delegation of authority during a public offer for the Company's shares without prior approval from the shareholders;
10. grant the present delegation for a period of 26 months from the date of the present Shareholders' General Meeting, which supersedes any previous delegation granted for the same purpose.

SIXTEENTH RESOLUTION

Delegation of authority granted to the Board of Directors to increase the share capital by issuing shares or securities conferring entitlement to the Company's share capital, immediately or at a later date, without pre-emptive subscription rights, through of offer addressed to qualified buyers or a limited number of investors as defined by article L. 411-2-1° of the French Monetary and Financial Code

Deliberating in accordance with the rules of quorum and majority applicable to Extraordinary General Meetings, having considered both the Management Report prepared by the Board of Directors and the Statutory Auditors' Report and in accordance with the provisions of articles L. 225-129-2, L. 225-135, L. 225-136, L. 22-10-51, L. 22-10-52 and L. 228-91 *et seq.* of the French Commercial Code and article L. 411-2-1° of the French Monetary and Financial Code, the shareholders:

1. delegate authority to the Board of Directors to increase the Company's share capital, on one or more occasions, in favor of qualified buyers or a limited number of investors as defined by article L. 411-2-1° of the French Monetary and Financial Code, in France or overseas, of ordinary shares and/or any securities or debt securities carrying rights of any kind to ordinary shares of the Company to be issued, immediately or at a later date (at any time or at a set date) that are redeemable, convertible, exchangeable or otherwise exercisable for shares. These securities may be denominated in foreign currencies or any monetary unit determined by reference to a basket of several currencies. The amounts and timing of such issues will be determined at the Board's discretion;
2. decide to set the cap for issues carried out by the Board of Directors under the present delegation of authority as follows:
   - the total par value of shares that may be issued, directly or in consideration for securities, under the present delegation may not exceed 10% of the Company's capital at the date of issue. The par value of shares issued under the present delegation is included in the overall cap for capital increases of €75 million set in paragraph 1 of the twenty-first resolution and the sub-cap of €15 million applicable to all issues without pre-emptive subscription rights set in paragraph 2 of the twenty-first resolution. These caps are increased where necessary by the additional par value of shares to be issued in order to maintain the rights of bearers of securities or other shares carrying rights to shares of the Company, in accordance with any applicable legal and contractual provisions,
   - the total par value of debt securities that may be issued under the present delegation and carry rights immediately or at a later date to shares of the Company may not exceed €1 billion or the equivalent value on the date at which the decision is made to carry out the issue. The par value of such issues is included in the overall cap for issues of debt securities set in paragraph 3 of the twenty-first resolution;

3. decide to cancel the shareholders' pre-emptive subscription rights to shares issued under the present resolution;
4. note that the present delegation requires shareholders to waive their pre-emptive subscription rights to shares of the Company to which securities issued under the present delegation may carry rights;
5. decide that:
   - the issue price for ordinary shares issued under the present delegation is set by the Board of Directors in accordance with the provisions of articles L. 22-10-52 and R. 22-10-32 of the French Commercial Code. The price must be equal to at least the weighted average Imerys share price from the last three trading days preceding the issue date, which may be discounted by a maximum of 10%,
   - the issue price for securities carrying rights to shares of the Company is set at a price equal to the amount immediately received plus where applicable the amount that may be received at a later date, meaning for each ordinary share of the Company issued as a result of the securities issue, the price must be at least equal to that required by the previous paragraph after taking into account any difference in price at the enjoyment date;
6. decide, in the event the present delegation of authority is used and in accordance with the provisions of article L. 225-134 of the French Commercial Code, that if the subscription rights are not sufficient to absorb the full issue, the Board of Directors may use one or any of the following as it sees fit:
   - limit the issue to the amount subscribed, if this amount is equal to a minimum of at least three quarters of the issue initially considered,
   - freely allocate all or part of the unsubscribed shares,
   - offer all or part of the unsubscribed shares to the public;
7. decide to grant the Board of Directors, within the aforementioned limits, the necessary powers to:
   - set the conditions of the issue(s) and in particular the type and characteristics of the securities to be created, decide the dates at which to open and close the subscription period, acknowledge any resulting increase in capital and make any changes to the by-laws,
   - allocate the cost of capital increases to the related premiums on its own initiative and withhold from this amount the necessary funds to bring the legal reserve to 10% of the share capital after each capital increase,
   - carry out all necessary adjustments in accordance with any applicable legal and contractual provisions and set the conditions under which they will maintain the rights of bearers of securities or other shares carrying rights to shares of the Company, where required,
   - delegate to the Chief Executive Officer, or to one or several Deputy Chief Executive Officers with the approval of the Chief Executive Officer, all necessary powers to carry out or postpone capital increases within the limits and conditions previously agreed by the Board of Directors,
   - and, more generally, take all necessary measures, conclude any agreements, carry out all other formalities and do everything necessary to successfully complete the planned issues;
8. decide that the Board of Directors may not use the present delegation of authority during a public offer for the Company's shares without prior approval from the shareholders;
9. grant the present delegation for a period of 26 months from the date of the present Shareholders' General Meeting, which supersedes any previous delegation granted for the same purpose.

SEVENTEENTH RESOLUTION

Delegation of authority granted to the Board of Directors to increase the number of shares to be issued in a capital increase, with or without pre-emptive subscription rights, by up to 15% of the initial issue

Deliberating in accordance with the rules of quorum and majority applicable to Extraordinary General Meetings, having considered both the Management Report prepared by the Board of Directors and the Statutory Auditors' Report and in accordance with the provisions of article L. 225-135-1 of the French Commercial Code, the shareholders:

1. delegate to the Board of Directors, or any representative duly empowered in accordance with the law, the authority to increase the number of shares to be issued under the fourteenth, fifteenth and sixteenth resolutions of the present Shareholders' General Meeting, within the deadline and percentage of the initial issue set by legal and regulatory provisions in force at the time of the issue (currently, within 30 days of closing the subscription period and within 15% of the initial issue), and at the same price as that set for the initial issue;
2. decide that the par value of issues carried out under the present delegation is included in the specific cap for capital increases applicable to the initial issue set in the fourteenth, fifteenth and sixteenth resolutions of the present Shareholders' General Meeting, as applicable, and in the overall caps of for capital increases set in paragraph 1 and, where applicable, paragraph 2 of the twenty-first resolution of the present Shareholders' General Meeting;
3. decide that the total par value of debt securities that may be issued under the present delegation and carry rights to shares of the Company is included in the cap for issues of debt securities set in paragraph 3 of the twenty-first resolution of the present Shareholders' General Meeting;
4. decide that the Board of Directors may not use the present delegation of authority during a public offer for the Company's shares without prior approval from the shareholders;
5. grant the present delegation for a period of 26 months from the date of the present Shareholders' General Meeting, which supersedes any previous delegation granted for the same purpose.

▪ EIGHTEENTH RESOLUTION

Authorization granted to the Board of Directors to set the issue price of shares or securities conferring entitlement to the Company's share capital for issues without pre-emptive subscription rights, up to 10% of capital per year

Deliberating in accordance with the rules of quorum and majority applicable to Extraordinary General Meetings, having considered both the Management Report prepared by the Board of Directors and the Statutory Auditors' Report and in accordance with the provisions of articles L. 225-129-2 and L. 22-10-52, paragraph 2 of the French Commercial Code, the shareholders:

1. authorize the Board of Directors to overlook the conditions for setting the issue price of ordinary shares, securities or debt securities carrying rights to shares of the Company, as part of issues without pre-emptive subscription rights under the terms and conditions set by the fifteenth and sixteenth resolutions and within the annual cap of 10% of the Company's share capital at the end of the month preceding the issue date. This price can then be set:
   - for ordinary share issues, at the closing price from the last trading day of the Imerys share on the Euronext Paris stock exchange preceding the date at which the issue price is set, which may be discounted by a maximum of 10%,
   - for issues of securities carrying rights to shares of the Company, at a price equal to the amount immediately received by the Company, plus where applicable the amount that may be received by the Company at a later date, meaning for each ordinary share of the Company issued as a result of the securities issue, the price must be at least equal to that required by the previous paragraph;
2. confirm, where necessary, the par value of issues carried out under the present authorization is included in the overall cap for capital increases of €75 million set in paragraph 1 of the twenty-first resolution and the sub-cap of €15 million applicable to all issues without pre-emptive subscription rights set in paragraph 2 of the twenty-first resolution;
3. confirm, where necessary, the par value of debt securities that may be issued under the present delegation and carry rights to shares of the Company is included in the overall cap for issues of debt securities set in paragraph 3 of the twenty-first resolution;
4. decide that the Board of Directors may not use the present authorization during a public offer for the Company's shares without prior approval from the shareholders;
5. grant the present authorization for a period of 26 months from the date of the present Shareholders' General Meeting, which supersedes any previous authorization granted for the same purpose.

▪ NINETEENTH RESOLUTION

Delegation of power granted to the Board of Directors to increase the share capital in consideration for contributions in kind made up of shares or securities carrying rights to shares, immediately or at a later date, up to 10% of capital per year

Deliberating in accordance with the rules of quorum and majority applicable to Extraordinary General Meetings, having considered both the Management Report prepared by the Board of Directors and the Statutory Auditors' Report and in accordance with the provisions of articles L. 225-147, L. 22-10-53 and L. 228-91 *et seq.* of the French Commercial Code, the shareholders:

1. delegate to the Board of Directors all necessary powers to issue ordinary shares and/or any securities or debt securities carrying rights of any kind to existing or future ordinary shares of the Company, immediately or at a later date (at any time or at a set date), in consideration for contributions in kind granted to the Company and made up of shares or securities carrying rights to shares on the basis of a report prepared by one or several auditors and within the limit of 10% of the Company's share capital at the date at which the present delegation is used, wherever the provisions of article L. 22-10-54 of the French Commercial Code do not apply;
2. decide that the total par value of issues approved under the present delegation is included in the overall cap for capital increases of €75 million set in paragraph 1 of the twenty-first resolution of the present Shareholders' General Meeting and the sub-cap of €15 million applicable to all issues without pre-emptive subscription rights set in paragraph 2 of the twenty-first resolution. These caps are increased where necessary by the additional par value of shares to be issued in order to maintain the rights of bearers of securities or other shares carrying rights to shares of the Company, in accordance with any applicable legal and contractual provisions;
3. decide that the total par value of debt securities that may be issued under the present delegation and carry rights to shares of the Company is included in the cap for issues of debt securities set in paragraph 3 of the twenty-first resolution of the present Shareholders' General Meeting;
4. note, as necessary, that the present delegation requires shareholders to waive their pre-emptive subscription rights to shares of the Company issued under the present delegation in favor of the bearers of shares or securities tendered as contributions in kind;
5. decide to grant full powers to the Board of Directors, or any representative duly empowered in accordance with the law, within the limits set above, to assess the contributions and approve the report prepared by one or several auditors, fix the terms and conditions of authorized transactions and in particular the way in which the contributions are assessed and where applicable any special benefits granted, set the number of shares to be issued in consideration as well as their characteristics, carry out where necessary any allocations to issue premiums, acknowledge any resulting increase in capital, make any changes to the by-laws, carry out all formalities, make any declaration and do everything necessary to successfully complete the planned issues;

6. decide that the Board of Directors may not use the present delegation of power during a public offer for the Company's shares without prior approval from the shareholders;
7. grant the present delegation for a period of 26 months from the date of the present Shareholders' General Meeting, which supersedes any previous delegation granted for the same purpose.

▪ TWENTIETH RESOLUTION

Delegation of authority granted to the Board of Directors to increase the share capital by capitalizing retained earnings, profits, additional paid-in capital, issue premiums or other items

Deliberating in accordance with the rules of quorum and majority applicable to Extraordinary General Meetings, having considered the Management Report prepared by the Board of Directors and in accordance with the provisions of articles L. 225-129, L. 225-129-2, L. 225-130 and L. 22-10-50 and of the French Commercial Code, the shareholders:

1. grant authority to the Board of Directors to increase the Company's capital, on one or several occasions, by capitalizing all or part of retained earnings, profits, additional paid-in capital or issue premiums or any other item that may be capitalized, through free share grants, increasing the par value of existing shares or a combination of both these methods. The amounts and timing of such issues will be determined at the Board's discretion;
2. decide that the total par value of ordinary shares that may be issued under the present delegation may not exceed the overall cap for capital increases of €75 million set in paragraph 1 of the twenty-first resolution and is increased where necessary by the additional par value of shares to be issued in order to maintain the rights of bearers of securities or other shares carrying rights to shares of the Company, in accordance with any applicable legal and contractual provisions;
3. decide to grant the Board of Directors, within the aforementioned limits, the necessary powers to:
   - set the terms and conditions of the issue(s), in particular the amount and type of retained earnings or premiums to capitalize, decide the number of new shares to issue or the amount by which the par value of shares making up the share capital will be increased, set the enjoyment date, which may be retrospective, or the date at which the increase will come into effect, acknowledge the resulting increase in capital and make any changes to the by-laws,
   - allocate the cost of capital increases to the related premiums on its own initiative and withhold from this amount the necessary funds to bring the legal reserve to 10% of the share capital after each capital increase,
   - carry out all necessary adjustments in accordance with any applicable legal and contractual provisions and set the conditions under which they will maintain the rights of bearers of securities or other shares carrying rights to shares of the Company, where required,
   - decide, where necessary, that fractional shares may not be traded or transferred and must be sold, the value of which will be allocated to the rights holders within the time and under the conditions set out in current regulations,
   - delegate to the Chief Executive Officer, or to one or several Deputy Chief Executive Officers with the approval of the Chief Executive Officer, all necessary powers to carry out or postpone capital increases within the limits and conditions previously agreed by the Board of Directors,
   - and, more generally, take all necessary measures, conclude any agreements, carry out all other formalities and do everything necessary to successfully complete the planned issues;
4. decide that the Board of Directors may not use the present delegation of authority during a public offer for the Company's shares without prior approval from the shareholders;
5. grant the present delegation for a period of 26 months from the date of the present Shareholders' General Meeting, which supersedes any previous delegation granted for the same purpose.

▪ TWENTY-FIRST RESOLUTION

Overall cap for the par value of share capital increases and issues of debt securities resulting from the aforementioned delegations and authorizations

Deliberating in accordance with the rules of quorum and majority applicable to Extraordinary General Meetings and having considered the Management Report prepared by the Board of Directors and the Statutory Auditors' Report, the shareholders decide to set:

1. at €75 million (representing approximately 44% of the Company's share capital at December 31, 2020) or the equivalent value if the issue is carried out in another currency, the maximum par value of capital increases that may be carried out immediately or at a later date under the delegations and authorizations granted in the fourteenth through twentieth resolutions of the present Shareholders' General Meeting. This cap is increased where necessary by the additional par value of shares to be issued in order to maintain the rights of bearers of securities or other shares carrying rights to shares of the Company, in accordance with any applicable legal and contractual provisions;
2. at €15 million (representing approximately 8.8% of the Company's share capital at December 31, 2020) or the equivalent value if the issue is carried out in another currency, the maximum par value of capital increases that may be carried out immediately or at a later date without pre-emptive subscription rights under the delegations and authorizations granted in the fifteenth, sixteenth, seventeenth and nineteenth resolutions of the present Shareholders' General Meeting. This cap is increased where necessary by the additional par value of shares to be issued in order to maintain the rights of bearers of securities or other shares carrying rights to shares of the Company, in accordance with any applicable legal and contractual provisions;
3. at €1 billion, or the equivalent value on the date at which the decision is made to carry out the issue, the maximum par value of debt securities that may be issued under the delegations and authorizations to issue securities carrying rights, immediately or at a later date, to a proportion of share capital granted by the fourteenth, fifteenth, sixteenth, seventeenth and nineteenth resolutions of the present Shareholders' General Meeting.

TWENTY-SECOND RESOLUTION

Delegation of authority granted to the Board of Directors to increase the share capital by issuing shares or securities conferring entitlement to the Company's share capital reserved for members of a Company or Group savings plan without pre-emptive subscription rights

Deliberating in accordance with the rules of quorum and majority applicable to Extraordinary General Meetings, having considered both the Management Report prepared by the Board of Directors and the Statutory Auditors' Report and in accordance with the provisions of articles L. 3332-1 *et seq.* of the French Labor Code (*Code du travail*) regarding employee savings schemes and articles L. 225-129-2 to L. 225-129-6 and L. 225-138-1 of the French Commercial Code, the shareholders:

1. grant authority to the Board of Directors to increase the Company’s capital, on one or several occasions, by issuing ordinary shares and/or any securities carrying rights of any kind to shares of the Company, immediately or at a later date, reserved for members of a company or group savings plan set up by the Company and/or companies or groups of entities based in France or overseas related to it within the meaning of article L. 225-180 of the French Commercial Code and article L. 3344-1 of the French Labor Code, and which meet any conditions that may be set by the Board of Directors. The amounts and timing of such issues will be determined at the Board's discretion;
2. decide that the par value of capital increases that may be carried out under the present delegation may not exceed €1.6 million, *i.e.* approximately 0.94% of the Company’s capital at December 31, 2020. The cap is separate from the overall cap for capital increases set in the twenty-first resolution of the present Shareholders’ General Meeting and is increased where necessary by the par value of shares to be issued in order to maintain the rights of bearers of securities or other shares carrying rights to shares of the Company, in accordance with any applicable legal and contractual provisions;
3. decide that the subscription price for shares issued under the present delegation may not be less than the average share price from the last 20 trading days preceding the date at which the Board of Directors sets the opening date for subscriptions, minus any maximum discount authorized by law at the date of the Board of Directors’ decision;
4. decide to cancel the shareholders’ pre-emptive subscription rights to shares issued to the aforementioned beneficiaries;
5. grant full powers to the Board of Directors, or any representative duly empowered in accordance with the law, to implement the present delegation and, in particular, to:
   - identify the companies whose employees and corporate officers are eligible to subscribe to issues under the present delegation, and set the terms and conditions, in particular minimum length of service, beneficiaries must meet to be eligible to subscribe,
   - set the conditions of the issue(s), acknowledge any resulting increase in capital and make any changes to the by-laws,
   - set the opening and closing subscription dates, the price, the enjoyment date for shares issued and the conditions under which shares may be paid up,
   - decide whether subscriptions may be made directly and/ or indirectly through a mutual fund,
   - set the terms and conditions for joining company or group savings plans, draw up and modify the rules for existing plans if necessary,
   - allocate the cost of capital increases to the related premiums on its own initiative and withhold from this amount the necessary funds to bring the legal reserve to 10% of the share capital after each capital increase,
   - carry out all necessary adjustments in accordance with any applicable legal and contractual provisions and set the conditions under which they will maintain the rights of bearers of securities or other shares carrying rights to shares of the Company, where required,
   - and, more generally, take all necessary measures, conclude any agreements, carry out all other formalities and do everything necessary to successfully complete the planned issues;
6. grant the present authorization for a period of 26 months from the date of the present Shareholders’ General Meeting, which supersedes any previous authorization granted for the same purpose.

■ TWENTY-THIRD RESOLUTION

Authorization granted to the Board of Directors to reduce share capital by canceling treasury shares

Deliberating in accordance with the rules of quorum and majority applicable to Extraordinary General Meetings, having considered both the Management Report prepared by the Board of Directors and the Statutory Auditors' Report and in accordance with the provisions of article L. 22-10-62 of the French Commercial Code, the shareholders:

1. authorize the Board of Directors, or any representative duly empowered in accordance with the law, to cancel, on one or more occasions, all or part of the Company's treasury shares, representing up to 10% of its capital per 24-month period, reducing its share capital by an equal amount and allocating the difference between the purchase price of the canceled shares and their par value to issue premiums and retained earnings;
2. grant full powers to the Board of Directors to decide the amount by which to reduce the Company's share capital within the limits stipulated by law and the present resolution and set the conditions, acknowledge the impact, allocate the difference between the purchase price of the canceled shares and their par value to issue premiums or retained earnings as it sees fit, carry out all duties, formalities, or declarations to complete the capital reductions under the present authorization and amend the by-laws accordingly;
3. grant the present authorization for a period of 26 months from the date of the present Shareholders' General Meeting, which supersedes any previous authorization granted for the same purpose.

■ TWENTY-FOURTH RESOLUTION

Powers to carry out formalities

Deliberating in accordance with the rules of quorum and majority applicable to Ordinary General Meetings, the shareholders give full powers to the bearer of an extract or copy of the minutes of the present Shareholders' General Meeting to carry out any and all filing and publication formalities.

9

APPENDICES

9.1 PERSON RESPONSIBLE FOR THE UNIVERSAL REGISTRATION DOCUMENT

Alessandro Dazza, Chief Executive Officer.

9.2 PERSON RESPONSIBLE FOR THE FINANCIAL INFORMATION

Sébastien Rouge, Chief Financial Officer.

9.3 DECLARATION BY THE PERSON RESPONSIBLE FOR THE UNIVERSAL REGISTRATION DOCUMENT, INCLUDING THE ANNUAL FINANCIAL REPORT

I hereby certify that the information presented in this Universal Registration Document is to the best of my knowledge in conformity with the Company's actual situation and contains no omission likely to affect the fairness of the presentation.

I further declare that to the best of my knowledge the financial statements have been prepared in compliance with applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and results of the Company and all consolidated entities, and that the Management Report published on pages 156 to 167 presents a fair review of business developments, the results of operations as well as the financial position of the Company and all consolidated entities, in addition to a description of the main risks and uncertainties to which they are exposed.

Paris, March 22, 2021

Alessandro Dazza,
Chief Executive Officer

9.4 INFORMATION INCLUDED IN THE UNIVERSAL REGISTRATION DOCUMENT BY REFERENCE

Pursuant to article 19 of Regulation (EU) 2017/1129 of the European Parliament and of the Council of June 14, 2017, the following information is incorporated by reference in the present Universal Registration Document:

- with respect to the financial year ending December 31, 2019, the consolidated financial statements, annual financial statements, the related Statutory Auditors' Reports, the Statutory Auditors' special report on related party agreements and the Management Report published in chapter 6 – Financial Statements (pages 170 to 251 and pages 252 to 269), chapter 6 – Reports on the fiscal year 2019 (pages 270 to 279 and pages 280 to 281) and chapter 5 – Comments on fiscal year 2019 (pages 153 to 164), respectively, of the 2019 Registration Document filed with the AMF on March 24, 2020 under number D.20-0165 (available on the Company's website (https://www.imerys.com/sites/imerys.com/files/2020/03/30/IMERYS_URD%202019_Final_2.pdf);
- with respect to the financial year ending December 31, 2018, the consolidated financial statements, annual financial statements, the related Statutory Auditors' Reports, the Statutory Auditors' special report on related party agreements and the Management Report published in chapter 6 – Financial Statements (pages 180 to 261 and pages 262 to 279) and chapter 2 – Reports on the fiscal year 2018 (pages 55 to 63, pages 64 to 66 and pages 42 to 53), respectively, of the 2018 Registration Document filed with the AMF on March 20, 2019 under number D.19-0175 (available on the Company's website (https://www.imerys.com/sites/imerys.com/files/2019/05/15/Imerys_Document%20de%20r%C3%A9f%C3%A9rence_2018_FR.pdf).

Information included in these reference document and universal registration document which are not incorporated by reference in the present Universal Registration Document is either of no relevance to investors or mentioned in another part of the Universal Registration Document.

The information contained on the websites linked in the present document does not form part of the Universal Registration Document, except when it is incorporated by reference. Therefore, it has not been reviewed or approved by the AMF.

Hypertext links	Pages
www.amf-france.org	154
www.imerys.com	76; 124; 282; 285; 286; 292; 297; 298; 301; 311
http://www.act4nature.com/en/	25; 73
http://www.patrinat.fr/fr/ums-patrimoine-naturel-346	25; 73
http://www.epe-asso.org/en/	73
http://www.espaces-naturels.info/ecosystemes-mediterraneens-mieux-connaitre-pour-mieux-restaurer	73
https://inpn.mnhn.fr/accueil/donnees-referentiels	73
www.cofrac.fr	97

9.5 CROSS-REFERENCE TABLES

9.5.1 UNIVERSAL REGISTRATION DOCUMENT

The present cross-reference table sets out the sections included in Annex 1 and 2 of the Commission Delegated Regulation (EU) 2019/980 of March 14, 2019 and indicates the pages of the present Universal Registration Document where users can find the information regarding each section.

Information		Chapter	Pages
8	**Capital resources**		
8.1	Information concerning the Issuer's capital resources	5; 6; 7	157-158; 173; 214-215; 260-261; 170-279; 288-297
8.2	Sources and amounts of the Issuer's cash flows	5; 6	157-159; 174-175
8.3	Information on the borrowing requirements and funding structure of the Issuer	5; 6	157-159; 174-175; 226-242
8.4	Restrictions on the use of capital resources	6	239-240
8.5	Anticipated sources of funds	5; 6	157-159; 192; 226-242; 264
9	**Regulatory environment**	**2**	**42**
10	**Trend information**		
10.1	Most significant recent trends in production, sales, inventory, costs and selling prices since December 31	5	156-162
10.2	Description of any significant change in the Group's financial performance	5	156-162
10.3	Information on any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Issuer's prospects	5	156-162
11	**Profit forecasts or estimates**		
11.1	Profit forecasts or estimates	5	162
11.2	Main underlying assumptions of profit forecasts or estimates	5	162
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Information		Chapter	Pages
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■ 18	**Financial information concerning the Issuer's assets and liabilities, financial position and profits and losses**		
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19.1.4	Convertible securities, exchangeable securities or securities with warrants	n.a	n.a
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■ 20	**Material contracts**	**1**	**6-28**
■ 21	**Documents available**	**7**	**285**

9.5.2 MANAGEMENT REPORT

In accordance to applicable legal provisions, the following information is incorporated by reference in the Company's Management Report (as published in *chapter 5*):

Required information	Chapter	Pages
Business of the Company		
Key financial and non-financial performance indicators (article L. 225-100-1 of the French Commercial Code)	1	7
Main risks and uncertainties (article L. 225-100-1 of the French Commercial Code)	1 ; 2	30; 38-43
Financial risks of climate change and measures taken by the Company (article L. 225-100-1 of the French Commercial Code)	2 ; 3	40-41; 74-78
Internal control and risk management procedures put in place by the Company to collate and process financial and accounting data (article L. 22-10-35 of the French Commercial Code)	2	44-50
Purpose, hedging policy and exposure of the Company to price, credit, liquidity and cash risks; use of financial instruments (article L. 225-100-1 of the French Commercial Code)	6	236-242
Research and development (article L. 232-1 of the French Commercial Code)	1	10
Investments and material takeovers made (article L. 233-6 of the French Commercial Code)	n.a	n.a
Main subsidiaries and equity interests (article L. 233-6 of the French Commercial Code)	6 ; 7	244-245; 300
Corporate governance		
Board of Directors' Corporate Governance Report (articles L. 225-37 et seq. and L. 22-10-8 et seq. of the French Commercial Code)	4; 7	336-337[1]

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Required information	Chapter	Pages
Shareholding and capital		
Employee shareholding at December 31 (article L. 225-102 of the French Commercial Code)	7	292
Trading in the Company's own shares (article L. 225-211 of the French Commercial Code)	7	291-292
Trading of Company shares by corporate officers (article 223-26 of the AMF's General Regulations and article L. 621-18-2 of the French Monetary and Financial Code)	4	154
Social, environmental and societal information		
Declaration of non-financial performance (articles L. 225-102-1, L. 22-10-36 and R. 225-105 of the French Commercial Code)	1; 3	337-338[(2)]
Duty of care (article L. 225-102-4 of the French Commercial Code)	1; 3	338[(3)]

(1) See relevant chapters and pages indicated in the concordance table on the corporate governance report (paragraph 9.5.4 below).

(2) See relevant chapters and pages indicated in the concordance table on the declaration of non-financial performance (paragraph 9.5.5.1 below).

(3) See relevant chapters and pages indicated in the concordance table on the duty of care (paragraph 9.5.5.2 below).

9.5.3 ANNUAL FINANCIAL REPORT

This Universal Registration Document includes the information contained in the Annual Financial Report mentioned in article L. 451-1-2 paragraph 1 of the French Monetary and Financial Code *(Code monétaire et financier)* and article 222-3 of the AMF's General Regulations.

The following table presents the cross-references between the two documents.

Sections	Pages
Statutory financial statements	251-269
Consolidated financial statements	170-250
Statutory Auditors' Report on the annual financial statements	275-278
Statutory Auditors' Report on the consolidated financial statements	270-274
Board of Directors' Management Report	156-168
Declaration by the person responsible for the Board of Directors' Management Report	332
Board of Director's Corporate Governance Report	336-337[(1)]
Declaration by the person responsible for the Annual Financial Report	332

(1) See relevant pages indicated in the concordance table on the corporate governance report (paragraph 9.5.4 below).

9.5.4 CORPORATE GOVERNANCE REPORT

The present cross-reference table sets out the items comprising the Corporate Governance Report, as required by articles L. 225-37 et seq. and L. 22-10-8 et seq. of the French Commercial Code *(Code de commerce)* and indicates the chapters and pages of the present Universal Registration Document where users can find the information regarding each item.

Information	Chapter	Pages
■ Offices and positions held by corporate officers	4	108-122; 134
■ Related party agreements	4	301
■ Summary table of financial delegations	7	289-290
■ Operating procedures of Executive Management	4	134-136
■ Composition, preparation and organization of the work of the Board of Directors	4	100-133
■ Diversity policy applied to members of the Board of Directors	4	106-107
■ Restrictions on the powers of the Chief Executive Officer	4	135
■ Framework Corporate Governance code	4	101
■ Terms and conditions of shareholders' participation in Shareholders' General Meetings	7	284-285
■ Assessment procedure for standard agreements	7	301
■ Compensation package of corporate officers (*ex ante*)	4	163-140; 145-147
■ Compensation and benefits paid in the last financial year (*ex post*)	4	141-144; 148-151

Information	Chapter	Pages
■ Relative proportion of fixed and variable compensation	4	140-150
■ Variable compensation awarded	4	139
■ Commitments of any kind given by the Company in the last financial year	4	136-151
■ Compensation within the scope of consolidation	4	144-148
■ Pay gap (ratio) between top executives and employees	4	152-153
■ Annual changes in compensation over the past five years	4	152-153
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■ Consideration of the vote at the last Ordinary General Meeting on the compensation policy (*ex post*)	4	137
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■ Statutory restrictions on voting rights and transfers of shares or agreements known by the Company	7	298
■ Share ownership structure	7	298
■ Holders of shares carrying specific control rights	7	298
■ Control mechanisms applied to employee shareholding schemes	7	298
■ Shareholder agreements	7	298
■ Rules governing the appointment or replacement of members of the Board and amendments to the Company's by-laws	7	298
■ Powers of the Board	7	298
■ Agreements amended or terminated in the event of a change of control of the Company	7	298
■ Compensation awarded to members of the Board or employees in the event of a public offer	7	298

9.5.5 DECLARATION OF NON-FINANCIAL PERFORMANCE AND DUTY OF CARE

9.5.5.1 DECLARATION OF NON-FINANCIAL PERFORMANCE

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Main social considerations, including:		
	Social commitments in favor of sustainable development	23-25; 52; 54-57
	Collective bargaining agreements and their impact on the Company's financial performance	62
	Employee working conditions	41; 57-64
	Discrimination	62; 65
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Results and KPIs		57-67; 92-94
Environmental		
Main environmental considerations, including:		
	Climate change	74-78
	Circular economy	70-72
	Food waste	70
	Animal welfare	70
	Responsible, equitable and sustainable food purchasing	70

Components of the "Declaration of non-financial performance law"		Pages
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Results and KPIs		68-78; 94-95
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Main human rights considerations		62; 81-82
Policies to mitigate human rights risks		22-23; 52-53; 80-84
Results and KPIs		80-84; 92-94
Anti-Corruption		
Main corruption considerations		81
	Tax evasion	80
Policies to mitigate corruption risks		79-83
Results and KPIs		79-83; 96

9.5.5.2 DUTY OF CARE

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