

The Fast-Growing
Middle East



KYNAR®

MEMBRANES FOR
DRINKING WATER



Rilsan®
a Success Story

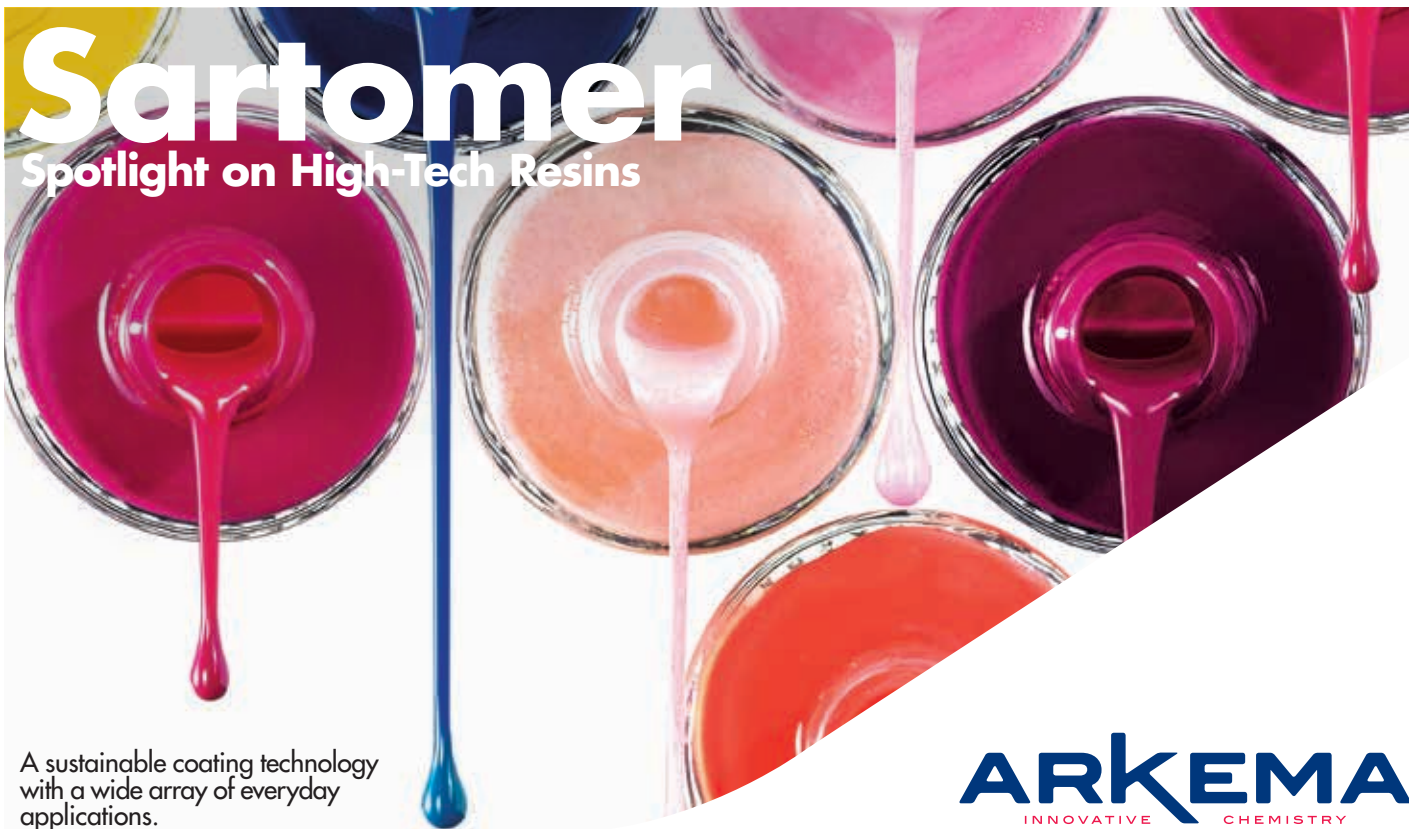
GROW • ACCELERATE • THRIVE • IMAGINE • SHARE

INNOVATIVE

ANNUAL AND SUSTAINABLE DEVELOPMENT REPORT 2013

Sartomer

Spotlight on High-Tech Resins



A sustainable coating technology
with a wide array of everyday
applications.

ARKEMA
INNOVATIVE CHEMISTRY

POWERING PERFORMANCE

Lighter vehicles, highly resistant paints and coatings, plentiful drinking water, winning sports equipment, miniaturization for electronics applications: these are important challenges for industry, today and in the future. These are also what drive Arkema, now a global specialty chemical company, to develop competitive and sustainable innovations with our customers.

Arkema, from chemistry to performance.

HIGH-PERFORMANCE MATERIALS

INDUSTRIAL SPECIALTIES

COATING SOLUTIONS

ARKEMA
INNOVATIVE CHEMISTRY

RÉGION AQUITAINE

TERRE DE SIENNE

ARKEMA
INNOVATIVE CHEMISTRY

arkema.com

contents

AN INNOVATIVE 2013



grow

04 HOW THIERRY LE HÉNAFF SEES IT

Arkema has entered a period of accelerated growth and aims to post revenue of €10 billion in 2020.

08 CLOSE-UP

Spotlight on four highlights of 2013.

12 AN EVENT- AND INNOVATION-FILLED YEAR

Production capacity increases, targeted acquisitions, awards, and new product development: a survey of Arkema's major projects and flagship innovations in 2013.

16 2013, A RECORD YEAR FOR CAPITAL SPENDING

We invested €480 million to expand our production capacity in Europe and pursue our growth in North America and Asia.

BE A LEADER IN SPECIALTY CHEMICALS AND HIGH-PERFORMANCE MATERIALS.



accelerate

22 A WORLD-CLASS ACRYLICS MANUFACTURER

In five years we have established ourselves as a major player in the monomers and acrylic intermediates market.

26 SETTING OUR SIGHTS ON THE MIDDLE EAST

With the construction of a petroleum additives complex and an organic peroxides plant in Saudi Arabia, Arkema is branching out into the Middle East.

GENERATE 30% OF OUR REVENUE IN FAST-GROWING REGIONS BY 2016.



thrive

32 RENEWED SUCCESS FOR RILSAN®

The launch of new Rilsan® grades 60 years after Arkema's famous biosourced polyamide was invented shows the tremendous possibilities of castor oil-based chemicals.

36 SARTOMER'S HIGH-TECH RESINS

There is no shortage of applications for the Sartomer business unit's photocure resins, with cell phones, electronic circuits and 3D printing being just a few examples.

HIGH-VALUE-ADDED SOLUTIONS FOR EVERYDAY APPLICATIONS.



imagine

44 PROMOTING ACCESS TO DRINKING WATER

Arkema has developed a nanostructured Kynar® PVDF that makes water treatment using membrane filtration more effective and energy efficient.

46 BRING ON THE BIO-FACTORY ERA!

Arkema's bio-factories produce various chemical compounds from biomass, for a new generation of more environmentally friendly materials.

48 INNOVATIONS TAKE TO THE SEA

Launched in March 2013, the Arkema-Région Aquitaine trimaran skippered by Lalou Roucayrol has several Arkema-developed innovations on board.

INVENT, INNOVATE AND ADAPT, TO ADVANCE AND PROTECT THE ENVIRONMENT.



share

52 ARKEMA GETS INVOLVED

We stand out in the chemical industry not just for our business performance, but also for our high standards for corporate social responsibility (CSR).

62 GOVERNANCE

Having acquired a stake in Arkema in 2013, the Fonds Stratégique de Participations (FSP) will soon have a representative on the Board of Directors.

64 FINANCIAL PERFORMANCE

Arkema turned in a solid performance in 2013 despite a tough business environment.

67 SHARE PRICE

We consistently maintain long-term relationships with our institutional investors and individual shareholders.

MANUFACTURING EXCELLENCE, OPENNESS TO THE WIDER WORLD, DIALOGUE AND TRANSPARENCY.



WE HAVE OUTSTANDING CATALYSTS FOR GROWTH

We continued our transformation of Arkema in 2013 by stepping up our capital spending in North America, Asia and Europe. Thierry Le Hénaff, Arkema's Chairman and Chief Executive Officer, explains.

HOW DID ARKEMA DO IN 2013?

Thierry Le Hénaff > A few specific sectors aside and despite a less favorable macroeconomic environment than in 2012, Arkema performed well in 2013, posting slightly higher volumes and a good fourth quarter.

We reported revenue of €6.1 billion, virtually unchanged from the previous year on a like-for-like basis and at constant exchange rates. EBITDA was €902 million and EBITDA margin held up well at nearly 15%, which is high for the chemical industry.

We have recommended raising the 2013 dividend almost 3%, to €1.85 per share, reflecting our confidence in our medium-term objectives.

WHAT WERE THE YEAR'S HIGHLIGHTS?

T. L. H. > It was a very busy year for projects. We have outstanding catalysts for future growth. We successfully pursued our substantive work on our drivers of growth — innovation, targeted acquisitions and emerging marketplaces — throughout the year. We further strengthened our profile in 2013 and things look promising for the future on that score.

Capital spending totaled €480 million, the most in our short history, signaling our confidence in the future. We expanded

our Clear Lake, Texas acrylics plant in the United States, started up two new units making polymers for coatings in China, and fortified the Jarrie and Lacq facilities in France for the next several years. We also decided to build an organic peroxides plant in Saudi Arabia, which will be our largest production site in the Middle East. Construction of our thiochemicals complex in Malaysia also made good progress throughout 2013.

WHY IS ARKEMA INVESTING SO MUCH?

T. L. H. > We're coming out of a phase in which we thoroughly transformed the company after our spin-off and are entering a period of accelerated growth. We are implementing our strategy through this capital spending, which will be an engine of future growth.

We aim to post revenue of €10 billion in 2020. The medium-term goal is to generate about a third of our revenue in each of our three main regions — North America, Europe, and Asia and the rest of the world.

WHAT ROLE DOES INNOVATION PLAY IN ARKEMA'S STRATEGY?

T. L. H. > Innovation is another essential driver of our growth. Innovating means offering new products, solutions, and

exceptional service to our customers, while in each case adapting to specific market requirements. Arkema filed 200 patents in 2013. We are the only European chemical company to make the Thomson Reuters Top 100 Global Innovators ranking. Arkema has ten R&D centers, the most recent of which opened in Changshu, China in 2013. We are on the cutting edge in composite and biosourced materials. We are also pursuing groundbreaking projects in five promising areas: new energies, renewable feedstocks, lightweighted materials, water treatment, and organic semiconductor materials.

WHAT DO YOU THINK 2014 HAS IN STORE?

T. L. H. > Even though we're making conservative assumptions about the economy this year, we expect our EBITDA to grow, led by all our projects' benefits and the continued implementation of our strategy. In a business environment that remains mixed, we are counting primarily on ourselves. Our performance will be buoyed by the completion of several major projects, including the start-up of our world-class thiochemicals plant in Malaysia, new acrylic capacity at our Clear Lake, Texas facility in the United States, and the continued expansion

"We plan to continue our policy of targeted acquisitions, with an emphasis on the High Performance Materials segment."



of our Changshu complex in China. Completing the acquisition of the Jurong acrylic units in China is also a priority.

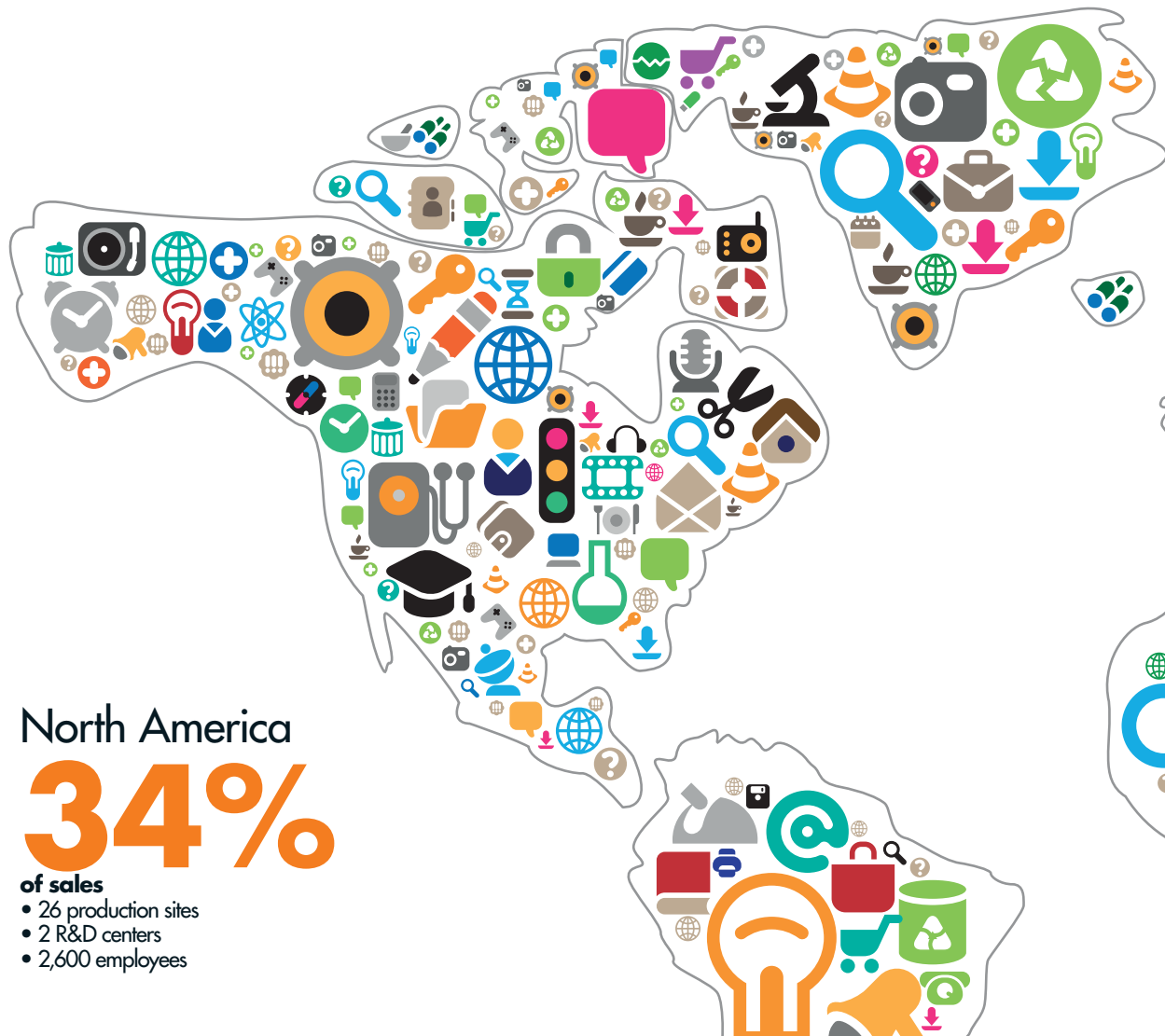
ANYTHING ELSE?

T. L. H. > We plan to continue our policy of targeted acquisitions, with an emphasis on the High Performance Materials segment. We have the financial flexibility to do this. We're also going to step up our program of manufacturing excellence for the next three years, focusing on safety, environmental footprint and globalized purchasing.

I believe in Arkema's management, in our ability to grow the company. We have the ideas, marketing positions, projects and balance sheet to keep creating value for a long time.

We are aiming for revenue of €8 billion in 2016, with an EBITDA margin of 16%. Longer term, our goal is €10 billion in revenue in 2020, with an EBITDA margin close to 17%.

ARKEMA AT A GLANCE



3 BUSINESS SEGMENTS

- HIGH PERFORMANCE MATERIALS
- INDUSTRIAL SPECIALTIES
- COATING SOLUTIONS

11 BUSINESS UNITS

- Technical Polymers
- Filtration and Adsorption (CECA)
- Organic Peroxides
- Thiochemicals
- Fluorochemicals
- PMMA (Altuglas International)
- Hydrogen Peroxides
- Acrylics
- Coating Resins
- Photocure Resins (Sartomer)
- Rheology Additives (Coatex)

WORLD No. 1 TO 3 POSITIONS

for 90% of our portfolio

14,000 employees

10 research centers

90 production sites

Revenue of **€6.1 billion**

2.4% of our revenue allocated to R&D

Europe

41%

of sales

- 46 production sites
- 6 R&D centers
- 8,600 employees

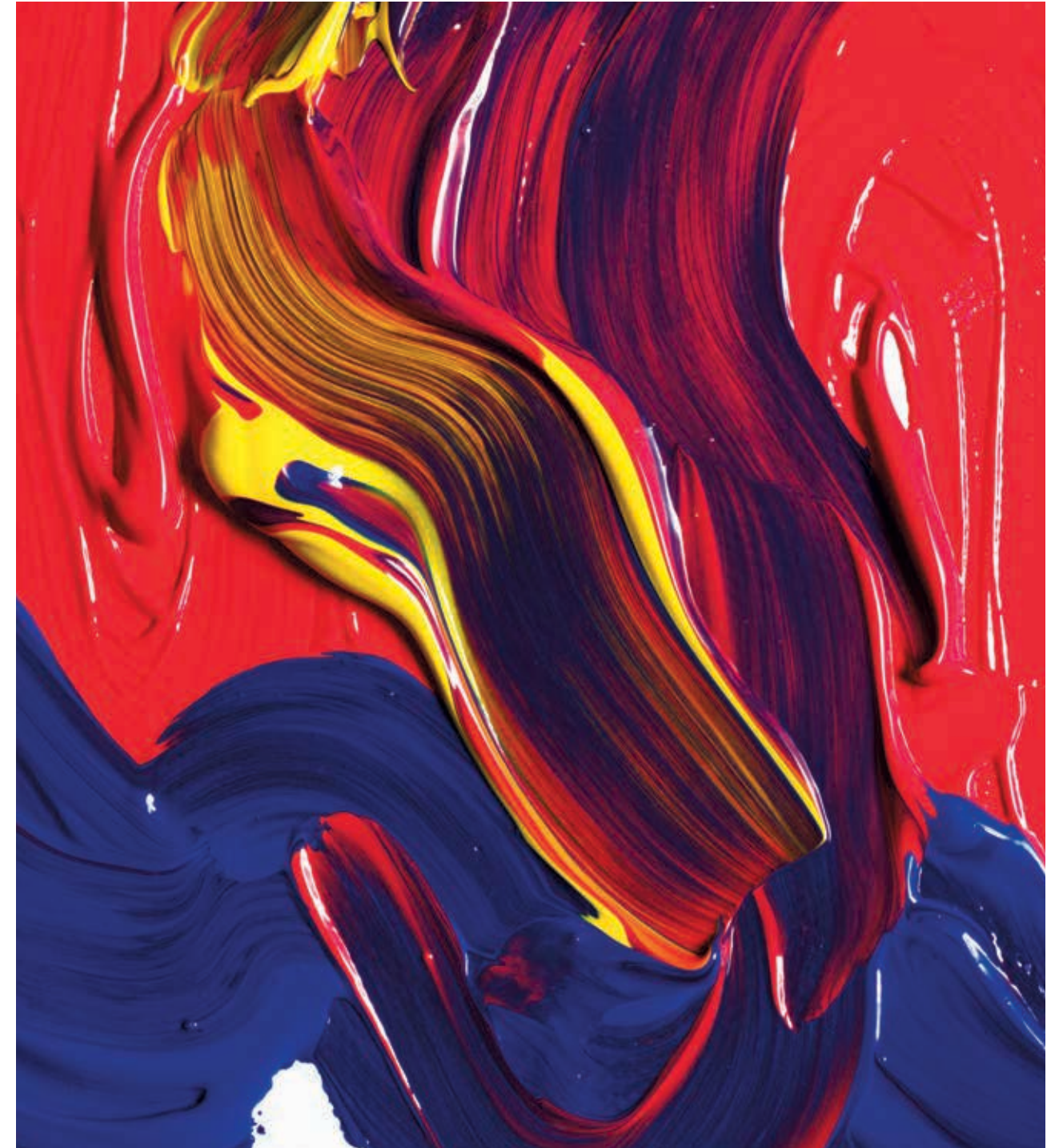




#Application #March

Altuglas International Introduces a New Generation of Altuglas® Sheet Perfect for LEDs

The formulation of this acrylic glass, or PMMA, is optimized for even and maximum light diffusion. The colored sheets with superior light transmission reduce energy consumption — in other words, require fewer LEDs (light-emitting diodes) — saving up to 20% compared to a standard acrylic sheet. It can be used for a variety of applications, especially in the signage and design industries.



#Development #November

Arkema Starts Up a Coating Resins Production Facility in China

The plant located in Changshu, Arkema's biggest production hub worldwide, offers customers in the Asia-Pacific region a full line of waterborne emulsion polymers for coating and adhesive applications.



#China #October

We Open Our First R&D Center in China

The new R&D center, Arkema's tenth worldwide, boasts the very latest technologies. It provides development capacity and technical support for our customers in China and Southeast Asia.



#India #April

Arkema Teams Up With Jayant Agro in India

Arkema acquires a 25% interest in Ihsedu Agrochem, a subsidiary of Jayant Agro, a leading producer of castor oil and castor oil-based derivatives in India. The acquisition provides long-term, reliable access to feedstock critical to production of our biosourced polyamides.

THE COMPANY

April

Arkema Acquires a Majority Stake in AEC Polymers

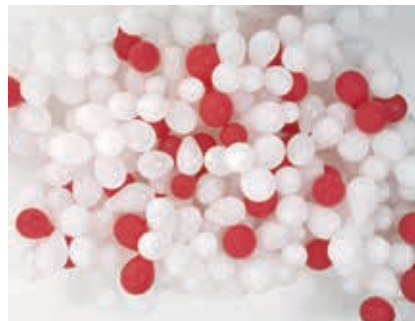
The fledgling French start-up AEC Polymers has developed a line of methacrylate-based structural adhesives called SAF®. The adhesives are produced using an Arkema technology that gives them unrivaled mechanical strength and resistance to harsh chemicals and weathering.



June

Arkema Adds Acrylic Acid Capacity at Clear Lake, Texas Facility

The expansion boosts capacity to around 270,000 tons a year. This was the main item in the \$110 million capital expenditure plan.



June

Arkema Expands Global Bis-Peroxide Capacity

Increasing bis-peroxide capacity by 1.5% at our two plants in Spinetta, Italy and Franklin, Virginia (U.S.) lets us meet the synthetic rubber industry's strong demand for cross-linking agents without delay.

July

Thierry Le Hénaff Snags an Investor Relations Award

Investor Relations Magazine, a leading publication in the field of investor relations, presents awards recognizing the efforts of publicly traded companies to explain their business and performance. Thierry Le Hénaff walks off with the award for Best Investor Relations by a CEO, small and mid-cap companies.

July

FSP Takes a 6% Stake in Arkema's Share Capital

Fonds Stratégique de Participations (FSP) is a capital investment fund created by four major insurance companies in France — BNP Paribas Cardif, CNP Assurances, Crédit Agricole Assurances through its subsidiary Predica, and Sogécap (Groupe Société Générale) — to support long-term investment in publicly traded companies. Its acquisition of a 6% interest in Arkema signals FSP's confidence in our strategy and management.

September

Arkema Gears Up to Manufacture Organic Peroxides in Saudi Arabia

Arkema, the world's second-leading producer of organic peroxides, is teaming with Saudi company Watan Industrial Investment to build an organic peroxides plant in Jubail in Saudi Arabia. It will be the very first plant of its type in the Middle East.



September

Construction Starts on a Plant to Make 1234yf Fluorocarbon Refrigerant Gas in China

Forane 1234yf, a new refrigerant gas with low global warming potential (GWP), meets the future needs of the global automotive air conditioning industry and satisfies upcoming regulations. The plant is scheduled to open in 2016.



October

Inauguration of Sumitomo Seika's New SAP Unit at Arkema's Carling Site

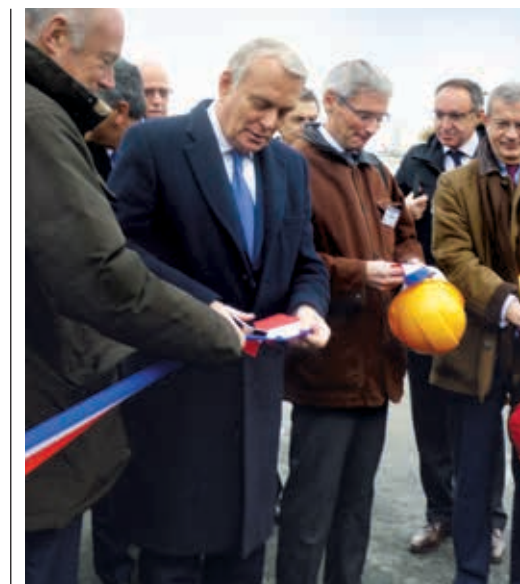
Back in 2011, Arkema and Sumitomo Seika announced major capital spending to expand the French site's superabsorbent polymer (SAP) capacity. Made from acrylic acid, SAPs are used mainly in diapers and other fast-growing market segments.



November

French Prime Minister Jean-Marc Ayrault Cuts the Ribbon on a New Gas Treatment Plant in Lacq

As the Lacq natural gas field nears depletion, the new gas treatment plant is the cornerstone of Lacq Cluster Chimie 2030, a project to convert the site into a center of industrial excellence. Total, SOBEGI and Arkema have invested more than €1.50 million in the massive project, with the support of the French government and local municipal authorities.



THE BUZZ ON INNOVATIONS



January

Arkema R&D Tackles Next-Generation Batteries for Electric Cars

Arkema and OXIS Energy, a company specializing in the design and production of lithium sulfur batteries, sign a research agreement to further improve the battery's power. Arkema is supplying various materials such as carbon nanotubes, new electrolytes and performance polymers, which OXIS Energy will test in its technology.



February

Pebax® Elastomer Featured in Ski Boots

At ISPO 2013, a European winter and outdoor sports trade show, athletic brands Atomic®, Scarpa®, Salewa® and Fischer® roll out their latest technologically advanced boot styles based on Pebax®, Arkema's thermoplastic elastomer that sets the standard for ski boots.

March

A JEC Composites Award for Arkema's New Thermoplastic Resin

Marketed under the Elium® brand, the resin is used to produce composite parts and is processed the same way as thermoset composites, on the same equipment. The resulting parts exhibit outstanding mechanical properties similar to those of thermoset resin parts, but are thermoformed and, unlike thermosets, can be recycled. They can also be assembled in new ways. This major innovation takes the 2013 JEC Award in the "Thermoplastics" category.

March

One Step Closer to the Vehicle of the Future

Onyx, Peugeot's hybrid, futuristic sports car, wins the "Best Concept Car" award at the 28th International Automobile Festival in France. Innovative nanostructured Altuglas® ShieldUp acrylic glass is an integral part of its design.



May

Carrefour Successfully Tests Reflective Roofs Made of Kynar® Aquatec

As part of its policy to promote sustainable development and cut energy costs, Carrefour applies a reflective or "cool" roof coating to one of its superstores in Italy. Based on high-durability Kynar® Aquatec resin, the coating should reduce by 20% the power required to air condition the building.

June

Victory for Arkema-Région Aquitaine in the Route des Princes Race



Arkema-Région Aquitaine, the trimaran skippered by Lalou Roucayrol, incorporates materials and technologies developed by Arkema that help optimize the yacht's weight, robustness and performance. It is an unmatched test bench for Arkema innovations.

July

We Enhance Our Kepstan® Line with New Grades

We launch a wide array of PEKKs (polyether ketone ketones), very high performance polymers developed by our R&D. The line includes three product families offering mechanical strength and resistance properties that meet specifications for engineered parts in aviation, oil exploration and electronics.

September

Arkema, a Top Global Innovator

For the third straight year, Arkema ranks among the Top 100 Global Innovators compiled by Thomson Reuters. Arkema is the only European chemical producer to make the list.



September

Rilsan® HT Resin Wins France's Pierre Potier Prize*

Rilsan® HT resin is the first thermoplastic in the polyphthalamides (PPA) family to pair resistance to very high temperatures with flexibility. The combination enables it to replace metal in under-the-hood hose applications in automobile engines. Six times lighter than steel, PPA helps shave pounds off vehicles and lower their fuel consumption and carbon emissions. The polymer contains up to 70% renewably sourced carbon. This impressive list of strengths earned it the prestigious award, which was officially presented to Thierry Le Hénaff by Arnaud Montebourg, French Minister of Industrial Renewal, and Yves Chauvin, winner of the Nobel Prize in Chemistry 2005.

*A French award for chemical companies that innovate in the field of sustainable development.



November

Forane® 427A Refrigerant Approved by Emerson Climate Technologies

Emerson Climate Technologies, the world's leading supplier of air conditioning and refrigeration solutions, approves Forane® 427A for its compressors used in low- and medium-temperature commercial refrigeration systems. The refrigerant is designed to replace R-22 gas, an ozone-depleting hydrochlorofluorocarbon (HCFC) whose use is being phased out.



2013,
A RECORD YEAR
FOR CAPITAL SPENDING

Arkema spent €480 million expanding production capacity in 2013. We continue to shift our regional presence and are positioning ourselves in high-value-added markets.

Capital expenditure was the highest ever since our company was created in 2006. But this record capex is in no way an abrupt spike. We are continuing — at a faster pace — the expansion of our production capacity begun several years ago.

SETTING OUR SIGHTS ON GROWTH MARKETS

“We have set the stage for accelerating our capital spending by refocusing our portfolio of businesses on booming markets,” explains Bernard Boyer, Arkema’s Executive Vice President, Strategy. In the last few years we have repositioned ourselves in high-value-added lines — such as coatings and high-performance polyamides — and in sectors that, due to population growth, are relatively immune to economic ups and downs, such as water treatment. New production capacity will be needed in these markets to meet rising demand.

ADJUSTING OUR REGIONAL POSITIONS

Although we’re stepping up our capital expenditure, we have not altered our strategic course: to strengthen product lines with high growth potential and adjust our regional positions. In Kerteh, Malaysia, Arkema is just finishing the construction of a thiochemicals plant. In addition to producing standard thiochemicals for refining and petrochemicals, in 2014 the facility will also start supplying the unit where our partner CJ CheilJedang manufactures biomethionine, which is used in poultry feed (see page 19). “More people are eating more white meat all over the world; we are riding a structural trend,” says Bernard Boyer. In terms of geographic

positions, Arkema is creating production capacity close to fast-growing markets in Asia, supplementing existing plants in Europe and United States.

CONSOLIDATING OUR LONGSTANDING BASES

We are also investing to strengthen strategic sectors, such as acrylics and thiochemicals, in their longstanding European and North American bases. In 2013, we ramped up the capacity and competitiveness of the Bayport and Clear Lake sites in the United States and the Carling plant in France (see pages 18 and 19). And we secured feedstock supply for our Lacq thiochemicals production facility in France after commercial production from the neighboring natural gas field ended (see page 19).

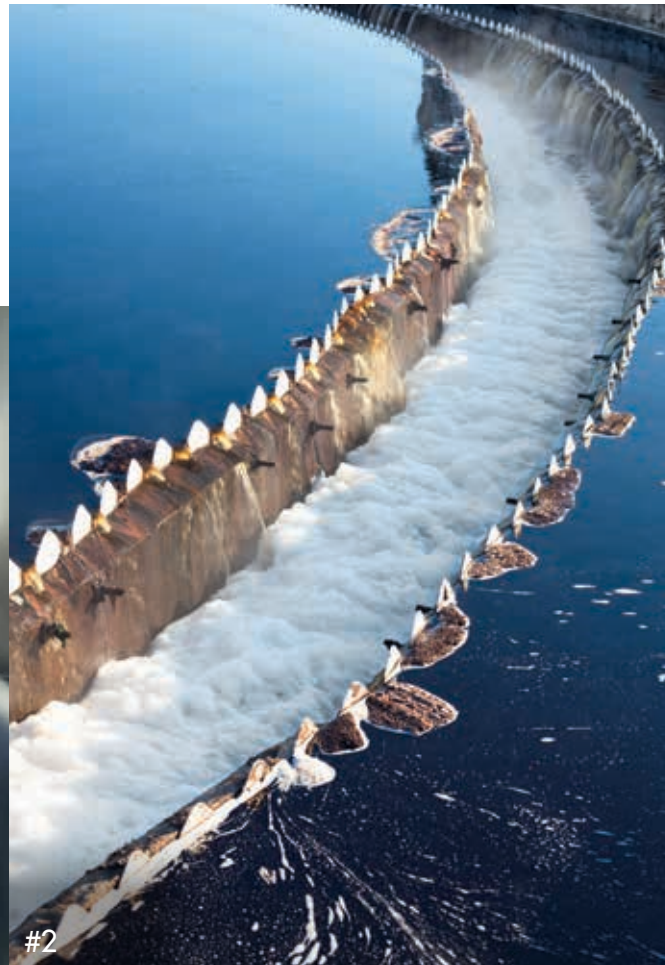
BIOSOURCING TAKES OFF

Lastly, Arkema is investing in the development of processes that use biosourced feedstocks. We are stepping up the activities of Hipro Polymers and Casda Biomaterials, two Chinese companies we acquired in 2012 and integrated into the Polyamides business unit (see page 18). Hipro produces biosourced polyamide-10 grades, while Casda is the world leader in sebacic acid made from castor oil.

So in 2013, we invested in Asia, close to emerging marketplaces, and in our established European and North American bases.

CLOSE-UP

From acrylic chemistry to polyamides to thiochemicals, a closer look at Arkema's main capital spending projects in 2013.



#1 – China, Hipro Polymers and Casda Biomaterials Picking Up the Pace of Green Chemical Production in Asia

In 2012, Arkema acquired two Chinese companies: Casda Biomaterials, the leading global producer of sebacic acid from castor oil, and Hipro Polymers, which makes biosourced polyamide-10 grades from sebacic acid. The acquisitions meshed with our strategies, including green chemicals, an expanded presence in Asia and synergies with our polyamide-11 and 12 lines. It only made sense to pick up the pace of their development. In 2013, Casda enlarged its markets to include lubricants, plasticizers and UV stabilizers following the start up of a sebacic acid ester unit. Hipro Polymers tripled its polyamide polymerization capacity and improved its process for making diamine-10, a monomer of polyamide-10 produced from sebacic acid.

x3
 Hipro Polymers has tripled its polyamide 10 capacity

#2 – United States, Bayport and Clear Lake, Texas More Competitive Acrylics

A major component of our plan to strengthen Arkema's U.S. acrylics segment was completed in 2013. In June, we began producing acrylic acid from new capacity at our Clear Lake facility. The plant, which can now produce 270,000 tons a year, is more reliable and competitive and will support our growth in water treatment, superabsorbent polymers and enhanced oil and gas recovery. We will also buttress downstream activities by creating markets for acrylic acid. At Clear Lake, in 2014 we will start up a methyl acrylate production line to supply specialty polymers markets. In 2012, we commissioned a 2-ethylhexyl acrylate (2-EHA) plant at Bayport to serve the adhesives market. The price tag for all these acrylics investments totals \$110 million.

#3 – Malaysia, Kerteh Thiochemicals Go Green in Asia

Arkema began building Asia's first thiochemicals complex as well as the world's first biomethionine plant with partner CJ Cheiljedang of South Korea, in Kerteh, Malaysia in late 2012. Both facilities are scheduled to open in mid-2014. One will produce several sulfur derivatives; the other will use a fermentation process to convert a biosourced feedstock into 80,000 tons a year of biomethionine for animal feed, using the methyl mercaptan produced on site. The total capital expenditure, split between the two companies, is \$450 million. Together, the plants form our biggest construction project.

#4 – France, Lacq Thiochemicals Gets Its Sulfur Back – for Thirty Years

The Lacq thiochemicals complex, supplied with feedstock from the neighboring natural gas field, was apprehensive about the imminent end of commercial gas production. Arkema and a handful of partners in the local industrial belt responded by investing in a new treatment unit, which would cover their needs by extracting the residual gas at a reduced rate. Commissioned in late 2013, the unit secures the supply of hydrogen sulfide (H₂S) to the thiochemicals complex for the next 30 years. Arkema kicked in €50 million to the project tab of €154 million, which also included connecting the new unit to existing installations. We also adapted our thiochemical lines to the new hydrogen sulfide specification.

#5 – France, Carling Adame® and SAPs Create Markets for Acrylic Acid

In October 2013, Arkema and Sumitomo Seika inaugurated a new superabsorbent polymers (SAPs) plant at the Carling site, bringing production capacity to 47,000 tons a year. Sumitomo Seika's SAPs, produced from acrylic acid, are used in baby diapers, adult incontinence pads and feminine hygiene products — all high-growth segments. In mid-2012 at Carling, Arkema began production of Adame®, an acrylic acid derivative used to produce water treatment flocculants, demand for which is rising in Europe and Asia. Both capital projects at Carling keep pace with the growing markets for acrylic acids and bolster this strategic sector for Arkema.



accelerate



ARKEMA, A WORLD-CLASS ACRYLICS MANUFACTURER

With capacity of 770,000 tons a year¹ and production sites in Europe, North America and Asia, Arkema is a top-tier manufacturer of acrylic monomers and intermediates.

In January 2014, we announced plans to invest \$240 million to establish ourselves in Asia, the only region without an Arkema acrylics production facility.

We are entering the market through a production joint venture with Jurong Chemical, the top Chinese producer of acrylic acid. The joint venture in which Arkema holds a controlling interest, christened Sunke, will be located in Taixing at the facility opened by Jurong Chemical in 2012. This will give us 160,000 tons of production capacity in Asia², an amount set to double in early 2015 when a new production line goes into service. Our capital outlay in Asia is a major step in building our acrylics sector. "We now have production capabilities balanced among the three major global markets — Europe, North America and Asia," explains

WHAT THEY SAY



"Arkema has balanced production capacity in the three major acrylic acid markets — Europe, North America and Asia."

MARIE-PIERRE CHEVALLIER,
Global Group President
of Arkema's Acrylics
Business Unit

Marie-Pierre Chevallier, Global Group President of the Acrylics Business Unit, part of the Coating Solutions segment.

FROM PAINTS TO WATER TREATMENT

Derived from petroleum, these monomers have a number of uses. They go into making superabsorbent polymers (SAP) — found in baby diapers — and, after processing, yield various esters, called acrylates, with applications in paints, adhesives, water treatment products and technical polymers. A significant amount of the acrylic acid produced by Arkema supplies Coating Solutions' three other business units: Coatex (additives), Sartomer (photocure resins) and Coating Resins (paints and adhesives). The acrylic acid is also sold through long-term partnerships with companies that are leaders in their markets, such as Japan's

Sumitomo Seika for SAPs. "We're positioned as both an integrated producer and a major supplier to non-integrated companies," says Marie-Pierre Chevallier.

ARKEMA, A TOP ACRYLICS MANUFACTURER

In the last several years we have sharply expanded acrylic monomer production, to keep up with our downstream growth and that of our partners worldwide. In 2008 we reorganized the Carling, France site to focus on acrylic monomer production. New units producing 2-ethylhexyl acrylate and Adame® acrylic monomers began operating in 2009 and 2012 as part of the resulting redeployment plan. In 2010, we ramped up our production capacity in North America by acquiring the Clear Lake, Texas plant in the United States. We then kicked off a three-year, \$110 million

capital spending program to increase the site's production capacity, equip it to manufacture new esters, and make it more competitive.

These investments will more than double Arkema's production capacity in five years, from 340,000 tons to over 770,000 tons. We are now a global leader in acrylic monomer production, with capacity evenly distributed in Europe, North America and Asia.

¹ After consolidating the Taixing site.
² The transaction is expected to close in summer 2014. It is subject to approval by the relevant authorities in China and to various administrative formalities.

UNITED STATES



THE CLEAR LAKE SITE RAMPS UP PRODUCTION

We began operating new acrylic acid lines at the Clear Lake, Texas site in the United States in 2013, bringing capacity to 270,000 tons a year. A methyl acrylate unit with a capacity of 45,000 tons will begin production this year. In 2012, we commissioned a 2-ethylhexyl acrylate unit at the neighboring Bayport, Texas site, to supply the adhesives market. These projects are part of the \$110 million capital expenditure program introduced in 2010.

CHINA

A STATE-OF-THE-ART, COMPETITIVE PLANT IN TAIXING

The Taixing plant is located around 200 kilometers from Shanghai and 50 kilometers from our production hub in Changshu. Commissioned in 2012 by Jurong Chemical, China's acrylics leader, Taixing is the first acrylic acid production facility in the country. It has 400 employees, an installed capacity of 320,000 tons a year, and two world-class lines.

The plant has a prime location on the banks of the Yangtze River, convenient both for supplying feedstock and serving Chinese and other Asian customers. Arkema will operate the facility under a joint venture, christened Sunke, created with Jurong Chemical. After a planned third line starts operating in 2015, Taixing will be one of the largest and most efficient

acrylic acid plants in the world. This strong production base in Asia, a region representing half the global market for acrylics, will enable us to meet customer demand for local acrylic monomers and secure the feedstock for downstream activities at our Changshu hub (Coatex and Coating Resins units) and at Nansha in southern China (Sartomer).



EUROPE

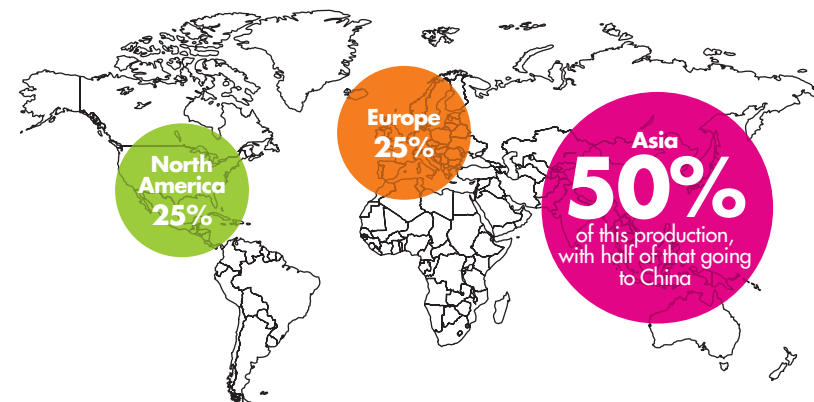


SUMITOMO SEIKA INVESTS IN CARLING

Arkema and Japan's Sumitomo Seika inaugurated a second superabsorbent polymers (SAP) unit at the Carling, France site in October 2013. It now has a capacity of 47,000 tons a year. This capital outlay ranks Carling among the top global acrylic monomer facilities. Chemical manufacturer Sumitomo Seika markets a line of SAPs from Carling under the Aquatek® brand.

ANALYSIS

A MARKET OF 4.8 MILLION TONS A YEAR



> FOR WHICH INDUSTRIES?



1/3: Superabsorbent polymers (SAP)



1/3: Paints, vernish and other coatings



1/3: Water treatment, detergents, oil production, etc.

IN PRACTICE

AN INTERMEDIATE CHEMICAL WITH A HOST OF APPLICATIONS



Acrylic acid is an intermediate chemical made from propylene, a petrochemical and refining byproduct. It can be marketed as glacial acrylic acid or in combination with an alcohol to create different esters, called acrylates. Glacial acrylic acid is used mainly to produce superabsorbent polymers (SAP) that go into making baby diapers, adult incontinence pads and feminine hygiene products. It is also used to produce polymers for water treatment and the manufacture of paper, paints and varnishes. The esters, or acrylates, have various applications in paints and coatings (butyl acrylate), adhesives (2-ethylhexyl acrylate), technical polymers, additives, and polymers for water treatment.



**THE MIDDLE EAST,
RAMPING UP MANUFACTURING
IN THE LAND OF OIL**

We are adding manufacturing capacity in the Middle East, to speed up the growth of our business with the region's major oil, gas and petrochemical companies.

Arkema has just kicked off two major capital spending projects in the Middle East, specifically Saudi Arabia. By the end of 2014, we will have an oil additive blending and storage facility in Dammam, through our affiliate CECA. And in 2015, we will open the region's very first organic peroxides plant in Jubail. "Having this manufacturing capacity in place will be a milestone in our development," stresses Adnan Hamdan, Regional Director, Arkema Middle East.

5% ANNUAL GROWTH IN THE MIDDLE EAST

This pair of capital spending projects will enable Arkema to seize new opportunities. Financed by revenue from its oil, gas and petrochemical industries, the Middle East has posted annual GDP growth of about 5% for the last several years. "The region is buffered from the bumps in the global economy. For one thing, it has huge financial reserves," points out Karim Isker, Arkema's Corporate Strategy Development Director. "For another, cheap access to oil and gas means that its petrochemical industry can export very competitively to Asia's big emerging economies, such as India and China." Arkema has had a sales and logistics satellite in the region since 2001. Initially based in Cairo, Egypt, it moved in 2011, in response to Arkema's changing markets, to Dubai in the United Arab Emirates. "Over time, the center of gravity of our activities has shifted to the Arabian Peninsula," says Adnan Hamdan.

SAUDI ARABIA IN POLE POSITION

Arkema generates revenue of about €120 million a year in the Middle East,

or close to 2% of global sales. Our main markets are in Saudi Arabia, Egypt, the United Arab Emirates and Qatar. Three business units account for two-thirds of those sales: CECA (adsorption and filtration) in oil and gas extraction, Organic Peroxides in petrochemicals, and Thiochemicals in refining and petrochemicals (see sidebar). Until now the Thiochemicals business unit was the only one to have storage and distribution capacity in the region. The two capital projects, initiated in late 2013 and early 2014, will enable the other two business units to dispense with the logistics needed to deliver to their customers from Arkema's European plants. "We're going to be more responsive and flexible," says a pleased Adnan Hamdan.

ARKEMA IN THE MIDDLE EAST

6 business units
with local sales representation in Dubai

2%
of Arkema's global sales

45 employees
across the region

30%
of regional revenue generated in Saudi Arabia

80%
of the DMDS market (Thiochemicals business unit)

RECORD



**CARELFLEX®
BREAKS RECORD
IN SAUDI ARABIA**

In 2013, the Careflex® technical teams broke their operations record, injecting several hundred tons of DMDS (dimethyl disulfide) into the refineries operated by SATORP, a joint venture between Saudi Aramco and Total, and SAMREF, a joint venture between Saudi Aramco and a subsidiary of Exxon Mobil. Used in refinery hydrotreaters, DMDS activates the catalysts that reduce the sulfur content of gasoline and diesel, to meet the strictest emissions standards.

LAUNCH

**THE REGION'S FIRST
ORGANIC PEROXIDES PLANT**



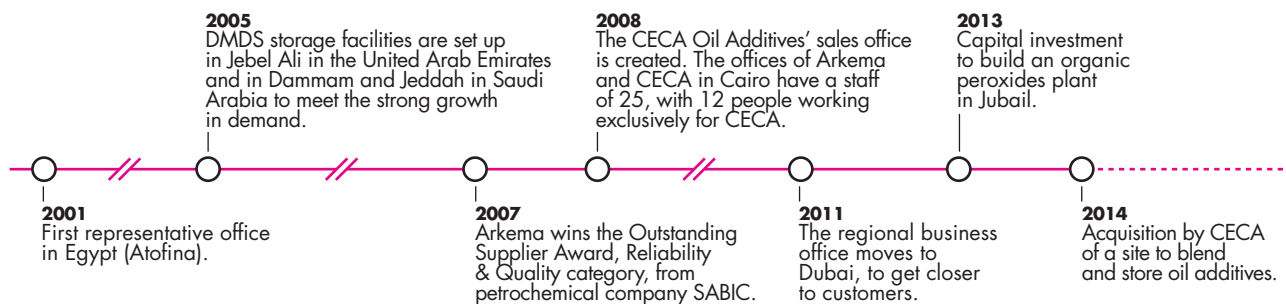
Arkema is investing \$30 million to build the very first organic peroxides plant in the Middle East. It will be operated by a joint venture, christened Arkema Gulf Initiators, created by us and our local partner Watan

Industrial Investment. Based at the Jubail petrochemical complex in Saudi Arabia, the plant will open for business in 2015 and employ 50 people. It will supply the region's major petrochemical companies, including SABIC, Tasnee

and Sipchem, all located less than 20 kilometers away, as well as QAPCO in Qatar and Sanmar in Egypt. The plant will eliminate the need for complex logistics, especially the use of refrigerated trucks to ship peroxides from Europe.

MILESTONES

15 YEARS OF CONTINUOUS GROWTH IN THE MIDDLE EAST



IMAGE

**AN OIL ADDITIVE BLENDING
AND STORAGE FACILITY**

After more than 10 years of productive sales and marketing efforts in the region, CECA, Arkema's filtration and adsorption subsidiary, is shifting to a higher gear. In a joint venture with local partner Watan Industrial Investment, it will acquire a plant to blend and store oil additives in Dammam, Saudi Arabia. Operational by the end of 2014, the plant will be a highly responsive supplier to the region's major oil producers, including Aramco, the Saudi national oil company, and its Gulf country sisters ADNOC in the United Arab Emirates, KNPC in Kuwait, and Qatar Petroleum.



SPOTLIGHT

**SIX BUSINESS UNITS
IN THE VANGUARD**

Most of Arkema's revenue in the Middle East is generated by six business units:



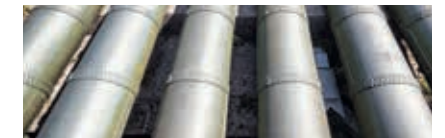
#THIOCHEMICALS
DMDS, used in the petrochemical industry to protect the pipes of ethane steam cracker furnaces and in the refining industry in hydrotreaters.



#CECA (SPECIALTY CHEMICALS)
Molecular sieves to dry natural gas and additives for oil production.



#ORGANIC PEROXIDES
Polymerization agents in petrochemicals.



#TECHNICAL POLYMERS
Coatings and protection for pipelines and coatings for reflective roofs and insulation.



#FLUORO CHEMICALS
Fluorogases for refrigeration and air conditioning.



#COATINGS
Coating resins in the construction industry.



♥
thrive



RILSAN®, A RENEWABLE POLYAMIDE ENJOYING RENEWED SUCCESS

The expansion of the Rilsan® line in 2013 strengthened Arkema's position as the global leader in biosourced polyamides.

At the Hong Kong Optical Fair on November 6, 2013, designers and manufacturers eyed with interest Rnew G850 and G120, two new clear, biosourced polyamides in the Arkema Rilsan® Clear line. Specially designed for injection-molding applications, they feature technical properties that open new creative possibilities for eyeglass frames. "It's another example of what green chemistry can do in high-performance materials," points out José Teixeira Pires, Arkema's General Manager, Polyamides.

This event was one of many in a busy year for Rilsan®, high-performance polymers made from a renewable feedstock, castor oil. In April we added Rilsan® T, a biosourced polyamide 10.10, made by two recently acquired Chinese companies, Hipro Polymers and Casda

SPOTLIGHT

RCYCLE® SERVICE FOR RILSAN®



The Rilsan® line is eligible for Rcycle®, our recycling service covering the entire life

cycle of our technical polymers, including waste collection, sorting and reuse. The program

is Arkema's solution for businesses seeking help with their eco-design initiatives.

WHAT THEY SAY



"Unlike some others, we excel at every step in the value chain, from feedstock to monomer production, polymerization and product formulation."

JOSÉ TEIXEIRA PIRES,
General Manager, Polyamides

Biomaterials (more on page 18 in the Capital Expenditure section). The excellent rigidity, thermal stability and gasoline and gas permeability of Rilsan® T gives energy, sports equipment and transportation industries new options. "Major automakers have already shown interest," comments José Teixeira Pires.

A BENCHMARK ON THE CUTTING EDGE OF PERFORMANCE

The launch of these innovations points to the remarkable technological possibilities of castor oil-based chemicals. Arkema introduced Rilsan® HT back in 2010. A flexible thermoplastic three times lighter than aluminum, it can withstand temperatures over 150°C and combines the qualities of rubber and metal. A major advance for the auto industry, this blockbuster is

the flagship specialty polyamide, a market where Arkema totals a 35% share in Europe, the Americas and Asia. Sixty years after the launch of Rilsan® PA11 (see next page), our longstanding performance polyamide, making chemicals from castor oil remains a key feature of Arkema's strategy. In 2013, to secure our feedstock supply, we acquired a 25% interest in Jayant Agro-Organics, India's top castor oil producer. "Unlike some others, we excel at every step in the value chain, from feedstock to monomer production, polymerization and product formulation," says José Teixeira Pires.

MANY AWARDS

Arkema's advances in the production of green chemicals have not gone unnoticed by industry. In April 2013, the European

Biomass Industry Association (EUBIA) recognized our "merits in advanced industrial biomass processing." And in September, Rilsan® HT won the Union of Chemical Industries' (UIC) 2013 Pierre Potier Prize, given to innovations that promote sustainable chemistry.

RILSAN®, OVER 60 YEARS ON THE CUTTING EDGE

Rilsan® PA11 was first used to make socks and bathing suits before branching out into countless applications in the automotive industry, oil production and sports. The Rilsan® line has burgeoned since its debut, adding fine powders for coatings or clear and high temperature grades to the family tree. Today it is the most complete line of biosourced, high-performance polyamides available. Take a look back at the advertising history of a timeless material that has somehow managed to stay on the cutting edge of innovation.



#1

#1 — The Popular Fiber

First synthesized in 1942 and patented in 1947 by a small French firm called Organico, polyamide 11 made its market debut in 1949 under the brand name Rilsan®, after the River Risle in Upper Normandy (France) that flows near the Serquigny plant that produces it. Its initial applications were in the textile industry, which used it to make bathing suits, socks and stockings that "will last forever," and permanent press shirts and undergarments. With the help of massive advertising, the product became as popular as nylon, its main competitor.



#2

#2 — An Exportable Everyday Product

The automaker Citroën was one of the first to grasp the potential of the new plastic, using it to make the fuel lines of the legendary DS in the mid-1950s. In the 1960s, manufacturers found applications for Rilsan® polyamide in scores of everyday products, including as a coating for dishwasher racks and baskets, in push brooms and in clamps. It popped up everywhere, from carpeting aboard the ocean liner France to the French flag flying beneath the Arc de Triomphe in Paris. Today, Rilsan® resin earns more than half of its revenue from exports.



ANNONCE 1958

#4 — Built for Extreme Applications

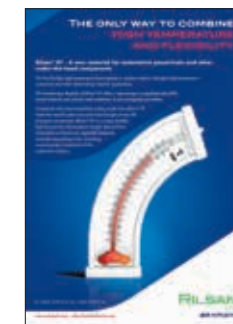
Rilsan® polyamide can withstand high pressures and temperatures, making it a prime candidate for applications in extreme environments. The oil industry uses it to make the subsea flowlines and risers for offshore oil platforms. It also protects power and telephone cables and is used in gas pipes and certain types of aerospace equipment. Rilsan® polyamide flies in some Airbus models and the Ariane launcher. Rilsan® HT, a plastic able to withstand very high temperatures, can replace the metal in some automotive engine parts.



#3

#3 — A High-Tech Competition Material

Rilsan® polyamide has also revolutionized sports and recreation. Skiers have Rilsan® to thank for their high-performance boots that are both rigid and comfortable. As versatile as it is unobtrusive, Rilsan® resin has also made its way into tennis rackets, badminton shuttlecocks, the soles of soccer shoes, and the topmost layer of skis to keep them free of dents and scratches. The development of a transparent grade polyamide, Rilsan®Clear, makes it an ideal material for eyeglass frames and smartphone cases.



#4



CAMPAGNE 1983



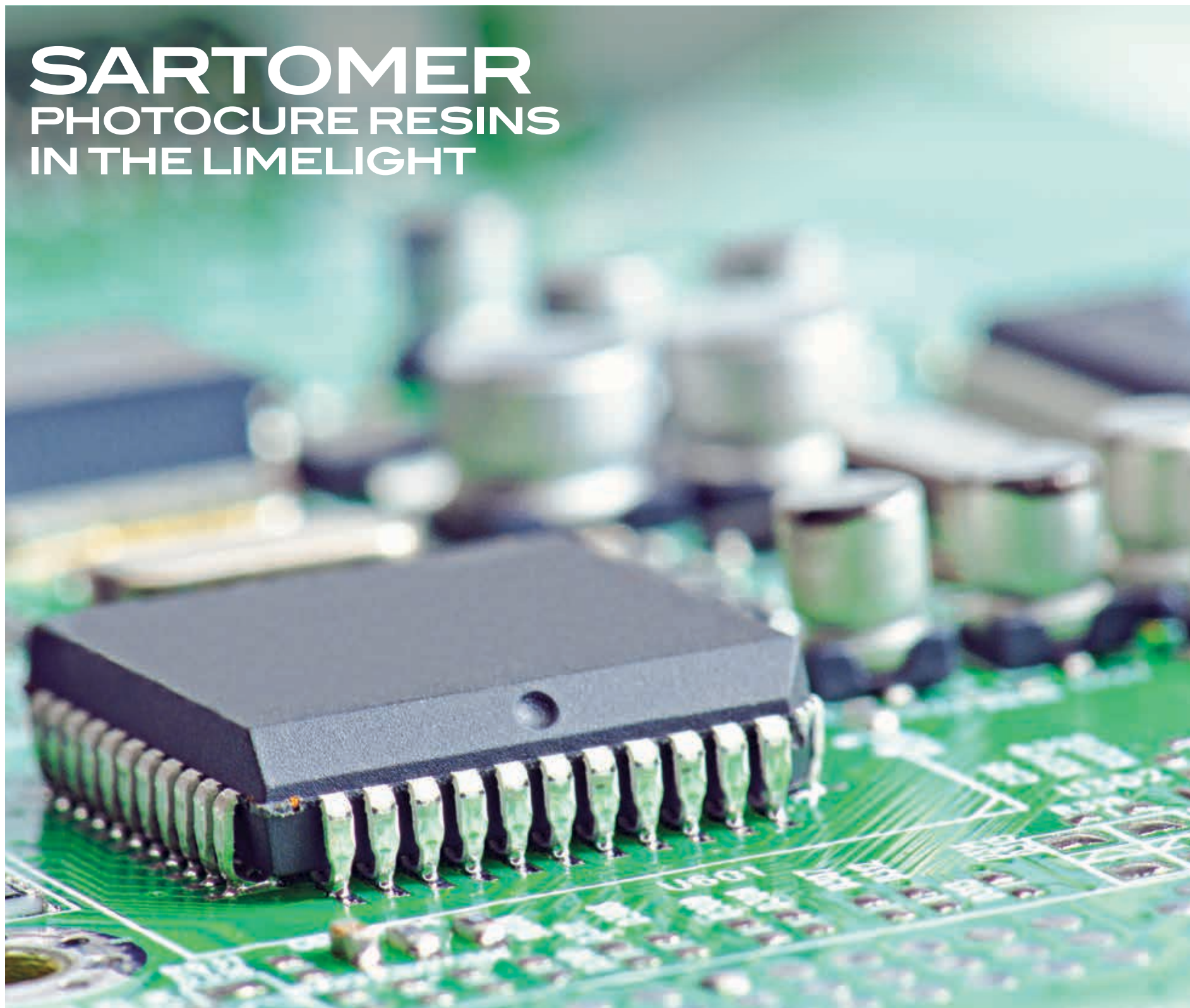
#5



#5 — In the Era of Green Chemicals and Clean Cars

Starting in the 1990s, automakers began working to improve the energy efficiency of their vehicles and reduce their carbon emissions. Lighter than steel, aluminum and rubber, tough, and derived from the castor bean, Rilsan® polyamide is part of the lightweighting trend in transportation materials and is a poster child for green chemical production. Manufacturers use it to make pneumatic braking systems for trucks, engine hoses, and fuel lines.

SARTOMER PHOTOCURE RESINS IN THE LIMELIGHT



Sartomer's photocure acrylic resins have scores of applications, ranging from coatings to printing inks and electronics. The business unit reports to Arkema's Coating Solutions segment, but is organized around three hubs, in Europe, the United States and Asia, to serve the expectations of its different markets.

Sartomer is one of the world's top producers of acrylic resins for UV curing, also known as photocuring.

This green technology is free of solvents and volatile organic compounds. Applied as a liquid formulation, the resin instantly hardens under ultraviolet light to create a coating with excellent impact strength and scratch resistance. Photocure resins have applications as varied as the graphic arts (inks and varnishes), industrial coatings (wood flooring, PVC flooring, metal tubing), optics (fibers, DVDs, Blu-ray disks), electronics (printed circuits, cell phone or tablet touch screens) and adhesives. Sartomer is developing solutions that meet the specific needs of each one.

A LOCAL PRESENCE TO ACCOMMODATE CUSTOMER REQUIREMENTS IN EACH REGION

Sartomer supports its customers all over the world. With the help of technical teams based in Europe, the United States and Asia, it develops and produces new formulations on three continents. The European hub specializes in developing products for printing inks and the graphic arts, the Asian hub in electronics and the U.S. hub in coatings. This organization enables Sartomer to develop innovative resins tailored to the specific needs of its customers in record time. Sartomer's teams work together despite the distance that separates them. Applications developed in a region are designed to dovetail as closely as possible with the expectations of local

consumers. What's more, some products have different applications in different regions. Synergies also come into play with Arkema's other business units, such as Altuglas International, organic peroxides and Kynar® PVDF resins, which share some of the same customers.

A PIONEER IN MANY TECHNOLOGIES

This three-pronged organization fosters innovation. Sartomer was one of the first companies to offer specialty acrylic resins for inkjet UV curing, a technique very widely used in the printing industry. The subsidiary also offers acrylic resins for 3D UV curing, a fast-growing printing technology able to create objects from a virtual model by superimposing thin layers of resin.

In electronics, Sartomer is developing coatings for flexible television screens and phone displays whose clarity, definition, brightness and touch sensitivity are on a par with glass.

EUROPE



EXPERTISE IN GRAPHIC ARTS

Home to a plant and an R&D center in Verneuil-en-Halatte, France, Sartomer's European hub boasts extensive expertise in the graphic arts, especially in inkjet printing and 3D printing. Its products are geared to makers of printers and inks. All the major manufacturers operate in Europe: "This proximity is one of our strong points. Each customer is different. To be chosen as a partner, not only do we need to be innovative and have the best products, we also need flawless logistics," stresses Philippe Thépot, General Manager of Sartomer's Europe Division.



ASIA

SPECIALIZED IN ELECTRONICS



Dedicated to electronics, Sartomer's Asian hub has a production facility in Nansha, south of Guangzhou, China, and two laboratories, one in Yokohama, Japan and

the other in Guangzhou. "We develop resins for each new generation of electronic products," says Karine Elie, Vice President, Sartomer Asia. That way the very

latest high-performance resins developed by Arkema are incorporated into tablets, touch screens and telephones, to improve their definition and brightness.

UNITED STATES

COATINGS CAPABILITIES

Sartomer's U.S. hub is dedicated to industrial coatings and comprises two plants, one in West Chester, Pennsylvania and one in Chatham, Virginia, and a laboratory in Exton, Pennsylvania. World renowned for its expertise, it serves 400 to 500 customers, some of them in niche markets. To meet their requirements and support their international growth, Sartomer offers a very broad range of products and a strong ability to innovate.

EXPERT INSIGHTS

A Wide-Ranging Portfolio of Specialties

Our hubs are the springboard for building our portfolio and developing technologies. Our teams adapt to customer requirements and preferences and to their specific local and regulatory environment. We have a reputation for listening and being very customer-focused. We respond quickly, with solutions that are practically customized. And thanks to our wide-ranging portfolio, we can tailor our formulations to specific needs. Sartomer also has Arkema's organization to lean on for logistics and for its principal feedstock — acrylic acid. In addition, there are synergies between our activities and those of the other Arkema units. We have developed applications that use various Arkema products. And we leverage Arkema's access to multiple technologies and new tools.



NIKOLA JUHASZ, Sartomer Senior Director, Global Research & Development

A Global R&D Organization

Being a leader means responding and adapting to consumer requirements, developing specific solutions for each customer, and offering innovations that anticipate the applications of the future. We have global resources and have established a coordinated global system to serve international markets. The location of our hubs keeps us close to our customers. The electronics solutions developed for Asian customers will find equivalent uses in the United States and Europe. That's why we created a Senior Director, Global Research & Development position in January 2013, with responsibility for coordinating international efforts and facilitating sharing and discussion among the regions.

"We have global resources and have established a coordinated global system to serve international markets. The location of our hubs keeps us close to our customers."



DOUG SHARP, President and CEO, Sartomer

MILEPOSTS

ARKEMA ACQUIRED SARTOMER FROM FRENCH OIL COMPANY TOTAL IN JULY 2011

Reporting to Coating Solutions, this photocure resins business generates 5% of Arkema's revenue and is expanding at an annual rate of about 6%. One of its most promising applications is 3D printing resins, which are growing at almost 20% a year.

INNOVATION



UV CURING RESINS GO GREEN

Dedicated to offering ever more environmentally friendly solutions, Sartomer recently introduced the Sarbio® line of next-generation, biosourced acrylate and methacrylate resins. They are manufactured from a variety of feedstocks — soybeans, castor beans, fatty alcohol esters from conifers and others — and can be as much as 80% biobased. They deliver the same performance as their counterparts derived from fossil fuels. Sarbio® products were developed to enable formulators to make high-quality products and shrink their environmental footprint by reducing their consumption of petrochemicals. UV coating, ink and adhesive manufacturers can stand out from their competitors by offering products based on Sarbio® resins, which have earned environmental certification.

FROM PRINTED CIRCUITS TO NAIL POLISH

What do smartphones, wind turbines, interior flooring and nail polish have in common? All of them incorporate Sartomer's photocure acrylic resins.



Inks for All Types of Materials

Inkjet processes print a pattern created on a computer screen. Acrylic inks dried instantly by UV curing achieve very high print quality, on a wide variety of surfaces, including plastics, fabric and paper, in just about any size.



A Brighter Smartphone Display

High-performance resins are blended into the protective coatings of a smartphone display's different layers to optimize its brightness and resolution.



3D Printing

3D printing technology builds objects from a virtual model by superimposing thin layers of an acrylic-based resin, which harden instantly under UV light. The process is especially well suited to the production of prototypes, small-run parts or complex mockups or models.



Fiber Optic Protective Coating

Sartomer resins are used as coatings to protect fiber optic cables. The fast photocure process can produce 600 meters of fiber a minute.

WHAT THEY SAY

"All of Sartomer's photocure resins meet technological, esthetic or durability challenges in a wide variety of everyday applications."

NIKOLA JUHASZ,
Senior Director, Global Research & Development, Sartomer



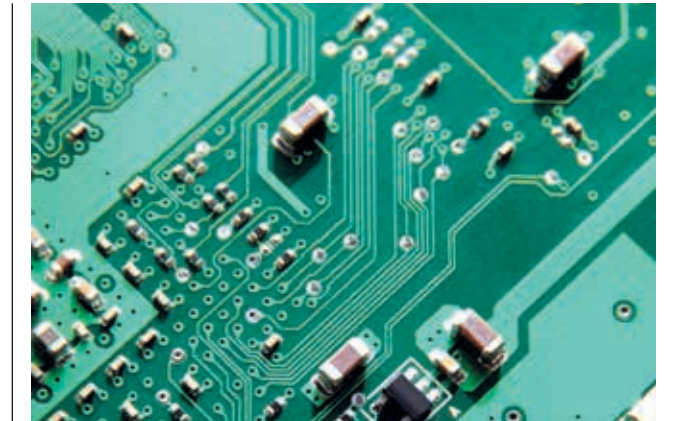
Coatings for Wind Turbine Blades

Acrylic coatings are gradually replacing styrene, a toxic chemical, as a surface coating for wind turbine blades. This new surface protection technology does not emit volatile organic compounds (VOCs).



"Instant" Nail Polish

Sartomer's photocure resins go into making semi-permanent nail polish that dries in a few seconds under a UV lamp and lasts several weeks.



Miniaturized Electronic Circuits

The performance of UV resins will sharpen the resolution of patterns on increasingly smaller printed circuits. New formulations are constantly being devised to adapt to this growing trend toward miniaturization.



Beautiful and Tough Interior Flooring

UV-cure quick-dry varnishes produce beautiful, high-gloss laminate flooring that is crack-, scratch- and stain-resistant.



imagine





ACCESS TO DRINKING WATER, A MAJOR 21ST CENTURY CHALLENGE

Arkema has developed a nanostructured Kynar® PVDF that makes water treatment using membrane filtration more effective and energy efficient.

By 2050, more than 9 billion people will call our planet home and, according to the World Health Organization¹, 60% of them may lack access to drinking water. New wastewater treatment plants and improved filtration and seawater desalination processes are becoming major issues. Arkema is helping to meet the challenge.

KYNAR® PVDF MEMBRANES TO MICRO-FILTER WATER

The time-honored tradition of treating wastewater by holding it in a settling pond or tank and filtering it through sand is being supplanted today by more efficient, more compact membrane filtration. This process forces the water through thousands of tubular modules containing long, porous, semi-permeable hollow fibers that

trap suspended solids, impurities and bacteria. The fibers are usually made of PVDF (polyvinylidene fluoride), a polymer that can withstand the high-pressure water inflow and the chlorine-based chemicals used to clean the membranes. It's one of the most promising applications of Arkema's Kynar® PVDF. "With pore diameters from 0.1 to 1 micron (100 to 1,000 nanometers), these Kynar® PVDF fibers can filter the water more finely than sand," says Thierry Vasselín, Kynar® Business Manager.

The membrane filtration process, adopted by most newer treatment plants, produces water of excellent quality. However, it uses energy and, unlike conventional sand-based systems, cannot trap certain ultra-fine particles, such as drug residues and viruses. The water must therefore be treated chemically after filtration.

ARKEMA INNOVATES WITH ULTRA-FILTRATION AND HYDROPHILIC MEMBRANES

Tapping our expertise in synthesizing block copolymers, we have developed a new grade of nanostructured Kynar® PVDF for even more efficient membranes. Pore size has been reduced to between 0.01 and 0.1 microns (10 and 100 nanometers) — or 100 times less than a standard PVDF membrane — to capture the ultra-fine particles. In addition, the membranes' excellent hydrophilic properties accelerate circulation of the water, boosting the flow rate by 20% without using more energy. Commercial-scale production of this Kynar® grade is expected to begin in late 2014. According to Thierry Vasselín, "Upcoming generations of membranes will be even more effective — they'll be able to filter nanoparticles and will last twice as long."

¹ Progress on Sanitation and Drinking-Water, 2013.

FAST FIGURES



THE KYNAR® FILTRATION BOOM

At present, hollow-fiber membrane systems account for only 5% of the processes installed in water treatment plants. The remaining 95% still use conventional sand-filtration systems. For the last several years, however, most new

water treatment plants worldwide rely on the membrane-filtering process and 75% of these membranes are made of PVDF. The process is growing at 8 to 10% a year. Kynar® PVDF continues to take market share from other

materials more vulnerable to the chlorine-based chemicals used for cleaning. Arkema projects an annual growth of about 25% in Kynar® PVDF sales for water filtration applications.

DID YOU KNOW?

CECA REGENERATES THE ACTIVATED CARBON OF DRINKING WATER TREATMENT PLANTS



In some polluted urban and industrial districts, wastewater has a high content of micropollutants such as pesticides, fertilizers and halogens. In these cases, a final, activated-carbon filtration step is needed before transferring the water to drinking supplies. Arkema's subsidiary CECA markets, under the brands

Acticarbone® and Anticromos®, activated carbon with excellent adsorption and filtration properties. It also stands out from its competitors by offering a reactivation or regeneration service for saturated activated carbon. Instead of being consigned to landfills, the carbon is shipped to the CECA Legnago plant near Verona, Italy, where it is heated in a furnace to about 1,000° C. This step totally eliminates the pollutants and restores the adsorption capacity of the activated carbon. The carbon is then shipped back to clients for reuse. "This reactivation service is a core component of our business and offers the best tradeoff between filtration cost and effectiveness. More and more plants with activated carbon-based systems are using it," stresses Mario Schiavone, Chief Executive Officer, CECA Italiana, "not just in Italy, but across southern Europe."



BIO-BASED CHEMICAL PROCESSES TO HARNESS BIOMASS

Biosourced materials are a priority growth area for Arkema. Five of our sites already produce chemical compounds from biomass-sourced feedstocks such as castor beans, pine trees, linseed and soybeans. Such bio-based factories are often called biorefineries, by analogy with the facilities that process oil and petroleum products. They are paving the way for next-generation, environmentally friendly, high-value-added materials.



WHAT THEY SAY

JEAN-LUC DUBOIS,
Director, Biomass Catalysis, Processes and Conversion, Arkema

For more than 50 years the Arkema plant in Marseille, France has been converting castor oil to aminoundecanoic acid, a monomer used to make polyamide 11 (PA11), marketed around the world under the name Rilsan®. There's a good reason we've been interested in bio-based chemistry for decades. "Performance is our top priority," explains Jean-Luc Dubois, Director, Biomass Catalysis, Processes and Conversion. "And biosourced products offer specific technical properties that often outperform products made from fossil fuels. For example, PA11 has a higher melting point and better cold impact strength than PA12, its counterpart produced from petroleum cuts."

Five of Arkema's 90 manufacturing sites can be considered bio-based, producing different chemical compounds from renewable feedstock (see sidebar). Other R&D projects are in progress, including making carbon nanotubes from agricultural ethanol and acrylic acid from glycerol recovered from animal or plant fats. "We expect to generate 15% of our revenue in 2016 from biosourced products, compared to 11% today. This will be triple the bio-based share of 2005," says Jean-Luc Dubois.

Producing renewable chemicals is both a source of innovation and a driver

of sustainable development for Arkema. "Biosourced technical polymers such as Rilsan® HT replace under-the-hood metal engine parts, making vehicles lighter, boosting fuel efficiency, cutting carbon emissions, and reducing petroleum product imports," continues Jean-Luc Dubois.

The company is stepping up collaboration on biomass-based chemical initiatives. In 2012, we partnered with the U.S. company Elevance Renewable Sciences to develop renewable specialty polymers. In France, we have teamed with start-up Global BioEnergies, which will build a pilot plant to make isobutene from plant-sourced sugars. And we are also co-developing a partially biosourced thermoplastic (Pebax® Rnew) and acrylic glass (Altuglas® PMMA).

Arkema is also involved in two European Union research programs, EuroBioRef and Biocore. Both aim to develop a new biomass-based production concept to promote a sustainable economy, laying the foundation for a true European bio-based economy.

"Our bio-based processes prove that you can use renewable feedstock to make technical, cost-competitive products that meet a real market demand."

SPOTLIGHT

ARKEMA'S FIVE "BIOREFINERIES"



#MARSEILLE
(southern France)
Production of aminoundecanoic acid from castor oil, to make PA11 (Rilsan®) and various other compounds, including glycerin, heptanol, heptanal, heptanoic acid and esterol.



#HENGSHUI
(Hebei province, China)
Production of sebacic acid from castor oil to make polyamide 10 (PA10), 2-octanol, glycerin and other chemicals.



#PARENTIS
(southwestern France)
Production from maritime pine of activated carbons used in filters in the food and pharmaceutical industries or as catalyst carriers.



#FEUCHY
(northern France)
Production of surfactants from plant fatty acids for various applications, such as warm mixes (asphalt) and fertilizers.



#BLOOMING PRAIRIE
(Minnesota, United States)
Production of various additives for polymers, lubricants and the cosmetic industry, through the epoxidation of soybean oil, linseed oil, terpenes and limonenes.

ARKEMA'S INNOVATIONS TAKE TO THE SEA

Developed in partnership with skipper Lalou Roucayrol, the *Arkema-Région Aquitaine* trimaran was launched in March 2013. Its primary goal: participate in the 2014 Route du Rhum single-handed yacht race. Aboard this exceptional multihull are several Arkema innovations.

1

Altuglas® ShieldUp, for Visibility and Robustness

The windows of the deckhouse and wheelhouses are made of Altuglas® ShieldUp acrylic sheet, making them exceptionally tough and giving them outstanding optical properties.



2

Black Mamba® Adhesive Sealants, for a Tight Seal and Flexibility

Black Mamba® "all-substrate" adhesive sealants fasten and joint the fittings. Their flexibility and tight seal make these products ideal for withstanding extreme conditions.



3

SAF® Structural Adhesives, Elastic and Easy to Use

The internal bracing of hulls as well as glazed surfaces are assembled using SAF methacrylate adhesives. SAF products are so easy to use that they saved 400 hours of work building the yacht, without compromising on mechanical properties.



4

Elium® Resin, Recyclable and Strong

The boom is made from a composite material combining carbon fiber and Elium® thermoplastic resin. This recyclable material offers equivalent strength and lightness to thermoset composite resins.



QUICK BIO

Lalou Roucayrol, age 49, has more than 25 years of experience in ocean-going yacht racing. He finished second in the Route du Rhum (Multi50 class) in 2010, third in the Transat Jacques Vabre (Multi50) in 2009 and fourth in 2007, and third in the Route du Rhum (60-foot class) in 2002.

"A partner that looks for the same things I do"

March 2013

Launch of the *Arkema-Région Aquitaine* trimaran (Multi50 class).

June 2013

Wins the Route des Princes, a multi-leg race with crewed boats.

November 2013

Drops out of the Transat Jacques Vabre (Le Havre-Brazil, two-handed), capsizing off the coast of Portugal.

November 2014

Competes in the Route du Rhum (Saint Malo-Guadeloupe single-handed race).

Partnership With Arkema

"As a builder, I was looking for a partner sensitive to technical aspects and to the role that materials play in a yacht's performance. Arkema and I share the same desire and same mindset. Our professions have more than one thing in common, namely innovation, risk management and a never-ending quest for performance."

Choice of Adhesives

"The *Arkema-Région Aquitaine* is the first yacht with structural bracing secured using SAF® methacrylate adhesives. Developed by AEC Polymers, an Arkema subsidiary, they're much easier to use than epoxy adhesives, while being elastic enough to tolerate significant stress."

Capsizing During the Transat Jacques Vabre Race

"We ran into some very rough conditions at sea, unlike any this yacht — still being broken in — had ever experienced before. Despite capsizing and spending seven days in tow, the trimaran structure remained intact. That shows we made the right choices when it came to assembly and materials. *Arkema-Région Aquitaine* will be ready to go for the 2014 season!"



share

CSR CHALLENGES FIVE COMMITMENTS, BACKED BY INDICATORS

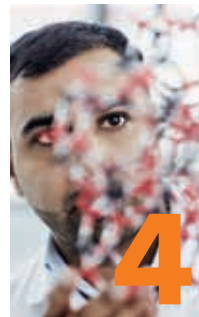
Arkema's corporate social responsibility (CSR) goal is to be recognized as a contributor to the sustainable development of the world around us and to rank with the world's best chemical producers in social, CSR, environmental as well as business performance.

Be a top quartile performer in safety in the chemical industry

Arkema's industrial safety process is deployed globally and focuses on three interrelated areas: technical, organizational and human (Behavior Based Safety) factors.



1



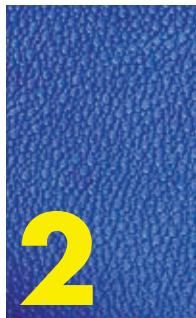
4

Promote the individual and collective development of all our employees

All over the world, our employee relations policy focuses on two concerns: our employees' personal development and social development through initiatives to improve collective working conditions.

Reduce the environmental footprint of our activities

Shrinking our environmental footprint means curtailing the emissions of our different activities, cutting our resource consumption and stepping up the use of renewable resources. We also make sure that our products do not harm either human health and safety or the environment.



2



5

Encourage open dialogue with all our stakeholders

We strive through our Common Ground® initiative to talk about our activities and products with all stakeholders, including those living and working near our facilities, various organizations and associations, the world of education, and our suppliers, to foster balanced, long-term relationships based on trust.

Place sustainable development solutions at the heart of our approach to innovation policy and in our product range

Our product R&D and marketing teams focus on sustainable development and the major challenges facing the planet, including developing new energies and lighter materials, combating climate change, improving access to clean water and increasing the use of renewable raw materials.



3

WHAT THEY SAY

"We cannot achieve excellence in corporate citizenship without the participation of everyone: first of all our employees, but also our partners."

GÉRARD LANGLAIS,
Vice President, Sustainable Development

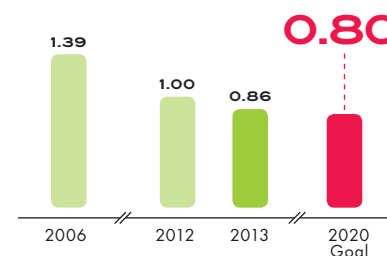
REDUCING OUR ENVIRONMENTAL FOOTPRINT: FOUR GOALS FOR 2020

In 2012, Arkema set safety goals to be achieved no later than 2020. In 2013, we wanted to strengthen our sustainable development commitments by publishing four environmental goals to be met by the same date.

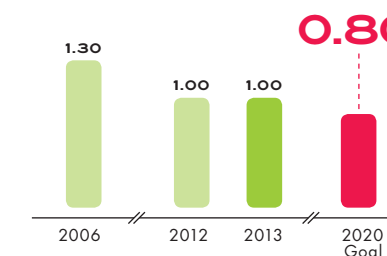
To track our environmental performance more precisely, Arkema has set goals based on intensity indicators.

Called Environmental Footprint Performance Indicators (EFPI), they take into account changes in our business scope and our plants' production.

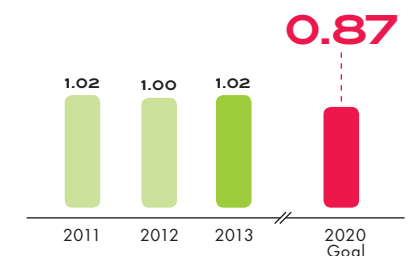
UNDER THE LENS



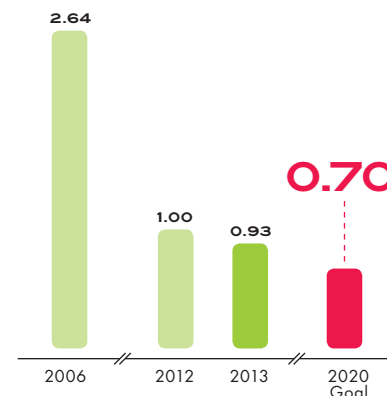
1 - VOLATILE ORGANIC COMPOUNDS (VOC)



2 - CHEMICAL OXYGEN DEMAND (COD)



NET ENERGY PURCHASES



3 - GREENHOUSE GASES (GHG)

Our new goals to cut greenhouse gas emissions, air emissions, discharges to water and net energy purchases tally with our desire to shrink our environmental footprint and improve our manufacturing excellence.

Our emission goals for 2020 use 2012 as a baseline:

1. Air emissions: Cut volatile organic compound (VOC) emissions by 20%.
2. Water emissions: Cut chemical oxygen demand (COD) emissions by 20%.
3. Climate: Slash greenhouse gas emissions (GHG) by 30%.

Arkema has set a resource consumption goal of trimming net energy purchases by an average 1.5% annually.





SAFETY ALWAYS COMES FIRST

The safety of people and assets is a core value at Arkema. We intend to rank among the best in the industry. To achieve that, we are focusing on three main areas: preventing major technical risks, safety management systems and Behavior Based Safety. In 2013 we concentrated on educating Arkema's teams about BBS, which emphasizes employee accountability.

A number of initiatives were implemented:

- The first step in France was to develop Human Performance Factors and Safety Organization classes with France's Institute for an Industrial Safety Culture (ICSI). The goal is to embed "safety behavior" in the DNA of managers at every reporting level. All Arkema managers worldwide will complete this training by 2016.
- Next we launched the SafeStart® pilot classes in France. The program, already implemented at all Arkema facilities in the United States, aims to raise awareness of the states — rushing, frustration, fatigue, and complacency — that can lead to critical errors, which increase the risk of injury, not just at work, but also at home and on the road. SafeStart® is currently being deployed at all sites in Europe.

- Lastly, in 2013 we had a chance to work closely with Robert Vincent Joule, an Aix-Marseille University social psychology researcher. His presentations focused on the latest theories of engagement and supporting action plans to bring employees on board with safety.
- The World Day for Safety and Health at Work was held April 29, 2013 at Arkema. It was an opportunity to practice peer observation of tasks at all our sites. All employees had the chance to learn peer observation techniques, which prevent accidents and increase awareness of risky behavior.

Behavior Based Safety Pays Off

Behavior Based Safety, as exemplified by our SafeStart® and Accident Prevention by Peer Observation training, was deployed at 44% of our sites in Europe in 2013, a big jump from 30% in 2012. The rates for the same period in Asia and North and South America are 64% and 94% respectively. Our goal for 2020 is to have this program in place at all Arkema sites.

EXPERT INSIGHTS



LAURENT GOUSSAULT
Cabinet ETS Safe consulting firm
"SafeStart®, an initiative to heighten personal awareness, teaches everyone how to take a simple, practical approach to safety in their everyday lives — at work, in the field, behind the wheel or on the way home."



ROBERT VINCENT JOULE
Professor and researcher in social psychology
"Safety performance doesn't improve just because you say it should. It requires simplified management systems, sustained design and maintenance efforts and changes in our behavior. People feel part of something bigger when they collectively get behind a shared cause, in this case preventing injuries and saving lives."

INITIATIVES

THE ESSENTIALS, A PROGRAM FOR THE LONG HAUL

The Essentials are simple safety rules that address everyday situations. Since 2011, Essentials information kits containing videos, posters and brochures in several languages have been distributed globally at all Arkema sites, at a rate of three per year. Topics in 2013 included "Alcohol & Drugs," "Maintenance Work Practices" and "Wearing of Personal Protective Equipment (PPE)." The Essential kit on PPE reiterates the basic rules for reducing injuries, especially injuries affecting the hands.

RECOGNITION

A U.S. FACILITY TAKES THE SAFETY AWARD



The Clear Lake plant in the U.S. won the Safety Award in 2013, working more than 3 million hours without an accident. This is the best performance turned in by any of our sites.

WHAT THEY SAY

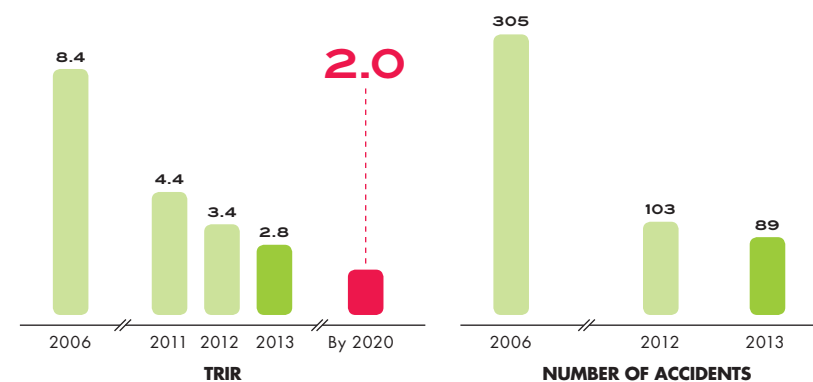


"At Arkema we have all the awareness and education resources needed to improve our safety performance. The challenge is getting each of us to adopt them. Behavior Based Safety, together with the stepped-up use of peer observation, is a major cornerstone for instilling a strong safety culture in all employees."

PAUL LEONARD,
Vice President, Health, Safety and Environment at Arkema

FAST FIGURES

Arkema has set a goal of reaching a TRIR¹ of 2.0 no later than 2020.



¹Total recordable injury rate per million hours worked, Arkema and contractor personnel.

CONSERVING, OPTIMIZING AND RECYCLING

We reduce our use of raw materials and feedstock by recycling our industrial process byproducts, providing recycling assistance, and extending the life of our customers' products.

WHAT THEY SAY



"Resource conservation and the circular economy are key focuses these days. These examples show that Arkema contributes to optimizing raw material use at the front end of a value chain that leads to the end consumer."

GÉRARD LANGLAIS,
Vice President, Sustainable Development



Recycling "Greener" Roads

When building or repairing roads, recycling existing materials helps limit the environmental footprint of construction projects. Adding Cecabase® RT additives to asphalt makes it easier to mix in recycled asphalt and increases the aggregate recycled by 10 to 15% compared to standard technology. Some users are able to incorporate more than 70% reclaimed materials into their warm mix without undermining performance. Certain projects carried out with CECA partners have even boosted the rate to 100% reclaimed materials. Cecabase® RT additives also lower the asphalt's heating temperatures, cutting energy use by as much as 50%.



Durability A White Reflective Roof with Serious Longevity

San Diego-based Innovative Cold Storage Enterprises operates a gigantic refrigerated warehouse with 213,000 cubic meters of freezer space in California. It is the first building in this industry to earn Leadership in Energy & Environmental Design for New Construction (LEED® NC) Gold Certification for its use of innovative materials. The building's roof was protected with a white finishing coat based on Kynar Aquatec® PVDF, an acrylic resin that offers coatability and solar reflectance far superior to that of conventional paints. Kynar Aquatec®-based coatings remain white and intact for nearly 20 years — an exceptionally long life — without maintenance, and cut costs to air condition the building by 15%.

¹ Created by the U.S. Green Building Council, LEED is a North American green building certification program that recognizes best-in-class building strategies and practices.



Eco-Design Recycle®, a Unique Recycling Service for Specialty Polyamides

To support our customers' designs for green products, we launched the Recycle® service to recycle Arkema polyamides made from both renewable and petroleum-based feedstock. It will eventually span:

- The entire value chain, from polyamide production at Arkema's four sites to the manufacture of parts at customer facilities and end-of-life components.
 - A broad array of services including waste collection and sorting at facilities in Europe, the United States and Asia, the supply of appropriate packaging, logistics management, dismantling, personnel training in sorting, and the formulation and certification of a line of recycled polyamides.
- The ski boot maker Scarpa teamed with Arkema when the program began in 2013.



Recycling Recycling Sodium-Containing Wastewater at Papermakers

The wastewater from our plant in Mont, France contains co-products from the purification of lactam, the monomer of polyamide 12. The water is alkaline with a high sodium sulfate and organic matter content. For the last several years, instead of incinerating it, Arkema has been recycling it in the papermaking industry, which uses it in the production of kraft paper and cardboard. The sodium-containing water curtails sulfur losses in the regeneration loop of kraft and cardboard processes. The alkaline water also mixes easily with the black liquor, or liquid effluent from the digestion of pulpwood during pulping. Lastly, the organic matter it contains provides a source of energy for the combustion step.

WHAT THEY SAY



"Arkema's glass coatings hold a great potential for making our glass packaging even more resource efficient, and by cooperating more closely, we will be able to implement solutions faster and with greater scope."

SIMON HOFFMEYER BOAS,
Senior CSR Manager, Carlsberg Group



Reuse Extending the Life of Returnable Bottles

Arkema has exclusive know-how in the protection of returnable glass bottles. Its Kercoat® protective coating and Opticoat® scuff-masking coating technologies considerably improve the appearance and service life of refillable glass bottles. The service life of treated bottles is multiplied by a factor of three, to some 50 cycles, saving both raw materials and energy. Arkema has been working with Carlsberg since 2013 to reduce the environmental impact of refillable glass bottles through innovative solutions. Along with other leading suppliers to the packaging and beverage industry, Arkema will have its products evaluated on the basis of Cradle to Cradle®¹ protocols used by the Germany-based Environmental Protection Encouragement Agency to assess products (preferred ingredients, materials reuse potential). And Arkema is playing an active role in the Carlsberg Circular Community to improve the packaging materials used by the Carlsberg group.

¹ Cradle to Cradle® and C2C® are registered trademarks licensed to EPEA.

GLOBAL, ATTRACTIVE EMPLOYER BRANDING

We redesigned Arkema's employer branding in 2013 to give potential applicants a better sense of our corporate culture and the opportunities we offer. Our new communications materials feature employees who talk about their day-to-day experience using keywords like innovation, creativity and initiative. These new visuals are used throughout all Arkema host countries at student job fairs and in job vacancy postings and within our website's Careers section.



DOMINIQUE MASSONI,
Vice President, Human Resources
Development & Internal
Communication, Paris, France

"It was important to us that Arkema's employer branding show what the company is really like. That's why we started by conducting a survey of recent hires in the United States, China, France, Germany and Italy, to find out how they saw their new work environment. Employees from all over the world, regardless of position, reported being pleasantly surprised by the amount of autonomy they have and their freedom to take the initiative. This feedback helped us define our position as an employer. At Arkema, employees can have a real impact in their field or on the activity and performance of their business unit."



GIULIO COCCO,
Chief Executive Officer
(Amministratore Delegato),
Arkema Italia, Rho, Italy

"We compete with other companies — and not just in the chemical industry — to recruit recent graduates, especially engineers. In Italy, most graduates dream of working for a prestigious automaker or the subsidiary of a major U.S. high-tech company. To attract the best applicants, we highlight the opportunities offered by a cutting-edge, fast-growing chemical company focused on specialty products and strongly committed to sustainable development. Our new employer branding will help us take Arkema's already great reputation to those outside the chemical industry."



CHRISTOPHER GIANGRASSO,
Senior Vice President, Human
Resources & Communications, Arkema
Inc., King of Prussia, Pennsylvania, U.S.

"As the economy rebounds, competition in the United States to hire new talent, especially engineers, is stiff. Arkema is perceived here as a mid-sized company compared to the big American chemical corporations. This is often seen as a plus by recruits who'd like to avoid the cumbersome bureaucracy of very large organizations. Our new employer branding lets applicants know what to expect: it conveys the fact that Arkema is the right place for people who want to roll up their sleeves and know for certain that their work matters."



WILLIE YE,
Human Resources, Administration
& Communication Director, Arkema
Greater China, Shanghai, China

"We hired more than 200 new people in China in 2013 and we'll hire even more this year. It's tough to attract talent, because a lot of Chinese prefer government jobs and publicly owned companies over big multinationals. There's also a lot of competition among chemical companies, all of which have operations in China. Our new employer branding is very useful in promoting Arkema on university campuses. The simple, easy-to-understand messages and attractive visuals work very well among students of all skill and qualification levels."

CHEMISTRY + CREATIVITY + MASTERING

CHEMISTRY + MASTERING + PERFORMANCE

CHEMISTRY + IDEA + IMPACT

CHEMISTRY + OPPORTUNITY + DEVELOPMENT

ARKEMA

ARKEMA

ARKEMA

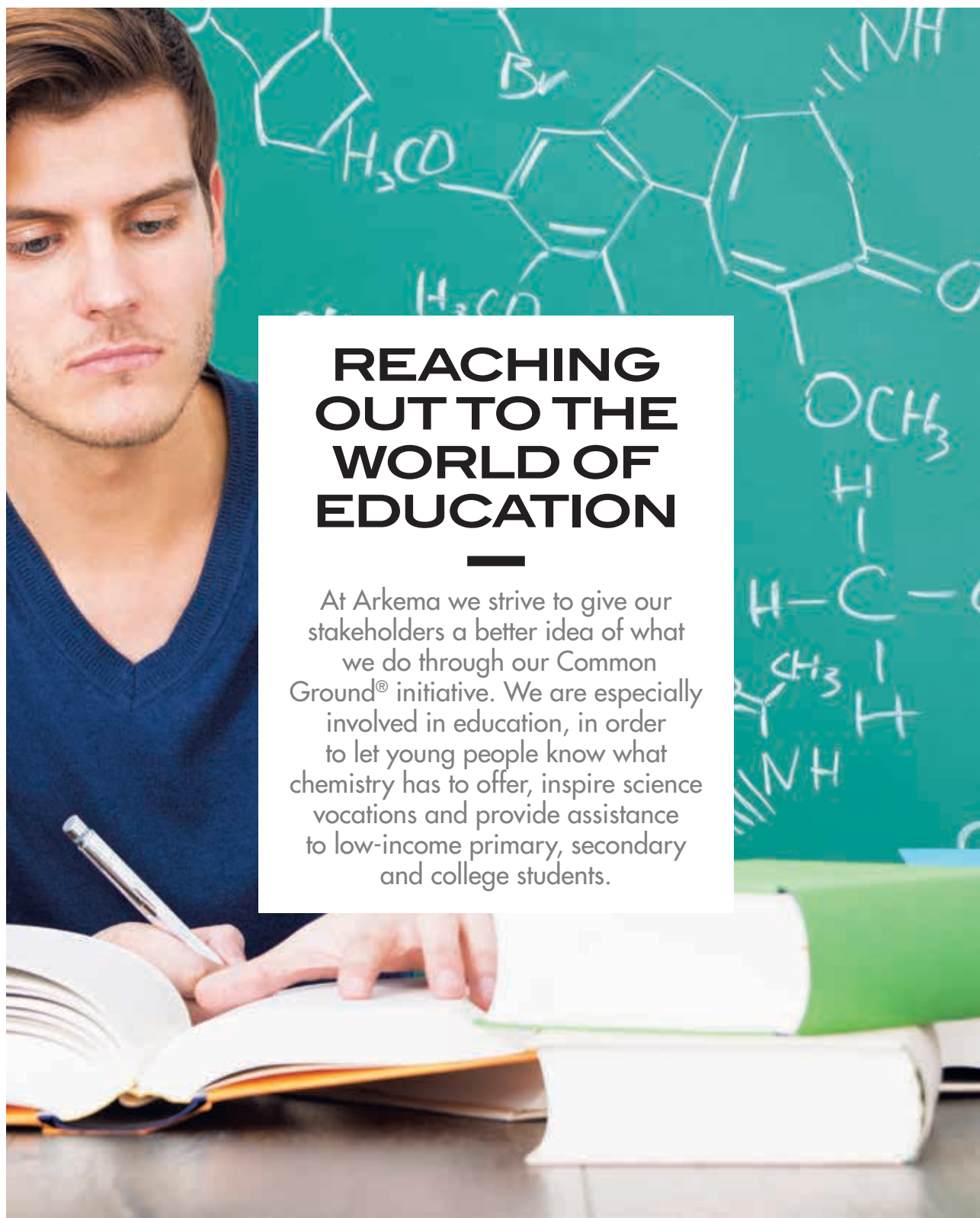
ARKEMA

TARGETING GREATER GENDER EQUALITY

An advertising campaign that reflects the growing percentage of women in Arkema's teams.

23%
Percentage women in the total workforce

19%
Percentage of management positions held by women



REACHING OUT TO THE WORLD OF EDUCATION

At Arkema we strive to give our stakeholders a better idea of what we do through our Common Ground® initiative. We are especially involved in education, in order to let young people know what chemistry has to offer, inspire science vocations and provide assistance to low-income primary, secondary and college students.

Today's youth are tomorrow's citizens and engines of business.

Arkema is actively involved in outreach to the young, familiarizing them with the world of chemistry — a science that will provide practical solutions to future energy and technology challenges — and highlighting career opportunities in the chemical industry.

Arkema's 90 facilities around the world do as much as their resources and capabilities will allow to sponsor local initiatives promoting education.

A LONGSTANDING COMMITMENT IN FRANCE AND THE UNITED STATES

In both of these countries, which are home to a number of our facilities and operations, our education initiatives have been ongoing for many years:

- Talks by Arkema engineers and technicians in primary and secondary schools, plant tours and R&D center open houses.
- Participation in science and cultural events such as the annual Fête de la Science [Science Festival] and the Village de la Chimie [Chemistry Village] in France and our sponsorship of the Palais de la Découverte science museum in Paris.
- The award of scholarships to low-income students in the U.S. (Arkema Inc. Foundation) and France (ENSIC Foundation, associated with a leading chemical engineering school in Nancy).
- And lastly, the Science Teacher Program, financially supported by the Arkema Inc. Foundation since 1996. Teachers attend a special course designed and taught by Arkema engineers and technicians and subsequently share what they've learned with thousands of students. In 2013, 61 teachers participated in the program.

STEPPING UP TO THE PLATE IN ASIA

In Asia, where we are ramping up our activities, the subsidiaries are doing everything they can to help children and support access to education for the poorest. Here are a few examples.

- In 2013, Arkema's local subsidiary in southern India supported two primary

and secondary schools in villages near our Cuddalore plant, by donating desks, tables, other classroom furnishings and school materials. The most deserving secondary school students received financial support. Both schools have been provided with similar assistance in previous years, including uniforms and shoes for the students, as well as building materials (pipes). It has become a close local relationship, designed for the long haul.

- On December 21, 2013 in Pasir Gudang, Malaysia, a ceremony celebrated the sponsorship of 30 students who are either orphaned or come from low-income families in the Johor region. Our Coating Resins business unit provided these students with financial aid and school supplies (schoolbags, paper, notebooks), uniforms and shoes. This assistance will allow these young people to continue their studies in 2014 without being at a disadvantage.
- In China, Arkema is also a partner in the Sino-French Program in Chemical Sciences & Engineering. This program, which trains future chemists and chemical engineers, was created jointly by the Fédération Gay-Lussac (FGL) — an association of France's 19 top-tier chemical engineering schools — and the East China University of Science and Technology (ECUST) in Shanghai, one of China's premier universities. Created in 2009, the program sends approximately 120 Chinese students a year to FGL network schools. For the class of 2013, we sponsored internships at Arkema sites in operations and production or R&D, and conducted several plant tours.

WHAT THEY SAY



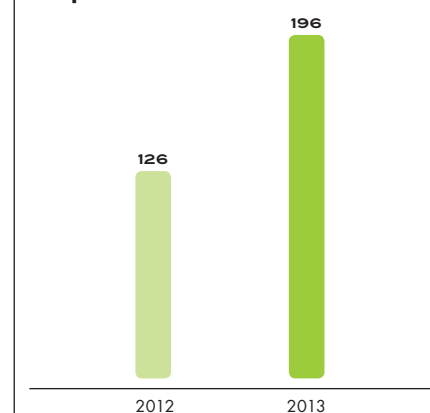
"Arkema's support for our school for the two last decades is phenomenal and significant.

Some of the measures provided are very much timely ones and well recognized by the students and people of the nearby villages."

P. NANDHINI,
Headmistress,
Panchayat Union Primary School

FAST FIGURES

Of 644 Common Ground® initiatives carried out worldwide in 2013, 196 promoted education.



NUMBER OF EDUCATION-RELATED INITIATIVES

WHAT THEY SAY



"We cultivate long-term, hands-on relationships with schools, to introduce young students to the wonders of chemistry and other sciences at an early age."

VÉRONIQUE OBRECHT,
Manager, Common Ground® Program

A TEAM BUILT ON CONSENSUS AND EXPERTISE

Arkema is run by an eleven-member Board of Directors, nine of them independent. The Board strives for a balanced representation of men and women, a factor given due consideration whenever a director comes up for reelection.

Arkema's Board of Directors was busier than ever in 2013,

overseeing and providing expertise on our business strategy and fostering the company's long-term growth. It took into account the stronger recommendations of the "comply or explain" rule of the AFEP-MEDEF Corporate Governance Code of Listed Corporations. It dealt with the acquisition of a stake in our share capital by the French equity fund FSP. The Board completed its annual performance self-assessment and will recommend that two directors, Claire Pedini and Patrice Bréant, be reelected at the May 15, 2014 Annual Shareholders' Meeting. Lastly, the directors participated in active, involved committees.



MEMBERS OF THE BOARD OF DIRECTORS ON DECEMBER 31, 2013:

Thierry Le Hénaff, Chairman and Chief Executive Officer, Arkema – **Patrice Bréant**, Director representing shareholder employees – **François Enaud**, Chairman and Chief Executive Officer, Steria – **Bernard Kasriel**, former senior executive, Lafarge – **Victoire de Margerie**, Managing Director, Rondol Technology – **Laurent Mignon**, Chief Executive Officer, Natixis S.A. – **Thierry Morin**, Chairman of the Board of Administration of Université de Technologie de Compiègne – **Marc Pandraud**, Vice-Chairman, Corporate Finance Europe, Middle East and Africa, Deutsche Bank – **Claire Pedini**, Senior Vice President for Human Resources, Compagnie Saint-Gobain – **Jean-Pierre Seeuws**, retired from the chemical industry – **Philippe Vassor**, Chairman, Baignas S.A.S.

QUESTIONS FOR

NICOLAS DUBOURG,
Managing Director, Fonds Stratégique
de Participations (FSP)

The French equity fund Fonds Stratégique de Participations (FSP) acquired a stake in Arkema's share capital in 2013.

What is FSP?

FSP is a variable capital investment fund designed to promote long-term equity investment by acquiring interests in the capital of publicly traded, non-financial French companies. The fund was created in 2012 by four French insurers, BNP Paribas Cardif, CNP Assurances, Prédica (a subsidiary of Crédit Agricole) and Sogecap (Groupe Société Générale). It is managed by Edmond de Rothschild Asset Management, an Edmond de Rothschild company, under the supervision of the French securities regulator, AMF. Its acquisitions are friendly and negotiated with the companies. FSP seeks to support the growth of businesses as a long-term investor and participate in their governance by serving on their Boards of Directors.

What is the fund's time horizon?

FSP's investment horizon is a long one, mirroring the long-term liabilities on the balance sheets of insurance companies. Through FSP, the insurers acquire equity interests in businesses selected for their sound financial situation, capacity for innovation and ability to generate growth and value on a long-term basis.

Why did FSP choose Arkema?

FSP is interested in French companies that are leaders in their sector and have a clear growth strategy that we believe will be profitable.

Arkema is one of them and we totally support its strategy. It's a company that applies its technological know-how within a recognized culture of innovation and also enjoys a balanced geographic presence. It has aligned its specialty chemicals production with the booming trends of sustainable development.

Who will represent FSP on Arkema's Board of Directors?

Given plans to hold on to at least a 6% interest in Arkema's share capital for a long time, the Board of Directors is putting forward FSP (as a legal entity) for an Arkema directorship at the May 15, 2014 Annual Shareholders' Meeting. FSP recommended to the Nominating, Compensation & Corporate Governance Committee that Isabelle Boccon-Gibod be elected as its permanent representative on Arkema's Board of Directors. A graduate of the École Centrale engineering school in Paris and Columbia University in the United States, Isabelle Boccon-Gibod served as Executive Vice President of Arjowiggins group and Executive Vice President of Sequana group. She chaired Copacel, the French pulp, paper and cellulose industry association, through the end of 2013. She is also a member of BPI France's National Steering Committee and the Vice Chair of French business confederation MEDEF's Economic Committee.

MAKING THE BIG DECISIONS

The Executive Committee is responsible for the day-to-day management of Arkema. It is chaired by Thierry Le Hénaff, Chairman and Chief Executive Officer. Each member revisited 2013, summing up his thoughts in a sentence or two.



THIERRY LE HÉNAFF

Chairman and Chief Executive Officer

"We are midway through the transformation process initiated in 2006 when Arkema was spun off. We are now entering a period of accelerated growth. The quality of our people, all the projects we've implemented, especially those announced or continued in 2013, and our leadership positions make us very confident going forward."

TWO EXECUTIVE VICE PRESIDENTS IN CHARGE OF OPERATIONS



PIERRE CHANOINE

is responsible for the High Performance Materials business segment and the Fluorochemicals and Hydrogen Peroxide business units.

"2013 was the first time we set our sights on the Middle East, a region where we have lots of great things ahead of us."



MARC SCHULLER

heads the Coating Solutions business segment and the Thiochemicals and PMMA business units and oversees the global procurement of energy and feedstock.

"The acquisition of Jurong for acrylics in China kept us quite busy in 2013 — it's a major step in our growth strategy in that region and sector."

FOUR EXECUTIVE VICE PRESIDENTS WITH FUNCTIONAL RESPONSIBILITIES



LUC BENOIT-CATTIN

Executive Vice President, Industry, oversees industrial safety, the environment, sustainable development, technology, logistics, quality, and purchasing of goods and services.

"Manufacturing excellence is critical to our future performance. Being demanding about it makes us competitive and efficient in the areas of safety and the environment."



MICHEL DELABORDE

is Executive Vice President, Human Resources & Corporate Communication.

"Innovation plus plans plus initiatives was the winning formula for Arkema's people in 2013."



BERNARD BOYER

Executive Vice President, Strategy, oversees planning, economic studies, acquisitions and divestments, internal auditing, insurance and risk management.

"In 2013, we scaled up capital spending to secure our future in promising markets and fast-growing regions."



THIERRY LEMONNIER

Chief Financial Officer, has oversight for accounting, financial control, cash management, legal affairs, tax, investor relations and IT systems.

"Because we have the financial flexibility required for our future developments, we will continue to keep an eye out for targeted and high-value-added acquisition opportunities."

2013 FINANCIAL PERFORMANCE

A solid performance in a mixed business environment that was less favorable than in 2012.

EBITDA

€902 million

- Down 7% at constant scope of business and exchange rate
- Decrease of EBITDA limited to a few specific sectors: oil and gas and photovoltaics in High Performance Materials, fluorogases and PMMA in Europe
- Other product lines up overall

NET DEBT

€923 million

- Gearing stable at 39%, in line with Arkema's target of 40% or less
- 1x EBITDA

EBITDA MARGIN

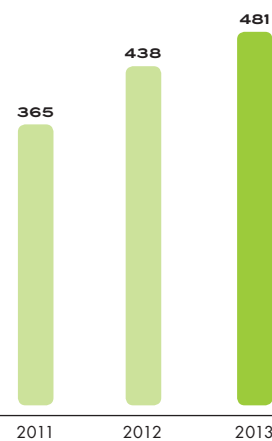
14.8%

Solid EBITDA margin, confirming the quality of our business portfolio.

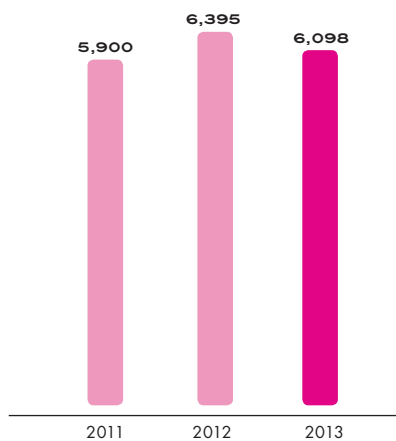
NET INCOME – GROUP SHARE

€168 million

CAPITAL EXPENDITURE (in millions of euros)

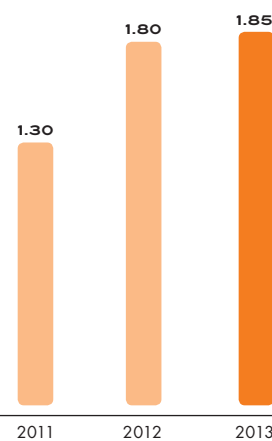


SALES (in millions of euros)



Sales nearing 2012's at constant scope of business and exchange rate

DIVIDEND (in euros per share)



¹ Dividend proposed to the Annual Shareholder's Meeting on May 15, 2014

KEY FIGURES BY BUSINESS SEGMENT

HIGH PERFORMANCE MATERIALS

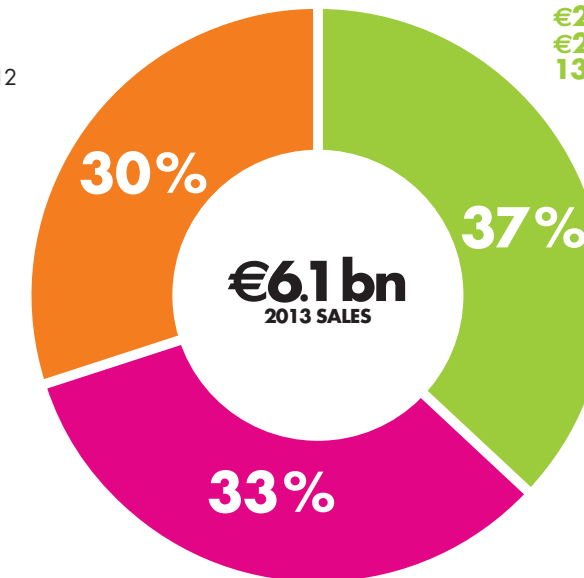
A contrasted year with a sharp improvement in Q4

€1,842 million sales
€316 million EBITDA
17.2% EBITDA margin, stable vs 2012

COATING SOLUTIONS

Higher volumes and a solid performance

€2,224 million sales
€292 million EBITDA
13.1% EBITDA margin, up from 2012



INDUSTRIAL SPECIALTIES

Performance that varied by product line

€1,993 million sales
€340 million EBITDA
17.1% EBITDA margin, in line with the 2016 target

KEY INDICATORS

In millions of euros unless otherwise indicated

	2013	2012	2011
Sales	6,098	6,395	5,900
EBITDA	902	996	1,034
EBITDA margin (in %)	14.8	15.6	17.5
Depreciation and amortization	(314)	(318)	(272)
Recurring operating income	588	678	762
Operating income	383	651	717
Net income – Group share	168	220	(19)
Earnings per share (in euros) from continuing operations	2.68	6.75	9.22
Adjusted net income per share ¹ (in euros)	5.87	7.09	9.31
Shareholders' equity	2,349	2,311	2,217
Net debt	923	900	603
Gearing (in %)	39	39	27
Capital employed	4,070	4,039	3,653
Working capital to sales ratio ² (in %)	14.9	15.2	15.0
Net provisions ³	698	774	686
Cash flow from operating activities	467	499	543
Cash flow from investing activities	(389)	(754)	(942)
Cash flow from financing activities	(60)	355	131

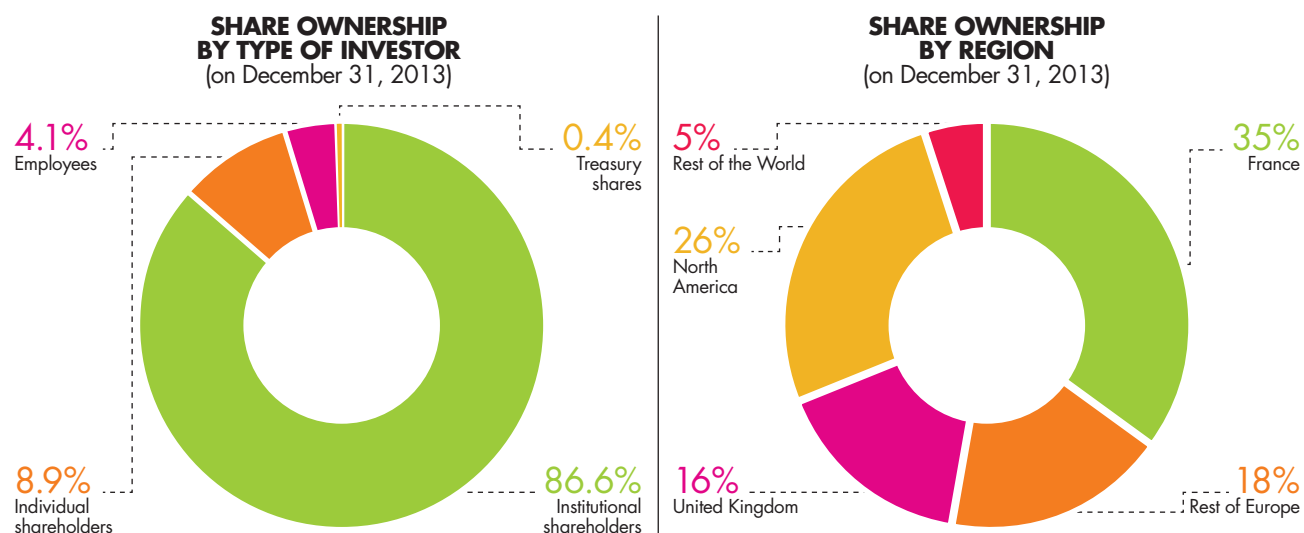
¹ In 2011 and 2012, net income from continuing operations

² In 2011, working capital/pro forma sales

³ Net provisions for non-current assets

INVESTOR RELATIONS AND SHAREHOLDERS

Arkema is committed to close, transparent relations with investors and shareholders, holding many meetings throughout the year.



INVESTOR RELATIONS AWARDS

Arkema won several awards in 2013 for the investor relations initiatives and the involvement of senior executives.

Thierry Le Hénaff, Chairman and CEO, won the 2013 award for Best Investor Relations by a CEO, small and mid-cap companies. *Investor Relations Magazine*, a leading publication in the field of investor relations, presented it to him at its Investor Relations Magazine Awards recognizing the efforts of companies to explain their business and performance.

Arkema also took second place for "Best Investor Relations, All Categories" in the *Forum Relations Investisseurs & Communication financière* awards, which recognize best practices in investor relations. The competition is sponsored by SFAF, the French Society of Financial Analysts; Cliff, the French Association of Financial

Communications Professionals; NYSE Euronext; MiddleNext, the independent French association representing listed SMEs and mid-caps; AFG, the French Asset Management Association; and IFA, the French Institute of Directors.

IN CONSTANT TOUCH WITH INSTITUTIONAL INVESTORS

Arkema maintains active, regular dialogue with institutional investors and financial analysts, through roadshows and conferences in particular. The purpose of such meetings is to inform the market about results and main transactions of the Group and to improve understanding of its activities, its strategy and its outlook. In 2013, we held roughly 500 meetings and participated in ten conferences in Paris, London, San Francisco, Frankfurt, Venice and Lyon.

MEETINGS WITH INDIVIDUAL SHAREHOLDERS

Outside the Annual Shareholders' Meeting, Arkema meets regularly with its individual shareholders and use these key opportunities to talk about activities and outlook of the Group.

In 2013, Arkema attended shareholder meetings in Bordeaux, Nancy and Lille (France).

In addition, Arkema offers the members of the Shareholders' Club a series of activities throughout the year to familiarize them with the chemical industry, innovation and everyday chemical applications. Presentations, interviews and Shareholder Newsletters are available on Arkema website's Individual Shareholders page (www.finance.arkema.com).

THE ARKEMA SHARE

Arkema's share price has more than tripled in eight years.



ARKEMA SHARE PERFORMANCE IN 2013

Performance since January 1, 2013 (situation at December 31, 2013)	+7%
Price at year-end (in euros)	84.79
Average of last 30 closing prices of year (in euros)	81.30
Highest price of the year (in euros)	87.77
Lowest price of the year (in euros)	63.55

CONTACTS

Individual Shareholders
actionnaires-individuels@arkema.com

N° Vert 0 800 01 00 01
Toll-free number from landlines in France

Investors
investor-relations@arkema.com
+33 (0)1 49 00 74 63

CALENDAR

May 15, 2014:
Annual Shareholders' Meeting

August 1, 2014:
First Half 2014 Results

November 7, 2014:
Third Quarter 2014 Results

WRITE A NEW FUTURE WITH SARTOMER

A unique range of specialty acrylates and methacrylates designed to maximize the performance of your products in applications as diverse as automotive, construction chemicals, adhesives, graphic arts and industrial coatings.

**Specialty acrylates and methacrylates for UV curing
and advanced materials**

**INNOVATIVE PRODUCTS
CUSTOMIZED GRADES
BIOSOURCED MATERIALS**



www.arkema.com

Published by Arkema's External Communications Division.

Consulting, design, editorial support & production: **TERRE DE SIENNE Paris** | www.terredesienne.com

Photo credits: Arkema, Berto Martinez and Agnès Decourchelles at Agent 002, Getty Images, Thinkstock, Shutterstock, Polymem.

As part of Arkema's sustainable development process, the report is printed on paper produced from FSC-certified pulp, reducing pressure on the world's forests. The paper was produced in an ISO 14001-certified paper mill.

The printer is certified as complying with  **IMPRIM'VERT**, the French printing industry's environmental initiative.

www.sartomereurope.com

SARTOMER
ARKEMA GROUP

External Communications

Arkema France

A French *société anonyme*

with a share capital of €270,035,923

Headquarters

420 rue d'Estienne d'Orves

92700 Colombes, France

Registered in the Nanterre (France) Trade and Companies Register
under the number 319 632 790

Corporate Communications, May 2014, 4364E/05.2014/40