

Base Prospectus dated 28 January 2020



(a *société anonyme* incorporated in France)

**€3,500,000,000**

## **Euro Medium Term Note Programme**

Under the Euro Medium Term Note Programme (the “**Programme**”) described in this document (the “**Base Prospectus**”), Arkema (“**Arkema**” or the “**Issuer**”), subject to compliance with all relevant laws, regulations and directives, may from time to time issue Euro Medium Term Notes (the “**Notes**”). The aggregate nominal amount of Notes outstanding will not at any time exceed €3,500,000,000 (or the equivalent in other currencies) and may be denominated in certain currencies. The Notes will be issued in such denomination(s) as may be agreed between the Issuer and the relevant Dealer and as specified in the relevant Final Terms save that the minimum denomination of each Note listed and admitted to trading on a Regulated Market in a Member State of the European Economic Area in circumstances which require the publication of a Base Prospectus under the Regulation (EU) 2017/1129 (the “**Prospectus Regulation**”) (given that any exemption regime, as set out in the Prospectus Regulation, could apply in contemplation of the relevant issue) will be at least €100,000 (or the equivalent amount in any other currency).

This Base Prospectus supersedes and replaces the Base Prospectus dated 12 December 2018 and shall be in force for a period of one year as of the date set out hereunder. The obligation to supplement this Base Prospectus in the event of a significant new factor, material mistake or material inaccuracy does not apply when this Base Prospectus is no longer valid.

This Base Prospectus has been approved by the *Autorité des marchés financiers* (the “**AMF**”) in France in its capacity as competent authority under the Prospectus Regulation. The AMF only approves this Base Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of either the Issuer or the quality of the Notes that are the subject of this Base Prospectus and investors should make their own assessment as to the suitability of investing in the Notes.

Application may be made to Euronext Paris for the period of 12 months from the date of the approval of this Base Prospectus by the AMF for Notes issued under the Programme to be listed and admitted to trading on Euronext Paris and/or to the competent authority of any other Member State of the European Economic Area (“**EEA**”) for Notes issued under the Programme to be listed and admitted to trading on a Regulated Market (as defined below) in such Member State. Euronext Paris is a regulated market for the purposes of the Markets in Financial Instruments Directive 2014/65/EU, as amended (a “**Regulated Market**”).

However, Notes that are not listed and admitted to trading on a Regulated Market may also be issued pursuant to the Programme.

The relevant final terms (the “**Final Terms**”) (a form of which is contained herein) in respect of the issue of any Notes will specify whether or not such Notes will be listed and admitted to trading and if so, the relevant Regulated Market in the EEA.

Notes may be issued either in dematerialised form (“**Dematerialised Notes**”) or in materialised form (“**Materialised Notes**”), as more fully described herein.

Dematerialised Notes may, at the option of the Issuer, be (a) in bearer dematerialised form (*au porteur*) inscribed as from the issue date in the books of Euroclear France (“**Euroclear France**”) (acting as central depository) which shall credit the accounts of Account Holders (as defined in “Terms and Conditions of the Notes - Form, Denomination, Title and Redenomination”) including Euroclear Bank SA/NV (“**Euroclear**”) and the depository bank for Clearstream Banking, S.A. (“**Clearstream**”) or (b) in registered dematerialised form (*au nominatif*) and, in such latter case, at the option of the relevant Noteholder (as defined in Condition 1(c)(iv)), in either fully registered form (*au nominatif pur*), in which case they will be inscribed either with the Issuer or with the registration agent (designated in the relevant Final Terms) for the Issuer, or in administered registered form (*au nominatif administré*) in which case they will be inscribed in the accounts of the Account Holders designated by the relevant Noteholders.

Dematerialised Notes will at all times be in book entry form in compliance with Articles L.211-3 and R.211-1 of the French *Code monétaire et financier*. No physical documents of title will be issued in respect of the Dematerialised Notes.

Materialised Notes will be in bearer form only and may only be issued outside France. A temporary global certificate in bearer form without interest coupons attached (a “**Temporary Global Certificate**”) will initially be issued in connection with Materialised Notes. Such Temporary Global Certificate will subsequently be exchanged for definitive Materialised Notes in bearer form with, where applicable, coupons for interest and talons attached on or after a date expected to be on or about the 40th day after the issue date of the Notes (subject to postponement as described in “Temporary Global Certificates issued in respect of Materialised Bearer Notes”) upon certification as to non-U.S. beneficial ownership as more fully described herein.

Temporary Global Certificates will (a) in the case of a Tranche (as defined below) intended to be cleared through Euroclear and/or Clearstream, be deposited on the issue date with a common depository on behalf of Euroclear and/or Clearstream and (b) in the case of a Tranche intended to be cleared through a clearing system other than or in addition to Euroclear and/or Clearstream or delivered outside a clearing system, be deposited as agreed between the Issuer and the relevant Dealer(s) (as defined below).

The Issuer’s long term debt is currently rated BBB+ (stable outlook) by Standard & Poor’s Credit Market Services France SAS, (“**S&P**”) and Baa1 (stable outlook) by Moody’s Deutschland GmbH (“**Moody’s**”), each of S&P and Moody’s is established in the European Union and is registered under Regulation (EC) No 1060/2009 (as amended) (the “**CRA Regulation**”). As such, each of S&P and Moody’s is included in the list of credit rating agencies registered in accordance with the CRA Regulation published on the European Securities and Markets Authority’s website ([www.esma.europa.eu/supervision/credit-rating-agencies/risk](http://www.esma.europa.eu/supervision/credit-rating-agencies/risk)) as of the date of this Base Prospectus. Notes to be issued under the Programme may or may not be rated. The rating, if any, will be specified in the relevant Final Terms. Where an issue of Notes is rated, its rating will not necessarily be the same as the rating assigned to the Issuer. The relevant Final Terms will specify whether or not such credit ratings are issued by a credit rating agency established in the European Union and registered under the CRA Regulation. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency.

The final terms of the relevant Notes will be determined at the time of the offering of each Tranche based on the then prevailing market conditions and will be set out in the relevant Final Terms.

This Base Prospectus, any document containing information incorporated by reference in this Base Prospectus, any supplement to this Base Prospectus and the Final Terms related to Notes that are listed and admitted to trading on any Regulated Market in the EEA will be available for viewing on the website of the AMF (excluding the 2019 Half Year Financial Report) ([www.amf-france.org](http://www.amf-france.org)), on the Issuer’s website ([www.arkema.com](http://www.arkema.com)) and may be obtained, during normal business hours at the specified offices of the Fiscal Agent and each of the Paying Agents (as defined herein).

**Prospective investors should carefully review and consider the section of this Base Prospectus entitled “Risk Factors” prior to purchasing any Notes.**

**Arranger**

**NATIXIS**

**Dealers**

**BNP PARIBAS**

**CIC Market Solutions**

**Crédit Agricole CIB**

**SMBC Nikko**

**Citigroup**

**Commerzbank**

**NATIXIS**

**Société Générale Corporate & Investment Banking**

## IMPORTANT NOTICE

*This document constitutes a base prospectus for the purpose of Article 8 of the Prospectus Regulation and for the purpose of giving information with regard to the Issuer, its subsidiaries and its shareholdings taken as a whole (the “Group”) and the Notes which, according to the particular nature of the Issuer and the Notes, contains the necessary information which is material to investors for making an informed assessment of the assets and liabilities, profit and losses, financial position, and prospects of the Issuer, the rights attaching to the Notes and the reason for the issuance and its impact on the Issuer.*

*This Base Prospectus should be read and construed in conjunction with any supplement hereto and with any other documents incorporated by reference (see “Documents Incorporated by Reference”) and, each of which shall be incorporated in, and form part of this Base Prospectus in relation to any Series (as defined herein) of Notes, should be read and construed together with the Base Prospectus and the Final Terms being together, the “Prospectus”.*

*The information on any websites included in this Base Prospectus do not form part of this Base Prospectus unless that information is incorporated by reference into the Base Prospectus. No person has been authorised to give any information or to make any representation other than those contained in this Base Prospectus in connection with the issue or sale of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, or any of the Dealers or the Arranger (each as defined in the “General Description of the Programme”). Neither the delivery of this Base Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer or the Group since the date hereof or the date upon which this Base Prospectus has been most recently amended or supplemented or that there has been no adverse change in the financial position of the Issuer or of the Group since the date hereof or the date upon which this Base Prospectus has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.*

*Each prospective investor of Notes must determine, based on its own independent review and such professional advice as it deems appropriate under the circumstances, that its acquisition of the Notes is fully consistent with its financial needs, objectives and condition, complies and is fully consistent with all investment policies, guidelines and restrictions applicable to it and is a fit, proper and suitable investment for it, notwithstanding the clear and substantial risks inherent in investing in or holding the Notes.*

*A prospective investor may not rely on the Issuer or the Dealer(s) or any of their respective affiliates in connection with its determination as to the legality of its acquisition of the Notes or as to the other matters referred to above.*

*None of the Issuer, the Dealer(s) or any of their respective affiliates has or assumes responsibility for the lawfulness of the acquisition of the Notes by a prospective investor of the Notes, whether under the laws of the jurisdiction of its incorporation or the jurisdiction in which it operates (if different), or for compliance by that prospective investor with any law, regulation or regulatory policy applicable to it.*

*None of the Issuer, the Dealer(s) or any of their respective affiliates makes any representation as to the Inflation Indices (as defined herein). Any of such persons may have acquired, or during the term of the Notes may acquire, non-public information with respect to the Inflation Indices that is or may be material in the context of Inflation Linked Notes. The issue of Inflation Linked Notes will not create any obligation on the part of any such persons to disclose to the Noteholders or any other party such information (whether or not confidential).*

*The distribution of this Base Prospectus and the offering or sale of the Notes in certain jurisdictions may be restricted by law. No Notes may be offered or sold, directly or indirectly, and none of this Base Prospectus, any Final Terms or other offering material may be distributed or published in any jurisdiction, except under*

circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Base Prospectus comes are required by the Issuer, the Dealers and the Arranger to inform themselves about and to observe any such restriction. In particular, there are restrictions on the distribution of this Base Prospectus and the offer or sale of Notes in the United States, the United Kingdom, Japan, France, Hong-Kong, PRC and Singapore. For a description of certain restrictions on offers and sales of Notes and distribution of this Base Prospectus, see “**Subscription and Sale**” below.

**PROHIBITION OF SALES TO EEA AND UK RETAIL INVESTORS** - If the Final Terms in respect of any Notes include a legend entitled “Prohibition of Sales to EEA Retail Investors”, the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“**EEA**”) or in the United Kingdom (“**UK**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**MiFID II**”); or (ii) a customer within the meaning of Directive (EU) 2016/97 (the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the “**PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA or in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIIPs Regulation.

**MIFID II PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ELIGIBLE COUNTERPARTIES ONLY TARGET MARKET** – The Final Terms in respect of any Notes will include a legend entitled “MiFID II product governance” which will outline the target market assessment in respect of the Notes, taking into account the five (5) categories referred to in item 18 of the Guidelines published by the European Securities and Markets Authority (ESMA) on 5 February 2018 which will lead to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently selling or recommending the Notes (a “**distributor**” as defined in MiFID II) should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the Product Governance rules under EU Delegated Directive 2017/593 (the “**MiFID II Product Governance Rules**”), any Dealer subscribing for any Notes is a manufacturer as defined in MiFID II in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID II Product Governance Rules. For the avoidance of doubt, the Issuer is not a MiFID II regulated entity and does not qualify as a distributor or a manufacturer under MiFID II Product Governance Rules.

**SINGAPORE SFA PRODUCT CLASSIFICATION** – In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore (the “**SFA**”) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the “**CMP Regulations 2018**”), unless otherwise specified before an offer of Notes, the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are ‘prescribed capital markets products’ (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Potential purchasers and sellers of the Notes should be aware that they may be required to pay taxes or other charges or duties in accordance with the laws and practices of the country where the Notes are transferred or other jurisdictions. In some jurisdictions, no official statements of the tax authorities or court decisions may be available for financial instruments such as the Notes. Potential investors are advised not to rely upon the tax summary

contained in this Base Prospectus but to ask for their own tax adviser's advice on their individual taxation with respect to the acquisition, holding, sale and redemption of the Notes. Only these advisors are in a position to duly consider the specific situation of the potential investor.

A number of Member States of the European Union are currently negotiating to introduce a financial transactions tax ("**FTT**") in the scope of which transactions in the Notes may fall. The scope of any such tax is still uncertain as well as any potential timing of implementation. If the currently discussed text or any similar tax is adopted, transactions in the Notes would be subject to higher costs, and the liquidity of the market for the Notes may be diminished. Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

A rating assigned to the Notes by any rating agency is based on the Issuer's financial situation, but takes into account other relevant structural features of the transaction, including, inter alia, the terms of the Notes, and reflects only the views of the rating agency. The rating may not reflect the potential impact of all risks related to structure, market, additional factors discussed in this paragraph, and other factors that may affect the value of the Notes. The rating addresses the likelihood of full and timely payment to the Noteholders of all payments of interest on each interest payment date and repayment of principal on the final payment date. There is no assurance that any such rating will continue for any period of time or that they will not be reviewed, revised, suspended or withdrawn entirely by the rating agency as a result of changes in or unavailability of information or if, in the rating agency's judgement, circumstances so warrant. A credit rating and/or a corporate rating are not a recommendation to buy, sell or hold securities. Any adverse change in an applicable credit rating could adversely affect the trading price for the Notes.

This Base Prospectus does not constitute an offer of, or an invitation by or on behalf of the Issuer, the Dealers or the Arranger to subscribe for, or purchase, any Notes.

To the fullest extent permitted by law, none of the Dealers or the Arranger accept any responsibility for the contents of this Base Prospectus or for any other statement, made or purported to be made by the Arranger or a Dealer or on its behalf in connection with the Issuer or the issue and offering of the Notes. The Arranger and each Dealer accordingly disclaims all and any liability whether arising in tort or contract or otherwise which it might otherwise have in respect of this Base Prospectus or any such statement. Neither this Base Prospectus nor any other information incorporated by reference in this Base Prospectus is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuer, the Arranger or the Dealers that any recipient of this Base Prospectus or any other information incorporated by reference should purchase the Notes. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Base Prospectus and its purchase of Notes should be based upon such investigation as it deems necessary. None of the Dealers or the Arranger undertakes to review the financial condition or affairs of the Issuer or the Group during the life of the arrangements contemplated by this Base Prospectus nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Dealers or the Arranger.

## TABLE OF CONTENTS

	<b>Page</b>
IMPORTANT NOTICE.....	2
GENERAL DESCRIPTION OF THE PROGRAMME.....	6
RISK FACTORS.....	14
DOCUMENTS INCORPORATED BY REFERENCE.....	45
SUPPLEMENT TO THE BASE PROSPECTUS.....	51
TERMS AND CONDITIONS OF THE NOTES.....	52
TEMPORARY GLOBAL CERTIFICATES ISSUED IN RESPECT OF MATERIALISED BEARER NOTES .....	98
USE OF PROCEEDS.....	100
DESCRIPTION OF ARKEMA.....	101
RECENT DEVELOPMENTS.....	102
SUBSCRIPTION AND SALE.....	122
FORM OF FINAL TERMS.....	127
GENERAL INFORMATION.....	142
PERSONS RESPONSIBLE FOR THE INFORMATION GIVEN IN THE BASE PROSPECTUS.....	147

## GENERAL DESCRIPTION OF THE PROGRAMME

The following overview is qualified in its entirety by the remainder of this Base Prospectus.

All capitalised terms used and not defined in this section are defined in the Conditions.

<b>Issuer</b>	Arkema
<b>Legal Entity Identifier (LEI) of the Issuer</b>	9695000EHMS84KKP2785
<b>Website of the Issuer</b>	www.arkema.com
<b>Description</b>	Euro Medium Term Note Programme for the continuous offer of Notes (the “ <b>Programme</b> ”).
<b>Arranger</b>	NATIXIS
<b>Dealers</b>	BNP Paribas Citigroup Global Markets Europe AG Citigroup Global Markets Limited Commerzbank Aktiengesellschaft Crédit Agricole Corporate and Investment Bank Crédit Industriel et Commercial S.A. NATIXIS SMBC Nikko Capital Markets Europe GmbH SMBC Nikko Capital Markets Limited Société Générale
	The Issuer may from time to time terminate the appointment of any dealer under the Programme or appoint additional dealers either in respect of one or more Tranches or in respect of the whole Programme. References in this Base Prospectus to “ <b>Permanent Dealers</b> ” are to the persons listed above as Dealers and to such additional persons that are appointed as dealers in respect of the whole Programme (and whose appointment has not been terminated) and to “ <b>Dealers</b> ” are to all Permanent Dealers and all persons appointed as a dealer in respect of one or more Tranches.
<b>Programme Limit</b>	Up to €3,500,000,000 (or the equivalent in other currencies) aggregate nominal amount of Notes outstanding at any one time.  The maximum aggregate principal amount of Notes which may be outstanding under the Programme may be increased from time to time, subject to compliance with the relevant provisions of the Amended and Restated Dealer Agreement.
<b>Fiscal Agent, Paying Agent, Redenomination Agent, Consolidation Agent and Calculation Agent</b>	Société Générale.
<b>Method of Issue</b>	The Notes will be issued on a syndicated or non-syndicated basis. The Notes will be issued in series (each a “ <b>Series</b> ”).

having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest), the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may be issued in tranches (each a “**Tranche**”) on the same or different issue dates. The specific terms of each Tranche will be set out in a final terms to this Base Prospectus (the “**Final Terms**”).

**Maturities**

Unless previously redeemed, purchased and cancelled as provided below, each Note shall be finally redeemed on the maturity date specified in the relevant Final Terms (the “**Maturity Date**”).

**Currencies**

Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in Euro, U.S. dollars, Japanese yen, Swiss francs, Sterling, RMB and in any other currency agreed between the Issuer and the relevant Dealers.

**Denomination(s)**

The Notes will be issued in such denomination(s) as may be agreed between the Issuer and the relevant Dealer and as specified in the relevant Final Terms save that the minimum denomination of each Note listed and admitted to trading on a Regulated Market in a Member State of the European Economic Area (“**EEA**”) in circumstances which require the publication of a prospectus under the Prospectus Regulation will be €100,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency at the issue date).

Unless otherwise permitted by then current laws and regulations, Notes (including Notes denominated in Sterling) having a maturity of less than one year from their date of issue will constitute deposits for the purposes of the prohibition on accepting deposits contained in section 19 of the United Kingdom Financial Services and Markets Act 2000, as amended (“**FSMA**”) unless they are issued to a limited class of professional investors and have a denomination of at least £100,000 or its equivalent.

Dematerialised Notes will be issued in one denomination only.

**Status of the Notes**

The Notes will constitute direct, unconditional, unsubordinated and (subject to the provisions of Condition 4) unsecured obligations of the Issuer and rank and will at all times rank *pari passu* and without any preference among themselves and (subject to such exceptions as are from time to time mandatory under French law) equally and rateably with all other present or future unsecured and unsubordinated obligations of the Issuer, from time to time outstanding.

**Negative Pledge**

There will be a negative pledge in respect of the Notes as set out in Condition 4. See “*Terms and Conditions of the Notes* -

*Negative Pledge*".

**Events of Default  
(including cross default)**

There will be events of default and a cross-default in respect of the Notes as set out in Condition 9. See "*Terms and Conditions of the Notes - Events of Default*".

**Redemption**

The relevant Final Terms will specify the basis for calculating the redemption amounts payable. Unless permitted by then current laws and regulations, Notes (including Notes denominated in sterling) having a maturity of less than one year from the date of issue and in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the FSMA must have a minimum redemption amount of £100,000 (or its equivalent in other currencies).

**Optional Redemption**

The Final Terms issued in respect of each issue of Notes will state whether such Notes may be redeemed prior to their stated maturity at the option of the Issuer (either in whole or in part) and/or the Noteholders and, if so, the terms applicable to such redemption.

**Redemption by Instalments**

The Final Terms issued in respect of each issue of Notes that are redeemable in two or more instalments will set out the dates on which, and the amounts in which, such Notes may be redeemed.

**Early Redemption**

Except as provided in "Optional Redemption" above, "Residual Call Option", "Make-Whole Redemption by the Issuer", "Clean-Up Call Option" and "Acquisition Event Call Option" below, Notes will be redeemable at the option of the Issuer prior to maturity only for tax reasons.

**Redemption at the option of  
Noteholders following a Change of  
Control**

If a Change of Control Put Option is specified in the relevant Final Terms, and if, at any time while any Note remains outstanding, there occurs a Change of Control and within the Change of Control Period, a Rating Downgrade occurs or has occurred as a result of such Change of Control, the Noteholders will be entitled to request the Issuer to redeem the Notes, or, at the Issuer's option, procure the purchase of their Notes. See "Terms and Conditions of the Notes - Redemption, Purchase and Options".

**Residual Call Option**

If so specified in the relevant Final Terms, in respect of any issue of Notes, the Issuer will have the option to redeem the Notes, in whole or in part, at par together with interest accrued to, but excluding, the date fixed for redemption, at any time as from the Call Option Date which shall be no earlier than 3 months before the Maturity Date, until the Maturity Date.

**Make-Whole Redemption by the  
Issuer**

If so specified in the relevant Final Terms, in respect of any issue of Notes, the Issuer will have the option to redeem the Notes, in whole or in part, at any time or from time to time, prior to their Maturity Date at their Optional Redemption



Amount. The Optional Redemption Amount will be calculated by the Calculation Agent and will be the greater of (x) 100 per cent. of the nominal amount of the Notes so redeemed and, (y) the sum of the then present values of the remaining scheduled payments of principal and interest on such Notes (not including any interest accrued on the Notes to, but excluding, the relevant Optional Redemption Date) discounted to the relevant Optional Redemption Date on an annual basis at the Redemption Rate plus a Redemption Margin (as specified in the relevant Final Terms), plus in each case (x) or (y) above, any interest accrued on the Notes to, but excluding, the Optional Redemption Date.

If a Residual Call Option is specified in the relevant Final Terms, the Optional Redemption Amount in respect of the Make-Whole Redemption by the Issuer will be calculated taking into account the Call Option Date (as specified in the relevant Final Terms) pursuant to Condition 6(c) above and not the Maturity Date.

**Clean-Up Call Option**

Unless otherwise specified in the relevant Final Terms, if at least 75 per cent. of the initial aggregate nominal amount of Notes of the same Series have been redeemed or purchased and, in each case, cancelled, the Issuer may, at its option, redeem the Notes in whole but not in part at their Clean-Up Redemption Amount together with any interest accrued to the date set for redemption (as specified in the relevant Final Terms).

**Acquisition Event Call Option**

If specified in the relevant Final Terms and if an Acquisition Event occurs, the Issuer may redeem the Notes, in whole or in part or, if so specified in the relevant Final Terms, in whole only, as described in Condition 6(l) (*Redemption on Acquisition Event*).

**Put Option**

If so specified in the relevant Final Terms, the Issuer shall, upon request of the Noteholder, redeem such Note on the Optional Redemption Date at the Optional Redemption Amount together with interest accrued to the date fixed for redemption.

**Taxation in respect of the Notes**

All payments of principal, interest and other revenues by or on behalf of the Issuer in respect of the Notes will be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied or collected by or on behalf of France or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law.

If such a withholding or deduction is required, the Issuer will have to gross-up its payments to the fullest extent then permitted by law and subject to certain exceptions.

Notes, Receipts, Coupons or Talons could be made subject to any withholding or deduction required pursuant to FATCA. There will be no grossing up provision and, accordingly, no

early redemption whatsoever in case of any withholding or deduction required pursuant to FATCA.

See “*Taxation*”.

#### **Interest Periods and Interest Rates**

The length of the interest periods for the Notes and the applicable interest rate or its method of calculation may differ from time to time or be constant for any Series. Notes may have a maximum interest rate, a minimum interest rate, or both. The use of interest accrual periods permits the Notes to bear interest at different rates in the same interest period. All such information will be set out in the relevant Final Terms.

#### **Interest Rate Adjustment**

If so specified in the relevant Final Terms, the rate of interest to be paid with respect of the Notes may be subject to adjustments on the occurrence of certain ratings triggers.

#### **Fixed Rate Notes**

Fixed interest will be payable in arrears on the date or dates in each year specified in the relevant Final Terms.

#### **Floating Rate Notes**

Floating Rate Notes will bear interest determined separately for each Series as follows:

- (i) on the same basis as the floating rate under the June 2013/2007 *Fédération Bancaire Française* Master Agreement relating to transactions on forward financial instruments and the technical schedules (*additifs techniques*) published from time to time by the *Fédération Bancaire Française*; or
- (ii) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions as published by the International Swaps and Derivatives Association, Inc.; or
- (iii) (by reference to LIBOR, EURIBOR or CMS Rate (or such other benchmark as may be specified in the relevant Final Terms), in each case as adjusted for any applicable margin. Interest periods will be specified in the relevant Final Terms.

Floating Rate Notes may also have a maximum interest rate, a minimum interest rate or both.

In no event shall the applicable rate of interest (including, for the sake of clarity, any applicable margin) be less than zero.

In the event where the benchmark used to calculate the interest payable is discontinued, the Conditions of the Notes provide a methodology to determine the successor or alternative rates.

#### **Fixed/Floating Rate Notes**

Fixed/Floating Rate Notes may bear interest at a rate that will automatically, or that the Issuer may elect to, convert on the date set out in the Final Terms from a fixed rate to a floating rate, or from a floating rate to a fixed rate.

## **Zero Coupon Notes**

Zero Coupon Notes may be issued at their nominal amount or at a discount to it and will not bear interest.

## **Inflation Linked Notes**

Inflation Linked Notes may be issued by the Issuer where the interest and/or the principal in respect of such Notes will be calculated by reference to an inflation index ratio derived from either:

- (i) the consumer price index (excluding tobacco) for all households in metropolitan France, as calculated and published monthly by the *Institut National de la Statistique et des Etudes Economiques*; or
- (ii) the harmonised index of consumer prices excluding tobacco, or the relevant substitute index, measuring the rate of inflation in the European Monetary Union excluding tobacco as calculated and published monthly by Eurostat.

Inflation Linked Notes may also have a maximum interest rate, a minimum interest rate or both.

In no event shall the applicable rate of interest (including, for the sake of clarity, any applicable margin) be less than zero.

If the Final Redemption Amount calculated as set out in Condition 6(h) is below par, the Notes will be redeemed at par.

## **Redenomination**

Notes issued in the currency of any Member State of the EU which will participate in the single currency of the Economic and Monetary Union may be redenominated into Euro, all as more fully provided in “*Terms and Conditions of the Notes - Form, Denominations, Title and Redenomination*”.

## **Consolidation**

Notes of one Series may be consolidated with Notes of another Series as more fully provided in “*Terms and Conditions of the Notes - Further Issues and Consolidation*”.

## **Form of Notes**

Notes may be issued in either dematerialised form (“**Dematerialised Notes**”) or in materialised form (“**Materialised Notes**”).

Dematerialised Notes may, at the option of the Issuer be issued in bearer dematerialised form (*au porteur*) or in registered dematerialised form (*au nominatif*) and, in such latter case, at the option of the relevant Noteholder, in either *au nominatif pur* or *au nominatif administré* form.

No physical documents of title will be issued in respect of Dematerialised Notes. See “*Terms and Conditions of the Notes - Form, Denominations, Title and Redenomination*”.

The relevant Final Terms will specify whether Dematerialised Notes are to be issued in bearer form only, in registered (including both *nominatif pur* and *nominatif administré*) form only or in both bearer and registered form.

Materialised Notes will be in bearer form (“**Materialised**

	<b>Bearer Notes</b> ) only. A Temporary Global Certificate will be issued initially in respect of each Tranche of Materialised Bearer Notes. Materialised Notes may only be issued outside France.
<b>Governing Law</b>	French law.
<b>Central Depository</b>	Euroclear France in relation to Dematerialised Notes.
<b>Clearing Systems</b>	Clearstream, Euroclear or any other clearing system (provided proper clearing and settlement procedures have previously been put in place) that may be agreed between the Issuer, the Fiscal Agent and the relevant Dealer in relation to Materialised Notes.
<b>Initial Delivery of Dematerialised Notes</b>	One Paris business day before the issue date of each Tranche of Dematerialised Notes, the <i>Lettre Comptable</i> relating to such Tranche shall be deposited with Euroclear France as central depository.
<b>Initial Delivery of Materialised Notes</b>	On or before the issue date for each Tranche of Materialised Bearer Notes, the Temporary Global Certificate issued in respect of such Tranche shall be deposited with a common depository for Euroclear and Clearstream or with any other clearing system or may be delivered outside any clearing system provided that the method of such delivery has been agreed in advance by the Issuer, the Fiscal Agent and the relevant Dealer.
<b>Issue Price</b>	Notes may be issued at their nominal amount or at a discount or premium to their nominal amount.
<b>Listing and Admission to Trading</b>	Euronext Paris or as otherwise specified in the relevant Final Terms. A Series of Notes may or may not be listed and admitted to trading.
<b>Method of Publication of this Base Prospectus and the Final Terms</b>	This Base Prospectus, any supplement to this Base Prospectus and the Final Terms related to the Notes listed and admitted to trading on any Regulated Market in the EEA will be published on the websites of the Issuer ( <a href="http://www.arkema.com">www.arkema.com</a> ) and of the AMF ( <a href="http://www.amf-france.org/">http://www.amf-france.org/</a> ). The Final Terms will indicate where the Base Prospectus may be obtained.
<b>Representation of the Noteholders</b>	<p>Noteholders will, in respect of all Tranches in any Series, be grouped automatically for the defence of their common interests in a <i>masse</i> (in each case, the “<b>Masse</b>”).</p> <p>The <i>Masse</i> will act in part through a representative (the “<b>Representative</b>”) and in part through collective decisions of the Noteholders. The names and addresses of the Representative will be set out in the relevant Final Terms.</p> <p>The Representative appointed in respect of the first Tranche of any Series of the Notes will be the representative of the single <i>Masse</i> of all Tranches in such Series.</p>
<b>Selling Restrictions</b>	There are restrictions on the sale of Notes and the distribution of offering material in various jurisdictions. See “ <i>Subscription</i> ”

*and Sale*".

The Notes to be issued qualify under Category 2 for the purposes of Regulation S under the Securities Act.

Materialised Notes will be issued in compliance with US Treas. Reg. §1.163-5(c)(2)(i)(D) (the "**D Rules**") (or any successor rules in substantially the same form that are applicable for purposes of Section 4701 of the U.S. Internal Revenue Code of 1986, as amended (the "**U.S. Internal Revenue Code**")) unless the relevant Final Terms states that such Materialised Notes are issued in compliance with US Treas. Reg. §1.163-5(c)(2)(i)(C) (or any successor rules in substantially the same form that are applicable for purposes of Section 4701 of the U.S. Internal Revenue Code) (the "**C Rules**"), or (ii) such Materialised Notes are issued other than in compliance with the D Rules or the C Rules but in circumstances in which the Notes will not constitute "registration required obligations" under the United States Tax Equity and Fiscal Responsibility Act of 1982 ("**TEFRA**"), which circumstance will be referred to in the relevant Final Terms as a transaction to which TEFRA is not applicable.

The TEFRA rules do not apply to any Dematerialised Notes.

## **Ratings**

The Issuer's long term debt is currently rated BBB+ (stable outlook) by Standard & Poor's Credit Market Services France SAS ("**S&P**") and Baa1 (stable outlook) by Moody's Deutschland GmbH ("**Moody's**"), each of S&P and Moody's is established in the European Union and is registered under Regulation (EC) No 1060/2009 (as amended) (the "**CRA Regulation**"). As such, each of S&P and Moody's is included in the list of credit rating agencies registered in accordance with the CRA Regulation published on the European Securities and Markets Authority's website [www.esma.europa.eu/supervision/credit-rating-agencies/risk](http://www.esma.europa.eu/supervision/credit-rating-agencies/risk) as of the date of this Base Prospectus. Notes to be issued under the Programme may or may not be rated. The rating, if any, will be specified in the relevant Final Terms. Where an issue of Notes is rated, its rating will not necessarily be the same as the rating assigned to the Issuer. The relevant Final Terms will specify whether or not such credit ratings are issued by a credit rating agency established in the European Union and registered under the CRA Regulation. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency.

## **RISK FACTORS**

*The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Notes issued under the Programme. All of these factors are contingencies which may or may not occur. The risk factors may relate to the Issuer or any of its subsidiaries.*

*In addition, factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.*

*The Issuer believes that the factors described below represent the main risks inherent in investing in Notes issued under the Programme, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons and the Issuer does not represent that the statements below regarding the risks of holding any Notes are exhaustive. The risks described below are not the only risks the Issuer faces.*

*Additional risks and uncertainties not currently known to the Issuer or that are currently believed to be immaterial could also have a material impact on its business operations. Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus and in any documents incorporated by reference and reach their own views prior to making any investment decision. In particular, investors should make their own assessment as to the risks associated with the Notes prior to investing in Notes issued under the Programme.*

*All capitalised terms used and not defined in this section are defined in the Conditions.*

### **Risk Factors relating to the Issuer**

#### **1 RISK FACTORS RELATING TO THE ISSUER**

Arkema carries out its business activities in a rapidly changing environment which creates various risks that may be beyond its control. The items described below constitute the main risks and uncertainties to which Arkema considers itself to be exposed at the date of this document. The occurrence of one or more of these risks could have a material adverse impact on the Group's business activities, financial position, results or future prospects, as well as on its image and reputation.

The means implemented by Arkema to identify, assess and manage risks, and in particular the set up and regular updating of its risk mapping, are described in this section and section 2.2 of the 2018 Registration Document.

At the date of this document, the main risks identified have been categorized as follows, after taking into account the probability of their occurrence and the estimated severity of their unfavorable impact:

- industrial risks;
- risks relating to compliance, societal expectations, internal control and legal proceedings;
- operational risks;
- project and innovation risks;
- economic and business risks; and
- financial risks.

In accordance with Regulation (EU) No 2017/1129 of the European Parliament and of the Council of 14 June 2017 known as "Prospectus 3" and the ESMA Guidelines published in October 2019, within each category, risks are prioritized. They are ranked in decreasing order of importance, as of the date of this document,

according to their negative impact and their probability of occurrence, after taking into account the measures implemented by Arkema in terms of risk management. Each risk mentioned is directly and clearly related to the Group and its business. However, this list is not exhaustive and other risks of which Arkema is currently unaware or that it deems not to be significant at the date of this document could also occur and adversely affect its business activities, financial position, results or future prospects, as well as its image and reputation. In addition, Arkema's assessment of the order of importance of risks may be modified at any time, in particular due to external developments or changes in the Group's business.

## **1.1 Industrial risks**

Arkema's business activities are subject to frequently changing international and national laws and regulations in the areas of environmental protection, health and safety. These laws and regulations impose increasingly strict obligations, particularly concerning industrial safety, emissions or discharges to air, water or land of toxic or hazardous substances, use of resources, labeling, traceability, handling, transportation, storage and disposal of toxic or hazardous substances and exposure thereto, the clean-up of industrial sites, and soil and groundwater remediation.

The industrial risks described below are considered in view of the potential impact they could have both on Arkema and on the environment and stakeholders (customers, suppliers and local residents in particular).

### **1.1.1 Accidents at sites, external storage or warehouse facilities or during transportation**

Because of the very nature of the Group's operations and the level of hazard, toxicity or flammability of certain raw materials, finished products and production or supply processes, different kinds of accidents (such as explosions, fires and pollution) may occur at Arkema's facilities, at storage and warehouse facilities used by Arkema or during the transportation of various products and raw materials by road, rail, sea or air.

In particular, Arkema operates many industrial facilities, including 35 "Seveso" classified sites in Europe (as defined by the 2012/18/EU directive of the European Parliament and Council dated 4 July 2012 on the control of hazards linked to major accidents involving dangerous substances) i.e.: more than half of the 60 sites of the Group located in Europe. Outside Europe, the Group operates facilities with similar classifications, including 22 in the United States, in which hazardous substances are used, manufactured or stored, that may present significant risks to the health or safety of neighboring communities and to the environment. Such classified sites represent approximately 69 % of Arkema sales in 2018.

Arkema also owns or uses, like other chemical companies, a limited number of pipelines to transport hazardous chemical products.

At last, Arkema may suffer the consequences of possible malicious acts against its facilities or equipment, in particular those manufacturing dangerous products and/or those classified as "Seveso".

Any accident, regardless of whether it occurs at one of the Group's production sites or during the transportation or use of products manufactured by Arkema, may adversely affect the operation of certain units at its industrial sites or cause delays in production, thus leading to commercial issues which could lead to significant losses in turnover and results for the concerned activities and may incur significant costs due in particular to administrative authorisations or insurance deductibles and damage not covered by insurance policies. Arkema could also be held liable (i) following injury or damage to property or people, notably due to exposure to hazardous substances being used, produced or destroyed by Arkema or present on its sites, or (ii) for having caused damage to natural resources. In addition,

any accident may give rise to compensation claims on grounds of contractual liability (in particular in its role as the shipper, in the case of transportation), tort liability or, as appropriate, product liability.

#### *Risk management*

In order to best prevent the risk of accidents, the Group defines scenarios that enable it to assess and anticipate the consequences of various events such as the potential consequences of climate change, which may result in an increase in the frequency and intensity of certain weather events (storms, flooding, droughts).

As part of its preventive measures, all Arkema facilities and activities worldwide are covered by a Group-wide safety management program adapted to the risks that each may face, the details of which are set out in section 4.3 of the 2018 Registration Document.

In addition, in order to minimize the risk of accidents related to transportation and storage, Arkema endeavours to:

- use transportation means that are deemed less dangerous (barge, pipeline, road-rail or rail), when technical and financial conditions allow it;
- as far as possible, strictly select suppliers based on the Warehouse Safety and Quality Assessment System (SQAS) which was established under the aegis of the European Chemical Industry Council (CEFIC) by a consortium of European chemical manufacturers and which also covers the Middle East and Asia, and the Chemical Distribution Institute – Terminals (CDI-T) scheme at the global level;
- assess the quality and safety performance of the carriers used;
- ensure regular maintenance of the transportation equipment that it owns, hires or leases (freight cars, ISO containers, tankers and pipelines);
- carry out systemic risk assessment studies when a modal shift is required;
- implement a variety of operational risk assessment measures, including vetting bulk charter vessels and having the transportation safety management system maintained by the Transportation Safety team, which reports to the Group Safety and Environment department; and
- conduct storage audits prior to signing contracts – repeated every three years for warehouse facilities housing hazardous materials – under the responsibility of the relevant business management.

For pipelines, Arkema notably carries out hazard studies and develops compensatory measures to minimize risks where necessary, defines monitoring and response plans, and carries out drills with the emergency services.

Security directives are regularly updated in line with recommendations from the public authorities in order to strengthen the security of the Group's industrial facilities. In France, the Group's upper-tier Seveso sites have undergone and are regularly subject to security audits by the public authorities, with no evidence found of significant deviations from required standards. The audits led to minor adjustments being made where necessary. In addition, Arkema has raised security levels at its industrial facilities and R&D centers since 2015 in response to terrorist attacks in France, Germany, the United Kingdom and elsewhere. In particular, additional security measures have also been taken in response to malicious acts at other industrial companies in France.



Furthermore, in order to effectively manage potentially critical situations on Group sites and during transportation, Arkema has defined crisis management procedures for its various plants based on the Group's Crisis Management directive. A year-round on-call system enables the Group to supervise any crisis that may occur by setting up a dedicated crisis management team. The Group also regularly offers training courses in "Crisis management and communication" and conducts simulations of crises and of setting-up of crisis management teams.

### **1.1.2 Exposure to chemical products**

Arkema has used toxic or hazardous substances to manufacture its products in the past and continues to do so. Current and former employees of Arkema and, in some cases, employees of external companies and service providers, Arkema customers and people living near Arkema's industrial sites may have been exposed or may still be exposed to these substances (ingestion, inhalation, skin contact, etc.) and, as a result, may have developed or may develop specific illnesses from such exposure. In addition, for certain substances currently regarded as risk-free, chronic toxicity, even at very low concentrations or exposures, could be discovered in the future. In 2018, 66 occupational illnesses were reported Group-wide, of which 20 were related to exposure to asbestos and 32 to exposure to chemicals. These figures include illnesses not yet included in the tables listing occupational illnesses. In France, four Group sites have been included by ministerial decree on a list of sites whose current employees would be entitled to the early retirement provisions for asbestos workers. For more details, see paragraph 4.3.2.2.4 of the 2018 Registration Document. At last, some of the Group's products can be used directly or indirectly in sensitive applications such as medical and food applications.

In the event that specific pathologies related to substances used by the Group or present in products it markets would be recognized, the Group cannot exclude that its liability may be sought.

#### *Risk management*

Through product stewardship, Arkema ensures that its products do not compromise health or safety. These aspects are taken into account during the product design stage. Regulatory compliance plays a key role in ensuring product safety for customers, the entire value chain and stakeholders.

Arkema has implemented safety and monitoring procedures for both its products and the products it uses in its manufacturing processes. It also regularly conducts research on the toxicity of its products and the products it uses, and in addition has developed a tool for monitoring individual exposure to toxic products. For this purpose, Arkema employs regulatory experts supported by a global network of correspondents based in the industrial sites, within the businesses and subsidiaries, and experts in physicochemistry, toxicology and ecotoxicology who work to improve knowledge and understanding of the hazard characteristics of the substances and products used, manufactured, imported and marketed by Arkema. The various procedures in place are described in section 4.2.4 of the 2018 Registration Document.

In the particular case of medical applications, Arkema has implemented strict rules governing the applications for which Arkema markets its products. In addition, two committees – the Europe/Asia Medical Device Risks Committee and its equivalent for the Americas – are responsible for giving their preliminary opinion regarding all decisions in this area. Arkema, as the case may be, may also be forced to withdraw certain products from the market or to cease using certain substances or find substitutes for them in its manufacturing processes, particularly in certain sensitive markets.

Group employees potentially exposed to toxic or hazardous substances in the workplace benefit from medical monitoring adapted to the specific risks related to their activities. When they leave the Group, particularly for retirement, they may benefit, in accordance with applicable legislation, from specific

post-occupational medical monitoring based on information provided by Arkema on the hazardous chemicals handled over the course of their professional careers.

### **1.1.3 Pollution on site, warehouse facilities or during transportation**

Arkema has activities in business areas that entail significant environmental liability risks, with respect to both the operation of its industrial units and to accidents at one of Arkema's production sites, at a warehouse or during the transportation of products manufactured by Arkema.

The Group cannot rule out the possibility that claims will be made in connection with its operations or products, seeking to hold it liable for uninsured events or for amounts exceeding the cover limits. Should Arkema be held liable for environmental claims, the amounts covered by provisions or included in its investment plans could prove to be insufficient due to the intrinsic uncertainties involved in projecting expenditure and liabilities relating to the environment. It cannot be excluded that the assumptions used to determine these provisions and investment amounts may need to be adjusted, mainly due to changes in regulations, changes in the interpretation or application of regulations by the relevant authorities, with regard to environmental restoration issues, technical, hydrological or geological constraints or the discovery of not yet identified pollution. In addition, achieving compliance with environmental protection regulations for Arkema sites that are still in operation or were previously operated, or for sites where operations have ceased, is likely to generate substantial financial costs for Arkema.

Contingent environmental liabilities are detailed in note 20 to the consolidated financial statements at 31 December 2018 in section 5.3.3 of the 2018 Registration Document.

#### *Risk management*

Environmental risk is managed by the implementation of a policy defined and monitored by the Environmental Remediation team within Arkema's Safety and Environment department and rolled out within its various businesses under the responsibility of the industrial Vice Presidents. The components of this policy are detailed in section 4.3.3 of the 2018 Registration Document.

Arkema also benefits from guarantees granted by Total S.A.'s subsidiaries with respect to former industrial sites, which were granted prior to Arkema's stock market listing. A description of these guarantees is provided for in note 29 to the consolidated financial statements at 31 December 2018 in section 5.3.3 of the 2018 Registration Document.

### **1.1.4 Risk of loss of right to occupy certain industrial sites**

Arkema owns most of the land on which its industrial sites are built. However, a number of its industrial facilities around the world, particularly in Asia, are located on land owned by third parties, either due to local regulations or for technical or strategic reasons. In such cases, Arkema occupies the land under the terms of leases or similar agreements. If these agreements were to be terminated or not renewed, or if a site were to be expropriated, the Group may incur significant expenses, in particular related to the demolition of existing facilities, the rehabilitation or depollution of these sites and the reconstruction of new facilities, or even may be forced to permanently shut down certain production operations, which would have a significant negative impact on its business activities, results or financial position. Such an event could lead to several scenarios, including a relocation (and thus the related costs) or a loss of profit or margins. For further details on sites location worldwide, please see Group Profile section of the 2018 Registration Document.

### *Risk management*

When negotiating contracts, Arkema secures its right to occupy land by implementing sufficiently long terms and lengthy notice periods. Contractual expiration dates are monitored regularly to anticipate any problems regarding renewals. Where applicable, in the event of an expropriation, the Group endeavours to negotiate compensation with a view to reducing future costs related to rebuilding or relocating the units concerned.

## **1.2 Compliance, legal risks, societal expectations and internal control**

### **1.2.1 Non-compliance with business practices**

The Group is present in 55 countries and uses commercial intermediaries throughout the world, including Asia, the Middle East, Africa and South America, where it generates 31% of its total revenue.

As indicated in section 4.4.2.2 of the 2018 Registration Document, Arkema pays particular attention to the intermediaries with whom it contracts in order to minimize situations conducive to corruption or fraud. Despite this vigilance, the Group remains exposed to the risk that an intermediary may violate anti-corruption regulations and thus expose Arkema to liability. If this were the case, significant sanctions and/or fines could potentially be imposed on the Group, in particular on the basis of US regulations with extraterritorial scope.

In addition, among the countries in which the Group operates, 22 are subject to financial or commercial restrictions. Furthermore, some of the Group our products fall within the definition of dual-use items regulated by international conventions (in particular diethylamine and diisopropylethylamine).

At last, the Group is exposed to the risk of anti-competitive business practices, including price agreements and market and/or customer allocations. This risk is accentuated by the fact that in many markets where the Group is present, the number of competitors is limited.

Non-compliance with any of the above-mentioned laws or regulations, in one or more countries, may result in significant fines as well as civil or criminal proceedings against the Group and/or its employees.

### *Risk management*

Arkema has set up a compliance and business ethics program, that covers antitrust, export control and the fight against corruption, as well as procedures and/or guides on each of these topics. Training is also provided within the Group to prevent risky behavior in these areas and maintain an appropriate level of awareness on these subjects. For further details on this program and related procedures see section 4.4 of the 2018 Registration Document.

A specific map of corruption-related risks has also been drawn up, as part of the Group's general risk map exercise performed by the Group (see section 2.2.4 of the 2018 Registration Document) in order to serve as a guide for implementing procedures to assess customers, suppliers and intermediaries.

### **1.2.2 Regulatory requirements and CSR expectations**

Due to its presence in 55 countries, Arkema is subject to a set of local, national and international laws and regulations that differ depending on the countries in which it operates or in some areas may be imprecise. These laws and regulations encompass a large number of fields, including safety,

environmental protection, competition law, company law, commercial law, patent protection, labor law, personal data protection, tax law, customs regulations, and product listing.

If existing product regulations were to be amended to become more restrictive for Arkema or if new regulations were issued, it could (i) compel Arkema to significantly scale back on or even discontinue the production and marketing of certain products, (ii) restrict Arkema's ability to alter or expand its facilities, and (iii) possibly compel it to abandon certain markets, incur significant expenditure to produce substitute substances, institute costly emissions control or reduction systems or (iv) exclude Arkema from certain markets if it could not develop substitute products. As of the date of this document, fluorogases (representing 9% of Arkema sales in 2018) have thus been identified as being the most exposed to regulatory changes and Arkema is actively working on the development of new mixtures or substitutes due to regulatory developments in recent years and possible future developments. Indeed, the European F Gaz regulation aims at reducing two third of the emissions between 2015 and 2030. Such regulation has set up a quota and progressive bans system regarding some uses. As a result, as from 2020, the use of refrigerant gas with Global Warming Potential (GWP) in excess or equal to 2,500 is forbidden in stationary refrigeration equipment. For the 2015-2019 period in the United States, the Fluorogases Business Line generated a significant share of its results in this region from the sale of HCFC-22. From 2020, the production and import of HCFC-22 will no longer be allowed in the United States. Only sales of existing stockpiles and recycled products will be authorized.

Changes in customs regulations (in particular between the United States and China) could also lead to a significant increase in the expenses borne by the Group. In addition, Arkema applies transfer pricing policies recognized by the OECD to its inter-company flows that are reasonable given the risks and functions of the entities making up the Group and documents its practices; however, public authorities may disagree with these policies or the margin levels allocated to the various entities concerned, which may lead to tax adjustments. For instance, in 2013 the Lombardy Regional Tax office (Italy) conducted a tax inspection of Arkema Srl for the 2008, 2009 and 2010 financial years, subsequently extended to 2011, 2012 and 2013, after which among other observations, it contested the purchase prices of products for resale and the level of commission paid to Arkema in intragroup transactions and applied a withholding tax on intragroup financing. The tax reassessments notified for 2008, 2009, 2010, 2011, 2012 and 2013 amount to €12 million including interest and penalties. Arkema Srl is contesting all of these reassessments and has won every case for which a judgement has been issued.

Failure to comply with all these regulations could result in significant fines and civil and criminal proceedings against Arkema and/or its employees.

The Group is finally particularly attentive to the societal expectations expressed by the civil society, non-governmental organizations and associations. In some cases, their reinforcement could lead, for a chemical group as Arkema, to more stringent requirements in various areas of the business, such as product stewardship, environmental management and the increasing consideration of the impacts of climate change or human resources management, thus leading to significant additional expenses and investments in order to adapt to these requirements. In addition, failure to take into account or delay in implementing measures to meet these requirements could result in financial loss, loss of market share or even reputation for the Group.

#### *Risk management*

All of the Group's operational and corporate departments, both at the corporate and local levels, assisted by the Group's Legal department and, where necessary, specialist law firms or the relevant government authorities, work continuously to ensure that a high level of knowledge of applicable laws

and regulations is maintained and to anticipate any future developments in order to comply with the applicable laws and regulations at all times.

The Group is supported by a global network of regulatory experts based in the industrial sites, within the businesses and subsidiaries. These experts are more specifically responsible for monitoring regulatory changes (in particular those relating to products that are developing in several countries) and producing the documents required to comply with the regulations within the prescribed time. These experts are involved in professional associations that monitor proposed legislative or regulatory changes at the state or agency level, thus helping the Group to anticipate regulatory changes and prepare accordingly. For further details, see in particular section 4.2.4 of the 2018 Registration Document.

In cases where regulation changes lead to restrictions on the use of raw materials or the marketing of finished products, Arkema relies also on its R&D to develop alternative solutions. For further details, see section 1.2.2.3 of the 2018 Registration Document.

### **1.2.3 Judicial and administrative proceedings, and arbitration**

In the normal course of business, Arkema is or may become a party to a number of administrative, legal or arbitration actions, suits and proceedings, as a result of which it and/or its employees may be found liable on various grounds, such as violating the various laws applicable to the Group, full or partial failure to fulfill contractual obligations, termination of established business relationships, pollution, non-conformity of products, non-compliance with export control regulations, or violating anti-corruption laws as well as disagreements in the interpretation of law, case law, international treaties or administrative doctrine in one of the many countries in which Arkema operates.

A description of the most significant current or potential litigation is provided for in note 20 to the consolidated financial statements at 31 December 2018 in section 5.3.3 of the 2018 Registration Document.

To the best of Arkema's and the Group's knowledge, there are no other administrative, legal or arbitration proceedings currently underway, or with which Arkema or the Group are threatened, that are likely to have or have had over the course of the past twelve months a material adverse impact on the results or financial position of Arkema or the Group. However, it cannot be ruled out that, in the future, new proceedings, whether or not related to existing proceedings, could be initiated against any of Arkema's entities. Should such proceedings have an unfavorable outcome, they could adversely impact Arkema's business activities, financial position or results.

#### *Risk management*

All risks related to ongoing or potential proceedings are reviewed on a quarterly basis. In this context, each business, functional department or subsidiary informs the Accounting and Management Control department and the Legal department in writing of any risk or dispute affecting or likely to affect the Group's business, results or financial position. These two departments analyse the risks or disputes identified in this way and determine, in conjunction with the internal contacts concerned, the amount of allocations to provisions or reversals of provisions relating to these risks and disputes, in accordance with the rules described in Appendix B "Accounting principles and methods" to the consolidated financial statements in section 5.3.3 of the 2018 Registration Document.

### **1.2.4 Internal control failure related to small and medium-sized acquisitions**

As part of its strategy, Arkema pursues a policy of targeted acquisitions of small to medium-sized companies or groups of companies. Over the past five years, the Group has acquired several industrial

companies, corresponding to the integration of a portfolio of more than 50 operating subsidiaries, for a turnover of more than €1,850 million. As a result, the number of subsidiaries included in the scope of consolidation in Chapter 5 of the 2018 Registration Document is increasing rapidly. The subsidiaries acquired have varying degrees of maturity in terms of internal control, which may result in errors caused by ignorance of best practices, attempts at internal fraud or external scams and may result in financial or even reputational damage for the Group. A possible internal control failure is a risk specific to Arkema with respect to the "Seveso" classification of some of its European sites or a similar classification for some of its non-European sites, as well as products manufactured by the Group.

#### *Risk management*

Arkema is implementing, within an average period of two years, its internal control and risk management system and in particular its organization, main stakeholders and framework, as detailed in section 2.2 of chapter 2 of the 2018 Registration Document.

### **1.3 Operational risks**

#### **1.3.1 Supplier dependency**

In the case of certain raw materials, equipment and services (storage in particular) that are essential to its business, Arkema is to a significant extent dependent on a limited number of suppliers and, in some cases, a single supplier. Default by a major supplier, the non-renewal of supply contracts for certain raw materials or their renewal on less favorable terms, and significant price increases could therefore have an adverse impact on Arkema's industrial and financial performance.

In particular, the Group entered into certain multi-year supply contracts, including those governing Arkema's supply of propylene and oxo alcohols, hydrofluoric acid (HF) and cyclododecane (CDAN), which are used as a main raw material for acrylic monomers, fluorogases and polyamide 12, respectively. With regard to the supply of propylene for the Acrylics business at the Carling site in France following the shutdown by Total Petrochemicals France of its steam cracker in Carling, a new agreement was signed on 3 September 2015 with Total, covering the period to 30 April 2021. Arkema is working with the Total group on the supply of propylene to the site beyond the end of the current agreement. In addition, Arkema France signed an electricity supply agreement with EDF covering some of its industrial sites for a 25-year period (1996-2020) in return for payment to EDF of a sum corresponding to a drawing right. Beyond 2020, Arkema France will have to negotiate new supply conditions with electricity providers for its industrial sites. There is a possibility that these conditions will be significantly less favorable than the current ones.

Finally, Arkema's industrial chemical production units in France, which consume and ship significant quantities of bulk raw materials classified as "hazardous materials" for transport, are dependent on the quality of service provided by rail operators and storage authorizations at the sites in question, particularly when the choice of logistics vehicle is constrained by operational or regulatory reasons (single wagon and not a complete train; lack of alternative road transport); they are therefore the subject of particular attention, in conjunction with the authorities, infrastructure managers and freight operators.

#### *Risk management*

Arkema implements a policy of spreading supplier risk at product-line level and at geographic exposure level for its supplies of raw materials, energy resources, services and for some equipment.

The Group's centralized procurement policy for raw materials and goods and services aims in particular to analyze and comprehensively address its exposure to the risk of significant dependence on supplies and suppliers.

This policy is based on the following principles:

- diversification of sources of supply when technical conditions allow it;
- the development of long-term partnerships or contracts for supply situations that are subject to severe structural constraints due to the supply and demand balance or the limited number of suppliers;
- careful management of the duration of contractual commitments;
- supply chain and inventory management adapted to both business and industrial requirements, particularly for strategic products;
- a thorough assessment of suppliers based on the following criteria: position in the relevant market, industrial and CSR performance, financial strength and development; and
- participation in certain investments or development projects.

### 1.3.2 Customer risks

Arkema has entered into agreements representing, for some of these activities, very significant financial income with certain customers. These main contracts are described in section 1.2 of the 2018 Registration Document for each of the activities concerned. Any crisis concerning an economic sector of Arkema's clients, as well as the non-renewal or the renewal on less favourable terms than those initially agreed of the main contracts, or their termination could lead to significant losses in turnover and results for the activities concerned, thus significantly reducing their profitability. In certain exceptional cases, when the customer does not respect its contractual commitments, Arkema may initiate litigation or arbitration proceedings in order to assert its rights. For more details on the disputes, please refer to note 20 to the consolidated financial statements at December 31, 2018 in section 5.3.3 of the 2018 Registration Document.

More generally, the relationships maintained with a large number of customers expose the Group to credit risk. At 31 December 2018, accounts receivable net of provisions amounted to €1,246 million. These accounts receivable are detailed by due date in note 22.4 to the consolidated financial statements at 31 December 2018 in section 5.3.3 of the 2018 Registration Document. Arkema's exposure to credit risk is linked to the individual characteristics of its customers.

#### Risk management

In addition to a very diversified customer base, the balanced distribution of Arkema sales between the various geographical areas limits the geographical concentration of credit risk. Regarding customer credit risk, Arkema covers its risk with a global credit insurance program which, given the quality of its customer portfolio and low claim rate, allows it to cover a significant proportion of its accounts receivable. Arkema is striving to further minimize this risk through a specific credit risk management policy that consists in regularly assessing the solvency of each of its uninsured customers. Uninsured customers whose financial situation does not meet Arkema's solvency requirements are only supplied after payment. For more information, please refer to note 22.4 to the consolidated financial statements at 31 December 2018 in section 5.3.3 of the 2018 Registration Document. The policy concerning provisions for doubtful accounts on fully or partially uninsured accounts receivable is also detailed in this note.

### 1.3.3 IT and cyber security risk

The Group's industrial and management processes as well as communication between employees and third parties are highly dependent on information systems that implement complex and constantly evolving technical environments. The interruption of the operation of critical applications or the loss of sensitive data (whether due to system failure, intrusion or malicious use) could have a significant impact on the Group's business, results and financial position.

In the event of technical failure, intrusion or malicious use of information systems, the Group may have to stop or slow down the operation of all or part of one or more industrial units or services. Given the nature of the Group's activities and the sensitive nature of its industrial processes, any interruption in the operation of critical applications or loss of sensitive data (for any reason whatsoever) may, as a precautionary measure, result in the shutdown or slowdown of all or part of one or more industrial units or services.

#### *Risk management*

The Group's information systems department aims to ensure the availability of systems as well as the integrity and confidentiality of sensitive data, while respecting the authorizations granted. The Group therefore constantly adapts its prevention, detection and protection capabilities for its IT and industrial systems and implements organizational measures (information systems security policy, application of international standards, user awareness, access management, business continuity plan) and technical measures (global cyber security operational centre, data protection, networks and infrastructures) that enable it to reduce its exposure to cyber risks.

To ensure the reliability of the Group's critical processes and compliance with security rules, the Group has set up an internal control system consisting of a number of general IT controls. The effectiveness of these measures, particularly in terms of cybersecurity, is assessed every year and action plans are put in place to address any identified weaknesses.

To strengthen cyber security locally, each Group site must also comply with ten directives. A behavioural component thus complements the technical security measures of the Group's information systems with the implementation of the iSafe program to raise employee awareness of cyber security and information protection around the world.

### 1.3.4 Contractual commitments

As part of its business, the Group has entered into multi-year contracts to purchase raw materials and energy for the supply of its plants, in order to guarantee the continuity and security of their supply. The market practice in the Group's business sector is to include take-or-pay clauses in these long-term contracts, which require the buyer to take delivery of minimum annual volumes over the term of the contract. Group companies may therefore be required to pay minimum quantities whether or not they take delivery of them. In the event of non-compliance with these commitments or early termination of these contracts by Arkema, the suppliers concerned could make claims for compensation or payment of penalties.

In the event of an unfavourable economic situation, a decrease in demand or a change in demand for some of the Group's products, the Group may not reach the minimum level of delivery and may have to pay the full price of the minimum annual volumes. The Group could thus see its operating income and future cash flows adversely affected, due to contractual take-or-pay obligations. The total amount of the Group's financial commitments is €658 million at 31 December 2018. For more information, see paragraph 29.1.2 "Contractual commitments related to the Group's operating activities" in note 29



to the consolidated financial statements at 31 December 2018 in section 5.3.3 of the 2018 Registration Document.

#### *Risk management*

Each Group business implements an industrial and commercial organization as well as a quality control system to help it fulfill its commitments. Furthermore, the Legal department supports the relevant businesses during the negotiation process for the various agreements.

After being reviewed by the Group's Legal department, material contractual commitments must be approved by the Executive Committee, which, depending on the situation, may request that a specific organizational structure be set up.

### **1.3.5 Natural disasters and climate change**

Due to their geographic location, 35 out of the 136 industrial sites of the Group are exposed to seismic and/or climate risks such as floods, droughts or storms, the severity and frequency of which may evolve as a result of climate change. In 2018, 22 sites (unchanged from 2017), out of these 35, were identified as being specifically exposed to climate risks. Such classified sites represent approximately 19 % of Arkema sales in 2018. If they were to be unavailable following major damage following a natural disaster, this could significantly affect the concerned activity, lead to significant losses in turnover and results for the concerned activity and may incur significant costs due to insurance deductibles and damage not covered by insurance policies.

In addition, in light of increasingly high expectations in the area of climate change response, the tightening of international, European and national regulations, notably those aimed at reducing greenhouse gas emissions (CO<sub>2</sub> quota systems), could have a negative impact on Arkema's business activities, increase its operating costs or decrease its profitability. Fluorogases have thus been identified as the products most exposed to regulatory changes over many years.

#### *Risk management*

In order to prevent and limit the potential impact of natural disasters and climate change at the 35 exposed sites, the Group has defined scenarios that notably take into account the evolution and potential consequences of climate change, including the increased frequency and intensity of certain weather events, such as storms, flooding and droughts.

For most of these sites, there is a production alternative within the Group that can absorb all or part of the production and thus ensure continuity of service to customers. Some others are the only production sites for their products.

Following the industrial accident that took place at the Crosby site in Texas in September 2017 as a result of Hurricane Harvey, a category 4 storm, the US Chemical Safety and Hazard Investigation Board (CSB) published a report on the accident on its website on 24 May 2018, as well as a press release entitled "CSB Releases Arkema Final report". Consequently, Arkema has strengthened its existing risk and hazard analysis procedures by developing a policy to ensure periodic assessment of the potential impact of a natural disaster or extreme weather event at its sites, within the deadline imposed by the CSB. At the same time, Arkema has developed an extreme weather planning and response toolbox to ensure that critical safeguards, such as backup power, function as intended during extreme weather events, including hurricanes or floods.

In addition, Arkema endeavours to reduce the greenhouse gas emissions generated by its operations and energy use, and also strives, through its innovation, to adapt its product range in order to reduce emissions across its value chain. Regarding fluorogases, Arkema is already anticipating the applicable

regulatory changes by developing new blends or substitutes. The various initiatives taken and the results achieved as part of the fight against global warming are presented in section 4.3.3.2 of the 2018 Registration Document.

### **1.3.6 Supply chain disruption**

Arkema's customer supply chain may be interrupted due to supplier default, the unexpected shutdown of a production site of the Group (providing other Group sites), a supplier, or a customer, or a disruption affecting transportation, logistics or storage and warehousing facilities. Such disruptions or extended shutdowns impacting a production site may result from problems with raw material and energy resource supplies, technical incidents, industrial action or natural disasters or serious government-declared health crises. They may lead to delays in delivery over extended periods of time, which have an impact on the Group's revenues and results and on the quality of its relationships with its customers.

In addition, for some raw materials, alternative sources of supply in the event of difficulties may be limited or non-existent or be available at high cost.

Regarding transportation, due to stricter regulations on the transportation of hazardous materials, the temporary or permanent lack of transportation means for certain toxic or hazardous products to certain destinations, the market dominance of a single supplier, and industrial action affecting transportation, Arkema may face delays in delivery or even refusal by its carriers to collect shipments, difficulties in meeting certain customer demands, increases in certain shipping costs or shipping equipment rental costs and reductions in certain shipments.

At last, Arkema uses many storage and warehousing facilities located on its industrial sites and elsewhere. The temporary unavailability of these storage facilities may lead to a production disruption or suspension at certain Group sites or to delays in delivery for certain customers, alternative storage solutions being sometimes limited for certain products manufactured by the Group.

#### **Risk management**

In order to minimize the risks related to the transportation and storage of its raw materials and own products, Arkema endeavors to strictly select suppliers based on the Warehouse Safety and Quality Assessment System (SQAS) which was established under the aegis of the European Chemical Industry Council (CEFIC) by a consortium of European chemical manufacturers and which also covers the Middle East and Asia, and the Chemical Distribution Institute – Terminals (CDI-T) scheme at the global level. Arkema also endeavors to diversify its service providers and, in particular, split its product shipments between several carriers where possible. Lastly, the Group develops alternative solutions that combine transportation plans and distribution schemes, with a lag time for implementation, and can set up geographical swaps with other manufacturers.

### **1.3.7 Risk of insurance coverage failure**

Arkema's insurance policy is part of the overall risk management framework and, as such, is described in detail in section 2.2.6 of the 2018 Registration Document.

At the date of this document, Arkema believes that the limits of insurance cover described in said section take into account the type of risks it incurs. However, in some cases, the possibility that Arkema could be required to pay substantial compensation for claims that are not covered by the existing insurance program, or that it will incur very large expenses that will not be reimbursed or only partially reimbursed under its insurance policies, cannot be excluded, in particular in the event of

accidents on a site, external storage or warehouse, or during transport and in the event of natural disasters.

Arkema selects its insurers from the best and most financially sound companies when taking out policies. However, the possibility cannot be ruled out that, at the time of settling a claim, one or more of these insurers could be in a difficult, even compromised, financial situation that puts payment of the compensation in doubt. Furthermore, recent developments in the insurance market could result in unfavorable changes to the Group's insurance policies and an increase in policy premiums.

The Group's insurers, under certain conditions deemed customary in the insurance industry for those types of contracts, can prematurely terminate insurance policies in the event of a major claim. In such an event, the Group nevertheless remains covered throughout the notice period, which may vary depending on the policy.

#### *Risk management*

Since its creation, Arkema has maintained a department dedicated to the investment and management of the Group's insurance cover, backed by international insurance brokers to optimize and bolster its cover.

The Group issues regular calls for tenders to insurance brokers and insurers in order to ensure that it is always informed of the best offers available on the market. Insurance cover and insurers are selected based on objective criteria including price, the extent of coverage and the strength, experience and quality of the insurers.

### **1.3.8 Talents and skills**

Arkema's success is deeply linked to the quality and commitment of its employees and, as a result, to its ability to attract, integrate, motivate, promote and retain skilled employees across all regions.

Indeed, Arkema's experienced and committed teams enable it to:

- innovate by creating sustainable solutions in products and applications (in 2018, R&D had more than 1600 researchers in 15 research centers in three regional research and innovation poles);
- implement complex industrial projects (such as the construction of the thiochemical platform in Malaysia in a new country and on an innovative process);
- complete the integration of acquisitions (in particular Bostik); and
- more generally, to adapt to the different macroeconomic environments and to improve very significantly its financial and extra-financial performance.

32% of the Group's employees are over 50 years old at the date of the 2018 Registration Document, which also requires an effective transfer of skills between the different generations over the next few years.

Difficulties in hiring or retaining competent employees, and in particular employees with specific technological skills required in a sector such as Arkema's, or the departure of experienced employees (resignations or retirements), could slow down the implementation of the Group's strategy and have a negative impact on its business and financial situation.

#### *Risk management*

Arkema has implemented numerous initiatives aimed at attracting quality candidates, retaining top employees and reinforcing, notably thanks to targeted training, their skills and, as a result, the Group's

overall expertise. For further details on the human resources development and talent management policy, see section 4.4.1 of the 2108 Registration Document.

Arkema's compensation policies value and reward fairly each employee's contribution to the Group's success. Arkema has also rolled out long-term incentives to motivate and retain employees (incentive schemes, profit-sharing plans, employee shareholding and performance shares). For further details, see sections 3.5 and 4.4.1.3 of the 2018 Registration Document.

Lastly, Arkema ensures that skills in certain sensitive technologies are shared by a sufficient number of employees in order to safeguard know-how within the Group.

## **1.4 Project and innovation risks**

### **1.4.1 Industrial investments and acquisitions projects**

In order to implement its strategy of targeted growth, based in particular on the development of new products and the Group's geographical expansion, Arkema may carry out complex investment projects, some of which are very large, such as the exceptional investment projects under way in Thiochemicals in Malaysia or specialty polyamides in Asia, which represent an estimated total amount of approximately €500 million, mainly concentrated over the 2018 to 2021 period. Arkema also invests approximately 3% of its sales each year in development projects designed to ensure its future growth. It cannot be excluded that the implementation of these projects may be delayed and/or result in higher expenses than initially budgeted by the Group. These factors could then have an adverse impact on the Group's growth prospects, the expected profitability of its investments and thus have an unfavourable impact on its business, results and financial position.

Arkema is also implementing an ambitious policy of acquisitions of small to medium-sized businesses in order to strengthen its portfolio and significantly increase the share of its specialty businesses from approximately 70% of its sales in 2018 to more than 80% by 2023. As part of this policy, the Group has spent nearly €700 million over the past three years. These transactions are likely to expose the Group to various risks, including in particular the risk of bearing potential liabilities or responsibilities related to the businesses acquired (notably relating to real estate owned or leased by companies acquired by Arkema). In addition, should the assumptions on which the acquisitions were made fail to materialize in particular if the development prospects of these activities cannot be achieved or the synergies envisaged may not be fully realized, which could consequently impact the valuation of goodwill as well as the Group's growth prospects, results and financial position.

Furthermore, Arkema holds non-controlling interests in certain companies, which could lead to disagreements or deadlocks, and in certain cases that are beyond Arkema's control, to decisions that go against Arkema's interests. The interests included in the Group's scope of consolidation are described in the notes to the consolidated financial statements at 31 December 2018 in section 5.3.3 of the 2018 Registration Document.

Lastly, as part of its program of disposals of non-strategic activities described in the Ambition and strategy section of the 2018 Registration Document, Arkema may grant indemnities to third parties in connection with certain transactions. It cannot be ruled out that when some of these guarantees are invoked, the compensation claims could exceed the provisions made by Arkema.

For further details regarding the potential impacts on perspectives, see guidance figures set out in the Ambition and Strategy section of the 2018 Registration Document.

### *Risk management*

Arkema has demonstrated its ability to carry out significant projects and has acquired solid experience in this area over the years. For each of its investments, the Group solicits the necessary internal and external resources and expertise to ensure its projects are implemented under the best possible conditions.

Before entering into any external growth transaction, Arkema takes the precautions when identifying targets, in particular by conducting in-depth evaluations of the activities and companies concerned and the various liabilities related to the business being sold, and by negotiating appropriate guarantees from the sellers or putting in place insurance cover for the same purpose with the advice of external consultants with expert knowledge in this area. Furthermore, acquisitions are carried out by teams of qualified experts under the responsibility of the Strategy department.

As part of its non-controlling or joint-controlling interests in joint ventures, and accordingly, Arkema protects its interests by introducing, where possible, contractual provisions designed to resolve deadlocks and maintain the Group's decision-making powers.

### **1.4.2 Innovation and technologies**

The Group's innovation policy, formalized in 2018 and described in section 1.1 of the 2018 Registration Document, is one of the pillars of Arkema's targeted growth strategy. The activity, and its contribution to sustainable development. In fact, innovation makes it possible to create sustainable solutions, whether in terms of production technologies or products and their applications: it allows Arkema to:

- to bring new products and solutions to market, while continuously improving their performance, and to provide its customers with the technical support they need and the results and solutions they will need in the coming years; and
- to contribute to the Group's operational excellence by providing the industrial base with new technologies and processes that enable it, as a responsible chemist, to produce in a safe and competitive manner while limiting its environmental footprint.

In 2018, Arkema's R&D efforts were largely dependent on its capacity, representing €237 million, or 2.7% of the Group's revenue. The number of patent applications filed in 2018 amounted to 244 (239 in 2017) and the number of applications filed relating to sustainable development amounted to 154 (150 in 2017).

Despite the investments, the Group may be unable to develop new products and applications, develop new production processes and protect innovations resulting from its research. Such inability or a delay in the development, could prevent the Group from marketing certain products and could therefore have an adverse impact on its business activities and results.

In addition, in the course of its business, Arkema uses technologies that it owns or technologies under license from third parties. If Arkema were no longer able to use these technologies, it could have an adverse impact on its business activities or results.

### *Risk management*

Each year, Arkema invests heavily in R&D to develop new products and processes that answer to both market demands and social challenges: more than 1,600 researchers, for €237 million in research expenditure, allocated between 15 R&D centers in three regional centers (Europe, North America and Asia). This major focus on innovation also enables the Group to adapt to regulatory changes. The

organization and policy priorities of the Group's R&D, as well as the resources dedicated to R&D are detailed in section 1.1 of the 2018 Registration Document.

Furthermore, Arkema has a technological development policy for its processes, in particular as part of its R&D programs, to give it ownership and control over the technologies that it uses in its major activities, and to help reduce its level of exposure to third parties in this regard.

### **1.4.3 Protecting data and know-how**

Arkema is developing a growth through innovation strategy based on a dedicated organization, 15 research centers around the world and a research incubator. Arkema therefore has a significant portfolio of research and development projects and spent €237 million on R&D in 2018. As part of the patents and trademarks that protect the innovations derived from Arkema's research represent a key asset for its business. As of December 31, 2018, Arkema held 8,963 patents granted and 244 new patent applications were filed in 2018, including 254 relating to sustainable development. For more details, see section 1.1 of the 2018 Registration Document.

As a result, patent or trademark infringements committed by a third party and any other types of intellectual or industrial property rights infringements could also harm the reputation and the perceived quality of the products concerned as well as the image of the Group. Arkema could also infringe a patent involuntarily, given the time during which patent applications are not made public. In fact, patent applications filed by third parties and made public only on publication could therefore have an impact on ongoing developments or even products recently brought to market and could oblige Arkema to modify its product, thereby increasing the related R&D costs, or to negotiate a license to use the patented component. For more details on patent and trademark management, see section 1.1.3 of the 2018 Registration Document.

Lastly, the disclosure of confidential documents or the copying of processes or technologies that are critical to its production and to maintaining its international competitiveness could also adversely affect its business activities or results.

#### *Risk management*

Arkema has developed an assertive policy to protect its innovations and know-how through the registration of patents and trademarks, particularly with the support of a global network of industrial property consultants. The Group's intellectual and industrial property rights are managed by the Intellectual Property department, which reports to the R&D department for patent matters and to the Group's Legal department for trademark and design matters. These departments are mindful of any infringements that may be committed against the Group's intellectual and industrial property rights and can, where required, take whatever action they deem necessary to prevent those infringements, halt them and obtain redress for said infringements. When new products, applications and processes are being developed, the departments also verify whether a given technology can be freely used in order to prevent any patent infringement due to such use. For more details, see section 1.1.3 of the 2018 Registration Document.

When it comes to protecting sensitive data and their confidentiality, particularly in the area of technology, the Group has strengthened its security policy by updating its procedures and application guides, which are applicable at all of the Group's sites, and has introduced an awareness-raising and training program for its employees. Lastly, Arkema subcontracts equipment essential to its critical processes to specific companies bound by confidentiality agreements. Files and technical manuals are managed by a restricted number of individuals.

## **1.5 Economic and business risks**

### **1.5.1 Geopolitical and macroeconomic instability**

Arkema's global business, which generates a significant portion of its revenue in certain regions of the world or countries (in particular 28% in the United States and 12% in China), exposes it to the direct and indirect consequences of trade conflicts, embargoes, sudden changes in customs duties, terrorist activities or political instability. In particular, these events could lead to delays or losses in the Group's delivery of products to its customers or in the supply of raw materials, which could have a material impact on its revenues and margins. They could lead to increased costs for products manufactured by the Group as well as higher safety costs, insurance premiums.

#### *Risk management*

With its balanced geographic presence in Europe, North America and Asia, the Group is able to spread its risk between the different geographic regions in which it operates. In addition, the gradual establishment of production units in the main geographical areas allows the Group to ensure local supply to its customers in the region and to limit product flows between these different regions.

In addition, to develop and implement effective policies and strategies in each of its foreign operations, Arkema relies on subsidiaries, which are placed under the supervision of a regional Vice-President, in most countries in which it has industrial and commercial operations. This organization helps the Group maintain relations with local authorities and economic players, defend its interests, and better anticipate changes in the local political and economic environment.

Finally, as part of its compliance and business ethics program, Arkema has implemented procedures that cover export control and other restrictive regulations applicable in some countries.

### **1.5.2 Change in costs of major raw materials**

Upstream of its activities, the Group uses raw materials and energy resources to manufacture its products, some of which are indirectly linked to the price of crude oil like propylene or butadiene, while others, such as sulfur, castor oil and fluorspar, are only minimally connected or not at all. The prices of these raw materials and energy resources can be highly volatile and therefore lead to significant variations in the cost price of the Group's products. The impact of the increase in raw material costs with a delayed effect can have a significant impact on the results of certain Group activities, particularly the most downstream ones, which represent an important part of Arkema's specialty businesses which are detailed in the Ambition and Strategy section of the 2018 Registration Document.

#### *Risk management*

Arkema is striving to optimize the cost of its raw materials and energy supplies by diversifying its sources of supply.

In some cases, the Group may therefore use derivatives such as futures, forwards, swaps and options, on both exchange and over-the-counter markets. These derivatives are matched with existing contracts (see notes 22.5 and 23.2 to the consolidated financial statements at 31 December 2018 in section 5.3.3 of the 2018 Registration Document).

The Group also develops partnerships with certain suppliers, leaders in their fields, in order to build solid and sustainable business relationships over the long term and ensure a competitive supply cost.

Lastly, Arkema is committed to implementing a proactive pricing policy, particularly in its downstream activities such as adhesives or acrylic downstream products, in order to pass on to its selling prices increases in the cost of raw materials used to manufacture its products.

### **1.5.3 Strengthening competition**

Arkema faces strong competition in each of its businesses, in particular in its intermediate chemicals activities, the strengthening of some of its competitors and the emergence of new players that could impact its competitive position. In its intermediate product lines, some competitors are larger in size and more vertically integrated, which could enable them to benefit from lower production costs for certain products that are also manufactured by the Group. The economic emergence of certain countries like China, has been accompanied by the rise of local competitors, resulting in particular in the launching of new world-class capacities and increased competition on certain product lines such as fluorogases or acrylics, which could result in lasting downward pressure on the selling prices and margins of these products.

#### *Risk management*

With a view to consolidating its competitive position, Arkema has since its creation implemented a policy of operational excellence and cost optimization to enhance the competitive advantages that it enjoys in its various product lines and to guarantee the quality and performance of the products offered to its customers.

Thanks in particular to its innovation, the Group has worked to reposition its business in order to diversify its product portfolio and application markets, and to consolidate its positioning in higher value-added niche markets.

Lastly, the Group is forging partnerships with customers who are leaders in their respective fields in order to build strong, long-term business relationships with its main partners and to support them in their development.

## **1.6 Financial risks**

Arkema is exposed to various types of financial risks, such as foreign currency risk and liquidity risk.

The information provided below is based on certain assumptions and expectations that, by nature, may prove to be inaccurate, particularly with respect to changes in exchange rates and Arkema's exposure to the associated risk.

### **1.6.1 Foreign currency**

Given its international operations, Arkema is exposed to various types of currency risks:

- transaction risks related to Arkema's day-to-day operations and development projects;
- translation risks related to the consolidation in euros of Arkema's subsidiaries' accounts in currencies other than the euro. Fluctuations in the exchange rates of these currencies, particularly the US dollar-to-euro exchange rate, have had in the past and may have in the future a material impact on Arkema's financial position and operating income. The translation effect of a 10% change in the euro/US dollar exchange rate, for example, would have an estimated impact on consolidated EBITDA of €50 million. For further details about the impact of the translation effect on Arkema's income statement and balance sheet, see sections 5.1.5 and 5.1.9 of the 2018 Registration Document; and



- risk of competitiveness related to the fact that, proportionately, in the “euro zone”, the Group incurs more operating expenses in euros than it generates sales in the currency owing to the fact that it is an export-focused company. As a result, Arkema’s competitive position may be affected by the weakness of certain currencies, and in particular the US dollar against the euro, compared with its competitors positioned in countries with a weak currency. Furthermore, the weakness of certain currencies in countries with major imports from Arkema may affect its results.

#### *Risk management*

Arkema’s objective is to minimize the impact of exchange rate fluctuations on its results and financial position.

Transactional risks are systematically hedged when recorded in the accounts: Arkema companies hedge their foreign currency assets and liabilities against their respective functional currencies. Revenues and costs in foreign currencies are hedged essentially by spot foreign exchange transactions and sometimes by forward transactions.

Foreign currency risk linked to future flows, such as capital expenditure or sales flows, particularly export sales, may also be hedged. The Executive Committee is responsible for deciding whether such hedging is necessary, while implementation is carried out by the Financing and Treasury department using simple derivatives. For further details, see notes 22 and 23 to the consolidated financial statements at 31 December 2018 in section 5.3.3 of the 2018 Registration Document.

Translation risk is not hedged as Arkema considers that it is inherent to its worldwide operations. However, Arkema reduces its balance sheet risk through a policy of allowing its companies to contract debt only in their functional currencies, except when a foreign-currency loan is backed by a commercial risk in the same currency.

Arkema has endeavoured to reduce the risk of competitiveness thanks to Arkema’s strategy to achieve a greater balance in its geographic exposure.

### **1.6.2 Liquidity**

Arkema has conducted a specific review of its liquidity risk and deems it is in a position to meet its future commitments.

Arkema uses bond issues and loans from banking institutions to finance its day-to-day operating requirements and development. However, unforeseen needs may also arise, resulting in particular from an increase in working capital or unfavourable market conditions. Additionally, market conditions may make it difficult to refinance bonds at maturity, or one or more banks may be unable to meet their obligations to Arkema with respect to one of its main credit lines, which would significantly reduce its access to financing under equivalent terms. For further details on borrowing terms and in particular on early repayment clauses, see notes 21 and 22 to the consolidated financial statements at 31 December 2018 in section 5.3.3 of the 2018 Registration Document.

#### *Risk management*

Arkema’s financing policy, implemented by the Financing and Treasury department, aims to provide the Group with the necessary financial resources to fund its operations over periods of time adapted to its repayment ability. This policy is based on the following principles:

- having Arkema’s long-term credit rated by two rating agencies and maintaining a solid investment grade rating;

- having a net debt to EBITDA ratio of less than 2;
- maintaining cash reserves in excess of €500 million;
- have an EMTN programme to facilitate access to bond markets;
- maintaining average maturity at over three years; and
- diversifying its sources of financing.

### **Risk Factors relating to the Notes**

*The following is a description of risk factors in relation to the Notes which set out the most material risks (in descending order of importance), taking into account the negative impact of such risks on the Issuer and the probability of their occurrence. Prospective investors should consult their own financial and legal advisers about risks associated with an investment in a particular Series of Notes and the suitability of investing in the Notes in light of their particular circumstances.*

## **2 Risks Factors Relating to all Series of Notes**

### *French Insolvency Law*

Under French insolvency law, holders of debt securities are automatically grouped into a single assembly of holders (the “**Assembly**”) in case of the opening in France of a safeguard procedure (*procédure de sauvegarde*), an accelerated financial safeguard procedure (*procédure de sauvegarde financière accélérée*), an accelerated safeguard procedure (*procédure de sauvegarde accélérée*) or a judicial reorganisation procedure (*procédure de redressement judiciaire*) of the Issuer, in order to defend their common interests.

The Assembly comprises holders of all debt securities issued by the Issuer (including the Notes), whether or not under a debt issuance programme and regardless of their governing law.

The Assembly deliberates on the draft safeguard (*projet de plan de sauvegarde*), draft accelerated financial safeguard plan (*projet de plan de sauvegarde financière accélérée*), draft accelerated safeguard plan (*projet de plan de sauvegarde accélérée*) or judicial reorganisation plan (*projet de plan de redressement*) applicable to the Issuer and may further agree to:

- increase the liabilities (*charges*) of holders of debt securities (including the Noteholders) by rescheduling due payments and/or partially or totally writing-off debts;
- establish an unequal treatment between holders of debt securities (including the Noteholders) as appropriate under the circumstances; and/or
- decide to convert debt securities (including the Notes) into securities that give or may give right to share capital.

Decisions of the Assembly will be taken by a two-third majority (calculated as a proportion of the debt securities held by the holders expressing a vote). No quorum is required on convocation of the Assembly.

Decisions of the Assembly will be binding upon holders of debt securities if the proposed safeguard or rehabilitation plan is (i) adopted by the other creditors' committees of the Issuer (committee of financial institutions and committee of suppliers) and (ii) approved by the commercial court.

For the avoidance of doubt, the provisions relating to the Representation of the Noteholders described in Condition 11 will not be applicable, to the extent they are not in compliance with compulsory insolvency law provisions that apply in these circumstances.

It should be noted that a new European directive entitled “Directive (EU) 2019/1023 on preventive restructuring frameworks, on discharge of debt and disqualifications, and on measures to increase the efficiency of procedures concerning restructuring, insolvency and discharge of debt, and amending Directive (EU) 2017/1132”, has been adopted by the European Union on 20 June 2019. Once transposed into French law (which is scheduled to happen by 17 July 2021 at the latest), such directive should have a material impact on French insolvency law, especially with regard to the process of adoption of restructuring plans under insolvency proceedings. According to this directive, “affected parties” (i.e., creditors, including the Noteholders) shall be treated in separate classes which reflect certain class formation criteria for the purpose of adopting a restructuring plan. Classes shall be formed in such a way that each class comprises claims or interests with rights that are sufficiently similar to justify considering the members of the class a homogenous group with commonality of interest. As a minimum, secured and unsecured claims shall be treated in separate classes for the purpose of adopting a restructuring plan. A restructuring plan shall be deemed to be adopted by affected parties, provided that a majority in the amount of their claims or interests is obtained in each and every class (the required majorities shall be laid down by Member States at not higher than 75% in the amount of claims or interests in each class, it being noted that Member States may require that in addition a majority in number of affected parties be obtained in each class). If the restructuring plan is not approved by each and every class of affected parties, the plan may however be confirmed by a judicial or administrative authority by applying a cross-class cram-down, provided notably that:

- (a) the plan has been notified to all known creditors likely to be affected by it;
- (b) the plan complies with the best interest of creditors test (i.e., no dissenting creditor would be worse off under the restructuring plan than they would be in the event of liquidation, whether piecemeal or sale as a going concern);
- (c) any new financing is necessary to implement the restructuring plan and does not unfairly prejudice the interest of creditors;
- (d) the plan has been approved by a majority of the voting classes of affected parties, provided that at least one of those classes is a secured creditors class or is senior to the ordinary unsecured creditors class; or, failing that, by at least one of the voting classes of affected parties or where so provided under national law, impaired parties, other than an equity-holders class or any other class which, upon a valuation of the debtor as a going-concern, would not receive any payment or keep any interest, or, where so provided under national law, which could be reasonably presumed not to receive any payment or keep any interest, if the normal ranking of liquidation priorities were applied under national law;
- (e) the plan complies with the relative priority rule (i.e. dissenting voting classes of affected creditors are treated at least as favourably as any other class of the same rank and more favourably than any junior class). By way of derogation, Member States may instead provide that the plan shall comply with the absolute priority rule (i.e., a dissenting voting class of creditors must be satisfied in full before a more junior class may receive any distribution or keep any interest under the restructuring plan); and
- (f) no class of affected parties can, under the restructuring plan, receive or keep more than the full amount of its claims or interests.

Therefore, when such directive is transposed into French law, it cannot be excluded that the Noteholders will no longer deliberate on the proposed restructuring plan in a separate assembly, meaning that they will no longer benefit from a specific veto power on this plan. Instead, as any other affected parties, the Noteholders will be grouped into one or several classes (with potentially other types of creditors) and their dissenting vote may possibly be overridden by a cross-class cram down.

The commencement of insolvency proceedings against the Issuer would have a material adverse effect on the market value of Notes issued by the Issuer. Any decisions taken by the Assembly or a class of creditors, as the case may be, could materially and negatively impact the Noteholders and cause them to lose all or part of their investment, should they not be able to recover amounts due to them from the Issuer.

#### *Credit Risk*

As contemplated in Condition 3, the Notes and, where applicable any relative Receipts and Coupons are direct, general, unconditional, unsubordinated and (subject to the provisions of Condition 4) unsecured obligations of the Issuer. However, an investment in the Notes involves taking credit risk on the Issuer. If the credit worthiness of the Issuer deteriorates, it may not be able to fulfil all or part of its payment obligations under the Notes, which could materially and negatively impact the Noteholders and investors may lose all or part of their investment.

#### *Modification and waivers*

Condition 11 contains provisions for calling General Meetings of Noteholders or consulting them by way of a resolution in writing to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant General Meeting or who did not vote through the written consultation and Noteholders who voted in a manner contrary to the majority. If a decision is adopted by a majority of Noteholders and such modifications were to impair or limit the rights of the Noteholders, this may have a negative impact on the market value of the Notes and hence investors may lose part of their investment.

#### *U.S. Foreign Account Tax Compliance Act Withholding risk*

As contemplated by Condition 8(b)(iii), pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a “foreign financial institution” may be required to withhold on certain payments it makes (“**foreign passthru payments**”) to persons that fail to meet certain certification, reporting, or related requirements. A number of jurisdictions (including France) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (“**IGAs**”), which modify the way in which FATCA applies in their jurisdictions. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply prior to 1 January 2019. Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, neither the Issuer nor any other person will be required to pay additional amounts as a result of the withholding. Hence investors may lose part of their investment.

### **3 Risks Factors Relating to the structure and feature of a particular issue of Notes**

The Programme allows for different types of Notes to be issued. Accordingly, each Tranche of Notes may carry varying risks for potential investors depending on the specific features of such Notes such

as, inter alia, the provisions for computation of periodic interest payments, if any, redemption and issue price.

### 3.1 Risks Factors Relating to the Interest payable on the Notes

#### *Fixed Rate Notes*

As contemplated by Condition 5(b), the Issuer may issue Fixed Rate Notes bearing interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrears on each Interest Payment Date.

Investment in Notes which bear interest at a fixed rate involves the risk that subsequent changes in market interest rates may adversely affect the value of the relevant Tranche of Notes and Noteholders may lose all or part of their investment in the Notes and therefore their interests may be negatively altered.

While the nominal interest rate of a Fixed Rate Note is determined during the term of such Note or within a given period of time, the market interest rate (the “**Market Interest Rate**”) typically varies on a daily basis. As the Market Interest Rate changes, the price of the Note varies in the opposite direction. If the Market Interest Rate increases, the price of the Note typically decreases, until the yield of the Note equals approximately the Market Interest Rate. If the Market Interest Rate decreases, the price of a Fixed Rate Note typically increases, until the yield of such Note equals approximately the Market Interest Rate. Therefore, the price of the Notes at any particular time may be lower than the purchase price of the Notes paid by the Noteholder. As a consequence, part of the capital invested by the Noteholder may be lost on any transfer of the Notes, so that the Noteholder in such case would not receive the total amount of the capital invested.

#### *Floating Rate Notes*

As contemplated in Condition 5(c), investment in Notes which bear interest at a floating rate comprise (i) a reference rate and (ii) a margin to be added or subtracted, as the case may be, from such base rate. Typically, the relevant margin will not change throughout the life of the Notes but there will be a periodic adjustment (as specified in the relevant Final Terms) of the reference rate (e.g., every three months or six months) which itself will change in accordance with general market conditions. Accordingly, the market value of floating rate Notes may be volatile if changes, particularly short term changes, to market interest rates evidenced by the relevant reference rate can only be reflected in the interest rate of these Notes upon the next periodic adjustment of the relevant reference rate. As a result, Noteholders may lose all or part of their investments in the Notes and therefore their interests may be negatively altered.

#### *Fixed/Floating Rate Notes*

As contemplated in Condition 5(d), Fixed/Floating Rate Notes may bear interest at a rate (i) that the Issuer may elect to convert on the date set out in the Final Terms from a Fixed Rate to a Floating Rate, or from a Floating Rate to a Fixed Rate or (ii) that will automatically change from a Fixed Rate to a Floating Rate, or from a Floating Rate to a Fixed Rate on the date set out in the Final Terms. The conversion (whether it be automatic or optional) of the interest rate may affect the secondary market and the market value of the Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a Fixed Rate to a Floating Rate, the spread on the fixed to Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new

Floating Rate at any time may be lower than the rates on other Notes. If the Issuer converts from a Floating Rate to a Fixed Rate, the Fixed Rate may be lower than then prevailing rates on its Notes.

Investors should refer to risk factors set out in the risk factors entitled “Fixed Rate Notes” and “Floating Rate Notes”.

#### *Zero Coupon Notes*

As contemplated by Condition 5(e), the Issuer may issue Zero Coupon Notes. Changes in market interest rates have a substantially stronger impact on the prices of Zero Coupon Notes than on the prices of ordinary Notes because the discounted issue prices are substantially below par. If market interest rates increase, Zero Coupon Notes can suffer higher price losses than other Notes having the same maturity and credit rating. Due to their leverage effect, Zero Coupon Notes are a type of investment associated with a particularly high price risk and Noteholders may, as a result, lose all or part of their investment in the Notes.

#### *Reform and regulation of “benchmarks”*

Pursuant to Condition 5(c) and where the applicable Final Terms for a Series of Floating Rate Notes identifies that the Rate of Interest for such Notes will be determined by reference to the London Interbank Offered Rate (“**LIBOR**”), the Euro Interbank Offered Rate (“**EURIBOR**”) or other indices which are deemed to be “benchmarks”, investors should be aware that LIBOR, EURIBOR or other indices are the subject of recent national, international and other regulatory guidance and proposals for reform. Some of these reforms are already effective while others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, or to disappear entirely, or have other consequences which cannot be predicted. Any such consequences could have a material adverse effect on the liquidity and value of and return on any Notes linked to such a “benchmark”.

The EU Regulation on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds (the “**Benchmark Regulation**”) was published in the European official journal on 29 June 2016 and most of the provisions of the Benchmark Regulation have applied since 1 January 2018.

The Benchmark Regulation applies to the provision of “benchmarks”, the contribution of input data to a “benchmark” and the use of a “benchmark” within the EU. It will, among other things, (i) requires benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and to comply with extensive requirements in relation to the administration of “benchmarks” (or, if non-EU based, to be subject to equivalent requirements) and (ii) prevents certain uses by EU supervised entities of “benchmarks” of administrators that are not authorised/registered (or, if non-EU based, deemed equivalent or recognised or endorsed).

The Benchmark Regulation could have a material impact on any Notes linked to a rate or index deemed to be a “benchmark”, in particular if the methodology or other terms of the “benchmark” are changed in order to comply with the requirements of the Benchmark Regulation. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the “benchmark”.

More broadly, any of the international, national or other proposals for reform or the general increased regulatory scrutiny of “benchmarks”, could increase the costs and risks of administering or otherwise participating in the setting of a “benchmark” and complying with any such regulations or requirements.

Such factors may have the following effects on certain “benchmarks”: (i) discourage market participants from continuing to administer or contribute to certain “benchmarks”, (ii) trigger changes in the rules or methodologies used in certain “benchmarks” or (iii) lead to the disappearance of certain “benchmarks”.

Any of the above changes or any other consequential changes as a result of international, national or other proposals for reform or other initiatives or investigations, could have a material adverse effect on the value of and return on any Notes linked to a “benchmark”.

*Floating rate Notes – benchmark discontinuation*

Where Screen Rate Determination is specified as the manner in which the Rate of Interest in respect of Floating Rate Notes is to be determined, and LIBOR, EURIBOR or another Reference Rate has been selected as the Reference Rate, Condition 5(c)(iii)(C) provides that the Rate of Interest shall be determined by reference to the Relevant Screen Page (or its successor or replacement). In circumstances where the Original Reference Rate is discontinued, neither the Relevant Screen Page, nor any successor or replacement may be available.

Where the Relevant Screen Page is not available, and no successor or replacement for the Relevant Screen Page is available, Condition 5(c)(iii)(C) provides for the Rate of Interest to be determined by the Calculation Agent by reference to quotations from banks communicated to the Calculation Agent.

Where such quotations are not available (as may be the case if the relevant banks are not submitting rates for the determination of such Original Reference Rate), the Rate of Interest may ultimately revert to the Rate of Interest applicable as at the last preceding Interest Determination Date before the Original Reference Rate was unavailable (and solely in the context that such unavailability does not qualify as a Benchmark event). Uncertainty as to the continuation of such Original Reference Rate, the availability of quotes from reference banks, and the rate that would be applicable if such Original Reference Rate is unavailable may adversely affect the value of, and return on, the Floating Rate Notes.

If a Benchmark Event (as defined in Condition 5(a)) (which, amongst other events, includes the permanent discontinuation of an Original Reference Rate) occurs, the Issuer shall use its reasonable endeavours to appoint an Independent Adviser. The Independent Adviser shall endeavour to determine a Successor Rate or Alternative Rate to be used in place of the Original Reference Rate. The use of any such Successor Rate or Alternative Rate to determine the Rate of Interest will result in Notes linked to or referencing the Original Reference Rate performing differently (which may include payment of a lower Rate of Interest) than they would do if the Original Reference Rate were to continue to apply in its current form.

Furthermore, if a Successor Rate or Alternative Rate for the Original Reference Rate is determined by the Independent Adviser, the Conditions of the Notes provide that the Issuer may vary the Conditions of the Notes, as necessary to ensure the proper operation of such Successor Rate or Alternative Rate, without any requirement for consent or approval of the Noteholders.

If a Successor Rate or Alternative Rate is determined by the Independent Adviser, the Conditions of the Notes also provide that an Adjustment Spread may be determined by the Independent Adviser and applied to such Successor Rate or Alternative Rate. The aim of the Adjustment Spread is to reduce or eliminate, to the extent reasonably practicable, any economic prejudice or benefit (as the case may be) to Noteholders, Receiptholders and Couponholders as a result of the replacement of the Original Reference Rate with the Successor Rate or the Alternative Rate. However, it may not be possible to determine or apply an Adjustment Spread and even if an Adjustment Spread is applied, such

Adjustment Spread may not be effective to reduce or eliminate economic prejudice to Noteholders, Receiptholders and Couponholders. If no Adjustment Spread can be determined, a Successor Rate or Alternative Rate may nonetheless be used to determine the Rate of Interest. The use of any Successor Rate or Alternative Rate (including with the application of an Adjustment Spread) will still result in Notes linked to or referencing the Original Reference Rate performing differently (which may include payment of a lower Rate of Interest) than they would if the Original Reference Rate were to continue to apply in its current form.

The Issuer may be unable to appoint an Independent Adviser or the Independent Adviser may not be able to determine a Successor Rate or Alternative Rate in accordance with the Conditions of the Notes.

Where the Issuer is unable to appoint an Independent Adviser in a timely manner, or the Independent Adviser is unable, to determine a Successor Rate or Alternative Rate before the next Interest Determination Date, the Rate of Interest for the next succeeding Interest Period will be the Rate of Interest applicable as at the last preceding Interest Determination Date before the occurrence of the Benchmark Event, or, where the Benchmark Event occurs before the first Interest Determination Date, the Rate of Interest will be the initial Rate of Interest.

Where the Issuer has been unable to appoint an Independent Adviser or, the Independent Adviser has failed, to determine a Successor Rate or Alternative Rate in respect of any given Interest Period, it will continue to attempt to appoint an Independent Adviser in a timely manner before the next succeeding Interest Determination Date and/or to determine a Successor Rate or Alternative Rate to apply the next succeeding and any subsequent Interest Periods, as necessary.

Applying the initial Rate of Interest, or the Rate of Interest applicable as at the last preceding Interest Determination Date before the occurrence of the Benchmark Event will result in Notes linked to or referencing the relevant benchmark performing differently (which may include payment of a lower Rate of Interest) than they would do if the relevant benchmark were to continue to apply, or if a Successor Rate or Alternative Rate could be determined.

If the Issuer is unable to appoint an Independent Adviser or, the Independent Adviser fails to determine a Successor Rate or Alternative Rate for the life of the relevant Notes, the initial Rate of Interest, or the Rate of Interest applicable as at the last preceding Interest Determination Date before the occurrence of the Benchmark Event, will continue to apply to maturity. This will result in the Floating Rate Notes, in effect, becoming Fixed Rate Notes. Noteholders may, in such circumstances, be materially affected and receive a lower interest as they would have expected if an Independent Adviser had been determined or if such Independent Adviser did not fail to determine such Successor or Alternative Rate.

Where ISDA Determination is specified as the manner in which the Rate of Interest in respect of Floating Rate Notes is to be determined, the Conditions of the Notes provide that the Rate of Interest in respect of the Notes shall be determined by reference to the relevant Floating Rate Option in the 2006 ISDA Definitions. Where the Floating Rate Option specified is a "LIBOR" Floating Rate Option or a "EURIBOR" Floating Rate Option, the Rate of Interest may be determined by reference to the relevant screen rate or the rate determined on the basis of quotations from certain banks. If LIBOR or EURIBOR is permanently discontinued and the relevant screen rate or quotations from banks (as applicable) are not available, the operation of these provisions may lead to uncertainty as to the Rate of Interest that would be applicable, and may, adversely affect the value of, and return on, the Floating Rate Notes.



### **3.2 Risks Factors Relating to the Redemption of the Notes**

#### *Notes subject to optional redemption by the Issuer*

The Issuer has the option, if so specified in the relevant the Final Terms, to redeem the Notes under a Residual Call Option as provided in Condition 6(c), a make-whole call option as provided in Condition 6(d), a clean-up call option as provided in Condition 6(e), a Call Option as provided in Condition 6(f) or an Acquisition Event Call Option as provided in Condition 6(l). In particular, in case of a clean-up call option there is no obligation for the Issuer to inform investors if and when the percentage of 75 per cent. has been reached or is about to be reached, and the Issuer's right to redeem will exist notwithstanding that immediately prior to the serving of a notice in respect of the exercise of this option, the Notes may have been trading significantly above par, thus potentially resulting in a loss of capital invested.

If (i) an Acquisition Event Call Option is specified in the relevant Final Terms and (ii) the Issuer publicly announces that the consummation of the acquisition of the Targeted Company, as defined in the relevant Final Terms, is not pursued or the completion of the acquisition has not occurred on or prior to the Acquisition Event Limit Date, the Issuer will have the option to redeem the Notes, in whole or in part or, if so specified in the relevant Final Terms, in whole only, at the Optional Redemption Amount together with any interest accrued on the Notes as provided in Condition 6(l).

Furthermore, in the event that the Issuer would be obliged to increase the amounts payable in respect of any Notes due to any withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the country of domicile (or residence for tax purposes) by the Issuer, or on behalf of France, or any political subdivision thereof or any authority therein or thereof having power to tax, the Issuer may redeem all outstanding Notes in accordance with the Terms and Conditions of the Notes.

In addition, if in the case of any particular Tranche of Notes the relevant Final Terms specifies that the Notes are redeemable at the Issuer's option, the Issuer may choose to redeem the Notes at times when prevailing interest rates may be relatively low. During a period when the Issuer may elect, or has elected, to redeem Notes, such Notes may feature a market value not substantially above the price at which they can be redeemed. In such circumstances an investor may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the relevant Notes.

All of the above may reduce the profits potential investors in the Notes may have expected in subscribing the Notes and could have significant impact on the Noteholders.

#### *Put Option or Change of Control*

Exercise of Put Option as provided in Condition 6(g) or Change of Control Put Option as provided in Condition 6(k) in respect of certain Notes may affect the liquidity of the Notes of the same Series in respect of which such option is not exercised.

Depending on the number of Notes of the same Series in respect of which the Put Option or the Change of Control Put Option provided in the relevant Final Terms is exercised, any trading market in respect of those Notes in respect of which such option is not exercised may become illiquid and Noteholders may lose part of their investments.

### **3.3 Risk Factors Relating to Inflation Linked Notes**

As contemplated in Condition 5(c), the Issuer may issue Inflation Linked Notes and Condition 6(h). Inflation Linked Notes are debt securities which do not provide for predetermined interest payments

and/or in respect of which the principal is indexed. Interest amounts and/or principal will be dependent upon the performance of either (i) the consumer price index (excluding tobacco) for all households in metropolitan France (the “CPI”), as calculated and published monthly by the *Institut National de la Statistique et des Etudes Economiques* (“INSEE”), or (ii) the harmonised index of consumer prices excluding tobacco, or the relevant substitute index, measuring the rate of inflation in the European Monetary Union excluding tobacco as calculated and published monthly by Eurostat (the “HICP”) (each an “Inflation Index” and together, the “Inflation Indices”). If the value of the relevant index calculated at anytime prior to the Maturity Date is lower than the value of the relevant index at the time of the issue of the Notes or at the time of purchase by the Noteholders, then the amount of interest payable by the Issuer and/or the principal of Inflation Linked Notes may vary. Noteholders may receive no interest. However, if the nominal amount to be repaid at maturity is below par, the Inflation Linked Notes will be redeemed at par.

Neither the current nor the historical levels of any of the Inflation Indices should be taken as an indication of future performance of such index during the term of any Inflation Linked Notes.

Inflation Linked Notes are not in any way sponsored, endorsed, sold or promoted by the INSEE or Eurostat, as the case may be, and the INSEE or Eurostat, makes no warranty or representation whatsoever, express or implied, either as to the results to be obtained from the use of any of the Inflation Indices and/or the figure at which such indices stand at any particular time. The Inflation Indices are determined, composed and calculated by the INSEE or Eurostat, as the case may be, without regard to the Issuer or the Notes. The INSEE or Eurostat, as the case may be, is not responsible for or has not participated in the determination of the timing of, prices of, or quantities of the Inflation Linked Notes to be issued or in the determination or calculation of the interest payable under such Notes.

The above-factors could materially and adversely affect the liquidity of the Notes and investors could lose all or part or part of their investment.

### 3.4 Risks Factors Relating to Renminbi-denominated Notes

Notes denominated in RMB (“RMB Notes”) may be issued under the Programme. RMB Notes contain particular risks for potential investors.

Renminbi is not freely convertible at present. The government of the People’s Republic of China (the “PRC Government”) continues to regulate conversion between Renminbi and foreign currencies.

Although Renminbi will be added to the Special Drawing Rights basket created by the International Monetary Fund in 2016 and policies further improving accessibility to Renminbi to settle cross-border transactions in foreign currencies were implemented by the People’s Bank of China (“PBoC”) in 2018, there is no assurance that the PRC Government will continue to gradually liberalise control over cross-border remittance of Renminbi in the future, that any pilot schemes for Renminbi cross-border utilisation will not be discontinued or that new regulations in the PRC will not be promulgated in the future which have the effect of restricting or eliminating the remittance of Renminbi into or outside the PRC. In the event that funds cannot be repatriated outside the PRC in Renminbi, this may affect the overall availability of Renminbi outside the PRC and the Issuer’s ability to source Renminbi to finance its obligations under RMB Notes.

Further, if any new PRC regulations are promulgated in the future which have the effect of permitting or restricting (as the case may be) the remittance of Renminbi for payment of transactions categorised as capital account items, then such remittances will need to be made subject to the specific

requirements or restrictions set out in such rules. In the event that funds cannot be repatriated outside the PRC in Renminbi, the Issuer will need to source Renminbi offshore to finance its obligations under the Notes, and its ability to do so will be subject to the overall availability of Renminbi outside the PRC.

Holders of the Notes denominated in Renminbi may be required to provide certifications and other information (including Renminbi account information) in order to allow such holder to receive payments in Renminbi in accordance with the Renminbi clearing and settlement system for participating banks in Singapore, Hong Kong and Taiwan.

Furthermore, as a result of the restrictions by the PRC Government on cross-border Renminbi fund flows, the availability of Renminbi outside of the PRC is limited. While the PBoC has entered into agreements on the clearing of Renminbi business with financial institutions in a number of financial centres and cities (the “**Renminbi Clearing Banks**”), including but not limited to Hong Kong, Singapore and Taiwan, and are in the process of establishing Renminbi clearing and settlement mechanisms in several other jurisdictions (the “**Settlement Arrangements**”) in various other markets, the current size of Renminbi-denominated financial assets outside the PRC is limited.

There are restrictions imposed by PBoC on Renminbi business participating banks in respect of cross-border Renminbi settlement, such as those relating to direct transactions with PRC enterprises. Furthermore, Renminbi business participating banks do not have direct Renminbi liquidity support from PBoC.

Although it is expected that the offshore Renminbi market will continue to grow in depth and size, its growth is subject to many constraints as a result of PRC laws and regulations on foreign exchange. There is no assurance that new PRC regulations will not be promulgated or the Settlement Arrangements will not be terminated or amended in the future which will have the effect of restricting availability of Renminbi outside the PRC. The limited availability of Renminbi outside the PRC may affect the liquidity of the RMB Notes and as a consequence have an adverse effect on the value of such RMB Notes. To the extent the Issuer is required to source Renminbi in the offshore market to service its RMB Notes, there is no assurance that the Issuer will be able to source such Renminbi on satisfactory terms, if at all.

As a result, Noteholders may receive a lower income on their investments in the Notes or lose all or part of their investment.

### **3.5 Risk Factors Relating to Notes issued at a substantial discount or premium**

The market values of securities issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

It is difficult to anticipate future market volatility in interest rates, but any such volatility may have a significant adverse effect on the value and marketability of the Notes and Noteholders could lose part of their investment.

## **4 Risk Factors Relating to the market generally**

### *No active Secondary/Trading Market for the Notes*

Notes issued under the Programme will be new securities which may not be widely distributed and for which there may be no active trading market (unless in the case of any particular Tranche, such

Tranche is to be consolidated with and form a single Series with a Tranche of Notes which is already issued). If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer. Although in relation to Notes to be listed and admitted to trading on Euronext Paris and/or any other Regulated Market in the EEA, the Final Terms of the Notes will be filed with the AMF in Paris and/or with the competent authority of the Regulated Market of the EEA where the Notes will be listed and admitted to trading, there is no assurance that such filings will be accepted, that any particular Tranche of Notes will be so listed and admitted or that an active trading market will develop. Accordingly, there is no assurance as to the development or liquidity of any trading market for any particular Tranche of Notes. As a consequence, investors may not be able to sell Notes readily or at prices that will enable them to realise their anticipated yield and as a result, investors could lose all or part of their investment in the Notes.

#### *Market Value of the Notes*

The market value of the Notes will be affected by the creditworthiness of the Issuer and a number of additional factors, including the value of an index, including, but not limited to, the volatility of an index, market interest and yield rates and the time remaining to the maturity date.

Application will be made in certain circumstances to list and admit the Notes on Euronext Paris and application may be made for the listing and admission to trading on any other Regulated Market.

The value of the Notes or the Inflation Indices depends on a number of interrelated factors, including economic, financial and political events in France, in the United Kingdom (including Brexit) or elsewhere, including factors affecting capital markets generally and the stock exchanges on which the Notes are traded. The price at which a Noteholder will be able to sell the Notes prior to maturity may be at a discount, which could be substantial, from the issue price or the purchase price paid by such Noteholder and result in losing part of their investment in the Notes. The historical level of the Inflation Index should not be taken as an indication of such index's future performance during the term of any Note.

#### *Exchange Rates risks and exchange controls*

The Programme allows for Notes to be issued in a range of currencies. Prospective investors of the Notes should be aware that an investment in the Notes may involve exchange rate risks. The reference assets or the Notes may be denominated in a currency other than the currency of the purchaser's home jurisdiction; and/or the reference assets or the Notes may be denominated in a currency other than the currency in which a purchaser wishes to receive funds. Exchange rates between currencies are determined by factors of supply and demand in the international currency markets which are influenced by macro-economic factors, speculation and central bank and government intervention (including the imposition of currency controls and restrictions). Fluctuations in exchange rates may affect the value of the Notes or the reference assets.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. If this risk ever materialises, investors may receive less interest or principal than expected, or no interest or principal at all.

## DOCUMENTS INCORPORATED BY REFERENCE

This Base Prospectus should be read and construed in conjunction with the following pages identified in the cross-reference table below of the following documents which have been previously filed with the AMF as competent authority in France for the purposes of the Prospectus Regulation.

- (A) the pages referred to in the table below which are included in the Issuer's 2018 Document de Référence in the French language, filed with the AMF under no. D.19-0308 on 11 April 2019 (the "**2018 Registration Document**"), which includes the audited consolidated financial statements of the Issuer as at 31 December 2018 prepared in accordance with IFRS as adopted by the European Union (<https://www.arkema.com/export/sites/global/.content/medias/downloads/investorrelations/fr/finance/arkema-document-de-reference-2018.pdf>);
- (B) the pages referred to in the table below which are included in the Issuer's 2017 Document de Référence in the French language, filed with the AMF under no. D.18-0216 on 29 March 2018 (the "**2017 Registration Document**"), which includes the audited consolidated financial statements of the Issuer as at 31 December 2017 prepared in accordance with IFRS as adopted by the European Union (<https://www.arkema.com/export/sites/global/.content/medias/downloads/investorrelations/fr/finance/arkema-document-de-reference-2017.pdf>);
- (C) the pages referred to in the table below which are included in the Issuer's interim financial report in the French language, for the six-month period ended on 30 June 2019 (the "**2019 Half-Year Financial Report**", <https://www.arkema.com/export/sites/global/.content/medias/downloads/investorrelations/fr/finance/arkema-rapport-financier-1er-semester-2019.pdf>);
- (D) the terms and conditions of the notes contained in the base prospectus of the Issuer dated 9 October 2013, <https://www.arkema.com/export/sites/global/.content/medias/downloads/investorrelations/en/finance/arkema-base-prospectus-emptn-october-2013.pdf>; (the "**2013 EMTN Conditions**");
- (E) the terms and conditions of the notes contained in the base prospectus of the Issuer dated 19 December 2014, <https://www.arkema.com/export/sites/global/.content/medias/downloads/investorrelations/en/finance/arkema-base-prospectus-emptn-december-2014.pdf> (the "**2014 EMTN Conditions**");
- (F) the terms and conditions of the notes contained in the base prospectus of the Issuer dated 25 November 2016, <https://www.arkema.com/export/sites/global/.content/medias/downloads/investorrelations/en/finance/arkema-2016-base-prospectus.pdf>; (the "**2016 EMTN Conditions**");
- (G) the terms and conditions of the notes contained in the base prospectus of the Issuer dated 28 November 2017, <https://www.arkema.com/export/sites/global/.content/medias/downloads/investorrelations/en/finance/arkema-base-prospectus-emptn.pdf> (the "**2017 EMTN Conditions**"); and
- (H) the terms and conditions of the notes contained in the base prospectus of the Issuer dated 12 December 2018, <https://www.arkema.com/export/sites/global/.content/medias/downloads/investorrelations/en/finance/arkema-12.12.2018-base-prospectus-emptn-programme.pdf> (the "**2018 EMTN Conditions**", and together with the 2013 EMTN Conditions, the 2014 EMTN Conditions, the 2016 EMTN Conditions and the 2017 EMTN Conditions, the "**EMTN Previous Conditions**").

Such pages and document shall be incorporated in, and shall be deemed to form part of, this Base Prospectus, save that any statement contained in a document which is incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Base Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Base Prospectus.

The availability of the documents incorporated by reference into this Base Prospectus is described in section “General Information” under paragraph 10 “Documents available”.

The non-incorporated parts of the documents incorporated by reference in this Base Prospectus shall not form part of this Base Prospectus and are either not relevant for the investors or covered elsewhere in this Base Prospectus.

The English translation of the 2019 Half-Year Financial Report, the 2018 Reference Document and the 2017 Reference Document are available on the website of the Issuer ([www.arkema.com](http://www.arkema.com)). Such English translations are available for information purposes only and are not incorporated by reference in this Base Prospectus and may not be relied upon.

Other than in relation to the documents which are incorporated by reference, the information on the websites to which this Base Prospectus refers does not form part of this Base Prospectus and has not been scrutinised or approved by the AMF.

For the purpose of the Prospectus Regulation, information can be found in the documents incorporated by reference in this Base Prospectus in accordance with the following cross-reference table (in which the numbering refers to the relevant items of Annex 7 of the Commission Delegated Regulation (EU) 2019/980 of 14 March 2019 supplementing the Prospectus Regulation (the “**Commission Delegated Regulation**”).

For the avoidance of doubt, “Not applicable” in the cross-reference table below means that the information is not relevant for the purposes of Annex 7 of the Commission Delegated Regulation.

Items of such Annex 7 which are not listed in the cross-reference table below are also not relevant because included elsewhere in this Base Prospectus.

However the information set out in sections “*Description of the Arkema*” or “*Recent Developments*” can complete, modify or supersede the information incorporated by reference.

Annex 7 of Commission Delegated Regulation (EU) 2019/980		2019 Half-Year Report (Unaudited)	2018 Registration Document	2017 Registration Document
1.	<b>PERSONS RESPONSIBLE, THIRD PARTY INFORMATION, EXPERTS' REPORTS AND COMPETENT AUTHORITY APPROVAL</b>	Not applicable	Not applicable	Not applicable
2.	<b>STATUTORY AUDITORS</b>	Not applicable	Not applicable	Not applicable
3.	<b>RISK FACTORS</b>			
3.1	A description of the material risks that are specific to the issuer and that may affect the issuer's ability to fulfil its obligations under the securities, in a limited number of	Not applicable	Pages 4 to 25, 71 to 77, 119 to 124, 138 to 186, 210 to 211 and 218 to 219	Not applicable

Annex 7 of Commission Delegated Regulation (EU) 2019/980		2019 Half-Year Report (Unaudited)	2018 Registration Document	2017 Registration Document
	<p>categories, in a section headed ‘Risk Factors’.</p> <p>In each category the most material risks, in the assessment of the issuer, offeror or person asking for admission to trading on a regulated market, taking into account the negative impact on the issuer and the probability of their occurrence, shall be set out first. The risk factors shall be corroborated by the content of the registration document.</p>			
<b>4.</b>	<b>INFORMATION ABOUT THE ISSUER</b>			
4.1	<u>History and development of the Issuer</u>			
4.1.1	the legal and commercial name of the issuer	Not applicable	Page 310	Not applicable
4.1.2	the place of registration of the issuer and its registration number and legal entity identifier (‘LEI’)	Not applicable	Page 310	Not applicable
4.1.3	the date of incorporation and the length of life of the issuer, except where the period is indefinite	Not applicable	Page 310	Not applicable
4.1.4	the domicile and legal form of the issuer, the legislation under which the issuer operates, its country of incorporation, the address, telephone number of its registered office (or principal place of business if different from its registered office) and website of the issuer, if any, with a disclaimer that the information on the website does not form part of the prospectus unless that information is incorporated by reference into the prospectus	Not applicable	Page 310	Not applicable
4.1.5	any recent events particular to the issuer and which are to a material extent relevant to the evaluation of the issuer's solvency	Pages 3, 4, 11, 19 and 39	Not applicable	Not applicable
<b>5.</b>	<b>BUSINESS OVERVIEW</b>			
5.1	<u>Principal activities</u>			
5.1.1	A brief description of the issuer’s principal activities stating the main categories of products sold and/or services performed; and	Not applicable	Pages 5 and 34 to 53	Not applicable
5.1.2	The basis for any statements in the registration document made by the issuer regarding its competitive position.	Not applicable	Pages 10, 11 and 42 to 53	Not applicable
<b>6.</b>	<b>ORGANISATIONAL STRUCTURE</b>			
6.1	If the issuer is part of a group, a brief description of the group and the issuer’s	Pages 40 to 42	Pages 311 and 312	Not applicable

<b>Annex 7 of Commission Delegated Regulation (EU) 2019/980</b>		<b>2019 Half-Year Report (Unaudited)</b>	<b>2018 Registration Document</b>	<b>2017 Registration Document</b>
	position within the group. This may be in the form of, or accompanied by, a diagram of the organisational structure if this helps to clarify the structure.			
6.2	If the issuer is dependent upon other entities within the group, this must be clearly stated together with an explanation of this dependence.	Not applicable	Not applicable	Not applicable
<b>7.</b>	<b>TREND INFORMATION</b>	Not applicable	Not applicable	Not applicable
<b>8.</b>	<b>PROFIT FORECASTS OR ESTIMATES</b>	Not applicable	Not applicable	Not applicable
<b>9.</b>	<b>ADMINISTRATIVE, MANAGEMENT, AND SUPERVISORY BODIES</b>			
9.1	Names, business addresses and functions within the issuer of the following persons and an indication of the principal activities performed by them outside of that issuer where these are significant with respect to that issuer:  (a) members of the administrative, management or supervisory bodies;  (b) partners with unlimited liability, in the case of a limited partnership with a share capital.	Not applicable	Pages 28 and 81 to 95	Not applicable
9.2.	<u>Administrative, management, and supervisory bodies conflicts of interests</u>  Potential conflicts of interests between any duties to the issuer, of the persons referred to in item 9.1, and their private interests and or other duties must be clearly stated.  In the event that there are no such conflicts, a statement to that effect must be made.	Not applicable	Page 96	Not applicable
<b>10.</b>	<b>MAJOR SHAREHOLDERS</b>			
10.1	To the extent known to the issuer, state whether the issuer is directly or indirectly owned or controlled and by whom and describe the nature of such control and describe the measures in place to ensure that such control is not abused.	Not applicable	Page 318	Not applicable
10.2	A description of any arrangements, known to the issuer, the operation of which may at a subsequent date result in a change in control of the issuer.	Not applicable	Not applicable	Not applicable



Annex 7 of Commission Delegated Regulation (EU) 2019/980		2019 Half-Year Report (Unaudited)	2018 Registration Document	2017 Registration Document
<b>11.</b>	<b>FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES</b>			
11.1	<u>Historical Financial Information</u> Historical financial information covering the latest two financial years (at least 24 months) or such shorter period as the issuer has been in operation and the audit report in respect of each year.			
	(a) the balance sheet	Page 16	Page 228	Page 207
	(b) the income statement	Pages 14 and 15	Pages 226 and 227	Page 205
	(c) the cash flow statement	Page 17	Page 229	Page 208
	(d) the accounting policies and explanatory notes	Pages 19 to 42	Pages 231 to 286	Pages 211 to 266
11.2	<u>Auditing of historical financial information</u>			
11.2.1	A statement that the historical financial information has been audited.  If audit reports on the historical financial information contain qualifications, modifications of opinion, disclaimers or an emphasis of matter, such qualifications, modifications, disclaimers or emphasis of matter must be reproduced in full and the reasons given.	Pages 44 to 46	Pages 221 to 225	Pages 201 to 204
11.2.2	An indication of other information in the registration document which has been audited by the auditors.	Not applicable	Not applicable	Not applicable
11.2.3	Where financial information in the registration document is not extracted from the issuer's audited financial statements state the source of the data and state that the data is not audited.	Not applicable	Not applicable	Not applicable
11.3	<u>Legal and arbitration proceedings</u>			
11.3.1	Information on any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the issuer is aware), during a period covering at least the previous 12 months which may have, or have had in the recent past significant effects on the issuer and/or group's financial position or profitability, or	Page 34	Pages 58 and 267 to 269	Not applicable

Annex 7 of Commission Delegated Regulation (EU) 2019/980		2019 Half-Year Report (Unaudited)	2018 Registration Document	2017 Registration Document
	provide an appropriate negative statement.			
11.4	<u>Significant change in the issuer's financial or trading position</u>			-
11.4.1	A description of any significant change in the financial position of the group which has occurred since the end of the last financial period for which either audited financial information or interim financial information have been published, or provide an appropriate negative statement.	Not applicable	Not applicable	Not applicable
<b>12.</b>	<b>MATERIAL CONTRACTS</b>			
12.1	A brief summary of all material contracts that are not entered into in the ordinary course of the issuer's business, which could result in any group member being under an obligation or entitlement that is material to the issuer's ability to meet its obligations to security holders in respect of the securities being issued.	Not applicable	Page 56	Not applicable
<b>13.</b>	<b>DOCUMENTS AVAILABLE</b>	Not applicable	Not applicable	Not applicable

**Any information not listed above but included in the documents incorporated by reference is given for information purposes only and shall not form part of this Base Prospectus.**

The EMTN Previous Conditions are incorporated by reference in this Base Prospectus for the purpose only of further issues of Notes to be assimilated (*assimilées*) and form a single series with Notes already issued with the relevant EMTN Previous Conditions.

EMTN Previous Conditions	
2013 EMTN Conditions	Pages 24 to 63 of the base prospectus dated 9 October 2013
2014 EMTN Conditions	Pages 25 to 59 of the base prospectus dated 19 December 2014
2016 EMTN Conditions	Pages 26 to 59 of the base prospectus dated 25 November 2016
2017 EMTN Conditions	Pages 27 to 55 of the base prospectus dated 28 November 2017
2018 EMTN Conditions	Pages 31 to 69 of the base prospectus dated 12 December 2018

## **SUPPLEMENT TO THE BASE PROSPECTUS**

If at any time the Issuer is required to prepare a prospectus supplement pursuant to provisions of Article 23 of the Prospectus Regulation, the Issuer will prepare and make available an appropriate supplement to this Base Prospectus or a further Base Prospectus which, in respect of any subsequent issue of Notes to be listed and admitted to trading on Euronext Paris or on a Regulated Market for a Member State of the EEA or offered to the public in a Member State of the EEA, shall constitute (only in respect of an appropriate supplement to the Base Prospectus) a prospectus supplement as required by Article 23 of the Prospectus Regulation.

The Issuer has given an undertaking to the Dealers that if at any time during the duration of the Programme there is a significant new factor, material mistake or material inaccuracy relating to the information contained in this Base Prospectus which may affect the assessment of any Notes and whose inclusion in or removal from this Base Prospectus is necessary for the purpose of allowing an investor to make an informed assessment of the assets and liabilities, profits and losses, financial position, and prospects of the Issuer, the rights attaching to the Notes, and the reason for the issuance and its impact on the Issuer, the Issuer shall prepare a supplement to this Base Prospectus for use in connection with any subsequent offering of the Notes and shall supply to each Dealer such number of copies of such supplement hereto or replacement Base Prospectus as such Dealer may reasonably request.

## TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions that, subject to completion in accordance with the provisions of the relevant Final Terms, shall be applicable to the Notes. In the case of Dematerialised Notes, the text of the terms and conditions will not be endorsed on physical documents of title but will be constituted by the following text as completed by the relevant Final Terms. In the case of Materialised Notes, either (i) the full text of these terms and conditions together with the relevant provisions of the Final Terms or (ii) these terms and conditions as so completed (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on Definitive Materialised Bearer Notes. References in the Conditions to “Notes” are to the Notes of one Series only, not to all Notes that may be issued under the Programme.

All capitalised terms are defined in these Conditions and those which are not will have the meanings given to them in the relevant Final Terms.

An amended and restated agency agreement dated 28 January 2020 (as amended or supplemented from time to time, the “**Amended and Restated Agency Agreement**”) has been agreed between Arkema (“**Arkema**” or the “**Issuer**”), Société Générale as fiscal agent and the other agents named in it. The fiscal agent, the paying agents, the redenomination agent, the consolidation agent and the calculation agent(s) for the time being (if any) are referred to below respectively as the “**Fiscal Agent**”, the “**Paying Agents**” (which expression shall include the Fiscal Agent), the “**Redenomination Agent**”, the “**Consolidation Agent**” and the “**Calculation Agent(s)**”. The holders of Dematerialised Notes and Materialised Notes, the holders of the interest coupons (the “**Coupons**”) relating to interest bearing Materialised Notes and, where applicable in the case of such Notes, talons (the “**Talons**”) for further Coupons (the “**Couponholders**”) and the holders of the receipts (the “**Receipts**”) for the payment of instalments of principal (the “**Receiptholders**”) relating to Materialised Notes of which the principal is payable in instalments are deemed to have notice of all of the provisions of the Amended and Restated Agency Agreement applicable to them.

References below to “**Conditions**” are, unless the context requires otherwise, to the numbered paragraphs below.

For the purpose of these Terms and Conditions, “**Regulated Market**” means any regulated market situated in a Member State of the European Economic Area (“**EEA**”) as defined in the Markets in Financial Instruments Directive 2014/65/EU, as amended from time to time.

### 1 Form, Denomination(s), Title and Redenomination

- (a) **Form:** Notes may be issued either in dematerialised form (“**Dematerialised Notes**”) or in materialised form (“**Materialised Notes**”).

Title to Dematerialised Notes will be evidenced in accordance with Articles L.211-3 and R.211-1 of the French *Code monétaire et financier* (the “**Code**”) by book entries (*inscriptions en compte*). No physical document of title (including *certificats représentatifs* pursuant to Article R.211-7 of the Code) will be issued in respect of the Dematerialised Notes.

Dematerialised Notes are issued, at the option of the Issuer and as specified in the relevant Final Terms (the “**Final Terms**”), in either bearer dematerialised form (*au porteur*), in which case they are inscribed in the books of Euroclear France (acting as central depository) (“**Euroclear France**”) which shall credit the accounts of Account Holders, or in registered dematerialised form (*au nominatif*) and, in such latter case, at the option of the relevant Noteholder in either administered registered form (*au nominatif administré*) inscribed in the books of an Account Holder or in fully registered form (*au nominatif pur*) inscribed in an account in the books of Euroclear France maintained by the Issuer or the

Registration Agent (designated in the relevant Final Terms) acting on behalf of the Issuer (the “**Registration Agent**”).

The Issuer may require the identification of the Noteholders in accordance with French law unless such right is expressly excluded in the relevant Final Terms.

For the purpose of these Conditions, “**Account Holder**” means any financial intermediary institution entitled directly or indirectly to hold accounts on behalf of its customers with Euroclear France, and includes the depositary bank for Clearstream Banking, S.A. (“**Clearstream**”) and Euroclear Bank SA/NV (“**Euroclear**”).

Materialised Notes are issued in bearer form (“**Materialised Bearer Notes**”). Materialised Bearer Notes are serially numbered and are issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Zero Coupon Notes in which case references to interest (other than in relation to interest due after the Maturity Date), Coupons and Talons in these Conditions are not applicable. Instalment Notes are issued with one or more Receipts attached.

*In accordance with Articles L.211-3 and R.211-1 of the Code, securities (such as Notes) which are governed by French law and are in materialised form must be issued outside the French territory.*

(b) **Denomination(s):**

Notes shall be issued in the specified denomination(s) as set out in the relevant Final Terms (the “**Specified Denomination(s)**”) save that the minimum denomination of each Note listed and admitted to trading on a Regulated Market in circumstances which require the publication of a Base Prospectus under the Prospectus Regulation will be at least €100,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency at the issue date) or such other higher amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency. Dematerialised Notes shall be issued in one Specified Denomination only.

(c) **Title:**

- (i) Title to Dematerialised Notes in bearer dematerialised form (*au porteur*) and in administered registered form (*au nominatif administré*) shall pass upon, and transfer of such Notes may only be effected through, registration of the transfer in the accounts of Account Holders. Title to Dematerialised Notes in fully registered form (*au nominatif pur*) shall pass upon, and transfer of such Notes may only be effected through, registration of the transfer in the accounts of the Issuer or of the Registration Agent.
- (ii) Title to Materialised Bearer Notes in definitive form having, where appropriate, Coupons, Receipt(s) and/or a Talon attached thereto on issue (“**Definitive Materialised Bearer Notes**”), shall pass by delivery.
- (iii) Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Note, Receipt, Coupon or Talon shall be deemed to be and may be treated as its absolute owner for all purposes, whether or not it is overdue and regardless of any notice of ownership, or an interest in it, any writing on it or its theft or loss and no person shall be liable for so treating the holder.
- (iv) In these Conditions, “**holder of Notes**”, “**holder of any Note**” or “**Noteholder**” means (i) in the case of Dematerialised Notes, the person whose name appears in the account of the relevant Account Holder or the Issuer or the Registration Agent (as the case may be) as being entitled to such Notes and (ii) in the case of Materialised Notes, the bearer of any Definitive Materialised

Bearer Note and the Receipts, Coupons, or Talon relating to it, and capitalised terms have the meanings given to them in the relevant Final Terms, the absence of any such meaning indicating that such term is not applicable to the Notes.

(d) **Redenomination:**

- (i) The Issuer may (if so specified in the relevant Final Terms), on any Interest Payment Date, without the consent of the holder of any Note, Receipt, Coupon or Talon, by giving at least 30 calendar days' notice in accordance with Condition 15 and on or after the date on which the European Member State in whose national currency the Notes are denominated has become a participating Member State in the single currency of the European Economic and Monetary Union (as provided in the Treaty on the Functioning of the European Union, as amended from time to time (the "**Treaty**")), or events have occurred which have substantially the same effects, redenominate all, but not some only, of the Notes of any Series (as defined below) into Euro and adjust the aggregate principal amount and the Specified Denomination(s) set out in the relevant Final Terms accordingly, as described below. The date on which such redenomination becomes effective shall be referred to in these Conditions as the "**Redenomination Date**".
- (ii) The redenomination of the Notes pursuant to Condition 1(d)(i) shall be made by converting the principal amount of each Note from the relevant national currency into Euro using the fixed relevant national currency Euro conversion rate established by the Council of the European Union pursuant to applicable regulations of the Treaty and rounding the resultant figure to the nearest €0.01 (with €0.005 being rounded upwards). If the Issuer so elects, the figure resulting from conversion of the principal amount of each Note using the fixed relevant national currency Euro conversion rate shall be rounded down to the nearest Euro. The Euro denominations of the Notes so determined shall be notified to Noteholders in accordance with Condition 15. Any balance remaining from the redenomination with a denomination higher than €0.01 shall be paid by way of cash adjustment rounded to the nearest €0.01 (with €0.005 being rounded upwards). Such cash adjustment will be payable in Euro on the Redenomination Date in the manner notified to Noteholders by the Issuer.
- (iii) Upon redenomination of the Notes, any reference in the relevant Final Terms to the relevant national currency shall be construed as a reference to Euro.
- (iv) In connection with any redenomination pursuant to this Condition or any consolidation pursuant to Condition 14, the Issuer may without the consent of the holder of any Note, Receipt, Coupon or Talon but with the prior approval of the Redenomination Agent and the Consolidation Agent, make any changes or additions to these Conditions or Condition 14 (including, without limitation, any change to any applicable business day definition, business day convention, principal financial centre of the country of the Specified Currency, interest accrual basis or benchmark), taking into account market practice in respect of redenominated euromarket debt obligations and which it believes are not prejudicial to the interests of such holders. Any such changes or additions shall, in the absence of manifest error, be binding on the holders of Notes, Receipts, Coupons and Talons and shall be notified to Noteholders in accordance with Condition 15 as soon as practicable thereafter.
- (v) Neither the Issuer nor any Paying Agent shall be liable to the holder of any Note, Receipt, Coupon or Talon or other person for any commissions, costs, losses or expenses in relation to or resulting from the credit or transfer of Euro or any currency conversion or rounding effected in connection therewith.

## 2 Conversion and Exchanges of Notes

### (a) Dematerialised Notes:

- (i) Dematerialised Notes issued in bearer dematerialised form (*au porteur*) may not be converted into Dematerialised Notes in registered dematerialised form, whether in fully registered form (*au nominatif pur*) or in administered registered form (*au nominatif administré*).
- (ii) Dematerialised Notes issued in registered dematerialised form (*au nominatif*) may not be converted into Dematerialised Notes in bearer dematerialised form (*au porteur*).
- (iii) Dematerialised Notes issued in fully registered form (*au nominatif pur*) may, at the option of the Noteholder, be converted into Notes in administered registered form (*au nominatif administré*), and vice versa. The exercise of any such option by such Noteholder shall be made in accordance with Article R.211-4 of the Code. Any such conversion shall be effected at the cost of such Noteholder.

### (b) Materialised Notes:

Materialised Bearer Notes of one Specified Denomination may not be exchanged for Materialised Bearer Notes of another Specified Denomination.

## 3 Status of the Notes

The Notes and, where applicable, any relative Receipts and Coupons are direct, unconditional, unsubordinated and (subject to the provisions of Condition 4) unsecured obligations of the Issuer and rank and will at all times rank *pari passu* and without any preference among themselves and (subject to such exceptions as are from time to time mandatory under French law) equally and rateably with all other present or future unsecured and unsubordinated obligations of the Issuer, from time to time outstanding.

## 4 Negative Pledge

So long as any of the Notes or, if applicable, any Receipts or Coupons relating to them, remain outstanding (as defined below), the Issuer will not, and will ensure that none of its Principal Subsidiaries (as defined below) will, create or permit to subsist any mortgage, lien, charge, pledge (other than a lien arising by operation of law) or other form of security interest (*sûreté réelle*) (“**Security**”) upon any of their respective assets or revenues, present or future, to secure (i) any Relevant Debt (as defined below) or (ii) any guarantee or indemnity in respect of any Relevant Debt unless, at the same time or prior thereto, the Issuer’s obligations under the Notes (a) are equally and rateably secured therewith or (b) have the benefit of such other security or other arrangement as shall be approved by the Masse (as defined in Condition 11) pursuant to Condition 11.

For the purposes of this Condition:

“**outstanding**” means, in relation to the Notes of any Series, all the Notes issued other than (a) those that have been redeemed in accordance with these Conditions, (b) those in respect of which the date for redemption has occurred and the redemption monies (including all interest accrued on such Notes to the date for such redemption and any interest payable after such date) have been duly paid (i) in the case of Dematerialised Notes in bearer form and in administered registered form, to the relevant Account Holders on behalf of the Noteholder as provided in Condition 7(a), (ii) in the case of Dematerialised Notes in fully registered form, to the account of the Noteholder as provided in Condition 7(a) and (iii) in the case of Materialised Notes, to the Fiscal Agent and remain available for payment against presentation and surrender of Materialised Bearer Notes, Receipts and/or Coupons, as the case may be, (c) those which have become void or in respect of which claims have become prescribed, (d) those which have been purchased and cancelled as provided in these Conditions, (e) in the case of Materialised Notes (i) those mutilated or defaced Materialised Bearer Notes that

have been surrendered in exchange for replacement Materialised Bearer Notes, (ii) (for the purpose only of determining how many such Materialised Bearer Notes are outstanding and without prejudice to their status for any other purpose) those Materialised Bearer Notes alleged to have been lost, stolen or destroyed and in respect of which replacement Materialised Bearer Notes have been issued and (iii) any Temporary Global Certificate to the extent that it shall have been exchanged for one or more Definitive Materialised Bearer Notes, pursuant to its provisions.

“**Relevant Debt**” means any present or future indebtedness for borrowed money in the form of, or represented by, bonds or notes (*obligations*) or other debt securities (including *titres de créances négociables*), issued by the Issuer or any of its Principal Subsidiaries, which are for the time being, or are capable of being, quoted, admitted to trading or ordinarily dealt in on any stock exchange, over-the-counter market or other securities market.

“**Subsidiary**” means, in relation to any person or entity at any time, any other person or entity controlled directly or indirectly by such person or entity within the meaning of articles L.233-1 and L.233-3 of the French *Code de commerce*.

“**Principal Subsidiary**” means, at any relevant time, a Subsidiary of the Issuer whose capital employed represents more than five per cent. (5%) of the consolidated capital employed of the Group or whose turnover represents more than five per cent. (5%) of the consolidated turnover of the Group.

“**Capital employed**” means the capital employed calculated by aggregating the net carrying amounts of intangible assets, property, plant and equipment, equity affiliate investments and loans, other investments, other non-current assets (excluding deferred tax assets) and working capital.

“**Group**” means the Issuer and its Subsidiaries taken as a whole.

## 5 Interest and other Calculations

(a) **Definitions:** In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

“**Adjustment Spread**” means either a spread (which may be positive or negative), or the formula or the methodology for calculating a spread, in either case, which the Independent Adviser determines and which is required to be applied to the Successor Rate or the Alternative Rate, as the case may be, to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit, as the case may be, to Noteholders, Receiptholders and Couponholders as a result of the replacement of the Original Reference Rate with the Successor Rate or the Alternative Rate, as the case may be, and is the spread, formula or methodology which:

- (i) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or (if no such recommendation has been made, or in the case of an Alternative Rate);
- (ii) the Independent Adviser determines and which is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate, as the case may be; or (if the Issuer determines that no such industry standard is recognised or acknowledged);
- (iii) the Independent Adviser determines to be appropriate.

“**Alternative Rate**” means an alternative benchmark or screen rate which the Independent Adviser determines in accordance with Condition 5(b)(iii)(D)(b) and which is customarily applied in



international debt capital markets transactions for the purposes of determining rates of interest (or the relevant component part thereof) in the same Specified Currency as the Notes.

“**Benchmark Amendments**” has the meaning given to it in Condition 5(b)(iii)(D)(d).

“**Benchmark Event**” means:

- (i) the Original Reference Rate ceasing to be published for a period of at least 5 Business Days or ceasing to exist; or
- (ii) a public statement by the administrator of the Original Reference Rate that it has ceased or that it will cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate); or
- (iii) a public statement by the supervisor of the administrator of the Original Reference Rate, that the Original Reference Rate has been or will be permanently or indefinitely discontinued; or
- (iv) a public statement by the supervisor of the administrator of the Original Reference Rate as a consequence of which the Original Reference Rate will be prohibited from being used either generally, or in respect of the Notes; or
- (v) it has become unlawful for any Paying Agent, the Calculation Agent or the Issuer to calculate any payments due to be made to any Noteholder using the Original Reference Rate,

provided that in the case of sub-paragraphs (ii), (iii) and (iv), the Benchmark Event shall occur on the date of the cessation of publication of the Original Reference Rate, the discontinuation of the Original Reference Rate, or the prohibition of use of the Original Reference Rate, as the case may be, and not the date of the relevant public statement.

“**Business Day**” means:

- (i) in the case of euro, a day on which the Trans European Automated Real Time Gross Settlement Express Transfer system (known as TARGET 2 system) or any successor thereto (the “**TARGET System**”) is operating (a “**TARGET Business Day**”); and/or
- (ii) in relation to any sum payable in Renminbi, a day on which commercial banks and foreign exchange markets settle payments in Renminbi in Hong Kong and in the relevant Business Centre(s) (if any); and/or
- (iii) in the case of a specified currency other than euro and Renminbi, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency; and/or
- (iv) in the case of a currency and/or one or more Business Centres specified in the relevant Final Terms (the “**Business Centre(s)**”), a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Business Centre(s) or, if no currency is indicated, generally in each of the Business Centres so specified.

“**Day Count Fraction**” means, in respect of the calculation of an amount of interest on any Note for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Period or Interest Accrual Period, the “**Calculation Period**”):

- (i) if “**Actual/Actual**” or “**Actual/Actual – ISDA**” or “**Act/Act**” or “**Act/Act (ISDA)**” is specified in the relevant Final Terms, the actual number of calendar days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of calendar days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of calendar days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (ii) if “**Actual/365 – FBF**” is specified in the relevant Final Terms, the fraction whose numerator is the actual number of calendar days elapsed during the Calculation Period and whose denominator is 365. If part of that Calculation Period falls in a leap year, Actual/365 – FBF shall mean the sum of (i) the fraction whose numerator is the actual number of calendar days elapsed during the non-leap year and whose denominator is 365 and (ii) the fraction whose numerator is the number of actual calendar days elapsed during the leap year and whose denominator is 366;
- (iii) if “**Actual/Actual – FBF**” is specified in the relevant Final Terms in respect of each calculation, the fraction whose numerator is the actual number of calendar days elapsed during such period and whose denominator is 365 (or 366 if 29 February falls within the Calculation Period);
- (iv) if “**Actual/Actual – ICMA**” is specified in the relevant Final Terms:
  - (A) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of calendar days in the Calculation Period divided by the product of (x) the number of calendar days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and
  - (B) if the Calculation Period is longer than one Determination Period, the sum of:
    - the number of calendar days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of calendar days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and
    - the number of calendar days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of calendar days in such Determination Period and (2) the number of Determination Periods normally ending in any year,

in each case where:

“**Determination Period**” means the period from and including a Determination Date in any year to but excluding the next Determination Date, and

“**Determination Date**” means the date specified as such in the relevant Final Terms or, if none is specified, the Interest Payment Date;

- (v) if “**Actual/365 (Fixed)**” is specified in the relevant Final Terms, the actual number of calendar days in the Calculation Period divided by 365;
- (vi) if “**Actual/360**” is specified in the relevant Final Terms, the actual number of calendar days in the Calculation Period divided by 360;

- (vii) if “**30/360**”, “**360/360**” or “**Bond Basis**” is specified in the relevant Final Terms, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{DAY COUNT FRACTION} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“**Y1**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y2**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M1**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M2**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**D1**” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and

“**D2**” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30; and

- (viii) if “**30E/360**” or “**Eurobond Basis**” is specified in the relevant Final Terms, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{DAY COUNT FRACTION} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“**Y1**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y2**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M1**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M2**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**D1**” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and

“**D2**” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D2 will be 30; and

- (ix) if “**30E/360 (ISDA)**” is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{DAY COUNT FRACTION} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“**Y1**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y2**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M1**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M2**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**D1**” is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D1 will be 30; and

“**D2**” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D2 will be 30.

“**Euro-zone**” means the region comprised of member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended from time to time.

“**FBF**” means the *Fédération Bancaire Française*.

“**FBF Definitions**” means the definitions set out in the June 2013/2007 FBF Master Agreement relating to transactions on forward financial instruments and the technical schedules (*additifs techniques*) published from time to time by the FBF, as may be supplemented or amended as at the Issue Date.

“**Independent Adviser**” means an independent financial institution of international repute or an independent financial adviser with appropriate expertise appointed by the Issuer under Condition 5(c)(iii)(D)(a).

“**Interest Accrual Period**” means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Period Date and each successive period beginning on (and including) an Interest Period Date and ending on (but excluding) the next succeeding Interest Period Date.

“**Interest Amount**” means the amount of interest payable, and in the case of Fixed Rate Notes, means the Fixed Coupon Amount or Broken Amount, as the case may be.

“**Interest Commencement Date**” means the Issue Date or such other date as may be specified in the relevant Final Terms.

“**Interest Determination Date**” means, with respect to a Rate of Interest and Interest Accrual Period or the interest amount in relation to RMB Notes, the date specified as such in the relevant Final Terms or, if none is so specified, (i) the day falling two TARGET Business Days prior to the first day of such Interest Accrual Period if the Specified Currency is euro or (ii) the first day of such Interest Accrual Period if the Specified Currency is Sterling or (iii) the day falling two Business Days in the city specified in the Final Terms for the Specified Currency prior to the first day of such Interest Accrual Period if the Specified Currency is neither Sterling nor euro.

“**Interest Payment Date**” means the date(s) specified in the relevant Final Terms.

**“Interest Period”** means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date.

**“Interest Period Date”** means each Interest Payment Date or such other date(s) specified in the relevant Final Terms.

**“ISDA Definitions”** means the 2006 ISDA Definitions as published by the International Swaps and Derivatives Association, Inc., as may be supplemented or amended as at the Issue Date.

**“Original Reference Rate”** means the originally-specified benchmark or screen rate (as applicable) used to determine the Rate of Interest (or any component part thereof) on the Notes as specified in the relevant Final Terms.

**“Rate of Interest”** means the rate of interest payable from time to time in respect of the Notes and that is either specified or calculated in accordance with the provisions in the relevant Final Terms.

**“Reference Banks”** means, in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market, in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market or, if otherwise, the principal offices of five major banks in the Relevant Inter-Bank Market, in each case selected by the Calculation Agent or as specified in the relevant Final Terms.

**“Reference Rate”** means the rate specified as such in the relevant Final Terms (or any Successor Rate or Alternative Rate).

**“Relevant Inter-Bank Market”** means such inter-bank market as may be specified in the relevant Final Terms.

**“Relevant Nominating Body”** means, in respect of a benchmark or screen rate, as applicable:

- (i) the central bank for the currency to which the benchmark or screen rate, as applicable, relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate, as applicable; or
- (ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank for the currency to which the benchmark or screen rate, as applicable, relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate, as applicable, (c) a group of the aforementioned central banks or other supervisory authorities or (d) the Financial Stability Board or any part thereof.

**“Relevant Screen Page”** means such page, section, caption, column or other part of a particular information service as may be specified in the relevant Final Terms (or any successor or replacement page, section, caption, column or other part of a particular information service).

**“Relevant Screen Page Time”** means such time as may be specified in the relevant Final Terms (or any successor or replacement page, section, caption, column or other part of a particular information service).

**“RMB Note”** means a Note denominated in Renminbi.

**“Successor Rate”** means a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body. If, following a Benchmark Event, more

than one successor or replacement rates are recommended by any Relevant Nominating Body, the Independent Adviser shall determine which of those successor or replacement rates is the most appropriate, taking into consideration, without limitation, the particular features of the relevant Notes and the nature of the Issuer.

“**Specified Currency**” means the currency specified as such in the relevant Final Terms.

- (b) **Interest on Fixed Rate Notes:** Each Fixed Rate Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrears on each Interest Payment Date.

If a Fixed Coupon Amount or a Broken Amount is specified in the relevant Final Terms, the amount of interest payable on each Interest Payment Date will amount to the Fixed Coupon Amount or, if applicable, the Broken Amount so specified and in the case of the Broken Amount will be payable on the particular Interest Payment Date(s) specified in the relevant Final Terms.

- (c) **Interest on Floating Rate Notes and Inflation Linked Notes:**

(i) *Interest Payment Dates:* Each Floating Rate Note and Inflation Linked Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear (except as otherwise provided in the relevant Final Terms) on each Interest Payment Date. Such Interest Payment Date(s) is/are either shown in the relevant Final Terms as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown in the relevant Final Terms, Interest Payment Date shall mean each date which falls the number of months or other period shown in the relevant Final Terms as the Interest Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

(ii) *Business Day Convention:* If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day. Notwithstanding the foregoing, where the applicable Final Terms specifies that the relevant Business Day Convention is to be applied on an “unadjusted” basis, the Interest Amount payable on any date shall not be affected by the application of the Business Day Convention.

(iii) *Rate of Interest for Floating Rate Notes:* The Rate of Interest in respect of Floating Rate Notes for each Interest Accrual Period shall be determined in the manner specified in the relevant Final Terms and the provisions below relating to either FBF Determination, ISDA Determination or Screen Rate Determination shall apply, depending upon which is specified in the relevant Final Terms.

(A) *FBF Determination for Floating Rate Notes:*

Where FBF Determination is specified in the relevant Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent as a rate equal to the relevant FBF Rate. For the purposes of this sub-paragraph (A), “**FBF Rate**” for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent for a Transaction under the terms of an agreement incorporating the FBF Definitions and under which:

- (a) the Floating Rate is as specified in the relevant Final Terms; and
- (b) the relevant Floating Rate Determination Date is the first calendar day of that Interest Period unless otherwise specified in the relevant Final Terms.

For the purposes of this sub-paragraph (A), “**Floating Rate**” (*Taux Variable*), “**Floating Rate Determination Date**” (*Date de Détermination du Taux Variable*) and “**Transaction**” (*Transaction*) have the meanings given to those terms in the FBF Definitions.

(B) *ISDA Determination for Floating Rate Notes:*

Where ISDA Determination is specified in the relevant Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate. For the purposes of this sub-paragraph (B), “**ISDA Rate**” for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (a) the Floating Rate Option is as specified in the relevant Final Terms;
- (b) the designated Maturity is a period specified in the relevant Final Terms; and
- (c) the relevant Reset Date is the first day of that Interest Accrual Period unless otherwise specified in the relevant Final Terms.

For the purposes of this sub-paragraph (B), “**Floating Rate**”, “**Calculation Agent**”, “**Floating Rate Option**”, “**Designated Maturity**”, “**Reset Date**” and “**Swap Transaction**” have the meanings given to those terms in the ISDA Definitions.

(C) *Screen Rate Determination for Floating Rate Notes:*

- (a) Where Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period will, subject as provided below, be either:

- (i) the offered quotation or
- (ii) the arithmetic mean of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at either (i) 11:00 a.m. (London time in the case of LIBOR or Brussels time in the case of EURIBOR) or (ii) if otherwise, the Relevant Screen Page Time on the Interest

Determination Date in question as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean of such offered quotations.

- (b) If the Relevant Screen Page is not available or if sub-paragraph (a)(i) applies and no such offered quotation appears on the Relevant Screen Page or if sub-paragraph (a)(ii) applies and fewer than three such offered quotations appear on the Relevant Screen Page, subject as provided below, the Calculation Agent shall request, (i) if the Reference Rate is LIBOR, the principal London office of each of the Reference Banks, (ii) if the Reference Rate is EURIBOR, the principal Euro-zone office of each of the Reference Banks, or (iii) if otherwise, each of the Reference Banks to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate if the Reference Rate is LIBOR, at approximately 11:00 a.m. (London time), if the Reference Rate is EURIBOR, at approximately 11:00 a.m. (Brussels time) or, if otherwise, at the Relevant Screen Page Time on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent.
- (c) If paragraph (b) above applies and the Calculation Agent determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, if the Reference Rate is LIBOR, at approximately 11:00 a.m. (London time), if the Reference Rate is EURIBOR, at approximately 11:00 a.m. (Brussels time) or, if otherwise, at the Relevant Screen Page Time on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in, if the Reference Rate is LIBOR, the London inter-bank market, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, or, if otherwise, the Relevant Inter-Bank Market, as the case may be, or, if fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, if the Reference Rate is LIBOR, at approximately 11:00 a.m. (London time), if the Reference Rate is EURIBOR, at approximately 11:00 a.m. (Brussels time), or, if otherwise, at the Relevant Screen Page Time on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for such purpose) informs the Calculation Agent it is quoting to leading banks in, if the Reference Rate is LIBOR, the London inter-bank market, if the Reference Rate is EURIBOR, the Euro zone inter-bank



market, or, if otherwise, the Relevant Inter-Bank Market, as the case may be, provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Accrual Period).

- (d) Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined and the Reference Rate in respect of the Floating Rate Notes is specified as being CMS Rate, the Rate of Interest for each Interest Accrual Period will, subject as provided below, be determined by the Calculation Agent by reference to the following formula:

$$\text{CMS Rate} + \text{Margin}$$

If the Relevant Screen Page is not available at the Specified Time on the relevant Interest Determination Date: (i) the Calculation Agent shall request each of the CMS Reference Banks to provide the Calculation Agent with its quotation for the Relevant Swap Rate at approximately the Specified Time on the relevant Interest Determination Date; (ii) if at least three of the CMS Reference Banks provide the Calculation Agent with such quotations, the CMS Rate for such Interest Accrual Period shall be the arithmetic mean of such quotations, eliminating the highest quotation (or, in the event of equality, one of the highest quotations and the lowest quotation (or, in the event of equality, one of the lowest quotations) and (iii) if on any Interest Determination Date less than three or none of the CMS Reference Banks provides the Calculation Agent with such quotations as provided in the preceding paragraph, the CMS Rate shall be determined by the Calculation Agent on such commercial basis as considered appropriate by the Calculation Agent in its absolute discretion, in accordance with the then prevailing standard market practice.

For the purposes of this sub-paragraph (d):

“**CMS Rate**” shall mean the applicable swap rate for swap transactions in the Reference Currency with a maturity of the Designated Maturity, expressed as a percentage, which appears on the Relevant Screen Page as at the Specified Time on the relevant Interest Determination Date in question, all as determined by the Calculation Agent.

“**CMS Reference Banks**” means (i) where the Reference Currency is Euro, the principal office of five leading swap dealers in the inter-bank market, (ii) where the Reference Currency is Sterling, the principal London office of five leading swap dealers in the London inter-bank market, (iii) where the Reference Currency is U.S. dollars, the principal New York City office of five leading swap dealers in the New York City inter-bank market, or (iv) in the case of any other Reference Currency, the principal Relevant Financial Centre office of five leading swap

dealers in the Relevant Financial Centre inter-bank market, in each case selected by the Calculation Agent.

“**Reference Currency**” means the currency specified as such in the applicable Final Terms.

“**Relevant Financial Centre**” means, with respect to a Reference Currency, the financial centre specified as such in the applicable Final Terms.

“**Designated Maturity**”, “**Margin**”, “**Specified Time**” and “**Relevant Screen Page**” shall have the meaning given to those terms in the applicable Final Terms.

“**Relevant Swap Rate**” means:

- (i) where the Reference Currency is Euro, the mid-market annual swap rate determined on the basis of the arithmetic mean of the bid and offered rates for the annual fixed leg, calculated on a 30/360 day count basis, of a fixed-for-floating euro interest rate swap transaction with a term equal to the Designated Maturity commencing on the first day of the relevant Interest Accrual Period and in a Representative Amount with an acknowledged dealer of good credit in the swap market, where the floating leg, in each case calculated on an Actual/360 day count basis, is equivalent to EUR-EURIBOR-Reuters (as defined in the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes (the “**ISDA Definitions**”)) with a designated maturity determined by the Calculation Agent by reference to the then prevailing standard market practice or the ISDA Definitions;
- (ii) where the Reference Currency is Sterling, the mid-market semi-annual swap rate determined on the basis of the arithmetic mean of the bid and offered rates for the semi-annual fixed leg, calculated on an Actual/365 (Fixed) day count basis, of a fixed-for-floating Sterling interest rate swap transaction with a term equal to the Designated Maturity commencing on the first day of the relevant Interest Accrual Period and in a Representative Amount with an acknowledged dealer of good credit in the swap market, where the floating leg, in each case calculated on an Actual/365 (Fixed) day count basis, is equivalent (A) if the Designated Maturity is greater than one year, to GBP-LIBOR-BBA (as defined in the ISDA Definitions) with a designated maturity of six months or (B) if the Designated Maturity is one year or less, to GBP-LIBOR-BBA with a designated maturity of three months;
- (iii) where the Reference Currency is U.S. dollars, the mid-market semi-annual swap rate determined on the basis of the mean of the bid and offered rates for the semi-annual fixed leg, calculated on a 30/360 day count basis, of a fixed-for-floating U.S. dollar interest rate swap transaction with a term equal to the Designated Maturity commencing on the first day of the relevant Interest Accrual Period and in a Representative Amount with an acknowledged dealer of good credit in the swap market, where the floating leg, calculated on an Actual/360 day count basis, is equivalent to USD-

LIBOR-BBA (as defined in the ISDA Definitions) with a designated maturity of three months; and

- (iv) where the Reference Currency is any other currency or if the Final Terms specify otherwise, the mid-market swap rate as determined in accordance with the applicable Final Terms.

“**Representative Amount**” means an amount that is representative for a single transaction in the relevant market at the relevant time, as determined by the Calculation Agent.

*(D) Benchmark discontinuation*

*(a) Independent Adviser*

Where Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate of Interest is to be determined and if a Benchmark Event occurs in relation to an Original Reference Rate when any Rate of Interest (or any component part thereof) remains to be determined by reference to such Original Reference Rate the Issuer shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, to determine a Successor Rate, failing which an Alternative Rate (in accordance with Condition 5(c)(iii)(D)(b)) and, in either case, an Adjustment Spread if any (in accordance with Condition 5(c)(iii)(D)(c)) and any Benchmark Amendments (in accordance with Condition 5(c)(iii)(D)(d)).

In making such determination, the Independent Adviser appointed pursuant to this Condition 5(c)(iii)(D) shall act in good faith in a commercially reasonable manner as an independent expert and in consultation with the Issuer. The Issuer will not take any discretionary decision on the basis of such consultation. In the absence of bad faith, manifest error or fraud, the Independent Adviser shall have no liability whatsoever to the Issuer, the Paying Agents, or the Noteholders, the Receiptholders or the Couponholders for any determination made by it, pursuant to this Condition 5(c)(iii)(D).

If (i) the Issuer is unable to appoint an Independent Adviser; or (ii) the Independent Adviser appointed by it fails to determine a Successor Rate or, failing which, an Alternative Rate in accordance with this Condition 5(c)(iii)(D)(a) prior to the relevant Interest Determination Date, the Rate of Interest applicable to the next succeeding Interest Period shall be equal to the Rate of Interest last determined in relation to the Notes in respect of the immediately preceding Interest Period. If there has not been a first Interest Payment Date, the Rate of Interest shall be the initial Rate of Interest. Where a different Margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Period shall be substituted in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Period. For the avoidance of doubt, this Condition 5(c)(iii)(D)(a) shall apply to the relevant next succeeding Interest Period only and any subsequent Interest Periods are subject to the subsequent operation of, and to adjustment as provided in, this Condition 5(c)(iii)(D)(a).

(b) Successor Rate or Alternative Rate

If the Independent Adviser, determines that:

- (i) there is a Successor Rate, then such Successor Rate shall (subject to adjustment as provided in Condition 5(c)(iii)(D)(c)) subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the operation of this Condition 5(c)(iii)(D)); or
- (ii) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate shall (subject to adjustment as provided in Condition 5(c)(iii)(D)(c)) subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the operation of this Condition 5(c)(iii)(D)).

(c) Adjustment Spread

If the Independent Adviser, determines (i) that an Adjustment Spread is required to be applied to the Successor Rate or the Alternative Rate (as the case may be) and (ii) the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall be applied to the Successor Rate or the Alternative Rate (as the case may be).

(d) Benchmark Amendments

If any Successor Rate or Alternative Rate and, in either case, the applicable Adjustment Spread is determined in accordance with this Condition 5(c)(iii)(D) and the Independent Adviser, determines (i) that amendments to these Conditions are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and/or (in either case) the applicable Adjustment Spread (such amendments, the “**Benchmark Amendments**”) and (ii) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof in accordance with Condition 5(c)(iii)(D)(e), without any requirement for the consent or approval of Noteholders, vary these Conditions to give effect to such Benchmark Amendments with effect from the date specified in such notice.

For the avoidance of doubt, and in connection with any such variation in accordance with this Condition 5(c)(iii)(D)(d), the Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

(e) Notices

Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments, determined under this Condition 5(c)(iii)(D) will be notified promptly by the Issuer, after receiving such information from the Independent Adviser, to the Fiscal Agent, the Calculation Agent, the Paying Agents, the Representative of the Masse and, in accordance with Condition 15, the Noteholders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

The Issuer shall deliver to the Fiscal Agent a certificate signed by an authorised signatory of the Issuer and the Independent Adviser:

- (i) confirming, on the basis of the determination of the Independent Adviser (i) that a Benchmark Event has occurred, (ii) the Successor Rate or, as the case may be, the Alternative Rate and, (iii) where applicable, any Adjustment Spread and (iv) the specific terms of the Benchmark Amendments (if any), in each case as determined in accordance with the provisions of this Condition 5(c)(iii)(D); and
- (ii) certifying that the Benchmark Amendments (if any) are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and (in either case) the applicable Adjustment Spread.

Each of the Fiscal Agent, the Calculation Agent and the Paying Agents shall be entitled to rely on such certificate (without liability to any person) as sufficient evidence thereof. The Successor Rate or Alternative Rate and the Adjustment Spread (if any) and the Benchmark Amendments (if any) specified in such certificate will (in the absence of manifest error or bad faith in the determination of the Successor Rate or Alternative Rate and the Adjustment Spread (if any) and the Benchmark Amendments (if any) and without prejudice to the Fiscal Agent's, the Calculation Agent's or the Paying Agents' ability to rely on such certificate as aforesaid) be binding on the Issuer, the Fiscal Agent, the Calculation Agent, the Paying Agent and the Noteholders.

- (f) Survival of Original Reference Rate

Without prejudice to the obligations of the Issuer under Condition 5(c)(iii)(D) (a), (b), (c) and (d), the Original Reference Rate and the fallback provisions provided for in Condition 5(c)(iii)(B) will continue to apply unless and until a Benchmark Event has occurred.

- (g) New Benchmark Event in respect of the Successor Rate or Alternative Rate

If Benchmark Amendments have been implemented pursuant to this Condition 5(c)(iii)(D) and a new Benchmark Event occurs in respect of the then applicable Successor Rate or Alternative Rate, the provisions of this Condition 5(c)(iii)(D) shall apply as if the Successor Rate or Alternative Rate were the Original Reference Rate.

- (iv) *Rate of Interest for Inflation Linked Notes:*

- 1. Consumer Price Index (CPI)

Where the consumer price index excluding tobacco for all households in metropolitan France, as calculated and published by the *Institut National de la Statistique et des Etudes Economiques* (the "INSEE") ("CPI") is specified as the Index in the relevant Final Terms, this Condition 5(c)(iv)(1) shall apply. Terms defined herein shall have the meanings set out below only when this Condition 5(c)(iv)(1) shall apply.

The Rate of Interest in respect of Inflation Linked Notes indexed to the CPI (the "**CPI Linked Interest**") will be determined by the Calculation Agent on the following basis:

- (A) On the fifth Business Day before each Interest Payment Date (an “**Interest Determination Date**”) the Calculation Agent will calculate the Inflation Index Ratio.

For the purpose of this Condition 5(c)(iv)(1), the “**Inflation Index Ratio**” or “**IIR**” is the ratio between (i) the CPI Daily Inflation Reference Index (as defined below) applicable upon any Interest Payment Date or the redemption date, as the case may be and (ii) the base reference defined as the CPI Daily Inflation Reference Index (as defined below) applicable on the date specified in the applicable Final Terms (the “**Base Reference**”). Notwithstanding Condition 5(g)(iii), the IIR will be rounded if necessary to five significant figures (with halves being rounded up).

“**CPI Daily Inflation Reference Index**” means (A) in relation to the first day of any given month, the CPI Monthly Reference Index of the third month preceding such month, and (B) in relation to a day (D) (other than the first day) in any given month (M), the linear interpolation of the CPI Monthly Reference Index pertaining respectively to the third month preceding such month (M - 3) and the second month preceding such month (M - 2) calculated in accordance with the following formula:

CPI Daily Inflation Reference Index=

$$\text{CPI Monthly Reference Index}_{M-3} + \frac{D-1}{ND_M} \times (\text{CPI Monthly Reference Index}_{M-2} - \text{CPI Monthly Reference Index}_{M-3})$$

With:

“**ND<sub>M</sub>**”: number of days in the relevant month M and, in the case of payment of principal and interest, shall be equal to 31;

“**D**”: actual day of payment in the relevant month M and, in the case of payment of principal and interest, shall be equal to 25;

“**CPI Monthly Reference Index<sub>M-2</sub>**”: price index of month M - 2;

“**CPI Monthly Reference Index<sub>M-3</sub>**”: price index of month M - 3.

Notwithstanding Condition 5(g)(iii), the CPI Daily Inflation Reference Index will be rounded if necessary to five significant figures (with halves being rounded up).

For information purposes, such CPI Daily Inflation Reference Index appears on the *Agence France Trésor* Reuters page OATINFLATION01 or on Bloomberg TRESOR <GO> pages and on the website [www.aft.gouv.fr](http://www.aft.gouv.fr). In the case of doubt in the interpretation of the methods used to calculate the Inflation Index Ratio, such methods shall be interpreted by reference to the procedures selected by the French Treasury (*Trésor*) for its *obligations assimilables du Trésor indexées sur l'inflation*.

“**CPI Monthly Reference Index**” refers to the definitive consumer price index excluding tobacco for all households in metropolitan France, as calculated and published monthly by the INSEE as such index may be adjusted or replaced from time to time as provided herein.

- (B) The calculation method described below is based on the recommendation issued by the French Bond Association (*Comité de Normalisation Obligataire* – [www.cnofrance.org](http://www.cnofrance.org)) in its December 2010 Paper entitled “Inflation Indexed Notes” (*Obligations et autres instruments de taux d’intérêt en euro, Normes et usages des marchés de capitaux – Chapitre II: Les obligations indexées sur l’inflation*). In the case of any conflict between the calculation method provided below and the calculation method provided by the Bond Association (*Comité de Normalisation Obligataire*), the calculation method provided by the Bond Association (*Comité de Normalisation Obligataire*) shall prevail.

The CPI Linked Interest applicable from time to time for each Interest Period (as specified in the relevant Final Terms) will be equal to the rate per annum specified in the relevant Final Terms multiplied by the Inflation Index Ratio (as defined above).

(C)

- (1) If the CPI Monthly Reference Index is not published in a timely manner, a substitute CPI Monthly Reference Index (the “**Substitute CPI Monthly Reference Index**”) shall be determined by the Calculation Agent in accordance with the following provisions:

- (x) If a provisional CPI Monthly Reference Index (*indice provisoire*) has already been published, such index shall automatically be used as the Substitute CPI Monthly Reference Index. Such provisional CPI Monthly Reference Index would be published under the heading “*indice de substitution*”. Once the definitive CPI Monthly Reference Index is released, it would automatically apply from the day following its release to all calculations taking place from this date.
- (y) If no provisional CPI Monthly Reference Index is available, a substitute index shall be calculated on the basis of the most recently published figure adjusted as set out in the following formula:

Substitute CPI Monthly Reference Index<sub>M</sub>=

$$\text{CPI Monthly Reference Index}_{M-1} \times \frac{\text{CPI Monthly Reference Index}_{M-12}}{\text{CPI Monthly Reference Index}_{M-13}}$$

- (2) In the event INSEE decides to proceed with one or more base changes for the purpose of calculating the CPI Monthly Reference Index, the two CPI Monthly Reference Indexes which have been calculated on a different basis will be chained on the basis of the December CPI Monthly Reference Index of the last year of joint publications, which corresponds to the CPI Daily Inflation Reference Index for 1 March of the following year. Such chaining will be carried out in accordance with the following equation:

$$\text{Key} = \frac{\text{CPI Monthly Reference Index}^{\text{pertaining to December calculated on the new basis}}}{\text{CPI Monthly Reference Index}^{\text{pertaining to December calculated on the previous basis}}}$$

Such that:

$$\text{CPI Monthly Reference Index}_{\text{New Basis}}^{\text{Date D}} = \text{CPI Monthly Reference Index}_{\text{Previous Basis}}^{\text{Date D}} \times \text{Key}$$

2. Harmonised Index of Consumer Prices (HICP)

Where the harmonised index of consumer prices excluding tobacco measuring the rate of inflation in the European Monetary Union excluding tobacco as calculated and published monthly by Eurostat (the “**HICP**”) is specified as the Index in the relevant Final Terms, this Condition 5(c)(iv)(2) shall apply. Terms defined herein shall have the meanings set out below only when this Condition 5(c)(iv)(2) shall apply.

The Rate of Interest in respect of Inflation Linked Notes indexed to the HICP (the “**HICP Linked Interest**”) will be determined by the Calculation Agent on the following basis:

- (A) On the fifth Business Day before each Interest Payment Date (an “Interest Determination Date”) the Calculation Agent will calculate the Inflation Index Ratio.

For the purpose of this Condition 5(c)(iv)(2), the “**Inflation Index Ratio**” or “**IIR**” is the ratio between (i) the HICP Daily Inflation Reference Index (as defined below) applicable upon any Interest Payment Date or the redemption date, as the case may be and (ii) the base reference defined as the HICP Daily Inflation Reference Index (as defined below) applicable on the date specified in the applicable Final Terms (the “**Base Reference**”). Notwithstanding Condition 5(g)(iii), the IIR will be rounded if necessary to five significant figures (with halves being rounded up).

“**HICP Daily Inflation Reference Index**” means (A) in relation to the first day of any given month, the HICP Monthly Reference Index of the third month preceding such month, and (B) in relation to a day (D) (other than the first day) in any given month (M), the linear interpolation of the HICP Monthly Reference Index pertaining respectively to the third month preceding such month (M - 3) and the second month preceding such month (M - 2) calculated in accordance with the following formula:

HICP Daily Inflation Reference Index =

$$\text{HICP Monthly Reference Index}_{\text{M-3}} + \frac{\text{D}-1}{\text{ND}_{\text{M}}} \times (\text{HICP Monthly Reference Index}_{\text{M-2}} - \text{HICP Monthly Reference Index}_{\text{M-3}})$$

With:

“**ND<sub>M</sub>**”: number of days in the relevant month M and, in the case of payment of principal and interest, shall be equal to 31;

“**D**”: actual day of payment in the relevant month M and, in the case of payment of principal and interest, shall be equal to 25;

“**HICP Monthly Reference Index<sub>M-2</sub>**”: price index of month M - 2;

“**HICP Monthly Reference Index<sub>M-3</sub>**”: price index of month M - 3.



Notwithstanding Condition 5(g)(iii), the HICP Daily Inflation Reference Index will be rounded if necessary to five significant figures (with halves being rounded up).

For information purposes, such HICP Daily Inflation Reference Index appears on the *Agence France Trésor* Reuters page OATEI01, on the website [www.aft.gouv.fr](http://www.aft.gouv.fr) and on Bloomberg page TRESOR.

“**HICP Monthly Reference Index**” refers to the harmonised index of consumer prices excluding tobacco measuring the rate of inflation in the European Monetary Union excluding tobacco as calculated and published by Eurostat as such index may be adjusted or replaced from time to time as provided herein.

(B) The HICP Linked Interest applicable from time to time for each Interest Period (as specified in the relevant Final Terms) will be equal to the rate per annum specified in the relevant Final Terms multiplied by the Inflation Index Ratio (as defined above).

(C)

(1) If the HICP Monthly Reference Index is not published in a timely manner, a substitute HICP Monthly Reference Index (the “**Substitute HICP Monthly Reference Index**”) shall be determined by the Calculation Agent in accordance with the following provisions:

(x) If a provisional HICP Monthly Reference Index has already been published by Eurostat, such index shall automatically be used as the Substitute HICP Monthly Reference Index. Once the definitive HICP Monthly Reference Index is released, it would automatically apply from the day following its release to all calculations taking place from this date.

(y) If no provisional HICP Monthly Reference Index is available, a substitute index shall be calculated on the basis of the most recently published figure adjusted as set out in the following formula:

Substitute HICP Monthly Reference Index<sub>M</sub> =

$$\text{HICP Monthly Reference Index}_{M-1} \times \frac{\text{HICP Monthly Reference Index}_{M-12}}{\text{HICP Monthly Reference Index}_{M-13}}$$

(2) In the event Eurostat decides to proceed with one or more base changes for the purpose of calculating the HICP Monthly Reference Index, the two HICP Monthly Reference Indexes which have been calculated on a different basis will be chained on the basis of the December HICP Monthly Reference Index of the last year of joint publications, which corresponds to the HICP Daily Inflation Reference Index for 1 March of the following year. Such chaining will be carried out in accordance with the following equation:

$$\text{Key} = \frac{\text{HICP Monthly Reference Index}^{\text{pertaining to December calculated on the new basis}}}{\text{HICP Monthly Reference Index}^{\text{pertaining to December calculated on the previous basis}}}$$

Such that:

$$\text{HICP Monthly Reference Index}_{\text{New Basis}}^{\text{Date D}} = \text{HICP Monthly Reference Index}_{\text{Previous Basis}}^{\text{Date D}} \times \text{Key}$$

- (d) **Fixed/Floating Rate Notes:** Fixed/Floating Rate Notes may bear interest at a rate (i) that the Issuer may elect, upon giving not less than fifteen (15) calendar days prior notice in accordance with Condition 14, to convert on the date set out in the Final Terms from a Fixed Rate to a Floating Rate, or from a Floating Rate to a Fixed Rate (the “**Optional Change of Interest Date**”) or (ii) that will automatically change from a Fixed Rate to a Floating Rate, or from a Floating Rate to a Fixed Rate on the date set out in the Final Terms (the “**Automatic Change of Interest Date**”).
- (e) **Zero Coupon Notes:** Where a Note the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note. As from the Maturity Date, the Rate of Interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as described in Condition 6(i)(i)).
- (f) **Accrual of Interest:** Interest shall cease to accrue on each Note on the due date for redemption unless (i) in the case of Dematerialised Notes, on such due date or (ii) in the case of Materialised Notes, upon due presentation, payment is improperly withheld or refused, in which event interest shall continue to accrue (as well after as before judgement) at the Rate of Interest in the manner provided in this Condition 5 to the Relevant Date.
- (g) **Margin, Maximum/Minimum Rates of Interest, Instalment Amounts and Redemption Amounts, and Rounding:**
- (i) If any Margin is specified in the relevant Final Terms (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (x), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (y), calculated in accordance with (c) above by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin, subject always to the next paragraph.
- (ii) If any Maximum or Minimum Rate of Interest, Instalment Amount or Redemption Amount is specified in the relevant Final Terms, then any Rate of Interest, Instalment Amount or Redemption Amount shall be subject to such maximum or minimum, as the case may be. In no event shall the applicable rate of interest (including, for the sake of clarity, any applicable margin) be less than zero.
- (iii) For the purposes of any calculations required pursuant to these Conditions, (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (y) all figures shall be rounded to seven significant figures (with halves being rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of Yen, which shall be rounded down to the nearest Yen. For these purposes “unit” means the lowest amount of such currency that is available as legal tender in the country(ies) of such currency.
- (h) **Calculations:** The amount of interest payable in respect of any Note for any period shall be calculated by multiplying the product of the Rate of Interest and the outstanding nominal amount of such Note by the Day Count Fraction, unless an Interest Amount is specified in respect of such period, in which case the amount of interest payable in respect of such Note for such period shall equal such Interest Amount. Where any Interest Period comprises two or more Interest Accrual Periods, the amount of

interest payable in respect of such Interest Period shall be the sum of the amounts of interest payable in respect of each of those Interest Accrual Periods.

- (i) **Determination and Publication of Rates of Interest, Interest Amounts, Final Redemption Amounts, Optional Redemption Amounts, Early Redemption Amounts and Instalment Amounts:** The Calculation Agent shall, as soon as practicable on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, determine such rate and calculate the Interest Amounts in respect of each Specified Denomination of the Notes for the relevant Interest Accrual Period, calculate the Final Redemption Amount, Optional Redemption Amount, Early Redemption Amount or Instalment Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Accrual Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Optional Redemption Amount, Early Redemption Amount or any Instalment Amount to be notified to the Fiscal Agent, the Issuer, each of the Paying Agents, the Noteholders, any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information and, if the Notes are listed and admitted to trading on a Regulated Market and the rules of such Regulated Market so require, such exchange as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Interest and Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination. Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 5(c)(ii), the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 9, the accrued interest and the Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest or the Interest Amount so calculated need be made. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.
- (j) **Calculation Agent:** The Issuer shall procure that there shall at all times be one or more Calculation Agents if provision is made for them in the relevant Final Terms and for so long as any Note is outstanding (as defined in Condition 4). Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for an Interest Period or Interest Accrual Period or to calculate any Interest Amount, Instalment Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, or to comply with any other requirement, the Issuer shall appoint a leading bank or investment banking firm engaged in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal Paris office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.
- (k) **RMB Notes:** Notwithstanding the foregoing, each RMB Note which is a Fixed Rate Note bears interest from (and including) the Interest Commencement Date at the rate per annum equal to the Rate of Interest. For the purposes of calculating the amount of interest, if any Interest Payment Date would otherwise fall on a day which is not a Business Day, it shall be postponed to the next day which is a

Business Day unless it would thereby fall into the next calendar month in which case it shall be brought forward to the immediately preceding Business Day. Interest will be payable in arrears on each Interest Payment Date.

The Calculation Agent will, as soon as practicable after 11:00 a.m. (Hong Kong time) on each Interest Determination Date, calculate the amount of interest payable per Specified Denomination for the relevant Interest Period. The determination of the amount of interest payable per Specified Denomination by the Calculation Agent shall (in the absence of manifest error and after confirmation by the Issuer) be final and binding upon all parties.

The Calculation Agent will cause the amount of interest payable per Specified Denomination for each Interest Period and the relevant Interest Payment Date to be notified to each of the Paying Agents and to be notified to Noteholders as soon as possible after their determination but in no event later than the fourth Business Day thereafter. The amount of interest payable per Specified Denomination and Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 9, the accrued interest per Specified Denomination shall nevertheless continue to be calculated as previously by the Calculation Agent in accordance with this provision but no publication of the amount of interest payable per Specified Denomination so calculated need be made.

Interest shall be calculated in respect of any period by applying the Rate of Interest to the Specified Denomination, multiplying such product by the actual number of days in the relevant Interest Period or, as applicable, other period concerned and dividing it by 365, and rounding the resultant figure to the nearest Renminbi sub-unit, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

- (l) **Adjustment of the Rate of Interest:** If an Interest Rate Adjustment is specified in the relevant Final Terms, the rate of interest payable on the Notes will be subject to adjustment following the occurrence of a Step Up Event or a Step Down Event (each such adjustment an “**Interest Rate Adjustment**”). Any Interest Rate Adjustment shall be effective from and including the Interest Payment Date immediately following the date of the Step Up Event or the Step Down Event (as applicable) until the Maturity Date.

For the avoidance of doubt, in relation to an Interest Period, a Step Up Event or Step Down Event will only result in an Interest Rate Adjustment on the immediately following Interest Payment Date to the extent that neither a Step Down Event, nor a Step Up Event, as relevant, subsequently occurs during such Interest Period.

For the avoidance of doubt, the concurrence or succession of two or more Step Up Events will result in one Interest Rate Adjustment only.

The Issuer will cause each Step Up Event and each Step Down Event to be notified to the Fiscal Agent and notice thereof to be given to the Noteholders in accordance with Condition 15 as soon as possible after the occurrence of the Step Up Event or the Step Down Event.

For so long as any of the Notes are outstanding, the Issuer shall use all reasonable efforts to ensure the existence of a Rating from at least one Rating Agency.

The announcement by at least one Rating Agency of a decrease in the Rating which results in the Issuer ceasing to have an Investment Grade Rating shall constitute a Step Up Event (a “**Downgrade Step Up Event**”).

In the event that the Issuer deliberately renounces to maintain a Rating from at least one Rating Agency, a Step Up Event shall be deemed to have occurred as from the date upon which such a Rating ceases to be assigned (a “**No Rating Step Up Event**”).

For the purposes of this Condition:

“**Interest Rate Adjustment**” means that the rate of interest payable under the Notes shall be equal to:

- (a) the Initial Rate of Interest plus the Margin Adjustment as specified in the relevant Final Terms in the case of a Step Up Event; and
- (b) the Initial Rate of Interest, in the case of a Step Down Event.

“**Initial Rate of Interest**” means the Rate of Interest specified in the relevant Final Terms.

“**Investment Grade Rating**” means a rating of BBB- or Baa3, or the equivalent rating level for the time being, or better.

“**Rating Agency**” means Standard & Poor’s Credit Market Services France SAS or Moody’s Investors Service Limited or any other rating agency of equivalent international standing requested by the Issuer to grant a rating to the Issuer’s senior unsecured long-term debt and, in each case, their respective successors or affiliates.

“**Rating**” means the rating of the Issuer’s senior unsecured long-term debt.

“**Step Down Event**” means, where the rate of interest has previously been subject to an Interest Rate Adjustment following a Step Up Event, the first public announcement by a Rating Agency that it has assigned a Rating equal to an Investment Grade Rating.

“**Step Up Event**” means a No Rating Step Up Event or a Downgrade Step Up Event.

*For the avoidance of doubt, no Interest Rate Adjustment will apply in the case of an early redemption of the Notes at the option of Noteholders following a Change of Control as set forth in Condition 6(k).*

## **6 Redemption, Purchase and Options**

- (a) **Final Redemption:** Unless previously redeemed, purchased and cancelled as provided below, each Note shall be finally redeemed on the Maturity Date specified in the relevant Final Terms at its Final Redemption Amount (which, unless otherwise provided, is its nominal amount) or, in the case of a Note falling within Condition 6(b) below, its final Instalment Amount.
- (b) **Redemption by Instalments:** Unless previously redeemed, purchased and cancelled as provided in this Condition 6, each Note that provides for Instalment Dates and Instalment Amounts shall be partially redeemed on each Instalment Date at the related Instalment Amount specified in the relevant Final Terms. The outstanding nominal amount of each such Note shall be reduced by the Instalment Amount (or, if such Instalment Amount is calculated by reference to a proportion of the nominal amount of such Note, such proportion) for all purposes with effect from the related Instalment Date, unless payment of the Instalment Amount is improperly withheld or refused (i) in the case of Dematerialised Notes, on the due date for such payment or (ii) in the case of Materialised Notes, on presentation of the related Receipt, in which case, such amount shall remain outstanding until the Relevant Date relating to such Instalment Amount.
- (c) **Residual Call Option:** If a Residual Call Option is specified in the relevant Final Terms, the Issuer may, on giving not less than 15 nor more than 30 calendar days’ irrevocable notice in accordance with Condition 15 to the Noteholders (or such other notice period as may be specified in the relevant Final

Terms) redeem, at any time as from the Call Option Date (as specified in the Final Terms) which shall be no earlier than 3 months before the Maturity Date, until the Maturity Date, the Notes, in whole or in part, at par together with interest accrued to, but excluding, the date fixed for redemption.

All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition.

In the case of a partial redemption, the relevant provisions of Condition 6(f) shall apply *mutatis mutandis* to this Condition 6(c).

- (d) **Make-Whole Redemption by the Issuer:** If a Make-Whole Redemption by the Issuer is specified in the relevant Final Terms, in respect of any issue of Notes, the Issuer may, subject to compliance by the Issuer with all relevant laws, regulations and directives and on giving not less than 15 nor more than 30 calendar days' irrevocable notice in accordance with Condition 15 to the Noteholders (or such other notice period as may be specified in the relevant Final Terms) redeem the Notes, in whole or in part, at any time or from time to time, prior to their Maturity Date (the "**Optional Redemption Date**") at their Optional Redemption Amount. The Optional Redemption Amount will be calculated by the Calculation Agent and will be the greater of (x) 100 per cent. of the nominal amount of the Notes so redeemed and, (y) the sum of the then present values of the remaining scheduled payments of principal and interest on such Notes (not including any interest accrued on the Notes to, but excluding, the relevant Optional Redemption Date) discounted to the relevant Optional Redemption Date on an annual basis at the Redemption Rate plus a Redemption Margin (as specified in the relevant Final Terms), plus in each case (x) or (y) above, any interest accrued on the Notes to, but excluding, the Optional Redemption Date.

If a Residual Call Option is specified in the relevant Final Terms, the Optional Redemption Amount in respect of the Make-Whole Redemption by the Issuer will be calculated taking into account the Call Option Date (as specified in the relevant Final Terms) pursuant to Condition 6(c) above and not the Maturity Date.

The "**Redemption Rate**" is the average of the four quotations given by the Reference Dealers of the mid-market annual yield to maturity of the Reference Security (as specified in the relevant Final Terms) on the fourth business day preceding the Optional Redemption Date at 11:00 a.m. (Central European time (CET)).

"**Reference Dealers**" means each of the four banks selected by the Calculation Agent which are primary European government security dealers, and their respective successors, or market makers in pricing corporate bond issues or as specified in the relevant Final Terms.

If the Reference Security is no longer outstanding, a Similar Security (as specified in the relevant Final Terms) will be chosen by the Calculation Agent at 11:00 a.m. (Central European time (CET)) on the third business day in London preceding the Optional Redemption Date, quoted in writing by the Calculation Agent to the Issuer and notified in accordance with Condition 15.

The Redemption Rate will be notified by the Issuer in accordance with Condition 15.

The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent shall (in the absence of manifest error) be final and binding upon all parties.

In the case of a partial redemption, the relevant provisions of Condition 6(f) shall apply *mutatis mutandis* to this Condition 6(d).

- (e) **Clean-Up Call Option:** Unless otherwise specified in the relevant Final Terms, if at least 75 per cent. of the initial aggregate nominal amount of the Notes of the same Series have been redeemed or purchased and, in each case, cancelled, the Issuer may on giving not less than 15 nor more than 30 calendar days' notice to the Noteholders redeem the Notes, in whole but not in part, at their Clean-Up Redemption Amount together with any interest accrued to the date set for redemption (as specified in the relevant Final Terms).
- (f) **Redemption at the Option of the Issuer and Partial Redemption:** If a Call Option is specified in the relevant Final Terms, the Issuer may, on giving not less than 15 nor more than 30 calendar days' irrevocable notice in accordance with Condition 15 to the Noteholders (or such other notice period as may be specified in the relevant Final Terms) redeem, all or, if so provided in the relevant Final Terms, some, of the Notes on any Optional Redemption Date. Any such redemption of Notes shall be at their Optional Redemption Amount together with interest accrued to, but excluding, the date fixed for redemption, if any. Any such redemption or exercise must relate to Notes of a nominal amount at least equal to the Minimum Redemption Amount to be redeemed specified in the relevant Final Terms and no greater than the Maximum Redemption Amount to be redeemed specified in the relevant Final Terms.

All Notes in respect of which any such notice is given shall be redeemed, on the date specified in such notice in accordance with this Condition.

In the case of a partial redemption in respect of Materialised Notes, the notice to holders of such Materialised Notes shall also contain the number of the Definitive Materialised Bearer Notes to be redeemed which shall have been drawn in such place and in such manner as may be fair and reasonable in the circumstances, taking account of prevailing market practices, subject to compliance with any applicable laws and stock exchange or other relevant authority requirements of the Regulated Market on which the Notes are listed and admitted to trading.

In the case of a partial redemption in respect of Dematerialised Notes of any Series, the redemption may be effected by reducing the nominal amount of all such Dematerialised Notes in proportion to the aggregate nominal amount redeemed.

So long as the Notes are listed and admitted to trading on Euronext Paris or on any Regulated Market and the rules of such Regulated Market so require, the Issuer shall, once in each year in which there has been a partial redemption of the Notes, cause to be published in accordance with Articles 221-3 and 221-4 of the General Regulations (*Règlement Général*) of the *Autorité des marchés financiers* (the "AMF") and on the website of any other competent authority and/or Regulated Market where the Notes are listed and admitted to trading, a notice specifying the aggregate nominal amount of Notes outstanding and, in the case of Materialised Notes, a list of any Definitive Materialised Bearer Notes drawn for redemption but not surrendered.

- (g) **Redemption at the Option of Noteholders:** If a Put Option is specified in the relevant Final Terms, the Issuer shall, at the option of the Noteholder, upon the Noteholder giving not less than 15 nor more than 30 calendar days' notice to the Issuer (or such other notice period as may be specified in the relevant Final Terms) redeem such Note on the Optional Redemption Date(s) at its Optional Redemption Amount together with interest accrued to the date fixed for redemption.

To exercise such option the Noteholder must deposit with a Paying Agent at its specified office during usual business hours a duly completed option exercise notice (the "**Exercise Notice**") in the form obtained during usual business hours from any Paying Agent, within the notice period. In the case of Materialised Bearer Notes, the Exercise Notice shall have attached to it the relevant Notes (together with all unmatured Receipts and Coupons and unexchanged Talons). In the case of Dematerialised

Notes, the Noteholder shall transfer, or cause to be transferred, the Dematerialised Notes to be redeemed to the account of the Fiscal Agent or the Paying Agent with a specified office in Paris as specified in the Exercise Notice. No option so exercised and, where applicable, no Note so deposited or transferred, may be withdrawn without the prior consent of the Issuer.

- (h) **Redemption of Inflation Linked Notes:** If so specified in the relevant Final Terms, the Final Redemption Amount in respect of Inflation Linked Notes will be determined by the Calculation Agent on the following basis:

Final Redemption Amount = IIR x nominal amount of the Notes

“IIR” being for the purpose of this Condition 6(h) the ratio determined on the fifth Business Day before the Maturity Date between either (i) if the CPI is specified as the Index applicable in the Final Terms, the CPI Daily Inflation Reference Index or (ii) if the HICP is specified as the Index applicable in the Final Terms, the HICP Daily Inflation Reference Index, on the Maturity Date and the Base Reference on the date specified in the relevant Final Terms.

If the Final Redemption Amount calculated as set out above is below par, the Notes will be redeemed at par.

- (i) **Early Redemption:**

(i) *Zero Coupon Notes:*

- (A) The Early Redemption Amount payable in respect of any Zero Coupon Note, upon redemption of such Note pursuant to Condition 6(j) or Condition 6(o) or upon it becoming due and payable as provided in Condition 9 shall be the Amortised Nominal Amount (calculated as provided below) of such Note.
- (B) Subject to the provisions of sub-paragraph (C) below, the Amortised Nominal Amount of any such Note shall be the scheduled Final Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown in the relevant Final Terms, shall be such rate as would produce an Amortised Nominal Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.
- (C) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 6(j) or Condition 6(o) or upon it becoming due and payable as provided in Condition 9 is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Nominal Amount of such Note as defined in sub-paragraph (B) above, except that such sub-paragraph shall have effect as though the date on which the Amortised Nominal Amount becomes due and payable were the Relevant Date. The calculation of the Amortised Nominal Amount in accordance with this sub-paragraph shall continue to be made (both before and after judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Final Redemption Amount of such Note on the Maturity Date together with any interest that may accrue in accordance with Condition 5(f).

Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown in the relevant Final Terms.



(ii) *Inflation Linked Notes:*

- (A) If the relevant Final Terms provides that Condition 6(h) shall apply in respect of Inflation Linked Notes, the Early Redemption Amount upon redemption of such Notes pursuant to Condition 6(j), or Condition 6(o) or upon it becoming due and payable as provided in Condition 9, the Put Amount, the Optional Redemption Amount in respect of such Notes will be determined by the Calculation Agent on the following basis:

Early Redemption Amount/Put Amount = IIR x nominal amount of the Notes

“IIR” being for the purposes of this Condition the ratio determined on the fifth Business Day before the date set for redemption between either (i) if the CPI is specified as the Index applicable in the Final Terms, the CPI Daily Inflation Reference Index or (ii) if the HICP is specified as the Index applicable in the Final Terms, the HICP Daily Inflation Reference Index on the date set for redemption and the Base Reference specified in the relevant Final Terms.

If the Early Redemption Amount calculated as set out above is below par, the Notes will be redeemed at par.

- (B) If the Inflation Linked Notes (whether or not Condition 6(h) applies) fall to be redeemed for whatever reason before the Maturity Date, the Issuer will pay the Early Redemption Amount together with interest accrued to the date set for redemption. Such accrued interest will be calculated by the Calculation Agent in respect of the period from, and including the immediately preceding Interest Payment Date or, as the case may be, the Interest Commencement Date to, but excluding, the date set for redemption of such Notes at a rate per annum on the basis of the provisions of Condition 5 (iv) above except that, for such purposes the relevant Interest Determination Date shall be the fifth Business Day prior to the relevant Early Redemption Date.

- (iii) *Other Notes:* The Early Redemption Amount payable in respect of any Note (other than Notes described paragraphs “Zero Coupon Notes” and “Inflation Linked Notes” above), upon redemption of such Note pursuant to Condition 6(j), or Condition 6(o), or upon it becoming due and payable as provided in Condition 9 shall be the Final Redemption Amount.

(j) **Redemption for Taxation Reasons:**

- (i) If, by reason of any change in, or any change in the official application or interpretation of, French law, becoming effective after the Issue Date, the Issuer would on the occasion of the next payment of principal or interest due in respect of the Notes, or, if applicable, of the Coupons or Receipts, not be able to make such payment without having to pay additional amounts as specified under Condition 8 below, the Issuer may, at its option, on any Interest Payment Date or, if so specified in the relevant Final Terms, at any time, subject to having given not more than 45 nor less than 30 calendar days’ notice to the Noteholders or, if applicable, to the holders of Coupons (the “**Couponholders**”) or to the holders of Receipts (the “**Receiptholders**”) (which notice shall be irrevocable), in accordance with Condition 15, redeem all, but not some only, of the Notes at their Early Redemption Amount together with any interest accrued to the date set for redemption provided that the due date for redemption of which notice hereunder may be given shall be no earlier than the latest practicable date on which the Issuer could make payment of principal and interest without withholding for such additional amounts.

(ii) If the Issuer would, on the next payment of principal or interest in respect of the Notes, Coupons, or Receipts, be prevented by French law from making payment to the Noteholders or, if applicable, Couponholders or receiptholders of the full amounts then due and payable, notwithstanding the undertaking to pay additional amounts contained in Condition 8 below, then the Issuer, shall forthwith give notice of such fact to the Fiscal Agent and the Issuer shall upon giving not less than seven calendar days' prior notice to the Noteholders or, if applicable, the Couponholders or the Receiptholders in accordance with Condition 15, redeem all, but not some only, of the Notes then outstanding at their Early Redemption Amount (as described in Condition 6(i) above) together with any interest accrued to the date set for redemption on the latest practicable Interest Payment Date on which the Issuer could make payment of the full amount then due and payable in respect of the Notes or, if applicable, Receipts or Coupons, or, if that date is passed, as soon as practicable thereafter.

(k) **Early redemption of the Notes at the option of Noteholders following a Change of Control:**

If Change of Control Put Option is specified in the relevant Final Terms and if, at any time while any Note remains outstanding, there occurs a Change of Control and within the Change of Control Period, a Rating Downgrade occurs or has occurred as a result of such Change of Control (the "**Put Event**"), the holder of such Note will have the option, (the "**Change of Control Put Option**") (unless, prior to the giving of the Put Event Notice (as defined below), the Issuer gives notice of its intention to redeem the Notes under Condition 6(j)) to require the Issuer to redeem or, at the Issuer's option, to procure the purchase of that Note, on the Optional Redemption Date at its principal amount together with (or where purchased, together with an amount equal to) interest accrued to, but excluding, the Optional Redemption Date.

For the purpose of this Condition 6(k):

"**Change of Control**" shall be deemed to have occurred each time that any person or group of persons acting in concert or any person or persons acting on behalf of any such person(s) (a "**Relevant Persons**") in each case come(s) to own or acquire(s) directly or indirectly such number of shares in the capital of the Issuer carrying (a) more than fifty per cent. (50%) of the voting rights exercisable at a general meeting of the Issuer or (b) otherwise the ability to determine in fact through voting rights held (directly or indirectly) by such Relevant Person(s) the decisions taken at ordinary or extraordinary shareholders' general meetings of the Issuer.

"**Change of Control Period**" means the period commencing on the date that is the earlier of (a) the date of the first public announcement of the result (*avis de résultat*) by the AMF of the relevant Change of Control (the "**Relevant Announcement Date**") and (b) the date of the earliest Potential Change of Control Announcement (as defined below) (if any) and ending on (i) the date which is 180 calendar days after, respectively, (a') the Relevant Announcement Date or (b') the date of the Potential Change of Control Announcement, or (ii) such longer period for which the Issuer, the Notes or the senior unsecured long term debt of the Issuer are under consideration (such consideration having been announced publicly within the period ending 120 calendar days after the occurrence of the relevant Change of Control or, as the case may be, the Potential Change of Control Announcement) for rating review or, as the case may be, rating by, a Rating Agency, such period not to exceed 70 calendar days after the public announcement of such consideration.

"**Rating Downgrade**" shall be deemed to have occurred in respect of a Change of Control (a) if within the Change of Control Period the corporate credit rating previously assigned to the Issuer by any Rating Agency is (x) withdrawn or (y) changed from an investment grade rating (BBB-/Baa3, or their respective equivalents for the time being, or better) to a non-investment grade rating (BB+/Ba 1, or

their respective equivalents for the time being, or worse) or (z) if the corporate rating previously assigned to the Issuer by any Rating Agency was below an investment grade rating (as described above), lowered by at least one full rating notch (for example, from BB+ to BB or their respective equivalents) or (b) if, on the Relevant Announcement Date or, as the case may be, the Potential Change of Control Announcement, no corporate credit rating is assigned to the Issuer and, within the Change of Control Period, no Rating Agency assigns an investment grade rating to the Issuer (the “**Non Investment Grade Rating**”), provided that in both cases, a Rating Downgrade otherwise arising by virtue of a particular change in rating shall be deemed not to have occurred in respect of a particular Change of Control if the Rating Agency withdrawing, making the change in rating or assigning the Non Investment Grade Rating does not publicly announce or confirm that the withdrawal, the reduction or the Non Investment Grade Rating was the result, in whole or part, of any event or circumstance comprised in or arising as a result of, or in respect of, the applicable Change of Control.

“**Rating Agency**” means Standard & Poor’s Credit Market Services France SAS or Moody’s Investors Service Limited or any other rating agency of equivalent international standing requested by the Issuer to grant a corporate credit rating to the Issuer and, in each case, their respective successors or affiliates.

“**Potential Change of Control Announcement**” means any public announcement or statement by the Issuer, any actual or potential bidder or any designated advisor thereto relating to any specific and near-term potential Change of Control (whereby “near-term” shall mean that such potential Change of Control is reasonably likely to occur, or is publicly stated by the Issuer, the actual or potential bidder or any such designated advisor to be intended to occur, within 12 months of the date of such announcement or statement).

Promptly upon the Issuer becoming aware that a Put Event has occurred, the Issuer shall give notice (a “**Put Event Notice**”) to the Noteholders in accordance with Condition 15 specifying the nature of the Put Event, the circumstances giving rise to it and the procedure for exercising the Change of Control Put Option contained in this Condition 6(k).

To exercise the Change of Control Put Option to require redemption or, as the case may be, purchase of the Notes following a Put Event, a Noteholder must transfer or cause to be transferred its Notes to be so redeemed or purchased to the account of the Fiscal Agent specified in the Put Option Notice (as defined below) for the account of the Issuer within the period of 45 calendar days after the Put Event Notice is given (the “**Put Period**”) together with a duly signed and completed notice of exercise (a “**Put Option Notice**”) and in which the holder shall specify a bank account to which payment is to be made under this Condition 6(k).

A Put Option Notice once given shall be irrevocable. The Issuer shall redeem or, at the option of the Issuer, procure the purchase of the Notes in respect of which the Change of Control Put Option has been validly exercised as provided above and subject to the transfer of such Notes to the account of the Fiscal Agent for the account of the Issuer, on the date which is the fifth (5) business day in Paris following the end of the Put Period (the “**Optional Redemption Date**”). Payment in respect of such Notes will be made on the Optional Redemption Date by transfer to the bank account specified in the Put Option Notice and otherwise subject to the provisions of Condition 7.

For the avoidance of doubt, the Issuer shall have no responsibility for any cost or loss of whatever kind (including breakage costs) which the Noteholder may incur as a result of or in connection with such Noteholder’s exercise or purported exercise of, or otherwise in connection with, any Change of Control Put Option (whether as a result of any purchase or redemption arising there from or otherwise).

(l) **Redemption on Acquisition Event**

If an Acquisition Event Call Option is specified in the relevant Final Terms and an Acquisition Event (as defined below) occurs, the Issuer may, on giving promptly and in any event not more than 60 days after the occurrence of such Acquisition Event and not more than 30 nor less than 15 calendar days before the date set for redemption, irrevocable notice to the Noteholders in accordance with Condition 15, subject to having also given notice to the Fiscal Agent, redeem in whole or in part or, if so specified in the relevant Final Terms, in whole only, the Notes at the Optional Redemption Amount specified in the relevant Final Terms together, if appropriate, with any interest accrued to the date fixed for redemption. The Issuer may waive its right to call the Notes in accordance with this Condition 6(l) by giving notice (which shall be irrevocable) pursuant to Condition 15.

If an Acquisition Event Call Option is specified in the relevant Final Terms, the Issuer shall not be entitled, during a period of twelve (12) months following the exercise by the Issuer of such Acquisition Call Event Option to exercise a Clean-up Call Option in accordance with Condition 6(e) with respect to such Notes.

An "**Acquisition Event**" shall have occurred if:

- (i) on or prior to the Acquisition Event Limit Date specified in the relevant Final Terms, the Issuer has not completed and closed the acquisition of the Targeted Company (as defined in the relevant Final Terms); or
- (ii) the Issuer has publicly stated that it no longer intends to pursue the acquisition of the Targeted Company (as defined in the relevant Final Terms).

In the case of a partial redemption, the relevant provisions of Condition 6(f) shall apply *mutatis mutandis* to this Condition 6(l).

- (m) **Purchases:** The Issuer shall have the right at all times to purchase Notes (provided that, in the case of Materialised Notes, all unmatured Receipts and Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in the open market or otherwise at any price. Unless the possibility of holding and reselling is expressly excluded in the relevant Final Terms, all Notes so purchased by or on behalf of the Issuer may be cancelled or held and resold in accordance with applicable laws and regulations.
- (n) **Cancellation:** All Notes purchased for cancellation by or on behalf of the Issuer will forthwith be cancelled, in the case of Dematerialised Notes, by transfer to an account in accordance with the rules and procedures of Euroclear France and, in the case of Materialised Bearer Notes, by surrendering the Materialised Bearer Notes in question together with all unmatured Receipts and Coupons and all unexchanged Talons to the Fiscal Agent and, in each case, if so transferred or surrendered, will, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with, in the case of Dematerialised Notes, all rights relating to payment of interest and other amounts relating to such Dematerialised Notes and, in the case of Materialised Notes, all unmatured Receipts and Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes so cancelled or, where applicable, transferred or surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged.
- (o) **Illegality:** If, by reason of any change in French law or any change in the official application of such law, becoming effective after the Issue Date, it will become unlawful for the Issuer to perform or comply with one or more of its obligations under the Notes, the Issuer will, subject to having given not more than 45 nor less than 30 calendar days' notice to the Noteholders (which notice shall be

irrevocable), in accordance with Condition 15, redeem all, but not some only, of the Notes at their Early Redemption Amount together with any interest accrued to the date set for redemption.

## 7 Payments and Talons

- (a) **Dematerialised Notes:** Payments of principal and interest in respect of Dematerialised Notes shall be made (i) (in the case of Dematerialised Notes in bearer dematerialised form or administered registered dematerialised form) by transfer to the account denominated in the relevant currency of the relevant Account Holders for the benefit of the relevant Noteholder and (ii), (in the case of Dematerialised Notes in fully registered form, to an account denominated in the relevant currency with a Bank designated by the relevant Noteholder). All payments validly made to such Account Holders will constitute an effective discharge of the Issuer in respect of such payments.
- (b) **Materialised Bearer Notes:** Payments of principal and interest in respect of Materialised Bearer Notes shall, subject as mentioned below, be made against presentation and surrender during usual business hours of the relevant Receipts (in the case of payments of Instalment Amounts other than on the due date for redemption and provided that the Receipt is presented for payment together with its relative Note), Materialised Bearer Notes (in the case of all other payments of principal and, in the case of interest, as specified in Condition 7(f)(vi)) or Coupons (in the case of interest, save as specified in Condition 7(f)(vi)), as the case may be, (i) in the case a currency other than Renminbi, at the specified office of any Paying Agent outside the United States by a cheque payable in the relevant currency drawn on, or, at the option of the Noteholder, by transfer to an account denominated in such currency with, a Bank. “**Bank**” means a bank in the principal financial centre for such currency or (ii) in the case of Renminbi in Hong Kong, and (iii) in the case of euro, in a city in which banks have access to the TARGET System.
- (c) **Payments in the United States:** Notwithstanding the foregoing, if any Materialised Bearer Notes are denominated in U.S. dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (i) the Issuer shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Materialised Notes in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (iii) such payment is then permitted by United States law, without involving, in the opinion of the Issuer, any adverse tax consequence to the Issuer.
- (d) **Payments Subject to Fiscal Laws:** All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives in the place of payment but without prejudice to the provisions of Condition 8. No commission or expenses shall be charged to the Noteholders, Couponholders or Receiptholders in respect of such payments.
- (e) **Appointment of Agents:** The Fiscal Agent, the Paying Agents, the Calculation Agent, the Redenomination Agent, the Registration Agent and the Consolidation Agent initially appointed under the Amended and Restated Agency Agreement and their respective specified offices are listed below. The Fiscal Agent, the Paying Agents, the Redenomination Agent, the Registration Agent and the Consolidation Agent act solely as agents of the Issuer and the Calculation Agent(s) act(s) as independent experts(s) and, in each case such, do not assume any obligation or relationship of agency for any Noteholder or Couponholder. The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent, any other Paying Agent, the Redenomination Agent, the Registration Agent, the Consolidation Agent or the Calculation Agent(s) and to appoint additional or other Paying Agents, provided that the Issuer shall at all times maintain (i) a Fiscal Agent, (ii) one or more

Calculation Agent(s) where the Conditions so require, (iii) a Redenomination Agent and a Consolidation Agent where the Conditions so require, (iv) Paying Agents having specified offices in at least two major European cities, (v) in the case of Dematerialised Notes, in fully registered form, a Registration Agent, and (vi) such other agents as may be required by the rules of any other Regulated Market on which the Notes may be listed and admitted to trading.

In addition, the Issuer shall forthwith appoint a Paying Agent in New York City in respect of any Materialised Bearer Notes denominated in U.S. dollars in the circumstances described in paragraph (c) above.

On a redenomination of the Notes of any Series pursuant to Condition 1(d) with a view to consolidating such Notes with one or more other Series of Notes, in accordance with Condition 14, the Issuer shall ensure that the same entity shall be appointed as both Redenomination Agent and Consolidation Agent in respect of both such Notes and such other Series of Notes to be so consolidated with such Notes.

Notice of any such change or any change of any specified office shall promptly be given to the Noteholders in accordance with Condition 15.

**(f) Unmatured Coupons and Receipts and unexchanged Talons:**

- (i) Upon the due date for redemption of Materialised Bearer Notes which comprise Fixed Rate Notes, those Notes should be surrendered for payment together with all unmaturing Coupons (if any) relating thereto, failing which an amount equal to the face value of each missing unmaturing Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmaturing Coupon that the sum of principal so paid bears to the total principal due) shall be deducted from the Final Redemption Amount, Amortised Nominal Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, due for payment. Any amount so deducted shall be paid in the manner mentioned above against surrender of such missing Coupon within a period of 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 10) provided that, if any Materialised Bearer Note should be issued with a maturity date and an Interest Rate or Rates such that, on the presentation for payment of any such Note without any unmaturing Coupons attached thereto or surrendered therewith, the amount required to be deducted in respect of such unmaturing Coupons would be greater than the relevant Redemption Amount otherwise due for payment, then, upon the due date for redemption of any such Note, such unmaturing Coupons (whether or not attached) shall become void (and no payment shall be made in respect thereof) as shall be required so that, upon application of the foregoing provisions in respect of such Coupons as have not so become void, the amount required by this paragraph to be deducted would not be greater than the relevant Redemption Amount otherwise due for payment. Where the application of the foregoing provisions requires some but not all of the unmaturing Coupons relating to a Materialised Bearer Note to become void and shall select for such purpose Coupons maturing on later dates in preference to Coupons maturing on earlier dates.
- (ii) Upon the due date for redemption of any Materialised Bearer Note comprising a Floating Rate Note or an Inflation Linked Note, unmaturing Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.
- (iii) Upon the due date for redemption of any Materialised Bearer Note, any unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.

- (iv) Upon the due date for redemption of any Materialised Bearer Note that is redeemable in instalments, all Receipts relating to such Materialised Bearer Note having an Instalment Date falling on or after such due date (whether or not attached) shall become void and no payment shall be made in respect of them.
- (v) Where any Materialised Bearer Note that provides that the relative unmatured Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unmatured Coupons, and where any such Note is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.
- (vi) If the due date for redemption of any Materialised Bearer Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Definitive Materialised Bearer Note. Interest accrued on a Materialised Bearer Note that only bears interest after its Maturity Date shall be payable on redemption of such Note against presentation of the relevant Materialised Bearer Notes.
- (g) **Talons:** On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Materialised Bearer Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Fiscal Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 10).
- (h) **Non-Business Days:** If any date for payment in respect of any Note, Receipt or Coupon is not a business day, the Noteholder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this paragraph, “**business day**” means a day (other than a Saturday or a Sunday) (A) (i) in the case of Dematerialised Notes, on which Euroclear France is open for business or (ii) in the case of Materialised Notes, on which banks and foreign exchange markets are open for business in the relevant place of presentation, (B) on which banks and foreign exchange markets are open for business in such jurisdictions as shall be specified as “Financial Centres” in the relevant Final Terms and (C) (i) in the case of a payment in a currency other than euro and Renminbi, where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency or (ii) in the case of a payment in euro, which is a TARGET Business Day, or (iii) in the case of payment in Renminbi, on which banks and foreign exchange markets are open for business and settlement or Renminbi payment in Hong Kong.
- (i) **Payment of U.S. Dollar Equivalent:** Notwithstanding any other provision in these Conditions, if an Inconvertibility, Non-Transferability or Illiquidity occurs or if Renminbi is otherwise not available to the Issuer as a result of circumstances beyond its control and such unavailability has been confirmed by a Renminbi Dealer, following which the Issuer is unable to satisfy payments of principal or interest (in whole or in part) in respect of RMB Notes, the Issuer on giving not less than five nor more than 30 calendar day irrevocable notice to the Noteholders prior to the due date for payment, may settle any such payment (in whole or in part) in U.S. dollars on the due date at the U.S. Dollar Equivalent of any such Renminbi denominated amount.

In such event, payments of the U.S. Dollar Equivalent of the relevant principal or interest in respect of the Notes shall be made by transfer to the U.S. dollar account of the relevant Account Holders for the

benefit of the Noteholders. For the avoidance of doubt, no such payment of the U.S. Dollar Equivalent shall by itself constitute a default in payment within the meaning of Condition 9.

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 7(i) by the RMB Rate Calculation Agent, will (in the absence of manifest error) be binding on the Issuer, the Agents and all Noteholders.

For the purposes of this Condition 7(i):

**“Governmental Authority”** means any *de facto* or *de jure* government (or any agency or instrumentality thereof), court, tribunal, administrative or other governmental authority or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) of Hong Kong.

**“Illiquidity”** means that the general Renminbi exchange market in Hong Kong becomes illiquid, other than as a result of an event of Inconvertibility or Non-Transferability, as determined by the Issuer in good faith and in a commercially reasonable manner following consultation with two Renminbi Dealers.

**“Inconvertibility”** means the occurrence of any event that makes it impossible for the Issuer to convert any amount due in respect of RMB Notes in the general Renminbi exchange market in Hong Kong, other than where such impossibility is due solely to the failure of the Issuer to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date and it is impossible for the Issuer, due to an event beyond its control, to comply with such law, rule or regulation).

**“Non-Transferability”** means the occurrence of any event that makes it impossible for the Issuer to deliver Renminbi between accounts inside Hong Kong or from an account inside Hong Kong to an account outside Hong Kong or from an account outside Hong Kong to an account inside Hong Kong (including where the Renminbi clearing and settlement system for participating banks in Hong Kong is disrupted or suspended), other than where such impossibility is due solely to the failure of the Issuer to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date and it is impossible for the Issuer, due to an event beyond its control, to comply with such law, rule or regulation).

**“Renminbi Dealer”** means an independent foreign exchange dealer of international repute active in the Renminbi exchange market in Hong Kong reasonably selected by the Issuer.

**“RMB Note”** means a Note denominated in Renminbi.

**“RMB Rate Calculation Agent”** means the agent appointed from time to time by the Issuer for the determination of the RMB Spot Rate or identified as such in the relevant Final Terms.

**“RMB Rate Calculation Business Day”** means a day (other than a Saturday or Sunday) on which commercial banks are open for general business (including dealings in foreign exchange) in Hong Kong and in New York City.

**“RMB Rate Calculation Date”** means the day which is two RMB Rate Calculation Business Days before the due date for payment of the relevant Renminbi amount under the Conditions.

**“RMB Spot Rate”** for a RMB Rate Calculation Date means the spot RMB/U.S. dollar exchange rate for the purchase of U.S. dollars with RMB in the over-the-counter RMB exchange market in Hong Kong for settlement on the relevant due date for payment, as determined by the RMB Rate Calculation Agent at or around 11:00 a.m. (Hong Kong time) on such RMB Rate Calculation Date, on a



deliverable basis by reference to Reuters Screen Page TRADCNY3 or if no such rate is available, on a non-deliverable basis by reference to Reuters Screen Page TRADNDF. If neither such rate is available, the RMB Rate Calculation Agent will determine the RMB Spot Rate at or around 11:00 a.m. (Hong Kong time) on the RMB Rate Calculation Date as the most recently available RMB/U.S. dollar official fixing rate for settlement on the relevant due date for payment reported by The State Administration of Foreign Exchange of the PRC, which is reported on the Reuters Screen Page CNY=SAEC. Reference to a page on the Reuters Screen means the display page so designated on the Reuter Monitor Money Rates Service (or any successor service) or such other page as may replace that page for the purpose of displaying a comparable currency exchange rate.

“**U.S. Dollar Equivalent**” means the relevant Renminbi amount converted into U.S. dollars using the RMB Spot Rate for the relevant RMB Rate Calculation Date, as calculated by the RMB Rate Calculation Agent.

## 8 Taxation

- (a) **Withholding tax:** All payments of principal, interest and other revenues by or on behalf of the Issuer in respect of the Notes, Receipts or Coupons shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within France or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law.
- (b) **Additional amounts:** If French law should require that payments of principal, interest or other revenues in respect of any Note, Receipt or Coupon be subject to deduction or withholding in respect of any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within France or any authority therein or thereof having power to tax, the Issuer will, to the fullest extent then permitted by law, pay such additional amounts as shall result in receipt by the Noteholders or, if applicable, the Receiptholders and the Couponholders, as the case may be, of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable with respect to any Note, Receipt or Coupon, as the case may be:
- (i) **Other connection:** to, or to a third party on behalf of, a Noteholder or, if applicable, a Receiptholder or Couponholder, as the case may be, who is liable to such taxes, duties, assessments, governmental charges in respect of such Note, Receipt or Coupon by reason of his having some connection with the Republic of France other than the mere holding of the Note, Receipt or Coupon; or
- (ii) **Presentation more than 30 calendar days after the Relevant Date:** in the case of Materialised Notes, more than 30 calendar days after the Relevant Date except to the extent that the Noteholder or, if applicable, the Receiptholder or Couponholder, as the case may be, would have been entitled to such additional amounts on presenting it for payment on the thirtieth such day; or
- (iii) **Non-cooperative State or territory:** if the Notes do not benefit from any exception provided in *Bulletins officiels des Finances Publiques Impôts*, BOI-RPPM-RCM-30-10-20-40-20140211, BOI-IR-DOMIC-10-20-20-60-20150320 and BOI-INT-DG-20-50-20140211 of the French tax authorities, and when such withholding or deduction is required to be made by reason of that interest, Receipt or Coupon being (x) paid to a bank account opened in a financial institution established in, or (y) paid or accrued to a person established or domiciled in, a non-cooperative

State or territory (*Etat ou territoire non-coopératif*) as defined in Article 238-0 A of the French *Code général des impôts* pursuant to Articles 125 A III, 119 *bis* and 238 A of the same code.

Notwithstanding any other provision of the Conditions, all payments of principal, interest and other revenues by or on behalf of the Issuer in respect of the Notes, Receipts, Coupons or Talons shall be paid net of any deduction or withholding imposed or required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the “*U.S. Internal Revenue Code*”), or otherwise imposed pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code (or any regulations thereunder or official interpretations thereof) or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any fiscal or regulatory legislation, rules or practices implementing such an intergovernmental agreement) (any such withholding or deduction, a “*FATCA Withholding*”). Neither the Issuer nor any other person will be required to pay any additional amounts in respect of FATCA Withholding.

As used in these Conditions, “**Relevant Date**” in respect of any Note, Receipt or Coupon means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or, in the case of Materialised Notes (if earlier) the date seven calendar days after that on which notice is duly given to the Noteholders that, upon further presentation of the Note, Receipt or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation. References in these Conditions to (i) “**principal**” shall be deemed to include any premium payable in respect of the Notes, all Instalment Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts, Amortised Nominal Amounts and all other amounts in the nature of principal payable pursuant to Condition 6 or any amendment or supplement to it, (ii) “**interest**” shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 5 or any amendment or supplement to it and (iii) “**principal**” and/or “**interest**” shall be deemed to include any additional amounts that may be payable under this Condition.

- (c) **Supply of information:** Each Noteholder shall be responsible for supplying to the relevant Paying Agent, in a timely manner, any information as may be required in order to comply with the identification and reporting obligations imposed on it by Article 242 *ter* of the French *Code general des impôts* and Articles 49 I *ter* to 49 I *sexies* of Schedule III to the French *Code general des impôts*.

## 9 Events of Default

The Representative (as defined under Condition 11(a)), upon request of any Noteholder, may, upon written notice to the Issuer and the Fiscal Agent given before all defaults shall have been cured, cause the principal amount of all the Notes (but not some only) held by such Noteholder to become immediately due and payable at their Early Redemption Amount, together with accrued interest thereon, as of the date on which such notice for payment is received by the Fiscal Agent without further formality, if any of the following events (each an “**Event of Default**”) shall occur:

- (i) the Issuer defaults in any payment when due of principal or interest on any Note (including the payment of any additional amounts pursuant to the provisions set forth under “*Taxation*” above) if such default shall not have been cured within 14 business days in Paris; or
- (ii) there is a default by the Issuer in the due performance of any other material provision of the Notes and such default shall not have been cured within 30 business days in Paris after receipt by the Fiscal Agent of written notice of default given by the Representative upon request of the Noteholder; or

- (iii) the Issuer or any of its Principal Subsidiaries being in default in the due and punctual payment of the principal of, or premium or interest on, any present or future indebtedness for borrowed monies when and as the same becomes due and payable and giving effect to any applicable grace periods, there is an acceleration of any such indebtedness or steps are taken to enforce any security in respect of any such indebtedness, provided that the aggregate amount of the relevant indebtedness for borrowed money in respect of which any one or more of the events of default thereunder has or have occurred equals or exceeds Euro 80,000,000 (or its equivalent in any other currency); or
- (iv) a judgment is issued for the judicial liquidation (*liquidation judiciaire*) or for a judicial transfer of the whole of the business (*cession totale de l'entreprise*) of the Issuer or any of its Principal Subsidiaries; or, to the extent permitted by law, the Issuer or any of its Principal Subsidiaries is subject to any other insolvency or bankruptcy proceedings under any applicable laws or the Issuer or any of its Principal Subsidiaries makes any conveyance, assignment or other arrangement for the benefit of its creditors or enters into a composition with its creditors; or
- (v) the Issuer and its Principal Subsidiaries taken as a whole cease to carry on all or a material part of their business or other operations, except for the purposes of, and following a merger or a reorganisation (*fusion, scission* or *apport partiel d'actifs*) (i) on terms approved by the General Meeting or by way of a Written Resolution to the extent that French law requires such merger or reorganisation to be submitted for the approval to the General Meeting or through a Written Resolution or (ii) in the case of a Principal Subsidiary, whereby the undertaking and assets of the Principal Subsidiary are vested in the Issuer, another Principal Subsidiary or any other company which as a result of such merger or reorganisation becomes a Principal Subsidiary.

“**General Meeting**” shall have the meaning given to it in Condition 11.

“**Principal Subsidiary**” shall have the meaning given to it in Condition 4.

“**Written Resolution**” shall have the meaning given to it in Condition 11.

## 10 Prescription

Claims against the Issuer for payment in respect of the Notes, Receipts and Coupons (which for this purpose shall not include Talons) shall be prescribed and become void unless made within five years (in the case of principal and interest) from the appropriate Relevant Date in respect of them.

## 11 Representation of Noteholders

### (a) Masse:

The Noteholders will, in respect of all Tranches in any Series, be grouped automatically for the defence of their common interests in a *masse* (in each case, the “**Masse**”) which will be subject to the below provisions of this Condition.

All notices, publications or inclusions specified in the French *Code de commerce* and relating to the Masse shall be done in accordance with Condition 15.

The Masse will be governed by the provisions of the French *Code de commerce* with the exception of Articles L.228-48, L.228-59, L.228-71, the second sentence of Article L.228-65 II and Articles R.228-61, R.228-63 and R.228-69 subject to the following provisions:

(i) Legal Personality:

The Masse will be a separate legal entity and will act in part through a representative (the “**Representative**”) and in part through a general meeting of Noteholders (the “**General Meeting**”).

The Masse alone, to the exclusion of all individual Noteholders, shall exercise the common rights, actions and benefits which now or in the future may accrue respectively with respect to the Notes.

(ii) Representative of the Masse:

The office of Representative may be conferred on a person of any nationality. However, the following persons may not be chosen as Representatives:

- the Issuer and the members of its board of directors (*conseil d'administration*), its general managers (*directeurs généraux*), its statutory auditors and its employees as well as their ascendants, descendants and spouses;
- companies guaranteeing all or part of the obligations of the Issuer, their respective managers (*gérants*), general managers (*directeurs généraux*), members of their board of directors (*conseil d'administration*), of their management board (*directoire*) and of their supervisory board (*conseil de surveillance*), their statutory auditors and their employees as well as their ascendants, descendants and spouses;
- companies holding 10 per cent. or more of the share capital of the Issuer and companies having 10 per cent. or more of their share capital held by the Issuer; or
- persons to whom the practice of banker is forbidden or who have been deprived of the right of directing, administering or managing a business in whatever capacity.

The names and addresses of the Representative of the Masse will be set out in the relevant Final Terms. The Representative appointed in respect of the first Tranche of any Series of Notes will be the Representative of the single Masse of all Tranches in such Series.

The Representative will be entitled to such remuneration in connection with its functions or duties as set out in the relevant Final Terms.

In the event of death, retirement, dissolution or revocation of appointment of the Representative, an alternate will be elected by the General Meeting.

All interested parties will at all times have the right to obtain the names and addresses of the Representative at the head office of the Issuer and the specified offices of any of the Paying Agents.

(iii) Powers of the Representative:

The Representative shall (in the absence of any decision to the contrary of the General Meeting) have the power to take all acts of management necessary in order to defend the common interests of the Noteholders.

All legal proceedings against the Noteholders or initiated by them, must be brought by or against the Representative.

The Representative may not interfere in the management of the affairs of the Issuer.

(iv) General Meeting:

A General Meeting may be held at any time, on convocation either by the Issuer or by the Representative. One or more Noteholders, holding together at least one-thirtieth of the principal amount of the Notes outstanding, may address to the Issuer and the Representative a demand for convocation of the General Meeting. If such General Meeting has not been convened within two months after such demand, the Noteholders may commission one of themselves to petition a competent court in Paris to appoint an agent (*mandataire*) who will call the General Meeting.

Notice of the date, time, place and agenda of any General Meeting will be published as provided under Condition 15 not less than 15 calendar days prior to the date of such General Meeting on first convocation and not less than 10 calendar days prior to the date of the General Meeting on second convocation.

Each Noteholder has the right to participate in a General Meeting in person, by proxy, correspondence, videoconference or any other means of telecommunications allowing the identification of the participating Noteholders as provided *mutatis mutandis* by Article R.225-97 of the French *Code de commerce*. Each Note carries the right to one vote or, in the case of Notes issued with more than one Specified Denomination, one vote in respect of each multiple of the lowest Specified Denomination comprised in the principal amount of the Specified Denomination of such Note.

(v) Powers of the General Meetings:

The General Meeting is empowered to deliberate on the dismissal and replacement of the Representative and also may act with respect to any other matter that relates to the common rights, actions and benefits which now or in the future may accrue with respect to the Notes, including authorising the Representative to act at law as plaintiff or defendant.

The General Meeting may further deliberate on any proposal relating to the modification of the Conditions including any proposal, whether for arbitration or settlement, relating to rights in controversy or which were the subject of judicial decisions, it being specified, however, that the General Meeting may not increase the liabilities (*charges*) of the Noteholders, nor establish any unequal treatment between the Noteholders, nor to decide to convert Notes into shares.

General Meetings may deliberate validly on first convocation only if Noteholders present or represented hold at least one-fifth of the principal amount of the Notes then outstanding. On second convocation, no quorum shall be required. Decisions at meetings shall be taken by a two-third majority of votes cast by Noteholders attending such General Meetings or represented thereat.

In accordance with Article R.228-71 of the French *Code de commerce*, the rights of each Noteholder to participate in General Meetings will be evidenced by the entries in the books of the relevant Account Holder of the name of such Noteholder as of 00:00, Paris time on the second business day in Paris preceding the date set for the meeting of the relevant General Meeting.

Decisions of General Meetings and Written Resolutions once approved must be published in accordance with the provisions set forth in Condition 15.

(vi) Written Resolutions:

Pursuant to Article L.228-46-1 of the French *Code de commerce*, but in respect of any Series of Dematerialised Notes only, the Issuer shall be entitled in lieu of the holding of a General

Meeting to seek approval of a resolution from the Noteholders by way of a resolution in writing (a “**Written Resolution**”). Subject to the following sentence a Written Resolution may be contained in one document or in several documents in like form, each signed by or on behalf of one or more of the Noteholders. Pursuant to Articles L.228-46-1 and R.225-97 of the French *Code de commerce* approval of a Written Resolution may also be given by way of electronic communication allowing the identification of Noteholders (“**Electronic Consent**”).

Notice seeking the approval of a Written Resolution (including by way of Electronic Consent) will be published as provided under Condition 14 not less than 15 days prior to the date fixed for the passing of such Written Resolution (the “**Written Resolution Date**”). Notices seeking the approval of a Written Resolution will contain the conditions of form and time-limits to be complied with by the Noteholders who wish to express their approval or rejection of such proposed Written Resolution. Noteholders expressing their approval or rejection before the Written Resolution Date will undertake not to dispose of their Notes until after the Written Resolution Date.

A Written Resolution will be approved if, on first notice (i) Noteholders expressing their approval or rejection of such proposed Written Resolution hold at least one fifth of the principal amount of the Notes then outstanding and (ii) Noteholders expressing their approval hold at least 66.6 per cent. of such quorum.

If such quorum is not met, a Written Resolution will be approved if, on second notice, Noteholders expressing their approval represent at least 66.6 per cent. of all voting Noteholders.

(b) **Information to Noteholders:**

Each Noteholder or Representative thereof will have the right, during the 15-calendar day period preceding the holding of each General Meeting on first convocation and Written Resolution Date and during the 10-calendar day period preceding the holding of each General Meeting on second convocation, to consult or make a copy of the text of the resolutions which will be proposed and of the reports which will be prepared in connection with such resolutions, all of which will be available for inspection by the relevant Noteholders at the registered office of the Issuer, at the specified offices of any of the Paying Agents during usual business hours and at any other place specified in the notice of the General Meeting or Written Resolution.

(c) **Expenses:**

The Issuer will pay all expenses relating to the operation of the Masse, including expenses relating to the calling and holding of General Meetings and seeking of a Written Resolution and, more generally, all administrative expenses resolved upon by the General Meeting or in writing by the Noteholders, it being expressly stipulated that no expenses may be imputed against interest payable under the Notes.

(d) **Single Masse:**

The holders of Notes of the same Series, and the holders of Notes of any other Series which have been assimilated with the Notes of such first mentioned Series in accordance with Condition 14, shall, for the defence of their respective common interests, be grouped in a single Masse. The Representative appointed in respect of the first Tranche of any Series of Notes will be the Representative of the single Masse of all such Series.

(e) **One Noteholder:**

If and for so long as the Notes of any Series are held by a single Noteholder and unless a Representative has been appointed in relation to such Series, such Noteholder shall exercise all

powers, rights and obligations entrusted to the Masse by the provisions of Condition 11. The Issuer shall hold a register of the decisions taken by the sole Noteholder and shall make them available, upon request, to any subsequent holder of any of the Notes of such Series.

(f) **Benchmark Discontinuation:**

By subscribing the Notes and solely in the context of a Benchmark Event which leads to the application of a Benchmark Amendment, each Noteholder shall be deemed to have agreed and approved any Benchmark Amendments or such other necessary changes pursuant to Condition 5(c)(iii)(D).

For the avoidance of doubt, in this Condition 11, the term “**outstanding**” shall not include those Notes subscribed or purchased by the Issuer in accordance with applicable laws and regulations that are held by it and not cancelled.

## 12 Final Terms

These Conditions may be completed in relation to any Series of Notes by the terms of the relevant Final Terms in relation to such Series.

## 13 Replacement of definitive Notes, Receipts, Coupons and Talons

If, in the case of any Materialised Bearer Notes, a Definitive Materialised Bearer Note, Receipt, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange regulations, at the specified office of the Fiscal Agent or such other Paying Agent as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Noteholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Definitive Materialised Bearer Note, Receipt, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Definitive Materialised Bearer Notes, Receipts, Coupons or further Coupons) and otherwise as the Issuer may require. Mutilated or defaced Materialised Bearer Notes, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

## 14 Further Issues and Consolidation

- (a) **Further Issues:** The Issuer may, without the consent of the Noteholders, Receiptholders or Couponholders create and issue further Notes to be assimilated (*assimilables*) with the Notes provided such Notes and the further Notes carry rights identical in all respects (or in all respects save for the principal amount thereof and the first payment of interest specified in the relevant Final Terms) and that the terms of such Notes provide for such assimilation and references in these Conditions to “**Notes**” shall be construed accordingly.
- (b) **Consolidation:** The Issuer, with the prior approval of the Consolidation Agent, may from time to time on any Interest Payment Date occurring on or after the Redenomination Date on giving not less than 30 calendar days’ prior notice to the Noteholders in accordance with Condition 15, without the consent of the Noteholders, Receiptholders or Couponholders, consolidate the Notes of one Series with the Notes of one or more other Series issued by it, whether or not originally issued in one of the European national currencies or in euro, provided such other Notes have been redenominated in euro (if not originally denominated in euro) and which otherwise have, in respect of all periods subsequent to such consolidation, the same terms and conditions as the Notes.

## 15 Notices

- (a) Notices to the holders of Dematerialised Notes in registered form (*au nominatif*) shall be valid if either, (i) they are mailed to them at their respective addresses, in which case they will be deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the mailing, or, (ii) at the option of the Issuer, they are published (a) so long as such Notes are listed on Euronext Paris, in a leading daily newspaper of general circulation in France (which is expected to be *Les Echos*), or (b) in a leading daily newspaper of general circulation in Europe (which is expected to be the *Financial Times*) or (c) in accordance with Articles 221-3 and 221-4 of the General Regulations (*Règlement Général*) of the AMF and so long as such Notes are listed and admitted to trading on any stock exchange and the rules of such stock exchange(s) so require, in a leading daily newspaper with general circulation in the city/ies where the stock exchange(s) on which such Notes are listed and admitted to trading is located, and on the website of any other competent authority or Regulated Market where the Notes are listed and admitted to trading.
- (b) Notices to the holders of Materialised Bearer Notes and Dematerialised Notes in bearer form (*au porteur*) shall be valid if (a) published so long as such Notes are listed and admitted to trading on Euronext Paris, in a leading daily newspaper of general circulation in France (which is expected to be *Les Echos*), or (b) they are published in a leading daily newspaper of general circulation in Europe (which is expected to be the *Financial Times*) or (c) they are published in accordance with Articles 221-3 and 221-4 of the General Regulations (*Règlement Général*) of the AMF and so long as such Notes are listed and admitted to trading on any stock exchange, in a leading daily newspaper with general circulation in the city/ies where the stock exchange(s) on which such Notes are listed and admitted to trading is located and on the website of any other competent authority or Regulated Market where the Notes are listed and admitted to trading.
- (c) If any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in Europe. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the date of the first publication as provided above. Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the holders of Materialised Bearer Notes in accordance with this Condition.
- (d) Notices required to be given to the holders of Dematerialised Notes (whether in registered or in bearer form) pursuant to these Conditions may be given by delivery of the relevant notice to Euroclear France, Euroclear, Clearstream and any other clearing system through which the Notes are for the time being cleared in substitution for the mailing and publication of a notice required by Conditions 15(a) and (b) above; except that (i) so long as such Notes are listed and admitted to trading on a Regulated Market or other stock exchange and the rules of such Regulated Market(s) or other stock exchange so require, notices shall also be published in a leading daily newspaper of general circulation in the city/ies where the Regulated Market(s) or other stock exchange on which such Notes are listed and admitted to trading is located.
- (e) Notices relating to the convocation, decision(s) of the General Meetings or Written Resolutions pursuant to Condition 11, or notices of decisions taken by the Issuer following a General Meeting or a Written Resolution, or pursuant to Article R.236-11 of the French *Code de commerce*, shall be published on the website of the Issuer ([www.arkema.com](http://www.arkema.com)) and: (i) in the case of the holders of Notes in registered form (*au nominatif*), mailed to them at their respective addresses, in which case they shall be deemed to have been given on the fourth (4th) weekday (being a day other than a Saturday or a Sunday) after the mailing; or (ii) in the case of the holders of Notes in bearer form (*au porteur*), given



by delivery of the relevant notice to Euroclear France, Euroclear, Clearstream and any other clearing system through which the Notes are for the time being cleared.

## **16 Governing Law and Jurisdiction**

- (a) **Governing Law:** The Notes (and, where applicable, the Receipts, the Coupons and the Talons) are governed by, and shall be construed in accordance with, French law.
- (b) **Jurisdiction:** Any claim against the Issuer in connection with any Notes, Receipts, Coupons or Talons may be brought before any competent court located within the jurisdiction of the registered office of the Issuer.

## TEMPORARY GLOBAL CERTIFICATES ISSUED IN RESPECT OF MATERIALISED BEARER NOTES

### Temporary Global Certificate

A Temporary Global Certificate, without interest Coupons, will initially be issued in connection with Materialised Bearer Notes. Upon the initial deposit of such Temporary Global Certificate with a common depository for Euroclear and Clearstream (the “**Common Depository**”), Euroclear or Clearstream will credit each subscriber with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid.

The Common Depository may also (if indicated in the relevant Final Terms) credit the accounts of subscribers with other clearing systems through direct or indirect accounts with Euroclear and Clearstream held by such other clearing systems with a nominal amount of Notes. Conversely, a nominal amount of Notes that is initially deposited with any clearing system other than Euroclear or Clearstream may similarly be credited to the accounts of subscribers with Euroclear or Clearstream.

### Exchange

Each Temporary Global Certificate issued in respect of Notes will be exchangeable, free of charge to the holder, on or after its Exchange Date (as defined below):

- (i) if the relevant Final Terms indicates that such Temporary Global Certificate is issued in compliance with the C Rules or in a transaction to which TEFRA is not applicable, in whole, but not in part, for Definitive Materialised Bearer Notes; and
- (ii) otherwise, in whole but not in part, for Definitive Materialised Bearer Notes upon certification in the form set out in the Amended and Restated Agency Agreement (and which shall be available at the specified offices of the Paying Agents) as to non-US beneficial ownership.

A Noteholder must exchange its share of the Temporary Global Certificate for Materialised Bearer Notes before interest or any amount payable in respect of the Notes will be paid.

### Delivery of Definitive Materialised Bearer Notes

On or after its Exchange Date, the holder of the Temporary Global Certificate must surrender such Temporary Global Certificate to or to the order of the Fiscal Agent. In exchange for the Temporary Global Certificate so surrendered, the Issuer will deliver, or procure the delivery of, an equal aggregate nominal amount of duly executed and authenticated Definitive Materialised Bearer Notes.

In this Base Prospectus, “**Definitive Materialised Bearer Notes**” means, in relation to any Temporary Global Certificate, the Definitive Materialised Bearer Notes for which such Temporary Global Certificate may be exchanged (if appropriate, having attached to them all Coupons and Receipts in respect of interest or Instalment Amounts that have not already been paid on the Temporary Global Certificate and a Talon). Definitive Materialised Bearer Notes will be security printed in accordance with any applicable legal requirements of the Regulated Market in, or substantially in, the form set out in Schedule 2 Part A to the Amended and Restated Agency Agreement (and which shall be available at the specified offices of the Paying Agents).

### Exchange Date

“**Exchange Date**” means, in relation to a Temporary Global Certificate, the next day succeeding the day that is 40 calendar days after its issue date, provided that, in the event any further Materialised Notes are issued prior to such day pursuant to Condition 14, the Exchange Date for such Temporary Global Certificate shall be

postponed to the day falling after the expiry of 40 calendar days after the issue of such further Materialised Notes.

## **USE OF PROCEEDS**

The net proceeds of the issue of the Notes will be used for Arkema's general corporate purposes. If in respect of any particular issue of Notes, there is a particular identified use of proceeds, this will be stated in the relevant Final Terms.

## DESCRIPTION OF ARKEMA

For a general description of Arkema, its activities and its financial condition, please refer to the sections of the 2017 Reference Document, the 2018 Reference Document and the 2019 Half-Year Financial Report identified in the cross-reference table of the “*Documents Incorporated by Reference*” section of this Base Prospectus.

## RECENT DEVELOPMENTS

On 27 September 2019 the Issuer published the following press release:

"Colombes (France) – September 27, 2019

### **Arkema completes the acquisition of its partner's stake in Sunke**

Arkema has completed the acquisition of its partner's stake in Taixing Sunke Chemicals, its joint venture manufacturing acrylic monomers in China, and now becomes the sole shareholder of the company. With this transaction, which has approximately €70 million impact on the net debt, the Group will support the growth of its customers in Asia and benefit from greater flexibility to run this business in a region which accounts for more than 50% of the global acrylic acid demand."

On 14 October 2019 the Issuer published the following press release:

"Colombes, October 14, 2019

## **Arkema announces the proposed divestment of its Functional Polyolefins business**

**Arkema announces the proposed divestment of its Functional Polyolefins business to SK Global Chemical, a major chemicals player in South Korea and a subsidiary of SK, the large South-Korean corporation. With this project, Arkema continues its shift towards specialty chemicals and advanced materials.**

Part of the PMMA *Business Unit* (Industrial Specialties division), the Functional Polyolefins activity represents sales of some €250 million. It comprises ethylene copolymers and terpolymers for the food packaging, cable, electronics and coatings markets, and leverages well-known brands: Evatane<sup>®</sup>, Lotryl<sup>®</sup>, Lotader<sup>®</sup>, Orevac<sup>®</sup>.

This activity employs around one hundred people in France and has an international sales network of around thirty people.

A subsidiary of South-Korean group SK, SK Global Chemical reported sales of US\$11.9 billion in 2018, and operates around ten production sites around the world.

Offering a highly complementary fit with SK Global Chemical's existing portfolio of activities, Arkema's Functional Polyolefins would enable the company to consolidate its position in the packaging market and enter new industrial markets such as cable manufacturing.

The transfer of the business from Arkema France to SK Global Chemical would lead to the creation of a French subsidiary of the South-Korean group.

The offer received is based on an enterprise value of €335 million.

The proposed disposal is subject to an information and consultation process involving Arkema's employee representative bodies and to the approval of the relevant antitrust authorities. The project is expected to be finalized in second quarter 2020.

This project, part of the program to divest non-strategic activities initiated in 2015, contributes to Arkema's objective to increase the share of specialties in its portfolio, in line with its ambition for these businesses to exceed 80% of Group sales by 2023."

On 30 October 2019, the Issuer published the following press release:

"Colombes, 30 October 2019

### Arkema: Third-quarter 2019 results

- **Sales** up 2.3% year on year to **€2,216 million**, including a slight growth in volumes of 0.7 %
- Very good level of **EBITDA** at **€385 million**
  - Up by **3 %** relative to the record level of 2018
  - Driven by the strong increase of **specialty businesses** <sup>(1)</sup>
- **EBITDA margin** of **17.4%** (17.3% in third-quarter 2018), resilient at a high level in a more challenging and uncertain macroeconomic environment
- **Adjusted net income** of **€166 million**, representing 7.5% of sales
- Strong **free cash flow** generation of **€218 million**, in continuity with the first half
- **Net debt** at **€1,770 million** (1.2 times LTM EBITDA), including the recent acquisition of ArrMaz and of our partner's stake in Sunke
- Ongoing **portfolio transformation** towards specialties, with the planned divestment <sup>(2)</sup> of Functional Polyolefins announced on 14 October

Arkema's Board of Directors met on 29 October 2019 to review the Group's consolidated financial statements for the third quarter of 2019. Commenting the results, Chairman and CEO Thierry Le Hénaff highlighted the following points:

*"The third quarter was marked by the Group's very good financial performance in a macroeconomic environment which remains globally challenging, as well as by the continued proactive portfolio transformation towards specialties, with the planned divestment <sup>(2)</sup> of the Functional Polyolefins business, the acquisitions of Prochimir and Lambson, and polymer capacity expansions for the 3D printing and battery markets.*

*Third-quarter results showed contrasting trends between our different product lines and confirm the improving momentum of specialties, notably around the three long-term growth pillars, namely adhesives, advanced materials and performance coatings.*

*Specialty businesses' EBITDA rose significantly despite lower volumes, thanks to strong pricing, an improved product mix, a more favorable raw materials environment and the consolidation of ArrMaz. Adhesives' EBITDA continued to grow strongly, up by nearly 20% at constant scope compared with the third quarter of 2018. The marked decline of Fluorogases weighed negatively however on the overall performance of intermediate <sup>(1)</sup> businesses, despite the resilience of Acrylics and MMA/PMMA.*

*In this less favorable external environment, the quality of our results rewards our teams' engagement and efforts, and validate the Group's continued strategic refocusing of the business portfolio. The acquisitions we have carried out so far have made an important contribution to the Group's resilience and performance."*

---

<sup>(1)</sup> The Group distinguishes intermediate businesses, corresponding to the PMMA, Fluorogases and Acrylics Business Lines, and specialty businesses

<sup>(2)</sup> The transaction is subject to an information and consultation process involving Arkema's employee representative bodies and to the approval of the relevant antitrust authorities



## KEY FIGURES FOR THIRD-QUARTER 2019

<i>(In millions of euros)</i>	3Q'19	3Q'18	YoY change
<b>Sales</b>	<b>2,216</b>	<b>2,167</b>	<b>+2.3%</b>
<b>EBITDA</b>	<b>385</b>	<b>374</b>	<b>+2.9%</b>
<b>EBITDA margin</b>	<b>17.4%</b>	<b>17.3%</b>	
<b>Recurring operating income (REBIT)</b>	<b>250</b>	<b>265</b>	<b>-5.7%</b>
REBIT margin	11.3%	12.2%	
<b>Adjusted net income</b>	<b>166</b>	<b>186</b>	<b>-10.8%</b>
Adjusted net income per share (in €)	2.19	2.44	-10.2%
<b>Free cash flow</b>	<b>218</b>	<b>227</b>	
<b>Net debt</b> (as of end of September)	<b>1,770</b>	<b>1,167</b>	

As of 1 January 2019, the Group applies IFRS 16, "Leases". The income statement, balance sheet and cash flow statement items for the third quarter of 2019 include the impacts of IFRS 16, which are detailed in the Group's financial statements appended to this press release. The comparative figures for 2018 have not been restated.

### THIRD-QUARTER 2019 BUSINESS PERFORMANCE

**Sales** for the third quarter of 2019 were up 2.3% year on year at **€2,216 million**. This performance was achieved in a challenging economic context, marked by trade wars amongst the world's major powers and uncertainty weighing on demand. The +3.9% scope effect mainly reflects the consolidation of ArrMaz from 1 July. Volumes increased by 0.7%, driven notably by Coating Solutions. In High Performance Materials, the significant decline in demand in the transport, oil & gas and consumer electronics sectors was partly offset by the sustained positive momentum in batteries and 3D printing. The 4.4% negative price effect was due mainly to lower propylene prices in Coating Solutions and market conditions in Fluorogases, which overshadowed the 3% positive price effect in High Performance Materials. The currency effect was a positive 2.0%, essentially reflecting the appreciation of the US dollar against the euro.

With **EBITDA** of **€385 million**, up 2.9% compared with third-quarter 2018's record high of €374 million, Arkema delivered an excellent performance in a macroeconomic environment that was far less favorable than in 2018. In this context, specialty businesses (72% of sales) reported strong growth, supported by a significant increase at Bostik, innovation, product mix optimization, a more favorable raw materials environment and ArrMaz's very good performance, fully in line with our expectations. Specialties have become the growth driver, taking over from intermediates, which were impacted by much lower profits in Fluorogases compared with last year's very strong performance. **EBITDA margin** was stable at an excellent level of **17.4%** (17.3% in third-quarter 2018).

Recurring depreciation and amortization charges of €135 million were up €26 million year on year due to the €14 million impact of IFRS 16, the start-up of several production units in 2019, the consolidation of ArrMaz and an unfavorable currency effect. Consequently, **recurring operating income (REBIT)** amounted to **€250 million**, representing a **REBIT margin** of **11.3%**.

The **financial result** represented a net expense of **€29 million** (against a €26 million expense in third-quarter 2018). The change mostly reflects the unfavorable interest rate effect on the portion of the Group's debt swapped into US dollars.

For the first nine months of the year, excluding non-recurring items, the tax rate came in at 20% of recurring operating income.

Consequently, **adjusted net income** totaled **€166 million** in the quarter, representing **€2.19** per share.

### THIRD-QUARTER 2019 PERFORMANCE BY DIVISION

#### HIGH PERFORMANCE MATERIALS (48% OF GROUP SALES)

<i>(In millions of euros)</i>	3Q'19	3Q'18	YoY change
<b>Sales</b>	<b>1,068</b>	<b>987</b>	<b>+8.2%</b>
<b>EBITDA</b>	<b>182</b>	<b>162</b>	<b>+12.3%</b>
<b>EBITDA margin</b>	<b>17.0%</b>	<b>16.4%</b>	
<b>Recurring operating income (REBIT)</b>	<b>134</b>	<b>123</b>	<b>+8.9%</b>
REBIT margin	12.5%	12.5%	

At **€1,068 million**, sales for the High Performance Materials division were up 8.2% year on year (€987 million in third-quarter 2018), driven by a 7.1% positive scope effect corresponding mainly to the consolidation of ArrMaz within Performance Additives as of 1 July 2019. The 3.0% positive price effect, positive across all Business Lines, reflects the impact of price increases and a favorable shift in the product mix towards higher value-added applications, especially in adhesives. The 2.1% positive currency effect was mainly driven by the appreciation of the US dollar against the euro. Volumes were down 4.1%, penalized by the general economic context, with softer demand notably in the transport, oil & gas and consumer electronics segments, and by our customers' cautious inventory management. In the continuity of the first half, momentum remained strong in certain niche markets such as batteries and 3D printing.

The division's **EBITDA** was up 12.3% at **€182 million** (€162 million in third-quarter 2018), supported by the benefits of pricing actions and product mix optimization in a more favorable raw materials environment, and by the acquisition of ArrMaz, which delivered a very good performance, in line with our expectations. Bostik's EBITDA grew by nearly 20%, while Advanced Materials resisted well despite soft volumes in some markets. The division's **EBITDA margin** rose to **17.0%** from 16.4% in the prior year, driven mainly by Bostik's improved margin, which was up by around two percentage points.

#### INDUSTRIAL SPECIALTIES (28% OF GROUP SALES)

<i>(In millions of euros)</i>	3Q'19	3Q'18	YoY change
<b>Sales</b>	<b>606</b>	<b>646</b>	<b>-6.2%</b>
<b>EBITDA</b>	<b>152</b>	<b>165</b>	<b>-7.9%</b>
<b>EBITDA margin</b>	<b>25.1%</b>	<b>25.5%</b>	
<b>Recurring operating income (REBIT)</b>	<b>98</b>	<b>121</b>	<b>-19.0%</b>
REBIT margin	16.2%	18.7%	

Industrial Specialties **sales** declined 6.2% year on year to **€606 million**. The negative 10.8% price effect reflects the continued very challenging market conditions in Fluorogases and, to a lesser extent, normalization in the MMA/PMMA chain. The positive 2.8% volume effect was driven by a positive dynamic in Thiochemicals. The currency effect was a positive 1.7%, mainly attributable to the rise in the US dollar against the euro.

At **€152 million**, the division's **EBITDA** was down relative to the €165 million reported for the year-earlier period, with the Business Lines delivering very contrasting performances. The results in Fluorogases remained strongly penalized by illegal HFC imports into Europe, which continued to weigh on the prices of this activity. In the fourth quarter, Fluorogases should be significantly below the exceptional performance of 4Q'2018. In contrast, the MMA/PMMA chain resisted well in the third quarter, benefiting from its strong integration, its quality of

innovation and lower prices for certain raw materials. Thiochemicals continued to grow in the continuity of the first half, driven by solid demand in its end-markets.

The division's **EBITDA margin** of **25.1%** was close to last year's level (25.5%).

#### COATING SOLUTIONS (24% OF TOTAL GROUP SALES)

<i>(In millions of euros)</i>	3Q'19	3Q'18	YoY change
<b>Sales</b>	<b>535</b>	<b>527</b>	<b>+1.5%</b>
<b>EBITDA</b>	<b>70</b>	<b>65</b>	<b>+7.7%</b>
<b>EBITDA margin</b>	<b>13.1%</b>	<b>12.3%</b>	
<b>Recurring operating income (REBIT)</b>	<b>39</b>	<b>39</b>	-
REBIT margin	7.3%	7.4%	

At **€535 million**, sales of the Coating Solutions division were up 1.5% year on year. Whilst the negative 10.7% price effect was mainly due to lower propylene prices, volume growth was very robust at +7%, mainly in acrylic monomers in Asia and the United States, following the start-up of the new acrylic acid reactor at Clear Lake. The scope effect was a positive 2.9%, corresponding to Arkema's acquisition of Jurong's stake in Taixing Sunke Chemicals, the two companies' joint venture that produces acrylic monomers in China. The currency effect was a positive 2.3%.

The division's **EBITDA** rose 7.7% year on year to **€70 million**, driven mainly by improved unit margins in downstream businesses. The impact of the Imelda storm on the Clear Lake plant was limited to a few million US dollars. The **EBITDA margin** rose to **13.1%** (12.3% in third-quarter 2018).

#### CASH FLOW AND NET DEBT AT 30 SEPTEMBER 2019

Arkema generated strong **free cash flow** of **€218 million** in the third quarter of 2019 (€227 million in third-quarter 2018), reflecting the Group's very good operating performance and including a €43 million reduction in working capital due to the seasonality of the business. At 30 September 2019, the ratio of working capital to annualized quarterly sales stood at 16.4% versus 16.1% at 30 September 2018.

Recurring and exceptional capital expenditure for the quarter amounted to €148 million, including €30 million of exceptional capital expenditure relating to Thiochemicals in Malaysia and specialty polyamides in Asia. For full-year 2019, recurring and exceptional capital expenditure is expected to total around €610 million.

Portfolio management operations represented a net cash outflow of €594 million, mainly stemming from the acquisitions of ArrMaz, finalized on 1 July 2019, and of Jurong's stake in Taixing Sunke Chemicals, the two companies' acrylic monomer production joint venture in China.

Consequently, at 30 September 2019, **net debt**, which also includes the €13 million cost of share buybacks, stood at **€1,770 million** compared with €1,308 million at 30 June 2019. Net debt represented 1.2 times EBITDA of the last 12 months and gearing stood at 34%.

#### POST BALANCE SHEET EVENTS

On 1 October, Arkema finalized the acquisition of Prochimir, a manufacturer of high performance adhesive films, and of Lambson, specialized in photoinitiators for photocure resins.

On 8 October, Arkema successfully brought on stream a new production line for ultra-high performance polyamide 12 powders at the Mont plant in France. The Group thus increases its global capacity by over 50% to support the

increase in demand for fast-growing niche industrial applications, in particular in the coatings, personal care, composites and 3D printing markets.

On 14 October, Arkema announced the proposed divestment of its Functional Polyolefins business to SK Global Chemical, a major chemicals player in South Korea and a subsidiary of SK, the large South-Korean corporation. Part of the PMMA Business Line (Industrial Specialties division), the Functional Polyolefins business represents sales of some €250 million. The offer received is based on an enterprise value of €335 million. The proposed divestment is subject to an information and consultation process involving Arkema's employee representative bodies and to the approval of the relevant antitrust authorities. The project is expected to be finalized in second quarter 2020.

Finally, on 15 October, driven by continued strong growth in the lithium-ion battery market for electric vehicles, Arkema announced plans to increase by approximately 50% the capacity of its high-performance polymer PVDF Kynar® dedicated to this market at its Changshu plant in China.

These projects will contribute to Arkema's objective to increase the share of specialties in its portfolio, in line with its ambition for these businesses to exceed 80% of Group sales by 2023.

## OUTLOOK FOR 2019

For the remainder of the year, the macroeconomic environment is expected to remain challenging and volatile, with continued geopolitical uncertainties likely to weigh on global demand and raw materials prices, leading to cautious inventory management by our customers. In this context, Arkema will maintain its focus on internal momentum and the implementation of its long-term strategy.

The Group will therefore continue to roll out its industrial projects, its operational excellence initiatives, its innovation drive for sustainable development and mobility, and its targeted acquisition dynamic. In the fourth quarter, intermediate businesses should be well below last year's level, penalized mainly by a strong decline in Fluorogases. Specialties should however continue to report solid growth, driven notably by positive momentum at Bostik and performance coatings, as well as the contribution of ArrMaz, whilst technical polymers should be affected by lower demand from key customers.

Taking into account the performance over the first three quarters of the year and while remaining attentive to the development of the macroeconomic environment, Arkema confirms its ambition to consolidate its financial performance at high levels and to achieve in 2019 <sup>(3)</sup> an EBITDA comparable with the 2018 record level.

Further details on the Group's third-quarter 2019 results and outlook are provided in the "Third quarter 2019 results and highlights" presentation available on Arkema's website at [www.finance.arkema.com](http://www.finance.arkema.com)"

### ■ FINANCIAL CALENDAR

- 27 February 2020
- Publication of full-year 2019 results

*A designer of materials and innovative solutions, Arkema shapes materials and creates new uses that accelerate customer performance. Our balanced business portfolio spans High Performance Materials, Industrial Specialties and Coating Solutions. Our globally recognized brands are ranked among the leaders in the markets we serve. Reporting annual sales of €8.8 billion in 2018, we employ 20,000 people worldwide and operate in some 55 countries. We are committed to active engagement with all our stakeholders. Our research centers in North America, France and Asia concentrate on advances in bio-based products, new energies, water management, electronic solutions, lightweight materials and design, home efficiency and insulation. [www.arkema.com](http://www.arkema.com)*

---

<sup>(3)</sup>2019 takes into account the new IFRS 16 standard.

## INVESTOR RELATIONS CONTACTS

Béatrice Zilm	+33 1 49 00 75 58	<a href="mailto:beatrice.zilm@arkema.com">beatrice.zilm@arkema.com</a>
Peter Farren	+33 1 49 00 73 12	<a href="mailto:peter.farren@arkema.com">peter.farren@arkema.com</a>
Arié Taïeb	+33 1 49 00 72 07	<a href="mailto:arie.taieb@arkema.com">arie.taieb@arkema.com</a>

## MEDIA CONTACT

Gilles Galinier	+33 1 49 00 70 07	<a href="mailto:gilles.galinier@arkema.com">gilles.galinier@arkema.com</a>
Véronique Obrecht	+33 1 49 00 88 41	<a href="mailto:veronique.obrecht@arkema.com">veronique.obrecht@arkema.com</a>

## DISCLAIMER

- *The information disclosed in this press release may contain forward-looking statements with respect to the financial position, results of operations, business and strategy of Arkema. Such statements are based on management's current views and assumptions that could ultimately prove inaccurate and are subject to risk factors such as (but not limited to) changes in raw materials prices, currency fluctuations, the pace at which cost-reduction projects are implemented and changes in general economic and financial conditions. Arkema does not assume any liability to update such forward-looking statements whether as a result of any new information or any unexpected event or otherwise. Further information on factors which could affect Arkema's financial results is provided in the documents filed with the French Autorité des marchés financiers.*
- *Balance sheet, income statement and cash flow statement data, as well as data relating to the statement of changes in shareholders' equity and information by business division included in this press release are extracted from the condensed consolidated financial statements at 30 September 2019 reviewed by Arkema's Board of Directors on 29 October 2019. Quarterly financial information is not audited.*
- *Information by business division is presented in accordance with Arkema's internal reporting system used by management.*

*Details of the main alternative performance indicators used by the Group are provided in the tables appended to this press release. For the purpose of analyzing its results and defining its targets, the Group also uses REBIT margin as an indicator, corresponding to recurring operating income (REBIT) expressed as a percentage of sales.*

*For the purpose of tracking changes in its results, and particularly its sales figures, the Group analyzes the following effects (unaudited analyses):*

- ***scope effect:** the impact of changes in the Group's scope of consolidation, which arise from acquisitions and divestments of entire businesses or as a result of the first-time consolidation or deconsolidation of entities. Increases or reductions in capacity are not included in the scope effect;*
- ***currency effect:** the mechanical impact of consolidating accounts denominated in currencies other than the euro at different exchange rates from one period to another. The currency effect is calculated by applying the foreign exchange rates of the prior period to the figures for the period under review;*
- ***price effect:** the impact of changes in average selling prices is estimated by comparing the weighted average net unit selling price of a range of related products in the period under review with their weighted average net unit selling price in the prior period, multiplied, in both cases, by the volumes sold in the period under review;*
- ***volume effect:** the impact of changes in volumes is estimated by comparing the quantities delivered in the period under review with the quantities delivered in the prior period, multiplied, in both cases, by the weighted average net unit selling price in the prior period.*



## ARKEMA Financial Statements

---

Consolidated financial statements - At the end of September 2019

## CONSOLIDATED INCOME STATEMENT

<i>(In millions of euros)</i>	<b>3<sup>rd</sup> quarter 2019</b>		<b>3<sup>rd</sup> quarter 2018</b>	
	<b>End of September 2019</b>	<b>End of September 2019</b>	<b>End of September 2018</b>	<b>End of September 2018</b>
	<i>(non audited)</i>	<i>(non audited)</i>	<i>(non audited)</i>	<i>(non audited)</i>
<b>Sales</b>	<b>2.216</b>	<b>6.685</b>	<b>2.167</b>	<b>6.609</b>
Operating expenses	(1.721)	(5.177)	(1.669)	(5.046)
Research and development expenses	(61)	(184)	(58)	(176)
Selling and administrative expenses	(193)	(577)	(183)	(553)
Other income and expenses	(24)	(47)	(8)	(12)
<b>Operating income</b>	<b>217</b>	<b>700</b>	<b>249</b>	<b>822</b>
Equity in income of affiliates	(1)	(2)	1	2
Financial result	(29)	(89)	(26)	(73)
Income taxes	(40)	(135)	(49)	(165)
<b>Net income</b>	<b>147</b>	<b>474</b>	<b>175</b>	<b>586</b>
Of which non-controlling interests	2	6	1	5
<b>Net income - Group share</b>	<b>145</b>	<b>468</b>	<b>174</b>	<b>581</b>
<i>Earnings per share (amount in euros)</i>	<i>1.91</i>	<i>5.66</i>	<i>2.28</i>	<i>7.63</i>
<i>Diluted earnings per share (amount in euros)</i>	<i>1.90</i>	<i>5.63</i>	<i>2.27</i>	<i>7.61</i>

The Group applied IFRS 16 for the first time at 1 January 2019, under the modified retrospective approach which does not require restatement of the comparative figures for 2018.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<u>3<sup>rd</sup> quarter 2019</u>	<u>End of September 2019</u>	<u>3<sup>rd</sup> quarter 2018</u>	<u>End of September 2018</u>
<i>(In millions of euros)</i>	<i>(non audited)</i>	<i>(non audited)</i>	<i>(non audited)</i>	<i>(non audited)</i>
<b>Net income</b>	<b>147</b>	<b>474</b>	<b>175</b>	<b>586</b>
Hedging adjustments	(5)	(6)	(2)	(2)
Other items	(1)	-	(1)	(1)
Deferred taxes on hedging adjustments and other items	-	-	-	-
Change in translation adjustments	61	75	(14)	14
<b>Other recyclable comprehensive income</b>	<b>55</b>	<b>69</b>	<b>(17)</b>	<b>11</b>
Actuarial gains and losses	(29)	(62)	1	19
Deferred taxes on actuarial gains and losses	6	11	(1)	(5)
<b>Other non-recyclable comprehensive income</b>	<b>(23)</b>	<b>(51)</b>	<b>-</b>	<b>14</b>
<b>Total income and expenses recognized directly in equity</b>	<b>32</b>	<b>18</b>	<b>(17)</b>	<b>25</b>
<b>Comprehensive income</b>	<b>179</b>	<b>492</b>	<b>158</b>	<b>611</b>
Of which: non-controlling interest	3	7	-	5
<b>Comprehensive income - Group share</b>	<b>176</b>	<b>485</b>	<b>158</b>	<b>606</b>

The Group applied IFRS 16 for the first time at 1 January 2019, under the modified retrospective approach which does not require restatement of the comparative figures for 2018.



## INFORMATION BY BUSINESS DIVISION

(non audited)

3<sup>rd</sup> quarter 2019

(In millions of euros)	High Performance Materials	Industrial Specialties	Coating Solutions	Corporate	Total
Non-Group sales	1.068	606	535	7	2.216
Inter-division sales	3	34	18	-	
<b>Total sales</b>	<b>1.071</b>	<b>640</b>	<b>553</b>	<b>7</b>	
<b>EBITDA</b>	<b>182</b>	<b>152</b>	<b>70</b>	<b>(19)</b>	<b>385</b>
Recurring depreciation and amortization of tangible and intangible assets	(48)	(54)	(31)	(2)	(135)
<b>Recurring operating income (REBIT)</b>	<b>134</b>	<b>98</b>	<b>39</b>	<b>(21)</b>	<b>250</b>
Depreciation and amortization related to the revaluation of tangible and intangible assets as part of the allocation of the purchase price of businesses	(9)	-	0	-	(9)
Other income and expenses	(20)	(4)	0	0	(24)
<b>Operating income</b>	<b>105</b>	<b>94</b>	<b>39</b>	<b>(21)</b>	<b>217</b>
Equity in income of affiliates	0	(1)	-	-	(1)
<b>Intangible assets and property, plant and equipment additions</b>	<b>63</b>	<b>47</b>	<b>32</b>	<b>6</b>	<b>148</b>
Of which recurring capital expenditure	44	36	32	6	118

3<sup>rd</sup> quarter 2018

(In millions of euros)	High Performance Materials	Industrial Specialties	Coating Solutions	Corporate	Total
Non-Group sales	987	646	527	7	2.167
Inter-division sales	3	47	21	-	
<b>Total sales</b>	<b>990</b>	<b>693</b>	<b>548</b>	<b>7</b>	
<b>EBITDA</b>	<b>162</b>	<b>165</b>	<b>65</b>	<b>(18)</b>	<b>374</b>
Recurring depreciation and amortization of tangible and intangible assets	(39)	(44)	(26)	0	(109)
<b>Recurring operating income (REBIT)</b>	<b>123</b>	<b>121</b>	<b>39</b>	<b>(18)</b>	<b>265</b>
Depreciation and amortization related to the revaluation of tangible and intangible assets as part of the allocation of the purchase price of businesses	(8)	-	-	-	(8)
Other income and expenses	(9)	(1)	0	2	(8)
<b>Operating income</b>	<b>106</b>	<b>120</b>	<b>39</b>	<b>(16)</b>	<b>249</b>
Equity in income of affiliates	1	-	-	-	1
<b>Intangible assets and property, plant and equipment additions</b>	<b>48</b>	<b>60</b>	<b>27</b>	<b>11</b>	<b>146</b>
Of which recurring capital expenditure	38	44*	27	11	120*

\* Restated figures

## INFORMATION BY BUSINESS DIVISION

(non audited)

End of September 2019					
(In millions of euros)	High Performance Materials	Industrial Specialties	Coating Solutions	Corporate	Total
Non-Group sales	3.074	1.921	1.669	21	<b>6.685</b>
Inter-division sales	8	112	57	-	
<b>Total sales</b>	<b>3.082</b>	<b>2.033</b>	<b>1.726</b>	<b>21</b>	
<b>EBITDA</b>	<b>514</b>	<b>488</b>	<b>228</b>	<b>(68)</b>	<b>1.162</b>
Recurring depreciation and amortization of tangible and intangible assets	(137)	(158)	(87)	(5)	(387)
<b>Recurring operating income (REBIT)</b>	<b>377</b>	<b>330</b>	<b>141</b>	<b>(73)</b>	<b>775</b>
Depreciation and amortization related to the revaluation of tangible and intangible assets as part of the allocation of the purchase price of businesses	(26)	-	(2)	-	(28)
Other income and expenses	(37)	(6)	(1)	(3)	(47)
<b>Operating income</b>	<b>314</b>	<b>324</b>	<b>138</b>	<b>(76)</b>	<b>700</b>
Equity in income of affiliates	0	(2)	-	-	(2)
<b>Intangible assets and property, plant and equipment additions</b>	<b>167</b>	<b>128</b>	<b>75</b>	<b>11</b>	<b>381</b>
Of which recurring capital expenditure	127	92	75	11	305

End of September 2018					
(In millions of euros)	High Performance Materials	Industrial Specialties	Coating Solutions	Corporate	Total
Non-Group sales	2.992	2.016	1.581	20	<b>6.609</b>
Inter-division sales	8	141	59	-	
<b>Total sales</b>	<b>3.000</b>	<b>2.157</b>	<b>1.640</b>	<b>20</b>	
<b>EBITDA</b>	<b>515</b>	<b>535</b>	<b>199</b>	<b>(62)</b>	<b>1.187</b>
Recurring depreciation and amortization of tangible and intangible assets	(117)	(131)	(77)	(2)	(327)
<b>Recurring operating income (REBIT)</b>	<b>398</b>	<b>404</b>	<b>122</b>	<b>(64)</b>	<b>860</b>
Depreciation and amortization related to the revaluation of tangible and intangible assets as part of the allocation of the purchase price of businesses	(26)	-	-	-	(26)
Other income and expenses	(11)	(2)	(2)	3	(12)
<b>Operating income</b>	<b>361</b>	<b>402</b>	<b>120</b>	<b>(61)</b>	<b>822</b>
Equity in income of affiliates	1	1	-	-	2
<b>Intangible assets and property, plant and equipment additions</b>	<b>110</b>	<b>135</b>	<b>53</b>	<b>23</b>	<b>321</b>
Of which recurring capital expenditure	89	103*	53	23	268*

\* Restated figures

## CONSOLIDATED CASH FLOW STATEMENT

<i>(In millions of euros)</i>	<u>End of September 2019</u> <i>(non audited)</i>	<u>End of September 2018</u> <i>(non audited)</i>
<b>Cash flow - operating activities</b>		
Net income	474	586
Depreciation, amortization and impairment of assets	469	355
Other provisions and deferred taxes	(14)	(31)
(Gains)/losses on sales of long-term assets	(6)	(2)
Undistributed affiliate equity earnings	5	(2)
Change in working capital	(116)	(309)
Other changes	17	14
<b>Cash flow from operating activities</b>	<b>829</b>	<b>611</b>
<b>Cash flow - investing activities</b>		
Intangible assets and property, plant, and equipment additions	(381)	(321)
Change in fixed asset payables	(81)	(13)
Acquisitions of operations, net of cash acquired	(606)	(199)
Increase in long-term loans	(28)	(53)
<b>Total expenditures</b>	<b>(1.096)</b>	<b>(586)</b>
Proceeds from sale of intangible assets and property, plant and equipment	8	2
Repayment of long-term loans	21	15
<b>Total divestitures</b>	<b>29</b>	<b>17</b>
<b>Cash flow from investing activities</b>	<b>(1.067)</b>	<b>(569)</b>
<b>Cash flow - financing activities</b>		
Issuance (repayment) of shares and other equity	3	51
Purchase of treasury shares	(30)	(26)
Issuance of hybrid bonds	399	-
Redemption of hybrid bonds	(425)	-
Dividends paid to parent company shareholders	(190)	(176)
Interest paid to bearers of subordinated perpetual notes	(12)	-
Dividends paid to non-controlling interests	(1)	(1)
Increase in long-term debt	2	1
Decrease in long-term debt	(531)	(17)
Increase/ decrease in short-term borrowings	477	26
<b>Cash flow from financing activities</b>	<b>(308)</b>	<b>(142)</b>
Net increase/(decrease) in cash and cash equivalents	(546)	(100)
Effect of exchange rates and changes in scope	(42)	1
Cash and cash equivalents at beginning of period	1.441	1.438
<b>Cash and cash equivalents at end of period</b>	<b>853</b>	<b>1.339</b>

The Group applied IFRS 16 for the first time at 1 January 2019, under the modified retrospective approach which does not require restatement of the comparative figures for 2018.

## CONSOLIDATED BALANCE SHEET

<i>(In millions of euros)</i>	<u>End of September 2019</u> <i>(non audited)</i>	<u>End of December 2018</u> <i>(audited)</i>
<b>ASSETS</b>		
Intangible assets, net	3.274	2.877
Property, plant and equipment, net	2.992	2.627
Equity affiliates : investments and loans	35	38
Other investments	53	33
Deferred tax assets	216	209
Other non-current assets	255	243
<b>TOTAL NON-CURRENT ASSETS</b>	<b>6.825</b>	<b>6.027</b>
Inventories	1.217	1.136
Accounts receivable	1.348	1.247
Other receivables and prepaid expenses	181	173
Income tax receivables	85	80
Other current financial assets	6	7
Cash and cash equivalents	853	1.441
<b>TOTAL CURRENT ASSETS</b>	<b>3.690</b>	<b>4.084</b>
<b>TOTAL ASSETS</b>	<b>10.515</b>	<b>10.111</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Share capital	766	766
Paid-in surplus and retained earnings	4.302	4.099
Treasury shares	(56)	(28)
Translation adjustments	216	142
<b>SHAREHOLDERS' EQUITY - GROUP SHARE</b>	<b>5.228</b>	<b>4.979</b>
Non-controlling interests	55	49
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>5.283</b>	<b>5.028</b>
Deferred tax liabilities	267	268
Provisions for pensions and other employee benefits	555	470
Other provisions and non-current liabilities	404	433
Non-current debt	1.881	2.246
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>3.107</b>	<b>3.417</b>
Accounts payable	881	1.037
Other creditors and accrued liabilities	392	343
Income tax payables	94	78
Other current financial liabilities	16	7
Current debt	742	201
<b>TOTAL CURRENT LIABILITIES</b>	<b>2.125</b>	<b>1.666</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>10.515</b>	<b>10.111</b>

The Group applied IFRS 16 for the first time at 1 January 2019, under the modified retrospective approach which does not require restatement of the comparative figures for 2018.

**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
(non audited)

(In millions of euros)	Shares issued			Treasury shares			Shareholders' equity - Group share	Non-controlling interests	Shareholders' equity		
	Number	Amount	Paid-in surplus	Hybrid bonds	Retained earnings	Translation adjustments				Number	Amount
<b>At January 1, 2019</b>	<b>76,581,492</b>	<b>766</b>	<b>1.263</b>	<b>689</b>	<b>2.147</b>	<b>142</b>	<b>(318.998)</b>	<b>(28)</b>	<b>4.979</b>	<b>49</b>	<b>5.028</b>
Cash dividend	-	-	-	-	(202)	-	-	-	(202)	(1)	(203)
Issuance of share capital	42.728	0	3	-	-	-	-	-	3	-	3
Purchase of treasury shares	-	-	-	-	-	-	(355.621)	(30)	(30)	-	(30)
Grants of treasury shares to employees	-	-	-	-	(2)	-	22.749	2	-	-	-
Share-based payments	-	-	-	-	19	-	-	-	19	-	19
Issuance of hybrid bonds	-	-	-	399	-	-	-	-	399	-	399
Redemption of hybrid bonds	-	-	-	(394)	(31)	-	-	-	(425)	-	(425)
Other	-	-	-	-	-	-	-	-	-	-	-
<b>Transactions with shareholders</b>	<b>42.728</b>	<b>0</b>	<b>3</b>	<b>5</b>	<b>(216)</b>	<b>-</b>	<b>(332.872)</b>	<b>(28)</b>	<b>(236)</b>	<b>(1)</b>	<b>(237)</b>
Net income	-	-	-	-	468	-	-	-	468	6	474
Total income and expense recognized directly through equity	-	-	-	-	(57)	74	-	-	17	1	18
<b>Comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>411</b>	<b>74</b>	<b>-</b>	<b>-</b>	<b>485</b>	<b>7</b>	<b>492</b>
<b>At September 30, 2019</b>	<b>76,624,220</b>	<b>766</b>	<b>1.266</b>	<b>694</b>	<b>2.342</b>	<b>216</b>	<b>(651.870)</b>	<b>(56)</b>	<b>5.228</b>	<b>55</b>	<b>5.283</b>

## ALTERNATIVE PERFORMANCE INDICATORS

To monitor and analyse the financial performance of the Group and its activities, the Group management uses alternative performance indicators. These are financial indicators that are not defined by the IFRS. This note presents a reconciliation of these indicators and the aggregates from the consolidated financial statements under IFRS.

### RECURRING OPERATING INCOME (REBIT) AND EBITDA

(In millions of euros)	End of September 2019	End of September 2018	3 <sup>rd</sup> quarter 2019	3 <sup>rd</sup> quarter 2018
<b>OPERATING INCOME</b>	<b>700</b>	<b>822</b>	<b>217</b>	<b>249</b>
- Depreciation and amortization related to the revaluation of tangible and intangible assets as part of the allocation of the purchase price of businesses	(28)	(26)	(9)	(8)
- Other income and expenses	(47)	(12)	(24)	(8)
<b>RECURRING OPERATING INCOME (REBIT)</b>	<b>775</b>	<b>860</b>	<b>250</b>	<b>265</b>
- Recurring depreciation and amortization of tangible and intangible assets	(387)	(327)	(135)	(109)
<b>EBITDA</b>	<b>1.162</b>	<b>1.187</b>	<b>385</b>	<b>374</b>

#### Details of depreciation and amortization of tangible and intangible assets:

(In millions of euros)	End of September 2019	End of September 2018	3 <sup>rd</sup> quarter 2019	3 <sup>rd</sup> quarter 2018
<b>Depreciation and amortization of tangible and intangible assets</b>	<b>(469)</b>	<b>(355)</b>	<b>(153)</b>	<b>(119)</b>
Of which: Recurring depreciation and amortization of tangible and intangible assets	(387)	(327)	(135)	(109)
Of which: Depreciation and amortization related to the revaluation of assets as part of the allocation of the purchase price of businesses	(28)	(26)	(9)	(8)
Of which: Impairment included in other income and expenses	(54)	(2)	(9)	(2)

### ADJUSTED NET INCOME AND ADJUSTED EARNINGS PER SHARE

(In millions of euros)	End of September 2019	End of September 2018	3 <sup>rd</sup> quarter 2019	3 <sup>rd</sup> quarter 2018
<b>NET INCOME - GROUP SHARE</b>	<b>468</b>	<b>581</b>	<b>145</b>	<b>174</b>
- Depreciation and amortization related to the revaluation of tangible and intangible assets as part of the allocation of the purchase price of businesses	(28)	(26)	(9)	(8)
- Other income and expenses	(47)	(12)	(24)	(8)
- Other income and expenses - Non-controlling interests	-	-	-	-
- Taxes on depreciation and amortization related to the revaluation of assets as part of the allocation of the purchase price of businesses	7	6	2	2
- Taxes on other income and expenses	13	4	10	2
- One-time tax-effects	-	2	-	-
<b>ADJUSTED NET INCOME</b>	<b>523</b>	<b>607</b>	<b>166</b>	<b>186</b>
- Weighted average number of ordinary shares	76,156,547	76,190,768		
- Weighted average number of potential ordinary shares	76,613,410	76,306,477		
<b>ADJUSTED EARNINGS PER SHARE (€)</b>	<b>6.87</b>	<b>7.97</b>	<b>2.19</b>	<b>2.44</b>
<b>DILUTED ADJUSTED EARNINGS PER SHARE (€)</b>	<b>6.83</b>	<b>7.95</b>	<b>2.17</b>	<b>2.42</b>

### RECURRING CAPITAL EXPENDITURE

(In millions of euros)	End of September 2019	End of September 2018	3 <sup>rd</sup> quarter 2019	3 <sup>rd</sup> quarter 2018
<b>INTANGIBLE ASSETS AND PROPERTY, PLANT, AND EQUIPMENT ADDITIONS</b>	<b>381</b>	<b>321</b>	<b>148</b>	<b>146</b>
- Exceptional capital expenditure	68	34	30	16
- Investments relating to portfolio management operations	-	4	-	4
- Capital expenditure with no impact on net debt	8	15*	-	6*
<b>RECURRING CAPITAL EXPENDITURE</b>	<b>305</b>	<b>268*</b>	<b>118</b>	<b>120*</b>

\* Restated figures

### FREE CASH FLOW

(In millions of euros)	End of September 2019	End of September 2018	3 <sup>rd</sup> quarter 2019	3 <sup>rd</sup> quarter 2018
Cash flow from operating activities	829	611	345	361
+ Cash flow from investing activities	(1,067)	(569)	(721)	(161)
<b>NET CASH FLOW</b>	<b>(238)</b>	<b>42</b>	<b>(376)</b>	<b>200</b>
- Net cash flow from portfolio management operations	(619)	(201)	(594)	(27)
<b>FREE CASH FLOW</b>	<b>381</b>	<b>243</b>	<b>218</b>	<b>227</b>

## WORKING CAPITAL

<i>(In millions of euros)</i>	<u>End of September 2019</u>	<u>End of December 2018</u>
Inventories	1.217	1.136
+ Accounts receivable	1.348	1.247
+ Other receivables including income taxes	266	253
+ Other current financial assets	6	7
- Accounts payable	881	1.037
- Other liabilities including income taxes	486	421
- Other current financial liabilities	16	7
<b>WORKING CAPITAL</b>	<b>1.454</b>	<b>1.178</b>

## CAPITAL EMPLOYED

<i>(In millions of euros)</i>	<u>End of September 2019</u>	<u>End of December 2018</u>
<i>Goodwill, net</i>	2.028	1.618
+ Intangible assets (excluding goodwill), and property, plant and equipment, net	4.238	3.886
+ Investments in equity affiliates	35	38
+ Other investments and other non-current assets	308	276
+ Working capital	1.454	1.178
<b>CAPITAL EMPLOYED</b>	<b>8.063</b>	<b>6.996</b>

## NET DEBT

<i>(In millions of euros)</i>	<u>End of September 2019</u>	<u>End of December 2018</u>
Non-current debt	1.881	2.246
+ Current debt	742	201
- Cash and cash equivalents	853	1.441
<b>NET DEBT</b>	<b>1.770</b>	<b>1.006</b>

## IFRS 16 IMPACT ON THE MAIN API

As of January 1, 2019 Arkema applies IFRS 16 "Leases". The impacts of this standard on the main alternative performance indicators used by the Group are described below. The 2018 figures have not been restated.

### CONSOLIDATED INCOME STATEMENT

	3 <sup>rd</sup> quarter 2019	End of September 2019
EBITDA	15	42
Recurring depreciation and amortization of tangible and intangible assets	(14)	(40)
Recurring operating Income (REBIT)	1	2
Operating Income	1	2
Financial result	(1)	(3)
Ajusted net income	-	(1)
Net income	-	(1)

### CONSOLIDATED CASH FLOW STATEMENT

	3 <sup>rd</sup> quarter 2019	End of September 2019
Cash flow from operating activities	14	39
Cash flow from financing activities	(14)	(39)
Free cash flow	14	39

### CONSOLIDATED BALANCE SHEET

	End of September 2019
Property, plant and equipment, net	158
<b>Total assets</b>	<b>158</b>
Non-current debt	115
Current debt	44
<b>Net Debt</b>	<b>159</b>
Net income	(1)
<b>Total liabilities and shareholders' equity</b>	<b>158</b>

### INFORMATION BY BUSINESS DIVISION

IFRS 16 impact (3 <sup>rd</sup> quarter 2019)	High Performance Materials	Industrial Specialties	Coating Solutions	Corporate
EBITDA	5	5.5	3.5	1
Recurring depreciation and amortization of tangible and intangible assets	(5)	(5)	(3)	(1)
Recurring operating Income (REBIT)	-	0.5	0.5	-

IFRS 16 impact (End of September 2019)	High Performance Materials	Industrial Specialties	Coating Solutions	Corporate
EBITDA	13.5	18	8.5	2
Recurring depreciation and amortization of tangible and intangible assets	(13)	(17)	(8)	(2)
Recurring operating Income (REBIT)	0.5	1.0	0.5	-

"On 13 November 2019, Moody's Deutschland GmbH upgraded to Baa1 from Baa2 the long-term Issuer rating of Arkema. The outlook was changed to stable from positive."



On 25 November 2019 the Issuer published the following press release:

## **“Arkema successfully launched a €500 million bond issue**

**Arkema successfully completed today a €500 million bond issue with a ten-year maturity at a yearly coupon of 0.75%.**

This operation, which enables the Group to refinance its €480 million outstanding senior notes with a 3.85% coupon maturing in April 2020 taking advantage of favorable market conditions, is carried out as part of the Group’s long-term financing policy.

Arkema is rated BBB+ by Standard & Poor’s and Baa1 by Moody’s (outlook stable).”

On 6 January 2020, the Issuer published the following press release:

## **“Bostik completes the acquisition of LIP**

Bostik completed the acquisition of LIP Bygningsartikler AS (LIP), the Danish leader in tile adhesives, waterproofing systems and floor preparation solutions, on 3 January 2020.

This acquisition, like the Prochimir acquisition finalized in October 2019, is in line with Arkema’s strategy to continuously grow its *Adhesives* business through bolt-on acquisitions which complement Bostik’s geographic presence, product ranges and technologies.”

On 14 January 2020, the Issuer published the following press release:

## **“Arkema successfully priced a €300 million undated hybrid notes**

**Arkema (BBB+ S&P / Baa1 Moody’s) successfully completed today a €300 million undated hybrid bond issue at a yearly coupon of 1.5% until the first call date after 6 years.**

Taking advantage of favorable market conditions and following its previous hybrid refinancing operation in June 2019, the Group thus acquires the possibility to refinance the remaining €300m portion of its outstanding 4.75% hybrid notes with a first call date on October 2020.

The bonds will be subordinated to any senior debt and will be recognized in equity in accordance with IFRS rules. They will be subject to capital treatment equivalent to 50% of their amount by Moody’s and Standard and Poor’s rating agencies.”

## SUBSCRIPTION AND SALE

### Summary of Amended and Restated Dealer Agreement

Subject to the terms and on the conditions contained in an amended and restated dealer agreement dated 28 January 2020 (as amended or supplemented from time to time, the “**Amended and Restated Dealer Agreement**”) between the Issuer, the Permanent Dealers and the Arranger, the Notes will be offered on a continuous basis by the Issuer to the Permanent Dealers. However, the Issuer has reserved the right to sell Notes directly on its own behalf to Dealers that are not Permanent Dealers. The Notes may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the relevant Dealer. The Notes may also be sold by the Issuer through the Dealers, acting as agents of the Issuer. The Amended and Restated Dealer Agreement also provides for Notes to be issued in syndicated Tranches that are jointly and severally underwritten by two or more Dealers.

The Issuer will pay each relevant Dealer a commission as agreed between them in respect of Notes subscribed by it unless otherwise agreed. The Issuer has agreed to reimburse the Arranger for certain of its expenses incurred in connection with the Programme and the Dealers for certain of their activities in connection with the Programme.

The Issuer has agreed to indemnify the Dealers against certain liabilities in connection with the offer and sale of the Notes. The Dealers have agreed to indemnify Arkema against certain liabilities in connection with the offer and sale of the Notes. The Amended and Restated Dealer Agreement entitles the Dealers to terminate any agreement that they make to subscribe Notes in certain circumstances prior to payment for such Notes being made to the Issuer.

### Selling Restrictions

#### European Economic Area and United Kingdom

Unless the Final Terms in respect to any Notes specify the “Prohibition of Sales to EEA and UK Retail Investors” as “Not Applicable”, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by the Base Prospectus as completed by the Final Terms in relation thereto to any retail investor in the European Economic Area or in the United Kingdom.

For the purposes of this provision:

- (i) the expression “**retail investor**” means a person who is one (or more) of the following:
  - (a) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU, as amended (“**MiFID II**”); and
  - (b) a customer within the meaning of (EU) 2016/97 (the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; and
  - (c) not a qualified investor as defined in the Prospectus Regulation.
- (ii) the expression an “**offer**” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes.

This EEA selling restriction is in addition to any other selling restrictions set out below.

## **France**

Each of the Dealers has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has only offered or sold and will only offer or sell, directly or indirectly, any Notes in France and it has only distributed or caused to be distributed and will only distribute or cause to be distributed in France, the Base Prospectus, the relevant Final Terms or any other offering material relating to the Notes to qualified investors as defined in Article 2(e) of the Prospectus Regulation.

## **United States**

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”) and the Notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

Materialised Bearer Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a U.S. person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended and regulations thereunder.

Each Dealer has agreed, and each further Dealer appointed under the Programme will be required to represent and agree that, except as permitted by the Amended and Restated Dealer Agreement, it will not offer, sell or deliver the Notes, (i) as part of their distribution at any time or (ii) otherwise until 40 calendar days after completion of the distribution of such Tranche as determined, and certified to the Fiscal Agent by the relevant Dealer, or in the case of Notes issued on a syndicated basis, the Lead Manager, within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each dealer to which it sells Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

In addition, until 40 calendar days after the commencement of the offering of any identifiable tranche of Notes, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering of such Notes) may violate the registration requirements of the Securities Act.

This Base Prospectus has been prepared by the Issuer for use in connection with the offer and sale of the Notes outside the United States. The Issuer and the Dealers reserve the right to reject any offer to purchase the Notes, in whole or in part, for any reason. This Base Prospectus does not constitute an offer to any person in the United States. Distribution of this Base Prospectus by any non-U.S. person outside the United States to any U.S. person or to any other person within the United States is unauthorised and any disclosure without the prior written consent of the Issuer of any of its contents to any such U.S. person or other person within the United States is prohibited.

## **United Kingdom**

Each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree that:

- (a) in relation to any Notes which have a maturity of less than one year from the date of issue, (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (b) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments

(as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 (the “FSMA”) by the Issuer;

- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to such Notes in, from or otherwise involving the United Kingdom.

### **Japan**

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended (the “**Financial Instruments and Exchange Act**”). Accordingly, each of the Dealers has severally represented, warranted and agreed and each further Dealer appointed under the Programme will be required to represent, warrant and agree that it has not, directly or indirectly, offered or sold and shall not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with the Financial Instruments and Exchange Act and other relevant laws, ministerial guidelines, and regulations of Japan.

### **Hong Kong**

This Base Prospectus and the applicable Final Terms have not been approved by or registered with the Securities and Futures Commission of Hong Kong or the Registrar of Companies of Hong Kong.

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that:

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes (except for Notes which are a “structured product” within the meaning of the Securities and Futures Ordinance (Cap. 571) of Hong Kong) other than (i) to “professional investors” as defined in the Securities and Futures Ordinance and any rules made under that Ordinance; or (ii) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and
- (b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

### **People Republic of China (PRC)**

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, the offer of the Notes is not an offer of securities within the

meaning of the securities laws of the PRC or other pertinent laws and regulations of the PRC and the Notes have not been offered or sold and may not be offered or sold, directly or indirectly, in the PRC (for such purposes, not including the Hong Kong and Macau Special Administrative Regions or Taiwan), except as permitted by the applicable securities laws of the PRC.

## Singapore

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Base Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree that it has not offered or sold any Notes or caused such Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell such Notes or cause such Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Base Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of such Notes, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor (as defined in 4A of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time including by any subsidiary legislation as may be applicable at the relevant time (together, the “SFA”)) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries’ rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

- (i) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (ii) where no consideration is or will be given for the transfer;
- (iii) where the transfer is by operation of law; or
- (iv) as specified in Section 276(7) of the SFA.

Singapore SFA Product Classification: In connection with Section 309B of the SFA and the CMP Regulations 2018, unless otherwise specified before an offer of Notes, the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are ‘prescribed capital markets products’ (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

## **General**

These selling restrictions may be modified or supplemented by the agreement of the Issuer and the Dealers following a change in a relevant law, regulation or directive. Any such modification or supplement will be set out in a supplement to this Base Prospectus.

No action has been taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of the Base Prospectus or any other offering material or any Final Terms, in any country or jurisdiction where action for that purpose is required.

Each Dealer has agreed, and each further Dealer appointed under the Programme will be required to represent and agree that it will, to the best of its knowledge, comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes the Base Prospectus, any other offering material or any Final Terms and obtain any consent, approval or permission required for the purchase, offer or sale of Notes under the laws and regulations in force in any jurisdiction in which it makes such purchase, offer or sale and neither the Issuer, nor any other Dealer shall have responsibility therefore.

## FORM OF FINAL TERMS

**[PROHIBITION OF SALES TO EEA AND UK RETAIL INVESTORS** - The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“**EEA**”) or in the United Kingdom (the “**UK**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**MiFID II**”); or (ii) a customer within the meaning of Directive (EU) 2016/97 (the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the “**Prospectus Regulation**”). Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the “**PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA or in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIIPs Regulation.]<sup>1</sup>

**MIFID II product governance / Professional investors and eligible counterparties only target market** – Solely for the purposes of [the/each] manufacturer[’s/s’] product approval process, the target market assessment in respect of the Notes taking into account the five categories referred to in item 18 of the Guidelines published by ESMA on 5 February 2018, has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in [Directive 2014/65/EU, as amended (“**MiFID II**”)] [MiFID II]; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a “**distributor**”) should take into consideration the manufacturer[’s/s’] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer[’s/s’] target market assessment) and determining appropriate distribution channels.

**[SINGAPORE SFA PRODUCT CLASSIFICATION** – In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore (the “**SFA**”) and the Securities and Futures Act (Capital Market Products) Regulations 2018 of Singapore (the “**CMP Regulations 2018**”), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are prescribed capital markets products (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendation on Investment Products).]<sup>2</sup>

---

<sup>1</sup> Delete legend if the offer of the Notes do not constitute “packaged” products, in which case, insert “Not Applicable” in paragraph 9(v) of Part B below. Include legend if the offer of the Notes may constitute “packaged” products and the Issuer intends to prohibit the Notes being offered, sold or otherwise made available to EEA retail investors. In this case insert “Applicable” in paragraph 9(v) of Part B below.

<sup>2</sup> For any Notes to be offered to Singapore investors, the Issuer to consider whether it needs to re-classify the Notes pursuant to Section 309B of the SFA prior to the launch of the offer.

**Final Terms dated [●]**

[LOGO, if document is printed]

**Arkema**

**Legal Entity Identifier (LEI): 9695000EHMS84KKP2785**

Euro 3,500,000,000

Euro Medium Term Note Programme

for the issue of Notes

**SERIES NO: [●]**

**TRANCHE NO: [●]**

**[Brief description and Amount of Notes] (the “Notes”)  
issued by Arkema (the “Issuer”)**

**[Name(s) of Dealer(s)]**

**PART A – CONTRACTUAL TERMS**

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 28 January 2020 which has received approval no. 20-022 from the *Autorité des marchés financiers* (the “AMF”) on 28 January 2020 [and the supplement(s) to it dated [●] which has received approval no. [●] from the AMF on [●]] which [together] constitute[s] a base prospectus (the “**Base Prospectus**”) for the purposes of Regulation (EU) 2017/1129 (the “**Prospectus Regulation**”). This document constitutes the Final Terms of the Notes described herein for the purposes of the Prospectus Regulation and must be read in conjunction with the Base Prospectus [as so supplemented] in order to obtain all the information. The Base Prospectus [and the Supplement(s)] [is]/[are] available for viewing on the website of the AMF ([www.amf-france.org](http://www.amf-france.org)) and of Arkema ([www.arkema.com](http://www.arkema.com)) and printed copies may be obtained from Arkema at 420, rue d’Estienne d’Orves, 92700 Colombes, France.

*[The following alternative language applies if the first tranche of an issue which is being increased was issued under a Base Prospectus with an earlier date.]*

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the “**Conditions**”) which are the [2013][2014][2016][2017][2018] EMTN Conditions which are incorporated by reference in the Base Prospectus dated 28 January 2020. This document constitutes the Final Terms of the Notes described herein for the purposes of Regulation (EU) 2017/1129 (the “**Prospectus Regulation**”) and must be read in conjunction with the Base Prospectus dated 28 January 2020 which has received approval no. 20-022 from the *Autorité des marchés financiers* (the “AMF”) on 28 January 2020 [and the supplement(s) to it dated [●] which has received approval no. [●] from the AMF on [●]], which [together] constitute[s] a base prospectus for the purposes of the Prospectus Regulation (the “**Base Prospectus**”) in order to obtain all relevant information, save in respect of the Conditions which are the [2013][2014][2016][2017][2018] EMTN Conditions extracted from the Base Prospectus dated [9 October 2013][19 December 2014][25 November 2016][28 November 2017][12 December 2018]. The Base Prospectus [and the Supplement(s)] [is] [are] available for viewing on the website of the AMF ([www.amf-france.org](http://www.amf-france.org)) and of Arkema ([www.arkema.com](http://www.arkema.com)) and printed copies may be obtained from Arkema at 420, rue d’Estienne d’Orves, 92700 Colombes, France.]



*[Include whichever of the following apply or specify as “Not Applicable”. Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs (in which case the sub-paragraphs of the paragraphs which are not applicable can be deleted). Italics denote guidance for completing the Final Terms.]*

- |    |  |  |
|----|--|--|
| 1  | Issuer:  | Arkema   |
| 2  | (i) Series Number:                             | [●]  |
|    | (ii) Tranche Number:                           | [●]  |
|    | (iii) Date on which the Notes become fungible: | [Not Applicable/ The Notes will be assimilated ( <i>assimilées</i> ) and form a single series with the existing [ <i>insert description of the Series</i> ] issued by the Issuer on [ <i>insert date</i> ] (the “ <b>Existing Notes</b> ”) as from the date of assimilation which is expected to be on or about 40 calendar days after the Issue Date (the “ <b>Assimilation Date</b> ”).] |
| 3  | Specified Currency:                            | [●]  |
| 4  | Aggregate Nominal Amount:                      | [●]  |
|    | (i) [Series:                                   | [●]  |
|    | (ii) [Tranche:                                 | [●]  |
| 5  | Issue Price:                                   | [●] per cent. of the Aggregate Nominal Amount [plus accrued interest from [ <i>insert date</i> ] ( <i>in the case of fungible issues only if applicable</i> )]   |
| 6  | Specified Denomination(s):                     | [●]  |
| 7  | (i) Issue Date:                                | [●]  |
|    | (ii) Interest Commencement Date:               | [Specify/Issue Date/Not Applicable]  |
| 8  | Maturity Date:                                 | [●] [ <i>Specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year</i> ]  |
| 9  | Interest Basis:                                | [[●] per cent. Fixed Rate]<br>[[ <i>specify particular reference rate</i> ] +/- [●] per cent. Floating Rate]<br>[Zero Coupon]<br>[Fixed/Floating Rate]<br>[CPI Linked Interest]<br>[HICP Linked Interest]<br>(further particulars specified below)   |
| 10 | Redemption Basis:                              | Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [●] per cent. of their nominal amount.  |
| 11 | Change of Interest Basis:                      | [Applicable/Not Applicable] [Optional Change of Interest Date / Automatic Change of Interest Date: [●]]<br>[Specify the date when any fixed to floating rate or floating to fixed rate change occurs or refer to   |

- paragraphs 14 and 15 below and identify there]*
- 12 Put/Call Options: [Investor Put]  
[Issuer Call]  
[Residual Call Option]  
[Make-Whole Redemption by the Issuer]  
[Clean-Up Call Option]  
[Change of Control Put Option]  
[Acquisition Event Call Option]  
[(further particulars specified below)]
- 13 (i) Status of the Notes: Senior
- (ii) [Date[s] of [Board] approval[s] for issuance of Notes obtained: [Decision of the *Conseil d'administration* of Arkema dated [●]] [and [●],]]

### PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

- 14 **Fixed Rate Note Provisions** [In respect of Fixed/Floating Rate Notes: From (and including) [●] to (but excluding) [●]:][Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Rate[s] of Interest: [●] per cent. per annum [payable [annually/semi-annually/quarterly/monthly/other (*specify*)] in arrears on each Interest Payment Date]
- (ii) Interest Payment Date(s): [●] in each year [adjusted in accordance with the Business Day Convention specified below <sup>3</sup> ] [commencing on [●] and ending on [●]/[the Maturity Date]] [specify Business Day Convention and any applicable Business Centre(s) for the definition of “Business Day”]/not adjusted.]
- (iii) Fixed Coupon Amount[(s)]<sup>4</sup>: [●] per Note of [●] Specified Denomination
- (iv) Broken Amount(s): [●] payable on the Interest Payment Date falling [in/on] [●]
- (v) Day Count Fraction: [Actual/Actual / Actual/Actual-ISDA / Act/Act / Act/Act (ISDA) Actual/365-FBF / Actual/Actual-FBF / Actual/Actual-ICMA / Actual/365(Fixed) / Actual/360 / 30/360 / 360/360 / Bond Basis / 30E/360 / Eurobond Basis / 30E/360 (ISDA)]]
- (vi) [Determination Dates: [●] in each year (*insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon. N.B. only relevant where Day Count Fraction is Actual/Actual-ICMA*)]

---

<sup>3</sup> RMB Notes only

<sup>4</sup> Not applicable for RMB Notes

(vii) [Business Day Convention <sup>5</sup> :	[Floating Rate Business Day Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]]
(viii) Interest Rate Adjustment:	[Applicable/Not Applicable]
(ix) Margin Adjustment:	[[●]/Not Applicable]
(x) [Party responsible for calculating Interest Amounts (if not the Calculation Agent) <sup>6</sup> :	[●]/[Not Applicable]]
<b>15 Floating Rate Note Provisions</b>	[In respect of Fixed/Floating Rate Notes: From (and including) [●] to (but excluding) [●]:][Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph.)</i> <i>(In the event where the benchmark used to calculate the interest payable is discontinued, Condition 5(c)(iii)(D) provides for a methodology to determine the successor or alternative rates)</i>
(i) Interest Period(s):	[●]
(ii) Specified Interest Payment Dates:	[[●] in each year, subject to adjustment in accordance with the Business Day Convention set out in (iii) below]
(iii) Business Day Convention:	[Floating Rate Business Day Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]
(iv) Business Centre(s):	[●]
(v) Manner in which the Rate(s) of Interest is/are to be determined:	[Screen Rate Determination/FBF Determination/ISDA Determination]
(vi) Interest Period Date(s):	[Not Applicable/Specify dates]
(vii) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the Calculation Agent):	[●]
(viii) Screen Rate Determination:	[Applicable/Not Applicable]
– Reference Rate:	[●]
– Relevant Inter-Bank Market:	[●]
– Relevant Screen Page Time:	[●]
– Interest Determination Date(s):	[●]
– Relevant Screen Page:	[●]
– Relevant Swap Rate:	[●]

---

<sup>5</sup> RMB Notes only

<sup>6</sup> RMB Notes only

	– Reference Bank:	[●]
	– Relevant Financial Centre:	[●]
	– Specified Currency:	[●]
	– Reference Currency:	[●]
	– Designated Maturity:	[●]
	– Specified Time:	
	(ix) FBF Determination:	
	– Floating Rate ( <i>Taux Variable</i> ):	[●]
	– Floating Rate Determination Date ( <i>Date de Détermination du Taux Variable</i> ):	[●]
	(x) ISDA Determination:	
	– Floating Rate Option:	[●]
	– Designated Maturity:	[●]
	– Reset Date:	[●]
	(xi) Margin(s):	[+/-][●] per cent. per annum
	(xii) Minimum Rate of Interest <sup>7</sup> :	[●] per cent. per annum
	(xiii) Maximum Rate of Interest:	[●] per cent. per annum
	(xiv) Day Count Fraction:	[Actual/Actual / Actual/Actual-ISDA / Act/Act / Act/Act (ISDA) Actual/365-FBF / Actual/Actual-FBF / Actual/Actual-ICMA / Actual/365(Fixed) / Actual/360 / 30/360 / 360/360 / Bond Basis / 30E/360 / Eurobond Basis / 30E/360 (ISDA)]
	(xv) Interest Rate Adjustment	[Applicable/Not Applicable]
	(xvi) Margin Adjustment	[[●]/Not Applicable]
16	<b>Zero Coupon Note Provisions</b>	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
	(i) Amortisation Yield:	[●] per cent. per annum
	(ii) Day Count Fraction:	[Actual/Actual / Actual/Actual-ISDA / Act/Act / Act/Act (ISDA) Actual/365-FBF / Actual/Actual-FBF / Actual/Actual-ICMA / Actual/365(Fixed) / Actual/360 / 30/360 / 360/360 / Bond Basis / 30E/360 / Eurobond Basis / 30E/360 (ISDA)]
17	<b>Inflation Linked Notes – Provisions relating to CPI or HICP Linked Interest</b>	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
	(i) Index:	[CPI/HICP]

---

<sup>7</sup> In no event shall the applicable rate of interest be less than zero.

- (ii) Party responsible for calculating the Rate of Interest and/or Interest Amount(s) (if not the Calculation Agent): [●]
- (iii) Interest Period(s): [●]
- (iv) Interest Payment Dates: [●]
- (v) Base Reference: [CPI/HICP] Daily Inflation Reference Index applicable on [specify date] (amounting to: [●])
- (vi) Rate of Interest: [●] per cent. per annum multiplied by the Inflation Index Ratio
- (vii) Minimum Rate of Interest<sup>8</sup>: [●] per cent. per annum
- (viii) Maximum Rate of Interest: [●] per cent. per annum
- (ix) Day Count Fraction: [Actual/Actual / Actual/Actual-ISDA / Act/Act / Act/Act (ISDA) Actual/365-FBF / Actual/Actual-FBF / Actual/Actual-ICMA / Actual/365(Fixed) / Actual/360 / 30/360 / 360/360 / Bond Basis / 30E/360 / Eurobond Basis / 30E/360 (ISDA)]

## PROVISIONS RELATING TO REDEMPTION

- 18 **Call Option** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
  - (i) Optional Redemption Date(s): [●]
  - (ii) Optional Redemption Amount(s) of each Note: [●] per Note of [●] Specified Denomination
  - (iii) If redeemable in part:
    - (a) Minimum Redemption Amount: [●]
    - (b) Maximum Redemption Amount: [●]
    - (c) Notice period<sup>9</sup>: [[As per the Conditions]/[●]]
- 19 **Make-Whole Redemption by the Issuer** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
  - (i) Notice period<sup>10</sup>: [●]

<sup>8</sup> In no event shall the applicable rate of interest be less than zero.

<sup>9</sup> If setting notice periods are different to those provided in the terms and conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and its fiscal agent.

<sup>10</sup> If setting notice periods are different to those provided in the terms and conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and its fiscal agent.

	(ii) Reference Security:	[●]
	(iii) Reference Dealers:	[[As per Condition 6(d)/[●]]
	(iv) Similar Security:	[●]
	(v) Party, if any, responsible for calculating the principal and/or interest due (if not the Calculation Agent):	[●]
	(vi) Redemption Margin:	[●]
20	<b>Clean-Up Call Option</b>	[Applicable/Not Applicable] <i>If not applicable, delete the remaining sub-paragraph of this paragraph</i>
	(i) Clean-Up Redemption Amount:	[●] per Note of [●] Specified Denomination
21	<b>Put Option</b>	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
	(i) Optional Redemption Date(s):	[●]
	(ii) Optional Redemption Amount(s) of each Note:	[●] per Note of [●] Specified Denomination
	(iii) Notice period <sup>11</sup> :	[[As per the Conditions]/[●]]
22	<b>Residual Call Option</b>	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
	(i) Call Option Date (Condition 6(c)):	[●]
	(ii) Notice period <sup>12</sup> :	[●]
23	<b>Change of Control Put Option</b>	[Applicable/Not Applicable]
24	<b>Final Redemption Amount of each Note</b>	[●] per Note of [●] Specified Denomination
	Inflation Linked Notes – Provisions relating to the Final Redemption Amount:	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
	(i) Index:	[CPI/HICP]
	(ii) Final Redemption Amount in respect of Inflation Linked Notes:	[[Condition 6 (h) applies]/[Condition 6(g) in respect of the 2013 EMTN Conditions]/[Condition 6(g) in respect of the 2014 EMTN Conditions]]
	(iii) Base Reference:	[CPI/HICP] Daily Inflation Reference Index applicable on <i>[specify date]</i> (amounting to: [●])

<sup>11</sup> If setting notice periods are different to those provided in the terms and conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and its fiscal agent.

<sup>12</sup> If setting notice periods are different to those provided in the terms and conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and its fiscal agent.

- (iv) Party responsible for calculating the Rate of Interest and/or Interest Amount(s) (if not the Calculation Agent): [●]

25 **Early Redemption Amount**

- (i) Early Redemption Amount(s) of each Note payable on redemption for taxation reasons ([Condition 6(j)]/[Condition 6(i) in respect of the 2013 EMTN Conditions]/[Condition 6(i) in respect of the 2014 EMTN Conditions]), for illegality ([Condition 6(n)]/[Condition 6(m) in respect of the 2013 EMTN Conditions]/[Condition 6(m) in respect of the 2014 EMTN Conditions]) or on event of default (Condition 9): [●] per Note of [●] Specified Denomination
- (ii) Redemption for taxation reasons permitted on days other than Interest Payment Dates: [Yes/No]

26 **Acquisition Event Call Option**

[Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraph of this paragraph)*

- (i) Acquisition Event Limit Date: [●]
- (ii) Targeted Company: [●]
- (iii) Optional Redemption Amount: [●] per Note of [●] Specified Denomination
- (iv) Redemption in whole only: [Applicable/Not Applicable]

**GENERAL PROVISIONS APPLICABLE TO THE NOTES**

- 27 Form of Notes: [Dematerialised Notes/Materialised Notes]  
*(Materialised Notes are only in bearer form and may only be issued outside France.)*  
*[Delete as appropriate]*
- (i) Form of Dematerialised Notes: [Not Applicable/specify whether Bearer dematerialised form (*au porteur*)/Administered Registered Dematerialised form (*au nominatif administré*)/Fully Registered dematerialised form (*au nominatif pur*)]
- (ii) Registration Agent [Not Applicable/Applicable] *[if applicable give name and details] (note that a registration agent must be appointed in relation to Fully Registered Dematerialised Notes only)*

(iii) Temporary Global Certificate:	[Not Applicable/Temporary Global Certificate exchangeable for Definitive Materialised Notes on [●] (the “Exchange Date”), being 40 calendar days after the Issue Date subject to postponement as specified in the Temporary Global Certificate]
(iv) Applicable TEFRA exemption:	[C Rules/D Rules/Not Applicable] ( <i>Only applicable to Materialised Notes</i> )
28 Exclusion of the possibility to request identification of the Noteholders as provided by Condition 1(a):	[Not Applicable/Applicable]
29 Financial Centre(s) (Condition 7(h)):	[Not Applicable/give details. <i>Note that this item relates to the date of payment, and not the end dates of interest period for the purposes of calculating the amount of interest to which items 14(ii) and 15(iv) relate</i> ]
30 Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature):	[Yes/No. <i>If yes, give details</i> ]
31 Details relating to Instalment Notes:	[Not Applicable/give details]
(i) Instalment Amount(s):	[●]
(ii) Instalment Date(s):	[●]
(iii) Minimum Instalment Amount:	[●]
(iv) Maximum Instalment Amount:	[●]
32 Redenomination, renominatisation and reconventioning provisions:	[Not Applicable/The provisions [in Condition 1(d)] apply]
33 Consolidation provisions:	[Not Applicable/The provisions [in Condition 14(b)] apply]
34 Possibility of resale of purchased Notes <sup>13</sup> :	[Yes/No]
35 Masse (Condition 11):	Name and address of the Representative: [●] [The Representation will receive no remuneration/The Representative will receive a remuneration of [●]]

---

<sup>13</sup> In accordance with applicable laws and regulations.



**RESPONSIBILITY**

The Issuer accepts responsibility for the information contained in these Final Terms. [*Relevant third party information*] has been extracted from (*specify source*).] [The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by (*specify source*), no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of Arkema:

By: .....  
Duly authorised

## PART B – OTHER INFORMATION

### 1 LISTING AND ADMISSION TO TRADING

- (i) Listing and admission to trading: [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [Euronext Paris/specify relevant regulated market] with effect from [●].] [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [Euronext Paris/specify relevant regulated market/] with effect from [●].] [Not Applicable]

*(Where documenting a fungible issue need to indicate that original Notes are already admitted to trading)*

- (ii) Estimate of total expenses related to admission to trading: [●]

### 2 RATINGS

Ratings: [Not Applicable]/[The Notes to be issued [have been/are expected to be] rated]:

[S & P: [●]]

[Moody's: [●]]

[[Other]: [●]]

*[Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.]*

*(The above disclosure should reflect the rating allocated to Notes where the issue has been specifically rated)*

*(Include appropriate Credit Rating Agency Regulation (Regulation (EC) No 1060/2009 as amended) disclosure)*

*[Insert one (or more) of the following options, as applicable:*

*[[Insert credit rating agency/ies] [is/are] established in the European Union and [has/have each] applied for registration under Regulation (EC) No 1060/2009 (as amended), although notification of the corresponding registration decision has not yet been provided by the relevant competent authority]*

*[[Insert credit rating agency/ies] [is/are] established in the European Union and registered under Regulation (EC) No 1060/2009 (as amended)]]*

[[Insert credit rating agency/ies] [is/are] not established in the European Union and [has/have each] not applied for registration under Regulation (EC) No 1060/2009 (as amended)]]

**3 [INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER]**

*(Need to include a description of any interest, including a conflict of interest, that is material to the [issue/offer], detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the statement below):*

“Save as discussed in [“Subscription and Sale”], so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer.” *(Amend as appropriate if there are other interests)*]

*[(When adding any other description, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Prospectus under Article 23 of the Prospectus Regulation)]*

**4 REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS [AND TOTAL EXPENSES]**

(i) Reasons for the offer: [●]

*(See [“Use of Proceeds”] wording in Prospectus – if reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here)*

(ii) Estimated net proceeds: [●]

*(If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding)*

[(iii)] Estimated total expenses: [●]

*[Include breakdown of expenses]*

**5 [Fixed Rate Notes only – YIELD]**

Indication of yield: [●]

The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield. For the avoidance of doubt, the yield does not take into account the adjustment of the Rate of Interest as specified in Condition 5(1).]

**6 [Floating Rate Notes only – PERFORMANCE OF RATES]**

Details of performance of [LIBOR/EURIBOR/CMS Rate/replicate other as specified in the Conditions] rates can be obtained [but not] free of charge from [Reuters]

[Amounts payable under the Notes will be calculated by reference to [LIBOR/EURIBOR/[●]] which is provided by [●]. [As at [●], [●] [appears/does not appear] on the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority pursuant to

Article 36 of the Benchmark Regulation (Regulation (EU) 2016/1011) (the “**Benchmark Regulation**”).] [As far as the Issuer is aware, the transitional provisions in Article 51 of the Benchmarks Regulation apply, such that [●] is not currently required to obtain authorisation or registration (or, if located outside the European Union, recognition, endorsement or equivalence).]

**7 [Inflation Linked Notes only – PERFORMANCE OF INDEX AND OTHER INFORMATION CONCERNING THE UNDERLYING**

(i) Name of underlying index: [Consumer Price Index excluding tobacco for all households in metropolitan France (“CPI”) as calculated and published [monthly/[●]] by the *Institut National de la Statistique et des Etudes Economiques*.]/[Harmonised Index of Consumer Prices excluding tobacco measuring the rate of inflation in the European Monetary Union excluding tobacco (“HICP”) as calculated and published [monthly/[●]] by Eurostat.]

(ii) Information about the index, its volatility and past and future performance can be obtained: [●]

The Issuer [intends to provide post-issuance information [*specify what information will be reported and where it can be obtained*]] [does not intend to provide post-issuance information]]

**8 OPERATIONAL INFORMATION**

ISIN: [●]

Common Code: [●]

**Depositories**

(i) Euroclear France to act as Central Depository: [Yes/No]

(ii) Common Depository for Euroclear Bank SA/NV and Clearstream Banking, S.A.: [Yes/No]

Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking, S.A. and the relevant identification number(s): [Not Applicable/*give name(s), adresse(s) and number(s)*]

Delivery: Delivery [against/free of] payment

Names and addresses of additional Paying Agent(s) (if any): [Not Applicable/[●]]

**9 DISTRIBUTION**

(i) Method of distribution: [Syndicated/Non-syndicated]

(ii) If syndicated:

(A) Date of the [Subscription] Agreement: [Not Applicable/[●]]

(B) Names of Managers:

[Not Applicable/give names]

*(Include names of entities agreeing to underwrite the issue on a firm commitment basis and names of the entities agreeing to place the issue without a firm commitment or on a “best efforts” basis if such entities are not the same as the Managers. Where not all of the issue is underwritten, include a statement of the portion not covered.)*

(C) Stabilising Manager[s] if any:

[Not Applicable/give name(s)]

(iii) If non-syndicated, name and address of Dealer:

[Not Applicable/give name]

(iv) US Selling Restrictions (Categories of potential investors to which the Notes are offered):

Reg. S Compliance Category 2 applies to the Notes; [TEFRA C/TEFRA D/TEFRA not applicable]

(v) Prohibition of Sales to EEA and UK Retail Investors:

[Not Applicable/Applicable]

*(If the Notes clearly do not constitute “packaged” products, “Not Applicable” should be specified. If the Notes may constitute “packaged” products and no key information document will be prepared, “Applicable” should be specified and the legend entitled “Prohibition of Sales to EEA and UK Retail Investors” on the cover page of the Final Terms should be included. For the purpose of the above, a “packaged” product shall designate a “packaged retail investment product” which means in accordance with Regulation (EU) No 1286/2014 of 26 November 2014 an investment, where, regardless of the legal form of the investment, the amount repayable to the retail investor is subject to fluctuations because of exposure to reference values or to the performance of one or more assets which are not directly purchased by the retail investor.)*

## GENERAL INFORMATION

### (1) AMF approval and listing and admission to trading

Application has been made for approval of this Base Prospectus to the AMF in France in its capacity as competent authority pursuant to the Prospectus Regulation. The AMF only approves this Base Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval shall not be considered as an endorsement of the Issuer that is the subject of this Base Prospectus nor of the quality of the Notes which are subject to this Base Prospectus. Investors should make their own assessment as to the suitability of investing in the Notes. This Base Prospectus will be valid for a period of twelve (12) months until 28 January 2021, provided that it is completed by any supplement, pursuant to Article 23 of the Prospectus Regulation, following the occurrence of a significant new factor, a material mistake or a material inaccuracy relating to the information included (including information incorporated by reference) in this Base Prospectus which may affect the assessment of the Notes. After such date, the Base Prospectus will expire and the obligation to supplement this Base Prospectus in the event of significant new factors, material mistakes or material inaccuracies will no longer apply.

Application has been made to list and admit the Notes to trading on Euronext Paris and/or on any other Regulated Market in a Member State of the EEA, as the case may be.

In compliance with Article 25 of the Prospectus Regulation, application may also be made for the notification of certificate of approval to any competent authority of any Member State of the EEA.

### (2) Corporate authorisations

Arkema has obtained all necessary corporate and other consents, approvals and authorisations in the Republic of France in connection with the update of the Programme. Any drawdown of Notes under the Programme, to the extent that such Notes constitute *obligations*, requires the prior authorisation of (i) the *Conseil d'administration* of Arkema or (ii) the Ordinary General Meeting of the Issuer's shareholders if (a) the *statuts* of the Issuer so require (at the date hereof the *statuts* of Arkema do not require a resolution of the Ordinary General Meeting) or (b) the shareholders at an Ordinary General Meeting decide to authorise an issue of *obligations*, all pursuant to Article L.228-40 of the French *Code de commerce*. Any drawdown of Notes, to the extent that such Notes do not constitute *obligations*, falls within the general powers of the *Président Directeur Général*.

The update of the Programme and the increase of the Programme Limit to €3,500,000,000 has been authorised by a decision of the *Conseil d'administration* of Arkema on 29 October 2019.

### (3) No significant change in the financial position or financial performance

Except as disclosed in the "Recent Developments" section of this Base Prospectus, there has been no significant change in the financial position or financial performance of Arkema or the Group since 30 September 2019.

### (4) No material adverse change

Except as disclosed in the "Recent Developments" section of this Base Prospectus, there has been no material adverse change in the prospects of Arkema since 31 December 2018.

### (5) Legal and arbitration proceedings

Save as disclosed in this Base Prospectus, Arkema is not or has not been involved in any governmental, legal or arbitration proceedings (including any such proceeding which are pending or threatened of which Arkema is aware), during a period covering at least the previous 12 months which

may have, or have had in the recent past, significant effects on the financial position or profitability of Arkema or the Group.

**(6) Potential conflicts of interests between any duties to the issuing entity of the members of the board of directors**

Save as disclosed in this Base Prospectus, to the knowledge of the Issuer, there are no other potential conflicts of interest between the duties, to the Issuer, of the members of the board of directors, the general management and their private interests and/or other duties. To the knowledge of the Issuer, there are no arrangements or agreements, with the main shareholders, customers or suppliers of the Issuer, pursuant to which a member of the board of directors or the general management has been appointed.

**(7) Material contracts**

Save as disclosed in this Base Prospectus, there are no material contracts that are not entered into in the ordinary course of the Issuer's business, which could result in any Group member being under an obligation or entitlement that is material to the Issuer's ability to meet its obligation to the Noteholders in respect of the Notes being issued.

**(8) Clearing**

Notes will be accepted for clearance through the Euroclear and Clearstream systems which are entities in charge of keeping the records. The Common Code, the International Securities Identification Number (ISIN) or the identification number for any other relevant clearing system for each Series of Notes will be set out in the relevant Final Terms.

The address of Euroclear is 1 boulevard du Roi Albert II, 1210 Bruxelles, Belgium and the address of Clearstream is 42 avenue John Fitzgerald Kennedy, L-1855 Luxembourg, Grand-Duchy of Luxembourg.

Dematerialised Notes will be inscribed in the books of Euroclear France (acting as central depository). Dematerialised Notes which are in registered form (*au nominatif*) are also inscribed either with the Issuer or with the registration agent.

The address of Euroclear France is 66, rue de la Victoire, 75009 Paris, France.

**(9) Yield**

In relation to any Tranche of Fixed Rate Notes, an indication of the yield in respect of such Notes will be specified in the applicable Final Terms. The yield is calculated at the Issue Date of the Notes on the basis of the relevant Issue Price. The yield indicated will be calculated as the yield to maturity as at the Issue Date of the Notes and will not be an indication of future yield. For the avoidance of doubt, the yield indicated in the applicable Final Terms will not take into account the adjustment of the Rate of Interest as specified in Condition 5(1).

**(10) Documents available**

The following documents will be available, during usual business hours on any weekday (Saturdays and public holidays excepted), for inspection at the office of the Issuer and on the website of the Issuer ([www.arkema.com](http://www.arkema.com)), or otherwise, using any kinds of communication means, permitted by law, at the choice of the Issuer and from the specified offices of the Paying Agents, free of charge:

- (i) the *statuts* of the Issuer (<https://www.arkema.com/en/investor-relations/corporate-governance/board-of-directors/>);

- (ii) a copy of the documents incorporated by reference in this Base Prospectus, which comprise the 2018 Reference Document, the 2017 Reference Document and the 2019 Half-Year Financial Report (<https://www.arkema.com/en/investor-relations/regulated-information/>);
- (iii) each Final Terms for Notes that are listed and admitted to trading on Euronext Paris or any other regulated market in the EEA (<https://www.arkema.com/en/investor-relations/regulated-information/>);
- (iv) a copy of this Base Prospectus together with any Supplement to this Base Prospectus or further Base Prospectus and any document incorporated by reference (<https://www.arkema.com/en/investor-relations/regulated-information/>);
- (v) all reports, letters and other documents, historical financial information, valuations and statements prepared by any expert at the Issuer's request any part of which is included or referred to in this Base Prospectus.

The information on the website of the Issuer does not form part of this Base Prospectus, except where that information has been incorporated by reference into this Base Prospectus.

The following documents will also be available on the website of the AMF ([www.amf-france.org](http://www.amf-france.org)):

- (i) the Final Terms for Notes that are listed and admitted to trading on Euronext Paris and/or in any Member State of the EEA; and
- (ii) this Base Prospectus together with any supplement to this Base Prospectus; and
- (iii) the documents incorporated by reference in this Base Prospectus (excluding the 2019 Half Year Financial Report in respect of the AMF website).

#### **(11) Statutory auditors**

KPMG Audit a department of KPMG S.A. and Ernst & Young Audit have audited and rendered unqualified audit reports on the consolidated financial statements of Arkema for the years ended 31 December 2018 and 2017 prepared in accordance with IFRS as adopted by the European Union. Both entities are regulated by the *Haut Conseil du Commissariat aux Comptes*, duly authorised as *Commissaires aux comptes* and members of the *Compagnie Régionale des Commissaires aux Comptes de Versailles*.

#### **(12) Stabilisation**

In connection with the issue of any Tranche (as defined in the “General Description of the Programme”), the Dealer or Dealers (if any) named as the stabilising manager(s) (the “**Stabilising Manager(s)**”) (or any person acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or any person acting on behalf of any Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the final terms of the offer of the relevant Tranche is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 calendar days after the issue date of the relevant Tranche and 60 calendar days after the date of the allotment of the relevant Tranche. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or any person acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.



**(13) Benchmark Regulation**

Amounts payable under the Floating Rate Notes may be calculated by reference to EURIBOR or LIBOR which are respectively provided by the European Money Markets Institute (“EMMI”) and ICE Benchmark Administration Limited (“ICE”), or other Reference Rates as indicated in the relevant Final Terms. As at the date hereof, the ICE and the EMMI appear on the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority pursuant to Article 36 of the Benchmark Regulation (Regulation (EU) 2016/1011) (the “**Benchmark Regulation**”). The relevant Final Terms in respect of an issue of Floating Rate Notes may specify the relevant benchmark, the relevant administrator and whether such administrator appears on the European Securities and Markets Authority register referred to above.

**(14) Legal Entity Identifier (LEI)**

The LEI of the Issuer is 9695000EHMS84KKP2785.

**(15) Currencies**

In this Base Prospectus, unless otherwise specified or the context otherwise requires, references to “€”, “Euro”, “EUR” or “euro” are to the single currency of the participating member states of the European Union which was introduced on 1 January 1999, references to “£”, “pounds sterling”, “GBP” and “Sterling” are to the lawful currency of the United Kingdom, references to “\$”, “USD” and “U.S. dollars” are to the lawful currency of the United States of America, references to “HK\$” are to the lawful currency of Hong Kong, references to “¥”, “JPY”, “Japanese yen” and “Yen” are to the lawful currency of Japan, references to “CHF”, “Swiss francs” are to the lawful currency of Switzerland and references to “Renminbi” or “RMB” are to the lawful currency of the PRC.

**(16) Potential Conflicts of Interests**

All or some of the Dealers and, as the case may be, the Calculation Agent and their respective affiliates (including their parent companies) have and/or may in the future engage, in investment banking, commercial banking and/or other financial advisory and commercial dealings with the Issuer and its affiliates and in relation to securities issued by any entity of the Group (as defined in the “Important Notice” section of this Base Prospectus). They have or may, in the ordinary course of their business, (i) engage in investment banking, trading or hedging activities including activities that may include prime brokerage business, financing transactions or entry into derivative transactions, (ii) act as underwriters in connection with offering of shares or other securities issued by any entity of the Group or (iii) act as financial advisers to the Issuer or other companies of the Group. In the context of these transactions, certain of such Dealers have or may hold shares or other securities issued by entities of the Group. Where applicable, they have or will receive customary fees and commissions for these transactions.

Each of the Issuer and the Dealer(s) may from time to time be engaged in transactions involving an index or related derivatives which may affect the market price, liquidity or value of the Notes and which could be deemed to be adverse to the interests of the Noteholders.

Potential conflicts of interest may arise between the Calculation Agent, if any, for a Tranche of Notes and the Noteholders (including where a Dealer acts as Calculation Agent), including with respect to certain discretionary determinations and judgements that such Calculation Agent may make pursuant to the Terms and Conditions of the Notes that may influence the amount receivable upon redemption of the Notes. In particular, whilst a Calculation Agent will, as the case may be, have information barriers and procedures in place to manage conflicts of interest, it may in its other banking activities from time to time be engaged in transactions involving an index or related derivatives which may

affect amounts receivable by Noteholders during the term and on the maturity of the Notes or the market price, liquidity or value of the Notes and which could be deemed to be adverse to the interests of the Noteholders.

## **PERSONS RESPONSIBLE FOR THE INFORMATION GIVEN IN THE BASE PROSPECTUS**

We declare, to the best of our knowledge (having taken all reasonable care to ensure that such is the case), that the information contained in this Base Prospectus is in accordance with the facts and contains no omission likely to affect its import.

### **Arkema**

420, rue d'Estienne d'Orves  
92700 Colombes  
France

### **Duly represented by:**

### **Thomas Lestavel**

*Directeur Financement et Trésorerie*  
authorised signatory  
dated 28 January 2020



This Base Prospectus has been approved by the AMF, in its capacity as competent authority under Regulation (EU) 2017/1129. The AMF has approved this Base Prospectus after having verified that the information it contains is complete, coherent and comprehensible within the meaning of Regulation (EU) 2017/1129.

This approval is not a favourable opinion on the Issuer and on the quality of the Notes described in this Base Prospectus. Investors should make their own assessment of the opportunity to invest in such Notes.

This Base Prospectus has been approved on 28 January 2020 is valid until 28 January 2021 and shall, within this period and pursuant to the conditions set by Article 23 of Regulation (EU) 2017/1129, be completed by a supplement to the Base Prospectus in the event of new material facts or substantial errors or inaccuracies. The Base Prospectus has the following approval number: 20-022.

**ISSUER**

**Arkema**  
420, rue d'Estienne d'Orves  
92700 Colombes  
France

**ARRANGER**

**NATIXIS**  
30, avenue Pierre Mendès France  
75013 Paris  
France

**DEALERS**

**BNP Paribas**  
10 Harewood Avenue  
London NW1 6AA  
United Kingdom

**Citigroup Global Markets Limited**  
Citigroup Centre  
Canada Square  
London E14 5LB  
Canary Wharf  
United Kingdom

**Crédit Agricole Corporate and Investment Bank**  
12, place des États-Unis, CS 70052  
92547 Montrouge Cedex  
France

**NATIXIS**  
30, avenue Pierre Mendès France  
75013 Paris  
France

**SMBC Nikko Capital Markets Limited**  
One New Change  
London EC4M 9AF  
United Kingdom

**Citigroup Global Markets Europe AG**  
Reuterweg 16  
60323 Frankfurt am Main  
Germany

**Commerzbank Aktiengesellschaft**  
Kaiserstrasse 16 (Kaiserplatz)  
60311 Frankfurt am Main  
Federal Republic of Germany

**Crédit Industriel et Commercial S.A.**  
6, avenue de Provence  
75452 Paris Cedex 9  
France

**SMBC Nikko Capital Markets Europe GmbH**  
Neue Mainzer Straße 52-58  
60311 Frankfurt  
Germany

**Société Générale**  
29, boulevard Haussmann  
75009 Paris  
France

**FISCAL AGENT, PAYING AGENT, REDENOMINATION AGENT, CONSOLIDATION AGENT AND CALCULATION AGENT**

**Société Générale**  
32, rue du Champ de Tir  
CS 30812  
44308 Nantes Cedex 03  
France

**STATUTORY AUDITORS**

**KPMG Audit**  
*Département de KPMG S.A.*  
Tour Eqho  
2, avenue Gambetta  
92066 Paris La Défense Cedex  
France

**Ernst & Young Audit**  
1-2, Place des Saisons  
92400 Courbevoie – Paris – La Défense 1  
France

**LEGAL ADVISERS AS TO FRENCH LAW**

*To the Issuer*  
**Herbert Smith Freehills Paris LLP**  
66, avenue Marceau  
75008 Paris  
France

*To the Dealers*  
**Linklaters LLP**  
25, rue de Marignan  
75008 Paris  
France