ARKEMA
INNOVATIVE CHEMISTRY

2019 NOTICE OF MEETING

COMBINED ANNUAL GENERAL MEETING

TUESDAY 21 MAY 2019

AT 10 A.M.

Théâtre des Sablons
70 avenue du Roule
92200 Neuilly-sur-Seine
France

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70 avenue du Roule
92200 Neuilly-sur-Seine
FRANCE

Press releases and all other information useful to shareholders, including documents related to this annual general meeting, can be found on **www.finance.arkema.com**

FOR FURTHER INFORMATION, PLEASE CONTACT

Arkema's Investor Relations department at:
+ 33 (0)1 49 00 74 63

This document is a free translation in English of the *"Brochure de convocation"* and is provided solely for the information and convenience of English-speaking readers.

The registration desk will open at 9 a.m.

Subway: Line 1 – Station "Les Sablons"

Bus:

Lines 43 and 82 – Stop "Chartres"

Line 73 – Stop "Les Sablons"

Line 174 – Stop "Église Saint-Pierre"

Car : Parking du Roule – Entrance at 94 avenue du Roule

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MESSAGE FROM THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Ladies and Gentlemen, dear Shareholders,

I am pleased to invite you to attend Arkema's annual general meeting which will be held this year on Tuesday 21 May 2019 at 10 a.m. at Théâtre des Sablons in Neuilly-sur-Seine, France.

Each year, the annual general meeting is a valuable opportunity to learn more about your Company and talk to management. By exercising your right to vote, you take part in important decisions regarding your Group's future.

The annual general meeting will provide an opportunity to review the Group's excellent results in 2018 with a financial performance materially up on the 2017 record level, very good cash generation and a tightly controlled debt.

These results reflect the Group's strength and the quality of its portfolio of businesses. They demonstrate the soundness of Arkema's ambitious transformation strategy based on three strong growth drivers: innovation for sustainable development, bolt-on acquisitions in high value-added specialties and cutting-edge industrial investments to support our customers and partners in high-growth regions.

Taking into account these results and Arkema's development prospects, the Board of Directors reaffirmed the importance of the dividend as a key component of shareholder return and proposes the distribution of a €2.50 dividend per share, close to 9% up compared with the previous year.

Several re-elections and appointment of Board members that will further add to the competencies and experience of the Board of Directors are also submitted to the approval of this general meeting.

The agenda of this general meeting, the proposed resolutions that will be submitted to your approval and practical information on how to participate are detailed in this notice of meeting together with a summary of the 2018 results and information on the composition of the Board of Directors.

I do hope that many of you will attend this annual general meeting once again, and I would like to thank you for your confidence and loyalty.

Thierry Le Hénaff
Chairman and Chief Executive Officer

HOW TO TAKE PART IN THE GENERAL MEETING?

The combined annual general meeting will take place **at 10:00 a.m. (Paris time) on Tuesday 21 May 2019** at Théâtre des Sablons, 70 avenue du Roule, 92200 Neuilly-sur-Seine – France [(1)]. The registration desk will open at 9:00 a.m.

The annual general meeting is only open to Arkema's shareholders regardless of the number of shares held.

To take part in the general meeting, you are therefore required to provide evidence of your status as a shareholder of Arkema **two business days before the date of the meeting**, *i.e.*, **by 0:00 a.m. (Paris time) on 17 May 2019**.

How to provide evidence of your status as a shareholder of Arkema?

IF YOUR SHARES ARE REGISTERED

The evidence of your status as shareholder is provided simply by having your shares registered in your name in the direct or administered registered account at the latest at 0:00 a.m. (Paris time) on 17 May 2019. You do not need to do anything else.

IF YOU HOLD BEARER SHARES

The evidence of your status as shareholder is provided by a **certificate of shareholding** *(attestation de participation)* issued by your **financial intermediary** (bank, stockbroker or any other party who manages the share account in which your Arkema shares are held). Your financial intermediary is your **only contact** for these matters.

He will send the certificate of shareholding along with your request for an admission card or your voting form to the following registrar appointed by Arkema:

BNP Paribas Securities Services
CTS Assemblées Générales
Les Grands Moulins de Pantin
9, rue du Débarcadère
93761 Pantin Cedex – France.

How to vote?

To vote, you may:

1. **attend** the general meeting **in person**;
2. **vote by post** or give proxy to the Chairman or be represented by any person you choose; or
3. **vote online**.

In all cases, you must either:

- complete the attached form (see "How to fill out the form?" on page 6) and send it back;
- log into the secure dedicated website and follow the procedure described hereafter for online voting.

Shareholders who have cast a vote by post, voted online, given a proxy to another person, or requested an admission card will not have the right to participate in the general meeting in another way.

1. IF YOU WISH TO ATTEND THE GENERAL MEETING IN PERSON

You must request an admission card [(2)].

By post, simply fill in box **A** on the form, fill in your name, first name and address, or make sure they are correct if already mentioned, **date** and **sign** the form before sending it back to **BNP Paribas Securities Services** using the reply pre-paid envelope provided **if your shares are registered** or to **your financial intermediary if you hold bearer shares**.

Online:

- **if your shares are registered** (directly or administered), simply log into the secure VOTACCESS platform *via* the Planetshares website, **https://planetshares.bnpparibas.com** using:
  - your usual ID and password, if you are a direct registered shareholder, or
  - the login ID sent to you together with your notice of meeting, if you are an administered shareholder.

  Once logged in, follow the instructions on screen.

  Should you encounter any problem, you can call the toll-free number 0 800 115 153 (from France) or +33 (0)1 55 77 41 17 (outside France); or
- **if you hold bearer shares**, you need to contact the bank or broker holding your account in order to confirm whether they are connected to the VOTACCES platform and if so, whether such access is subject to any specific terms of use.

Please, note that only the holders of bearer shares whose bank or broker is a member of VOTACCESS may access the website and request their admission card online.

If the bank or broker holding your account is connected to the VOTACCESS platform, you simply need to log into its website using your usual ID and password, to click on the icon on the line corresponding to your Arkema shares and follow the instructions on screen.

(1) As required by article R. 225-67 of the French Commercial Code, the convening notice will be published in the Bulletin des Annonces Légales Obligatoires on 29 April 2019.

(2) It is recalled that shareholders holding bearer shares only need an admission card to attend in person to the annual generat meeting. They do not need to request a certifcate of shareholding unless they have lost their admission card or they have not received it on time.

2. IF YOU DO NOT ATTEND THE GENERAL MEETING AND WISH TO VOTE BY POST OR BE REPRESENTED

You may choose one of the three options mentioned on the **voting form** and then fill in your name, first name and address or make sure they are correct if already mentioned, before **dating** and **signing** the form:

- **vote by post:** fill in box 1 "I vote by post";
- **give your proxy to the Chairman of the general meeting:** fill in box 2 "I give my proxy to the Chairman of the general meeting". In this case, the Chairman will vote in favour of the proposed resolutions agreed by the Board of Directors; or
- **appoint another shareholder of Arkema, your spouse, a partner** with whom you have entered into a civil partnership or any other person of your choice as your proxy: fill in box 3 "I appoint as my proxy" and fill in the name, first name and address of the person who will attend the meeting on your behalf.

To be duly taken into account, appointments or dismissals of proxy by mail must be received at the latest 3 calendar days before the date of the general meeting.

In all cases described above, you must send the form to **BNP Paribas Securities Services** using the provided reply pre-paid envelope **if your shares are registered** or **to your financial intermediary if you hold bearer shares.**

3. IF YOU DO NOT ATTEND THE GENERAL MEETING AND WISH TO VOTE ONLINE

Arkema offers its shareholders the possibility to vote online prior to the annual general meeting *via* the secure VOTACCESS platform. This website offers you the same options as the voting form and you will be able to give your voting instructions and appoint or revoke a representative online.

If your shares are registered (directly or administered), you can log into the VOTACCESS platform *via* the Planetshares website, **https://planetshares.bnpparibas.com** using:

- your usual ID and password, if you are a **direct registered** shareholder; or
- the login ID which was sent to you together with your notice of meeting, if you are an **administered** shareholder.

Once logged in, follow the instructions on screen.

Should you encounter any problem, you can call the toll-free number 0 800 115 153 (from France) or +33 (0)1 55 77 41 17 (outside France).

If you hold bearer shares and if the bank or broker holding your account is connected to the VOTACCESS platform, you simply need to log into its website using your usual ID and password, to click on the icon on the line corresponding to your Arkema shares and follow the instructions on screen.

Please contact the bank or broker holding your account in order to confirm whether such access is subject to any specific terms of use.

If the bank or broker managing your account is not connected to the VOTACCESS platform, you can also appoint or revoke a proxy electronically by sending an email to **paris.bp2s.france.cts.mandats@bnpparibas.com**. This email must mention Arkema and contain the date of the general meeting, your name, first name and address, and the name, first name and, if possible, address of the proxy.

You must ask your bank or broker holding your share account to send confirmation in writing to BNP Paribas Securities Services – CTS Assemblées Générales – Les Grands Moulins de Pantin – 9, rue du Débarcadère – 93761 Pantin Cedex – France.

To be duly taken into account, appointments or dismissals of a proxy sent electronically must be received at the latest by 3:00 p.m. (Paris time) the day before the general meeting.

Shareholders may **access the VOTACCESS platform** from **29 April 2019 at 10:00 (Paris time) until 20 May 2019 at 3:00 p.m. (Paris time)**. Shareholders are advised not to wait until the last few days to vote, in order to avoid any difficulties accessing the platform.

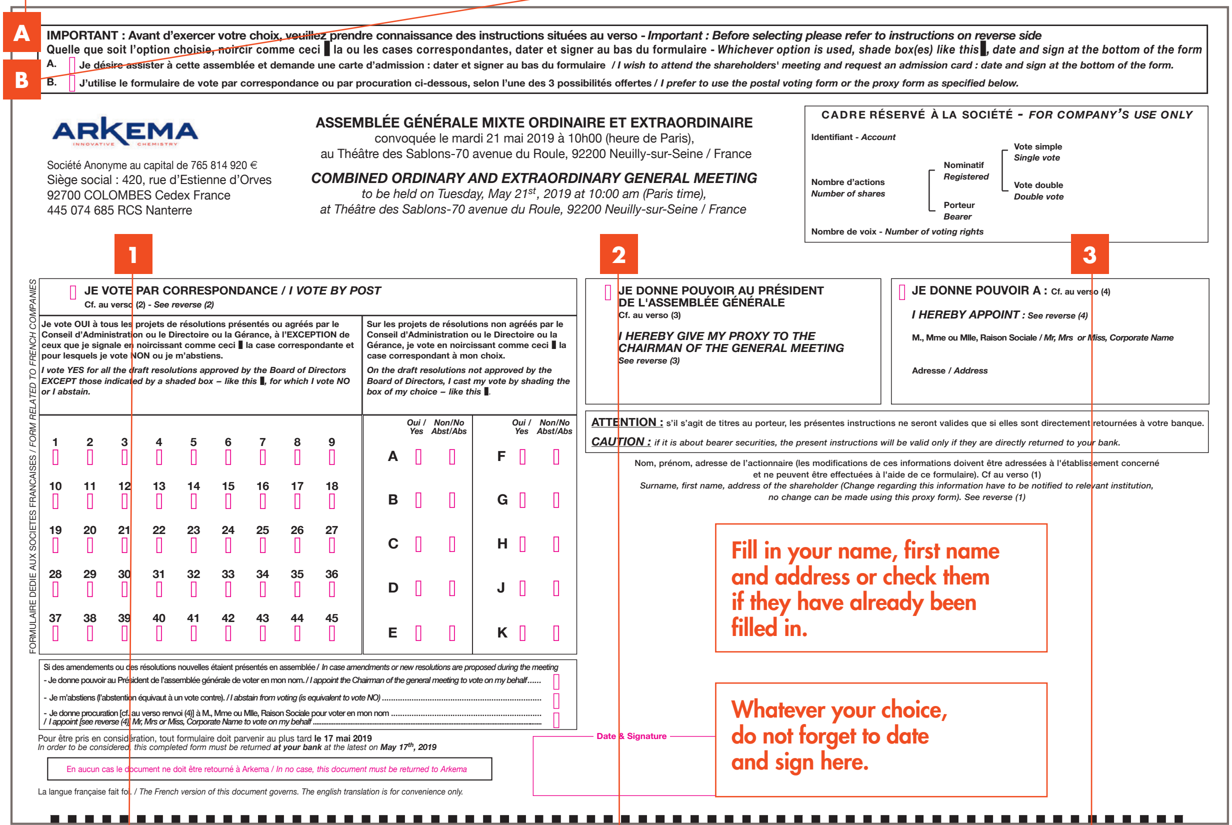
Whichever option you choose, **only those shares held in the share account** no later than **two business days** prior to the annual general meeting, *i.e.*, **17 May 2019 at 0:00 a.m.** (Paris time) will be taken into account.

If shares are sold or transferred after this record date, the certificate of shareholding will remain valid and votes cast or proxies granted by the seller will be taken into account.

How to fill out the form?

You will attend the meeting in person:
fill in box **A** to receive your admission card.

You will not attend the meeting:
fill in box **B** to appoint a proxy or vote by post.



A
B
IMPORTANT : Avant d'exercer votre choix, veuillez prendre connaissance des instructions situées au verso - *Important : Before selecting please refer to instructions on reverse side*
Quelle que soit l'option choisie, noircir comme ceci ▮ la ou les cases correspondantes, dater et signer au bas du formulaire - *Whichever option is used, shade box(es) like this ▮, date and sign at the bottom of the form*
A. ▯ Je désire assister à cette assemblée et demande une carte d'admission : dater et signer au bas du formulaire / *I wish to attend the shareholders' meeting and request an admission card : date and sign at the bottom of the form.*
B. ▯ J'utilise le formulaire de vote par correspondance ou par procuration ci-dessous, selon l'une des 3 possibilités offertes / *I prefer to use the postal voting form or the proxy form as specified below.*

ARKEMA

Société Anonyme au capital de 765 814 920 €
Siège social : 420, rue d'Estienne d'Orves
92700 COLOMBES Cedex France
445 074 685 RCS Nanterre

ASSEMBLÉE GÉNÉRALE MIXTE ORDINAIRE ET EXTRAORDINAIRE
convoquée le mardi 21 mai 2019 à 10h00 (heure de Paris),
au Théâtre des Sablons-70 avenue du Roule, 92200 Neuilly-sur-Seine / France

COMBINED ORDINARY AND EXTRAORDINARY GENERAL MEETING
to be held on Tuesday, May 21st, 2019 at 10:00 am (Paris time),
at Théâtre des Sablons-70 avenue du Roule, 92200 Neuilly-sur-Seine / France

CADRE RÉSERVÉ À LA SOCIÉTÉ - *FOR COMPANY'S USE ONLY*
Identifiant - *Account*
Nombre d'actions - *Number of shares*
Nominatif - *Registered*
Porteur - *Bearer*
Vote simple - *Single vote*
Vote double - *Double vote*
Nombre de voix - *Number of voting rights*

FORMULAIRE DEDIE AUX SOCIETES FRANCAISES / *FORM RELATED TO FRENCH COMPANIES*

1

▯ **JE VOTE PAR CORRESPONDANCE / *I VOTE BY POST***
Cf. au verso (2) - *See reverse (2)*

Je vote OUI à tous les projets de résolutions présentés ou agréés par le Conseil d'Administration ou le Directoire ou la Gérance, à l'EXCEPTION de ceux que je signale en noircissant comme ceci ▮ la case correspondante et pour lesquels je vote NON ou je m'abstiens.
I vote YES for all the draft resolutions approved by the Board of Directors EXCEPT those indicated by a shaded box – like this ▮, for which I vote NO or I abstain.

1	2	3	4	5	6	7	8	9
10	11	12	13	14	15	16	17	18
19	20	21	22	23	24	25	26	27
28	29	30	31	32	33	34	35	36
37	38	39	40	41	42	43	44	45

Sur les projets de résolutions non agréés par le Conseil d'Administration ou le Directoire ou la Gérance, je vote en noircissant comme ceci ▮ la case correspondant à mon choix.
On the draft resolutions not approved by the Board of Directors, I cast my vote by shading the box of my choice – like this ▮.

	Oui / *Yes*	Non/No Abst/Abs		Oui / *Yes*	Non/No Abst/Abs
A	▯	▯	F	▯	▯
B	▯	▯	G	▯	▯
C	▯	▯	H	▯	▯
D	▯	▯	J	▯	▯
E	▯	▯	K	▯	▯

Si des amendements ou des résolutions nouvelles étaient présentés en assemblée / *In case amendments or new resolutions are proposed during the meeting*
- Je donne pouvoir au Président de l'assemblée générale de voter en mon nom. / *I appoint the Chairman of the general meeting to vote on my behalf* ...... ▯
- Je m'abstiens (l'abstention équivaut à un vote contre). / *I abstain from voting (is equivalent to vote NO)* ...... ▯
- Je donne procuration [cf. au verso renvoi (4)] à M., Mme ou Mlle, Raison Sociale pour voter en mon nom ...... / *I appoint [see reverse (4)] Mr, Mrs or Miss, Corporate Name to vote on my behalf* ...... ▯

Pour être pris en considération, tout formulaire doit parvenir au plus tard **le 17 mai 2019**
*In order to be considered, this completed form must be returned **at your bank** at the latest on **May 17th, 2019***

En aucun cas le document ne doit être retourné à Arkema / *In no case, this document must be returned to Arkema*

La langue française fait foi. / *The French version of this document governs. The english translation is for convenience only.*

2

▯ **JE DONNE POUVOIR AU PRÉSIDENT DE L'ASSEMBLÉE GÉNÉRALE**
Cf. au verso (3)
I HEREBY GIVE MY PROXY TO THE CHAIRMAN OF THE GENERAL MEETING
See reverse (3)

3

▯ **JE DONNE POUVOIR A :** Cf. au verso (4)
I HEREBY APPOINT : *See reverse (4)*
M., Mme ou Mlle, Raison Sociale / *Mr, Mrs or Miss, Corporate Name*
Adresse / *Address*

ATTENTION : s'il s'agit de titres au porteur, les présentes instructions ne seront valides que si elles sont directement retournées à votre banque.
CAUTION : *if it is about bearer securities, the present instructions will be valid only if they are directly returned to your bank.*

Nom, prénom, adresse de l'actionnaire (les modifications de ces informations doivent être adressées à l'établissement concerné et ne peuvent être effectuées à l'aide de ce formulaire). Cf au verso (1)
Surname, first name, address of the shareholder (Change regarding this information have to be notified to relevant institution, no change can be made using this proxy form). See reverse (1)

Fill in your name, first name and address or check them if they have already been filled in.

Date & Signature

Whatever your choice, do not forget to date and sign here.

You will not attend the meeting and want to cast a postal vote:
fill in box **1**
and follow the instructions.

You will not attend the meeting and want to give your proxy to the Chairman of the meeting:
fill in box **2**.

You will not attend the meeting and want to appoint as your proxy a person of your choice who **will be attending the meeting:**
fill in box **3** and fill in the name and address of this person.

Nota bene: If you hold bearer shares, please do not send the form direclty to Arkema or to BNP Paribas Securities Services as it must be accompanied by a certificate of shareholding. Your bank or broker will issue the required certificate and send it with your voting form to: BNP Paribas Securities Services – CTS Émetteurs – Service des Assemblées – Les Grands Moulins de Pantin – 9, rue du Débarcadère – 93761 Pantin Cedex – France.

ARKEMA IN 2018

Key figures

All figures contained in this section are provided on a consolidated basis and in accordance with the Group's organization into three business divisions. Details on the alternative performance indicators used by the Group are provided in note C.1 of the notes to the consolidated financial statements at 31 December 2018 in section 5.3.3 of the 2018 Reference Document.

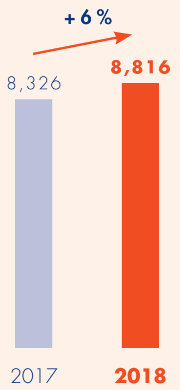
20,000
EMPLOYEES

136
INDUSTRIAL SITES

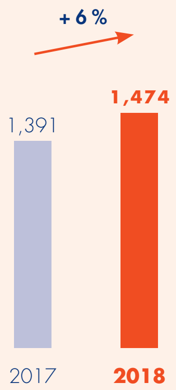
PRESENCE IN
55 countries

3 regional
R&D HUBS

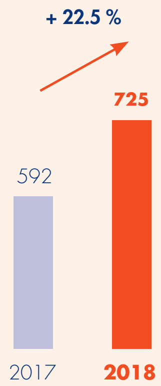
SALES
(in millions of euros)



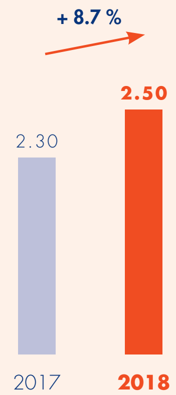
EBITDA
(in millions of euros)



ADJUSTED NET INCOME
(in millions of euros)

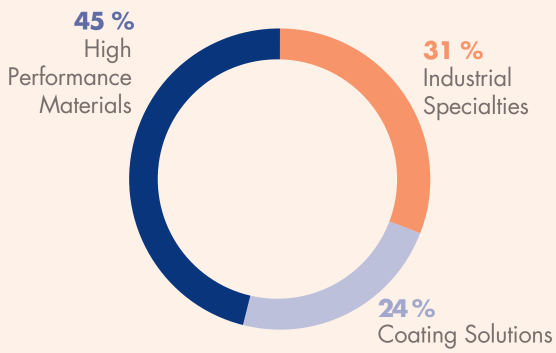


DIVIDEND/SHARE*
(in euros)

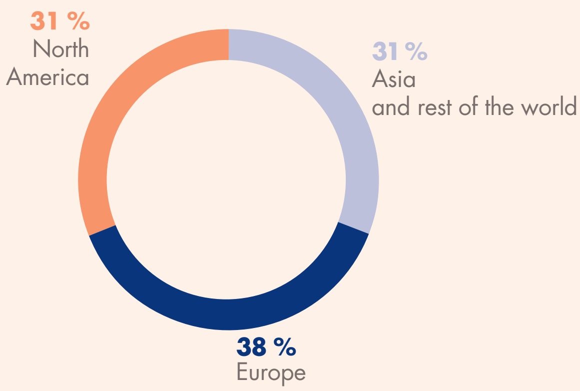


*Dividend proposed at this annual general meeting.

SALES BY DIVISION



SALES BY REGION



INCOME STATEMENT KEY FIGURES

(In millions of euros unless otherwise mentioned)	2018	2017	Year-on-year change
Sales	8,816	8,326	+5.9%
EBITDA	1,474	1,391	+6.0%
EBITDA margin *(EBITDA as % of sales)*	16.7%	16.7%	-
Recurring operating income (REBIT)	1,026	942	+8.9%
REBIT margin *(REBIT as % of sales)*	11.6%	11.3%	-
Operating income	928	845	+9.8%
Net income – Group share	707	576	+22.7%
Adjusted net income	725	592	+22.5%
Earnings per share *(in euros)*	8.84	7.17	+23.3%
Adjusted net income per share *(in euros)*	9.51	7.82	+21.6%

BALANCE SHEET KEY FIGURES

(In millions of euros unless otherwise mentioned)	2018	2017
Shareholders' equity	5,028	4,474
Net debt	1,006	1,056
Gearing *(in %)*	20%	24%
Capital employed	6,996	6,554
Working capital on sales *(in %)*	13.4%	13.1%
Net provisions *	800	797

* *Provisions net of non-current assets as defined in section 5.1.9 of the 2018 Reference Document.*

CASH FLOW STATEMENT KEY FIGURES

(In millions of euros unless otherwise mentioned)	2018	2017
Cash flow from operating activities	1,029	1,008
Free cash flow *	499	565
Recurring and exceptional capital expenditure **	561	430

* *Cash flow from operations and investments excluding the impact of portfolio management.*
** *As defined in note C.1 to the consolidated financial statements at 31 December 2018 in section 5.3.3 of the 2018 Reference Document.*

NON FINANCIAL KEY FIGURES

(In millions of euros unless otherwise mentioned)	2018	2017
Safety		
Total recordable injury rate (TRIR) *	1.3	1.6
Process safety event rate (PSER)	4.4	3.9
Environment *(in EFPI terms with an index base of 1 in 2012)*		
Direct greenhouse gas emissions	0.46	0.52
Volatile organic compound emissions	0.62	0.66
Chemical oxygen demand	0.59	0.70
Net energy purchases	0.88	0.89
Employees		
Percentage of women in senior management and executive positions	21%	19%
Percentage of non-French nationals in senior management and executive positions	39%	37%

* *Number of injuries per million hours worked (including injuries not resulting in time off work). TRIR includes injuries to both Group and subcontractor employees.*

Group's financial performance in 2018

In 2018, following on from three years of strong growth, Arkema achieved another excellent set of results with a financial performance up on the 2017 record level. These results confirmed the quality of the portfolio of businesses and demonstrates its strength in a volatile and mixed macro-economic environment.

SALES

Sales rose **5.9%** year on year to **€8,816 million** in 2018. At constant exchange rates and business scope, growth was 7.9%, led by a 6.3% increase in prices. The price effect was positive in all three of Arkema's divisions, reflecting the Group's policy of raising its selling prices in a context of significant increases in raw material costs, as well as a favorable pricing environment for the MMA/PMMA chain and Fluorogases. Volumes were up 1.6% during the year. Higher volumes in High Performance Materials, driven by innovation, and in Coating Solutions more than offset lower volumes in Industrial Specialties, which mainly stemmed from lower sales quotas for Fluorogases. Excluding Fluorogases, volumes were up 2.7%. The bolt-on acquisitions carried out in adhesives, including that of XL Brands completed in early 2018, contributed 0.8% to overall sales growth. The negative 2.8% currency effect mainly resulted from the sharp rise in the euro against the US dollar in the first half of 2018.

EBITDA AND RECURRING OPERATING INCOME

At **€1,474 million, EBITDA** reached an all-time high. EBITDA was **6%** up on the excellent 2017 performance despite an unfavorable raw materials and currency environment. This performance reflects a slight growth of specialty businesses (which made up 70% of the Group's total sales in 2018), notably High Performance Materials, and the very good results achieved by the intermediate chemicals businesses [(1)].

EBITDA margin came in at **16.7%**, stable versus 2017 despite the dilutive impact of the price increases implemented by the Group on this ratio. The margin is in line with the Group's mid-term objectives.

In line with EBITDA growth, **recurring operating income (REBIT)** advanced to **€1,026 million** from €942 million in 2017. The 2018 figure includes €448 million in recurring depreciation and amortization, stable compared with 2017. The **REBIT margin** rose to **11.6%** from 11.3% in 2017.

NET INCOME GROUP SHARE

Net income – Group share increased significantly to **€707 million** from €576 million in 2017. Excluding the post-tax impact of non-recurring items, **adjusted net income** amounted to **€725 million** compared with €592 million in 2017, representing **€9.51** per share (€7.82 in 2017).

Net income – Group share included €63 million in net other expenses mainly corresponding to restructuring costs and asset impairments. It also included €35 million in depreciation and amortization, primarily resulting from the revaluation of Bostik, Den Braven and XL Brands assets as part of the purchase price allocation.

It also included €101 million net financial expense, overall stable compared to 2017.

Finally, it included a €114 million net income tax expense. Excluding exceptional items, the tax rate corresponded to 19% of recurring operating income, down significantly on the 26% rate for 2017. The year-on-year decrease resulted from the expected positive impact of the US tax reform, as well as the geographic mix of the Group's earnings.

DIVIDEND

In line with the Group's dividend policy, the Board of Directors decided to propose to the annual general meeting on 21 May 2019 to increase the dividend, to be paid entirely in cash, from €2.30 per share to €2.50, representing a payout rate of 26% of the Group's adjusted net income and an increase of around 9% compared to the prior year.

(1) The intermediate chemicals businesses comprise the Acrylics, PMMA and Fluorogases Business Lines.

Performance by division in 2018

HIGH PERFORMANCE MATERIALS

The High Performance Materials division includes two major drivers of Arkema's future growth: adhesives and advanced materials (which comprise the Technical Polymers and Performance Additives Business Lines). The businesses in this division share the same objective of serving their various niche markets with innovative, high value-added technical solutions that address major sustainability challenges such as lighter materials, new energies and access to water. The Group holds leadership positions in most of the product lines of this division.

(In millions of euros)	**2018**	**2017**
Sales	3,970	3,830
EBITDA	640	632
EBITDA margin *(% of sales)*	16.1%	16.5%
Recurring operating income (REBIT)	481	474
REBIT margin *(% of sales)*	12.1%	12.4%

Sales generated by the High Performance Materials division totaled **€3,970 million**, up 3.7% on 2017. At constant exchange rates and business scope, sales grew by 4.7% with volumes up 2.7%, led by sustained demand for advanced materials in the areas of lightweight materials, batteries, 3D printing and consumer goods (sports, electronics) and the ramp-up of the division's new manufacturing facilities. Selling prices increased 2.0%, thanks to the pricing actions taken by the Group throughout the course of the year. The increase was even greater in adhesives where the Group implemented significant price increases given the particularly sharp rise of certain raw materials. The integration in the adhesives business of XL Brands and of Nitta Gelatin's industrial adhesives in Japan contributed around 1.8% to the division's sales growth. The currency effect was a negative 2.9% and stemmed from the sharp rise of the euro in the first half of the year against the US dollar and the currencies of certain emerging markets.

With **EBITDA** up 1.3% year on year to **€640 million** and an **EBITDA margin** close to last year at **16.1%**, the High Performance Materials division continued to hold firm despite a more unfavorable environment for raw materials and currencies. This performance was achieved thanks to the robust growth of advanced materials, led by sustainable development innovations and an excellent contribution from the specialty molecular sieves business, especially in the first quarter of the year, given the particularly high density of projects finalized in 2018. In adhesives, the strong increase of raw material costs temporarily weighed on this business' performance given its downstream positioning.

INDUSTRIAL SPECIALTIES

The Industrial Specialties division comprises highly profitable integrated industrial niches in which the Group holds leadership positions. These businesses require complex manufacturing processes and are positioned in global markets that offer strong growth prospects, particularly in Asia.

(In millions of euros)	**2018**	**2017**
Sales	2,699	2,545
EBITDA	675	585
EBITDA margin *(% of sales)*	25.0%	23.0%
Recurring operating income (REBIT)	497	411
REBIT margin *(% of sales)*	18.4%	16.1%

Industrial Specialties **sales** totaled **€2,699 million**, up 6.1% year on year. At constant exchange rates and business scope, sales increased 8.6%, driven by a 12.0% price effect, positive in all four of the division's product lines. Volumes were down 3.4%, mainly due to lower sales quotas for Fluorogases in Europe and the United States. The currency effect was a negative 2.5%, primarily attributable to the stronger euro against the US dollar.

EBITDA amounted to **€675 million**, up 15.4% year on year, and the **EBITDA margin** stood at **25%**, with all four of the division's product lines contributing to this excellent result. The division's results reflect the overall tight market conditions in the MMA/PMMA chain despite the normalization seen in the last few months of the year, as well as the good performance of Thiochemicals and Hydrogen Peroxide, particularly in Asia. They also reflect the benefits from Europe's F-Gas regulation in the Fluorogases business, which achieved excellent results in 2018, above our expectations and surpassing the high levels it achieved in the 2017 reference year.

COATING SOLUTIONS

The Coating Solutions division is an integrated value chain which comprises acrylic monomers in its upstream segment where Arkema ranks among the world's leading companies, and downstream activities focusing mainly on decorative paints and industrial coatings.

(In millions of euros)	2018	2017
Sales	2,120	1,924
EBITDA	243	244
EBITDA margin *(% of sales)*	11.5%	12.7%
Recurring operating income (REBIT)	140	135
REBIT margin *(% of sales)*	6.6%	7.0%

At **€2,120 million, sales** for the Coating Solutions division rose 10.2% year on year. At constant exchange rates and business scope, sales were up 13.4% on 2017, fueled by a 7.4% positive price effect which reflects higher selling prices across the entire acrylics chain and by a good volume momentum mainly in Asia and the United States with a 6.0% positive effect. The divestment of the oxo-alcohol business in March 2017 resulted in a 0.4% negative scope effect, and the currency effect, which primarily stemmed from the stronger euro against the US dollar, was a negative 2.9%.

The division's **EBITDA** is stable at **€243 million**. The gradual improvement in market conditions for acrylic monomers offset the impact that higher raw materials costs (especially acrylic acid and MMA) had on the performance of downstream businesses. **EBITDA margin** was **11.5%**, notably reflecting the particularly dilutive impact of the Group's higher selling prices on this ratio.

Cash flow and net debt at 31 December 2018

In 2018, Arkema generated **€499 million** in **free cash flow** (€565 million in 2017), in a context of higher raw material prices and while pursuing its ambitious organic investment strategy to support future growth.

At €1,029 million, cash flow from operating activities was higher than in 2017 (€1,008 million), as higher EBITDA, lower taxes and the actions taken to optimize inventory levels in the fourth-quarter more than offset the mechanical impact on working capital of the sharp rise in selling prices and raw material costs. At 31 December 2018, the ratio of working capital to annual sales was 13.4%, close to the record low of 13.1% at 31 December 2017 (14.5% at end-December 2016 excluding the impact of the Den Braven acquisition).

Recurring and exceptional capital expenditure amounted to €561 million in 2018, in line with the Group's guidance. Exceptional capital expenditure came to €61 million and mainly related to major investment projects for thiochemicals in Malaysia and specialty polyamides in Asia. Recurring capital expenditure represented 5.7% of the Group's sales. For 2019, Arkema's recurring and exceptional expenditure is expected to amount to around €610 million, with the increase primarily corresponding to the specialty polyamides projects in Asia.

Free cash flow for 2018 also included a net €42 million cash outflow from non-recurring items, mainly corresponding to restructuring costs.

The EBITDA to cash conversion rate was 38%, above the Group's target of 35%.

Portfolio management operations represented a net cash outflow of €213 million, mainly stemming from the acquisition of XL Brands in the adhesives business in early January 2018.

Cash flow from financing activities represented a **net outflow of €268 million** and included the impact of a €2.30 per-share dividend payment in respect of 2017, representing a total amount of €176 million, €50 million in proceeds from a capital increase reserved for employees carried out in April 2018, €53 million for share buybacks, and €33 million in interest paid on the Group's hybrid bond.

At 31 December 2018, **net debt** stood at **€1,006 million**, down on the €1,056 million net debt figure at 31 December 2017. It represented a gearing of 20% and 0.7 times EBITDA for the year. In accordance with IFRS, these figures exclude the hybrid bond.

2019 outlook

The start of the year remains characterized by a volatile environment and some geopolitical tensions which are somewhat weighing on global demand. In this context, Arkema will maintain its focus on internal momentum and the implementation of its long-term strategy.

Consequently, the Group continues the roll-out of its industrial projects to reinforce its positions in specialty businesses and higher-growth regions, its innovation drive for sustainable development, its acquisition momentum in adhesives, its operational excellence initiatives, as well as its policy of selectively raising its selling prices.

In 2019 [1], while remaining attentive to the development of the macro-economic environment, Arkema aims to demonstrate its resilience in this more complex environment and to consolidate its financial performance at high levels. In the first quarter, EBITDA is expected to be slightly below the very high comparison base of first-quarter 2018. For the full year, the Group aims to achieve an EBITDA comparable to the 2018 record level with momentum improving throughout the year, driven notably by the growth of specialty businesses.

(1) 2019 takes into account the new IFRS 16 standard.

Results of the Company in the last five years

Type of disclosures *(In millions of euros unless otherwise indicated)*	**2014**	**2015**	**2016**	**2017**	**2018**
I - Financial position at year-end					
a) Share capital	728	745	757	759	766
b) Number of shares issued	72,822,695	74,472,101	75,717,947	75,870,506	76,581,492
II - Operations and results					
a) Sales (excluding taxes)	15	18	19	66	86
b) Income before tax, depreciation, impairment and provisions	70	703	528	60	2
c) Income taxes	28	52	89	(51)	18
d) Employee profit sharing					
e) Income after tax, depreciation, impairment and provisions	189	754	767	485	522
f) Amount of dividends distributed	135	143	155	176	NC
III - Earnings per share *(in euros)*					
a) Income after tax but before depreciation, impairment and provisions	1.34	10.14	8.15	0.12	0.26
b) Income after tax, depreciation, impairment and provisions	2.59	10.12	10.13	6.39	6.82
c) Net dividend per share	1.85	1.90	2.05	2.30	NC
IV - Employee data					
a) Number of employees	7	7	9	9	8
b) Total payroll	5	7	8	7	8
c) Amounts paid to employee benefit bodies in the year	3	4	5	4	6

CORPORATE GOVERNANCE

Composition of the Board of Directors

The Board of Directors comprises thirteen members including six independent directors, one member representing shareholder employees and one member representing employees. It also includes six women.

The Board of Directors set up two permanent and specialized committees: the Audit and Accounts Committee and the Nominating, Compensation and Corporate Governance Committee.

The Board of Directors met six times in 2018, including one meeting dedicated to strategy, with an average global attendance rate of 97%.

SUMMARY OF THE BOARD OF DIRECTORS COMPOSITION

	Nationality	Age	Independent director	Year of first appointment	Year current term expires	Other directorships in listed companies	Audit and Accounts Committee	Nominating, Compensation and Corporate Governance Committee	Expertise
Thierry Le Hénaff Chairman and CEO	French	55		2006	2020	1			Chairman and CEO
Yannick Assouad	French	60	◆	2017	2021	2			Executive management, digital and industry
Jean-Marc Bertrand Director representing shareholder employees	French	61		2018	2022	None			IT and knowledge of the Group as an employee
Marie-Ange Debon	French	53	◆	2018	2022	2	Chairman		Executive management, finance and water management services
François Enaud Senior independent director	French	59		2006	2019	None		●	Executive management, digital
Alexandre de Juniac	French	56	◆	2018	2022	None		●	Executive management, industry and international
Victoire de Margerie	French	55	◆	2012	2019	2		●	Chemistry, industry and significant experience outside France
Laurent Mignon	French	55		2006	2019	2			Executive management, banking and finance
Hélène Moreau-Leroy	French	54	◆	2015	2019	None	●		Industry, finance and significant experience outside France
Thierry Morin	French	67		2006	2021	1		Chairman	Executive management, industry and finance
Nathalie Muracciole Director representing employees	French	54		2016	2020	None			Human resources and knowledge of the Group as an employee
Marc Pandraud	French	60	◆	2009	2021	None			Finance and international
Fonds Stratégique de Participations				2014	2022	4			
represented by **Isabelle Boccon-Gibod**	French	51				3	●		Industry and finance

◆ *In accordance with the AFEP-MEDEF Code criteria set out in the Board of Directors' Internal Rules and as assessed by the Board of Directors.*

● *Member.*

DIRECTORS PROPOSED FOR RE-ELECTION

Victoire de Margerie

INDEPENDENT DIRECTOR AND MEMBER OF THE NOMINATING, COMPENSATION AND CORPORATE GOVERNANCE COMMITTEE

Date of first appointment: 7 November 2012

Date of last renewal: 2 June 2015

Nationality: French

Number of shares held at 31 December 2018: 450

PROFESSIONAL EXPERIENCE

Born in 1963, Victoire de Margerie is a graduate of France's *École des hautes études commerciales* (HEC) and *Institut d'études politiques* (IEP), holds a DESS in Private Law from the Université de Paris 1 Panthéon-Sorbonne, and a Ph.D. in Management Science from the Université de Paris 2 Panthéon-Assas. She has been Chairman and principal shareholder of Rondol Industrie, a micromechanics SME, since 2012. She is also Vice-Chairman of the World Materials Forum and a director of Eurazeo (France) and Babcock International (United Kingdom).

She previously held operational positions in industry in Germany, France and the United States at Elf Atochem, CarnaudMetalbox and Pechiney. Between 2002 and 2011, Victoire de Margerie also taught strategy and technology management at the Grenoble École de Management business school.

OTHER OFFICES CURRENTLY HELD **

France

- Chairman, Rondol Industrie
- Member of the Supervisory Board, Eurazeo *

International

- Director, member of the Nominating and Compensation Committee and member of the Audit and Risk Committee of Babcock International Group Plc. *

OTHER OFFICES HELD IN THE PAST FIVE YEARS BUT NOW EXPIRED **

Expired in 2018

- None

Expired from 2014 to 2017

- Chairman of the Board of Directors, Soitec *
- Director, Écoemballages
- Director, Morgan Advanced Materials * (United Kingdom)
- Director, Italcementi * (Italy)
- Director, Norsk Hydro * (Norway)
- Member of the Supervisory Board, Banque Transatlantique

Laurent Mignon

DIRECTOR

Date of first appointment: 10 May 2006

Date of last renewal: 2 June 2015

Nationality: French

Number of shares held at 31 December 2018: 300

PROFESSIONAL EXPERIENCE

Born in 1963, Laurent Mignon is a graduate of France's *École des hautes études commerciales* (HEC) and the Stanford Executive Program. He has been Chairman of the Executive Board of BPCE since 1 June 2018.

For over ten years he held a number of positions in the banking sector at Banque Indosuez, from trading to investment banking. In 1996, he joined Schroders in London, followed by AGF in 1997 as Finance Director, and was appointed member of the Executive Committee in 1998. In 2002, he was given responsibility for investments at AGF Asset Management and AGF Real Estate successively, and, in 2003, of the Life and Financial Services as well as Credit Insurance departments. From September 2007 to May 2009, he was Managing Partner, alongside Philippe Oddo, of Oddo & Cie. He then served as Chief Executive Officer of Natixis SA until 31 May 2018.

OTHER OFFICES CURRENTLY HELD **

France

Within the BPCE group

- Chairman of the Executive Board, BPCE
- Chairman of the Board of Directors, Natixis SA *
- Chairman of the Board of Directors, Crédit Foncier de France
- Director, Compagnie nationale de prévoyance (CNP) *

Outside the BPCE group

- President, *Fédération bancaire française* (FBF)

International

- None

OTHER OFFICES HELD IN THE PAST FIVE YEARS BUT NOW EXPIRED **

Expired in 2018

- Chief Executive Officer, Natixis SA *
- Chairman of the Board of Directors, Natixis Global Asset Management
- Chairman of the Board of Directors, Coface SA *
- Chairman of the Board of Directors, Natixis Assurance

Expired from 2014 to 2017

- Director, Lazard Ltd *

** Listed company.*

*** Outside the Arkema Group.*

Hélène Moreau-Leroy

INDEPENDENT DIRECTOR AND MEMBER OF THE AUDIT AND ACCOUNTS COMMITTEE

Date of first appointment: 2 June 2015

Nationality: French

Number of shares held at 31 December 2018: 450

PROFESSIONAL EXPERIENCE

Born in 1964, Hélène Moreau-Leroy is a graduate of the *Institut national des sciences appliquées* (INSA) based in Lyon, France, and holds a Master in International Business Administration from Australia's University of New England. She is an APICS-Certified Supply Chain Professional and is currently director of the Zodiac Aerospace integration project at Safran.

Hélène Moreau-Leroy has held various management positions in the areas of research and development, project management, procurement and production with different industrial groups and spent 14 years in international positions outside France. She joined the Safran group in 2003, as a member of the Snecma SA group purchasing department. She was subsequently given responsibility for organizing Messier-Bugatti Dowty's supply chain in emerging markets, before becoming the company's programs director and a member of its Management Committee. She held the position of Chairman of Safran Transmission Systems from 2013 to 1 December 2017, when she was appointed to head up the integration of Zodiac Aerospace.

She is also a member of the management committee of the French association of aerospace and military equipment manufacturers (*Groupement des Équipementiers de l'Aéronautique et de la Défense* – GEAD) and of various networks and associations promoting workplace diversity.

OTHER OFFICES CURRENTLY HELD **

France
- None

International
- Director, Safran Aero Booster (Belgium)

OTHER OFFICES HELD IN THE PAST FIVE YEARS BUT NOW EXPIRED **

Expired in 2018
- Director, SEM-MB

Expired from 2014 to 2017
- Chairman, Safran Transmission Systems

** Listed company.*

*** Outside the Arkema Group.*

DIRECTOR PROPOSED FOR APPOINTMENT

M. Ian Hudson

Current position: Chairman of the Board of Directors of Carbios

Nationality: British

Number of shares held at the date of this document: 450

OTHER OFFICES CURRENTLY HELD OUTSIDE OF THE ARKEMA GROUP

FRANCE
- None

INTERNATIONAL
- Member of the Supervisory Board of AustroCel Hallein (Austria)

PROFESSIONAL EXPERIENCE

Born in 1957, Ian Hudson graduated from Oxford University with a Master's degree in French and German.

He started his career with ICI, a former UK-based multinational specialized in chemicals and related industries. In 1998, he joined DuPont de Nemours, where he held a number of management roles over 17 years. He retired in 2016 after serving as President of DuPont Europe, Middle East & Africa for 10 years. He was a member of the Executive Committee and Board of the European Chemical Industry Association (CEFIC) and EuropaBio, as well as a member of the Foundation Board of the International Institute for Management Development (IMD) and a member of the Board of the Swiss-American Chamber of Commerce. Ian Hudson has been Chairman of the Board of Directors of Carbios since 2019.

Compensation of executive officers

COMPENSATION POLICY FOR EXECUTIVE OFFICERS

The Chairman and Chief Executive Officer is the Company's sole executive officer.

The policy and principles governing the compensation of the Chairman and Chief Executive Officer are globally defined by the Board of Directors at each renewal of his term of office and for the duration of his term of office, upon recommendation by the Nominating, Compensation and Corporate Governance Committee. The Board of Directors conducts an overall assessment of the Chairman and Chief Executive Officer's compensation package as well as a detailed review of its components, to ensure that the compensation package remains simple, easy to understand, balanced and consistent. In particular, it ensures that the compensation policy is aligned with the Group's medium- and long-term strategic priorities and is linked both to the Group's financial performance and to the Chairman and Chief Executive Officer's individual performance and responsibilities.

The Chairman and Chief Executive Officer does not take part in the discussions of the Nominating, Compensation and Corporate Governance Committee or those of the Board of Directors concerning his compensation.

In accordance with the decision of the Board of Directors of 2 March 2016, the structure of the Chairman and Chief Executive Officer's compensation, for the duration of his term of office as renewed on 7 June 2016, comprises (i) annual fixed compensation, (ii) annual variable compensation linked to the achievement of specific objectives reflecting the Group's performance for the year, and (iii) long-term compensation in the form of an annual award of performance shares, entirely subject to performance criteria. A component enabling the Chairman and Chief Executive Officer to build-up his retirement completes this package since the termination of the supplementary defined benefit pension scheme from which he benefited up until 7 June 2016. These components are divided in a balanced manner between short-term and long-term components, in line with the compensation of the Group's other executives and employees. They are mostly linked to the achievement of specific, quantified targets that reflect the Group's performance and are therefore supportive of the Company's development and value creation over the long-term, thus ensuring that the interests of the executive officer are aligned with those of the shareholders and all stakeholders. In addition, the Chairman and Chief Executive Officer benefits from a termination indemnity in the event of forced departure.

The full report set out in compliance with article L. 225-37-2 paragraph 2 of the French Commercial Code, is available in the 2018 Reference Document on pages 80 to 124, and includes in particular the components submitted to this annual general meeting in the 9th resolution avaible on pages 108 to 111.

COMPONENTS OF COMPENSATION DUE OR AWARDED TO THE COMPANY'S EXECUTIVE OFFICERS FOR 2018

In accordance with the provisions of Article L. 225-100 of the French Commercial Code, components of compensation due or awarded to Thierry Le Hénaff, Chairman and Chief Executive Officer of the Company, for the year ended 31 December 2018, are submitted to the shareholders' vote at this annual general meeting in the 10th resolution as follows:

COMPONENTS OF COMPENSATION DUE OR AWARDED TO THIERRY LE HENAFF FOR 2018

Components of compensation due or awarded for 2018	Amounts or accounting valuation submitted to vote	Presentation
Fixed compensation	€900,000	In accordance with the renewal of the term of office as a director of Thierry Le Hénaff, approved at the annual general meeting of 7 June 2016, his annual fixed compensation was set at €900,000 per year, from this date and for the duration of his term as a director.

Components of compensation due or awarded for 2018	Amounts or accounting valuation submitted to vote	Presentation
Annual variable compensation	€1,350,000	The amount of the variable part due for 2018, which could represent up to 150% of the annual fixed compensation, was set by the Board of Directors on 26 February 2019, on the basis of the quantifiable and qualitative criteria set by the Board of Directors in 2018 and the fulfillment of these criteria noted on 31 December 2018, as follows: • **concerning the three quantifiable criteria** linked to the Group's financial performance, the achievement rates by criterion were as follow: ◦ 100% for EBITDA, whose weighting represents 55%, taking into account the excellent performance of the Group with EBITDA up again by 6% in 2018 on the excellent 2017 performance (+8% at constant exchange rates), reaching another record high at €1,474 million in a more volatile economic environment characterized by higher raw material prices, the strengthening of the euro notably against the US dollar in the first half of 2018 and some geopolitical tensions; ◦ 100% for recurring cash flow, whose weighting represents 27.5%. The recurring cash flow reached an excellent level again in 2018, totaling €602 million despite an acceleration of organic growth investments. The EBITDA to cash conversion rate amounts to 38% despite the negative impact of higher raw materials on working capital. This result reflects the Group's very good operational performance, the strong discipline regarding industrial capital expenditure and the tight management of working capital. This cash generation enabled the Group to maintain its net debt at around €1 billion, representing 0.7 times annual EBITDA; and ◦ 100% for the contribution of new developments, whose weighting represents 27.5%. The Board of Directors took into account the commercial success of the main innovation platforms such as 3D printing, materials for rechargeable batteries, innovative solutions in consumer electronics and sports, lighter materials and hot-melt encapsulation adhesives in automotive and electronics industries, as well as the many products improving the performance and insulation of residential buildings, among which large format tile adhesives and high thickness leveling screeds, and adhesives for thinner diapers. The Board also took into account the diversification into higher value-added products for downstream acrylics and the Group's reinforced presence at large key accounts. The variable compensation due in respect of the quantifiable criteria thus amounted to 110% of the annual fixed compensation; and • **concerning the qualitative criteria,** 50% of which is linked to the implementation of the Group's strategy and main operational priorities, 2018 was marked, in terms of acquisitions, by the successful integration of XL Brands, the further implementation of synergies with Den Braven and the closing of an important acquisition in a new cyanoacrylate technology for instant adhesives with Afinitica, as well as the pending acquisition by Arkema of Jurong's interest in Sunke, their joint venture that produces acrylic monomers in China, with a limited impact on net debt. In terms of capital expenditure, the Board of Directors further acknowledged the completion or progress of several industrial projects that are complex, significant and key for the Group's long-term positioning such as the construction of the PEKK (a new ultra-high performance polymer) unit in the United States, capacity increases of thiochemicals, acrylics and UV curing resins units respectively in Malaysia, Texas and China, and the ongoing studies regarding the extension of specialty polyamides capacities in Asia with the construction of a new monomers and polyamide 11 polymers unit, for which a decision on the location has yet to be finalized. The high-potential long-term strategic growth areas (3D, batteries, lightweight materials, water management, bio-based products) continued to grow. The following day-to-day operational management elements, which also accounted for 50% and of which one-third were quantifiable, were also noted. The Board noted in particular the following achievements for the quantifiable elements: continued tight management of fixed costs and working capital (with a working capital to sales ratio of 13.4%, very close to the historically low level of 13.1% in 2017, in a more unfavourable raw material context), as well as safety-related results which reached their lowest-ever level with a TRIR of 1.3 accidents per million hour's worked. The Board finally took into account the implementation or step-up of several significant cross-functional initiatives in the areas of digital transformation, with the appointment of a dedicated director; commercial excellence with the roll-out of a number of programs; cybersecurity, for which a director was also appointed together with a network of local correspondents; the CSR roadmap and the supply chain, as well as the proactive human resources management with the replacement of the chief financial officer and the creation of a Top Executive Academy for managers. Consequently, the variable compensation due in respect of qualitative criteria was set at 40% of the annual fixed compensation. In total, the variable compensation for 2018 amounts to €1,350,000. It reflects the very strong performance for the year and the continued transformation of the Group's profile. It represents 150% of the 2018 annual fixed compensation and an overall achievement rate of 100%. The payment of this annual variable compensation is subject to the shareholders' approval at the annual general meeting to be held on 21 May 2019 (10th resolution).
Deferred variable compensation	N/A	Thierry Le Hénaff receives no deferred variable compensation.
Exceptional compensation	N/A	Thierry Le Hénaff receives no exceptional compensation.
Attendance fees	N/A	Thierry Le Hénaff receives no attendance fees from Arkema.
Stock options	N/A	Thierry Le Hénaff does not receive any stock options.

Components of compensation due or awarded for 2018	Amounts or accounting valuation submitted to vote	Presentation
Performance shares	€1,879,200	Making use of the authorization granted by the annual general meeting of 7 June 2016 (17th resolution), at its meeting of 5 November 2018, the Board of Directors awarded 30,000 performance shares (representing 0.04% of the share capital) to Thierry Le Hénaff (out of a total of 360,100 shares granted to around 1,400 grantees, representing 8.3% out of a maximum of 10%). The shares will vest at the end of a three-year period subject to a condition of presence and if four performance targets are met: REBIT margin, EBITDA to cash conversion rate, comparative Total Shareholder Return and return on average capital employed. Each criterion is applied to 25% of the awarded rights. The vesting period is followed by a two-year mandatory holding period. Further details on the criteria may be found in section 3.5.1 of the 2018 Reference Document. In the event of outperformance, and pursuant to the aforementioned performance conditions set out in section 3.5.1 of the 2018 Reference Document, this allocation could rise to 33,000 shares, or 110% of the maximum allocation.
Pension	€450,000	Since 7 June 2016, when the supplementary defined benefit pension scheme (governed by Article L. 137-11 of the French Social Security Code) from which he benefited was terminated, Thierry Le Hénaff benefits from an additional annual payment corresponding to 20% of his total fixed and variable compensation for the year concerned, to enable him to build up his supplementary retirement benefits, year after year. Thierry Le Hénaff has committed to invest this entire amount, net of any contributions and tax, in investment vehicles dedicated to the financing of his supplementary retirement benefits.
Benefits in kind	€6,720	Thierry Le Hénaff has the use of a company car.

COMPONENTS OF COMPENSATION PAID OR AWARDED FOR 2018 ALREADY APPROVED BY THE ANNUAL GENERAL MEETING

Severance pay	*No payment*	*Thierry Le Hénaff benefits, as part of his term of office, from a severance package in an amount not exceeding two years' gross fixed and variable compensation, calculated based on the achievement of five quantitative criteria set by the Board of Directors and approved by the annual general meeting (total recordable injury rate (TRIR), annual variable compensation, comparative EBITDA margin, working capital and return on capital employed).* *The amount of this package will be calculated on the basis of the fulfillment of the following five demanding performance conditions:* • *TRIR: the total recordable injury rate (TRIR) would have to have decreased by at least 5% per year (average compound rate) between 31 December 2010 and the date at which the performance condition is assessed;* • *annual variable compensation: on average, the annual variable compensation paid during the three years preceding departure would have to be at least 50% of the maximum amount payable;* • *return on capital employed: the average of net operating income over capital employed (recurring operating income - actual income tax [1])/(capital employed - provisions) for the last three years prior to the termination date would have to exceed the Group's cost of capital for the year preceding his reappointment, i.e. 7% in 2015. Capital employed and provisions are those at year-end, and recurring operating income of companies acquired during the year would be included on a full year basis and that of divested companies would be excluded;* • *working capital: the year-end working capital over annual sales ratio would have to have decreased by at least 2.5% per year (average compound rate) between 31 December 2005 and the date at which the performance condition is assessed; and* • *comparative EBITDA margin: this financial performance indicator will continue to be measured against that of competitors in the chemicals industry comparable to the Arkema Group. The growth in the Group's EBITDA margin would have to be at least equal to the average growth in the EBITDA margin of the companies in the peer group between 31 December 2005 and the date at which the performance condition is assessed.* *The value of the end-of-period index to be taken into account for the computation of the above criteria would be the average of the indices calculated at Group level over the three years for which financial statements have been published prior to the termination date.* *The termination indemnity allocation scale is determined as follows:* • *if 5 conditions were met, Thierry Le Hénaff would receive 100% of the maximum of the severance package;* • *if 4 out of 5 conditions were met, Thierry Le Hénaff would receive 90% of the maximum of the severance package;* • *if 3 out of 5 conditions were met, Thierry Le Hénaff would receive 70% of the maximum of the severance package;* • *if 2 out of 5 conditions were met, Thierry Le Hénaff would receive 40% of the maximum of the severance package;* • *if fewer than two conditions were met, no severance would be paid.* *In addition, the Board of Directors has decided to gradually reduce the maximum severance pay that would be payable to 18 months of total annual gross compensation (fixed and variable) beyond the age of 60, and 12 months of total annual gross compensation (fixed and variable) beyond the age of 62-and-a-half. No compensation would be paid in the event of departure beyond the age of 65.* *In accordance with the related-party agreements and commitments procedure, this commitment was authorized by the Board of Directors' meeting of 2 March 2016, and approved by the annual general meeting of 7 June 2016 (5th resolution).*
Non-compete compensation	*N/A*	*Thierry Le Hénaff is not entitled to any non-compete compensation.*

(1) On recurring income (in particular excluding the impact of M&A, restructuring operations).

PROPOSED AGENDA AND RESOLUTIONS

Proposed agenda for the combined annual general meeting

RESOLUTIONS PROPOSED TO THE ORDINARY GENERAL MEETING

- Approval of the Company's financial statements for the year ended 31 December 2018.
- Approval of the consolidated financial statements for the year ended 31 December 2018.
- Allocation of profit for the year ended 31 December 2018 and distribution of dividends.
- Statutory auditors' special report on related-party agreements and commitments referred to in articles L. 225-38 *et seq.* of the French Commercial Code *(Code de commerce)*.
- Reappointment of Victoire de Margerie as a member of the Board of Directors.
- Reappointment of Hélène Moreau-Leroy as a member of the Board of Directors.
- Reappointment of Laurent Mignon as a member of the Board of Directors.
- Appointment of Ian Hudson as a member of the Board of Directors.
- Approval of the principles and criteria for setting, allocating and awarding the fixed, variable and exceptional components of the total compensation and benefits of any kind to be awarded to the Chairman and Chief Executive Officer.
- Approval of the components of compensation due or awarded to the Chairman and Chief Executive Officer for the year ended 31 December 2018.
- Authorization granted to the Board of Directors to carry out a share buyback program.

RESOLUTIONS PROPOSED TO THE EXTRAORDINARY GENERAL MEETING

- Authorization granted to the Board of Directors for a period of 24 months to reduce the share capital by cancelling shares.
- Authorization granted to the Board of Directors to award free shares in the Company.
- Powers to carry out formalities.

Presentation and text of the proposed resolutions submitted to the annual general meeting

RESOLUTIONS PROPOSED TO THE ORDINARY GENERAL MEETING

1ST AND 2ND RESOLUTIONS | Approval of the financial statements for the year

OVERVIEW

*The purpose of the **1st and 2nd resolutions** is to approve respectively the Company's financial statements and the consolidated financial statements for the year ended 31 December 2018.*

FIRST RESOLUTION

(Approval of the Company's financial statements for the year ended 31 December 2018)

The annual general meeting, voting in accordance with the quorum and majority requirements for ordinary general meetings, and having considered the Company's financial statements for the year ended 31 December 2018, the Board of Directors' management report and the statutory auditors' reports, approves said financial statements as well as the transactions reflected therein and described in said reports.

In accordance with the provisions of article 223 quater of the French Tax Code (*Code général des impôts*), the annual general meeting formally notes that no expenses or charges referred to in article 39-4 of said Code were incurred during the past financial year.

SECOND RESOLUTION

(Approval of the consolidated financial statements for the year ended 31 December 2018)

The annual general meeting, voting in accordance with the quorum and majority requirements for ordinary general meetings, and having considered the consolidated financial statements for the year ended 31 December 2018, the Board of Directors' Group management report and the statutory auditors' report on the consolidated financial statements, approves said financial statements as well as the transactions reflected therein and described in said reports.

3RD RESOLUTION | Allocation of profit and distribution of dividends

OVERVIEW

*The purpose of the **3rd resolution** is to approve the distribution of a **dividend** of **€2.50 per share**, around **9%** up compared to prior year. The payout ratio amounts to 26% of the Group's adjusted net income.*

This proposal confirms the importance of the dividend as a key component of the Group's shareholder return policy. It takes into account the Company's performance in 2018 and reflects the Board of Directors' confidence in the Group's growth prospects and solid cash flow generation and balance sheet.

*The shares will trade ex-dividend as of **27 May 2019**. The dividend will be payable as of **29 May 2019**.*

THIRD RESOLUTION

(Allocation of profit for the year ended 31 December 2018 and distribution of dividends)

The annual general meeting, voting in accordance with the quorum and majority requirements for ordinary general meetings, and having noted that the Company's financial statements for the year ended 31 December 2018 show a profit of €521,930,576.54, plus prior retained earnings of €1,548,709,753.43 and a legal reserve surplus of €24,386,278.27, decides, as recommended by the Board of Directors, to allocate the profit for the financial year as follows:

Source	
Profit for the period	€521,930,576.54
Prior retained earnings	€1,548,709,753.43
Legal reserve surplus [(1)]	€24,386,278.27
Distributable profit	€2,095,026,608.24
Allocation	
Dividend distribution [(2)]	€191,453,730
Retained earnings	€1,903,572,878.24

(1) Portion of the legal reserve that exceeds 10% of the share capital at 31 December 2018.

(2) The total dividend distribution is calculated on the basis of the number of shares carrying dividend rights at 1 January 2018 and existing on the date of the Board of Directors' meeting adopting the proposed resolution and therefore granting dividend rights. The total may vary if the number of shares carrying dividend rights changes up to the ex-dividend date depending, for example, on the number of treasury shares held by the Company.

Accordingly, the annual general meeting decides to pay a dividend of €191,453,730 with regard to the 76,581,492 shares carrying dividend rights on 1 January 2018 and existing on the date of the Board of Directors' meeting adopting the proposed resolutions, corresponding to a distribution of two euros and fifty cents (€2.50) per share, it being specified that full powers are granted to the Board of Directors to set the definitive total amount of the dividend, the balance of distributable income and consequently the amount to be allocated to retained earnings.

The shares will trade ex-dividend as of 27 May 2019 and the dividend for the 2018 financial year will be paid on 29 May 2019.

The dividend is eligible for the 40% tax relief available to individual shareholders domiciled for tax purposes in France as provided for in article 158.3-2° of the French Tax Code.

The dividend paid for the last three financial years was as follows:

Financial year	2018	2017	2016
Net dividend per share *(in euros)*	2.50 [(1)]	2.30 [(1)]	2.05 [(1)]

(1) Eligible in full for the 40% tax relief available to individual shareholders domiciled for tax purposes in France as provided for in article 158.3-2° of the French Tax Code.

4TH RESOLUTION | Approval of related-party agreements

OVERVIEW

In accordance with the law, the Board of Directors performed its annual review of the related-party agreements entered into and authorized during previous years, and still in place during the year ended 31 December 2018. It noted that the only agreement in force in 2018, already approved by the annual general meeting of 7 June 2016, is the commitment related to the early termination of the Chairman and Chief Executive Officer's term of office.

In addition, no new agreements nor commitments that had not already been approved by the annual general meeting were entered into during the 2018 financial year.

Consequently, the purpose of the ***4th resolution*** *is to duly note the information relating to the related-party agreements and commitments as set out in the statutory auditors' special report. This report is included in section 7.1 of the 2018 Reference Document.*

FOURTH RESOLUTION

(Approval of the statutory auditors' special report on related-party agreements and commitments referred to in articles L. 225-38 et seq. of the French Commercial Code)

The annual general meeting, voting in accordance with the quorum and majority requirements for ordinary general meetings, and having considered the statutory auditors' special report provided for in article L. 225-40 of the French Commercial Code, in which no new agreement is identified, duly notes the information relating to the agreements entered into and the commitments made during the financial year and prior financial years and approved by the annual general meeting.

5TH TO 8TH RESOLUTIONS | Composition of the Board of Directors

OVERVIEW

The terms of office of Victoire de Margerie, Hélène Moreau-Leroy, François Enaud and Laurent Mignon are due to expire at the close of this annual general meeting.

On the recommendation of the Nominating, Compensation and Corporate Governance Committee, the Board of Directors proposes to this annual general meeting to ***reappoint*** *for* ***a four-year term:***

- ***Victoire de Margerie****, as independent director, who will enable the Board to continue to benefit from her knowledge of the chemicals sector and advanced materials and her understanding of the Group* ***(5th resolution)****;*
- ***Hélène Moreau-Leroy****, as independent director, who will enable the Board to continue to benefit from her experience in mergers and acquisitions and the integration of newly-acquired businesses, her important responsibilities in an industrial sector with high technological content, as well as her significant international business experience, having spent more than 14 years abroad during her career* ***(6th resolution)****; and*
- ***Laurent Mignon****, as director, who will continue to bring to the Board his skills and experience as Chairman of the Management Board of a major banking and insurance group, as well as his in-depth knowledge of Arkema which he has supported since its listing* ***(7th resolution)****.*

In 2018, Victoire de Margerie, Hélène Moreau-Leroy and Laurent Mignon attended all six meetings of the Board of Directors. In addition, Victoire de Margerie attended two of the three meetings of the Nominating, Compensation and Corporate Governance Committee which took place that year and Hélène Moreau-Leroy attended all six meetings of the Audit and Accounts Committee. Since the beginning of 2019, these directors have attended all three meetings of the Board of Directors, together with all meetings of the Committees of which they are members (one meeting of the Audit and Accounts Committee and two meetings of the Nominating, Compensation and Corporate Governance Committee).

The Board of Directors also decided to propose at this annual general meeting to appoint ***for a four-year term*** *as independent director* ***Ian Hudson****, a British citizen. This appointment will enable the Board to benefit from his longstanding experience as a high level executive in the specialty chemicals sector, Anglo-saxon culture and international business experience* ***(8th resolution)****.*

Provided that the shareholders approve these appointments, Victoire de Margerie and Hélène Moreau-Leroy will continue to serve as members of the Nominating, Compensation and Corporate Governance Committee and Audit and Accounts Committee, respectively, and Ian Hudson will join the Audit and Accounts Committee. In addition, Hélène Moreau-Leroy is appointed as senior independent director replacing François Enaud.

In view of these changes and subject to approval of these resolutions, ***six of the thirteen members*** *of the Board of Directors would be* ***women*** *at the close of this annual general meeting, i.e.* ***42%*** *(excluding the director representing employees). The Board will have a larger majority of independent directors with an* ***independence rate of 64%*** *(excluding the director representing employees and the director representing shareholder employees in accordance with AFEP-MEDEF Code).*

The education and professional experience are set out in pages 14 and 15 of this document.

FIFTH RESOLUTION

(Reappointment of Victoire de Margerie as a member of the Board of Directors)

The annual general meeting, voting in accordance with the quorum and majority requirements for ordinary general meetings, having considered the Board of Directors' report and noting that the term of office as a director of Victoire de Margerie expires on the date of this meeting, decides to re-elect her for a term of four (4) years expiring at the close of the annual general meeting to be held in 2023 to approve the financial statements for the financial year ending 31 December 2022.

SIXTH RESOLUTION

(Reappointment of Hélène Moreau-Leroy as a member of the Board of Directors)

The annual general meeting, voting in accordance with the quorum and majority requirements for ordinary general meetings, having considered the Board of Directors' report and noting that the term of office as a director of Hélène Moreau-Leroy expires on the date of this meeting, decides to reappoint him for a term of four (4) years expiring at the close of the annual general meeting to be held in 2023 to approve the financial statements for the financial year ending 31 December 2022.

SEVENTH RESOLUTION

(Reappointment of Laurent Mignon as a member of the Board of Directors)

The annual general meeting, voting in accordance with the quorum and majority requirements for ordinary general meetings, having considered the Board of Directors' report and noting that the term of office as a director of Laurent Mignon expires on the date of this meeting, decides to reappoint him for a term of four (4) years expiring at the close of the annual general meeting to be held in 2023 to approve the financial statements for the financial year ending 31 December 2022.

EIGHTH RESOLUTION

(Appointment of Ian Hudson as a member of the Board of Directors)

The annual general meeting, voting in accordance with the quorum and majority requirements for ordinary general meetings, and having considered the Board of Directors' report, decides to appoint Ian Hudson as a director for a term of four (4) years expiring at the close of the annual general meeting to be held in 2023 to approve the financial statements for the year ending 31 December 2022.

9TH RESOLUTION — Approval of the compensation policy for the Chairman and Chief Executive Officer

OVERVIEW

*In accordance with article L. 225-37-2 of the French Commercial Code, the purpose of the **9th resolution** is to approve the principles and criteria for setting, allocating and awarding the fixed, variable and exceptional components of the total compensation and benefits of any kind to be awarded, in the exercise of his term of office, to the Chairman and Chief Executive Officer as defined by the Board of Directors on the recommendation of the Nominating, Compensation and Corporate Governance Committee and presented in the corporate governance report provided for in Article L. 225-37 of said code and set out in detail in section 3.4.2.1 of the 2018 Reference Document on pages 108 to 111.*

NINTH RESOLUTION

(Approval of the principles and criteria for setting, allocating and awarding the fixed, variable and exceptional components of the total compensation and benefits of any kind to be awarded to the Chairman and Chief Executive Officer)

The annual general meeting, voting in accordance with the quorum and majority requirements for ordinary general meetings pursuant to article L. 225-37-2 of the French Commercial Code, and having considered the Board of Directors' report on corporate governance provided for in article L. 225-37 of the French Commercial Code, approves the principles and criteria for setting, allocating and awarding the fixed, variable and exceptional components of the total compensation and benefits of any kind to be awarded, in the exercise of his term of office, to the Chairman and Chief Executive Officer.

10TH RESOLUTION — Approval of the components of compensation due or awarded to the Chairman and Chief Executive Officer for 2018

OVERVIEW

*Pursuant to Article L. 225-100 of the French Commercial Code, the purpose of the **10th resolution** is to submit to the shareholders' approval the components of compensation due or awarded to Thierry Le Hénaff, Chairman and Chief Executive Officer and the Company's only executive officer, for the financial year ended 31 December 2018. Payment of the annual variable compensation due for the past financial year is subject to the approval of this resolution.*

The components of compensation submitted to the vote are set out in the table on pages 16 to 19 of this notice.

TENTH RESOLUTION

(Approval of the components of compensation due or awarded to the Chairman and Chief Executive Officer for the year ended 31 December 2018)

The annual general meeting, voting in accordance with the quorum and majority requirements for ordinary general meetings pursuant to article L. 225-100 of the French Commercial Code, and having considered the Board of Directors' report on corporate governance provided for in article L. 225-37 of the French Commercial Code, approves the fixed, variable and exceptional components of the total compensation and benefits of any kind due or awarded to Thierry Le Hénaff, Chairman and Chief Executive Officer, for the year ended 31 December 2018, as set out in said report.

11TH RESOLUTION | Share buybacks

OVERVIEW

*The purpose of the **11th resolution** is to **renew the authorization** granted to the Board of Directors by the annual general meeting on 18 May 2018 **to purchase or arrange for the purchase of shares in the Company.** The purchase of shares may be carried out at any time, **except from the date a takeover bid for the Company's** shares is filed by a third party and until the end of the offer period.*

Main characteristics of the proposed share buyback program

Maximum purchase price: €135 per share

Overall maximum aggregate amount that may be allocated to the share buyback program: €135 million

Maximum percentage of shares that can be bought back: 10% of the total amount of shares comprising the Company's share capital

Objectives of the share buyback program: any purpose permitted by law, and primarily, for the purpose of covering the Company's performance share plans

Length of the authorization: 18 months

Use of the previous authorization

Between 18 May 2018 and 31 March 2019, the Company repurchased 600,263 shares. At 31 December 2018, the Company owned 318,998 treasury shares that were all allocated for the purpose of covering the performance share plans put in place in order to foster the loyalty and motivate Group's employees. These treasury shares are used to vest performance shares without any dilutive effect for shareholders.

The detailed information related to the current and proposed share buyback programs is presented in paragraph 6.2.4 of the 2018 Reference Document.

ELEVENTH RESOLUTION

(Authorization granted to the Board of Directors for a period of 18 months to carry out a share buyback program)

The annual general meeting, voting in accordance with the quorum and majority requirements for ordinary general meetings, and having considered the Board of Directors' report, authorizes the Board of Directors, or any person duly authorized to act on its behalf, to purchase or arrange to have purchased shares in the Company in accordance with articles L. 225-209 et seq. of the French Commercial Code, regulation (EU) no. 596/2014 of the European Parliament and of the Council of 16 April 2014 and Title IV of Book II of the general regulations of the French financial markets authority (*Autorité des marchés financiers* – AMF). The number of shares that may be held by the Company under this authorization at any given date may not be greater than 10% of the share capital. The number of shares held by the Company may be adjusted as necessary to take into account transactions that affect the share capital occurring after this annual general meeting. The authorization is given under the following conditions:

(i) the maximum purchase price is €135 per share. However, the Board of Directors may adjust the purchase price to account for the impact on the share price of transactions such as a capitalization of share premiums, reserves or earnings giving rise either to an increase in the par value of the shares or the issuance and award of free shares, a stock split or reverse stock split, or any other transaction affecting shareholders' equity;

(ii) the maximum amount that may be dedicated to this share buyback program is €135 million;

(iii) under no circumstances can the Company hold, directly or indirectly, more than 10% of its share capital as a result of the purchases made pursuant to this authorization;

(iv) the shares redeemed and held by the Company shall have no voting or dividend rights;

(v) such shares may be purchased or transferred at any time, except from the date of a takeover bid until the end of the offer period, under the conditions and within the limits, particularly as regards volume and price, permitted by law at the date of the transaction in question, by any and all means, including on the market or over the counter, by way of block trades or derivative financial instruments or warrants traded on a regulated or over-the-counter market, under the conditions permitted by the market authorities and at the times the Board of Directors or its delegated representative deems appropriate.

The annual general meeting decides that these share purchases can be made for any purpose permitted by law either now or in the future, and notably for the following purposes:

(i) implementing market practices allowed by the AMF such as (a) purchasing shares in the Company in order to hold them and subsequently tender them in exchange or as payment as part of any potential external growth transactions, it being specified that the shares acquired for this purpose may not exceed 5% of the Company's share capital at the time of the acquisition or (b) purchasing or selling shares within the scope of a liquidity agreement entered into with an investment services provider and compliant with the Code of Conduct approved by the AMF, as well as (c) any market practice subsequently permitted by the AMF or by law;

(ii) putting in place and complying with obligations and in particular delivering shares upon the exercise of rights attached to securities giving immediate or future access by any means to shares in the Company, as well as carrying out any hedging transactions in respect of the Company's obligations regarding such securities, in accordance with the conditions provided for by the market authorities and at the times the Board of Directors or its delegated representative deems appropriate;

(iii) covering stock option plans granted to employees or executive officers of the Company or its Group;

(iv) granting free shares in the Company to employees or executive officers of the Company or its Group, particularly under the conditions provided for in articles L. 225-197-1 *et seq.* of the French Commercial Code;

(v) offering employees the opportunity to acquire shares, whether directly or *via* a company savings plan *(plan d'épargne entreprise)*, under the terms provided for by law and notably articles L. 3332-1 *et seq.* of the French Labor Code *(Code du travail)*; and

(vi) cancelling all or some of the purchased shares in order to reduce the Company's share capital.

The annual general meeting grants full powers to the Board of Directors, with the possibility to sub-delegate such powers under the conditions set by law, to ensure the implementation of this authorization, and in particular to set the terms and conditions thereof, carry out the share buyback program and notably place all stock market orders, enter into any agreements, prepare and amend any documents, in particular information documents, carry out all formalities, including assigning or reassigning the purchased shares to the various purposes pursued, make all declarations to the AMF and any other bodies and, in general, do whatever may be necessary.

The annual general meeting decides that this authorization is granted for a period of eighteen (18) months from the date of this annual general meeting. It renders ineffective the unused portion of any prior authorization granted for the same purpose and in particular that given by the annual general meeting of 18 May 2018 in its 14th resolution.

RESOLUTIONS PROPOSED TO THE EXTRAORDINARY GENERAL MEETING

12TH RESOLUTION | Share capital reduction by cancelling shares

OVERVIEW

*The purpose of the **12th resolution** is to **renew** the authorization granted by the annual general meeting of 23 May 2017 to reduce the share capital, on one or more occasions, by cancelling all or some of the shares acquired under the share buyback authorization granted in the 11th resolution, up to **a maximum of 10%** of the Company's share capital for a period of 24 months.*

*This authorization should be granted for **a period of 24 months** from the date of this annual general meeting. It would render ineffective the prior authorization granted for the same purpose.*

TWELFTH RESOLUTION

(Authorization granted to the Board of Directors to reduce the share capital by canceling shares for a period of 24 months)

The annual general meeting, voting in accordance with the quorum and majority requirements for extraordinary general meetings, and after considering the Board of Directors' report and the statutory auditors' special report, in accordance with the provisions of articles L. 225-209 *et seq.* of the French Commercial Code:

- authorizes the Board of Directors to reduce the share capital, on one or more occasions, in proportions and at periods that it deems appropriate, by the cancellation of any number of treasury shares up to a maximum of 10% of the Company's share capital per twenty-four (24) month period. The 10% limit applies to the number of the Company's shares which may be adjusted as necessary to take into account transactions that affect the share capital occurring after the present annual general meeting;
- decides that the difference between the purchase price of the canceled shares and their par value will be allocated to the "Share premium" account or to any other available reserve account, including the legal reserve, within the limit of 10% of the reduction in share capital; and
- grants full powers to the Board of Directors, with the possibility to sub-delegate such powers under the conditions set by law, to carry out the reduction of the share capital resulting from the cancellation of shares and the above-mentioned allocation, and accordingly amend the Company's Articles of Association and carry out any necessary formalities.

This authorization is granted for a period of 24 months from the date of this meeting and renders ineffective any prior authorization granted for the same purpose.

13TH RESOLUTION | Performance shares

OVERVIEW

*The purpose of the **13th resolution** is to **renew** the authorization granted to the Board of Directors by the annual general meeting on 7 June 2016, to grant **performance shares** to some of the Group's employees and eligible executive directors in order to foster their loyalty and involve them closely to the Group's future growth as well as its stock market performance. Around 1,400 employees benefit from this incentive within the Group.*

*The **total number of the Company's existing shares** or shares to be issued which can be awarded pursuant to this authorization, granted **for a period of thirty-eight months, may not exceed 1,500,000 shares**, i.e., **less than 2% of the share capital at the date of this annual general meeting**. The vested performance shares will be either existing shares acquired under the share buyback program and thus avoiding any dilution for shareholders or new shares to be issued.*

*As it was already the case for the previous authorization, all the performance shares that will be granted to the Chairman and Chief Executive Officer and to the other members of the Executive Committee, pursuant to the new authorization, will be **fully subject to** a condition of presence within the Group and to **demanding performance conditions**. The same conditions will apply to all the shares granted to other beneficiaries when representing more than 70 shares. Performance shares granted to executive director and to the members of the Executive Committee will also be subject to **a three-year vesting period** followed by a **two-year holding period**, i.e., a **total vesting-holding period of five years**.*

Finally, the rights granted to the Chairman and Chief Executive Officer in respect of annual performance share plans will remain limited to a maximum of 10% of all rights awarded in any annual plan.

Use of prior authorization

Making use of the authorization previously granted by the annual general meeting, the Board of Directors awarded as part of the 2016, 2017 and 2018 plans, a total of 1,147,400 performance shares, i.e., 1.52% of the Company's share capital at the date of the annual general meeting on 7 June 2016 (corresponding to the maximum number of shares that may be awarded taking into account the potential award of up to 110% of the share rights in case targets are significantly exceeded). These performance shares have been granted every year in November and no shares have been granted since 1 January 2019.

Taking into account all the performance shares and stock-options still outstanding at 31 December 2018 and the number of shares that may be granted pursuant to the authorization required from this annual general meeting, the maximum potential dilution represents 3.8% of the Company's share capital at 31 December 2018.

Detailed information on all the plans put in place and on the holding requirements set for the Chairman and Chief Executive Officer and the members of the Group's Executive Committee as long as they remain in office is included in sections 3.5, 3.4.2.1 and 3.4.3.1 of the 2018 Reference Document.

Performance criteria

Performance share plans granted over the period 2016 to 2018 are subject to four demanding performance criteria, fully aligned with the Group's long-term ambitions and strategic priorities, each having a weighting of 25% of the total award:

- *REBIT margin;*
- *EBITDA to cash conversion rate;*
- *comparative Total Shareholder Return; and*
- *return on average capital employed.*

All the targets set for these criteria are fully consistent with the medium- and long-term targets, and in particular with the 2023 targets, announced to the financial markets and are similar to the internal targets.

In addition, the achievement rates for the last three plans that ultimately vested are as follow:

Date of plan	**Vesting year**	**Vesting rate**
2012	2015	100%
2013	2017	71.3%
2014	2018	89.5%

Principles to be applied as part of the renewal of the authorization to grant performance shares

The Board of Directors has confirmed the broad principles of the share-based payment policy described in section 3.5 of the 2018 Reference Document and confirmed that it will continue to use the four performance criteria used as part of the prior authorization which are fully aligned with the Group's long-term ambitions and strategic priorities. If one of these criteria should cease to be relevant or if a new criterion should prove more appropriate, the Board shall propose a criterion with similar long-term stringency. The Board of Directors indicated that for each of these criteria, scales and assigned targets will continue to be completely in phase with the long-term financial objectives (currently through to 2023) announced to the financial markets and similar to the internal targets.

As regards return on average capital employed, REBIT and average capital employed, which were already adjusted for the impact of major acquisitions, the year of the acquisition and the following two years, will also be adjusted for the impact of exceptional investments in progress until the year in which the investment is commissioned and the following two years. In light of the Group's ambitious investment and targeted acquisition policy, these adjustments will make it possible to measure performance more effectively by factoring in the contribution of (i) major capital expenditure programs once these are at least partially up and running, and (ii) acquisitions once the initial synergies have been implemented. The adjustments made to determine the level of achievement will be audited by the Group's statutory auditors.

The Board also stipulated that for plans decided as from 2019:

- *the maximum achievement rate for each criterion will be set at 120% with no cap on the global allocation (i.e., in practice, a global allocation rate of 120%) in order to reward outperformance if targets are significantly exceeded; and*
- *for the comparative Total Shareholder Return criterion, there will be no grants if the performance is below the median.*

THIRTEENTH RESOLUTION

(Authorization granted to the Board of Directors for a period of 38 months to award free shares in the Company, subject to performance conditions and up to the limit of 1,500,000 shares, i.e., less than 2% of the share capital)

The annual general meeting, voting in accordance with the quorum and majority requirements for extraordinary general meetings, and having considered the Board of Directors' report and the statutory auditors' special report, in accordance with articles L. 225-197-1 *et seq.* of the French Commercial Code:

1. authorizes the Board of Directors to award existing shares or shares to be issued in the Company free of consideration, on one or more occasions, to grantees or categories of grantees determined by the Board of Directors among the employees and/or eligible executive officers (within the meaning of article L. 225-197-1.II of the French Commercial Code) of the Company or of related companies or groups within the meaning of article L. 225-197-2 of said code;
2. decides that the free shares granted to the aforementioned eligible executive officers of the Company and Executive Committee members shall be subject to at least two performance criteria (one internal criterion and one external criterion) decided by the Board of Directors, on the basis of which the number of vested shares shall be determined. These criteria shall be assessed over a minimum period of three financial years;
3. decides that, pursuant to this authorization, the total grant of the Company's existing shares or shares to be issued may not exceed 1,500,000 shares (*i.e.*, less than 2% of the share capital at the date of this annual general meeting). This limit is fixed without taking into account the adjustments that may be made to preserve the rights of holders of securities giving access to shares in the Company, in accordance with the applicable legal and regulatory provisions or any contractual provisions;
4. decides that the Board of Directors shall determine, under the conditions required by law, at the time of each grant:

(i) the vesting period of the granted shares, which shall last at least one year, and

(ii) the lock-up period for grantees following the vesting of the shares, which for all or some of the shares shall be a minimum of one year, with the exception of shares with a vesting period of at least two years, for which the lock-up period can be eliminated or shortened;

5. decides that the shares awarded to grantees will vest before the end of the aforementioned vesting period in the event of second or third category disability within the meaning of article L. 341-4 of the French Social Security Code *(Code de la sécurité sociale)*, and that in the event of the grantee's death, his or her heirs may request the vesting of the shares within six months of the date of death; these shares will be freely transferable;
6. decides that the existing shares that can be granted pursuant to this resolution shall be acquired by the Company, either within the framework of article L. 225-208 of the French Commercial Code, or, if applicable, through the share buyback program authorized by the annual general meeting pursuant to article L. 225-209 of said code;
7. acknowledges that in the event of an issue of free shares, this authorization shall entail a capital increase at the end of the vesting period through incorporation of reserves, profits or premiums in favor of the grantees and a waiver by the shareholders of (i) their preferential subscription rights to the shares that will be issued in the course of the vesting of the shares, (ii) any right to the free shares granted on the basis of this delegation of authority, and (iii) any right to the amount of the reserves and premiums against which, if applicable, the issuance of the new shares shall be charged;
8. grants full powers to the Board of Directors, or any person duly authorized under the conditions set by law to act on its behalf within the abovementioned limits, to implement this authorization and in particular to:

(i) determine whether the free shares being granted exist or must be issued,

(ii) determine the identity of the grantees or the category or categories of grantees, the grant criteria, the number of shares granted to each of them, the terms and conditions for the share grant and, in particular, the vesting and lock-up periods,

(iii) define the performance criteria, in particular for the shares granted to eligible executive officers of the Company and Executive Committee members,

(iv) for the free shares granted to eligible executive officers of the Company, decide either that they cannot be sold by the interested parties before they cease to hold office, or stipulate the quantity of free shares that they are required to hold in registered form until they cease to hold office,

(v) determine, under the conditions defined by law and within legal limits, the dates on which the free shares shall be granted,

(vi) decide on the newly issued shares' dividend entitlement date, even if retroactive,

(vii) decide on the conditions under which the number of free shares granted shall be adjusted, and

(viii) more generally, with the possibility to sub-delegate such powers under the conditions set by law, enter into agreements, draw up documents, record capital increases following the vesting of shares, make any necessary amendments to the Articles of Association, perform all formalities, make all required declarations and do whatever is otherwise necessary.

Each year, the Board of Directors shall inform the ordinary general meeting of each grant made pursuant to this resolution, in accordance with article L. 225-197-4 of the French Commercial Code.

The annual general meeting decides that this authorization is granted for a period of thirty-eight (38) months from the date of this annual general meeting. It renders ineffective the unused portion of any prior delegation of authority granted for the same purpose and in particular that given by the annual general meeting of 7 June 2016 in its 17th resolution.

14TH RESOLUTION | Powers for formalities

FOURTEENTH RESOLUTION

(Powers to carry out formalities)

The annual general meeting grants full powers to the bearer of an original, a copy or an excerpt of the minutes of this annual general meeting for the purposes of performing all filing, publicity or other formalities that may be required.

OPTION FOR THE E-NOTICE

FOR REGISTERED SHAREHOLDERS ONLY

The e-notice is a simple, fast and secure way of being invited to the general meeting that will enable you to receive by email a notice of meeting along with a voting form.

As part of our gradual digitalization process, you may now opt for the e-notice **for the general meetings to be held following that of 21 May 2019**. By choosing this option, you will be able to receive all the relevant documentation as soon as it is available and you will contribute to better protect the environment by avoiding the print-out and sending of notices by post.

To opt for the e-notice, you simply need to **fill in the reply form below with your name, first name, date of birth and email address, and send it back to us at the following address**: Arkema – Investor Relations department – 420, rue d'Estienne d'Orves – 92705 Colombes Cedex – France.

You can also **log into the Planetshares website** using your usual ID and password, select "My personal information"/"My e-services" and fill in the section "Convocation by email to general shareholders' meetings".

If you had already opted for the e-notice but continue to receive a hard copy of documents, we suggest you renew your request by filling in and sending us the reply form below or by logging into the Planetshares website.

ARKEMA
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REPLY FORM TO OPT FOR THE E-NOTICE

Please return the form to:
ARKEMA
Investor Relations department
420 rue d'Estienne d'Orves
92705 Colombes Cedex – France

I wish to receive my notice of meeting and the documents relating to Arkema's shareholders' general meetings from the shareholders' general meetings to be held following that of 21 May 2019.

To that effect, I fill in the following details *(all required information is mandatory)*:

I, undersigned,

Mrs ☐ Miss ☐ Mr ☐

Name:...First name:...

Date of birth *(dd/mm/yyyy)*: ....

I mention below my email address (to be filled in capital letters):

.... @ ....

Signed at: ....on: ....

Signature

REQUEST FORM
FOR ADDITIONAL DOCUMENTS

COMBINED ANNUAL GENERAL MEETING 2019

Please return the form to:
ARKEMA
Investor Relations department
420 rue d'Estienne d'Orves
92705 Colombes Cedex – France

TUESDAY 21 MAY 2019

Documents and information referred to in article R. 225-83 of the French Commercial Code, included in the 2018 Reference Document, are available and/or can be ordered on the website **www.finance.arkema.com**

I, undersigned,

Mrs ☐ Miss ☐ Mr ☐ Company ☐

Name (or company name): .... First name: ....

N°: .... Street: ....

Postcode: ☐☐☐☐☐ City: .... Country: ....

Email address: .... @ ....

Acknowledge having received the documents relating to the combined annual general meeting of 21 May 2019 and referred to in article R. 225-81 of the French Commercial Code, *i.e.*, the agenda, proposed resolutions and summary presentation of the Company's situation during the year that just ended (together with a table of the last five-year results).

Request Arkema to send me prior to the combined annual general meeting, the documents and information referred to in article R. 225-83 of the French Commercial Code and included in the 2018 Reference Document.

☐ **Request for a hard copy of these documents**

☐ **Request for an electronic version of these documents**

Signed at: ....on: 2019

Signature

Investor relations

Telephone: +33 (0)1 49 00 74 63

actionnaires-individuels@arkema.com

www.finance.arkema.com

ARKEMA
INNOVATIVE CHEMISTRY

Investor Relations Department
420, rue d'Estienne d'Orves
92700 Colombes – France
www.arkema.com

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