



**Euro 300,000,000 Undated Deeply Subordinated Fixed Rate Resettable Notes
(the "Notes")
Issue Price: 100 per cent.**

This document constitutes a prospectus (the "**Prospectus**") for the purposes of Regulation (EU) 2017/1129 (the "**Prospectus Regulation**").

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

Application has been made to Euronext Paris for the Notes to be admitted to trading on the regulated market of Euronext in Paris ("**Euronext Paris**"). Euronext Paris is a regulated market for the purposes of the Markets in Financial Instruments Directive 2014/65/EU as amended from time to time, appearing on the list of regulated markets issued by the European Securities Market Authority ("**ESMA**").

The Notes of Arkema (the "**Issuer**" or "**Arkema**") will be issued on 21 January 2020 (the "**Issue Date**"). Principal and interest and other amounts (including Arrears of Interest and/or Additional Interest Amounts) on the Notes constitute direct, unconditional, unsecured and Deeply Subordinated Obligations (*titres subordonnés de dernier rang*) of the Issuer and rank and will rank *pari passu* among themselves and *pari passu* with all other present or future Deeply Subordinated Obligations, but shall be subordinated to (i) the *titres participatifs* which may be issued by, and (ii) the *prêts participatifs* which may be granted to, the Issuer, to (iii) Ordinary Subordinated Obligations and (iv) to Unsubordinated Obligations of or issued by the Issuer (as all such terms are defined in "Terms and Conditions of the Notes – Status of the Notes – Deeply Subordinated Notes"). See "Terms and Conditions of the Notes – Status of the Notes – Deeply Subordinated Notes" herein.

Unless previously redeemed in accordance with "Terms and Conditions of the Notes – Redemption and Purchase", and subject to the further provisions described in "Terms and Conditions of the Notes – Interest", the Notes shall bear interest on their principal amount:

- (i) from, and including, the Issue Date to, but excluding, 21 January 2026 (the "**First Reset Date**"), at a rate of 1.500 per cent. *per annum*;
- (ii) from and including the First Reset Date to, but excluding, 21 January 2031 (the "**First Step-up Date**"), at an interest rate *per annum* which shall be equal to the sum of the Reference Rate of the relevant Reset Period and the Initial Margin;
- (iii) from and including the First Step-up Date to, but excluding, 21 January 2046 (the "**Second Step-up Date**"), at an interest rate *per annum* which will be subject to a reset every five years and shall be equal to the sum of the Reference Rate of the relevant Reset Period, the Initial Margin and the First Step-up Margin; and
- (iv) from and including the Second Step-up Date, to, but excluding, the date on which the Issuer redeems the Notes, at an interest rate *per annum* which will be subject to a reset every five years and shall be equal to the sum of the Reference Rate of the relevant Reset Period, the Initial Margin and the Second Step-up Margin,

provided that the Initial Margin shall be of 1.571 per cent. *per annum*, the First Step-up Margin shall be 0.25 per cent. *per annum* and the Second Step-up Margin shall be of 1.00 per cent. *per annum*.

Each Interest Amount shall be payable annually in arrear on 21 January of each year, commencing on 21 January 2021 (each an "**Interest Payment Date**"), provided that in no event shall the applicable interest rate (including any margin) be less than zero.

Interest payments under the Notes may be deferred in whole or in part at the option of the Issuer, as set out in "Terms and Conditions of the Notes – Interest – Interest Deferral" herein.

The Notes do not contain events of default nor cross default.

The Notes are undated and have no final maturity. The Issuer may, at its option, redeem all, but not some only, of the Notes at their principal amount (together with any accrued interest and Arrears of Interest (including Additional Interest Amounts thereon)) (i) on any date during the period commencing on (and including) 21 October 2025 (being the date falling three (3) months prior to the First Reset Date) and ending on (and including) the First Reset Date, or (ii) upon any Interest Payment Date thereafter, as set out in "Terms and Conditions of the Notes – Redemption and Purchase – Optional Redemption". In addition, the Issuer may redeem all, but not some only, of the Notes upon the occurrence of a Gross-Up Event, a Withholding Tax Event, a Tax Deductibility Event, an Accounting Event, a Rating Event or a Repurchase Event. See "Terms and Conditions of the Notes – Redemption and Purchase" herein. The Issuer may also, at any time, redeem all, but not some only, of the Notes following the occurrence of a Change of Control Call Event. See "Terms and Conditions of the Notes – Redemption and Purchase – Redemption following a Change of Control Call Event". If such Change of Control Call Option is not exercised, the interest payable on the Notes will be increased by an additional margin of 5.00 per cent. *per annum*.

The Notes will be in bearer dematerialised form (*au porteur*) in the denomination of Euro 100,000 inscribed as from the Issue Date in the books of Euroclear France ("**Euroclear France**") which shall credit the accounts of the Account Holders (as defined in "Terms and Conditions of the Notes") including Euroclear Bank SA/NV ("**Euroclear**") and the depositary bank for Clearstream Banking, S.A. ("**Clearstream**"). The Notes will at all times be represented in book entry form (*dématerialisés*) in the books of the Euroclear France Account Holders in compliance with Articles L.211-3 and R.211-1 of the French *Code monétaire et financier*. No physical document of title (including *certificats représentatifs* pursuant to Article R.211-7 of the French *Code monétaire et financier*) will be issued in respect of the Notes.

The Notes have been rated BBB- by S&P Global Ratings Europe Limited ("**S&P**") and Baa3 by Moody's Deutschland GmbH ("**Moody's**"). The Issuer's long-term debt is currently rated BBB+ (stable outlook) by S&P and Baa1 (stable outlook) by Moody's. As of the date of this Prospectus, S&P and Moody's are established in the European Union and registered under Regulation (EC) No. 1060/2009 on credit ratings agencies, as amended (the "**CRA Regulation**") and are included in the list of credit rating agencies registered in accordance with the CRA Regulation published on the European Securities and Markets Authority's website (www.esma.europa.eu/page/List-registered-and-certified-CRAs). A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency.

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

Joint Lead Managers

CRÉDIT AGRICOLE CIB

**SOCIÉTÉ GÉNÉRALE CORPORATE &
INVESTMENT BANKING**

IMPORTANT NOTICE

This document constitutes a prospectus for the purpose of the Prospectus Regulation and for the purpose of giving information with regard to the Issuer, the Group (the “Group” being the Issuer, its subsidiaries and its shareholdings taken as a whole) and the Notes which, according to the particular nature of the Issuer and the Notes, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Issuer.

This Prospectus should be read and construed in conjunction with the documents incorporated by reference (see “Documents Incorporated by Reference”) and, each of which shall be incorporated in, and form part of, this Prospectus.

No person has been authorised to give any information or to make any representation other than those contained in this Prospectus in connection with the issue or sale of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or any of Crédit Agricole Corporate and Investment Bank and Société Générale (together, the “Joint Lead Managers”). Neither the delivery of this Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer or the Group since the date hereof or that there has been no adverse change in the financial position of the Issuer or the Group since the date hereof or that any other information supplied in connection with this Prospectus is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The distribution of this Prospectus and the offering or sale of the Notes in certain jurisdictions may be restricted by law. No Notes may be offered or sold, directly or indirectly, and none of this Prospectus or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus comes are required by the Issuer and the Joint Lead Managers to inform themselves about and to observe any such restriction. In particular, there are restrictions on the distribution of this Prospectus and the offer or sale of Notes in the United States, the United Kingdom and France. For a description of certain restrictions on offers and sales of Notes and distribution of this Prospectus, see “Subscription and Sale” below.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the “Securities Act”), or with any securities regulatory authority of any state or other jurisdiction of the United States. Subject to certain exceptions, Notes may not be offered or sold within the United States or to or for the account or benefit of, U.S. persons as defined in Regulation S under the Securities Act (“Regulation S”).

This Prospectus does not constitute an offer of, or an invitation by or on behalf of the Issuer or the Joint Lead Managers to subscribe for, or purchase, any Notes.

To the fullest extent permitted by law, none of the Joint Lead Managers accept any responsibility for the contents of this Prospectus or for any other statement, made or purported to be made by a Joint Lead Manager or on its behalf in connection with the Issuer or the issue and offering of the Notes. Each Joint Lead Manager accordingly disclaims all and any liability whether arising in tort or contract or otherwise which it might otherwise have in respect of this Prospectus or any such statement. Neither this Prospectus nor any other information incorporated by reference in this Prospectus is intended to provide the basis of any credit or other evaluation and should not be

considered as a recommendation by any of the Issuer or the Joint Lead Managers that any recipient of this Prospectus should purchase the Notes. Each potential purchaser of Notes should determine for itself the relevance of the information contained, or incorporated by reference, in this Prospectus and its purchase of Notes should be based upon such investigation as it deems necessary. None of the Joint Lead Managers undertakes to review the financial condition or affairs of the Issuer or the Group during the life of the arrangements contemplated by this Prospectus nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Joint Lead Managers.

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

MIFID II PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET – Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes, taking into account the five categories referred to in item 18 of the Guidelines on MiFID II product governance requirements published by ESMA on 5 February 2018, has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "Distributor") should take into consideration the manufacturers' target market assessment; however, a Distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

Suitability of investment in the Notes – Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Prospectus or any applicable supplement;**
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;**
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments is different from the potential investor's currency;**
- (iv) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and**

- (v) **be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.**

Prospective purchasers should also consult their own tax advisers as to the tax consequences of the purchase, ownership and disposition of Notes.

Consideration for investors relating to the credit rating of the Notes – The Notes have been assigned a rating of BBB- by S&P Global Ratings Europe Limited (“S&P”) and Baa3 by Moody’s Deutschland GmbH (“Moody’s”). The rating assigned to the Notes by the rating agency is based on the Issuer’s financial situation but takes into account other relevant structural features of the transaction, including, inter alia, the terms of the Notes, and reflects only the views of the rating agency. The rating may not reflect the potential impact of all risks related to structure, market, additional factors discussed in this paragraph, and other factors that may affect the value of the Notes. The rating addresses the likelihood of full and timely payment to the Noteholders of all payments of interest on each interest payment date and repayment of principal on the final payment date. There is no assurance that any such rating will continue for any period of time or that they will not be reviewed, revised, suspended or withdrawn entirely by the rating agency as a result of changes in or unavailability of information or if, in the rating agency’s judgement, circumstances so warrant. A credit rating and/or a corporate rating are not a recommendation to buy, sell or hold securities. Any adverse change in an applicable credit rating could adversely affect the trading price for the Notes.

Consideration on taxation – Potential purchasers and sellers of the Notes should be aware that they may be required to pay taxes or other documentary charges or duties in accordance with the laws and practices of the country where the Notes are transferred or other jurisdictions (including as a result of change in law). Potential investors are advised to ask for their own tax adviser’s advice on their individual taxation with respect to the acquisition, holding, sale and redemption of the Notes. A number of Member States of the European Union are currently negotiating to introduce a financial transactions tax (“FTT”) in the scope of which transactions in the Notes may fall. The scope of any such tax is still uncertain as well as any potential timing of implementation. If the currently discussed text or any similar tax is adopted, transactions in the Notes would be subject to higher costs, and the liquidity of the market for the Notes may be diminished. Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

See section “risk factors” above for certain information relevant to an investment in the notes.

TABLE OF CONTENTS

	Page
RISK FACTORS	7
GENERAL DESCRIPTION OF THE NOTES	43
DOCUMENTS INCORPORATED BY REFERENCE	58
TERMS AND CONDITIONS OF THE NOTES	65
USE OF PROCEEDS AND ESTIMATED NET AMOUNT	93
RECENT DEVELOPMENTS	94
SUBSCRIPTION AND SALE	114
GENERAL INFORMATION.....	116
PERSONS RESPONSIBLE FOR THE INFORMATION GIVEN IN THE PROSPECTUS.....	122

RISK FACTORS

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

In addition, factors which are specific to the Issuer and/or the Notes and material for an informed decision with respect to investing in the Notes are described below.

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

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

All capitalised terms used and not defined in this section are defined in the Terms and Conditions of the Notes or elsewhere in this Prospectus.

1. RISK FACTORS RELATING TO THE ISSUER

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

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

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

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

- economic and business risks; and
- financial risks.

In accordance with Regulation (EU) No 2017/1129 of the European Parliament and of the Council of 14 June 2017 known as "Prospectus 3" and the ESMA Guidelines published in October 2019, within each category, risks are prioritized. They are ranked in decreasing order of importance, as of the date of this document, according to their negative impact and their probability of occurrence, after taking into account the measures implemented by Arkema in terms of risk management. Each risk mentioned is directly and clearly related to the Group and its business. However, this list is not exhaustive and other risks of which Arkema is currently unaware or that it deems not to be significant at the date of this document could also occur and adversely affect its business activities, financial position, results or future prospects, as well as its image and reputation. In addition, Arkema's assessment of the order of importance of risks may be modified at any time, in particular due to external developments or changes in the Group's business.

1.1 Industrial risks

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

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

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

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

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

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

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

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

Risk management

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

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

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

- use transportation means that are deemed less dangerous (barge, pipeline, road-rail or rail), when technical and financial conditions allow it;
- as far as possible, strictly select suppliers based on the Warehouse Safety and Quality Assessment System (SQAS) which was established under the aegis of the European Chemical Industry Council (CEFIC) by a consortium of European chemical manufacturers and which also covers the Middle East and Asia, and the Chemical Distribution Institute – Terminals (CDI-T) scheme at the global level;
- assess the quality and safety performance of the carriers used;
- ensure regular maintenance of the transportation equipment that it owns, hires or leases (freight cars, ISO containers, tankers and pipelines);
- carry out systemic risk assessment studies when a modal shift is required;

- implement a variety of operational risk assessment measures, including vetting bulk charter vessels and having the transportation safety management system maintained by the Transportation Safety team, which reports to the Group Safety and Environment department; and
- conduct storage audits prior to signing contracts – repeated every three years for warehouse facilities housing hazardous materials – under the responsibility of the relevant business management.

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

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

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

1.1.2 Exposure to chemical products

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

Document. At last, some of the Group's products can be used directly or indirectly in sensitive applications such as medical and food applications.

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

Risk management

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

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

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

Group employees potentially exposed to toxic or hazardous substances in the workplace benefit from medical monitoring adapted to the specific risks related to their activities. When they leave the Group, particularly for retirement, they may benefit, in accordance with applicable legislation, from specific post-occupational medical monitoring based on information provided by Arkema on the hazardous chemicals handled over the course of their professional careers.

1.1.3 Pollution on site, warehouse facilities or during transportation

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

The Group cannot rule out the possibility that claims will be made in connection with its operations or products, seeking to hold it liable for uninsured events or for amounts

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

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

Risk management

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

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

1.1.4 Risk of loss of right to occupy certain industrial sites

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

Risk management

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

1.2 Compliance, legal risks, societal expectations and internal control

1.2.1 *Non-compliance with business practices*

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

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

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

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

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

Risk management

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

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

1.2.2 Regulatory requirements and CSR expectations

Due to its presence in 55 countries, Arkema is subject to a set of local, national and international laws and regulations that differ depending on the countries in which it operates or in some areas may be imprecise. These laws and regulations encompass a large number of fields, including safety, environmental protection, competition law, company law, commercial law, patent protection, labor law, personal data protection, tax law, customs regulations, and product listing.

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

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

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

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

Risk management

All of the Group's operational and corporate departments, both at the corporate and local levels, assisted by the Group's Legal department and, where necessary, specialist law firms or the relevant government authorities, work continuously to ensure that a high level of knowledge of applicable laws and regulations is maintained and to anticipate any future developments in order to comply with the applicable laws and regulations at all times.

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

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

1.2.3 *Judicial and administrative proceedings, and arbitration*

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

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

To the best of Arkema's and the Group's knowledge, there are no other administrative, legal or arbitration proceedings currently underway, or with which Arkema or the Group are

threatened, that are likely to have or have had over the course of the past twelve months a material adverse impact on the results or financial position of Arkema or the Group. However, it cannot be ruled out that, in the future, new proceedings, whether or not related to existing proceedings, could be initiated against any of Arkema's entities. Should such proceedings have an unfavorable outcome, they could adversely impact Arkema's business activities, financial position or results.

Risk management

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

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

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

Risk management

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

1.3 Operational risks

1.3.1 *Supplier dependency*

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

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

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

Risk management

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

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

This policy is based on the following principles:

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

1.3.2 Customer risks

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

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

Risk management

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

1.3.3 IT and cyber security risk

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

In the event of technical failure, intrusion or malicious use of information systems, the Group may have to stop or slow down the operation of all or part of one or more industrial units or

services. Given the nature of the Group's activities and the sensitive nature of its industrial processes, any interruption in the operation of critical applications or loss of sensitive data (for any reason whatsoever) may, as a precautionary measure, result in the shutdown or slowdown of all or part of one or more industrial units or services.

Risk management

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

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

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

1.3.4 Contractual commitments

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

In the event of an unfavourable economic situation, a decrease in demand or a change in demand for some of the Group's products, the Group may not reach the minimum level of delivery and may have to pay the full price of the minimum annual volumes. The Group could thus see its operating income and future cash flows adversely affected, due to contractual take-or-pay obligations. The total amount of the Group's financial commitments is €658 million at 31 December 2018. For more information, see paragraph 29.1.2 "Contractual commitments related to the Group's operating activities" in note 29 to the consolidated financial statements at 31 December 2018 in section 5.3.3 of the 2018 Registration Document.

Risk management

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

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

1.3.5 *Natural disasters and climate change*

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

In addition, in light of increasingly high expectations in the area of climate change response, the tightening of international, European and national regulations, notably those aimed at reducing greenhouse gas emissions (CO₂ quota systems), could have a negative impact on Arkema's business activities, increase its operating costs or decrease its profitability. Fluorogases have thus been identified as the products most exposed to regulatory changes over many years.

Risk management

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

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

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

toolbox to ensure that critical safeguards, such as backup power, function as intended during extreme weather events, including hurricanes or floods.

In addition, Arkema endeavours to reduce the greenhouse gas emissions generated by its operations and energy use, and also strives, through its innovation, to adapt its product range in order to reduce emissions across its value chain. Regarding fluorogases, Arkema is already anticipating the applicable regulatory changes by developing new blends or substitutes. The various initiatives taken and the results achieved as part of the fight against global warming are presented in section 4.3.3.2 of the 2018 Registration Document.

1.3.6 Supply chain disruption

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

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

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

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

Risk management

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

combine transportation plans and distribution schemes, with a lag time for implementation, and can set up geographical swaps with other manufacturers.

1.3.7 Risk of insurance coverage failure

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

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

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

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

Risk management

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

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

1.3.8 Talents and skills

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

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

- innovate by creating sustainable solutions in products and applications (in 2018, R&D had more than 1600 researchers in 15 research centers in three regional research and innovation poles);

- implement complex industrial projects (such as the construction of the thiochemical platform in Malaysia in a new country and on an innovative process);
- complete the integration of acquisitions (in particular Bostik); and
- more generally, to adapt to the different macroeconomic environments and to improve very significantly its financial and extra-financial performance.

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

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

Risk management

Arkema has implemented numerous initiatives aimed at attracting quality candidates, retaining top employees and reinforcing, notably thanks to targeted training, their skills and, as a result, the Group's overall expertise. For further details on the human resources development and talent management policy, see section 4.4.1 of the 2108 Registration Document.

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

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

1.4 Project and innovation risks

1.4.1 Industrial investments and acquisitions projects

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

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

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

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

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

Risk management

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

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

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

1.4.2 Innovation and technologies

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

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

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

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

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

Risk management

Each year, Arkema invests heavily in R&D to develop new products and processes that answer to both market demands and social challenges: more than 1,600 researchers, for €237 million in research expenditure, allocated between 15 R&D centers in three regional centers (Europe, North America and Asia). This major focus on innovation also enables the Group to adapt to regulatory changes. The organization and policy priorities of the Group's R&D, as well as the resources dedicated to R&D are detailed in section 1.1 of the 2018 Registration Document.

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

1.4.3 Protecting data and know-how

Arkema is developing a growth through innovation strategy based on a dedicated organization, 15 research centers around the world and a research incubator. Arkema

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

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

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

Risk management

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

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

1.5 Economic and business risks

1.5.1 Geopolitical and macroeconomic instability

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

Risk management

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

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

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

1.5.2 Change in costs of major raw materials

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

Risk management

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

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

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

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

1.5.3 Strengthening competition

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

Risk management

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

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

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

1.6 Financial risks

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

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

1.6.1 Foreign currency

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

- transaction risks related to Arkema's day-to-day operations and development projects;
- translation risks related to the consolidation in euros of Arkema's subsidiaries' accounts in currencies other than the euro. Fluctuations in the exchange rates of these currencies, particularly the US dollar-to-euro exchange rate, have had in the past and may have in the future a material impact on Arkema's financial position and operating income. The translation effect of a 10% change in the euro/US dollar exchange rate, for example, would have an estimated impact on consolidated EBITDA of €50 million. For further details about the impact of the translation effect on Arkema's income statement and balance sheet, see sections 5.1.5 and 5.1.9 of the 2018 Registration Document; and
- risk of competitiveness related to the fact that, proportionately, in the "euro zone", the Group incurs more operating expenses in euros than it generates sales in the currency owing to the fact that it is an export-focused company. As a result, Arkema's competitive position may be affected by the weakness of certain currencies, and in particular the US dollar against the euro, compared with its competitors positioned in countries with a weak currency. Furthermore, the weakness of certain currencies in countries with major imports from Arkema may affect its results.

Risk management

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

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

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

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

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

1.6.2 Liquidity

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

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

Risk management

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

- having Arkema's long-term credit rated by two rating agencies and maintaining a solid investment grade rating;
- having a net debt to EBITDA ratio of less than 2;
- maintaining cash reserves in excess of €500 million;
- have an EMTN programme to facilitate access to bond markets;
- maintaining average maturity at over three years; and
- diversifying its sources of financing.

2 RISK FACTORS RELATING TO THE NOTES

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

2.1 Risks factors for the Noteholders as creditors of the Issuer

2.1.1 French Insolvency Law

Under French insolvency law, holders of debt securities are automatically grouped into a single assembly of holders (the "**Assembly**") in case of the opening in France of a safeguard procedure (*procédure de sauvegarde*), an accelerated financial safeguard procedure (*procédure de sauvegarde financière accélérée*), an accelerated safeguard procedure

(*procédure de sauvegarde accélérée*) or a judicial reorganisation procedure (*procédure de redressement judiciaire*) of the Issuer, in order to defend their common interests.

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

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

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

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

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

For the avoidance of doubt, the provisions relating to the Representation of the Noteholders described in Condition 9 (*Representation of the Noteholders*) will not be applicable, to the extent they are not in compliance with compulsory insolvency law provisions that apply in these circumstances.

It should be noted that a new European directive entitled “Directive (EU) 2019/1023 on preventive restructuring frameworks, on discharge of debt and disqualifications, and on measures to increase the efficiency of procedures concerning restructuring, insolvency and discharge of debt, and amending Directive (EU) 2017/1132”, has been adopted by the European Union on 20 June 2019. Once transposed into French law (which is scheduled to happen by 17 July 2021 at the latest), such directive should have a material impact on French insolvency law, especially with regard to the process of adoption of restructuring plans under insolvency proceedings. According to this directive, “affected parties” (*i.e.*, creditors, including the Noteholders) shall be treated in separate classes which reflect certain class formation criteria for the purpose of adopting a restructuring plan. Classes shall be formed in such a way that each class comprises claims or interests with rights that are sufficiently similar to justify considering the members of the class a homogenous group with commonality of interest. As a minimum, secured and unsecured claims shall be treated in

separate classes for the purpose of adopting a restructuring plan. A restructuring plan shall be deemed to be adopted by affected parties, provided that a majority in the amount of their claims or interests is obtained in each and every class (the required majorities shall be laid down by Member States at not higher than 75% in the amount of claims or interests in each class, it being noted that Member States may require that in addition a majority in number of affected parties be obtained in each class). If the restructuring plan is not approved by each and every class of affected parties, the plan may however be confirmed by a judicial or administrative authority by applying a cross-class cram-down, provided notably that:

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

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

The commencement of insolvency proceedings against the Issuer would have a material adverse effect on the market value of Notes issued by the Issuer. Any decisions taken by the Assembly or a class of creditors, as the case may be, could materially and negatively

impact the Noteholders and cause them to lose all or part of their investment, should they not be able to recover amounts due to them from the Issuer.

2.1.2 U.S. Foreign Account Tax Compliance Act Withholding risk

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

2.2 Risk factor relating to the market generally

2.2.1 No active secondary/trading market for the Notes

Application has been made to Euronext Paris for the Notes to be admitted to trading on Euronext Paris. However, the Notes may not have an established trading market when issued and admitted to trading. There can be no assurance of a secondary market for the Notes or the continued liquidity of such market if one develops. If an active trading market for the Notes does not develop or is not maintained, the market or trading price and liquidity of the Notes may be significantly adversely affected.

The development or continued liquidity of any secondary market for the Notes will be affected by a number of factors such as general economic conditions, the financial condition, the creditworthiness of the Issuer and/or the Group, and the level of the Euro 5-Year Swap Rate, as well as other factors such as the complexity and volatility of the reference rate, the method of calculating the return to be paid in respect of such Notes, the outstanding amount of the Notes, any redemption features of the Notes and the level, direction and volatility of interest rates generally. Such factors may adversely affect the market value of the Notes in a significant manner.

2.3 Risks factors relating to the structure of the Notes

2.3.1 The Notes are lowest ranking subordinated obligations of the Issuer

In accordance with Condition 2.1 (*Deeply Subordinated Notes*), the Notes are Deeply Subordinated Notes issued pursuant to the provisions of Article L.228-97 of the French *Code de commerce*.

The Issuer's obligations under the Notes are direct, unconditional, unsecured and lowest ranking subordinated obligations (*engagements subordonnés de dernier rang*) of the Issuer and rank and will rank *pari passu* among themselves and *pari passu* with all other present or future Deeply Subordinated Obligations (which include, for the avoidance of doubt, the Euro 700,000,000 Undated Deeply Subordinated Fixed to Reset Rate Notes issued on 29 October 2014 (ISIN: FR0012278539) and the Euro 400,000,000 Undated Deeply Subordinated Fixed Rate Resetable Notes issued on 17 June 2019 (ISIN: FR0013425170)). In the event of any judgment rendered by any competent court declaring the judicial liquidation (*liquidation judiciaire*) of the Issuer, or in the event of a transfer of the whole of the business of the Issuer (*cession totale de l'entreprise*) subsequent to the opening of a judicial recovery procedure (*redressement judiciaire*), or in the event of the voluntary dissolution of the Issuer or if the Issuer is liquidated for any other reason (other than pursuant to a consolidation, amalgamation or merger or other reorganisation outside the context of an insolvency whereby the surviving entity assumes all obligations of the Issuer under the Notes), the rights of Noteholders to payment under the Notes will be subordinated to the full payment of the unsubordinated creditors of the Issuer (including holders of Unsubordinated Notes), of the ordinary subordinated creditors of the Issuer (including holders of Ordinary Subordinated Notes), of lenders in relation to *prêts participatifs* granted to the Issuer and of holders of *titres participatifs* issued by the Issuer, if and to the extent that there is still cash available for those payments.

In the circumstances described in the preceding paragraph, in the event of incomplete payment of unsubordinated creditors and subordinated creditors ranking ahead of the Noteholders, the obligations of the Issuer in connection with the Notes shall terminate. Thus, the Noteholders face a higher performance risk than holders of unsubordinated and ordinary subordinated obligations of the Issuer.

The claims of the Noteholders under the Notes are intended to be senior only to claims of shareholders. There are currently no instruments of the Issuer that rank junior to the Notes other than the ordinary shares of the Issuer.

2.3.2 There are no events of default or cross default under the Notes

Compared to other debt securities, the Terms and Conditions of the Notes do not provide for events of default or cross default allowing acceleration of the Notes if certain events occur. Accordingly, if the Issuer fails to meet any obligations under the Notes, including the payment of any interest, or is in default under other indebtedness, investors will not have the right of acceleration of principal. Upon a payment default, the sole remedy available to Noteholders for recovery of amounts owing in respect of any payment of principal or interest

on the Notes will be the institution of proceedings to enforce such payment. Notwithstanding the foregoing, the Issuer will not, by virtue of the institution of any such proceedings, be obliged to pay any sum or sums sooner than the same would otherwise have been payable by it, and investors may therefore lose all or part of their investment. As a result, the value of the Notes or liquidity on the secondary market may be negatively affected.

2.3.3 The Notes are undated securities

As provided in Condition 5.1 (*Final Redemption*), the Notes are undated securities, with no specified maturity date. Notwithstanding the Issuer's ability to redeem the Notes between 21 October 2025 (being the date falling three (3) months prior to the First Step-up Date) and the First-Step up Date and on any Interest Payment Date thereafter or upon the occurrence of a Gross-Up Event, a Withholding Tax Event, a Tax Deductibility Event, an Accounting Event, a Rating Event, a Change of Control Call Event or a Repurchase Event the Issuer is under no obligation to redeem or repurchase the Notes at any time, and the Noteholders have no right to require redemption of the Notes, except if a judgment is issued for the judicial liquidation (*liquidation judiciaire*) of the Issuer or, following an order of judicial reorganisation (*redressement judiciaire*), the sale of the whole of the business (*cession totale de l'entreprise*) of the Issuer or in the event of the voluntary dissolution of the Issuer or if the Issuer is liquidated for any other reason (and in all the cases above, other than pursuant to a consolidation, amalgamation or merger or other reorganisation outside the context of an insolvency whereby the surviving entity assumes all obligations of the Issuer under the Notes). Therefore, prospective investors should be aware that they may be required to bear the financial risks of an investment in the Notes for an indefinite period of time and may not recover all or part of their investment in a foreseeable future.

2.3.4 Deferral of interest payment

In accordance with Condition 4.7 (*Interest Deferral*), on any applicable Interest Payment Date, the Issuer may elect to defer payment of all or part of the interest accrued to that date, and the Issuer shall not have any obligation to make such payment and any such failure to pay shall not constitute a default by the Issuer for any purpose.

Any interest not paid on an applicable Interest Payment Date and deferred shall constitute Arrears of Interest and may be paid, in whole or in part, at any time, provided that all Arrears of Interest (together with any Additional Interest Amounts thereon) in respect of all Notes for the time being outstanding shall become due and payable in whole, but not in part, on the date which is the earliest of:

- i. the tenth (10th) Business Day following the date on which a Mandatory Payment Event occurs;
- ii. the next scheduled Interest Payment Date in respect of which the Issuer does not elect to defer all of the interest accrued in respect of the relevant Interest Period;
- iii. the date on which the Notes are redeemed; or
- iv. the date upon which a judgment is made for the judicial liquidation of the Issuer (*liquidation judiciaire*), or in the event of a transfer of the whole of the business of the

Issuer (*cession totale de l'entreprise*) subsequent to the opening of a judicial reorganisation (*redressement judiciaire*) or in the event of the voluntary dissolution of the Issuer or if the Issuer is liquidated for any other reason (and in all cases listed above, other than pursuant to a consolidation, amalgamation or merger or other reorganisation outside the context of an insolvency whereby the surviving entity assumes all obligations of the Issuer under the Notes).

Any deferral of interest payments, or the perception that the Issuer will need to exercise its optional deferral right, will be likely to have a significant adverse effect on the market price of the Notes. In addition, as a result of the above provisions of the Notes, the market price of the Notes may be more volatile than the market prices of other debt securities on which interest accrues that are not subject to the above provisions and may be more sensitive generally to adverse changes in the Issuer's financial condition.

2.3.5 Early Redemption Risk

The Issuer may redeem all of the Notes (but not some only) (i) as of any date during the period from and including 21 October 2025 (being the date falling three (3) months prior to the First Reset Date) to and including the First Reset Date and (ii) upon any Interest Payment Date thereafter, and at any time, following the occurrence of a Gross-Up Event, a Withholding Tax Event, a Tax Deductibility Event, an Accounting Event, a Rating Event, a Change of Control Call Event or a Repurchase Event, as outlined in the "Terms and Conditions of the Notes".

In the event of an early redemption at the option of the Issuer following the occurrence of a Gross-Up Event, a Withholding Tax Event, a Change of Control Call Event or a Repurchase Event, such early redemption of the Notes will be made at the principal amount of the Notes together with any accrued interests and Arrears of Interest (including any Additional Interest Amounts thereon), as outlined in the "Terms and Conditions of the Notes". In the event of an early redemption at the option of the Issuer following the occurrence of a Tax Deductibility Event, an Accounting Event or a Rating Event, such early redemption of the Notes will be made (i) at the Early Redemption Price, *i.e.*, 101 per cent. of the principal amount of the Notes (together with any accrued interest and Arrears of Interest (including Additional Interest Amounts thereon), where such redemption occurs prior to 21 October 2025 (being the date falling three (3) months prior to the First Reset Date), or (ii) at their principal amount together with any accrued interest and any Arrears of Interest (including any Additional Interest Amounts thereon) where such redemption occurs on or after 21 October 2025 (being the date falling three (3) months prior to the First Reset Date), as outlined in the "Terms and Conditions of the Notes".

The redemption at the option of the Issuer might negatively affect the market value of the Notes. During any period when the Issuer may, or may be perceived to be able to, elect to redeem the Notes, the market value of the Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to 21 October 2025 (being the date falling three (3) months prior to the First Reset Date).

The Issuer may also redeem the Notes when its cost of borrowing is lower than the interest rate on the Notes. There can be no assurance that, at the relevant time, Noteholders will be able to reinvest the amounts received upon redemption at a rate that will provide the same return as their investment in the Notes which could have a significant negative impact on the performance of investors' investment portfolio. Potential investors should consider reinvestment risk in light of other investments available at that time.

2.3.6 *The Issuer is not required to redeem the Notes in the case of a Withholding Tax Event*

There is uncertainty as to whether gross-up obligations in general, including those under the Terms and Conditions of the Notes, are enforceable under French law. If any payment obligations under the Notes, including the obligations to pay additional amounts under Condition 7 (*Taxation*), are held illegal or unenforceable under French law, the Issuer will have the right, but not the obligation, to redeem the Notes in accordance with Condition 5.3 (*Redemption for Taxation Reasons*). Accordingly, if the Issuer does not redeem the Notes upon the occurrence of a Withholding Tax Event as defined in the Terms and Conditions of the Notes, Noteholders may receive less than the full amount due, and the market value of such Notes will be adversely affected.

2.3.7 *Any decline in the credit ratings of the Issuer may affect the market value of the Notes*

The Notes have been assigned a rating by S&P and Moody's. The rating granted by each of S&P and Moody's or any other rating assigned to the Notes may not reflect the potential impact of all risks related to structure, market and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

In addition, each of S&P and Moody's or any other rating agency may change its methodologies for rating securities with features similar to the Notes in the future. This may include the relationship between ratings assigned to an issuer's senior securities and ratings assigned to securities with features similar to the Notes, sometimes called "notching". If the rating agencies were to change their practices for rating such securities in the future and the ratings of the Notes were to be subsequently lowered, this may have a negative impact on the trading price of the Notes.

2.3.8 *Changes in rating methodologies may lead to the early redemption of the Notes*

S&P or Moody's may change their rating methodology and as a result the Notes may no longer be assigned the same or higher category of equity credit at the date of their issue, in which case the Issuer may redeem all of the Notes (but not some only), as provided in Condition 5.5 (*Redemption following a Rating Event*).

Such redemption at the option of the Issuer might have a significant negative impact on the market value of such Notes. During any period when the Issuer may elect to redeem the Notes, the market value of the Notes generally will not rise substantially above the price at which they can be redeemed. Should the Notes at such time be trading above or well above

the price set for redemption, the negative impact on the Noteholders' anticipated returns would be significant. The Issuer may also be expected to redeem the Notes when its cost of borrowing is lower than the interest rate of the Notes. There can be no assurance that, at the relevant time, Noteholders will be able to reinvest the redemption proceeds at an effective interest rate as high as the return that would have been received on such Notes had they not been redeemed.

2.3.9 The current IFRS accounting classification of financial instruments such as the Notes as equity instruments may change which may result in the occurrence of an Accounting Event

In June 2018, the IASB (International Accounting Standards Board) published the discussion paper DP/2018/1 on "Financial Instruments with Characteristics of Equity" (the "**DP/2018/1 Paper**"). While the final timing and outcome are uncertain, if the proposals set out in the DP/2018/1 Paper are implemented, the IFRS equity classification of financial instruments such as the Notes may change. If such a change leads to an Accounting Event, the Issuer will have the option to redeem, in whole but not in part, the Notes pursuant to Condition 5.4 (*Redemption following an Accounting Event*).

The implementation of any of the proposals set out in the DP/2018/1 Paper or any other similar such proposals that may be made in the future, including the extent and timing of any such implementation, if at all, is uncertain. Accordingly, no assurance can be given as to the future classification of the Notes from an accounting perspective or whether any such change may result in the occurrence of an Accounting Event, thereby providing the Issuer with the option to redeem the Notes pursuant to Condition 5.4 (*Redemption following an Accounting Event*).

The redemption of the Notes by the Issuer or the perception that the Issuer will exercise its optional redemption right might negatively affect the market value of the Notes. During any period when the Issuer may elect to redeem the Notes, the market value of the Notes generally will not rise substantially above the price at which they can be redeemed. Should the Notes at such time be trading above or well above the price set for redemption, the negative impact on the Noteholders' anticipated returns would be significant.

2.3.10 No limitation on issuing or guaranteeing debt ranking senior or pari passu with the Notes

There is no restriction in the Terms and Conditions of the Notes on the amount of debt which the Issuer may issue or guarantee. The Issuer and any member of the Group may incur additional indebtedness or grant guarantees in respect of indebtedness of third parties, including indebtedness or guarantees that rank *pari passu* or senior to the obligations under and in connection with the Notes. The issue of any such securities or the incurrence of any such other liabilities may reduce the amount (if any) recoverable by Noteholders on a winding-up of the Issuer and/or may increase the likelihood of a deferral of interest payments under the Notes.

If the Issuer's financial condition were to deteriorate, the Noteholders could suffer direct and materially adverse consequences, including loss of interest and, if the Issuer were liquidated (whether voluntarily or not), the Noteholders could suffer loss of their entire investment, particularly as their claims would be subordinated to the claims of senior creditors of the Issuer (see risk factor entitled "*The Notes are the lowest ranking subordinated obligations of the Issuer*").

2.3.11 Interest Rate Risk

As set out in Condition 4.1, interest on the Notes before the First Reset Date are calculated at a fixed rate equal to 1.500 per cent. *per annum*. This involves the risk that subsequent changes in market interest rates may adversely affect the value of the Notes. A Noteholder is exposed to the risk that the value of the Notes could fall as a result of changes in the market interest rate. While the nominal interest rate of the Notes specified herein is fixed up to (but excluding) the First Reset Date, the current interest rate on the capital markets ("**market interest rate**") typically varies on a daily basis. As the market interest rate changes, the value of the Notes would typically change in the opposite direction. If the market interest rate increases, the value of the Notes would typically fall, until the yield of such Notes is approximately equal to the market interest rate. If the market interest rate falls, the value of the Notes would typically increase, until the yield of such Notes is approximately equal to the market interest rate. There can be no assurance regarding the future level of market interest rates.

Following the First Reset Date, interest on the Notes for each relevant Reset Period shall be calculated on the basis of the mid swap rates for Euro swap transactions with a maturity of 5 years plus the applicable margin. These mid swap rates are not pre-defined for the lifespan of the Notes. Higher mid swap rates for Euro swap transactions mean a higher interest and lower mid swap rates for Euro swap transactions with a maturity of 5 years mean a lower interest.

Finally, the interest rates of the Notes will be reset as from, the First Reset Date and then every 5-year period. Each reset interest rate is not pre-defined at the date of issue of the Notes. The interest rates of the Notes may be different from the interest rates prior to, the First Reset Date and may adversely affect the yield of the Notes.

2.3.12 Regulation and reform of "benchmarks" may adversely affect the value of the Notes

Rates and indices which are deemed to be "benchmarks" are the subject of recent national, international and other regulatory guidance and proposals for reform. Some of these reforms are already effective while others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, or to disappear entirely, or have other consequences which cannot be predicted.

Regulation (EU) 2016/1011 (the "**Benchmarks Regulation**") was published in the Official Journal of the EU on 29 June 2016 and most of its provisions have applied since 1 January 2018. The Benchmarks Regulation applies to the provision of benchmarks, the contribution

of input data to a benchmark and the use of a benchmark, within the EU. It will, among other things, (i) require benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevent certain uses by EU supervised entities of benchmarks of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed).

The Euro Interbank Offered Rate (“**EURIBOR**”) is used for the purposes of determining the Euro 5-Year Swap Rate in order to calculate the rate of interest on the Notes on each Interest Payment Date from (and including) the First Reset Date. Accordingly, the Benchmarks Regulation could have a material impact on the Notes and a material adverse effect on their value and return if the methodology or other terms of EURIBOR as a “benchmark” are changed in order to comply with the requirements of the Benchmarks Regulation. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the “benchmark”.

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

Such factors may have the following effects on certain “benchmarks”: (i) discourage market participants from continuing to administer or contribute to such “benchmark”; (ii) trigger changes in the rules or methodologies used in the “benchmarks” or (iii) lead to the disappearance of the “benchmark”. Any of the above changes or any other consequential changes as a result of international, national or other proposals for reform or other initiatives or investigations, could have a material adverse effect on the value of and return on the Notes.

The Terms and Conditions of the Notes provide that the Euro 5-Year Swap Rate shall be determined by reference to the Screen Page (or its successor or replacement). In circumstances where the Euro 5-Year Swap Rate (as defined in Condition 4.1 (*General*)) is discontinued, neither the Screen Page, nor any successor or replacement may be available. Where the Screen Page is not available, and no successor or replacement for the Screen Page is available, the Terms and Conditions of the Notes provide for the Euro 5-Year Swap Rate to be determined by the Calculation Agent by reference to quotations from banks communicated to the Calculation Agent. If such quotations are not available, the Euro 5-Year Swap Rate applicable to the next succeeding Reset Period shall be equal to the last Euro 5-Year Swap Rate available on the Screen Page as determined by the Calculation Agent.

If a Benchmark Event occurs, the Issuer shall use its reasonable endeavours to appoint an Independent Adviser (as defined in Condition 4.2 (*Discontinuation of the Euro 5-Year Swap Rate*)). The Independent Adviser shall endeavour to determine a Successor Rate or Alternative Rate to be used in place of the Euro 5-Year Swap Rate, in accordance with the Terms and Conditions of the Notes.

Furthermore, if a Successor Rate or Alternative Rate for the Euro 5-Year Swap Rate is determined by the Independent Adviser, the Terms and Conditions of the Notes provide that the Issuer may vary the Terms and Conditions of the Notes, as necessary to ensure the proper operation of such Successor Rate or Alternative Rate, without any requirement for consent or approval of the Noteholders.

The Successor Rate or Alternative Rate may have no or very limited trading history and accordingly its general evolution and/or interaction with other relevant market forces or elements may be difficult to determine or measure. In addition, the Successor Rate or Alternative Rate may perform differently from the discontinued benchmark. This could significantly affect the performance of an alternative rate compared to the historical and expected performance the relevant benchmark. There can be no assurance that any adjustment factor applied to the Notes will adequately compensate for this impact. This could in turn impact the rate of interest on, and trading value of, the Notes. Moreover, any Noteholders that enter into hedging instruments based on the Screen Page (as defined in the Terms and Conditions of the Notes) may find their hedges to be ineffective, and they may incur costs replacing such hedges with instruments tied to the Successor Rate or Alternative Rate.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the Benchmarks Regulation reforms, investigations and licensing issues in making any investment decision with respect to the Notes, and Noteholders may receive lower return on the Notes than anticipated at the time of the issue.

2.4 Risks factors relating to the specific provisions governing Noteholders' rights under the Notes

2.4.1 *The Terms and Conditions of the Notes contain a prohibition of set-off*

In accordance with Condition 2.3 (*Prohibition of set-off*) and subject to applicable law, no Noteholder may exercise, claim or plead any right of set-off, compensation or retention in respect of any amount owed to it by the Issuer in respect of, or arising under or in connection with the Notes and each Noteholder shall, by virtue of its holding of any Note, be deemed to have waived all such rights of set-off, compensation or retention. If the Issuer has a claim against a Noteholder, such Noteholder cannot seek to set off the amount it owes to the Issuer against the amount owed by the Issuer to it, no matter how great the amount owed by the Issuer to such Noteholder and no matter the financial situation of the Issuer. The impossibility for a Noteholder to exercise any set-off could have a significant impact on the recovery of payments from the Issuer in the event of an insolvency proceedings.

2.4.2 *Modification and waivers*

Condition 9 (*Representation of the Noteholders*) contains provisions for calling General Meetings of Noteholders or consulting them by way of a resolution in writing to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant General Meeting or who did not vote through the written consultation and Noteholders who voted in

a manner contrary to the majority. If a decision is adopted by a majority of Noteholders and such modifications were to impair or limit the rights of the Noteholders, this may have a negative impact on the market value of the Notes and hence investors may lose part of their investment.

GENERAL DESCRIPTION OF THE NOTES

This overview is a general description of the Notes and is qualified in its entirety by the remainder of this Prospectus. For a more complete description of the Notes, including definitions of capitalised terms used but not defined in this section, please see “Terms and Conditions of the Notes”.

Issuer	Arkema.
Securities	€300,000,000 Undated Deeply Subordinated Fixed Rate Resettable Notes (the “Notes”).
Maturity	Perpetual.
Form and Denomination	The Notes will be issued in dematerialised bearer form (<i>au porteur</i>) and in the denomination of €100,000.
Issue Date	21 January 2020.
Status/Ranking	<p>The Notes are Deeply Subordinated Notes issued pursuant to the provisions of Article L.228-97 of the French <i>Code de commerce</i>. The principal and interest and other amounts (including Arrears of Interest (as defined below) and/or Additional Interest Amounts (as defined below)) on the Notes constitute direct, unconditional, unsecured and Deeply Subordinated Obligations (which include, for the avoidance of doubt, the Euro 700,000,000 Undated Deeply Subordinated Fixed to Reset Rate Notes issued on 29 October 2014 (ISIN: FR0012278539) and the Euro 400,000,000 Undated Deeply Subordinated Fixed Rate Resettable Notes issued on 17 June 2019 (ISIN: FR0013425170)) of the Issuer and rank and will rank <i>pari passu</i> among themselves and <i>pari passu</i> with all other present or future Deeply Subordinated Obligations, but shall be subordinated to the <i>titres participatifs</i> issued by, and the <i>prêts participatifs</i> granted to, the Issuer, to Ordinary Subordinated Obligations and to Unsubordinated Obligations of or issued by the Issuer.</p> <p>“Deeply Subordinated Notes” means any bonds or notes of the Issuer which constitute direct, unconditional, unsecured and lowest ranking subordinated obligations (<i>titres subordonnés de dernier rang</i>) of the Issuer and which rank and will rank <i>pari passu</i> among themselves and <i>pari passu</i> with all other present and future Deeply Subordinated Obligations, but junior to the <i>titres participatifs</i> issued by, and <i>prêts</i></p>

participatifs granted to, the Issuer, and junior to the Ordinary Subordinated Obligations and Unsubordinated Obligations of the Issuer.

“Deeply Subordinated Obligations” means any Deeply Subordinated Notes or other Obligations or lowest ranking Obligations (*engagements subordonnés de dernier rang*) of the Issuer which rank, or are expressed to rank, *pari passu* with the Notes.

“Obligations” means, in respect of any person, any financial obligation expressed to be assumed by or imposed on it under or arising as a result of any contract, agreement, guarantee, document, instrument, conduct or relationship or directly by law.

“Ordinary Subordinated Obligations” means any Obligations which constitute direct, unconditional, unsecured and subordinated obligations of the Issuer and rank and will rank *pari passu* among themselves and *pari passu* with all other present or future Ordinary Subordinated Obligations, behind Unsubordinated Obligations but in priority to the *prêts participatifs* granted to, and the *titres participatifs* issued by, the Issuer and Deeply Subordinated Obligations.

“Unsubordinated Obligations” means any Obligations which constitute direct, unconditional, unsecured and unsubordinated obligations of the Issuer and rank and will rank *pari passu* without preference or priority among themselves, *pari passu* with all other present or future unsecured and unsubordinated obligations of the Issuer (save for certain obligations required to be preferred by French law), and in priority to Ordinary Subordinated Obligations.

Prohibition of set-off

Subject to applicable law, no Noteholder may exercise, claim or plead any right of set-off, compensation or retention in respect of any amount owed to it by the Issuer in respect of, or arising under or in connection with the Notes and each Noteholder shall, by virtue of its holding of any Note, be deemed to have waived all such rights of set-off, compensation or retention.

Interest

Unless previously redeemed in accordance with the Conditions and subject, in particular, but not limited to,

the provision relating to interest deferral, the Notes shall bear interest on their principal amount:

- from, and including, the Issue Date to, but excluding, 21 January 2026 (the “**First Reset Date**”), at a rate of 1.500 per cent. *per annum*;
- from and including the First Reset Date to, but excluding, 21 January 2031 (the “**First Step-up Date**”), at an interest rate *per annum* which shall be equal to the sum of the Reference Rate of the relevant Reset Period and the Initial Margin;
- from and including the First Step-up Date to, but excluding, 21 January 2046 (the “**Second Step-up Date**”), at an interest rate *per annum* which will be subject to a reset every five years and shall be equal to the sum of the Reference Rate of the relevant Reset Period, the Initial Margin and the First Step-up Margin; and
- from and including the Second Step-up Date, to, but excluding, the date on which the Issuer redeems the Notes, at an interest rate *per annum* which will be subject to a reset every five years and shall be equal to the sum of the Reference Rate of the relevant Reset Period, the Initial Margin and the Second Step-up Margin.

Each Interest Amount shall be payable annually in arrear on 21 January of each year commencing on 21 January 2021 (each an “**Interest Payment Date**”).

In no event shall the applicable interest rate (including any margin) be less than zero.

“**Initial Margin**” means 1.571 per cent. *per annum*.

“**First Step-up Margin**” means 0.25 per cent. *per annum*.

“**Second Step-up Margin**” means 1.00 per cent. *per annum*.

“**Reset Date**” means the First Reset Date and each 5th anniversary of the immediately preceding Reset Date.

“**Reset Period**” means the period from, and including, the First Reset Date to, but excluding, the next Reset Date and subsequently each period from, and including, a Reset Date to, but excluding, the next succeeding Reset Date.

“Reference Rate” means the Euro 5-Year Swap Rate.

“Euro 5-Year Swap Rate” means, with respect to the Notes, the mid-swap rate in euros for a term of 5 years determined by the Calculation Agent on the day falling two Business Days prior to the first day of the relevant Reset Period.

**Rate of Interest following a
Change of Control Call Event**

Further to the occurrence of a Change of Control Call Event (as defined below), if the Change of Control Call Option has not been exercised by the Issuer, the interest payable on the Notes will be increased by an additional margin of 5.00 per cent. *per annum* from and including the date of the Call Event Notice (as defined below) to, but excluding, the redemption of the Notes.

Interest Deferral

Optional Interest Payment

Interest which accrues during an Interest Period ending on but excluding an Interest Payment Date will be due on that Interest Payment Date unless the Issuer elects to defer such payment, in whole or in part, on the Notes and the Issuer shall not have any obligation to make such payment and any failure to so pay shall not constitute a default by the Issuer under the Notes or for any other purpose.

Any interest in respect of the Notes which has been deferred on an Interest Payment Date shall constitute **“Arrears of Interest”**.

Payment of Arrears of Interest

Arrears of Interest (together with any Additional Interest Amount (as defined below)) in respect of the Notes may at the option of the Issuer be paid, in whole or in part, at any time, provided that all Arrears of Interest (together with the corresponding Additional Interest Amounts) in respect of all Notes for the time being outstanding shall become due and payable in whole, but not in part, on whichever is the earliest of:

- (i) the tenth (10th) Business Day following a Mandatory Payment Event;
- (ii) the next Interest Payment Date in respect of which the Issuer does not elect to defer interest accrued in respect of the relevant Interest Period;

- (iii) the redemption of the Notes; or
- (iv) the date upon which a judgment is made for the voluntary or judicial liquidation of the Issuer (*liquidation judiciaire* or *liquidation amiable*) or the sale of the whole of the business (*cession totale de l'entreprise*) of the Issuer or if the Issuer is liquidated for any other reason.

Each amount of Arrears of Interest shall bear interest, in accordance with Article 1343-2 of the French *Code civil*, as if it constituted the principal of the Notes at a rate which corresponds to the rate of interest from time to time applicable to the Notes (the “**Arrears Interest Rate**”) and the amount of such interest (the “**Additional Interest Amount**”) with respect to Arrears of Interest shall be due and payable pursuant to this paragraph and shall be calculated by the Calculation Agent applying the Arrears Interest Rate to the amount of the Arrears of Interest and otherwise *mutatis mutandis* as provided in the Conditions.

The Additional Interest Amount accrued up to any Interest Payment Date shall be added in accordance with Article 1343-2 of the French *Code civil* to the amount of Arrears of Interest remaining unpaid on such Interest Payment Date so that it will itself become Arrears of Interest for the purpose only of calculating the Additional Interest Amount accruing thereafter.

For the purpose hereof:

“**Equity Securities**” means (a) the ordinary shares (*actions ordinaires*) of the Issuer and (b) any other class of the Issuer’s share capital (including preference shares (*actions de préférence*)).

A “**Mandatory Payment Event**” means that:

- (i) a dividend, or any other distribution or payment (whether or not in cash) was validly resolved on, declared, paid or made in respect of any Equity Securities or Parity Securities of the Issuer, or
- (ii) the Issuer has repurchased, redeemed, or otherwise acquired any Equity Securities or any Parity Securities of the Issuer other than, (i) with respect to Equity Securities, in connection with the satisfaction by the Issuer of its obligations under

any (a) buy-back programme, share option, or free share allocation plan in each case reserved for directors, officers and/or employees of the Issuer's group, or (b) liquidity agreement (*programme de liquidité*) or any associated hedging transaction with respect to (a) or (b) or the hedging of convertible securities of the Issuer or (ii) the acquisition by the Issuer of any Parity Securities (in whole or in part) in a public tender offer or public exchange offer at a purchase price per Parity Security (including, for the avoidance of doubt, the Notes) below its par value;

save for, in each case, any compulsory dividend, other distribution, payment, repurchase, redemption or other acquisition required by the terms of such Equity Securities or Parity Securities.

“Parity Securities” means, at any time, any Deeply Subordinated Notes and any securities which rank *pari passu* with the Notes including, for the avoidance of doubt, the Euro 700,000,000 Undated Deeply Subordinated Fixed to Reset Rate Notes issued by the Issuer on 29 October 2014 (ISIN: FR0012278539) and the Euro 400,000,000 Undated Deeply Subordinated Fixed Rate Resettable Notes issued on 17 June 2019 (ISIN: FR0013425170). The term Parity Securities shall apply *mutatis mutandis* to any instruments issued by any Subsidiary of the Issuer, where relevant, provided that each such instrument shall qualify as Parity Securities only to the extent such instrument is guaranteed by the Issuer or the Issuer otherwise assumes liability for it, and the Issuer's obligations under the relevant guarantee or other assumption of liability rank *pari passu* with the Issuer's obligations under the Notes.

“**Subsidiary**” means any fully consolidated subsidiary (as defined in Article L.233-1 of the French *Code de commerce*) of the Issuer.

Optional Partial Payment of Arrears of Interest and Additional Interest Amounts:

If amounts in respect of Arrears of Interest and Additional Interest Amounts are paid in part:

- (i) all unpaid amounts of Arrears of Interest shall be payable before any Additional Interest Amounts;
- (ii) Arrears of Interest accrued for any period shall not be payable until full payment has been made of all Arrears of Interest that have accrued during any earlier period and the order of payment of Additional Interest Amounts shall follow that of the Arrears of Interest to which they relate; and
- (iii) the amount of Arrears of Interest or Additional Interest Amounts payable in respect of any of the Notes in respect of any period, shall be *pro rata* to the total amount of all unpaid Arrears of Interest or, as the case may be, Additional Interest Amounts accrued on the Notes in respect of that period to the date of payment.

Taxation

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

Additional Amounts

If French law should require that payments of principal, interest and other revenues in respect of the Notes by or on behalf of the Issuer be subject to deduction or withholding in respect of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within France or any authority thereof or therein having power to tax, the Issuer will, to the fullest extent then permitted by law, pay such additional amounts (“**Additional Amounts**”) as shall result in receipt by the Noteholders of such amounts as would

have been received by them had no such withholding or deduction been required, except that no such Additional Amounts shall be payable with respect to any Note in certain circumstances as more fully described in the Conditions.

Final Redemption

Subject to any early redemption described below, the Notes are undated securities with no specified maturity date.

Optional Redemption at the option of the Issuer

The Issuer will have the right to redeem all of the Notes (but not some only) (i) on any date during the period commencing on (and including) 21 October 2025 (being the date falling three (3) months prior to the First Reset Date) and ending on (and including) the First Reset Date, or (ii) upon any Interest Payment Date thereafter. Such early redemption of the Notes will be made at their principal amount together with any accrued interest and Arrears of Interest (including any Additional Interest Amounts thereon).

Early Redemption following a Gross-Up Event or Withholding Tax Event

If by reason of a change in French law or regulation, or any change in the official application or interpretation of such law or regulation, becoming effective after the Issue Date, the Issuer would on the occasion of the next payment due in respect of the Notes, not be able to make such payment without having to pay Additional Amounts (a “**Gross-Up Event**”), the Issuer may, at its option, at any time, redeem all of the Notes (but not some only) at their principal amount together with any accrued interest to the date set for redemption and any Arrears of Interest (including any Additional Interest Amounts thereon) provided that the due date for redemption of which notice hereunder may be given shall be no earlier than the latest practicable Interest Payment Date on which the Issuer could make payment of principal and interest without withholding for French taxes.

If the Issuer would on the occasion of the next payment in respect of the Notes be prevented by French law or regulation from making payment to the Noteholders of the full amount then due and payable, notwithstanding the undertaking to pay Additional Amounts (a “**Withholding Tax Event**”), then the Issuer may, at its option, at any time, redeem all of the Notes (but not

some only) at their principal amount together with any accrued interest to the date set for redemption and any Arrears of Interest (including any Additional Interest Amounts thereon) on the latest practicable date on which the Issuer could make payment of the full amount payable in respect of the Notes without withholding or deduction for French taxes, or, if such date is passed, as soon as practicable thereafter.

Early Redemption following a Tax Deductibility Event

If an opinion of a recognised law firm of international standing has been delivered to the Issuer and the Fiscal Agent, stating that by reason of a change in French law or regulation, or any change in the official application or interpretation of such law or regulation, becoming effective after the Issue Date, the tax regime of any payments under the Notes is modified and such modification results in the part of the interest payable by the Issuer in respect of the Notes that is tax-deductible being reduced (a “**Tax Deductibility Event**”), the Issuer may, at its option, at any time redeem all of the Notes (but not some only) at (i) the Early Redemption Price (as defined below) where such redemption occurs prior to the 21 October 2025 (being the date falling three (3) months prior to the First Reset Date), or (ii) their principal amount together with any accrued interest and any Arrears of Interest (including any Additional Interest Amounts thereon) where such redemption occurs on or after 21 October 2025 (being the date falling three (3) months prior to the First Reset Date), provided that the effective date of redemption of which notice hereunder may be given shall be no earlier than the latest practicable date preceding the effective date on which the tax regime of interest payments under the Notes is modified.

Early Redemption following an Accounting Event

If an Accounting Event shall occur after the Issue Date, the Issuer may, at its option, redeem all the Notes (but not some only) on any day from the Accounting Event Adoption Date, at (i) the Early Redemption Price (as defined below) where such redemption occurs prior to 21 October 2025 (being the date falling three (3) months prior to the First Reset Date), or (ii) their principal amount together with any accrued interest and any Arrears of Interest (including any Additional Interest Amounts thereon) where such redemption occurs on or

after 21 October 2025 (being the date falling three (3) months prior to the First Reset Date).

“Accounting Event” means that a recognised accountancy firm, acting upon instructions of the Issuer, has delivered a letter or report to the Issuer, stating that as a result of a change in accounting principles (or the application thereof) which have been officially adopted after the Issue Date (such date, the **“Accounting Event Adoption Date”**), the Notes may not or may no longer be recorded as “equity” in full in the audited annual or the semi-annual consolidated financial statements of the Issuer pursuant to the International Financial Reporting Standards (**“IFRS”**) or any other accounting standards that may replace IFRS. The Accounting Event shall be deemed to have occurred on the Accounting Event Adoption Date notwithstanding any later effective date. The period during which the Issuer may notify the redemption of the Notes as a result of the occurrence of an Accounting Event shall start on the Accounting Event Adoption Date. For the avoidance of doubt such period shall include any transitional period between the Accounting Event Adoption Date and the date on which it comes into effect.

Early Redemption following a Rating Event

If a Rating Event has occurred, then the Issuer may, at its option, redeem all, but not some only, of the Notes at any time, at (i) the Early Redemption Price (as defined below) where such redemption occurs prior to 21 October 2025 (being the date falling three (3) months prior to the First Reset Date), or (ii) their principal amount together with any accrued interest and any Arrears of Interest (including any Additional Interest Amounts thereon) where such redemption occurs on or after 21 October 2025 (being the date falling three (3) months prior to the First Reset Date) provided that the due date for redemption of which notice hereunder may be given shall be no earlier than the latest practicable date before the date on which the Notes will no longer be eligible for the same or higher category of equity credit.

For the purpose hereof:

“Rating Event” means that the Issuer has received written confirmation from any Rating Agency from whom the Issuer is assigned solicited ratings either directly or via a publication by such agency, that an amendment, clarification or change has occurred in the equity credit criteria of such Rating Agency effective after the Issue Date, as a result of which, but not otherwise, all or any of the Notes will no longer be eligible for the same, or a higher level of “equity credit” (or such other nomenclature that such Rating Agency may then use to describe the degree to which an instrument exhibits the characteristics of an ordinary share) as was attributed to the Notes at the Issue Date (or if “equity credit” is not assigned to the Notes by the relevant Rating Agency on the Issue Date, at the date on which “equity credit” is assigned by such Rating Agency for the first time).

Early Redemption following a Change of Control Call Event

If a Change of Control (as defined below) occurs after the Issue Date and within the Change of Control Period, a Rating Downgrade occurs or has occurred as a result of such Change of Control (the **“Change of Control Call Event”**), the Issuer may, at its option (a **“Change of Control Call Option”**), at any time, redeem or procure the purchase of all the Notes (but not some only) at their principal amount together with any accrued interest and any Arrears of Interest (including any Additional Interest Amounts thereon).

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

“Change of Control Period” means the period commencing on the date that is the earlier of (a) the date of the first public announcement of the result (*avis*

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

“**Rating Agency**” means S&P Global Ratings Europe Limited or Moody’s Deutschland GmbH or any other rating agency of equivalent international standing requested by the Issuer to grant a corporate credit rating to the Issuer and, in each case, their respective successors or affiliates.

A “**Rating Downgrade**” shall be deemed to have occurred in respect of a Change of Control (a) if within the Change of Control Period the corporate credit rating previously assigned to the Issuer by any Rating Agency is (x) withdrawn or (y) changed from an investment grade rating (BBB-/Baa3, or their respective equivalents for the time being, or better) to a non-investment grade rating (BB+/Ba1, or their respective equivalents for the time being, or worse) or (z) if the corporate rating previously assigned to the Issuer by any Rating Agency was below an investment grade rating (as described above), lowered by at least one full rating notch (for example, from BB+ to BB or their respective equivalents) or (b) if, on the Relevant Announcement Date or, as the case may be, the Potential Change of Control Announcement, no corporate credit rating is assigned to the Issuer and, within the Change of Control Period, no Rating Agency assigns an investment grade rating to the Issuer

(the “**Non Investment Grade Rating**”), provided that in both cases, a Rating Downgrade otherwise arising by virtue of a particular change in rating shall be deemed not to have occurred in respect of a particular Change of Control if the Rating Agency withdrawing, making the change in rating or assigning the Non Investment Grade Rating does not publicly announce or confirm that the withdrawal, the reduction or the Non Investment Grade Rating was the result, in whole or part, of any event or circumstance comprised in or arising as a result of, or in respect of, the applicable Change of Control.

“**Potential Change of Control Announcement**” means any public announcement or statement by the Issuer, any actual or potential bidder or any designated advisor thereto relating to any specific and near-term potential Change of Control (whereby “near-term” shall mean that such potential Change of Control is reasonably likely to occur, or is publicly stated by the Issuer, the actual or potential bidder or any such designated advisor to be intended to occur, within twelve (12) months of the date of such announcement or statement). Promptly upon the Issuer becoming aware that a Change of Control Call Event has occurred, the Issuer shall give notice (a “**Call Event Notice**”) to the Noteholders specifying the nature of the Change of Control Call Event, the circumstances giving rise to it and either the date on which redemption of the Notes will take place or the Issuer’s election not to redeem the Notes.

If the Issuer elects to redeem or purchase the Notes, such redemption or purchase will take place not less than thirty (30), nor more than sixty (60) calendar days after a Call Event Notice is given.

Early Redemption Price

“**Early Redemption Price**” means 101 per cent. of the principal amount of the Notes, together with any accrued interest and any Arrears of Interest (including any Additional Interest Amounts thereon) up to the Early Redemption Date of the Notes.

“**Early Redemption Date**” means the effective date of redemption of the Notes made in accordance with this Condition.

Purchase and Redemption following a Repurchase Event

The Issuer may, at any time, purchase the Notes together with rights to interest and any other amounts relating thereto in the open market or otherwise at any price in accordance with applicable laws and regulations. All Notes purchased by, or for the account of, the Issuer may, at its sole discretion, be held and resold or cancelled in accordance with applicable laws and regulations.

In the event that at least 75 per cent. of the initial aggregate principal amount of the Notes has been purchased by the Issuer (a “**Repurchase Event**”), the Issuer may, at its option, at any time, redeem all of the outstanding Notes (but not some only) at their principal amount together with any accrued interest and any Arrears of Interest (including any Additional Interest Amounts thereon).

Negative Pledge

There will be no negative pledge in respect of the Notes.

Enforcement Events, no Events of Default and no Cross Default

There will be no events of default in respect of the Notes. There will be no cross default under the Notes.

However, each Note shall become immediately due and payable at its principal amount, together with accrued interest thereon, if any, to the date of payment and any Arrears of Interest (including any Additional Interest Amounts thereon), in the event that a judgment is rendered by any competent court declaring the judicial liquidation (*liquidation judiciaire*) of the Issuer, or in the event of a transfer of the whole of the business of the Issuer (*cession totale de l'entreprise*) subsequent to the opening of a judicial recovery procedure (*redressement judiciaire*), or if the Issuer is liquidated for any other reason (other than pursuant to a consolidation, amalgamation or merger or other reorganisation outside the context of an insolvency whereby the surviving entity assumes all obligations of the Issuer under the Notes). No payments will be made to holders of any class of the share capital of the Issuer before all amounts due, but unpaid, to all Noteholders have been paid by the Issuer.

Representation of Noteholders

The Noteholders will be grouped automatically for the defence of their respective common interests in a *masse* governed by the provisions of the French *Code*

de commerce as amended by the Terms and Conditions of the Notes (the “**Masse**”). The *Masse* will be a separate legal entity, and will be acting in part through one representative and in part through Collective Decisions of the Noteholders.

Admission to trading

Application will be made for the Notes to be admitted to trading on Euronext Paris. Such admission to trading are expected to occur as of the Issue Date.

Selling Restrictions

There are restrictions on the offer and sale of the Notes and the distribution of offering material, including in the United States of America, the United Kingdom and France.

Governing law

The Notes will be governed by, and construed in accordance with, French law.

Settlement

Euroclear France.

Fiscal Agent, Principal Paying Agent and Calculation Agent

Société Générale.

DOCUMENTS INCORPORATED BY REFERENCE

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

- (1) the pages referred to in the table below which are included in the Issuer's 2018 Document de Référence in the French language, filed with the AMF under no. D.19-0308 on 11 April 2019 (the "**2018 Registration Document**"), which includes the audited consolidated financial statements of the Issuer as at 31 December 2018 prepared in accordance with IFRS as adopted by the European Union (<https://www.arkema.com/export/sites/global/.content/medias/downloads/investorrelations/fr/finance/arkema-document-de-reference-2018.pdf>);
- (2) the pages referred to in the table below which are included in the Issuer's 2017 Document de Référence in the French language, filed with the AMF under no. D.18-0216 on 29 March 2018 (the "**2017 Registration Document**"), which includes the audited consolidated financial statements of the Issuer as at 31 December 2017 prepared in accordance with IFRS as adopted by the European Union (<https://www.arkema.com/export/sites/global/.content/medias/downloads/investorrelations/fr/finance/arkema-document-de-reference-2017.pdf>); and
- (3) the pages referred to in the table below which are included in the Issuer's consolidated interim financial report in the French language, for the six-month period ended on 30 June 2019 (the "**2019 Half-Year Financial Report**", <https://www.arkema.com/export/sites/global/.content/medias/downloads/investorrelations/fr/finance/arkema-rapport-financier-1er-semester-2019.pdf>).

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

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

This Prospectus and all documents incorporated by reference into this Prospectus will be available on the websites of (i) the AMF (www.amf-france.org) (excluding the 2019 Half-Year Financial Report) or (ii) the Issuer (www.arkema.com) or, during usual business hours on any weekday, from the specified offices of the Paying Agents.

Any information not listed in the cross-reference table below but included in the documents incorporated by reference is given for information purposes only and is not required by the

schedules of Annex 7 of the Commission Delegated Regulation (EU) 2019/980 of 14 March 2019 supplementing the Prospectus Regulation (the “**Commission Delegated Regulation**”).

The English translations of the 2019 Half-Year Financial, the 2018 Registration Document and the 2017 Registration Document are available on the website of the Issuer (<https://www.arkema.com/en/investor-relations/regulated-information/>). Such English translations are available for information purposes only and are not incorporated by reference in this Prospectus and may not be relied upon.

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

Items of such Annex 7 which are not listed in the cross-reference table below shall not form part of this Prospectus and are either not relevant for the investors or covered elsewhere in this Prospectus.

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

Annex 7 of Commission Delegated Regulation (EU) 2019/980		2019 Half-Year Report (Unaudited)	2018 Registration Document	2017 Registration Document
1	PERSONS RESPONSIBLE, THIRD PARTY INFORMATION, EXPERTS' REPORTS AND COMPETENT AUTHORITY APPROVAL	Not applicable	Not applicable	Not applicable
2	STATUTORY AUDITORS	Not applicable	Not applicable	Not applicable
3	RISK FACTORS			
3.1	<p>A description of the material risks that are specific to the issuer and that may affect the issuer's ability to fulfil its obligations under the securities, in a limited number of categories, in a section headed 'Risk Factors'.</p> <p>In each category the most material risks, in the assessment of the issuer, offeror or person asking for admission to trading on a regulated market, taking into account the negative impact on the issuer and the probability of their occurrence, shall be set out first. The risk factors shall be corroborated by the content of the registration document.</p>	Not applicable	Pages 4 to 25, 71 to 77, 119 to 124, 138 to 186, 210 to 211 and 218 to 219	Not applicable
4	INFORMATION ABOUT THE ISSUER			
4.1	<u>History and development of the Issuer</u>			
4.1.1	the legal and commercial name of the issuer	Not applicable	Page 310	Not applicable
4.1.2	the place of registration of the issuer and its registration number and legal entity identifier ('LEI')	Not applicable	Page 310	Not applicable
4.1.3	the date of incorporation and the length of life of the issuer, except where the period is indefinite	Not applicable	Page 310	Not applicable
4.1.4	the domicile and legal form of the issuer, the legislation under which the issuer operates, its country of incorporation, the	Not applicable	Page 310	Not applicable

Annex 7 of Commission Delegated Regulation (EU) 2019/980		2019 Half-Year Report (Unaudited)	2018 Registration Document	2017 Registration Document
	address, telephone number of its registered office (or principal place of business if different from its registered office) and website of the issuer, if any, with a disclaimer that the information on the website does not form part of the prospectus unless that information is incorporated by reference into the prospectus			
4.1.5	any recent events particular to the issuer and which are to a material extent relevant to the evaluation of the issuer's solvency	Pages 3, 4, 11, 19 and 39	Not applicable	Not applicable
5	BUSINESS OVERVIEW			
5.1	<u>Principal activities</u>			
5.1.1	A brief description of the issuer's principal activities stating the main categories of products sold and/or services performed; and	Not applicable	Pages 5 and 34 to 53	Not applicable
5.1.2	The basis for any statements in the registration document made by the issuer regarding its competitive position.	Not applicable	Pages 10, 11 and 42 to 53	Not applicable
6	ORGANISATIONAL STRUCTURE			
6.1	If the issuer is part of a group, a brief description of the group and the issuer's position within the group. This may be in the form of, or accompanied by, a diagram of the organisational structure if this helps to clarify the structure.	Pages 40 to 42	Pages 311 and 312	Not applicable
6.2	If the issuer is dependent upon other entities within the group, this must be clearly stated together with an explanation of this dependence.	Not applicable	Not applicable	Not applicable
7	TREND INFORMATION	Not applicable	Not applicable	Not applicable
8	PROFIT FORECASTS OR ESTIMATES	Not applicable	Not applicable	Not applicable

Annex 7 of Commission Delegated Regulation (EU) 2019/980		2019 Half-Year Report (Unaudited)	2018 Registration Document	2017 Registration Document
9	ADMINISTRATIVE, MANAGEMENT, AND SUPERVISORY BODIES			
9.1	Names, business addresses and functions within the issuer of the following persons and an indication of the principal activities performed by them outside of that issuer where these are significant with respect to that issuer: members of the administrative, management or supervisory bodies; partners with unlimited liability, in the case of a limited partnership with a share capital.	Not applicable	Pages 28 and 81 to 95	Not applicable
9.2	<u>Administrative, management, and supervisory bodies conflicts of interests</u> Potential conflicts of interests between any duties to the issuer, of the persons referred to in item 9.1, and their private interests and or other duties must be clearly stated. In the event that there are no such conflicts, a statement to that effect must be made.	Not applicable	Page 96	Not applicable
10	MAJOR SHAREHOLDERS			
10.1	To the extent known to the issuer, state whether the issuer is directly or indirectly owned or controlled and by whom and describe the nature of such control and describe the measures in place to ensure that such control is not abused.	Not applicable	Page 318	Not applicable
10.2	A description of any arrangements, known to the issuer, the operation of which may at a subsequent date result in a change in control of the issuer.	Not applicable	Not applicable	Not applicable
11	FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES			

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

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

TERMS AND CONDITIONS OF THE NOTES

The terms and conditions of the Notes will be as follows:

The issue of the €300,000,000 Undated Deeply Subordinated Fixed Rate Resettable Notes (the “**Notes**”) of Arkema (the “**Issuer**” or “**Arkema**”) has been authorised by a resolution of the Board of Directors (*Conseil d’administration*) of the Issuer held on 29 October 2019 and a decision of Marie-José Donsion, *Directeur général finances* of the Issuer, dated 15 January 2020.

An agency agreement dated 17 January 2020 (the “**Agency Agreement**”) has been agreed between the Issuer and Société Générale as fiscal agent and the other agents named in it. The fiscal agent and principal paying agent, the calculation agent and the paying agents for the time being are respectively referred to in these Conditions as the “**Fiscal Agent**”, the “**Principal Paying Agent**”, the “**Calculation Agent**” and the “**Paying Agents**” (which expression shall include the Principal Paying Agent and the Fiscal Agent), each of which expression shall include the successors from time to time of the relevant persons, in such capacities, under the Agency Agreement, and are collectively referred to as the “**Agents**”. Copies of the Agency Agreement are available for inspection at the specified offices of the Paying Agents. References to “**Conditions**” are, unless the context otherwise requires, to the numbered paragraphs below.

1 Form, Denomination and Title

The Notes are issued on 21 January 2020 (the “**Issue Date**”) in dematerialised bearer form (*au porteur*) in the denomination of €100,000 each. Title to the Notes will be evidenced in accordance with Articles L.211-3 and R.211-1 of the French *Code monétaire et financier* (the “**Code**”) by book-entries (*inscription en compte*). No physical document of title (including *certificats représentatifs* pursuant to Article R.211-7 of the Code) will be issued in respect of the Notes.

The Notes will, upon issue, be inscribed in the books of Euroclear France (“**Euroclear France**”), which shall credit the accounts of the Account Holders. For the purpose of these Conditions, “**Account Holders**” shall mean any intermediary institution entitled to hold, directly or indirectly, accounts on behalf of its customers with Euroclear France, and includes Euroclear Bank SA/NV (“**Euroclear**”) and the depositary bank for Clearstream Banking, S.A. (“**Clearstream**”).

Title to the Notes shall be evidenced by entries in the books of Account Holders and will pass upon, and transfer of the Notes may only be effected through, registration of the transfer in such books.

2 Status of the Notes

2.1 Deeply Subordinated Notes

The Notes are Deeply Subordinated Notes issued pursuant to the provisions of Article L.228-97 of the French *Code de commerce*.

The principal and interest and other amounts (including Arrears of Interest (as defined below) and/or Additional Interest Amounts (as defined below)) on the Notes constitute direct, unconditional, unsecured and Deeply Subordinated Obligations of the Issuer and rank and will rank *pari passu* among themselves and *pari passu* with all other present or future Deeply Subordinated Obligations (which include, for the avoidance of doubt, the Euro 700,000,000 Undated Deeply Subordinated Fixed to Reset Rate Notes issued on 29 October 2014 (ISIN: FR0012278539) and the Euro 400,000,000 Undated Deeply Subordinated Fixed Rate Resettable Notes issued on 17 June 2019 (ISIN: FR0013425170)), but shall be subordinated to the *titres participatifs* issued by, and the *prêts participatifs* granted to, the Issuer, to Ordinary Subordinated Obligations and to Unsubordinated Obligations of or issued by the Issuer.

“Deeply Subordinated Notes” means any bonds or notes of the Issuer which constitute direct, unconditional, unsecured and lowest ranking subordinated obligations (*titres subordonnés de dernier rang*) of the Issuer and which rank and will rank *pari passu* among themselves and *pari passu* with all other present and future Deeply Subordinated Obligations, but junior to the *titres participatifs* issued by, and *prêts participatifs* granted to, the Issuer, and junior to the Ordinary Subordinated Obligations and Unsubordinated Obligations of the Issuer.

“Deeply Subordinated Obligations” means any Deeply Subordinated Notes or other Obligations or lowest ranking Obligations (*engagements subordonnés de dernier rang*) of the Issuer which rank, or are expressed to rank, *pari passu* with the Notes.

“Obligations” means, in respect of any person, any financial obligation expressed to be assumed by or imposed on it under or arising as a result of any contract, agreement, guarantee, document, instrument, conduct or relationship or directly by law.

“Ordinary Subordinated Obligations” means any Obligations which constitute direct, unconditional, unsecured and subordinated obligations of the Issuer and rank and will rank *pari passu* among themselves and *pari passu* with all other present or future Ordinary Subordinated Obligations, behind Unsubordinated Obligations but in priority to the *prêts participatifs* granted to, and the *titres participatifs* issued by, the Issuer and Deeply Subordinated Obligations.

“Unsubordinated Obligations” means any Obligations which constitute direct, unconditional, unsecured and unsubordinated obligations of the Issuer and rank and will rank *pari passu* without preference or priority among themselves, *pari passu* with all other present or future unsecured and unsubordinated obligations of the Issuer (save for certain obligations required to be preferred by French law), and in priority to Ordinary Subordinated Obligations.

2.2 Payment on the Notes in the event of the liquidation of the Issuer

If any judgment is rendered by any competent court declaring the judicial liquidation (*liquidation judiciaire*) of the Issuer, or in the event of a transfer of the whole of the business of the Issuer (*cession totale de l'entreprise*) subsequent to the opening of a

judicial recovery procedure (*redressement judiciaire*), or in the event of the voluntary dissolution of the Issuer, or if the Issuer is liquidated for any other reason (other than pursuant to a consolidation, amalgamation or merger or other reorganisation outside the context of an insolvency whereby the surviving entity assumes all obligations of the Issuer under the Notes), the payments of the creditors of the Issuer shall be made in the following order of priority (in each case subject to the payment in full of priority creditors):

- unsubordinated creditors of the Issuer (including holders of Unsubordinated Obligations);
- ordinary subordinated creditors of the Issuer (including holders of Ordinary Subordinated Obligations);
- lenders in relation to *prêts participatifs* granted to the Issuer;
- holders of *titres participatifs* issued by the Issuer; and
- deeply subordinated creditors of the Issuer (including holders of Deeply Subordinated Notes).

For such purposes, the rights of the holders of Notes (the “**Noteholders**” and each a “**Noteholder**”) will be calculated on the basis of the principal amount of the Notes together with any accrued interest on such principal amount and any Arrears of Interest (including any Additional Interest Amount thereon).

In the event of liquidation of the Issuer, the Notes shall rank in priority only to any payments to holders of Equity Securities.

In the event of incomplete payment of unsubordinated creditors, the obligations of the Issuer in connection with any present or future Deeply Subordinated Notes (including the Notes) shall be terminated.

“**Equity Securities**” means (a) the ordinary shares (*actions ordinaires*) of the Issuer and (b) any other class of the Issuer’s share capital (including preference shares (*actions de préférence*)).

2.3 Prohibition of set-off

Subject to applicable law, no Noteholder may exercise, claim or plead any right of set-off, compensation or retention in respect of any amount owed to it by the Issuer in respect of, or arising under or in connection with the Notes and each Noteholder shall, by virtue of its holding of any Note, be deemed to have waived all such rights of set-off, compensation or retention.

3 Negative Pledge

There will be no negative pledge in respect of the Notes.

4 Interest

4.1 General

Unless previously redeemed in accordance with the Conditions and subject to the further provisions of this Condition (in particular, but not limited to Condition 4.7 (*Interest Deferral*)), the Notes shall bear interest on their principal amount:

- (i) from, and including, the Issue Date to, but excluding, 21 January 2026 (the “**First Reset Date**”), at a rate of 1.500 per cent. *per annum* (the “**First Interest Rate**”);
- (ii) from and including the First Reset Date to, but excluding, 21 January 2031 (the “**First Step-up Date**”), at an interest rate *per annum* which shall be equal to the sum of the Reference Rate of the relevant Reset Period and the Initial Margin (the “**First Reset Interest Rate**”);
- (iii) from and including the First Step-up Date to, but excluding, 21 January 2046 (the “**Second Step-up Date**”), at an interest rate *per annum* which will be subject to a reset every five years and shall be equal to the sum of the Reference Rate of the relevant Reset Period, the Initial Margin and the First Step-up Margin (the “**First Step-up Interest Rate**”); and
- (iv) from and including the Second Step-up Date, to, but excluding, the date on which the Issuer redeems the Notes, at an interest rate *per annum* which will be subject to a reset every five years and shall be equal to the sum of the Reference Rate of the relevant Reset Period, the Initial Margin and the Second Step-up Margin (the “**Following Step-up Interest Rate**”).

Each Interest Amount shall be payable annually in arrear on 21 January of each year, commencing on 21 January 2021 (each an “**Interest Payment Date**”).

In no event shall the applicable Interest Rate (as defined below) be less than zero.

For the purpose hereof:

“**Business Day**” means any day (other than a Saturday or a Sunday) which is a TARGET 2 Settlement Day.

“**Initial Margin**” means 1.571 per cent. *per annum*.

“**First Step-up Margin**” means 0.25 per cent. *per annum*.

“**Second Step-up Margin**” means 1.00 per cent. *per annum*.

“**Reset Date**” means the First Reset Date and each 5th anniversary of the immediately preceding Reset Date.

“**Reset Period**” means the period from, and including, the First Reset Date to, but excluding, the next Reset Date and subsequently each period from, and including, a Reset Date to, but excluding, the next succeeding Reset Date.

“**Reference Bank Rate**” means the percentage rate determined on the basis of the Euro 5-Year Swap Rate Quotations provided by at least five leading swap dealers in

the interbank market (the “**Reference Banks**”) to the Calculation Agent at its request at approximately 11:00 a.m. (Central European time), on the relevant Reset Rate Determination Date. If one quotation is provided, the Reference Bank Rate will be such quotation. If two or more quotations are provided, the Reference Bank Rate will be the arithmetic mean of the quotations, eliminating, if at least three quotations are provided, the highest quotation (or, in the event of equality one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest). If the Reference Bank Rate cannot be determined in accordance with the foregoing provisions of this paragraph, the applicable Reference Bank Rate shall be equal to the last Euro 5-Year Swap Rate available on the Screen Page as determined by the Calculation Agent.

“**Reference Rate**” means the relevant Euro 5-Year Swap Rate determined by the Calculation Agent on the day falling two Business Days prior to the first day of the relevant Reset Period (each a “**Reset Rate Determination Date**”).

“**Euro 5-Year Swap Rate**” means the mid-swap rate for a term of 5 years as displayed on Reuters screen “**ICESWAP2 / EURFIXA**” as at 11:00 a.m. (Central European time) (the “**Screen Page**”). Unless the Euro 5-Year Swap Rate has been discontinued in accordance with Condition 4.2, in the event that the Euro 5-Year Swap Rate does not appear on the Screen Page on the relevant Reset Rate Determination Date, the Euro 5-Year Swap Rate will be the Reference Bank Rate on such Reset Rate Determination Date.

The “**Euro 5-Year Swap Rate Quotations**” means the arithmetic mean of the bid and offered rates for the annual fixed leg (calculated on a 30/360 day count basis) of a fixed-for-floating euro interest rate swap which (i) has a term of 5 years commencing on the first day of the relevant Reset Period, (ii) is in an amount that is representative of a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the swap market and (iii) has a floating leg based on the 6-month EURIBOR rate (calculated on an Actual/360 day count basis).

“**TARGET 2 Settlement Day**” means any day on which the TARGET 2 System is operating.

“**TARGET 2 System**” means the Trans-European Automated Real-Time Gross Settlement Express Transfer System or any successor thereto.

“**Interest Rate**” means the First Interest Rate, the First Reset Interest Rate, the First Step-up Interest Rate or the Following Step-up Interest Rate (all as defined above), as applicable.

Promptly after the determination of the Reference Rate, the Calculation Agent shall determine the Interest Rate for each Note and calculate the relevant Interest Amount (as defined in Condition 4.4 (*Calculation of the Interest Amount*) below).

4.2 Discontinuation of the Euro 5-Year Swap Rate

If a Benchmark Event occurs in relation to the Euro 5-Year Swap Rate when any Interest Rate (or any component part thereof) remains to be determined by reference

to such Euro 5-Year Swap Rate, then the following provisions shall apply and shall prevail over other fallbacks specified in Condition 4.1.

4.2.1 *Independent Adviser*

The Issuer shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, to determine a Successor Rate, failing which an Alternative Rate (in accordance with Condition 4.2.2 and, in either case, an Adjustment Spread if any (in accordance with Condition 4.2.3) and any Benchmark Amendments (in accordance with Condition 4.2.4).

In making such determination, the Independent Adviser appointed pursuant to this Condition 4.2 shall act in good faith in a commercially reasonable manner as an independent expert and in consultation with the Issuer. The Issuer will not take any discretionary decision on the basis of such consultation. In the absence of bad faith or fraud, the Independent Adviser shall have no liability whatsoever to the Issuer, the Paying Agents or the Noteholders for any determination made by it, pursuant to this Condition 4.2.

If (i) the Issuer is unable to appoint an Independent Adviser; or (ii) the Independent Adviser appointed by it fails to determine a Successor Rate or, failing which, an Alternative Rate in accordance with this Condition 4.2.1 prior to the relevant Reset Rate Determination Date, the Euro 5-Year Swap Rate applicable to the next succeeding Reset Period shall be equal to the last Euro 5-Year Swap Rate available on the Screen Page as determined by the Calculation Agent.

4.2.2 *Successor Rate or Alternative Rate*

If the Independent Adviser, determines that:

- (i) there is a Successor Rate, then such Successor Rate shall (subject to adjustment as provided in Condition 4.2.3) subsequently be used in place of the Euro 5-Year Swap Rate to determine the Interest Rate (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the operation of this Condition 4.2); or
- (ii) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate shall (subject to adjustment as provided in Condition 4.2.3) subsequently be used in place of the Euro 5-Year Swap Rate to determine the Interest Rate (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the operation of this Condition 4.2).

4.2.3 *Adjustment Spread*

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

4.2.4 *Benchmark Amendments*

If any Successor Rate or Alternative Rate and, in either case, the applicable Adjustment Spread is determined in accordance with this Condition 4.2 and the Independent Adviser, determines (i) that amendments to these Conditions are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and/or (in either case) the applicable Adjustment Spread (such amendments, the “**Benchmark Amendments**”) and (ii) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof in accordance with Condition 4.2.5, without any requirement for the consent or approval of Noteholders, vary these Conditions to give effect to such Benchmark Amendments with effect from the date specified in such notice.

For the avoidance of doubt, and in connection with any such variation in accordance with this Condition 4.2.4, the Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

4.2.5 *Notices*

Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments, determined under this Condition 4.2 will be notified promptly by the Issuer, after receiving such information from the Independent Adviser, to the Fiscal Agent, the Calculation Agent, the Paying Agents, the Representative of the *Masse* and, in accordance with Condition 10, the Noteholders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

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

- (i) confirming, on the basis of the determination of the Independent Adviser (i) that a Benchmark Event has occurred, (ii) the Successor Rate or, as the case may be, the Alternative Rate and, (iii) where applicable, any Adjustment Spread and (iv) the specific terms of the Benchmark Amendments (if any), in each case as determined in accordance with the provisions of this Condition 4.2; and
- (ii) certifying that the Benchmark Amendments (if any) are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and (in either case) the applicable Adjustment Spread.

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

4.2.6 *Survival of the Euro 5-Year Swap Rate*

For the avoidance of doubt, this Condition 4.2 shall apply to the relevant next succeeding Reset Period only and any subsequent Reset Periods are subject to the subsequent operation of, and to adjustment as provided in, this Condition 4.2.

Without prejudice to the obligations of the Issuer under this Condition 4.2, the Euro 5-Year Swap Rate and the fallback provisions provided for in Condition 4.1 will continue to apply unless and until a Benchmark Event has occurred.

4.2.7 *New Benchmark Event in respect of the Successor Rate or Alternative Rate*

If Benchmark Amendments have been implemented pursuant to this Condition 4.2 and a new Benchmark Event occurs in respect of the then applicable Successor Rate or Alternative Rate, the provisions of this Condition 4.2 shall apply as if the Successor Rate or Alternative Rate were the Euro 5-Year Swap Rate.

4.2.8 *Definitions*

For the purpose hereof:

“Adjustment Spread” means either a spread (which may be positive or negative), or the formula or the methodology for calculating a spread, in either case, which the Independent Adviser determines and which is required to be applied to the Successor Rate or the Alternative Rate, as the case may be, to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit, as the case may be, to Noteholders as a result of the replacement of the Euro 5-Year Swap Rate with the Successor Rate or the Alternative Rate, as the case may be, and is the spread, formula or methodology which:

- (i) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Euro 5-Year Swap Rate with the Successor Rate by any Relevant Nominating Body; or

- (ii) if no such recommendation has been made, or in the case of an Alternative Rate, the Independent Adviser determines and which is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Euro 5-Year Swap Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate, as the case may be; or
- (iii) if the Issuer determines that no such industry standard is recognised or acknowledged, the Independent Adviser determines to be appropriate.

“Alternative Rate” means an alternative benchmark or screen rate which the Independent Adviser determines in accordance with Condition 4.2.2 and which is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions for the purposes of determining rates of interest (or the relevant component part thereof) in euro.

“Benchmark Amendments” has the meaning given to it in Condition 4.2.4.

“Benchmark Event” means:

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

provided that in the case of sub-paragraphs (ii), (iii) and (iv), the Benchmark Event shall occur on the date of the cessation of publication of the Euro 5-Year Swap Rate, the discontinuation of the Euro 5-Year Swap Rate, or the prohibition of use of the Euro 5-Year Swap Rate, as the case may be, and not the date of the relevant public statement.

“Independent Adviser” means an independent financial institution of international repute or an independent financial adviser with appropriate expertise appointed by the Issuer under Condition 4.2.1.

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

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

“Successor Rate” means a successor to or replacement of the Euro 5-Year Swap Rate which is formally recommended by any Relevant Nominating Body. If, following a Benchmark Event, more than one successor or replacement rates are recommended by any Relevant Nominating Body, the Independent Adviser shall determine which of those successor or replacement rates is the most appropriate, taking into consideration, without limitation, the particular features of the relevant Notes and the nature of the Issuer.

4.3 Rate of Interest following a Change of Control Call Event

Further to the occurrence of a Change of Control Call Event described in Condition 5.6 (*Redemption following a Change of Control Call Event*) below, if the Change of Control Call Option has not been exercised by the Issuer, the interest payable on the Notes will be increased by an additional margin of 5.00 per cent. *per annum* from and including the date of the Call Event Notice (as defined in Condition 5.6 (*Redemption following a Change of Control Call Event*) below) to, but excluding, the redemption of the Notes.

4.4 Calculation of the Interest Amount

The amount of interest (the **“Interest Amount”**) payable on each Note and on each Interest Payment Date will be the product of the principal amount of such Note and the applicable Interest Rate, multiplied by the Actual/Actual (ICMA) day count fraction and rounding the resulting figure, if necessary, to the nearest cent (half a cent being rounded upwards).

“Actual/Actual (ICMA)” means:

- if interest is required to be calculated for a period that is equal to or shorter than the Interest Period to which it applies, the number of days in the relevant period divided by the number of days in the Interest Period in which the relevant period falls;

- if interest is required to be calculated for a period of more than one year, the sum of (a) the number of days of the relevant period falling in the Interest Period in which it begins divided by the total number of days in such Interest Period and (b) the number of days of the relevant period falling in the next Interest Period divided by the total number of days in such next Interest Period (including the first such day but excluding the last).

“**Interest Period**” means the period from and including an Interest Payment Date (or the Issue Date as the case may be) to but excluding the next Interest Payment Date (or the first Interest Payment Date, as the case may be).

4.5 Notifications, etc. to be final

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 4 (*Interest*), whether by the Reference Banks (or any of them) or the Calculation Agent, will (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Calculation Agent, the Fiscal Agent, the Paying Agents and all Noteholders.

4.6 Calculation Agent

The Agency Agreement provides that the Issuer may at any time terminate the appointment of the Calculation Agent and appoint a substitute Calculation Agent provided that so long as any of the Notes remain outstanding, there shall at all times be a Calculation Agent for the purposes of the Notes having a specified office in a major European city. In the event of the appointed office of any bank being unable or unwilling to continue to act as the Calculation Agent or failing duly to determine the Interest Amount for any Interest Period, the Issuer shall appoint the European office of another leading bank engaged in the Euro-zone or London interbank market to act in its place. The Calculation Agent may not resign its duties or be removed without a successor having been appointed. The Calculation Agent shall act as an independent expert and not as agent for the Issuer or the Noteholders.

Notice of any change of Calculation Agent or any change of specified office shall promptly be given as soon as reasonably practicable to the Noteholders in accordance with Condition 10 (*Notices*) and, so long as the Notes are admitted to trading on Euronext Paris and if the rules applicable to such stock exchange so require, to such stock exchange.

4.7 Interest Deferral

Interest payments shall only be due and payable if the Issuer so elects, in accordance with the provisions of the following paragraphs.

(a) Optional Interest Payment

Interest which accrues during an Interest Period ending on but excluding an Interest Payment Date will be due on that Interest Payment Date unless the Issuer, by giving notice to the Noteholders in accordance with sub-paragraph (c)

below, elects to defer such payment, in whole or in part, and the Issuer shall not have any obligation to make such payment and any failure to so pay shall not constitute a default by the Issuer under the Notes or for any other purpose.

Any interest in respect of the Notes which has not been paid in accordance with this paragraph will be deferred and shall constitute “**Arrears of Interest**” and shall be payable as outlined below.

(b) *Payment of Arrears of Interest*

Arrears of Interest (together with any Additional Interest Amount (as defined below)) may at the option of the Issuer be paid, in whole or in part, at any time, provided that all Arrears of Interest (together with the corresponding Additional Interest Amounts) in respect of all Notes for the time being outstanding shall become due and payable in whole, but not in part, on whichever is the earliest of:

- (i) the tenth (10th) Business Day following a Mandatory Payment Event;
- (ii) the next Interest Payment Date in respect of which the Issuer does not elect to defer all of the interest accrued in respect of the relevant Interest Period;
- (iii) the redemption of the Notes; or
- (iv) the date upon which a judgment is made for the voluntary or judicial liquidation of the Issuer (*liquidation judiciaire* or *liquidation amiable*) or the sale of the whole of the business (*cession totale de l'entreprise*) of the Issuer subsequent to the opening of a judicial recovery procedure (*redressement judiciaire*) or if the Issuer is liquidated for any other reason, as contemplated under Condition 8 (*Enforcement Events, no Events of Default and no Cross Default*).

Each amount of Arrears of Interest shall bear interest, in accordance with Article 1343-2 of the French *Code civil*, as if it constituted the principal of the Notes at a rate which corresponds to the rate of interest from time to time applicable to the Notes (the “**Arrears Interest Rate**”) and the amount of such interest (the “**Additional Interest Amount**”) with respect to Arrears of Interest shall be due and payable pursuant to this paragraph (b) and shall be calculated by the Calculation Agent applying the Arrears Interest Rate to the amount of the Arrears of Interest and otherwise *mutatis mutandis* as provided in the foregoing provisions of this Condition.

The Additional Interest Amount accrued up to any Interest Payment Date shall be added in accordance with Article 1343-2 of the French *Code civil* to the amount of Arrears of Interest remaining unpaid on such Interest Payment Date so that it will itself become Arrears of Interest, for the purpose only of calculating the Additional Interest Amount accruing thereafter.

For the purpose hereof:

A “**Mandatory Payment Event**” means that:

- (i) a dividend, or any other distribution or payment (whether or not in cash) was validly resolved on, declared, paid or made in respect of any Equity Securities or Parity Securities of the Issuer, or
- (ii) the Issuer has repurchased, redeemed, or otherwise acquired any Equity Securities or any Parity Securities of the Issuer other than, (i) with respect to Equity Securities, in connection with the satisfaction by the Issuer of its obligations under any (a) buy-back programme, share option, or free share allocation plan in each case reserved for directors, officers and/or employees of the Issuer's group, or (b) its liquidity agreement (*programme de liquidité*) or any associated hedging transaction with respect to (a) or (b) or the hedging of convertible securities of the Issuer or (ii) the acquisition by the Issuer of any Parity Securities (in whole or in part) in a public tender offer or public exchange offer at a purchase price per Parity Security (including, for the avoidance of doubt, the Notes) below its par value;

save for, in each case, any compulsory dividend, other distribution, payment, repurchase, redemption or other acquisition required by the terms of such Equity Securities or Parity Securities.

“**Parity Securities**” means, at any time, any Deeply Subordinated Notes, and any securities which rank *pari passu* with the Notes including, for the avoidance of doubt, the Euro 700,000,000 Undated Deeply Subordinated Fixed to Reset Rate Notes issued by the Issuer on 29 October 2014 (ISIN: FR0012278539) and the Euro 400,000,000 Undated Deeply Subordinated Fixed Rate Resettable Notes issued on 17 June 2019 (ISIN: FR0013425170). The term Parity Securities shall apply *mutatis mutandis* to any instruments issued by any Subsidiary of the Issuer, where relevant, provided that each such instrument shall qualify as Parity Securities only to the extent such instrument is guaranteed by the Issuer or the Issuer otherwise assumes liability for it, and the Issuer's obligations under the relevant guarantee or other assumption of liability rank *pari passu* with the Issuer's obligations under the Notes.

“**Subsidiary**” means any fully consolidated subsidiary (as defined in Article L.233-1 of the French *Code de commerce*) of the Issuer.

- (c) *Optional Partial Payment of Arrears of Interest and Additional Interest Amounts:*

If amounts in respect of Arrears of Interest and Additional Interest Amounts are paid in part:

- (i) all unpaid amounts of Arrears of Interest shall be payable before any Additional Interest Amounts;

- (ii) Arrears of Interest accrued for any period shall not be payable until full payment has been made of all Arrears of Interest that have accrued during any earlier period and the order of payment of Additional Interest Amounts shall follow that of the Arrears of Interest to which they relate; and
 - (iii) the amount of Arrears of Interest or Additional Interest Amounts payable in respect of any of the Notes in respect of any period, shall be *pro rata* to the total amount of all unpaid Arrears of Interest or, as the case may be, Additional Interest Amounts accrued on the Notes in respect of that period to the date of payment.
- (d) *Notice of Deferral and Payment of Arrears of Interests*

Notice of (i) deferral of any interest under the Notes on any Interest Payment Date and (ii) any date upon which amounts in respect of Arrears of Interest and/or Additional Interest Amounts shall become due and payable shall be given to the Noteholders in accordance with Condition 10 (*Notices*), and the Paying Agents and the Calculation Agent at least five (5) business days in Paris, but no more than thirty (30) business days in Paris, prior to such Interest Payment Date or date. So long as the Notes are admitted to trading on Euronext Paris and the rules applicable to such stock exchange so require, notice of any such deferral shall also be given as soon as reasonably practicable to such stock exchange.

5 Redemption and Purchase

The Notes may not be redeemed otherwise than in accordance with this Condition.

5.1 Final Redemption

Subject to any early redemption described below, the Notes are undated securities with no specified maturity date.

5.2 Optional Redemption

The Issuer will have the right to redeem all of the Notes (but not some only) (i) on any date during the period commencing on (and including) 21 October 2025 (being the date falling three (3) months prior to the First Reset Date) and ending on (and including) the First Reset Date, or (ii) upon any Interest Payment Date thereafter, subject, in each case, to having given not more than sixty (60) nor less than thirty (30), calendar days' prior notice to the Noteholders (which notice shall be irrevocable) in accordance with Condition 10 (*Notices*). Such early redemption of the Notes will be made at their principal amount together with any accrued interest and Arrears of Interest (including any Additional Interest Amounts thereon).

5.3 Redemption for Taxation Reasons

- (i) If by reason of a change in French law or regulation, or any change in the official application or interpretation of such law or regulation, becoming effective after the Issue Date, the Issuer would on the occasion of the next payment due in respect of the Notes, not be able to make such payment without having to pay

additional amounts as specified in Condition 7 (*Taxation*) below (a “**Gross-Up Event**”), the Issuer may, at its option, at any time, subject to having given not more than sixty (60) nor less than thirty (30) calendar days’ prior notice to the Noteholders (which notice shall be irrevocable), in accordance with Condition 10 (*Notices*), redeem all of the Notes (but not some only) at their principal amount together with any accrued interest to the date set for redemption and any Arrears of Interest (including any Additional Interest Amounts thereon) provided that the due date for redemption of which notice hereunder may be given shall be no earlier than the latest practicable Interest Payment Date on which the Issuer could make payment of principal and interest without withholding for French taxes.

- (ii) If the Issuer would on the occasion of the next payment in respect of the Notes be prevented by French law or regulation from making payment to the Noteholders of the full amount then due and payable, notwithstanding the undertaking to pay additional amounts contained in Condition 7 (*Taxation*) below (a “**Withholding Tax Event**”), then the Issuer may, at its option, at any time, subject to having given not less than seven (7) calendar days’ prior notice to the Noteholders (which notice shall be irrevocable) in accordance with Condition 10 (*Notices*), redeem all of the Notes (but not some only) at their principal amount together with any accrued interest to the date set for redemption and any Arrears of Interest (including any Additional Interest Amounts thereon) on the latest practicable date on which the Issuer could make payment of the full amount payable in respect of the Notes without withholding or deduction for French taxes, or, if such date is passed, as soon as practicable thereafter.
- (iii) If an opinion of a recognised law firm of international standing has been delivered to the Issuer and the Fiscal Agent, stating that by reason of a change in French law or regulation, or any change in the official application or interpretation of such law or regulation, becoming effective after the Issue Date, the tax regime of any payments under the Notes is modified and such modification results in the part of the interest payable by the Issuer in respect of the Notes that is tax-deductible being reduced (a “**Tax Deductibility Event**”), the Issuer may, at its option, at any time (subject to having given not more than sixty (60) nor less than thirty (30) calendar days’ notice to Noteholders (which notice shall be irrevocable) in accordance with Condition 10 (*Notices*)), redeem all of the Notes (but not some only) at (i) the Early Redemption Price (as defined below) where such redemption occurs prior to 21 October 2025 (being the date falling three (3) months prior to the First Reset Date), or (ii) their principal amount together with any accrued interest and any Arrears of Interest (including any Additional Interest Amounts thereon) where such redemption occurs on or after 21 October 2025 (being the date falling three (3) months prior to the First Reset Date), provided that the effective date of redemption of which notice hereunder may be given shall be no earlier than the latest practicable date preceding the

effective date on which the tax regime of interest payments under the Notes is modified.

Prior to the giving of any such notice of redemption in this Condition 5.3, the Issuer shall deliver or procure that there is delivered to the Fiscal Agent and, in accordance with Condition 10 (*Notices*), to the Noteholders, a certificate signed by a duly authorised representative of the Issuer confirming that the Issuer is entitled to effect such redemption and setting out the facts showing that the conditions precedent to the right to effect such redemption have been met.

5.4 Redemption following an Accounting Event

If an Accounting Event shall occur after the Issue Date, the Issuer may, at its option, redeem all the Notes (but not some only) on any day from the Accounting Event Adoption Date, subject to the Issuer having given the Noteholders not less than thirty (30), or more than sixty (60), calendar days' prior notice (which notice shall be irrevocable) in accordance with Condition 10 (*Notices*), at (i) the Early Redemption Price (as defined below) where such redemption occurs prior to 21 October 2025 (being the date falling three (3) months prior to the First Reset Date), or (ii) their principal amount together with any accrued interest and any Arrears of Interest (including any Additional Interest Amounts thereon) where such redemption occurs on or after 21 October 2025 (being the date falling three (3) months prior to the First Reset Date).

Prior to the giving of any such notice of redemption, the Issuer shall deliver or procure that there is delivered to the Fiscal Agent and, in accordance with Condition 10 (*Notices*), to the Noteholders, (i) a certificate signed by a duly authorised representative of the Issuer confirming that the Issuer is entitled to effect such redemption and setting out the facts showing that the conditions precedent to the right to effect such redemption have been met and (ii) a copy of the letter or report referred to in the definition "Accounting Event".

"**Accounting Event**" means that a recognised accountancy firm, acting upon instructions of the Issuer, has delivered a letter or report to the Issuer, stating that as a result of a change in accounting principles (or the application thereof) which have been officially adopted after the Issue Date (such date, the "**Accounting Event Adoption Date**"), the Notes may not or may no longer be recorded as "equity" in full in the audited annual or the semi-annual consolidated financial statements of the Issuer pursuant to the International Financial Reporting Standards ("**IFRS**") or any other accounting standards that may replace IFRS. The Accounting Event shall be deemed to have occurred on the Accounting Event Adoption Date notwithstanding any later effective date. The period during which the Issuer may notify the redemption of the Notes as a result of the occurrence of an Accounting Event shall start on the Accounting Event Adoption Date. For the avoidance of doubt such period shall include any transitional period between the Accounting Event Adoption Date and the date on which it comes into effect.

5.5 Redemption following a Rating Event

If a Rating Event has occurred, then the Issuer may, at its option, subject to having given not less than thirty (30) nor more than sixty (60) calendar days' notice to the Fiscal Agent and, in accordance with Condition 10 (*Notices*), the Noteholders (which notice shall be irrevocable), redeem all, but not some only, of the Notes at any time, at (i) the Early Redemption Price (as defined below) where such redemption occurs prior to 21 October 2025 (being the date falling three (3) months prior to the First Reset Date), or (ii) their principal amount together with any accrued interest and any Arrears of Interest (including any Additional Interest Amounts thereon) where such redemption occurs on or after 21 October 2025 (being the date falling three (3) months prior to the First Reset Date), provided that the due date for redemption of which notice hereunder may be given shall be no earlier than the latest practicable date before the date on which the Notes will no longer be eligible for the same or higher category of equity credit.

Prior to the giving of any such notice of redemption, the Issuer shall deliver or procure that there is delivered to the Fiscal Agent and, in accordance with Condition 10 (*Notices*), to the Noteholders, (i) a certificate signed by a duly authorised representative of the Issuer confirming that the Issuer is entitled to effect such redemption and setting out the facts showing that the conditions precedent to the right to effect such redemption have been met and (ii) evidence of the written confirmation referred to in the definition of "Rating Event".

"Rating Event" means that the Issuer has received written confirmation from any Rating Agency from whom the Issuer is assigned solicited ratings either directly or via a publication by such agency, that an amendment, clarification or change has occurred in the equity credit criteria of such Rating Agency effective after the Issue Date (or effective after the date when the equity credit is assigned for the first time, as applicable), as a result of which, but not otherwise, all or any of the Notes will no longer be eligible for the same, or a higher level of, "equity credit" (or such other nomenclature that such Rating Agency may then use to describe the degree to which an instrument exhibits the characteristics of an ordinary share) as was attributed to the Notes at the Issue Date (or if "equity credit" is not assigned to the Notes by the relevant Rating Agency on the Issue Date, at the date on which "equity credit" is assigned by such Rating Agency for the first time).

5.6 Redemption following a Change of Control Call Event

If a Change of Control (as defined below) occurs after the Issue Date and within the Change of Control Period, a Rating Downgrade occurs or has occurred as a result of such Change of Control (the **"Change of Control Call Event"**), the Issuer may, at its option (a **"Change of Control Call Option"**), at any time, redeem or procure the purchase of all the Notes (but not some only) at their principal amount together with any accrued interest and any Arrears of Interest (including any Additional Interest Amounts thereon).

For the purpose of this Condition 5.6:

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

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

A “**Rating Downgrade**” shall be deemed to have occurred in respect of a Change of Control (a) if within the Change of Control Period the corporate credit rating previously assigned to the Issuer by any Rating Agency is (x) withdrawn or (y) changed from an investment grade rating (BBB-/Baa3, or their respective equivalents for the time being, or better) to a non-investment grade rating (BB+/Ba1, or their respective equivalents for the time being, or worse) or (z) if the corporate rating previously assigned to the Issuer by any Rating Agency was below an investment grade rating (as described above), lowered by at least one full rating notch (for example, from BB+ to BB or their respective equivalents) or (b) if, on the Relevant Announcement Date or, as the case may be, the Potential Change of Control Announcement, no corporate credit rating is assigned to the Issuer and, within the Change of Control Period, no Rating Agency assigns an investment grade rating to the Issuer (the “**Non Investment Grade Rating**”), provided that in both cases, a Rating Downgrade otherwise arising by virtue of a particular change in rating shall be deemed not to have occurred in respect of a particular Change of Control if the Rating Agency withdrawing, making the change in rating or assigning the Non Investment Grade Rating does not publicly announce or confirm that the withdrawal, the reduction or the Non Investment Grade Rating was the result, in whole or part, of any event or circumstance comprised in or arising as a result of, or in respect of, the applicable Change of Control.

“Rating Agency” means S&P Global Ratings Europe Limited or Moody’s Deutschland GmbH or any other rating agency of equivalent international standing requested by the Issuer to grant a corporate credit rating to the Issuer and, in each case, their respective successors or affiliates.

“Potential Change of Control Announcement” means any public announcement or statement by the Issuer, any actual or potential bidder or any designated advisor thereto relating to any specific and near-term potential Change of Control (whereby "near-term" shall mean that such potential Change of Control is reasonably likely to occur, or is publicly stated by the Issuer, the actual or potential bidder or any such designated advisor to be intended to occur, within twelve (12) months of the date of such announcement or statement). Promptly upon the Issuer becoming aware that a Change of Control Call Event has occurred, the Issuer shall give notice (a **“Call Event Notice”**) to the Noteholders in accordance with Condition 10 (*Notices*) specifying the nature of the Change of Control Call Event, the circumstances giving rise to it and either the date on which redemption of the Notes will take place or the Issuer’s election not to redeem the Notes.

If the Issuer elects to redeem the Notes, such redemption or purchase will take place not less than thirty (30), nor more than sixty (60) calendar days after a Call Event Notice is given.

5.7 Purchase and Redemption following a Repurchase Event

The Issuer may, at any time, purchase the Notes together with rights to interest and any other amounts relating thereto in the open market or otherwise at any price in accordance with applicable laws and regulations. All Notes purchased by, or for the account of, the Issuer may, at its sole discretion, be held and resold or cancelled in accordance with applicable laws and regulations.

In the event that at least 75 per cent. of the initial aggregate principal amount of the Notes has been purchased by the Issuer (a **“Repurchase Event”**), the Issuer may at its option, at any time, redeem all of the outstanding Notes (but not some only) at their principal amount together with any accrued interest and any Arrears of Interest (including any Additional Interest Amounts thereon), subject to the Issuer having given the Noteholders not less than thirty (30), or more than sixty (60), calendar days’ prior notice (which notice shall be irrevocable) in accordance with Condition 10 (*Notices*).

5.8 Cancellation

All Notes which are purchased for cancellation by the Issuer pursuant to this Condition 5 (*Redemption and Purchase*) will forthwith be cancelled (together with rights to interest and any other amounts relating thereto) by transfer to an account in accordance with the rules and procedures of Euroclear France. Any Notes so cancelled may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged.

5.9 Definitions

For the purposes of this Condition:

“Early Redemption Price” means 101 per cent. of the principal amount of the Notes together with any accrued interest and any Arrears of Interest (including any Additional Interest Amounts thereon) up to the Early Redemption Date of the Notes.

“Early Redemption Date” means the effective date of redemption of the Notes made in accordance with this Condition.

6 Payments

6.1 Method of Payment

Payments of principal and interest (including, for the avoidance of doubt, any Arrears of Interest and Additional Interest Amounts) in respect of the Notes will be made in euro by transfer to a euro-denominated account of the relevant Account Holder. All payments validly made to such Account Holders in favour of the Noteholders will be an effective discharge of the Issuer in respect of such payments.

Payments of principal and interest on the Notes will, in all cases, but without prejudice to the provisions of Condition 7 (*Taxation*) be subject to (i) any fiscal or other laws and regulations applicable thereto in the place of payment and, as the case may be, (ii) any withholding or deduction imposed or required pursuant to an agreement described in section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended, (the **“Code”**) or otherwise imposed pursuant to sections 1471 through 1474 of the Code (or any regulations or agreements thereunder or official interpretations thereof) or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (any such withholding or deduction, a **“FATCA Withholding”**).

6.2 Payments on Business Days

If any due date for payment in respect of any Note is not a Business Day, the Noteholder shall not be entitled to payment of the amount due until the next following Business Day nor to any interest or other sum in respect of such postponed payment.

No commission or expenses shall be charged to the Noteholders in respect of such payments.

6.3 Fiscal Agent, Paying Agent and Calculation Agent

The names of the initial Agents and their specified offices are set out below:

Fiscal Agent, Principal Paying Agent and Calculation Agent

Société Générale

BP 81236
32, rue du Champ de Tir
44308 Nantes Cedex 3
France

The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent, Principal Paying Agent or Paying Agent and/or appoint additional or other Paying Agents or approve any change in the office through which any such Agent acts, provided that there will at all times be a Fiscal Agent and a Principal Paying Agent having a specified office in a European city. Notice of any such change or any change of specified office shall promptly be given as soon as reasonably practicable to the Noteholders in accordance with Condition 10 (*Notices*) and, so long as the Notes are admitting to trading on Euronext Paris and if the rules applicable to such stock exchange so require, to such stock exchange.

7 Taxation

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

If French law should require that payments of principal, interest and other revenues in respect of any Note by or on behalf of the Issuer be subject to deduction or withholding in respect of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within France or any authority thereof or therein having power to tax, the Issuer, will, to the fullest extent then permitted by law, pay such additional amounts ("**Additional Amounts**") as shall result in receipt by the Noteholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such Additional Amounts shall be payable with respect to any Note to, or to a third party on behalf of, a Noteholder (including a beneficial owner (*ayant droit*)) who is liable to such taxes, duties, assessments or governmental charges in respect of such Note or interest coupon by reason of his having some connection with France other than the mere holding of the Note or interest coupon.

References in these Conditions to (i) "**principal**" shall be deemed to include any premium payable in respect of the Notes, the Early Redemption Price (if applicable) and all other amounts in the nature of principal payable pursuant to Condition 5 (*Redemption and Purchase*), (ii) "**interest**" shall be deemed to include all Interest Amounts and all other amounts (including, for the avoidance of doubt, if any, all Arrears of Interest and all Additional

Interest Amount) payable pursuant to Condition 4 (*Interest*) and (iii) “**principal**” and/or “**interest**” shall be deemed to include any Additional Amounts that may be payable under this Condition.

Neither the Issuer nor any other person will be required to pay any Additional Amounts in respect of FATCA Withholding.

8 Enforcement Events, no Events of Default and no Cross Default

There are no events of default in respect of the Notes. There is no cross default under the Notes.

However, each Note shall become immediately due and payable at its principal amount, together with accrued interest thereon, if any, to the date of payment and any Arrears of Interest (including any Additional Interest Amounts thereon), in the event that a judgment is rendered by any competent court declaring the judicial liquidation (*liquidation judiciaire*) of the Issuer, or in the event of a transfer of the whole of the business of the Issuer (*cession totale de l'entreprise*) subsequent to the opening of a judicial recovery procedure (*redressement judiciaire*), or in the event of the voluntary dissolution of the Issuer, or if the Issuer is liquidated for any other reason (other than pursuant to a consolidation, amalgamation or merger or other reorganisation outside the context of an insolvency whereby the surviving entity assumes all obligations of the Issuer under the Notes). No payments will be made to holders of any class of the share capital of the Issuer before all amounts due, but unpaid, to all Noteholders have been paid by the Issuer.

9 Representation of the Noteholders

Noteholders will be grouped automatically for the defence of their common interests in a *masse* (in each case, the “**Masse**”).

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

9.1 Legal Personality

The *Masse* will be a separate legal entity and will act in part through a representative (the “**Representative**”) and in part through collective decisions of the Noteholders (the “**Collective Decisions**”).

The *Masse* alone, to the exclusion of all individual Noteholders, shall exercise the common rights, actions and benefits which may accrue respectively with respect to the Notes, without prejudice to the rights that Noteholders may exercise individually in accordance with, and subject to, the provisions of the Terms and Conditions of the Notes.

9.2 Representative

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

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

The name and address of the Representative of the *Masse* are the following:

MASSQUOTE S.A.S.U.
RCS 529 065 880 Nanterre
7 bis rue de Neuilly
F-92110 Clichy
Mailing address:
33, rue Anna Jacquin
92100 Boulogne Billancourt
France
Represented by its Chairman

In connection with its functions or duties, the Representative will be entitled to a remuneration of €450 (VAT excluded) per year payable on the Issue Date and on each anniversary thereafter.

In the event of dissolution, resignation or revocation of appointment of the Representative, an alternate Representative will be appointed by way of Collective Decision.

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

9.3 Powers of the Representative

The Representative shall (in the absence of any Collective Decision to the contrary) have the power to take all acts of management necessary in order to defend the common interests of the Noteholders, with the capacity to delegate its powers.

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

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

9.4 Collective Decisions

Collective Decisions are adopted either (i) in a general meeting (the “**General Meeting**”) as detailed in Condition 9.5 (*General Meeting*), or (ii) by the consent of one or more Noteholders following a written consultation as set out in Condition 9.7 (*Written Resolutions*) (the “**Written Resolution**”).

In accordance with Article R.228-71 of the French *Code de commerce*, the rights of each Noteholder to participate in Collective Decisions will be evidenced by the entries in the books of the relevant Account Holder or the Issuer or the Registration Agent (as the case may be) of the name of such Noteholder as of 0:00 Paris time, on the second (2nd) business day in Paris preceding the date set for the Collective Decision.

Collective Decisions must be published in accordance with Condition 10 (*Notices*).

9.5 General Meeting

A General Meeting may be held at any time, on convocation either by the Issuer or by the Representative. One or more Noteholders, holding together at least one-thirtieth of the principal amount of the Notes outstanding, may address to the Issuer and the Representative a demand for convocation of the General Meeting. If such General Meeting has not been convened within two (2) months after such demand, the Noteholders may commission one of themselves to petition a competent court in Paris to appoint an agent (*mandataire*) who will call the General Meeting.

Notice of the date, time, place and agenda of any General Meeting will be published not less than fifteen (15) calendar days prior to the date of the General Meeting on first convocation, and ten (10) calendar days on second convocation, as provided under Condition 10 (*Notices*). Each Noteholder has the right to participate in a General Meeting in person, by proxy or by correspondence.

Each Note carries the right to one vote.

9.6 Powers of the General Meetings

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

The General Meeting may further deliberate on any proposal relating to the modification of the Conditions including any proposal, whether for arbitration or settlement, relating to rights in controversy or which were the subject of judicial decisions, it being specified, however, that the General Meeting may not increase the

liabilities (*charges*) of the Noteholders, nor establish any unequal treatment between the Noteholders, nor to decide to convert Notes into shares.

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

9.7 Written Resolutions

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

Notice seeking the approval of a Written Resolution (including by way of Electronic Consent) will be published as provided under Condition 10 (*Notices*) not less than fifteen (15) calendar days prior to the date fixed for the passing of such Written Resolution (the “**Written Resolution Date**”). Notices seeking the approval of a Written Resolution will contain the conditions of form and time-limits to be complied with by the Noteholders who wish to express their approval or rejection of such proposed Written Resolution. Noteholders expressing their approval or rejection before the Written Resolution Date will undertake not to dispose of their Notes until after the Written Resolution Date.

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

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

9.8 Information to Noteholders

Each Noteholder or Representative thereof will have the right, during the fifteen (15) calendar day period preceding the holding of each General Meeting on first convocation and Written Resolution Date, and during the ten (10) calendar day period preceding the holding of each General Meeting on second convocation, to consult or make a copy of the text of the resolutions which will be proposed and of the reports which will be prepared in connection with such resolutions, all of which will be available for inspection by the relevant Noteholders at the registered office of the Issuer, at the

specified offices of any of the Paying Agents during usual business hours and at any other place specified in the notice of the General Meeting or in the Written Resolution.

9.9 Expenses

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

9.10 Euro 5-Year Swap Rate Discontinuation

By subscribing the Notes and solely when the Issuer or the Calculation Agent determines that the Euro 5-Year Swap Rate has been discontinued, each Noteholder shall be deemed to have agreed and approved any necessary changes pursuant to Condition 4.2.

10 Notices

- (a) Notice to the Noteholders shall be valid if published so long as the Notes are admitted to trading on Euronext Paris, at the option of the Issuer, (i) in a leading daily newspaper of general circulation in France (which is expected to be *Les Echos*), (ii) in a leading daily newspaper of general circulation in Europe (which is expected to be the *Financial Times*) or (iii) in accordance with Articles 221-3 and 221-4 of the General Regulations (*Règlement Général*) of the AMF.
- (b) If any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in Europe. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the date of the first publication as provided above.
- (c) Notices required to be given to the Noteholders may be given by delivery of the relevant notice to Euroclear France, Euroclear, Clearstream and any other clearing system through which the Notes are for the time being cleared in substitution for the mailing and publication of a notice required by Conditions 10(a) and (b) above; except that (i) so long as the Notes are admitted to trading on Euronext Paris and the rules of such regulated market so require, notices shall also be published in a leading daily newspaper of general circulation in France,
- (d) Notices relating to the convocation, decision(s) of the General Meetings and Written Resolutions pursuant to Condition 9 (*Representation of the Noteholders*), to any decision taken by the Issuer following a General Meeting or a Consultation in Writing or pursuant to Articles R.228-79, R.228-80 and R.236-11 of the French *Code de commerce*, shall be given by delivery of the relevant notice to Euroclear France, Euroclear, Clearstream and any other clearing system through which the Notes are for the time being cleared and on the website of the Issuer (www.arkema.com).

11 Prescription

Claims against the Issuer for the payment of principal and interest in respect of the Notes shall be prescribed and become void unless made within five (5) years (in the case of principal or interest) from the due date for payment thereof.

12 Further Issues

The Issuer may, without the consent of the Noteholders, issue further notes to be assimilated (*assimilables*) with the Notes, provided that such further notes and the Notes shall carry rights identical in all respects (or in all respects save for principal amount thereon and for the first payment of interest thereon) and that the terms of such further notes shall provide for such assimilation. In the event of such assimilation, the Noteholders and the holders of any assimilated notes will, for the defence of their common interests, be grouped in a single *Masse* having legal personality.

13 Governing Law and Jurisdiction

- (a) **Governing Law:** The Notes are governed by, and shall be construed in accordance with, French law.
- (b) **Jurisdiction:** Any claim against the Issuer in connection with any Notes may be brought before any competent court located in Paris.

The following paragraphs in italics do not form part of the Conditions:

The Issuer intends (without thereby assuming a legal or contractual obligation) that it will redeem or repurchase the Notes (or any part thereof) only to the extent that such part of the aggregate principal amount of the Notes (or any part thereof) to be redeemed or repurchased which was assigned "equity credit" (or such similar nomenclature used by S&P from time to time) at the time of the issuance of the Notes does not exceed such part of the net proceeds received by the Issuer or any Subsidiary of the Issuer from the sale or issuance of securities by the Issuer or such Subsidiary to third party purchasers (other than group entities of the Issuer) which is assigned by S&P "equity credit" (or such similar nomenclature used by S&P from time to time) that is equal to or greater than the "equity credit" assigned to the relevant Notes (or any part thereof) to be redeemed or purchased, at the time of sale or issuance of such securities (but taking into account any changes in hybrid capital methodology or another relevant methodology or the interpretation thereof since the issuance of the Notes).

The following exceptions apply as to the Issuer's replacement intention. The Notes are not required to be replaced:

- (i) if the long-term corporate credit rating assigned by S&P to the Issuer is the same as or higher than the long-term corporate credit rating assigned to the Issuer on the date of the last additional hybrid issuance (excluding refinancing) and the Issuer is of the view that such a rating would not fall below this level as a result of such redemption or repurchase, or*
- (ii) in the case of a repurchase only, such repurchase is of less than (a) 10 per cent. of the aggregate hybrid capital outstanding in any period of twelve (12) consecutive months or (b) 25 per cent. of the aggregate hybrid capital outstanding in any period of 10 consecutive years, or*
- (iii) if, in the case of a repurchase, such repurchase is in an amount necessary to allow the Issuer's aggregate amount of hybrid capital remaining outstanding after such repurchase to remain below the maximum aggregate principal amount of hybrid capital to which S&P would assign equity content under its prevailing methodology; or*
- (iv) if the Notes are redeemed pursuant to a Rating Event, a Tax Deductibility Event, an Accounting Event, a Withholding Tax Event, a Gross-Up Event or a Change of Control Call Event or*
- (v) if the Notes are not assigned an "equity credit" by S&P (or such similar nomenclature then used by S&P) at the time of such redemption or repurchase, or*
- (vi) if such redemption or repurchase occurs on or after the Reset Date falling on 21 January 2046 (the Second Step-up Date).*

Terms used but not defined in the preceding sentences shall have the meaning set out under "Terms and Conditions of the Notes".

USE OF PROCEEDS AND ESTIMATED NET AMOUNT

The estimated net proceeds from the issue of the Notes will amount to €299,475,000 and be used by the Issuer for general corporate purposes including the possible refinancing of the remaining Euro 300,000,000 portion of the outstanding Euro 700,000,000 undated deeply subordinated fixed to reset rate notes issued by the Issuer on 29 October 2014 with an optional redemption at the option of the Issuer on the first reset date (*i.e.*, 29 October 2020).

RECENT DEVELOPMENTS

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

"Colombes (France) – September 27, 2019

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

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

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

"Colombes, October 14, 2019

Arkema announces the proposed divestment of its Functional Polyolefins business

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

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

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

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

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

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

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

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

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

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

"Colombes, 30 October 2019

Arkema: Third-quarter 2019 results

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

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

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

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

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

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

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

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

KEY FIGURES FOR THIRD-QUARTER 2019

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

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

THIRD-QUARTER 2019 BUSINESS PERFORMANCE

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

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

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

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

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

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

THIRD-QUARTER 2019 PERFORMANCE BY DIVISION

HIGH PERFORMANCE MATERIALS (48% OF GROUP SALES)

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

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

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

INDUSTRIAL SPECIALTIES (28% OF GROUP SALES)

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

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

At **€152 million**, the division's **EBITDA** was down relative to the €165 million reported for the year-earlier period, with the Business Lines delivering very contrasting performances. The results in Fluorogases remained strongly penalized by illegal HFC imports into Europe, which continued to weigh on the prices of this activity. In the fourth quarter, Fluorogases should be significantly below the exceptional performance of 4Q'2018. In contrast, the MMA/PMMA chain resisted well in the third quarter, benefiting from its strong integration, its quality of innovation and lower prices for certain raw materials. Thiochemicals continued to grow in the continuity of the first half, driven by solid demand in its end-markets. The division's **EBITDA margin** of **25.1%** was close to last year's level (25.5%).

COATING SOLUTIONS (24% OF TOTAL GROUP SALES)

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

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

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

CASH FLOW AND NET DEBT AT 30 SEPTEMBER 2019

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

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

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

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

POST BALANCE SHEET EVENTS

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

On 8 October, Arkema successfully brought on stream a new production line for ultra-high performance polyamide 12 powders at the Mont plant in France. The Group thus increases its global capacity by over 50% to support the increase in demand for fast-growing niche industrial applications, in particular in the coatings, personal care, composites and 3D printing markets.

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

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

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

OUTLOOK FOR 2019

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

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

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

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

FINANCIAL CALENDAR

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

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

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⁽³⁾2019 takes into account the new IFRS 16 standard.

■ **DISCLAIMER**

■ The information disclosed in this press release may contain forward-looking statements with respect to the financial position, results of operations, business and strategy of Arkema. Such statements are based on management's current views and assumptions that could ultimately prove inaccurate and are subject to risk factors such as (but not limited to) changes in raw materials prices, currency fluctuations, the pace at which cost-reduction projects are implemented and changes in general economic and financial conditions. Arkema does not assume any liability to update such forward-looking statements whether as a result of any new information or any unexpected event or otherwise. Further information on factors which could affect Arkema's financial results is provided in the documents filed with the French Autorité des marchés financiers.

■ Balance sheet, income statement and cash flow statement data, as well as data relating to the statement of changes in shareholders' equity and information by business division included in this press release are extracted from the condensed consolidated financial statements at 30 September 2019 reviewed by Arkema's Board of Directors on 29 October 2019. Quarterly financial information is not audited.

■ Information by business division is presented in accordance with Arkema's internal reporting system used by management.

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

For the purpose of tracking changes in its results, and particularly its sales figures, the Group analyzes the following effects (unaudited analyses):

- **scope effect:** the impact of changes in the Group's scope of consolidation, which arise from acquisitions and divestments of entire businesses or as a result of the first-time consolidation or deconsolidation of entities. Increases or reductions in capacity are not included in the scope effect;
- **currency effect:** the mechanical impact of consolidating accounts denominated in currencies other than the euro at different exchange rates from one period to another. The currency effect is calculated by applying the foreign exchange rates of the prior period to the figures for the period under review;
- **price effect:** the impact of changes in average selling prices is estimated by comparing the weighted average net unit selling price of a range of related products in the period under review with their weighted average net unit selling price in the prior period, multiplied, in both cases, by the volumes sold in the period under review;
- **volume effect:** the impact of changes in volumes is estimated by comparing the quantities delivered in the period under review with the quantities delivered in the prior period, multiplied, in both cases, by the weighted average net unit selling price in the prior period.



ARKEMA Financial Statements

Consolidated financial statements - At the end of September 2019

CONSOLIDATED INCOME STATEMENT

<i>(In millions of euros)</i>	<u>3rd quarter 2019</u>	<u>End of September 2019</u>	<u>3rd quarter 2018</u>	<u>End of September 2018</u>
	<i>(non audited)</i>	<i>(non audited)</i>	<i>(non audited)</i>	<i>(non audited)</i>
Sales	2.216	6.685	2.167	6.609
Operating expenses	(1.721)	(5.177)	(1.669)	(5.046)
Research and development expenses	(61)	(184)	(58)	(176)
Selling and administrative expenses	(193)	(577)	(183)	(553)
Other income and expenses	(24)	(47)	(8)	(12)
Operating income	217	700	249	822
Equity in income of affiliates	(1)	(2)	1	2
Financial result	(29)	(89)	(26)	(73)
Income taxes	(40)	(135)	(49)	(165)
Net income	147	474	175	586
Of which non-controlling interests	2	6	1	5
Net income - Group share	145	468	174	581
<i>Earnings per share (amount in euros)</i>	1.91	5.66	2.28	7.63
<i>Diluted earnings per share (amount in euros)</i>	1.90	5.63	2.27	7.61

The Group applied IFRS 16 for the first time at 1 January 2019, under the modified retrospective approach which does not require restatement of the comparative figures for 2018.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<u>3rd quarter 2019</u>	<u>End of September 2019</u>	<u>3rd quarter 2018</u>	<u>End of September 2018</u>
<i>(In millions of euros)</i>	<i>(non audited)</i>	<i>(non audited)</i>	<i>(non audited)</i>	<i>(non audited)</i>
Net income	147	474	175	586
Hedging adjustments	(5)	(6)	(2)	(2)
Other items	(1)	-	(1)	(1)
Deferred taxes on hedging adjustments and other items	-	-	-	-
Change in translation adjustments	61	75	(14)	14
Other recyclable comprehensive income	55	69	(17)	11
Actuarial gains and losses	(29)	(62)	1	19
Deferred taxes on actuarial gains and losses	6	11	(1)	(5)
Other non-recyclable comprehensive income	(23)	(51)	-	14
Total income and expenses recognized directly in equity	32	18	(17)	25
Comprehensive income	179	492	158	611
Of which: non-controlling interest	3	7	-	5
Comprehensive income - Group share	176	485	158	606

The Group applied IFRS 16 for the first time at 1 January 2019, under the modified retrospective approach which does not require restatement of the comparative figures for 2018.

INFORMATION BY BUSINESS DIVISION

(non audited)

3 rd quarter 2019					
(In millions of euros)	High Performance Materials	Industrial Specialties	Coating Solutions	Corporate	Total
Non-Group sales	1.068	606	535	7	2.216
Inter-division sales	3	34	18	-	
Total sales	1.071	640	553	7	
EBITDA	182	152	70	(19)	385
Recurring depreciation and amortization of tangible and intangible assets	(48)	(54)	(31)	(2)	(135)
Recurring operating income (REBIT)	134	98	39	(21)	250
Depreciation and amortization related to the revaluation of tangible and intangible assets as part of the allocation of the purchase price of businesses	(9)	-	0	-	(9)
Other income and expenses	(20)	(4)	0	0	(24)
Operating income	105	94	39	(21)	217
Equity in income of affiliates	0	(1)	-	-	(1)
Intangible assets and property, plant and equipment additions	63	47	32	6	148
Of which recurring capital expenditure	44	36	32	6	118

3 rd quarter 2018					
(In millions of euros)	High Performance Materials	Industrial Specialties	Coating Solutions	Corporate	Total
Non-Group sales	987	646	527	7	2.167
Inter-division sales	3	47	21	-	
Total sales	990	693	548	7	
EBITDA	162	165	65	(18)	374
Recurring depreciation and amortization of tangible and intangible assets	(39)	(44)	(26)	0	(109)
Recurring operating income (REBIT)	123	121	39	(18)	265
Depreciation and amortization related to the revaluation of tangible and intangible assets as part of the allocation of the purchase price of businesses	(8)	-	-	-	(8)
Other income and expenses	(9)	(1)	0	2	(8)
Operating income	106	120	39	(16)	249
Equity in income of affiliates	1	-	-	-	1
Intangible assets and property, plant and equipment additions	48	60	27	11	146
Of which recurring capital expenditure	38	44*	27	11	120*

* Restated figures

INFORMATION BY BUSINESS DIVISION

(non audited)

End of September 2019					
(In millions of euros)	High Performance Materials	Industrial Specialties	Coating Solutions	Corporate	Total
Non-Group sales	3.074	1.921	1.669	21	6.685
Inter-division sales	8	112	57	-	
Total sales	3.082	2.033	1.726	21	
EBITDA	514	488	228	(68)	1.162
Recurring depreciation and amortization of tangible and intangible assets	(137)	(158)	(87)	(5)	(387)
Recurring operating income (REBIT)	377	330	141	(73)	775
Depreciation and amortization related to the revaluation of tangible and intangible assets as part of the allocation of the purchase price of businesses	(26)	-	(2)	-	(28)
Other income and expenses	(37)	(6)	(1)	(3)	(47)
Operating income	314	324	138	(76)	700
Equity in income of affiliates	0	(2)	-	-	(2)
Intangible assets and property, plant and equipment additions	167	128	75	11	381
Of which recurring capital expenditure	127	92	75	11	305

End of September 2018					
(In millions of euros)	High Performance Materials	Industrial Specialties	Coating Solutions	Corporate	Total
Non-Group sales	2.992	2.016	1.581	20	6.609
Inter-division sales	8	141	59	-	
Total sales	3.000	2.157	1.640	20	
EBITDA	515	535	199	(62)	1.187
Recurring depreciation and amortization of tangible and intangible assets	(117)	(131)	(77)	(2)	(327)
Recurring operating income (REBIT)	398	404	122	(64)	860
Depreciation and amortization related to the revaluation of tangible and intangible assets as part of the allocation of the purchase price of businesses	(26)	-	-	-	(26)
Other income and expenses	(11)	(2)	(2)	3	(12)
Operating income	361	402	120	(61)	822
Equity in income of affiliates	1	1	-	-	2
Intangible assets and property, plant and equipment additions	110	135	53	23	321
Of which recurring capital expenditure	89	103*	53	23	268*

* Restated figures

CONSOLIDATED CASH FLOW STATEMENT

<i>(In millions of euros)</i>	<u>End of September 2019</u> <i>(non audited)</i>	<u>End of September 2018</u> <i>(non audited)</i>
Cash flow - operating activities		
Net income	474	586
Depreciation, amortization and impairment of assets	469	355
Other provisions and deferred taxes	(14)	(31)
(Gains)/losses on sales of long-term assets	(6)	(2)
Undistributed affiliate equity earnings	5	(2)
Change in working capital	(116)	(309)
Other changes	17	14
Cash flow from operating activities	829	611
Cash flow - investing activities		
Intangible assets and property, plant, and equipment additions	(381)	(321)
Change in fixed asset payables	(81)	(13)
Acquisitions of operations, net of cash acquired	(606)	(199)
Increase in long-term loans	(28)	(53)
Total expenditures	(1.096)	(586)
Proceeds from sale of intangible assets and property, plant and equipment	8	2
Repayment of long-term loans	21	15
Total divestitures	29	17
Cash flow from investing activities	(1.067)	(569)
Cash flow - financing activities		
Issuance (repayment) of shares and other equity	3	51
Purchase of treasury shares	(30)	(26)
Issuance of hybrid bonds	399	-
Redemption of hybrid bonds	(425)	-
Dividends paid to parent company shareholders	(190)	(176)
Interest paid to bearers of subordinated perpetual notes	(12)	-
Dividends paid to non-controlling interests	(1)	(1)
Increase in long-term debt	2	1
Decrease in long-term debt	(531)	(17)
Increase/ decrease in short-term borrowings	477	26
Cash flow from financing activities	(308)	(142)
Net increase/(decrease) in cash and cash equivalents	(546)	(100)
Effect of exchange rates and changes in scope	(42)	1
Cash and cash equivalents at beginning of period	1.441	1.438
Cash and cash equivalents at end of period	853	1.339

The Group applied IFRS 16 for the first time at 1 January 2019, under the modified retrospective approach which does not require restatement of the comparative figures for 2018.

CONSOLIDATED BALANCE SHEET

<i>(In millions of euros)</i>	<u>End of September 2019</u> <i>(non audited)</i>	<u>End of December 2018</u> <i>(audited)</i>
ASSETS		
Intangible assets, net	3.274	2.877
Property, plant and equipment, net	2.992	2.627
Equity affiliates : investments and loans	35	38
Other investments	53	33
Deferred tax assets	216	209
Other non-current assets	255	243
TOTAL NON-CURRENT ASSETS	6.825	6.027
Inventories	1.217	1.136
Accounts receivable	1.348	1.247
Other receivables and prepaid expenses	181	173
Income tax receivables	85	80
Other current financial assets	6	7
Cash and cash equivalents	853	1.441
TOTAL CURRENT ASSETS	3.690	4.084
TOTAL ASSETS	10.515	10.111
LIABILITIES AND SHAREHOLDERS' EQUITY		
Share capital	766	766
Paid-in surplus and retained earnings	4.302	4.099
Treasury shares	(56)	(28)
Translation adjustments	216	142
SHAREHOLDERS' EQUITY - GROUP SHARE	5.228	4.979
Non-controlling interests	55	49
TOTAL SHAREHOLDERS' EQUITY	5.283	5.028
Deferred tax liabilities	267	268
Provisions for pensions and other employee benefits	555	470
Other provisions and non-current liabilities	404	433
Non-current debt	1.881	2.246
TOTAL NON-CURRENT LIABILITIES	3.107	3.417
Accounts payable	881	1.037
Other creditors and accrued liabilities	392	343
Income tax payables	94	78
Other current financial liabilities	16	7
Current debt	742	201
TOTAL CURRENT LIABILITIES	2.125	1.666
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	10.515	10.111

The Group applied IFRS 16 for the first time at 1 January 2019, under the modified retrospective approach which does not require restatement of the comparative figures for 2018.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(non audited)

(In millions of euros)	Shares issued			Treasury shares			Shareholders' equity - Group share	Non-controlling interests	Shareholders' equity		
	Number	Amount	Paid-in surplus	Hybrid bonds	Retained earnings	Translation adjustments				Number	Amount
At January 1, 2019	76,581,492	766	1.263	689	2.147	142	(318.998)	(28)	4.979	49	5.028
Cash dividend	-	-	-	-	(202)	-	-	-	(202)	(1)	(203)
Issuance of share capital	42.728	0	3	-	-	-	-	-	3	-	3
Purchase of treasury shares	-	-	-	-	-	-	(355.621)	(30)	(30)	-	(30)
Grants of treasury shares to employees	-	-	-	-	(2)	-	22.749	2	-	-	-
Share-based payments	-	-	-	-	19	-	-	-	19	-	19
Issuance of hybrid bonds	-	-	-	399	-	-	-	-	399	-	399
Redemption of hybrid bonds	-	-	-	(394)	(31)	-	-	-	(425)	-	(425)
Other	-	-	-	-	-	-	-	-	-	-	-
Transactions with shareholders	42.728	0	3	5	(216)	-	(332.872)	(28)	(236)	(1)	(237)
Net income	-	-	-	-	468	-	-	-	468	6	474
Total income and expense recognized directly through equity	-	-	-	-	(57)	74	-	-	17	1	18
Comprehensive income	-	-	-	-	411	74	-	-	485	7	492
At September 30, 2019	76,624,220	766	1.266	694	2.342	216	(651.870)	(56)	5.228	55	5.283

ALTERNATIVE PERFORMANCE INDICATORS

To monitor and analyse the financial performance of the Group and its activities, the Group management uses alternative performance indicators. These are financial indicators that are not defined by the IFRS. This note presents a reconciliation of these indicators and the aggregates from the consolidated financial statements under IFRS.

RECURRING OPERATING INCOME (REBIT) AND EBITDA

(In millions of euros)	End of September 2019	End of September 2018	3 rd quarter 2019	3 rd quarter 2018
OPERATING INCOME	700	822	217	249
- Depreciation and amortization related to the revaluation of tangible and intangible assets as part of the allocation of the purchase price of businesses	(28)	(26)	(9)	(8)
- Other income and expenses	(47)	(12)	(24)	(8)
RECURRING OPERATING INCOME (REBIT)	775	860	250	265
- Recurring depreciation and amortization of tangible and intangible assets	(387)	(327)	(135)	(109)
EBITDA	1.162	1.187	385	374

Details of depreciation and amortization of tangible and intangible assets:

(In millions of euros)	End of September 2019	End of September 2018	3 rd quarter 2019	3 rd quarter 2018
Depreciation and amortization of tangible and intangible assets	(469)	(355)	(153)	(119)
Of which: Recurring depreciation and amortization of tangible and intangible assets	(387)	(327)	(135)	(109)
Of which: Depreciation and amortization related to the revaluation of assets as part of the allocation of the purchase price of businesses	(28)	(26)	(9)	(8)
Of which: Impairment included in other income and expenses	(54)	(2)	(9)	(2)

ADJUSTED NET INCOME AND ADJUSTED EARNINGS PER SHARE

(In millions of euros)	End of September 2019	End of September 2018	3 rd quarter 2019	3 rd quarter 2018
NET INCOME - GROUP SHARE	468	581	145	174
- Depreciation and amortization related to the revaluation of tangible and intangible assets as part of the allocation of the purchase price of businesses	(28)	(26)	(9)	(8)
- Other income and expenses	(47)	(12)	(24)	(8)
- Other income and expenses - Non-controlling interests	-	-	-	-
- Taxes on depreciation and amortization related to the revaluation of assets as part of the allocation of the purchase price of businesses	7	6	2	2
- Taxes on other income and expenses	13	4	10	2
- One-time tax-effects	-	2	-	-
ADJUSTED NET INCOME	523	607	166	186
- Weighted average number of ordinary shares	76,156,547	76,190,768		
- Weighted average number of potential ordinary shares	76,613,410	76,306,477		
ADJUSTED EARNINGS PER SHARE (€)	6.87	7.97	2.19	2.44
DILUTED ADJUSTED EARNINGS PER SHARE (€)	6.83	7.95	2.17	2.42

RECURRING CAPITAL EXPENDITURE

(In millions of euros)	End of September 2019	End of September 2018	3 rd quarter 2019	3 rd quarter 2018
INTANGIBLE ASSETS AND PROPERTY, PLANT, AND EQUIPMENT ADDITIONS	381	321	148	146
- Exceptional capital expenditure	68	34	30	16
- Investments relating to portfolio management operations	-	4	-	4
- Capital expenditure with no impact on net debt	8	15*	-	6*
RECURRING CAPITAL EXPENDITURE	305	268*	118	120*

* Restated figures

FREE CASH FLOW

(In millions of euros)	End of September 2019	End of September 2018	3 rd quarter 2019	3 rd quarter 2018
Cash flow from operating activities	829	611	345	361
+ Cash flow from investing activities	(1,067)	(569)	(721)	(161)
NET CASH FLOW	(238)	42	(376)	200
- Net cash flow from portfolio management operations	(619)	(201)	(594)	(27)
FREE CASH FLOW	381	243	218	227

WORKING CAPITAL

<i>(In millions of euros)</i>	<u>End of September 2019</u>	<u>End of December 2018</u>
Inventories	1.217	1.136
+ Accounts receivable	1.348	1.247
+ Other receivables including income taxes	266	253
+ Other current financial assets	6	7
- Accounts payable	881	1.037
- Other liabilities including income taxes	486	421
- Other current financial liabilities	16	7
WORKING CAPITAL	1.454	1.178

CAPITAL EMPLOYED

<i>(In millions of euros)</i>	<u>End of September 2019</u>	<u>End of December 2018</u>
<i>Goodwill, net</i>	2.028	1.618
+ Intangible assets (excluding goodwill), and property, plant and equipment, net	4.238	3.886
+ Investments in equity affiliates	35	38
+ Other investments and other non-current assets	308	276
+ Working capital	1.454	1.178
CAPITAL EMPLOYED	8.063	6.996

NET DEBT

<i>(In millions of euros)</i>	<u>End of September 2019</u>	<u>End of December 2018</u>
Non-current debt	1.881	2.246
+ Current debt	742	201
- Cash and cash equivalents	853	1.441
NET DEBT	1.770	1.006

IFRS 16 IMPACT ON THE MAIN API

As of January 1, 2019 Arkema applies IFRS 16 "Leases". The impacts of this standard on the main alternative performance indicators used by the Group are described below. The 2018 figures have not been restated.

CONSOLIDATED INCOME STATEMENT

	3 rd quarter 2019	End of September 2019
EBITDA	15	42
Recurring depreciation and amortization of tangible and intangible assets	(14)	(40)
Recurring operating Income (REBIT)	1	2
Operating Income	1	2
Financial result	(1)	(3)
Adjusted net income	-	(1)
Net income	-	(1)

CONSOLIDATED CASH FLOW STATEMENT

	3 rd quarter 2019	End of September 2019
Cash flow from operating activities	14	39
Cash flow from financing activities	(14)	(39)
Free cash flow	14	39

CONSOLIDATED BALANCE SHEET

	End of September 2019
Property, plant and equipment, net	158
Total assets	158
Non-current debt	115
Current debt	44
Net Debt	159
Net income	(1)
Total liabilities and shareholders' equity	158

INFORMATION BY BUSINESS DIVISION

IFRS 16 impact (3 rd quarter 2019)	High Performance Materials	Industrial Specialties	Coating Solutions	Corporate
EBITDA	5	5.5	3.5	1
Recurring depreciation and amortization of tangible and intangible assets	(5)	(5)	(3)	(1)
Recurring operating Income (REBIT)	-	0.5	0.5	-

IFRS 16 impact (End of September 2019)	High Performance Materials	Industrial Specialties	Coating Solutions	Corporate
EBITDA	13.5	18	8.5	2
Recurring depreciation and amortization of tangible and intangible assets	(13)	(17)	(8)	(2)
Recurring operating Income (REBIT)	0.5	1.0	0.5	-

"On 13 November 2019, Moody's Deutschland GmbH upgraded to Baa1 from Baa2 the long-term Issuer rating of Arkema. The outlook was changed to stable from positive."

On 25 November 2019 the Issuer published the following press release:

“Arkema successfully launched a €500 million bond issue

Arkema successfully completed today a €500 million bond issue with a ten-year maturity at a yearly coupon of 0.75%.

This operation, which enables the Group to refinance its €480 million outstanding senior notes with a 3.85% coupon maturing in April 2020 taking advantage of favorable market conditions, is carried out as part of the Group's long-term financing policy.

Arkema is rated BBB+ by Standard & Poor's and Baa1 by Moody's (outlook stable).”

On 6 January 2020, the Issuer published the following press release:

“Bostik completes the acquisition of LIP

Bostik completed the acquisition of LIP Byggningsartikler AS (LIP), the Danish leader in tile adhesives, waterproofing systems and floor preparation solutions, on 3 January 2020.

This acquisition, like the Prochimir acquisition finalized in October 2019, is in line with Arkema's strategy to continuously grow its *Adhesives* business through bolt-on acquisitions which complement Bostik's geographic presence, product ranges and technologies.”

On 14 January 2020, the Issuer published the following press release:

“Arkema successfully priced a €300 million undated hybrid notes

Arkema (BBB+ S&P / Baa1 Moody's) successfully completed today a €300 million undated hybrid bond issue at a yearly coupon of 1.5% until the first call date after 6 years.

Taking advantage of favorable market conditions and following its previous hybrid refinancing operation in June 2019, the Group thus acquires the possibility to refinance the remaining €300m portion of its outstanding 4.75% hybrid notes with a first call date on October 2020.

The bonds will be subordinated to any senior debt and will be recognized in equity in accordance with IFRS rules. They will be subject to capital treatment equivalent to 50% of their amount by Moody's and Standard and Poor's rating agencies.”

SUBSCRIPTION AND SALE

Subscription Agreement

Crédit Agricole Corporate and Investment Bank and Société Générale (together, the “**Joint Lead Managers**”) have, pursuant to a Subscription Agreement dated 17 January 2020, jointly and severally agreed with the Issuer, subject to the satisfaction of certain conditions, to subscribe the Notes at an issue price equal to 100.00 per cent. of the principal amount of the Notes, less any applicable commission. The Issuer has agreed to indemnify the Joint Lead Managers against certain liabilities in connection with the offer and sale of the Notes. The Joint Lead Managers have agreed to indemnify the Issuer against certain liabilities in connection with the offer and sale of the Notes. The Subscription Agreement entitles the Joint Lead Managers to terminate any agreement that they make to subscribe Notes in certain circumstances prior to payment for such Notes being made to the Issuer.

General Restrictions

Each Joint Lead Manager has agreed to observe all applicable laws and regulations in each jurisdiction in or from which it may acquire, offer, sell or deliver Notes or have in its possession or distribute this Prospectus or any other offering material relating to the Notes. No action has been, or will be, taken in any country or jurisdiction that would permit a public offering of the Notes, or the possession or distribution of this Prospectus or any other offering material relating to the Notes, in any country or jurisdiction where action for that purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Prospectus nor any circular, prospectus, form of application, advertisement or other offering material relating to the Notes may be distributed in or from, or published in, any country or jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations and all offers and sales of Notes by it will be made on the same terms.

Prohibition of Sales to EEA Retail Investors

Each Joint Lead Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available the Notes to any retail investor in the EEA. For the purposes of this provision the expression “**retail investor**” means a person who is one (or both) of the following: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II and/or (ii) a customer within the meaning of Directive 2016/97/EU as amended, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

France

Each Joint Lead Manager has represented and agreed that it has only offered or sold and will only offer or sell, directly or indirectly, any Notes in France and it has only distributed or caused to be distributed and will only distribute or cause to be distributed in France, the Prospectus or any other offering material relating to the Notes to qualified investors as defined in Article 2(e) of the Prospectus Regulation.

United Kingdom

Each Joint Lead Manager has represented and agreed that:

- (i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000, as amended (the “**FSMA**”)) received by it in connection with the issue or sale of the Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and
- (ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

United States

The Notes have not been and will not be registered under the Securities Act or the securities law of any U.S. State or other jurisdiction, and may not be offered or sold, directly or indirectly, in the United States of America or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act or such state securities laws. The Notes are being offered and sold only outside of the United States to non-U.S. persons in reliance upon an exemption from registration under the Securities Act pursuant to Regulation S.

Each Joint Lead Manager has represented and agreed that:

- (i) it has not offered or sold, and will not offer or sell, the Notes (a) as part of their distribution at any time or (b) otherwise until 40 calendar days after the later of the commencement of the offering and the issue date of the Notes, within the United States or to, or for the account or benefit of, U.S. persons; and
- (ii) it will have sent to each distributor or dealer to which it sells Notes during such 40-calendar day period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

Terms used in this paragraph and not otherwise defined in this Prospectus have the meanings given to them in Regulation S.

In addition, until 40 days after the commencement of the offering of the Notes, an offer or sale of Notes within the United States by a dealer that is not participating in the offering may violate the registration requirements of the Securities Act.

GENERAL INFORMATION

(1) Legal Entity Identifier (“LEI”)

The LEI of the Issuer is 9695000EHMS84KKP2785.

(2) AMF approval and listing and admission to trading

This Prospectus has been approved by the AMF in France in its capacity as competent authority pursuant to the Prospectus Regulation and received the approval number no 20-015 dated 17 January 2020. The AMF only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of either the Issuer or the quality of the Notes that are the subject of this Prospectus and investors should make their own assessment as to the suitability of investing in the Notes.

This Prospectus will be valid until the earlier of (i) the date of admission of the Notes to trading on Euronext Paris or (ii) 12 months after its approval by the AMF. Upon any significant new factor, material mistake or material inaccuracy relating to the information included (including information incorporated by reference) in this Prospectus which may affect the assessment of the Notes occurring before such date, this Prospectus must be completed by a supplement, pursuant to Article 23 of the Prospectus Regulation. On the Issue Date, this Prospectus, as supplemented (as the case may be), will expire and the obligation to supplement this Prospectus in the event of significant new factors, material mistakes or material inaccuracies will no longer apply.

Application has been made for the Notes to be admitted to trading on Euronext Paris on or about 21 January 2020.

The estimated costs for the admission to trading of the Notes are Euro 21,250 (including AMF fees).

(3) Corporate authorisations

The Issuer has obtained all necessary consents, approvals and authorisations in France in connection with the issue and performance of its obligations under the Notes.

The issue of the Notes has been authorised by a decision of Marie-José Donsion, *Directeur général finances* of the Issuer, dated 15 January 2020, pursuant to a resolution of the Board of Directors (*Conseil d'administration*) of the Issuer dated 29 October 2019.

(4) No significant change in the financial position or financial performance

Except as disclosed in this Prospectus, there has been no significant change in the financial position or financial performance of the Issuer or the Group since 30 september 2019.

(5) No material adverse change

Except as disclosed in this Prospectus, there has been no material adverse change in the prospects of Arkema since 31 December 2018.

(6) Legal and arbitration proceedings

Except as disclosed in this Prospectus, Arkema is not or has not been involved in any governmental, legal or arbitration proceedings (including any such proceeding which are pending or threatened of which Arkema is aware), during a period covering at least the previous twelve (12) months which may have, or have had in the recent past, significant effects on the financial position or profitability of Arkema or the Group.

(7) Material contracts

Except as disclosed in this Prospectus, there are no material contracts that are not entered into in the ordinary course of the Issuer's business, which could result in any Group member being under an obligation or entitlement that is material to the Issuer's ability to meet its obligation to the Noteholders in respect of the Notes.

(8) Clearing

The Notes have been accepted for clearance through the Euroclear and Clearstream, systems which are entities in charge of keeping the records. The Common Code for the Notes is 210603034 and the International Securities Identification Number (ISIN) is FR0013478252.

The address of Euroclear is 1, boulevard du Roi Albert II, 1210 Bruxelles, Belgium and the address of Clearstream is 42, avenue John Fitzgerald Kennedy, L-1855 Luxembourg, Grand-Duchy of Luxembourg.

The Notes will be inscribed in the books of Euroclear France (acting as central depository). The address of Euroclear France is 66, rue de la Victoire, 75009 Paris, France.

(9) Yield

The yield in respect of the Notes is 1.500 per cent. *per annum* from the Issue Date up to the First Reset Date and is calculated at the Issue Date on the basis of the issue price of the Notes. It is not an indication of future yield.

(10) Documents available

The following documents will be available, during usual business hours on any week day (Saturdays, Sundays and public holidays excepted), for inspection at the office of the Issuer and on the website of the Issuer (www.arkema.com), or otherwise, using

any kinds of communication means, permitted by law, at the choice of the Issuer and from the specified offices of the Paying Agents, free of charge:

- (i) the *statuts* of the Issuer
[\(https://www.arkema.com/fr/investisseurs/gouvernement-dentreprise/conseil-administration/\)](https://www.arkema.com/fr/investisseurs/gouvernement-dentreprise/conseil-administration/);
- (ii) a copy of the documents incorporated by reference in this Prospectus, which comprise the 2018 Registration Document, the 2017 Registration Document and the 2019 Half-Year Financial Report (<https://www.arkema.com/en/investor-relations/regulated-information/>); and
- (iii) all reports, letters and other documents, historical financial statements, valuations and statements prepared by any expert at the Issuer's request any part of which is included or referred to in this Prospectus.

This Prospectus, the 2018 Registration Document and the 2017 Registration Document will also be available on the website of the AMF (www.amf-france.org) (excluding the 2019 Half-Year Financial Report).

The website of the Issuer is: www.arkema.com. The information on such website does not form part of this Prospectus, except where that information has been incorporated by reference into this Prospectus.

(11) Forward-looking statements

This Prospectus contains certain statements that are forward-looking including statements with respect to the Issuer's business strategies, expansion and growth of operations, trends in its business, competitive advantage, and technological and regulatory changes, information on exchange rate risk and generally includes all statements preceded by, followed by or that include the words "believe", "expect", "project", "anticipate", "seek", "estimate" or similar expressions. Such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and actual results may differ materially from those in the forward-looking statements as a result of various factors. Potential investors are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date hereof.

(12) Regulation S

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

(13) Statutory auditors

KPMG Audit a department of KPMG S.A. and Ernst & Young Audit have rendered (i) their audit reports on the consolidated financial statements of Arkema for the years ended 31 December 2017 and 2018 and (ii) a limited review report on the consolidated interim financial statements of Arkema for the six-month period ended 30 June 2019 prepared in accordance with IFRS as adopted by the European Union.

Both entities are regulated by the *Haut Conseil du Commissariat aux Comptes*, duly authorised as *Commissaires aux comptes* and members of the *Compagnie Régionale des Commissaires aux Comptes de Versailles*.

(14) Information sourced from third parties

Where information in this Prospectus has been sourced from third parties, this information has been accurately reproduced and as far as the Issuer is aware and is able to ascertain from the information published by such third parties no facts have been omitted which would render the reproduced information inaccurate or misleading. The source of third party information is identified where used.

(15) Potential conflicts of interests between any duties to the issuing entity of the members of the board of directors

At the date of this Prospectus, to the knowledge of the Issuer, there are no potential conflicts of interest between the duties, to the Issuer, of the members of the Board of Directors (*Conseil d'administration*), the general management and their private interests and/or other duties. To the knowledge of the Issuer, there are no arrangements or agreements, with the main shareholders, customers or suppliers of the Issuer, pursuant to which a member of the board of directors or the general management has been appointed.

(16) Stabilisation

In connection with the issue of the Notes, Société Générale will act as stabilising manager (the “**Stabilising Manager**”). The Stabilising Manager (or any person acting on behalf of the Stabilising Manager) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the final terms of the offer of the Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 calendar days after the Issue Date and 60 calendar days after the date of the allotment of the Notes. Any stabilisation action or over-allotment must be conducted by the Stabilising Manager (or any person acting on behalf of the Stabilising Manager) in accordance with all applicable laws and rules.

The Issuer confirms the appointment of Société Générale as the central point responsible for adequate public disclosure of information, and handling any request from a competent authority, in accordance with Article 6(5) of Commission Delegated Regulation (EU) 2016/1052 of 8 March 2016 with regard to regulatory technical standards for the conditions applicable to buy-back programmes and stabilisation measures.

(17) Ratings

The Notes have been rated BBB- by S&P Global Ratings Europe Limited (“**S&P**”) and Baa3 by Moody’s Deutschland GmbH (“**Moody’s**”). The Issuer’s long-term debt is currently rated BBB+ (stable outlook) by S&P and Baa1 (stable outlook) by Moody’s. As of the date of this Prospectus, S&P and Moody’s are established in the European Union and registered under Regulation (EC) No 1060/2009 on credit rating agencies, as amended (“**CRA Regulation**”) and are included in the list of credit rating agencies registered in accordance with the CRA Regulation published on the European Securities and Markets Authority’s website (www.esma.europa.eu/page/List-registered-and-certified-CRAs). A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency.

(18) Benchmarks Regulation

The Euro 5-Year Swap Rate is administered by ICE Benchmark Administration (the “**Mid-Swap Administrator**”). EURIBOR is used for the purposes of determining the Euro 5-Year Swap Rate in order to calculate the rate of interest on the Notes on each Interest Payment Date from (and including) the First Reset Date. EURIBOR is administered by the European Money Markets Institute (the “**EURIBOR Administrator**”). The Mid-Swap Administrator appears on the list of administrators and critical benchmarks established and maintained by the European Commission pursuant to Article 20 (1) of the Benchmarks Regulation. As at the date of this Prospectus, the EURIBOR Administrator appears on the list of administrators and critical benchmarks established and maintained by the European Commission pursuant to Article 20 (1) of the Benchmarks Regulation.

(19) Currency

In this Prospectus, unless otherwise specified or the context otherwise requires, references to “€”, “Euro”, “EUR” or “euro” are to the single currency of the participating member states of the European Union which was introduced on 1 January 1999.

(20) Potential Conflicts of Interest

Save for any fees payable to the Joint Lead Managers, as far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the issue.

All or some of the Joint Lead Managers and, as the case may be, the Calculation Agent and their respective affiliates (including their parent companies) have and/or may in the future engage, in investment banking, commercial banking and/or other financial advisory and commercial dealings with the Issuer and its affiliates and in relation to securities issued by any entity of the Group (as defined in the “*Important Notice*” section of this Prospectus). They have or may, in the ordinary course of their business, (i) engage in investment banking, trading or hedging activities including activities that may include prime brokerage business, financing transactions or entry into derivative transactions, (ii) act as underwriters in connection with offering of shares or other securities issued by any entity of the Group or (iii) act as financial

advisers to the Issuer or other companies of the Group. In the context of these transactions, certain of such Joint Lead Managers have or may hold shares or other securities issued by entities of the Group. Where applicable, they have or will receive customary fees and commissions for these transactions.

Each of the Issuer and the Joint Lead Manager(s) may from time to time be engaged in transactions involving an index or related derivatives which may affect the market price, liquidity or value of the Notes and which could be deemed to be adverse to the interests of the Noteholders.

Potential conflicts of interest may arise between the Calculation Agent, if any, and the Noteholders (including where a Joint Lead Manager acts as Calculation Agent), including with respect to certain discretionary determinations and judgements that such Calculation Agent may make pursuant to the Terms and Conditions of the Notes that may influence the amount receivable upon redemption of the Notes. In particular, whilst a Calculation Agent will, as the case may be, have information barriers and procedures in place to manage conflicts of interest, it may in its other banking activities from time to time be engaged in transactions involving an index or related derivatives which may affect amounts receivable by Noteholders during the term and on the maturity of the Notes or the market price, liquidity or value of the Notes and which could be deemed to be adverse to the interests of the Noteholders.

PERSONS RESPONSIBLE FOR THE INFORMATION GIVEN IN THE PROSPECTUS

To the best knowledge of the Issuer, the information contained in this Prospectus is in accordance with the facts and contains no omission likely to affect its import. The Issuer accepts responsibility accordingly.

Arkema

420, rue d'Estienne d'Orves
92700 Colombes
France

On 17 January 2020

Duly represented by:

Thomas Lestavel

Directeur financement et trésorerie

Authorised Signatory



This Prospectus has been approved by the AMF, in its capacity as competent authority under Regulation (EU) 2017/1129. The AMF has approved this Prospectus after having verified that the information it contains is complete, coherent and comprehensible within the meaning of Regulation (EU) 2017/1129.

This approval is not a favourable opinion on the Issuer and on the quality of the Notes described in this Prospectus. Investors should make their own assessment of the opportunity to invest in such Notes.

This Prospectus has been approved on 17 January 2020 is valid until the date of admission of the Notes to trading on Euronext Paris and shall, within this period and pursuant to the conditions set by Article 23 of Regulation (EU) 2017/1129, be completed by a supplement to the Prospectus in the event of new material facts or substantial errors or inaccuracies. The Prospectus has the following approval number: 20-015.

Registered Office of the Issuer

Arkema

420, rue d'Estienne d'Orves
92700 Colombes
France

Joint Lead Managers

Crédit Agricole Corporate and Investment

Bank

12, place des Etats-Unis
CS 70052
92547 Montrouge Cedex
France

Société Générale

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75009 Paris
France

Fiscal Agent, Principal Paying Agent and Calculation Agent

Société Générale

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32, rue du Champ de Tir
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France

Auditors to the Issuer

KPMG Audit

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CS 60055
92066 Paris-La Défense Cedex
France

Ernst & Young Audit

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92400 Courbevoie – Paris La Défense 1
France

Legal Advisers

To the Issuer

(as to French law)

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75008 Paris
France

To the Joint Lead Managers

(as to French law)

Linklaters LLP

25, rue de Marignan
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