

ARKEMA

**BOARD OF DIRECTORS'
INTERNAL RULES**

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Translation for information purpose only

INTRODUCTION

The Board of Directors of Arkema (the "**Company**") has adopted these internal rules setting out the rights and obligations of the Board members of the Company and the operating rules of the Board of Directors.

These Board of Directors' internal rules apply to each director and are intended to complete the legal, regulatory and statutory obligations and to clarify the Board's operating procedures.

Should a director be a legal entity, these internal rules shall apply to its permanent representative as if it was a director in its own name, without prejudice to the obligation of the legal entity it represents to satisfy with the obligations set out in these internal rules and in particular the provisions of articles "Confidentiality" and "Respect of stock exchange rules."

PART I

RIGHTS AND OBLIGATIONS OF THE DIRECTORS OF THE COMPANY

Knowledge and respect of legal and statutory obligations

Before accepting its functions as director, any candidate receives a copy of the articles of associations of the Company and of these internal rules and acknowledges the specific provisions related to its functions.

It must also ensure that it is aware of the laws and regulations governing functions as director of a French "*société anonyme*" and in particular rules relating to:

- the definition of the powers of the Board of Directors;
- multiple directorships;
- agreements entered into between the Company and a director or a company in which it is a director, member of the supervisory board, officer or partner with unlimited liability;
- possession and use of privileged information;
- reporting of operations on the securities of the Company;
- black out periods for dealing in the securities of the Company.

Any director shall hold, in its own name and for the duration of its term, at least 450 shares. Failing to hold these shares upon taking office, it has to rectify its situation within a one-year period.

Respect of the Company's corporate interest

Directors must act in all circumstances in the interest of the Company and represent all shareholders of the Company.

Independence of judgment – Conflicts of interest

Directors undertake to maintain their independence of analysis, judgment, decision and action under all circumstances.

Directors undertake not to seek or accept from the Company or from any companies affiliated therewith, directly or indirectly, any advantages that may jeopardize their Directors independence.

Each director shall make, as at the date of its appointment, and every year upon request made by the Company within the context of the preparation of the reference document, and at any time, should the Chairman requests so, a statement in relation of conflict of interest, existing or potential thereof.

In addition, directors shall notify the Board of any conflict of interest, whether direct or indirect, actual or potential, with the Company, as soon as possible. In such a case, the director concerned shall abstain from voting on any resolution submitted to the Board and from participating in any discussions preceding such voting. The Chairman may ask such director not to attend the meeting. An exception shall be made where all directors were to abstain from voting in application thereof.

Activity of the Board – Attendance

Directors shall devote time necessary to prepare the Board of Directors' meetings as well as the committees' meetings on which they sit and to examine the supporting documentation sent to them.

Consequently, directors may not hold more than four other directorships in listed companies, not affiliated with the Group, including foreign companies. Should a director accept a new term of office as director, chief executive officer, member of an executive board or member of a supervisory board, excepting all terms of office held in a company controlled by the Company or in another company within the group to which a director belongs, it must inform the chairman of the Nominating, Compensation and Corporate Governance Committee.

The Chairman and Chief Executive officer may not hold more than two other directorships in listed companies not affiliated with the Group and must seek the approval of the Board of Directors prior to accepting any new directorship in a listed company.

Unless it is impossible, directors shall participate in all meetings of the Board and of the committees on which they sit, as well as in shareholders' general meetings.

Information

Prior to each Board of Directors meeting, a file is sent to each director sufficient time before the meeting, providing information on items of the agenda that require a special analysis and prior consideration, whenever respect of confidentiality enables it.

However, in the event of an emergency meeting under special circumstances, such information may be sent to the directors within a shorter notice of time, or even at the beginning of the meeting.

In addition, directors may and must ask the Chairman and/or Chief Executive Officer any additional information they may consider necessary to properly fulfil their duties, particularly in light of the agenda of the meetings.

At each meeting, the Chairman of the Board summarizes the operations concluded since the previous meeting, as well as the current main projects likely to be concluded before the next meeting. The Board of Directors is also informed at least once a quarter on the Company's financial situation, cash position, and commitments and liabilities.

Outside meetings, the Chairman must keep directors regularly informed on all relevant information, concerning the Company or the Group, and send them any press article and financial analysis report, and alert them of any event or development which may have an important impact on operations or information previously disclosed to the Board.

Training

Directors, if they deem it necessary, may request at the time of their appointment or during their term of office, additional training on the Group's specific features, businesses, and areas of activity. This training is organized, proposed and paid by the Company.

Confidentiality

All documents provided for Board meetings and all information collected during or outside Board meetings (the "**Information**") are confidential, without exception, whether or not the Information collected is presented as being confidential; directors must consider themselves bound by strict professional confidentiality beyond the simple duty of discretion provided for by the law, and as such:

- they cannot use, in whole or in part, the Information or make it benefit a third party, for any reason whatsoever.

- they undertake not to express their individual views outside the boardroom on matters discussed during Board meetings, or on the essence of the opinions expressed by each director;

- they take all reasonable measures to ensure the respect of such confidentiality in particular the security of files and documents transmitted to them.

However, the permanent representative of a legal entity being a director may communicate information gathered during the Board meeting to the corporate officer of such legal entity. It shall make sure that:

- the disclosure of such information is made for the purpose of the good fulfillment of its duty as director by the legal entity, in the interest of the Company, and is limited in both its content and the number of recipients to the strict necessary for this purpose;

- the legal entity takes all appropriate measures to ensure the respect of strict confidentiality by the corporate officer.

The confidentiality character of Information is removed as from the moment it is publicly released by the Company by way of a press release and within the limits of such disclosure.

In addition to this duty of confidentiality, directors undertake not to speak publicly as director of the Company on any matter relating to the Company and its Group, related or unrelated to the Board decisions, except with the Chairman's prior consent.

Duty of loyalty

A director may not use its title or functions as director to secure for itself or for the benefit of any third party any advantage, whether monetary or not.

Any director undertakes to notify the Board of any agreement entered into between itself, directly or indirectly, or via an intermediary, and the Company, prior to entering into such agreement.

Any director undertakes not to assume any personal duties in companies or business activities that are in competition with the Company without previously notifying the Board of Directors and the chairman of the Nominating, Compensation and Corporate Governance Committee.

Duty of expression

Directors undertake to clearly express their opposition in the case where a decision to be taken by the Board of Directors is contrary to the Company's corporate interest and they must endeavor to convince the Board of Directors of the pertinence of their position, it being specified that such duty applies to meetings of the Board of Directors solely and shall in no way be interpreted as authorizing director to public stance.

Respect of stock exchange rules

Directors shall refrain from trading for their personal account on securities of the Company regarding which it holds information not yet publicly disclosed and which may influence the share market price. In this respect the following procedures shall be observed:

- all shares of the Company and as the case may be, of its listed subsidiaries, belonging to the director or one of its un-emancipated minor children, or its non-separated spouse, must be held in registered form: either in their direct names with the Company or its agent, or administered by a French intermediary whose details will be communicated to the secretary of the Board;

- any transaction on financial instruments whatsoever (MONEP, warrants, securities convertible into shares or a debt, etc.) on stock market lending or short selling is prohibited;

- any transaction on the share itself will be strictly prohibited, including coverage, during the (i) thirty calendar days preceding the publication of annual and interim results and (ii) fifteen calendar days preceding the publication of quarterly results, as well as the day of the publication of such annual, interim and quarterly results;

- each director shall declare concomitantly to the French financial markets authority (*Autorité des Marchés Financiers*) and the secretary of the Board, within the period prescribed by Law or the regulation in force, any acquisition, disposal, subscription or exchange of securities of the Company, as well as transactions carried out on financial instruments related to them, made, directly or indirectly, for its own account or for the account of third parties;

- each director will ensure that persons with close personal ties declare concomitantly to the French financial markets authority (*Autorité des Marchés Financiers*) and to the secretary of the Board, within the period prescribed by the Law or the regulations in force any acquisition disposal, subscription or exchange of securities of the Company as well as the transactions carried out on financial instruments related to them, they made.

Attendance fees

The Board allocates attendance fees to directors, in accordance with the terms and conditions it fixed, and may allocate additional attendance fees to directors who sit in committees of the Board, within the limit of the total amount granted by the General Shareholders Meeting.

PARTY II

INTERNAL RULES OF THE BOARD OF DIRECTORS

Composition/Independence

At least half of the directors of the Board must be independent.

A director is "considered" as independent when it has no relationship whatsoever with the Company, its group or its management, and in particular a director who:

- is not and has not been during the course of the previous five years
 - an employee or executive officer of the Company,
 - an employee, executive officer or director of a company consolidated by the Company;
- is not an executive officer of a company in which the Company holds a directorship, directly or indirectly, or in which an employee appointed as such or an executive officer of the Company (currently in office or having held such office for less than five years) is a director;
- is not, or is not directly or indirectly linked to, a significant customer, supplier, investment banker or corporate banker of the Company or its Group, or for whom the Company or the Group accounts for a material part of its business;
- has no close family ties to an executive director of the Company;

- has not been, during the previous five years, a statutory auditor of the Company
- is not a director of the Company for more than twelve years;
- is not or does not represent a significant shareholder of the Company holding over 10% of the Company's share capital or voting rights.

The qualification of independent director is discussed each year by the Nominating, Compensation and Corporate Governance Committee and analysed on a case by case basis each year by the Board of Directors in view of the criteria mentioned above before the publication of the annual report.

However, the Board may find that a member, who does not fulfil the aforesaid criteria, may be qualified as independent and *vice versa*, if a particular situation justifies so.

Duties

The Board of Directors is a collegiate body mandated by the shareholders within which decisions are taken collectively. It exercises the powers assigned by Law in order to act in the Company's best interests in all circumstances. As such, the Board of Directors sets out the guidelines governing the Company's activity and oversees their application. Subject to those powers expressly conferred on the shareholders meetings and within the limits of the Company's corporate purpose, the Board of Directors considers any issue involving the proper operation of the Company and decides on issues concerning the Company. Within the scope of its duties, but not limited to, the Board of Directors:

- ensures the strategic developments of the Company;
- discusses major transactions contemplated by the Group;
- decides or authorizes the issuance of bonds;
- establishes the terms and conditions of the share buy-back programs to be proposed at the shareholders general annual meeting;
- decides on the use of any permit or authorization granted by the shareholders general annual meeting;
- sets out the conditions of allocation of the stock options and/or free allocation of performance shares, in accordance with the authorization granted by the shareholders general annual meeting;
- determines the general management structure of the Company;
- appoints and dismisses executive directors (chief executive officer and vice-executive officer) and fixes their remuneration;
- adopts, as the case may be, limits on the powers of the Chief Executive Officer and Vice-Executive Officer;
- performs controls and verifications it deems appropriate and ensures, in particular, the proper operation of the committees put in place and reviews their reports;
- ensures the quality of information provided to the shareholders and to the financial markets through the financial statements it closes and the annual report;
- convenes and sets out the agenda of the shareholders' meetings;
- examines the regulated agreements and decides on their prior authorization;
- draws every year the list of independent directors in compliance with these regulations,

- approves the Chairman's report on the composition, preparation and organization of the Board works and internal control procedures and risks management.

Functioning

Board meetings

1. The Board of Directors shall meet at least four times per year and as often as the interests of the Company demand.

The Board also meets once a year in the form of an all-strategy seminar.

Schedule of the meetings of the Board is set out from one year to another, except for extraordinary meeting.

2. The Board of Directors is convened by the Chairman on the agenda he determines. Meetings are convened by any means and even verbally. Notices may be sent by the secretary of the Board. Save emergency and in case of special circumstances, they are sent eight days before each meeting.

The notice specifies the place of the meeting which may be the registered office or any other place.

3. Directors may be represented by another director at Board meetings. Each director may represent no more than one other director at any Board meeting. The proxy must be given in writing, either by letter or by fax.

In all cases permitted by Law and if notices of meeting provide for so, directors attending the meeting by means of conference call, videoconferencing or other telecommunication mean enabling their identification, are deemed present for the purpose of quorum and majority requirements.

4. An attendance register is held at the registered office and signed by each director attending the meeting, in its own name or on behalf of a director it represents. Proxies are attached to the attendance register.

Decisions of the Board are recorded in minutes which draft is sent or provided to all Board members with the convening notice of the next meeting at the latest.

Minutes of the meeting mention the attendance of directors by videoconferencing or telecommunication means and report the occurrence of any technical problem related to a videoconferencing or a telecommunication that disrupted the course of the meeting.

The secretary of the Board is authorized to certify copies or extracts of minutes of Board meetings.

5. Some external persons to the Board, including members of the Executive Committee, may be invited at the Chairman's initiative, to give all explanations and comments necessary for the proper understanding of the Board members of any items of the agenda of a technical nature or requiring special presentation or explanation.

In case of admission of a third party which is not a director, the Chairman shall remind it its confidentiality obligation in relation to information provided for during the Board.

Evaluation

The Board conducts an annual self-assessment of its performance, covering its areas of duties and commitment, every year by mean of a questionnaire proposed by the Nominating, Compensation and Corporate Governance Committee.

Furthermore, a formal assessment is conducted every three years, under the direction of the Nominating, Compensation and Corporate Governance Committee, with the help of an external consultancy.

The result of this assessment, and as the case may be, the steps taken consequently, are presented in the reference document.

Committees

The Board of Directors has set up:

- an Audit and Accounts Committee; and
- a Nominating, Compensation and Corporate Governance Committee.

Committees are entirely composed entirely of directors, appointed by the Board of Directors upon proposal of the Nominating, Compensation and Corporate Governance Committee. Members are appointed on a personal basis and cannot be represented. The chairman of each committee is appointed by the Board of Directors, upon proposal of the Nominating, Compensation and Corporate Governance Committee.

The duties and the composition of each committee are set out in their respective internal rules, as set up by the Board of Directors.

Committees shall perform their duties under the responsibility and for the benefit of the Board of Directors.

Each committee makes a report on its works to the Board of Directors.

Furthermore, the Board may decide to set up specialized committees it considers appropriate, other than the committees described above, and which perform under its responsibility. These committees may comprise, as the case may be, employees which are not directors.

Lead Independent Director

Whenever the functions of Chairman of the Board of Directors and Chief Executive Officer are combined and entrusted to the same individual, the Board of Directors shall appoint a Lead Director on a proposal by the Nominating, Compensation and Corporate Governance Committee, from among the directors qualifying as independent. He/She is appointed for his/her term of office as director. He/she is eligible for reappointment. The Board of Directors can terminate the Lead Director's functions at any time.

Duties of the Lead Director

The Lead Director's role mainly consists in verifying that the governance bodies of the Company have the opportunity to operate properly. In this regard, the Lead Director performs the following duties with the following powers:

1. Functioning of the Board of Directors

- He/she can propose, if appropriate, items for inclusion in the agenda of the Board of Directors' meeting;
- He/she can request the Chairman to convene a meeting on a particular agenda in exceptional circumstances;
- He/she ensures that the Internal Rules are applied when the meetings of the Board of Directors are prepared and held, and also ensures that the directors comply with such Internal Rules;
- Following the annual self-assessment of the Board conducted by the Nominating, Compensation and Corporate Governance Committee, he/she can organize and chair a meeting of non-executive directors – without directors having executives functions or being an employee of the Group – regarding the functioning of the Company's governance bodies ;

- he/she reports to the Chairman and Chief Executive Officer about the conclusions of this meeting ;
- He/she gives a report of his/her work to the Board of Directors at least once a year and at any time if he/she deems necessary.

2. Conflict of interests

The Lead Director plays a preventive role to raise the awareness of all directors with respect to conflicts of interest. He/she examines with the Chairman the potential conflict of interests situations, that he/she may have identified or which may be brought to his/her attention, and shares his/her thoughts with the Board of Directors.

3. Relations with shareholders

The Lead Director is kept abreast of any comments and suggestions submitted by major shareholders not represented on the Board of Directors regarding governance matters. He/she ensures that their questions are answered, makes himself/herself available if necessary to communicate with such shareholders after consulting the Chairman of the Board of Directors and Chief Executive Officer. He/she keeps the Board of Directors informed of such contacts.

The Board of Directors defines the compensation due for his/her duties as Lead Director at the time of his/her appointment or his/her renewal.

Secretary of the Board

The Board, upon proposal of the Chairman, appoints a secretary, which does not need to be director of the Company.

All Board members may consult and enlist the services of the secretary. The secretary is in charge of all material procedures relating to the organisation of the Board.

Even though the secretary is not a director, it shall be bound by the same duties as other directors in term of confidentiality, the Chairman ensures that the secretary has knowledge of its duties.

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