2017

NOTICE OF MEETING

COMBINED ANNUAL GENERAL MEETING

TUESDAY 23 MAY 2017 AT 10 A.M.

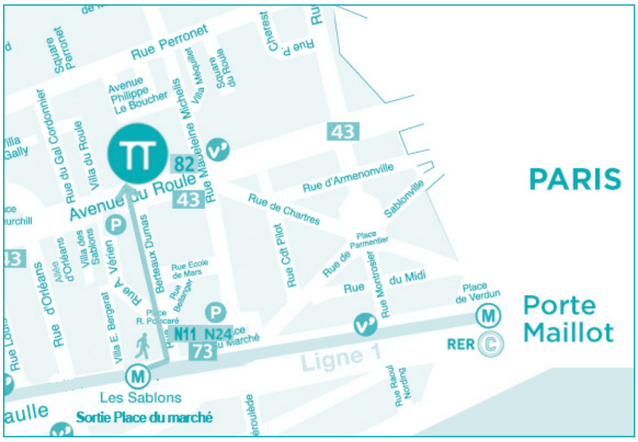
Théâtre des Sablons
70 avenue du Roule
92200 Neuilly-sur-Seine

ARKEMA
INNOVATIVE CHEMISTRY

COMBINED ANNUAL
GENERAL MEETING
2017

Tuesday 23 May

at 10 a.m.
Théâtre des Sablons
70 avenue du Roule
92200 Neuilly-sur-Seine - France
The registration desk will open at 9 a.m.



To get to the Théâtre des Sablons

Subway: Line 1 – Station "Les Sablons"

Bus:
Lines 43 and 82 – Stop "Chartres"
Line 73 – Stop "Les Sablons"
Line 174 – Stop "Eglise Saint-Pierre"

Car: *Parking du Roule* – Entry at 94 avenue du Roule

Press releases and all other information useful to shareholders, including documents related to this annual general meeting, can be found on **www.finance.arkema.com.**
For further information, please contact Arkema's Investor Relations department at: **+33 (0)1 49 00 74 63**

TABLE OF CONTENTS

CHAIRMAN AND CHIEF EXECUTIVE OFFICER'S MESSAGE	3
HOW TO TAKE PART IN THE GENERAL MEETING?	4
ARKEMA IN 2016	6
CORPORATE GOVERNANCE	14
PROPOSED AGENDA AND RESOLUTIONS	22
OPTION FOR THE E-NOTICE	31
REQUEST FORM FOR ADDITIONAL DOCUMENTS	33

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

CHAIRMAN AND CHIEF EXECUTIVE OFFICER'S MESSAGE

Dear Shareholders,

I am pleased to invite you to attend Arkema's annual general meeting which will be held this year on Tuesday 23 May 2017 at 10 a.m. at the Théâtre des Sablons in Neuilly-sur-Seine.

The annual general meeting is a valuable opportunity to learn more about your company and dialogue. By exercising your right to vote, you take part in important decisions regarding your Group's future.

This annual general meeting will be the opportunity to come back on 2016. Financial performance reached a new record level in a business environment marked by an overall moderate global growth with, in particular, a 50% increase in net income. It reflects the success of our targeted growth strategy and of the deep transformation process we have undertaken since our stock market listing ten years ago, in order to gradually become a major player in specialty chemicals and advanced materials. We have continued this transformation with the development of our advanced materials, the ramp-up of Bostik and the acquisition of Den Braven. The 44% share price appreciation in 2016 reflects this very good year.

Furthermore, the Board of Directors reaffirmed the importance of dividend as a key component of shareholder return and proposes the distribution of a dividend of €2.05 per share, 8% up compared with previous year.

The Board of Directors also proposes that you renew and appoint, during this general meeting, several Board members whose competencies and experience are valuable to our Board.

The agenda of this general meeting, the proposed resolutions that will be submitted to your approval and practical information on how to take part in the meeting, are detailed in this notice of meeting, together with a summary of our Group's 2016 results and information on the composition of our Board of Directors.

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

Thierry Le Hénaff
Chairman and
Chief Executive Officer

HOW TO TAKE PART
IN THE GENERAL MEETING?

The combined annual general meeting will take place **at 10:00 a.m. (Paris time)** on **Tuesday 23 May 2017** at the Théâtre des Sablons, 70 avenue du Roule, 92200 Neuilly-sur-Seine – France [(1)]. The registration desk will open at 9:00 a.m.

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

To take part in the general meeting, you are therefore required to provide evidence of your status as a shareholder of Arkema **two business days before the date of the meeting, *i.e.*, by 0:00 a.m. (Paris time) on 19 May 2017.**

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

IF YOUR SHARES ARE REGISTERED

The evidence of your status as a shareholder is provided simply by having your shares registered in your name in the direct or administered registered account at the latest at 0:00 a.m. (Paris time) on 19 May 2017. You do not need to do anything further.

IF YOU HOLD BEARER SHARES

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

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

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

How to vote?

IF YOU WISH TO ATTEND THE GENERAL MEETING

You must request an admission card. Simply tick box **A** on the form, fill in your name, first name and address, or make sure they are correct if already mentioned, before **dating** it and **signing** it.

IF YOU DO NOT ATTEND THE GENERAL MEETING

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

- **vote by post**: tick box **1** "I vote by post" and complete your vote for each resolution. Once you have done this, you may not attend the meeting or give a proxy to someone else;
- **give your proxy to the Chairman of the general meeting**: tick box **2** "I give my proxy to the Chairman of the general meeting". In this case, the Chairman will vote in favour of the proposed resolutions agreed by the Board of Directors;
- **appoint another shareholder of Arkema, your spouse, a partner with whom you have entered into a civil partnership or any other person of your choice as your proxy**, in the conditions provided for in articles L. 225-106 of the French Commercial Code *(Code de commerce)*: tick box **3** "I appoint as my proxy" and fill in the name, first name and address of the person who will attend the meeting on your behalf.

You can also appoint or remove a proxy **electronically** by sending an email to **paris.bp2s.france.cts.mandats@bnpparibas.com**. This email must mention Arkema and contain the date of the general meeting, your name, first name and address, and the name, first name and, if possible, address of the proxy. If you are a **direct registered shareholder**, this email must contain your registered account number and, if you are a **bearer shareholder** or an **administered registered shareholder**, your bank references.

If you are a **direct registered shareholder**, you must confirm your request on the website PlanetShares/My Shares or PlanetShares/My Plans on the page "My shareholder space – My general meetings", "Appoint/Remove a proxy".

If you are a **bearer shareholder** or an **administered registered shareholder**, you must ask your financial intermediary to send confirmation in writing to BNP Paribas Securities Services – CTS Émetteurs – Service des Assemblées – Les Grands Moulins de Pantin – 9, rue du Débarcadère – 93761 Pantin Cedex – France.

To be duly taken into account, confirmation of appointment or removal of a proxy sent electronically must be received at the latest by 3:00 p.m. (Paris time) the day before the general meeting. Appointments or removals of proxy confirmed by mail must be received at the latest 3 calendar days before the date of the general meeting.

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

(1) As required by article R. 225-67 of the French Commercial Code, the convening notice is published in the Bulletin des Annonces Légales Obligatoires on 28 April 2017.

Whichever option you choose, **only those shares held in the share account** no later than **two business days** prior to the annual general meeting, *i.e.*, **19 May 2017 at 0:00 a.m. (Paris time) will be taken into account**.

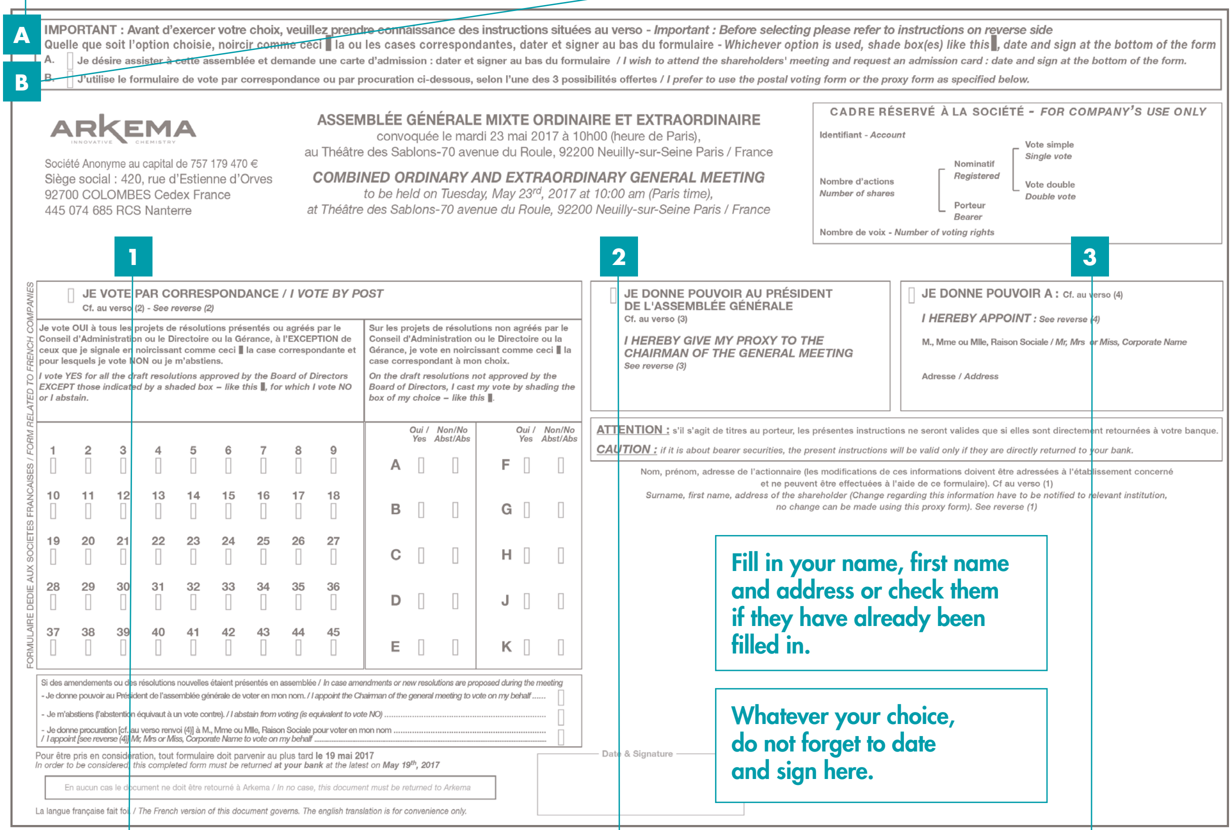
If shares are sold or transferred after this record date, the certificate of participation will remain valid and votes cast or proxies granted by the seller will be taken into account.

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

How to fill out the form?

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

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


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

ARKEMA
Société Anonyme au capital de 757 179 470 €
Siège social : 420, rue d'Estienne d'Orves
92700 COLOMBES Cedex France
445 074 685 RCS Nanterre

ASSEMBLÉE GÉNÉRALE MIXTE ORDINAIRE ET EXTRAORDINAIRE
convoquée le mardi 23 mai 2017 à 10h00 (heure de Paris),
au Théâtre des Sablons-70 avenue du Roule, 92200 Neuilly-sur-Seine Paris / France
COMBINED ORDINARY AND EXTRAORDINARY GENERAL MEETING
to be held on Tuesday, May 23rd, 2017 at 10:00 am (Paris time),
at Théâtre des Sablons-70 avenue du Roule, 92200 Neuilly-sur-Seine Paris / France

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

1
JE VOTE PAR CORRESPONDANCE / *I VOTE BY POST*
Cf. au verso (2) - *See reverse (2)*
Je vote OUI à tous les projets de résolutions présentés ou agréés par le Conseil d'Administration ou le Directoire ou la Gérance, à l'EXCEPTION de ceux que je signale en noircissant comme ceci ▮ la case correspondante et pour lesquels je vote NON ou je m'abstiens.
I vote YES for all the draft resolutions approved by the Board of Directors EXCEPT those indicated by a shaded box – like this ▮, for which I vote NO or I abstain.
Sur les projets de résolutions non agréés par le Conseil d'Administration ou le Directoire ou la Gérance, je vote en noircissant comme ceci ▮ la case correspondant à mon choix.
On the draft resolutions not approved by the Board of Directors, I cast my vote by shading the box of my choice – like this ▮.
1 2 3 4 5 6 7 8 9
10 11 12 13 14 15 16 17 18
19 20 21 22 23 24 25 26 27
28 29 30 31 32 33 34 35 36
37 38 39 40 41 42 43 44 45
Oui / Yes — Non/No Abst/Abs
A B C D E F G H J K

2
JE DONNE POUVOIR AU PRÉSIDENT DE L'ASSEMBLÉE GÉNÉRALE
Cf. au verso (3)
I HEREBY GIVE MY PROXY TO THE CHAIRMAN OF THE GENERAL MEETING
See reverse (3)

3
JE DONNE POUVOIR A : Cf. au verso (4)
I HEREBY APPOINT : See reverse (4)
M., Mme ou Mlle, Raison Sociale / *Mr, Mrs or Miss, Corporate Name*
Adresse / *Address*

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

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

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

Pour être pris en considération, tout formulaire doit parvenir au plus tard le 19 mai 2017
In order to be considered, this completed form must be returned at your bank at the latest on May 19th, 2017
En aucun cas le document ne doit être retourné à Arkema / *In no case, this document must be returned to Arkema*
La langue française fait foi / *The French version of this document governs. The english translation is for convenience only.*

Date & Signature

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

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

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

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

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

NB: if you hold bearer shares, please do not send the form directly to Arkema or to BNP Paribas Securities Services as it must be accompanied by a certificate of participation. Your financial intermediary (bank or stockbroker) will issue the required certificate and send it with your voting form to: BNP Paribas Securities Services – CTS Émetteurs – Service des Assemblées – Les Grands Moulins de Pantin – 9, rue du Débarcadère – 93761 Pantin Cedex – France.

ARKEMA
IN 2016

2016 key figures

All figures contained in this section are provided on a consolidated basis and in accordance with the Group's organization into three business divisions.

19,637 employees

133 production sites

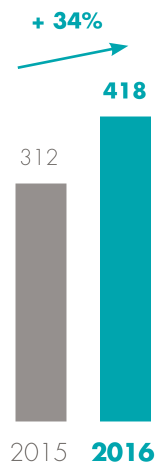
Presence in **50** countries

3 regional research and innovation hubs

SALES
(in millions of euros)

EBITDA
(in millions of euros)

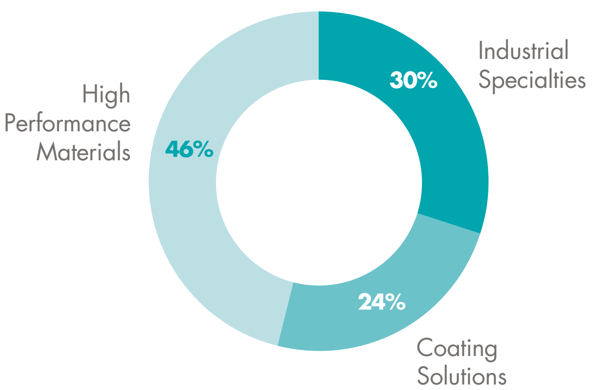
ADJUSTED NET INCOME
(in millions of euros)



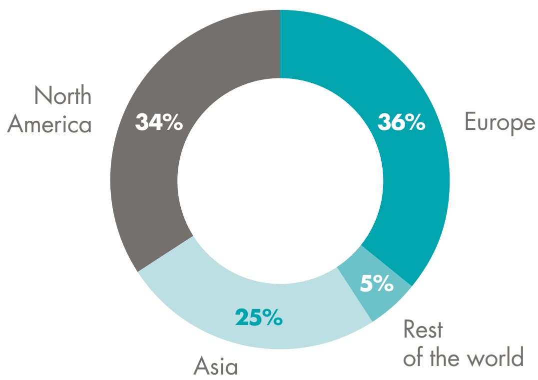
DIVIDEND
(in euros per share)

* *Dividend proposed to the annual general meeting of 23 May 2017*

SALES BY SEGMENT



SALES BY REGION



KEY FIGURES OF THE INCOME STATEMENT

(In millions of euros unless otherwise mentioned)	2016	2015	Variation
Sales	7,535	7,683	-1.9%
EBITDA	1,189	1,057	+12.5%
EBITDA margin *(EBITDA as % of sales)*	15.8%	13.8%	-
Recurring operating income	734	604	+21.5%
Operating income	717	488	+46.9%
Net income – Group share	427	285	+49.8%
Adjusted net income	418	312	+34.0%
Earnings per share *(in euros)*	5.68	3.87	+46.8%
Adjusted net income per share *(in euros)*	5.56	4.23	+31.4%
Dividend per share *(in euros)*	2.05*	1.90	+7.9%

* *Dividend proposed at the annual general meeting of 23 May 2017.*

KEY FIGURES OF THE BALANCE SHEET

(In millions of euros unless otherwise mentioned)	2016	2015
Shareholders' equity	4,249	3,949
Net debt	1,482	1,379
Gearing *(in %)*	35%	35%
Capital employed	6,829	6,466
Working capital on sales *(in %)**	14.5%	14.6%
Net provisions**	863	907

* *Working capital on sales as defined in section 4.1.9 of the 2016 reference document. Excluding Den Braven in 2016.*
** *Provisions net of non-current assets as defined in section 4.1.9 of the 2016 reference document.*

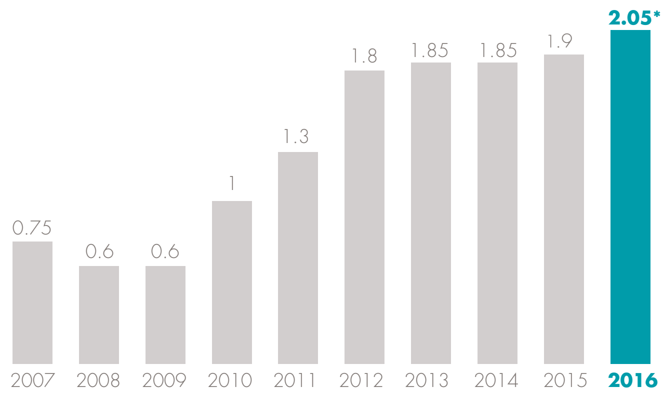
KEY FIGURES OF THE CASH FLOW STATEMENT

(In millions of euros unless otherwise mentioned)	2016	2015
Cash flow from operating activities	821	858
Free cash flow*	426	442
Capital expenditure**	423	431

* *Cash flow from operations and investments excluding the impact of portfolio management.*
** *Excluding capital expenditure related to portfolio management as defined in section 4.1.7 of the 2016 reference document.*

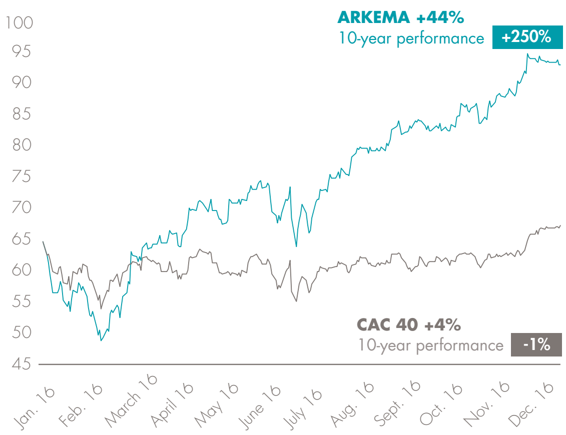
SHAREHOLDER RETURN

DIVIDEND AND PAYOUT RATIO
(in euros per share and in %)



* *Dividend proposed to the annual general meeting of 23 May 2017*

SHARE PRICE PERFORMANCE IN 2016



SAFETY AND ENVIRONMENTAL KEY FIGURES

In 2016, figures do not include data for Den Braven sites acquired end 2016.

	2016	2015
Safety		
Total recordable injury rate (TRIR)*	1.5	1.5
Percentage of sites having implemented peer observation over the last three years	56%	57%
Percentage of AIMS-audited sites**	63%	61%
Environment		
Direct greenhouse gas emissions *(kt eq CO_2)*	3,110	3,000
Volatile organic compound emissions *(t)*	4,800	5,010
Chemical oxygen demand *(t O_2)****	2,600	3,200
Resources		
Net energy purchases *(TWh)*	8.25	8.48

* *Number of injuries per million hours worked (including injuries not resulting in time off work).*

** *AIMS (Arkema Integrated Management System) audit which combines ISO 9001, ISO 14001 and OHSAS 18001 requirements.*

*** *Chemical oxygen demand is a parameter for measuring water pollution by organic compounds, whose decomposition consumes oxygen.*

Group's highlights in 2016

In 2016, the Group pursued its transformation undertaken since more than ten years towards increased share of specialty chemicals and advanced materials and well balanced geographic presence between the different regions of the world. Thus:

- in adhesives, the Group finalized the integration of Bostik. Thanks to its development strategy and the implementation of the synergies with the rest of the Group, Bostik met the target of 30% growth in EBITDA versus 2014 set at the time of its acquisition a year ahead of schedule. As part of its geographic expansion strategy, Bostik started, in 2016, new units in Philippines, Malaysia and Sweden. Furthermore, in line with its strong ambition in this area, the Group finalized, end 2016, the acquisition of Den Braven, a European leader in high performance sealants with sales of around €345 million in 2016, for an enterprise value of €485 million. This acquisition offers very significant annual synergies assessed at a total of €30 million EBITDA which will be entirely achieved within five years. This operation represents a new milestone in the development of adhesives within the Group;
- thanks to its innovation efforts, the Group actively pursued the development of its advanced materials, in particular, Technical Polymers. These polymers, which are ideally positioned to meet the major challenges of offering lighter materials, developing new energies and improving access to drinking water, enjoyed wide-ranging market success in recent years. To support the growth of its customers in these different markets, Arkema announced in 2016 production capacity increases in specialty polyamides and PVDF, especially in Asia, and the project to build a world-class unit in the United States to produce Kepstan® PEKK, a polymer with properties comparable to certain metals which will reinforce its range of technical polymers and for which production capacities were doubled in France in early 2017;
- in order to strengthen the downstream of the Coating Solutions division, the Group announced, in its coating resins business, the construction of a new polyester powder resin production unit in India with operations scheduled to start in 2018. Representing an investment of some US$15 million, this facility will enable the Group to more effectively serve the growing demand for these increasingly environmentally friendly solutions with low volatile organic compound content; and
- in terms of portfolio management, in addition to the Den Braven acquisition, the Group finalized the negotiations with Jurong Chemicals of the agreements for a 50/ 50 split in capacity rights in the Taixing Sunke Chemicals acrylic joint venture in China. The implementation of the divestment program continued with the sale of the activated carbon and filter aids business representing some €93 million sales, which was finalized in November 2016 on the basis of a €145 million enterprise value.

Furthermore, the Group continues to implement its operational excellence program which combines productivity initiatives and variable cost optimization.

Lastly, given the significant progress made over the last ten years, the Group has strengthened in 2016 its long term targets in the area of corporate social responsibility. The Group has thus set itself new objectives for 2025 in the areas of safety and to reduce its environmental footprint. This ambition was completed early 2017 with two objectives to increase the percentage of women and non-French nationals in executive teams.

Since the beginning of 2017, the Group announced a project to replace two end-of-life acrylic-acid reactors with annual capacities of 45,000 tonnes each at its Clear Lake site in the United States with a single new reactor with an annual capacity of 90,000 tonnes. The US$90 million investment will make Clear Lake one of the most competitive acrylic sites in North America while supporting the growing demand in the region. Finally, as part of its divestment program, the Group completed early March the sale to INEOS of its 50% stake in Oxochimie, an oxo alcohol production joint venture owned with INEOS, along with the associated business assets.

Group's financial performance in 2016

In a volatile macroeconomic environment marked by moderate worldwide economic growth, the Arkema Group in 2016 reported its best financial performance since its stock market listing in 2006.

SALES

Sales reached **€7.5 billion**, 1.9% down on 2015. In a moderate worldwide economic growth environment, volumes rose by +3.2%. They improved across the Group's three business divisions, driven by innovation in Technical Polymers, developments in adhesives, steadier demand in acrylic monomers, and the ramp-up of the thiochemicals plant in Malaysia. The -3.7% price effect mostly reflects the impact on sales prices, over the first three quarters of the year, of lower raw material costs. The -0.1% scope effect includes Bostik's additional contribution in the month of January, which offset the impact of the divestment of Sunclear and of the activated carbon and filter aid business. The currency effect amounted to -1.3%.

EBITDA AND RECURRING OPERATING INCOME

At **€1,189 million**, **EBITDA** reached a new record high, +12.5% up on 2015 (€1,057 million), driven by the successful integration and development of Bostik, the important innovation work performed in Technical Polymers and downstream acrylics, and the return of fluorogases to good level of results, in line with the plan previously announced. The contribution of major internal projects represented around three fourth of the EBITDA growth over the year. Lower prices for some raw materials together with operational excellence initiatives also contributed to this achievement. The performance of each of the three business divisions has significantly improved over last year. **EBITDA margin**, at **15.8%** of sales, improved significantly from 13.8% in 2015, reflecting the growing share of higher added value activities and the improvement in Bostik margin.

In line with EBITDA variation, **recurring operating income** stood at **€734 million** against €604 million in 2015. It includes €455 million depreciation and amortization, stable overall compared to last year (€453 million).

NET INCOME GROUP SHARE

Net income Group share amounted to **€427 million** in 2016 (€285 million in 2015). Excluding the after-tax impact of non-recurring items, **adjusted net income** amounted to **€418 million** against €312 million in 2015, *i.e.* **€5.56 per share** (€4.23 per share in 2015).

Net income includes -€17 million non-recurring items comprising +€63 million impact of divestment and acquisition operations, which includes the capital gain on the sale of the activated carbon and filter aid business, -€43 million asset impairments and -€38 million depreciation and amortization related to the revaluation of tangible and intangible fixed assets carried out as part of Bostik purchase price allocation.

It also includes -€103 million financial result against -€92 million in 2015. This variation mostly reflects the interest rate and currency effects on debts in currencies other than the euro.

Lastly, it includes -€193 million income taxes comprising a €19 million tax gain accounted for as part of Bostik purchase price allocation. Excluding this item and a €4 million tax on the dividend paid for 2015, the tax rate amounted to 28.3% of the recurring operating income, a significant decrease compared with the prior year (32.9%).

DIVIDEND

In light of the Group's performance in 2016 and its intent to gradually raise the dividend, the Board of Directors decided to propose to the annual general meeting of 23 May 2017 a dividend of €2.05 per share, 8% up on 2015. This decision reflects the Board of Directors' confidence in the Group's development prospects, solid cash flow generation and balance sheet.

Performance by division in 2016

HIGH PERFORMANCE MATERIALS

The High Performance Materials division comprises businesses providing to various niche markets innovative and high added value technical solutions addressing the needs of their customers, especially in major areas of sustainable development such as lighter materials, new energies and access to water. The Group holds leading positions in most of the product lines of this division.

(In millions of euros)	2016	2015
Sales	3,422	3,358
EBITDA	570	506
EBITDA margin *(% of sales)*	16.7%	15.1%
Recurring operating income	416	354

Sales in the **High Performance Materials** division reached €3,422 million, +1.9% [(1)] up on 2015 (€3,358 million). At constant scope of business and foreign exchange rates, sales rose by +1.2%. Volumes grew by +2.6%, driven by innovation in Technical Polymers, in particular in new energies and lighter materials, and by the geographic expansion of Bostik, whereas the oil and gas activity softened, as expected. The -1.4% price effect mostly reflects a different product mix from last year and the change in the price of certain raw materials. The +3.5% scope effect primarily includes the contribution of Bostik over January which largely offset the impact of the divestment of the activated carbon and filter aid business completed in November 2016. The -1.8% translation effect essentially concerns the Bostik activities in particular in the United Kingdom and in Brazil.

EBITDA grew by +12.6% to **€570 million** from €506 million in 2015. With €210 million EBITDA, +33% up over 2014, Bostik is a year ahead of schedule for its 30% EBITDA growth target (in 2017 versus 2014) set at the time of the acquisition. Its EBITDA margin grew to 13.1% against 11.2% over 2015 as a whole and 10.3% in 2014, hence continuing to close the gap with its major competitors. This performance confirms the success of Bostik integration, of its development actions and of the implementation of synergies. They also illustrate the adhesives' development potential for Arkema. Excluding Specialty Adhesives, the division's EBITDA also grew significantly thanks to the very good performance of Technical Polymers. The division's **EBITDA margin at 16.7%** was significantly up on 2015 (15.1%) thanks to progress at Bostik as well as in the division's other activities, the average margin of which is close to 20%, at its record high.

(1) At 1st January 2016, an activity within the High Performance Materials division was reassigned to the Industrial Specialties division. The variation in sales includes the €32 million impact of this reporting change.

INDUSTRIAL SPECIALTIES

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

(In millions of euros)	2016	2015
Sales	2,316	2,450
EBITDA	473	418
EBITDA margin *(% of sales)*	20.4%	17.1%
Recurring operating income	300	237

Sales in the **Industrial Specialties** division reached **€2,316 million**, -5.5% (1) down on 2015 essentially due to a -5.0% scope effect related to the divestment of the Sunclear companies finalized in November 2015. Volumes, up by +2.2%, improved in all of the division's activities and in particular in Thiochemicals which continued to benefit from the ramp-up of the platform in Malaysia started in first quarter 2015. The -3.2% price effect reflects product mix and the change in the cost of certain raw materials. The translation effect was limited to -0.7%.

At **€473 million**, **EBITDA** was +13.2% up on 2015, and **EBITDA margin** improved significantly to an excellent **20.4%**, close to its all-time high. Results in fluorogases continued to improve, driven by higher prices for certain gases. By end 2016, the Group was in line with its improvement plan which aims to achieve €80 million more EBITDA in 2017 than in 2014. Performance in Thiochemicals remained excellent, the contribution of an extra quarter for the Kerteh platform in Malaysia being partially offset by the impact of the regulatory maintenance turnaround on the platform. In PMMA, market conditions remained favourable. Lastly, Hydrogen Peroxide continued to benefit from its developments in specialty applications.

COATING SOLUTIONS

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

(In millions of euros)	2016	2015
Sales	1,771	1,849
EBITDA	208	190
EBITDA margin *(% of sales)*	11.7%	10.3%
Recurring operating income	83	72

Sales in the **Coating Solutions** division amounted to **€1,771 million**, -4.2% down on 2015. Volumes increased by +5.4%, reflecting sustained demand in acrylic monomers in particular towards the year-end and the benefits of innovation in the downstream activities. The -8.7% price effect reflects the acrylics cycle and changes in the cost of raw materials. It attenuated throughout the year, eventually turning positive in fourth quarter 2016 (+3.5%). The translation effect was limited at -0.9%.

With **€208 million EBITDA**, +9.5% up on 2015 (€190 million) and an **EBITDA margin** close to **12%**, the results of the division reflect the good performance of downstream activities, the benefits of the integration and the good volume dynamics in acrylic monomers. In this latter activity, which accounts for 10% of Group sales, unit margins remained globally stable at low cycle levels for a large part of the year before showing signs of improvement towards the year-end, mostly in Asia.

Cash flow and net debt at 31 December 2016

In 2016, the Group generated **+€426 million free cash flow** (2) (+€442 million in 2015). This excellent performance reflects the good control of capital expenditure (3) which amounted to €423 million and, like last year, represents 5.6% of Group's sales, thus confirming the Group's ambition to reduce its capital intensity. The Group also continued to implement strict control of its working capital with a very small variation in operating working capital in 2016 (+€2 million (4)) despite a more sustained activity and a less favourable trend in the cost of raw materials at year-end. The working capital over annual proforma (5) sales ratio stood at 14.5% (excluding Den Braven) against 14.6% (6) in 2015. Free cash flow represents 36% of the EBITDA reported in 2016, perfectly in line with the Group's mid-term target of EBITDA to cash conversion rate.

Excluding non-recurring items and the impact of portfolio management operations, the Group generated **+€477 million recurring cash flow** in 2016 (+€478 million in 2015).

(1) At 1st January 2016, an activity within the High Performance Materials division was reassigned to the Industrial Specialties division. The variation in sales includes the €32 million impact of this reporting change.

(2) Cash flow from operations and investments excluding impact of portfolio management.

(3) Excluding reallocation of assets with no impact on net debt.

(4) Excluding flows related to non-recurring items totaling +€9 million mostly due to portfolio management operations.

(5) Annual proforma sales including over a full year the impact of divested and acquired activities.

(6) At 31 December 2015, excluding €54 million trade payables relating to the transfer to the joint venture Taixing Sunke Chemicals of an acrylic acid production line, with no impact on net debt.

Acquisitions and divestments represented net cash outflows of -€269 million, corresponding primarily to the cost of Den Braven's acquisition net of cash acquired, the divestment of the activated carbon and filter aid business, and the implementation of agreements concluded with Jurong in acrylics in China.

Cash flow from financing activities amounting to **-€256 million** in 2016 included the payment of a dividend of €1.90 per share for a total amount of €143 million, the proceeds of the share capital increase reserved for employees totalling €42 million, and the payment of €33 million interest on an hybrid bond.

Consequently, **net debt** amounted to **€1,482 million** at 31 December 2016 (against €1,379 million at 31 December 2015), *i.e.* 35% gearing, stable compared to last year.

Outlook

In 2017, the macroeconomic environment should remain characterized by moderate global growth, mixed dynamics by region, and volatility in energy prices, raw materials and currencies. Market conditions in acrylic monomers should gradually improve while PMMA should start to normalize in the second half of the year.

Over the year, Arkema will benefit in particular from the integration of Den Braven, innovation in materials and downstream acrylics and elements of progress in certain fluorogases. The Group will increase its selling prices to reflect higher raw materials. Finally, it will pursue its operational excellence initiatives aimed at offsetting part of the inflation on fixed costs.

Taking into account these elements and assuming a global macroeconomic environment comparable to that of 2016, the Group confirms its ambition announced in 2014 to achieve €1.3 billion EBITDA in 2017.

Results of the Company in the last five years

(articles R. 225-81, R. 225-83 and R. 225-102 of the French Commercial Code)

Type of disclosures *(In millions of euros unless otherwise indicated)*	2012	2013	2014	2015	2016
I – FINANCIAL POSITION AT YEAR END					
a) Share capital	629	630	728	745	757
b) Number of shares issued	62,877,215	63,029,692	72,822,695	74,472,101	75,717,947
II – OPERATIONS AND RESULTS					
a) Sales (excluding VAT)	14	13	15	18	19
b) Income before tax, depreciation, impairment and provisions	2	206	70	703	528
c) Income taxes	36	26	28	52	89
d) Employee profit sharing	-	-	-	-	-
e) Income after tax, depreciation, impairment and provisions	26	212	189	754	767
f) Amount of dividends distributed	113	117	135	143	NC
III – EARNINGS PER SHARE *(in euros)*					
a) Income after tax but before depreciation, impairment and provisions	0.61	3.69	1.34	10.14	8.15
b) Income after tax, depreciation, impairment and provisions	0.42	3.37	2.59	10.12	10.13
c) Net dividend per share	1.80	1.85	1.85	1.90	NC
IV – EMPLOYEE DATA					
a) Number of employees	7	7	7	7	9
b) Total payroll	7	4	5	7	8
c) Amounts paid to employee benefit bodies in the year	3	3	3	4	5

CORPORATE GOVERNANCE

Composition of the Board of Directors

At the date of this document, the Board of Directors comprises thirteen members, including nine independent members, five women, one director representing shareholder employees and one director representing employees.

The Board of Directors met eight times in 2016, including one meeting dedicated to strategy, with a high average global attendance rate of 95%.

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

At the date of this document, the composition of the Board of Directors was as follows:

Thierry
Le Hénaff

Chairman and Chief Executive Officer

Patrice
Bréant

Marie-José
Donsion

François
Énaud

Bernard
Kasriel

Victoire
de Margerie

Laurent
Mignon

Hélène
Moreau-Leroy

Thierry
Morin

Nathalie
Muracciole

Marc
Pandraud

Philippe
Vassor

Isabelle
Boccon-Gibod

Permanent representative of the Fonds Stratégique de Participations

SUMMARY OF THE BOARD OF DIRECTORS COMPOSITION AT THE DATE OF THIS DOCUMENT

	Nationality	Age	Independent	Date of first appointment	Expiry of current office	Other offices held in listed companies	Audit and Accounts Committee	Nominating, Compensation and Corporate Governance Committee	Competencies and experience
Thierry Le Hénaff Chairman and Chief Executive Officer	French	53		2006	2020 AGM	None			
Patrice Bréant Director representing shareholder employees	French	63		2010	2018 AGM	None			R&D
Marie-José Donsion	French and Spanish	45	◆	2016*	2018 AGM	None	●		Accounting, finance and industry
François Enaud Senior independent director	French	57	◆	2006	2019 AGM	None		●	Digital and international
Bernard Kasriel	French	70	◆	2006	2017 AGM	2		●	Industry and international
Victoire de Margerie	French	54	◆	2012	2019 AGM	2		●	Industry and international
Laurent Mignon	French	53	◆	2006	2019 AGM	2			Bank and finance
Hélène Moreau-Leroy	French	52	◆	2015	2019 AGM	None	●		Industry and finance
Thierry Morin	French	65	◆	2006	2017 AGM**	1		●	Industry and international
Nathalie Muracciole Director representing employees	French	52		2016	2020 AGM	None			HR
Marc Pandraud	French	58	◆	2009	2017 AGM**	None			Bank and international
Philippe Vassor	French	63	◆	2006	2017 AGM	None	●		Accounting and finance
Fonds Stratégique de Participations				2014	2018 AGM	3			
represented by **Isabelle Boccon-Gibod**	French	49				2	●		Industry and finance

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

● *Chairman.*

● *Member.*

* *Cooptation submitted to ratification at the annual general meeting.*

** *Renewal of the term of office proposed at the annual general meeting.*

Directors proposed for re-election

Thierry Morin

Independent director and chairman of the Nominating, Compensation and Corporate Governance Committee

Thierry Morin will continue to bring to the Board his experience as high level executive in the industry and his knowledge of Arkema and its major priorities.

Born in 1952, Thierry Morin holds a degree in management from the *Université de Paris IX Dauphine*. He is also Chairman of the Board of Directors of the *Université de Technologie de Compiègne*, former Chairman of the Board of Directors of INPI *(Institut national de la propriété industrielle)*, and Chairman of Thierry Morin Consulting and TM France.

Thierry Morin joined the Valeo group in 1989, where he held various positions, including divisional finance director and Director of Financial Control, Strategy and Purchasing, before becoming Executive Vice-President in 1997, Chief Executive Officer in 2000, Chairman of the Management Board in 2001, and then Chairman and Chief Executive Officer from March 2003 to March 2009. Prior to that, he held various positions at Burroughs, Schlumberger and Thomson Consumer Electronics.

Date of first appointment:
10 May 2006

Date of last renewal:
4 June 2013

Date appointment expires:
2017 annual general meeting

Nationality: French

Attendance rate in 2016:
7 out of 8 meetings of the Board of Directors and 100% at the Nominating, Compensation and Corporate Governance Committee

Positions and offices currently held outside of the Arkema Group:

France

- Chairman, Thierry Morin Consulting (TMC)
- Chairman of the Board of Directors, *Université de Technologie de Compiègne*
- Manager, TM France
- Chairman of the Board, Elis*

International

- Chairman, TMPARFI SA (Luxembourg)

* *Listed company.*

Marc Pandraud

Independent director

Marc Pandraud will continue to bring to the Board his experience as high level executive in the banking sector and his knowledge of Arkema and its major priorities.

Born in 1958, Marc Pandraud is a graduate of France's *École supérieure de commerce de Paris* (ESCP Europe). He is Vice-Chairman of investment banking for Europe, the Middle East and Africa at JP Morgan since 14 April 2016.

Marc Pandraud began his career as an auditor with Peat Marwick Mitchell (1982-1985). He was subsequently Vice-Chairman of Bear Stearns & Co Inc. (1985-1989) and then Chief Executive Officer of SG Warburg France S.A. (1989-1995), Chief Executive Officer of Deutsche Morgan Grenfell (1995-1998), then Chief Executive Officer in charge of investment banking (1998). He then joined Merrill Lynch as Managing Director of Merrill Lynch & Co Inc. (1998) and Chief Executive Officer of Merrill Lynch France (1998) before becoming Chairman of Merrill Lynch France (2005-2009). In 2009, he moved to Deutsche Bank to take up a position as Chairman of the bank's French operations, going on to serve as Vice-Chairman of Deutsche Bank Europe, Middle East and Africa between June 2013 and January 2016.

Date of first appointment:
15 June 2009

Date of last renewal:
4 June 2013

Date appointment expires:
2017 annual general meeting

Nationality: French

Attendance rate in 2016: 100%

Positions and offices currently held outside of the Arkema Group:

France

- Vice-Chairman of investment banking for Europe, the Middle East and Africa at JP Morgan

International

- None

Director whose cooptation is submitted to ratification

Marie-José Donsion

Independent director and member of the Audit and Accounts Committee

Marie-José Donsion brings to the Board her experience as chief financial officer and a member of the executive committee of a major listed industrial group.

Born in 1971, Marie-José Donsion is a graduate of France's *École supérieure de commerce de Paris* (ESCP Europe). She is currently Senior Vice-President Finance of Alstom and a member of its Executive Committee.

Prior to this, she held a number of operational financial positions in Alstom's subsidiaries in France and around the world. Before joining Alstom, Marie-José Donsion began her career at Coopers & Lybrand where she worked in the audit division between 1994 and 1997.

Date of first appointment:
9 November 2016

Date appointment expires:
2018 annual general meeting

Nationality: French and Spanish

Attendance rate since her appointment: 100%

Positions and offices currently held outside of the Arkema Group:

France

- Senior Vice-President Finance, Alstom*

International

- None

* *Listed company.*

Proposed new member of the Board of Directors

Yannick Assouad

Yannick Assouad will bring to the Board of Directors her long-standing experience as an executive as well as her industrial expertise acquired during her career in the aeronautics sector.

Born in 1959, Yannick Assouad is a graduate of the *Institut National des Sciences Appliquées* of Lyon (France) and holds a PhD in aeronautical engineering from the Illinois Institute of Technology (ITT) in the United-States. She is Chief Executive Officer of Latécoère group.

She started her career in 1986 with Thomson-CSF (now Thalès) where she was head of the thermal and mechanical analysis group until 1998. She served then successively as Technical Director and then as Chief Executive Officer of SECAN, subsidiary of Honeywell Aerospace before being appointed as Chairman. In 2003, she joined Zodiac Aerospace, as Chief Executive Officer of Intertechnique Services, a post she held until 2008. Appointed to Zodiac Aerospace's Executive Committee that same year, she was selected to create the Group's Services business segment, which she headed until 2010, when she was appointed Chief Executive Officer of its Aircraft Systems segment. In May 2015, she was appointed Chief Executive Officer of Zodiac Aerospace's newest segment, Zodiac Cabin. She has been appointed Chief Executive Officer of Latécoère group in November 2016.

Nationality: French

Positions and offices currently held outside of the Arkema Group:

France

- Chief Executive Officer of Latécoère group*
- Director and member of the Audit Committee of Vinci*

International

- None

* *Listed company.*

Compensation of executive officers

COMPENSATION POLICY FOR EXECUTIVE OFFICERS

At the date of this document, the Chairman and Chief Executive Officer is the Company's sole executive officer.

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

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

The complete report established in compliance with article L. 225-37-2 of the French Commercial Code and submitted to this annual general meeting in the 9th resolution, is available in the 2016 reference document on pages 173 to 176.

COMPONENTS OF COMPENSATION DUE OR AWARDED TO EACH OF THE COMPANY'S EXECUTIVE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2016

In accordance with the recommendations of article 26 of the AFEP-MEDEF Code, the presentation of the components of compensation due or awarded to Thierry Le Hénaff, Chairman and Chief Executive Officer and the Company's sole executive officer, for the year ended 31 December 2016, is submitted for the consultation of this annual general meeting. Accordingly, you are proposed, in the 10th resolution, to vote in favour of the following components of compensation:

COMPONENTS OF COMPENSATION DUE OR AWARDED TO THIERRY LE HÉNAFF FOR 2016 SUBMITTED FOR THE CONSULTATION OF THE SHAREHOLDERS

Components of compensation due or awarded for 2016	Amounts or accounting valuation submitted to the vote	Description
Fixed compensation	€835,000	As part of the renewal of the term of office as director of Thierry Le Hénaff last year by the annual general meeting of 7 June 2016, his annual fixed compensation was set at €900,000 per year, from this date and for the duration of his term of office as director (versus €750,000 between 23 May 2012 and 6 June 2016). The determination of this amount reflects the successful implementation of the Group's strategy which enabled to sustainably and very positively change its profile and to significantly grow its size notably in terms of sales, profitability and market capitalization. This transformation, which was driven in particular by the integration of Bostik with an increase in Group sales of more than 25%, the completion of major fundamental industrial projects, the ramp-up of the operation al excellence program and the geographic repositioning, resulted consequently in substantial increased responsibilities and duties for the Chairman and Chief Executive Officer. The continuous benefit of innovation, a structurally higher cash flow generation, the reduction in capital intensity and a higher share of more resilient specialty activities have also been taken into account. Lastly, the results of a benchmarking study carried out by Towers Watson of seventeen French industrial companies, including Valeo, Technip, Essilor, Imerys and Rexel, and four European chemical companies in the Group's panel of peers (Clariant, Lanxess, Solvay and Evonik) were also considered.

Components of compensation due or awarded for 2016	Amounts or accounting valuation submitted to the vote	Description
Annual variable compensation	€1,252,500	Variable compensation due for 2016, which could, as in previous years, represent up to 150% of the annual fixed compensation, was set by the Board of Directors at its meeting on 27 February 2017, taking into account the quantitative and qualitative criteria approved by the Board in 2016 and the achievements noted as of 31 December 2016, as follows: • **concerning the three quantitative criteria**, linked to the financial performance of the Group (EBITDA, recurring cash flow and margin on variable costs of new developments), the achievement rates by criterion were as follows in 2016: ◦ 100% for EBITDA, whose weighting represents 55%, taking into account the excellent performance of the Group, with EBITDA significantly up by 12.5% in 2016 compared to 2015, which was already strongly up, in an economic environment characterized by overall moderate growth worldwide and strong volatility, particularly with regard to raw materials. This increase is fully in line with the Group's medium-term target announced in 2014 for 2017, to increase EBITDA to €1.3 billion compared to €784 million in 2014; ◦ 100% for recurring cash flow, whose weighting represents 27.5%. After a very good performance in 2015, recurring cash flow reached an excellent level again in 2016, totaling €477 million with a very high EBITDA to cash conversion ratio of 40%, which is among the highest within the peer group. This cash generation was directly reflected in stable gearing of 35% despite the acquisition of Den Braven at the end of the year for an enterprise value of €485 million. This performance reflects the further strict management of capital expenditure and working capital in a raw material context significantly less favorable with rising raw material prices at the end of 2016 compared to their 2015 level; and ◦ 100% for the contribution of new developments, whose weighting represents 27.5%. The Board of Directors took into account the further progress made compared to previous years with, in particular, the commercial successes in lighter materials (in sports, automotive industries and consumer electronics), innovation in new energy applications, the very positive impact for Bostik of increased R&D investment structured around it three regional platforms, with notable successes in hygiene, floor adhesion systems and flexible packaging with new-generation formulations, and diversification of the Group's downstream acrylics (Coatex, Sartomer and coating resins) into higher value-added products. After applying the calculation formula defined by the Nominating, Compensation and Corporate Governance Committee, the variable compensation due in respect of quantitative criteria amounted to 110% of annual fixed compensation; and • **concerning the qualitative criteria relating** for the most part to the implementation of the Group's strategy and operating priorities, and several of which are quantifiable, the performance was once again deemed excellent at the end of a year 2016 marked by the successful integration of Bostik and the implementation of synergies with an EBITDA growth target of 30% in 2017 versus 2014 achieved one year early, the acquisition of the Den Braven group finalized on 1 December 2016, which strengthens the Specialty Adhesives (Bostik) Business Line and supports the Group's long-term ambition in this market, and the continued implementation of the divestment program with the sale of the activated carbon and filter aids business on favorable terms with a 9.5x enterprise value to EBITDA multiple. In addition, the Board of Directors noted the completion or progress of several industrial projects that are complex, significant and fundamental in establishing the Group's long-term positioning. They include the doubling of specialty molecular sieve production capacity at the Honfleur site in France, doubling of organic peroxide production capacity in China, renegotiation of the agreements concluded with Jurong in acrylics in China enabling Arkema to access to 50% of total capacity for a limited cash outflow and the renegotiation of the terms and conditions for the purchase and sale of a number of key raw materials. The Board of Directors also noted the further efficient management of fixed costs, working capital (with a ratio of working capital to pro forma sales of 14.5%, excluding Den Braven, in 2016 versus 14.6% in 2015) and capital intensity (with capital expenditure representing 5.6% of sales in 2016, the same as in 2015). The Group's rating was upgraded by two agencies with a neutral outlook. Lastly, the Group's very good safety record was maintained at a level among the best in the industry (TRIR of 1.5 accidents per million hours worked in 2016 again). The Board also noted the effective succession planning for senior executives and Executive Committee members, notably when the CEO of Bostik was replaced, and the creation of a Group Management Committee in addition to the Executive Committee. As a result, the achievement rate of these qualitative criteria was set at 100%. Consequently, the variable compensation due in respect of qualitative criteria was set at 40% of the annual fixed compensation. In total, the variable compensation for 2016 amounts to €1,252,500. It reflects the very strong performance for the year and the continued transformation of the Group's profile. It represents 150% of the 2016 annual fixed compensation of €835,000 (i.e., €750,000 for the period to 6 June 2016 and €900,000 for the period from 7 June 2016 when the Chairman and Chief Executive Officer's term of office was renewed by the shareholders' annual general meeting) and an overall achievement rate of 100%.
Deferred variable compensation	N/A	Thierry Le Hénaff receives no deferred variable compensation.
Exceptional compensation	N/A	Thierry Le Hénaff receives no exceptional compensation.
Attendance fees	N/A	Thierry Le Hénaff receives no attendance fees from Arkema.
Stock options	N/A	The Board of Directors decided, beginning of 2013, not to grant any further stock options.

Components of compensation due or awarded for 2016	Amounts or accounting valuation submitted to the vote	Description
Performance shares	€1,410,000	Making use of the authorization granted by the annual general meeting of 7 June 2016 (17th resolution), on recommendation by the Nominating, Compensation and Corporate Governance Committee, at its meeting on 9 November 2016, the Board of Directors awarded 30,000 performance shares (representing 0.04% of share capital) to Thierry Le Hénaff (out of a total of 357,915 shares granted to around 1,170 grantees, representing 8.4% out of a maximum of 10%). On the basis of the IFRS valuation at the date of the allocation, and assuming a maximum allocation of the annual variable compensation, such allocation would represent 39% of the Chairman and Chief Executive Officer's total compensation versus 37% in 2015. This level, which is consistent with the change in the fixed part of the compensation, also takes into account, as part of the new term of office, the very positive transformation of the Group's profile and of its financial performance and aims at maintaining a balanced split between the different components of the compensation, in line with past practice. The shares will vest at the end of a three-year period subject to a presence condition and if four demanding performance targets are met: REBIT margin (recurring operating income as a percentage of sales), EBITDA to cash conversion rate, comparative Total Shareholder Return and return on capital employed. Each criterion applies for 25% of the awarded rights. The vesting period is followed by a two-year mandatory holding period. Further details on the criteria may be found in section 3.5.1 of the 2016 reference document.
Pension	€254,250	Since 7 June 2016, when the supplementary defined benefit pension scheme (governed by article L. 137-11 of the French Social Security Code) from which he benefited since his appointment in 2006 was terminated, Thierry Le Hénaff benefits from an additional annual payment corresponding to 20% of his total fixed and variable compensation for the year concerned, to enable him to build up his supplementary retirement benefits, year after year. Thierry Le Hénaff has committed to invest this entire amount, net of any contributions and tax, in investment vehicles dedicated to the financing of his supplementary retirement benefits.
One-off indemnity for the termination of the supplementary defined benefit pension scheme	€1,500,000	In consideration of the termination on 7 June 2016 of the supplementary defined benefit pension scheme (governed by article L. 137-11 of the French Social Security Code), mentioned above and from which he benefited since his appointment in 2006, Thierry Le Hénaff received a one-off payment of €1,500,000 as compensation for the loss of a part of the pension rights accumulated in the terminated pension scheme. In 2015, Thierry Le Hénaff had already completed the maximum number of years of service taken into account under the scheme and consequently acquired all rights he was entitled to under this scheme. Consequently, the total amount of this one-off indemnity, paid partly in cash and partly in shares (in accordance with the decision of the annual general meeting of 7 June 2016 (18th resolution)), was based on the cumulative annual additional sums that would have been paid to the beneficiary since the Company's stock market listing in May 2006 if the new pension scheme had been put in place since he was appointed as Chairman and Chief Executive Officer. It should also be noted that the new scheme implies, from the beneficiary's standpoint, giving up around 70% of the net value of the benefits he would have been entitled to under the previous system. For the Company, the overall cost of the new system is divided by two compared to the previous one. The new system led to the reversal in 2016 of a provision amounting to €20 million in the Company's accounts.
Benefits in kind	€6,720	Thierry Le Hénaff has the use of a company car.

COMPONENTS OF COMPENSATION DUE OR AWARDED FOR 2016 ALREADY APPROVED BY THE GENERAL SHAREHOLDERS' MEETING

Termination indemnity	*No payment*	*Thierry Le Hénaff benefits, as part of his term of office, from a termination indemnity in an amount not exceeding two years' gross fixed and variable compensation, calculated based on the achievement of five quantitative criteria set by the Board of Directors and approved by the shareholders' general meeting (total recordable injury rate (TRIR), annual variable compensation, comparative EBITDA margin, working capital and return on capital employed).* *The amount of this indemnity will be calculated on the basis of the fulfillment of the following five demanding performance conditions:* • *TRIR: the total recordable injury rate (TRIR) would have to have decreased by at least 5% per year (average compound rate) between 31 December 2010 and the date at which the performance condition is assessed;* • *annual variable compensation: on average, the annual variable compensation paid during the three years preceding departure would have to be at least 50% of the maximum amount payable;* • *return on capital employed: the average of net operating income over capital employed ((recurring operating income - actual income tax [1])/(capital employed - provisions)) for the last three years prior to the termination date would have to exceed the Group's cost of capital for the year preceding his re-election, i.e.: 7% in 2015. Capital employed and provisions are those at year-end, and recurring operating income of companies acquired during the year would be included on a full year basis and that of divested companies would be excluded;* • *working capital: the year-end working capital over annual sales ratio would have to have decreased by at least 2.5% per year (average compound rate) between 31 December 2005 and the date at which the performance condition is assessed; and* • *comparative EBITDA margin: this financial performance indicator will continue to be measured against that of competitors in the chemicals industry comparable to the Arkema Group. The growth in the Group's EBITDA margin would have to be at least equal to the average growth in the EBITDA margin of the companies in the peer group between 31 December 2005 and the date at which the performance condition is assessed.* *The value of the end-of-period index to be taken into account for the computation of the above criteria would be the average of the indices calculated at Group level over the three years for which financial statements have been published prior to the termination date.* *The termination indemnity allocation scale is determined as follows:* • *if 5 conditions were met, Thierry Le Hénaff would receive 100% of the maximum of the termination indemnity;* • *if 4 out of 5 conditions were met, Thierry Le Hénaff would receive 90% of the maximum of the termination indemnity;* • *if 3 out of 5 conditions were met, Thierry Le Hénaff would receive 70% of the maximum of the termination indemnity;* • *if 2 out of 5 conditions were met, Thierry Le Hénaff would receive 40% of the maximum of the termination indemnity;* • *if fewer than two conditions were met, no termination indemnity would be paid.* *In addition, the Board of Directors has decided to gradually reduce the maximum termination indemnity that would be payable to 18 months of total annual gross compensation (fixed and variable) beyond 60 years old, and 12 months of total annual gross compensation (fixed and variable) beyond 62-and-a-half years old. No compensation would be paid in the event of departure beyond the age of 65.* *In accordance with the related-party agreements and commitments procedure, this commitment was authorized by the Board of Directors' meeting of 2 March 2016, and approved by the annual general meeting of 7 June 2016 (5th resolution).*
Non-compete compensation	*N/A*	*Thierry Le Hénaff is not entitled to any non-compete compensation.*
One-off allocation of free shares as compensation for the termination of the supplementary defined benefit pension scheme	*50,000 shares valued at €2,360,850*	*As compensation for its decision to terminate the Chairman and Chief Executive Officer's supplementary defined benefit pension scheme (governed by article L. 137-11 of the French Social Security Code) from which Thierry Le Hénaff benefited since his appointment in 2006, effective from his re-election as a director by the annual general meeting on 7 June 2016, the Board of Directors' meeting of 7 June 2016, making use of the authorization granted by the annual general meeting held on the same day (18th resolution), confirmed its decision to grant 50,000 free shares to the Chairman and Chief Executive Officer, as compensation indemnity for the loss of a part of the pension rights accumulated in the terminated pension scheme. Shares will vest between 2017 and 2019 in three tranches of 16,667, 16,667 and 16,666 shares respectively, subject to a condition of presence and in each case to a two-year holding period. By deciding to pay part of this one-off compensatory indemnity in Arkema shares and spreading the vesting period over three years, the Board of Directors has included a retention component in the scheme.*

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

PROPOSED AGENDA
AND RESOLUTIONS

Proposed agenda for the combined annual general meeting

RESOLUTIONS PROPOSED TO THE **ORDINARY** GENERAL MEETING

- Approval of the Company's financial statements for the year ended 31 December 2016.
- Approval of the consolidated financial statements for the year ended 31 December 2016.
- Allocation of profit for the year ended 31 December 2016 and distribution of dividends.
- Statutory auditors' special report on related-party agreements and commitments referred to in articles L. 225-38 *et seq.* of the French Commercial Code *(Code de commerce)*.
- Ratification of the appointment of Marie-José Donsion as a member of the Board of Directors.
- Re-election of Marc Pandraud as a member of the Board of Directors.
- Re-election of Thierry Morin as a member of the Board of Directors.
- Appointment of Yannick Assouad as a new member of the Board of Directors.
- Approval of the principles and criteria for setting, allocating and awarding fixed, variable and exceptional components of the total compensation and benefits of any kind to be awarded to the Chairman and Chief Executive Officer.
- Consultation of shareholders on the components of compensation due or awarded in 2016 to the Chairman and Chief Executive Officer.
- Authorization granted to the Board of Directors to carry out a share buyback program.

RESOLUTIONS PROPOSED TO THE **EXTRAORDINARY** GENERAL MEETING

- Authorization granted to the Board of Directors to reduce share capital by canceling shares.
- Powers to carry out formalities.

In addition, the Supervisory Board of the *FCPE Arkema Actionnariat France* proposed a resolution which has not been agreed by the Board of Directors, in order to offer shareholders the option for the payment of the dividend in shares:

- Option for the payment of the dividend in shares.

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

RESOLUTIONS PROPOSED TO THE ORDINARY GENERAL MEETING

1ST AND 2ND RESOLUTIONS APPROVAL OF THE FINANCIAL STATEMENTS FOR THE YEAR

OVERVIEW

*The purpose of the **1st and 2nd resolutions** is to approve respectively the Company's financial statements and the consolidated financial statements for the year ended 31 December 2016.*

FIRST RESOLUTION

(Approval of the Company's financial statements for the year ended 31 December 2016)

The annual general meeting, voting in accordance with the quorum and majority requirements for ordinary general meetings, and having considered the Company's financial statements for the year ended 31 December 2016, the Board of Directors' management report and the statutory auditors' reports, approves said financial statements as well as the transactions reflected therein and described in said reports.

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

SECOND RESOLUTION

(Approval of the consolidated financial statements for the year ended 31 December 2016)

The annual general meeting, voting in accordance with the quorum and majority requirements for ordinary general meetings, and having considered the consolidated financial statements for the year ended 31 December 2016, the Board of Directors' Group management report and the statutory auditors' report on the consolidated financial statements, approves said financial statements as well as the transactions reflected therein and described in said reports.

3RD RESOLUTION ALLOCATION OF PROFIT AND DISTRIBUTION OF DIVIDENDS

OVERVIEW

*The purpose of the **3rd resolution** is to approve the distribution of a **dividend of €2.05 per share, 8% up** on 2015. The payout ratio amounts to 37% of the Group adjusted net income.*

This proposal confirms the importance of dividends as a key component of the Group's shareholder return policy and reflects the Board of Directors' confidence in the Group's development prospects and solid cash flow generation and balance sheet.

This distribution is fully eligible for the 40% tax deduction to which individual French tax residents are entitled.

*The shares will trade ex-dividend as of **25 May 2017**. The dividend will be payable as of **29 May 2017.***

THIRD RESOLUTION

(Allocation of profit for the year ended 31 December 2016 and distribution of dividends)

The annual general meeting, voting in accordance with the quorum and majority requirements for ordinary general meetings, and having noted that the Company's financial statements for the year ended 31 December 2016 show a profit of €767,143,826.77 decides, as recommended by the Board of Directors, to allocate the profit for the financial year as follows:

Profit for the period	€767,143,826.77
Prior retained earnings	€652,986,388.95
Allocation to legal reserve	€1,245,846.00
Distributable profit	€1,418,884,369.72
Dividend distribution (1)	€155,221,791.35

(1) The total dividend distribution is calculated on the basis of the number of shares carrying dividend rights as of 1 January 2016 and existing on the date of the Board of Directors' meeting adopting the proposed resolution and therefore granting dividend rights. The total may vary if the number of shares carrying dividend rights changes up to the ex-dividend date depending, for example, on the number of treasury shares held by the Company.

Accordingly, the annual general meeting decides to pay a dividend of €155,221,791.35 with regard to the 75,717,947 shares carrying dividend rights on 1 January 2016 and existing on the date of the Board of Directors' meeting adopting the proposed resolutions, corresponding to a distribution of two euros and five cents (€2.05) per share, it being specified that full powers are granted to the Board of Directors to set the definitive total amount of the dividend, the balance of distributable income and consequently the amount to be allocated to "retained earnings".

The shares will be traded ex-dividend as of 25 May 2017 and the dividend for the 2016 financial year will be paid as of 29 May 2017.

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

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

Financial year	2014	2015	2016
Net dividend per share *(in euros)*	1.85 (2)	1.90 (2)	2.05 (2)

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

4TH RESOLUTION — APPROVAL OF RELATED-PARTY AGREEMENTS

OVERVIEW

In accordance with the law, the Board of Directors performed an annual review of the agreements entered into and authorized during previous years, and which were implemented in the year ended 31 December 2016. It noted that:

- *the only commitment agreed in 2016 and already approved by the annual general meeting is the commitment related to the early termination of the Chairman and Chief Executive Officer's term of office; and*
- *no new agreement or commitment that had not already received the approval of the annual general meeting were entered into during the 2016 financial year.*

Consequently, the purpose of the ***4th resolution*** *is to duly note the information relating to the related-party agreements and commitments as set out in the statutory auditors' special report. This report is included in section 6.1 of the 2016 reference document.*

FOURTH RESOLUTION

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

The annual general meeting, voting in accordance with the quorum and majority requirements for ordinary general meetings, and having considered the statutory auditors' special report provided for in article L. 225-40 of the French Commercial Code, in which no new agreements are identified, duly notes the information relating to the agreements entered into and the commitments made during the 2016 financial year and prior financial years and approved by the annual general meeting.

5TH TO 8TH RESOLUTIONS — COMPOSITION OF THE BOARD OF DIRECTORS

OVERVIEW

The terms of office as directors of Bernard Kasriel, Thierry Morin, Marc Pandraud and Philippe Vassor are due to expire at the close of this annual general meeting.

The Board of Directors would like to warmly thank Bernard Kasriel and Philippe Vassor for their support during the different steps of the Group's transformation and their active contribution to the work of the Board of Directors, as well as the Nominating, Compensation and Corporate Governance Committee and the Audit and Accounts Committee, respectively, since the Company's stock market listing.

Furthermore, the Board of Directors appointed on a provisional basis, on 9 November 2016, Marie-José Donsion as director and member of the Audit and Accounts Committee, in place of Claire Pedini who resigned.

Consequently, on recommendation by the Nominating, Compensation and Corporate Governance Committee, the Board of Directors proposes:

- *in the* ***5th resolution to ratify the appointment of Marie-José Donsion*** *as director for the remainder of the term of office of Claire Pedini, i.e.,* ***until the close of the annual general meeting to be held in 2018*** *to approve the financial statements for the year ending 31 December 2017. Subject to the ratification of her appointment, Marie-José Donsion will be appointed as chairman of the Audit and Accounts Committee to replace Philippe Vassor;*
- *in the* ***6th and 7th resolutions*** *to* ***re-elect Marc Pandraud and Thierry Morin*** *as directors* ***for a four-year term****; and*
- *in the* ***8th resolution*** *to* ***appoint Yannick Assouad*** *as director* ***for a four-year term****.*

Marie-José Donsion, Marc Pandraud and Thierry Morin are independent directors. Yannick Assouad will also be qualified as an independent director.

Consequently, at the close of the annual general meeting, and subject to the approval of the proposed resolutions, the Board of Directors will comprise twelve members including five women, i.e., 45% of its members (excluding the director representing employees).

Education and professional experience of Yannick Assouad, Marie-José Donsion, Marc Pandraud and Thierry Morin are set out in pages 16 and 17 of this notice.

FIFTH RESOLUTION

(Ratification of the appointment of Marie-José Donsion as a member of the Board of Directors)

The annual general meeting, voting in accordance with the quorum and majority requirements for ordinary general meetings, and having considered the Board of Directors' report, ratifies the appointment, decided on a provisional basis by the Board of Directors on 9 November 2016, of Marie-José Donsion as director, in place of Claire Pedini who resigned, for the remainder of the term of her office, *i.e.*, until the close of the annual general meeting to be held in 2018 to approve the financial statements for the year ending 31 December 2017.

SIXTH RESOLUTION

(Re-election of Marc Pandraud as a member of the Board of Directors)

The annual general meeting, voting in accordance with the quorum and majority requirements for ordinary general meetings, and having considered the Board of Directors' report and noting that the term of office as director of Marc Pandraud expires on the date of this meeting, decides to re-elect him for a term of four (4) years expiring at the close of the annual general meeting to be held in 2021 to approve the financial statements for the year ending 31 December 2020.

SEVENTH RESOLUTION

(Re-election of Thierry Morin as a member of the Board of Directors)

The annual general meeting, voting in accordance with the quorum and majority requirements for ordinary general meetings, and having considered the Board of Directors' report and noting that the term of office as director of Thierry Morin expires on the date of this meeting, decides to re-elect him for a term of four (4) years expiring at the close of the annual general meeting to be held in 2021 to approve the financial statements for the year ending 31 December 2020.

EIGHTH RESOLUTION

(Appointment of Yannick Assouad as a member of the Board of Directors)

The annual general meeting, voting in accordance with the quorum and majority requirements for ordinary general meetings, and having considered the Board of Directors' report, decides to appoint Yannick Assouad as director for a term of four (4) years expiring at the close of the annual general meeting to be held in 2021 to approve the financial statements for the year ending 31 December 2020.

9TH RESOLUTION — APPROVAL OF THE COMPENSATION POLICY FOR EXECUTIVE OFFICERS

OVERVIEW

In accordance with article L. 225-37-2 of the French Commercial Code, the purpose of the ***9th resolution*** *is to approve the principles and criteria for setting, allocating and awarding fixed, variable and exceptional components of the total compensation and benefits of any kind to be awarded, in the exercise of his term of office, to the Chairman and Chief Executive Officer as defined by the Board of Directors on recommendation by the Nominating, Compensation and Corporate Governance Committee and presented in the Board of Directors' special report as set out in detail in section 3.4.2.1 of the 2016 reference document.*

NINTH RESOLUTION

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

The annual general meeting, voting in accordance with the quorum and majority requirements for ordinary general meetings pursuant to article L. 225-37-2 of the French Commercial Code, and having considered the Board of Directors' special report attached to the report provided for under articles L. 225-100 and L.225-102 of the French Commercial Code, approves the principles and criteria for setting, allocating and awarding fixed, variable and exceptional components of the total compensation and benefits of any kind to be awarded, in the exercise of his term of office, to the Chairman and Chief Executive Officer.

10TH RESOLUTION — CONSULTATION OF SHAREHOLDERS ON THE COMPENSATION COMPONENTS OF THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER FOR 2016

OVERVIEW

In accordance with the recommendations of article 26 of the AFEP-MEDEF Code (the Company's reference code), the purpose of the ***10th resolution*** *is to submit to the consultation of shareholders the components of compensation due or awarded for 2016 to Thierry Le Hénaff, Chairman and Chief Executive Officer, and only executive officer of the Company.*

The components of compensation submitted to this vote are set out in the table on pages 18 to 21 of this notice and in the 2016 reference document.

TENTH RESOLUTION

(Consultation of shareholders on the components of compensation due or awarded in 2016 to the Chairman and Chief Executive Officer)

The annual general meeting, consulted in accordance with the recommendations of article 26 of the AFEP-MEDEF Corporate Governance Code (the Company's reference code pursuant to article L. 225-37 of the French Commercial Code), and voting in accordance with the quorum and majority requirements for ordinary general meetings, after considering the Board of Directors' report, votes in favor of the components of compensation due or awarded to Thierry Le Hénaff, Chairman and Chief Executive Officer, for the year ended 31 December 2016, as set out in said report.

11TH RESOLUTION SHARE BUYBACKS

OVERVIEW

The purpose of the ***11th resolution*** *is to* ***renew the authorization*** *granted to the Board of Directors by the annual general meeting on 7 June 2016 to* ***purchase or arrange for the purchase of shares in the Company****.*

The purchase of shares may be carried out at any time, ***except from the date a takeover bid for the Company's shares is filed by a third party and until the end of the offer period.***

Main features of the proposed share buyback program:

Maximum purchase price: €125 per share

Overall maximum aggregate amount that may be dedicated to the share buyback program: €125 million

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

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

Length of the authorization: 18 months

Use of the previous authorization:

At 31 December 2016, the Company owned 65,823 treasury shares that were all allocated for the purpose of covering the performance share plans put in place in order to foster the loyalty and motivate Group's employees. These treasury shares are used to vest performance shares without any dilutive effect for shareholders.

The detailed information related to the current and proposed share buyback programs is presented in paragraph 5.2.4 of the 2016 reference document.

ELEVENTH RESOLUTION

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

The annual general meeting, voting in accordance with the quorum and majority requirements for ordinary general meetings, and having considered the Board of Directors' report, authorizes the Board of Directors, or any person duly authorized to act on its behalf, to purchase or arrange for the purchase of shares in the Company in accordance with articles L. 225-209 *et seq.* of the French Commercial Code, European Commission regulation no. 2273/2003 dated 22 December 2003 and Title IV of Book II of the general regulation of the French financial markets authority (*Autorité des marchés financiers* – AMF). The number of shares that may be held by the Company under this authorization at any given date may not be greater than 10% of the share capital. The 10% limit applies to the number of the Company's shares, which may be adjusted as necessary to take into account transactions that affect the share capital occurring after the present annual general meeting. The authorization is given under the following conditions:

(i) the maximum purchase price is €125 per share.

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

(ii) the maximum amount that may be dedicated to this share buyback program will be €125 million;

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

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

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

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

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

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

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

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

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

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

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

The annual general meeting decides that this authorization is granted for a period of eighteen (18) months from the date of this annual general meeting. It renders ineffective the unused portion of any prior authorization granted for the same purpose and in particular that given by the annual general meeting of 7 June 2016 in its 8th resolution.

RESOLUTIONS PROPOSED TO THE EXTRAORDINARY GENERAL MEETING

12TH RESOLUTION — SHARE CAPITAL REDUCTION BY CANCELING SHARES

OVERVIEW

*The purpose of the **12th resolution** is **to renew** the authorization granted by the annual general meeting of 2 June 2015 **to reduce the share capital**, on one or more occasions, by **canceling all or a part of the shares** acquired under the share buyback authorization granted in the 11th resolution, up to a **maximum of 10% of the Company's share capital** for a period of 24 months.*

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

TWELFTH RESOLUTION

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

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

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

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

13TH RESOLUTION — POWERS FOR FORMALITIES

THIRTEENTH RESOLUTION

(Powers to carry out formalities)

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

PROPOSED RESOLUTION NOT AGREED BY THE BOARD OF DIRECTORS

RESOLUTION PROPOSED BY THE FCPE ARKEMA ACTIONNARIAT FRANCE

OVERVIEW

Reasons of the FCPE's decision to propose this resolution:

The law allows the Company to offer shareholders the option to receive their dividend in shares rather than in cash.

Internal rules of the company mutual fund FCPE Arkema Actionnariat France (FCPE), in which the Group's employees or former employees own shares, provide for the automatic reinvestment of the dividend leading thus to the issuance of new shares of the fund.

Enabling the asset management company managing the FCPE to opt, depending on market conditions, for the payment of the dividend in a way that would optimally value the assets of the owners of FCPE shares, constitutes a real opportunity for these shareholders. It is thus in the best interest of the latter that the Supervisory Board of the FCPE, which represents them, proposes this resolution.

Opinion of Arkema's Board of Directors:

Each year, Arkema's Board of Directors reviews the opportunity to propose shareholders to opt for the payment of the dividend in shares. In respect of 2016, the Board of Directors decided not to propose such option taking into account the Group's very good cash generation and its net debt which represented 35% of shareholders' equity at 31 December 2016.

Consequently, the Board of Directors did not approve the resolution proposed by the Supervisory Board of the company mutual fund Arkema Actionnariat France.

RESOLUTION A

(Option for the payment of the dividend in shares)

The annual general meeting, voting in accordance with the quorum and majority requirements for ordinary general meetings, decides in accordance with Articles L. 232-18 *et seq.* of the French Commercial Code and article 20 of the Company's Articles of Association, to offer each shareholder the option for the payment in Company shares of the entire dividend distributed relating to the shares that they hold.

The shareholders will be able to opt for the payment of the dividend in new shares between 30 May 2017 and 12 June 2017 inclusive.

Beyond that date, the dividend will be paid as of 22 June 2017 in cash only.

In accordance with article L. 232-19 of the French Commercial Code, the annual general meeting decides that:

(i) the issue price for the new shares to be issued in payment of the dividend will be equal to 90% of the average of the opening price of Arkema shares on Euronext Paris for the twenty stock market trading days prior to the date of this shareholders' general meeting, reduced by the net amount of the dividend and with the price rounded up, if necessary, to the nearest euro cent;

(ii) the shares thus issued in payment of the dividend will carry dividend rights as of 1 January 2017 and will be entirely fungible with existing Company shares;

(iii) if the amount of the dividend for which this option is exercised does not correspond to a whole number of shares, the shareholder may choose to receive the nearest greater number of shares and pay the difference in cash on the day he exercises the option, or to receive the nearest lower number of shares with the outstanding balance in cash.

The annual general meeting grants full powers to the Board of Directors to implement or sub-delegate the implementation, as provided for by law, of this resolution, in particular to take all steps and complete any transactions related or subsequent to the exercising of this option, carry out any formalities required for the issuance or listing of the shares pursuant to this resolution and for the completion and financial service of the shares, allocate the costs of the increase in share capital to the amount of the attached premium, and to deduct from this amount the sums necessary to increase the legal reserve to one tenth of the new share capital, observe the capital increases arising and make any adjustments to the Articles of Association accordingly.

NOTE

OPTION FOR THE
E-NOTICE

For registered shareholders only.

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

As part of our gradual digitalization process, we propose you to opt for the e-notice **for the general meetings to be held following that of 23 May 2017**. By choosing this option, you will be able to receive all the relevant documentation as soon as it is available and you will contribute to better protect the environment by avoiding the print-out and sending of notices by post.

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

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

ARKEMA
INNOVATIVE CHEMISTRY

REPLY FORM TO OPT FOR THE E-NOTICE

I wish to receive by email my notice of meeting and the documents relating to Arkema's shareholders' general meetings from the shareholders' general meetings to be held following that of 23 May 2017.

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

Please return the form to:

Arkema
Investor Relations department
420 rue d'Estienne d'Orves
92705 Colombes Cedex – France

I, the undersigned,

Mrs ☐ Miss ☐ Mr ☐

Name: .... First name: ....

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

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

....@ ....

Signed at: ....on: 2017

Signature

NOTE

REQUEST FORM FOR

ADDITIONAL DOCUMENTS

COMBINED ANNUAL GENERAL MEETING
Tuesday 23 May 2017

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

at 10 a.m.

Documents and information referred to in article R. 225-83 of the French Commercial Code, included in the 2016 reference document, are available and/or can be ordered on **www.finance.arkema.com**.

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

I, the undersigned,

Mrs ☐ Miss ☐ Mr ☐ Company ☐

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

N°: .... Street: ....

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

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

Acknowledge having received the documents relating to the combined annual general meeting of 23 May 2017 and referred to in article R. 225-81 of the French Commercial Code, *i.e.*, the agenda, proposed resolutions and summary presentation of the Company's situation during the year just ended (together with a table of the last five-year results).

Request Arkema to send me prior to the combined annual general meeting, the documents and information referred to in article R. 225-83 of the French Commercial Code and included in the 2016 reference document.

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

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

Signed at: ....on: 2017

Signature

NOTE

Investor Relations

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

actionnaires-individuels@arkema.com

www.finance.arkema.com

ARKEMA

INNOVATIVE CHEMISTRY

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