ARKEMA
INNOVATIVE CHEMISTRY

Decision by the Board of Directors on 5 November 2018 regarding

The 2018 Performance Share Plan

Based on the authorization granted by the annual general meeting on 7 June 2016, and upon recommendation of the Nominating, Compensation and Corporate Governance Committee, the Board of Directors decided to award 359 485 existing performance shares to some 1400 beneficiaries. In accordance with the compensation policy and principles for the Chairman and Chief Executive Officer, the Board of Directors awarded him 30,000 of these shares.

For employees in France, the vesting period will be three years, followed by a two-year holding period. In accordance with the law and the AFEP-MDEF Code, the Chairman and Chief Executive Officer and the members of the Executive Committee are subject to an additional requirement to retain shares awarded to them. For employees outside France, the vesting period will be four years, with no holding period, so that the vesting of the shares corresponds to the chargeability of the related taxes.

The final vesting of the shares at the end of the vesting period is, for all beneficiaries, subject to a condition of employment within the Group. In addition, for awards of more than 70 shares, full allotment is subject to four demanding performance criteria.

The performance criteria are the same as the ones used for the 2017 performance share plans and their respective weighting remains unchanged. They refer to the REBIT margin, the EBITDA to cash conversion rate, comparative Total Shareholder Return (TSR) and return on capital employed. For each criterion, the performance will be assessed over a three-year period, from 2018 to 2020.

The various indicators used for the performance criteria will be based on the annual consolidated financial statements published by Arkema in accordance with the international financial reporting standards (IFRS) applicable at the date on which the Board of directors approved the performance share plan. They will be audited by the statutory auditors.

In addition, in order to simplify and align these four criteria, the maximum award rate for each criterion has been set at 120%. However the overall award rate, taking all the criteria into account, may not exceed 110%. Hence, the maximum number of shares that may be awarded is 395 434, *i.e.*: 27% of the total number of performance shares that may be awarded pursuant to the authorization granted by the annual general meeting on 7 June 2016.

Accordingly, the four performance criteria applicable to the 2018 plan, each accounting for 25% of the total award, are as follows:

- For the **REBIT margin,** the performance is measured using the average of REBIT margins over 2018, 2019 and 2020 (“average margin”).

  The vesting scale has been adjusted upwards to continue to measure the progress made by the Company in the coming years, in line with its 2023 targets.

Average margin	Vesting rate
9.5 %	25 %
10 %	50 %
11 %	100 %
11.5 %	120 %

Between these different values, the vesting rate will be determined based on a linear scale.

- For the **EBITDA to cash conversion rate**, the achievement rate will be determined using the average conversion rate for 2018, 2019 and 2020.

The vesting scale will be as follows:

Conversion rate	**Vesting rate**
25%	0%
35%	100%
40%	120%

Between these different values, the vesting rate will be determined based on a linear scale.

For this indicator, cash flow will be restated to offset the impact of the raw material environment on changes in working capital.

- For **Comparative TSR**, the TSR would be determined over a 3-year period from 2018 to 2020**.**

The peer group remains unchanged including Akzo Nobel, BASF, Clariant, DSM, HB Fuller, Lanxess, Solvay, Evonik, and the CAC 40.

The vesting scale is as follows:

Arkema's ranking by descending order of TSR	**Vesting rate**
1st	120%
2nd	110%
3rd	100%
4th	75%
5th	50%
6th	25%
7th to 10th	0%

The TSR continues to be calculated as follows:

TSR = (share price at the end of the period - share price at the beginning of the period + sum of the dividends per share paid out during the period) / share price at the beginning of the period.

To minimize the effects of market volatility on stock prices, the share price used to determine prices at the beginning and end of the period will be a six-month average.

- **return on capital employed (ROCE)**

The performance will be measured usingthe average of ROCE for 2018, 2019 and 2020 ("average ROCE").

The vesting scale will be as follows:

Average ROCE	**Vesting rate**
10%	0%
11.5%	100%
12.5%	120%

Between these different values, the vesting rate will be determined based on a linear scale.

To determine ROCE in the context of performance share plans, recurring operating income and capital employed will be restated, in the event of a significant acquisition, to exclude the impact of such acquisition in the year of acquisition and the following two years.

In line with past practice and in accordance with the recommendations of the AFEP-MEDEF Code, Thierry Le Hénaff has formally undertaken not to use financial instruments to hedge the risk of losses on the stock options or performance shares that he has been, or will be, granted by the Company during his term of office as Chairman and Chief Executive Officer and as long as he retains an executive directorship. Members of the Executive Committee also undertook a similar commitment.

***