DECISION BY THE BOARD OF DIRECTORS REGARDING THE 2021 PERFORMANCE SHARE PLANS

Based on the authorization granted by the annual general meeting of 21 May 2019, and upon recommendation by the Nominating, Compensation and Corporate Governance Committee, the Board of directors decided on 9 November 2021 to award 364,288 existing or to be issued performance shares to 1,532 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.

In France, the vesting period will be three years, followed by a two-year holding period. Outside France, the vesting period will be four years, with no holding period.

The final vesting of the shares is, for all beneficiaries, subject to a condition of employment within the Group. In addition, awards of more than 70 shares are subject to five demanding financial and non-financial performance criteria for the full vesting.

In line with the long-term objectives of the Group for 2024 and Arkema's ambition to become a pure Specialty Materials player, the Board of directors decided to confirm the performance criteria for the 2021 plan, each of them accounting for 20% of the final vesting, as follow:

→ EBITDA margin of the Specialty Materials platform,

→ EBITDA to cash conversion rate,

→ Comparative TSR,

→ Return on average capital employed (ROACE) of the Specialty Materials platform; and

→ CSR performance, assessed in three areas:
  - Environment, measured by two indicators:
    - greenhouse gas emissions,
    - the management of non-renewable resources;
  - Safety, measured by the TRIR; and
  - Diversity, measured by the percentage of women holding senior management and executive positions.

The vesting scales have been aligned with the Group's long-term objectives.

For each criterion, the vesting scale goes from 0% to 120%, the rate of 120% being awarded if the target values are significantly exceeded, and the overall award rate is capped at 120%. Moreover, if the achievement rate of two of the criteria is strictly below 50%, the maximum award rate for each of the other criteria is capped at 100%.

The stringency of the targets has been reinforced for several criteria in order to take into account the Group's progression.

Hence, the maximum number of shares which may theoretically be awarded amounts to 430,824, *i.e.* 34% of the total authorization granted by the annual general meeting of 21 May 2019.

FINANCIAL CRITERIA

EBITDA MARGIN OF THE SPECIALTY MATERIALS PLATFORM

EBITDA margin is defined as follows: EBITDA as a percentage of sales.

EBITDA is the sum of the EBITDA of the Adhesives Solutions, Advanced Materials and Coating Solutions segments, plus the share of corporate EBITDA allocated to these three segments (allocation on a pro rata basis based on sales). The same calculation methodology is used for the sales figure. For illustrative purposes, the Specialty Materials platform's EBITDA margin was 14.9% in 2020.

The indicator is calculated using the average of EBITDA margins over 2021, 2022 and 2023.

The vesting rates, based on the value of the indicator, are as follows:

Value of the indicator	Vesting rate
indicator < 14%	0%
14% <= indicator <= 15%	Linear scale between 0% and 50%
= 15%	50%
15% <= indicator <= 16%	Linear scale between 50% and 100%
= 16%	100%
16% <= indicator <= 17%	Linear scale between 100% and 120%
17% < indicator	120%

EBITDA TO CASH CONVERSION RATE

The EBITDA to cash conversion rate is defined as recurring cash flow, *i.e.* free cash flow before exceptional items, as a percentage of EBITDA.

The indicator is calculated using the average conversion rates for 2021, 2022 and 2023.

Free cash flow is adjusted for the impact of exceptional items (non-recurring items and exceptional capital expenditure), to ensure year-on-year comparability and to eliminate in particular significant non-recurring flows which may impact the criterion (like for example in 2020 with a significant inflow). The vesting scales are aligned as of the 2021-2023 period with the Group's long-term targets.

The vesting rates, based on the value of the indicator, are as follows:

Value of the indicator	Vesting rate
indicator < 30%	0%
30% <= indicator <= 40%	Linear scale between 0% and 100%
40% <= indicator <= 45%	Linear scale between 100% and 120%
45% < indicator	120%

COMPARATIVE TSR (TOTAL SHAREHOLDER RETURN)

Arkema's TSR over a 3-year period is compared with that of its peers and two indices: BASF, Clariant, Evonik, HB Fuller, Lanxess, Sika, Solvay, the MSCI European chemicals index and the CAC 40 (the '**Panel**'»).

Each component of the Panel is ranked by descending order of TSR.

The vesting rates, based on the value of the indicator, are as follows:

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

The TSR is calculated as follows: (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.

The average of the opening share prices during the first half of 2021 will be used to determine the price at the beginning of the period, and the average of the opening share prices during the first half of 2024 will be used to determine the price at the end of the period.

RETURN ON AVERAGE CAPITAL EMPLOYED (ROACE) OF THE SPECIALTY MATERIALS PLATFORM

ROACE, which corresponds to REBIT of year N as a percentage of the average of capital employed at the end of years N and N-1, allows the measurement of profitability of investments over time.

REBIT is the sum of REBIT of the Adhesive Solutions, Advanced Materials and Coating Solutions segments, plus the share of corporate REBIT allocated to these three segments (allocation on a pro rata basis based on sales). The same calculation methodology is used for capital employed.

REBIT and capital employed are adjusted for:
- → the impact of major acquisitions, the year of the acquisition and the two following years, and
- → the impact of ongoing exceptional capital expenditure up to the year of the start-up and the two following years.

In the previous plan, the indicator was calculated at the end of the vesting period in order to factor out the distorsions resulting from the implementation of the strategy to refocus on Specialty Materials. Given that this refocusing is now at an advanced stage, the indicator is henceforth calculated based on the average of the ROACE for 2021, 2022 and 2023. The values of the indicator are coherent with the 2024 target of at least 10%. The vesting rate of 0% has been maintained at a level equal to the Group's cost of capital.

The vesting rates, based on the value of the indicator, are as follows:

Value of the indicator	Vesting rate
indicator < 7.5%	0%
7.5% <= indicator <= 9.0%	Linear scale between 0% and 100%
9.0% <= indicator <= 10.0%	Linear scale between 100% and 120%
10.0% < indicator	120%

CSR CRITERIA

ENVIRONMENT (ACCOUNTING FOR A 40% WEIGHTING OF THE CSR CRITERIA)

→ **GHG** (accounting for 50% of the environment criterion)

GHG (Scopes 1 and 2 + ODS) in kt eq. CO_2 in 2023	Vesting rate
indicator > 3,628	0%
3,628 >= indicator >= 3,300	Linear scale between 0% and 100%
3,300 >= indicator >= 3,200	Linear scale between 100% and 120%
3,200 > Indicator	120%

The proposed values are coherent with the published 2030 target (-38% of GHG emissions compared to 2015), with this target being met step by step.

→ **Water withdrawal** (accounting for 50% of the environment criterion)

Water withdrawal divided by sales (m^3/€k) in 2023	Vesting rate
indicator > 8.9	0%
8.9 >= indicator >= 8.0	Linear scale between 0% and 100%
8.0 >= indicator >= 7.6	Linear scale between 100% and 120%
7.6 > indicator	120%

The indicator has been modified relative to the 2020-2022 plan: the considered water withdrawals are defined as gross volumes minus regulated withdrawals, as well as volumes sold to third parties.

The 120% achievement rate corresponds to a performance in 2023 of 7.6, *i.e.* the 2024 target one year in advance.

In order to factor out the currency effect, sales will be calculated using 2021 exchange rates.

SAFETY (ACCOUNTING FOR A 30% WEIGHTING OF THE CSR CRITERIA)

→ **TRIR**

Value of the indicator	Vesting rate
indicator > 1.40	0%
1.40 >= indicator >= 1.15	Linear scale between 0% and 100%
1.15 >= indicator >= 1.05	Linear scale between 100% and 120%
1.05 > indicator	120%

The proposed value is the average of TRIR for 2021, 2022 and 2023 in order to reward the regularity of the performance

DIVERSITY (ACCOUNTING FOR A 30% WEIGHTING OF THE CSR CRITERIA)

→ **Percentage of women holding senior management and executive positions**

Percentage of women holding senior management and executive positions in 2023	**Vesting rate**
indicator < 23.0%	0%
23.0% <= indicator <= 24.0%	Linear scale between 0% and 100%
24.0% <= indicator <= 24.5 %	Linear scale between 100% and 120%
24.5 % < indicator	120%

The proposed values are coherent with the 2030 target.

Should the business portfolio evolve and lead to a significant impact on the value of one or more of the indicators, the Board of directors, upon recommendation by the Nominating, Compensation and Corporate Governance Committee, may modify the target values.

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

It is moreover reminded that in accordance with the law and the AFEP-MEDEF 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.