ARKEMA
INNOVATIVE CHEMISTRY

DECISIONS OF THE BOARD OF DIRECTORS DATED 13 NOVEMBER 2014 REGARDING THE AWARD OF PERFORMANCE SHARES

The Board of Directors, by virtue of an authorization by the combined shareholders meeting dated 4th June 2013, and upon proposal of the Nomination, Compensation and Corporate Governance Committee, has decided the award of 275,000 performance shares, i.e.: 22% of the global allocation granted by said shareholders meeting for a duration of 38 months, to around 780 beneficiaries among which Mr Thierry Le Hénaff, Chairman and Chief Executive Officer, up to 26,000 performance shares. The final award of the rights at the end of a 4-year vesting period, for all beneficiaries, shall be subject to the presence in the Group at that time and the fulfilment of three demanding performance criteria as set out by the Board of Directors. In addition to criteria relating to the ARKEMA EBITDA growth and the comparative EBITDA margin applicable to the 2013 performance shares plan and kept within the 2014 plan, the Board of Directors indeed decided to introduce a third performance criterion, TSR (Total Shareholder Return), in order to align the interests of performance share beneficiaries even more closely with those of shareholders.

These three demanding criteria, each applicable to a percentage of allocated rights, are defined as follows:

- growth of ARKEMA's EBITDA: for 35% of allocated rights

  The target by which all rights will be awarded under this criterion will be for the 2017 EBITDA to reach €1,310 million, with a gearing not exceeding 40%. Should gearing exceptionally exceed the 40% threshold, a review of the target EBITDA would be put forward by the Nominating, Compensation and Corporate Governance Committee to the Board of Directors.

  No share will be awarded if the 2017 EBITDA is below €1,000 million. Between €1,000 million and €1,310 million, the rate of allocation will be determined in accordance with a linear and continuous scale.

- comparative 2017 EBITDA margin: for 30% of allocated rights

  All rights will be awarded if ARKEMA's 2017 EBITDA margin exceeds the average of the chosen panel by one point. If ARKEMA's 2017 EBITDA margin is equal to the average of the chosen panel, the allocation rate will be 85%. If ARKEMA's EBITDA margin is below that of the panel by 2.5 points or more, no share will be awarded.

  Between both these values, the rate of allocation will be determined on the basis of an indicator, relative to 2017, determined as follows: indicator = ARKEMA's EBITDA margin – average EBITDA margin of the panel.

Objective	Allocation rate under the criterion
ARKEMA's EBITDA margin > average EBITDA margin for panel + 1	100%
ARKEMA's EBITDA margin = average EBITDA margin for panel	85%
- 0.5 < indicator < 0	75%
- 1 < indicator ≤ - 0.5	65%
- 1.5 < indicator ≤ - 1	50%
- 2 < indicator ≤ - 1.5	35%
- 2.5 < indicator ≤ - 2	20%
Indicator ≤ - 2.5	0%

The Board of Directors has also decided to amend the competitors' panel to take account of changes to the competitive landscape. Hence the panel now comprises: Akzo Nobel (Chemicals), BASF (excluding Oil&Gas), Clariant, Lanxess, Solvay and Evonik.

- Comparative TSR (Total Shareholder Return): for 35% of allocated rights

Arkema's TSR over a three-year period, from 2015 to 2017, will be compared to that of the same panel of competitors (see 2nd criterion).

This criterion will be 100% fulfilled if Arkema's TSR is one of the top performers among these 7 groups (Arkema and the panel's 6 competitors) ranked by decreasing order of their TSR over the period.

The share allocation rate under this third criterion will be as follows:

Arkema ranking obtained from classification of TSR of each group, in decreasing order	Allocation rate under the criterion
1st or 2nd	100%
3rd	75%
4th	50%
5th	25%
6th or 7th	0%

TSR is calculated as follows:

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

To limit the effects of volatility on the share price, an average share price recorded over a two-month period will be used.

Hence the share price at the beginning of the period will be the average of the opening prices between 1st November 2014 and 31 December 2014; the share price at the end of the period will be the average of the opening prices between 1st November 2017 and 31 December 2017.

In line with his past practice, and in accordance with the Code Afep-Medef as revised in June 2013, Mr. Thierry Le Hénaff made the formal commitment not to engage in any hedging transactions in respect of his own risks, either on options or on shares allocated to him or which shall be allocated to him by the Company within the context of his functions, as long as he should be executive officer of the Company.

In addition, the Board of Directors more generally confirmed that the rights awarded to the Chairman and Chief Executive Officer by virtue of the performance shares plans put in place by virtue of the authorization of the shareholders' meeting mentioned above, shall not exceed 12% of all rights awarded within a given year.

It is recalled that in accordance with the law and the Code Afep-Medef, the Chairman and Chief Executive Officer is subject to an additional share holding requirement, and must hold, since 2010, until termination of his duties, at least 30% of the shares finally awarded by virtue of performance shares plan as well as a number of shares resulting from the subscription options exercised corresponding to at least 40% of the net capital gain on acquisition. These obligations shall be suspended once the number of Arkema shares held, whatever their origin, represents a global amount equivalent to 200% of his gross annual fixed compensation. However, when the Chairman and Chief Executive Officer owns a quota of shares, whatever their origin, representing twice the fixed part of his current gross annual compensation, a share holding requirements of at least 10% of the shares finally awarded, after this threshold has been reached and a number of shares resulting from the subscription options exercised corresponding to at least 10% of the net capital gain on acquisition, shall apply. As a result of these demanding share holding requirements, the performance shares final award is not conditional upon the acquisition of additional shares of the Company.