



Decision by the Board of Directors on 8 November 2017 regarding the 2017 Performance Share Plan

Based on the authorization granted by the annual general meeting on 7 June 2016, and on recommendation by the Nominating, Compensation and Corporate Governance Committee, the Board of Directors, decided to award 360,100 existing performance shares to some 1,400 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. 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 their continuing presence within the Group. In addition, awards of more than 70 shares are entirely subject to four demanding performance criteria.

The performance criteria are the same as the ones of the 2016 performance share plans and their respective weighting remains unchanged. They refer to REBIT margin, EBITDA to cash conversion rate, comparative Total Shareholder Return (TSR) and return on capital employed. For each criterion, the performance will be appreciated over a three-year period, from 2017 to 2019 (the "Period").

For REBIT margin and comparative TSR criteria, the vesting scales have been adjusted as follows:

- For **REBIT margin**, the performance is appreciated using the average of REBIT margins over the "Period" ("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 presented in July 2017 during Arkema's Capital Markets Day:

Average margin	Vesting rate
9 %	25 %
9.25 %	50 %
9.75 %	75 %
10.25 %	100 %
10.75 %	125 %

Between these different values, the vesting rate will be determined based on a linear scale. No share will vest in respect of this criterion if average margin is below 9%.

- For **comparative TSR**, the peer group now includes HB Fuller, one of the main players in the adhesives market and a direct competitor of Arkema in this activity.

The vesting scale is as follows:

Arkema's ranking by descending order of TSR	Vesting rate
1 st with 2-percentage points above 2 nd	130%
1 st	120%
2 nd	110%
3 rd	100%
4 th	75%
5 th	50%
6 th	25%
7 th to 10 th	0%

The vesting scales for the two other criteria (EBITDA to cash conversion rate and return on capital employed) remain the same as the ones of the 2016 performance share plans.

The overall award rate for all four criteria may not exceed 110%. Hence, the maximum number of shares that may be awarded is 396,110, representing 27.3% of the total number of performance shares authorized by the annual general meeting on 7 June 2016.

In line with past practice, and in accordance with the recommendations of the AFEP-MDEF Code, Thierry Le Hénaff formally undertook 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 remains in office. Members of the Executive Committee undertook a similar commitment as well.

It is also recalled that 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.
