ARKEMA
INNOVATIVE MATERIALS FOR A SUSTAINABLE WORLD

2024 UNIVERSAL REGISTRATION DOCUMENT

including the Annual Financial Report

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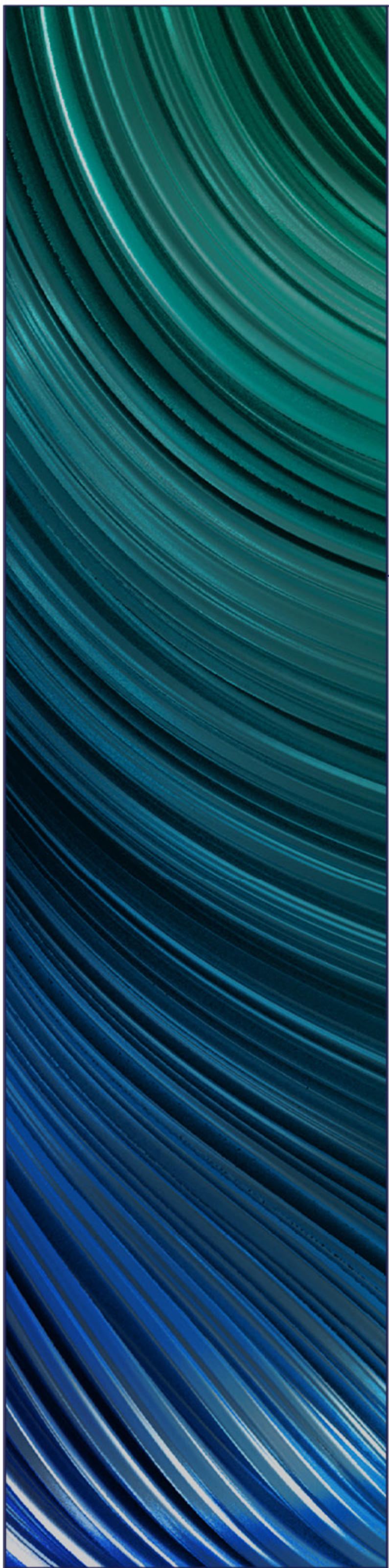
AFR *The different parts constituting the annual financial report are identified in the table of contents by the pictogram*



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AUTORITÉ
DES MARCHÉS FINANCIERS
AMF

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This English version of the Universal Registration Document in PDF format is a free translation of the official French version of the Universal Registration Document established in XHTML, filed with the AMF on 27 March 2025 and which is available on the website of the AMF, as well as on the Company's website.

Thierry Le Hénaff

Chairman and Chief Executive Officer

Arkema delivered strong performance, both financial and non-financial.

Ladies and Gentlemen,

In 2024, in a challenging macroeconomic environment, Arkema delivered a strong financial and non-financial performance and continued to actively implement its strategic roadmap presented during the Capital Markets Day in September 2023.

Last year, the external environment remained volatile and challenging, marked by globally weak demand and ongoing geopolitical tensions. I would like to acknowledge the dedication of all the Group's employees, whose efforts have enabled Arkema to achieve another good financial performance in 2024, with an EBITDA of €1,532 million and an EBITDA margin of 16.1%. Both indicators have improved compared to the previous year, reflecting the Group's resilience and ability to adapt. Arkema relied notably on its balanced geographical footprint, the diversity of its end markets and the quality of its portfolio of high-performance technologies.

Given these results and confident of the Group's medium-term growth prospects, the Board of Directors has decided that it would recommend, at the annual general meeting of 22 May 2025, a dividend of €3.60 per share for 2024. This represents an increase of 2.9%, in line with the Group's policy of gradual dividend growth.

Moreover, in 2024, we continued to ramp up and establish new production capacities in Advanced Materials, serving attractive markets such as bio-based consumer goods, new energies, electronics, electric mobility and sports. We also strengthened our Adhesive Solutions segment, with the acquisition of Dow's flexible packaging laminating adhesives, and successfully integrated the activities of PI Advanced Materials, which have confirmed their growth potential. These projects, mostly located in the fastest growing regions namely the United States and Asia, and already over 95% financed by the end of 2024, will make a significant contribution to the Group's growth in the coming years.

In terms of corporate social responsibility, Arkema continued to make good progress, with several indicators having already met the targets set for 2030.

One example is safety, which remains at the core of Arkema's operational priorities, with a total recordable injury rate per million hours worked reduced to 0.8, in line with the original target set for 2030, and now lowered to 0.7. Similarly, the reduction of 62% in scope 3 greenhouse gas emissions compared to 2019 has surpassed the objective of a 54% reduction defined as part of the 1.5°C trajectory validated by the Science Based Targets initiative (SBTi). The Group thus set a more ambitious target of reducing its scope 3 emissions by 67% by 2030.

Diversity is another example of an area where initiatives have continued, helping us reach the 2030 target of 30% of senior management and executive positions held by women, a target that has now been raised to 35%.

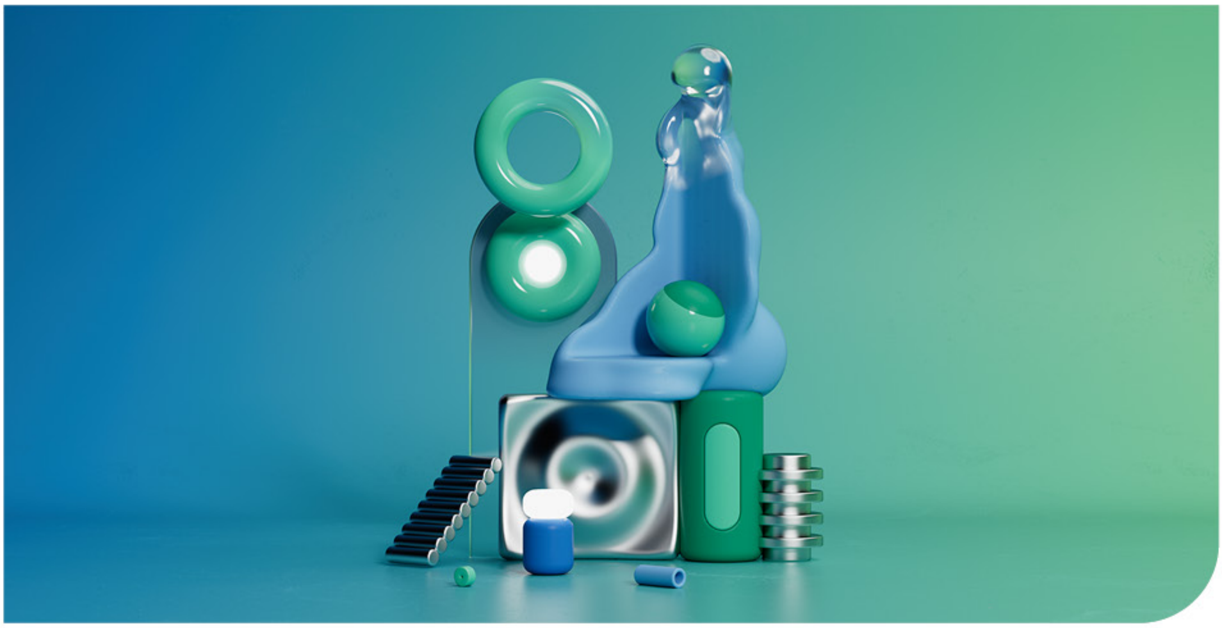
Furthermore, we are proud to have once again been certified Top Employer in 10 countries, and to have received the Top Employer Europe label, highlighting the Group's commitment to place employees at the center of its priorities. Lastly, like every year, Arkema renewed its adherence to the ten principles of the United Nations Global Compact, on issues which relate notably to respect of human rights, international labor standards, environmental protection and anti-corruption.

Building on its portfolio of high-performance technologies, the Group will rely on the innovative strength of its R&D, the appeal of its industrial investments in the most promising segments, and its One Arkema approach to continue implementing its 2028 strategic roadmap and support its customers in their pursuit of growth and the development of less carbon-intensive solutions. Arkema will also continue to leverage synergies from its most recent acquisitions, and pursue additional small bolt-on acquisitions, particularly in Adhesives Solutions.

Finally, our policy of gradual dividend growth will remain a key element of shareholder return.

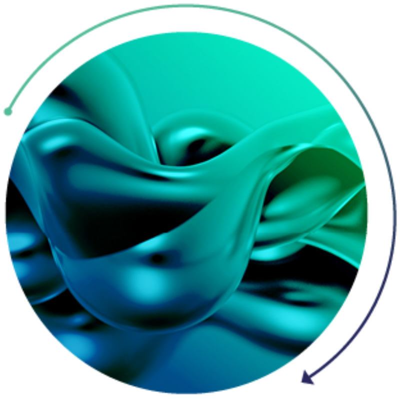
I know that I can count on the unwavering commitment and collective agility of all our employees to drive our growth initiatives forward. Like the members of the Board of Directors and the Executive Committee, I am confident in Arkema's ability to create long-term value for our stakeholders.

Thierry Le Hénaff



Arkema at a glance

Arkema is a major player in Specialty Materials whose business is focused around three coherent and complementary segments, Adhesive Solutions, Advanced Materials and Coating Solutions. The Group has a leading industrial and commercial presence, and benefits from a balanced geographical sales split between Europe, North America and Asia.



Thanks to its innovative, high performance solutions, developed within its three business segments dedicated to Specialty Materials, Arkema contributes to addressing the major challenges arising from global megatrends, in particular expectations regarding sustainability. The Group thus supports its customers in their long-term development and their quest for sustainable performance. With leading positions in its main product lines and operating on every continent, Arkema strives to achieve continuous improvement in terms of both operational excellence and corporate social responsibility, driven by the commitment of its 21,150 employees around a shared set of values.

Since its stock market listing in May 2006, Arkema has deeply transformed its profile, strengthening its competitiveness and refocusing its business portfolio on specialty activities. The Group has thus developed unique expertise in materials science in line with its ambition to become a pure Specialty Materials player, and has organized around three complementary, coherent business segments: Adhesive Solutions, Advanced Materials and Coating Solutions. In addition, some activities to be deconsolidated are grouped together in the Intermediates segment. At the Capital Markets Day in September 2023, the Group launched a new phase in its development focused on accelerating organic growth.

2024 KEY FIGURES

€9.5bn
Sales

€278m
R&D expenditure

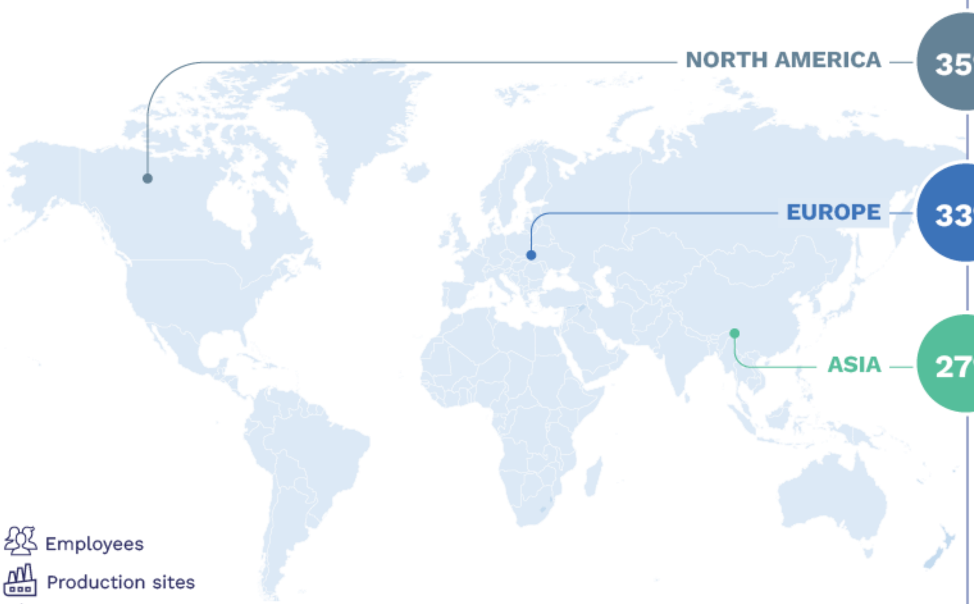
157
production sites

55
countries

21,150
employees

€761m
Capital expenditure

A balanced geographic footprint



NORTH AMERICA — 35% OF SALES
Employees 4,150 | Production sites 46 | R&D centers 5

EUROPE — 33% OF SALES
Employees 11,100 | Production sites 65 | R&D centers 7

ASIA — 27% OF SALES
Employees 4,800 | Production sites 33 | R&D centers 5

REST OF THE WORLD
5% OF SALES
Employees 1,100 | Production sites 13

Employees
Production sites
R&D centers

Diversified end-markets

Arkema's broad range of solutions caters to a large number of attractive end markets. This diversity makes the Group more resilient.

General industry

- Chemical industry (additives and initiators)
- Industrial assembly and packaging (Bostik)
- Industrial equipment (Kynar® PVDF)
- Industrial refrigeration (Forane®)
- Mineral and metal extraction and processing (performance additives)
- 3D printing (Sartomer®, high performance polymers)
- Industrial coatings (resins and additives, Kynar® PVDF, polyamide powders, Coatex™)

Consumer goods and electronics

- DIY (Bostik)
- Mass-market consumer and sporting goods (Rilsan® polyamides and Pebax®)
- Food packaging (Sartomer®, Bostik)
- Hygiene and disinfection (Bostik, acrylics, hydrogen peroxide)
- Air conditioning (Forane®)
- Smartphones, tablets and TVs (Sartomer®, Rilsan® polyamides, polyimides)
- Electrical cables and wires (high performance polymers, Bostik)

Building and construction

- Floor, wall and tile preparation (Bostik)
- Home thermal and acoustic insulation (Bostik, molecular sieves, Kynar Aquatec®, Forane®)
- Architectural coatings (resins and additives, Kynar® PVDF, polyamide powders, Coatex™)

Transportation and energy

- Cooling circuits, fuel lines and air brake systems (Rilsan® polyamides)
- Batteries (Kynar® PVDF, polyimides, Foranext® electrolytes, Bostik)
- Photovoltaics (Kynar® PVDF, Luperox® organic peroxides), wind power (Elium®)
- Car interiors (Bostik)
- Oil and gas industry (sulfur derivatives, specialty surfactants, high performance polymers), biofuels (DMDS)
- Aeronautics (high performance polymers, Bostik)

Health, water and nutrition

- Water treatment (acrylics, Coatex™, hydrogen peroxide), filtration (Kynar® PVDF) and water transportation (polyamide powders)
- Animal nutrition (methylmercaptan)
- Crop nutrition (specialty surfactants)
- Medical devices (high performance polymers, molecular sieves)

2024 data.

A know-how centered on materials science

In order to address the growing demand for materials in a world transformed by disruptive megatrends, Arkema has developed leadership positions in high-performance materials through its innovation, organic growth projects and acquisitions.

A world transformed by disruptive megatrends

The intensity of disruptive megatrends has accelerated in recent years, generating growing demand for high-performance materials and more environmentally-friendly solutions.

- Natural resources preservation and decarbonization
- Urbanization and improved living standards
- Transition to electric mobility
- Technology disruptions and AI
- Social change and consumer behaviors

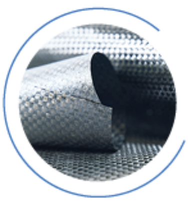
Three key capabilities in materials

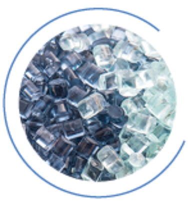
The Group's know-how revolves around three key capabilities: creating new materials or substituting traditional materials with lighter or more sustainable alternatives, bonding them and protecting them.

These unique and highly complementary capabilities are based on in-depth expertise in materials science, particularly in polymerization and formulation, and on strong application know-how.

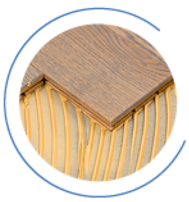
They enable the Group to seize opportunities linked to global megatrends, by developing high performance, sustainable and innovative solutions for its customers who operate in demanding sectors.

CREATING AND STRENGTHENING MATERIALS

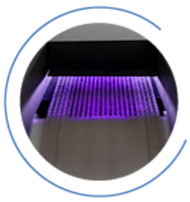


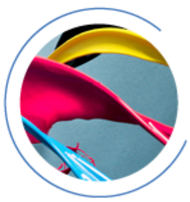


BONDING AND ASSEMBLING MATERIALS



PROTECTING AND MODIFYING MATERIALS





Our three Specialty Materials segments

Arkema has structured its capabilities into three coherent and complementary segments: Advanced Materials, Adhesive Solutions and Coating Solutions. Today, these segments are the pillars of the Group's organization.

Through its ability to innovate, its investments and acquisitions, Arkema has built a portfolio of over ten highly profitable, cutting-edge technologies in these three segments. This combination, unique in the chemical industry, offers strong commercial, operational and innovation synergies, and differentiates the Group's positioning, which will enable it to seize opportunities linked to global megatrends.

37%

ADVANCED MATERIALS

Creating and strengthening

- High performance polymers
- Fluorospecialties
- Niche performance additives

29%

ADHESIVE SOLUTIONS

Bonding and assembling

- Pressure sensitive adhesives
- Engineering and thermal adhesives
- Specialty hot-melt adhesives
- High performance sealants

26%

COATING SOLUTIONS

Protecting and modifying

- UV curing monomers
- Waterborne resins
- Rheology additives
- Powders

8%

INTERMEDIATES

Fluorogases and Asia Acrylics

Key figures

Financial data

(In millions of euros unless otherwise stated)	2024	2023	2022	2021	2020
Sales	**9,544**	9,514	11,550	9,519	7,884
EBITDA(a)	**1,532**	1,501	2,110	1,727	1,182
EBITDA margin(a)	*16.1%*	*15.8%*	*18.3%*	*18.1%*	*15.0%*
Recurring operating income(a) **(REBIT)**	**895**	939	1,560	1,184	619
REBIT margin(a)	*9.4%*	*9.9%*	*13.5%*	*12.4%*	*7.9%*
Operating income	**586**	681	1,287	1,733	600
Adjusted net income(a)	**616**	653	1,167	896	391
Adjusted earnings per share(a) ***(in euros)***	**8.23**	8.75	15.75	11.88	5.11
Net income – Group share	**354**	418	965	1,309	332
Earnings per share *(euros)*	**4.51**	5.39	12.81	17.15	3.98
Dividend per share *(euros)*	**3.60**(1)	3.50	3.40	3.00	2.50
Payout ratio	**44%**	40%	22%	25%	49%
Shareholders' equity	**7,761**	7,455	7,339	6,350	5,235
Net debt and hybrid bonds(a)	**3,241**	2,930	2,366	1,177	1,910
Net debt and hybrid bonds/EBITDA(a)	**2.1**	1.95	1.1	0.7	1.6
Return on adjusted capital employed(a)	**7.8%**	9.6%	15.5%	14.9%	8.2%
Free cash flow(a)	**358**	625	784	479	651
Recurring cash flow(a)	**419**	761	933	756	762
EBITDA to operating cash conversion rate(a)	**77%**	91%	N/A	N/A	N/A
Intangible assets and property, plant, and equipment additions	**761**	634	707	763	605
Of which recurring capital expenditure(a)	**761**	608	584	506	460
Of which exceptional capital expenditure(a)	**0**	26	123	252	140
R&D expenditure	**278**	275	270	243	241

(a) Alternative performance indicator: for definitions and cross-reference tables, see note 4 to the consolidated financial statements at 31 December 2024 in section 5.3.3 of this document.
(1) Dividend proposed at the annual general meeting of 22 May 2025.

Non-financial data

Sustainable solutions

	2024	2023	2022	2021	2020
Percentage of sales that significantly contribute to the United Nations Sustainable Development Goals (1)	**53%**	51%	53%	51%	50%
Percentage of sales from products made from renewable or recycled raw materials(2)	**11%**	11%	10%	10%	10%
Percentage of sales covered by a life-cycle assessment	**68%**	56%	41%	27%	22%
Percentage of patent applications filed relating to sustainable development(3)	**>90%**	94%	92%	90%	78%

(1) On the basis of an assessment of 89% of the Group's third-party sales in 2024, 84% in 2023, 84% in 2022 (figures restated to include Ashland's adhesives), 85% in 2021 and 72% in 2020.
(2) Sales of products made with at least 25% renewable or recycled raw materials since 2021 and at least 20% for 2020.
(3) Including PIAM since 2024.

Climate and environment

	2024	2023	2022	2021	2020
Scopes 1 and 2 greenhouse gas emissions	**0.58**	0.61	0.66	0.77	N/A
Scope 3 greenhouse gas emissions	**0.38**	0.47	0.53	0.63	N/A
Volatile organic compound emissions	**0.46**	0.49	0.53	0.50	0.58
Chemical oxygen demand	**0.31**	0.38	0.42	0.45	0.45
Water withdrawals	**0.75**	0.79	0.83	0.88	0.98
Net energy purchases	**0.88**	0.91	0.87	0.85	0.90

Greenhouse gas emissions in absolute terms relative to 2019.
Water withdrawals (excluding water sales to third parties) in absolute terms relative to 2019.
In EFPI terms relative to 2012 for the other indicators.

Safety

	2024	2023	2022	2021	2020
Total recordable injury rate (TRIR)(1)	**0.8**	0.9	0.9	1.0	1.0
Process safety event rate (PSER)	**2.5**	2.8	2.8	3.1	4.0

(1) The TRIR includes injuries to both Group and subcontractor employees.

Employees and responsible procurement

	2024	2023	2022	2021	2020
Headcount	**21,164**	21,125	21,116	20,209	20,576
Percentage of women in senior management and executive positions	**30%**	29%	26%	24%	23%
Percentage of non-French nationals in senior management and executive positions	**40%**	40%	40%	40%	41%
Percentage of purchasing spend with relevant suppliers covered by a *Together for Sustainability* assessment	**81%**	76.5%	75%	73%	68%

Strong assets

Arkema can leverage solid assets to roll out its strategy and successfully complete its numerous projects and acquisitions, which will enable the Group to accelerate its organic growth and strengthen its position among the world leaders in Specialty Materials.

A competitive and global presence

to support the Group's customers in their geographical expansion thanks to:

- a **leading manufacturing footprint** in Europe, North America and Asia;
- complex, **proprietary manufacturing processes**; and
- proven **expertise** in **carrying out large-scale investment projects** combining cost and timing optimization, and superior technical implementation.

Strong R&D capabilities

enabling the Group to launch new innovative and sustainable solutions on the market, provide its customers with the technical support they need, and further improve the efficiency of its manufacturing processes, thanks to:

- **the expertise of more than 1,800 researchers** at **17** research centers worldwide;
- a large portfolio of **over 10,000 patents**;
- **245** new patent applications filed in 2024, **>90%** of which related to sustainable development;
- specific focus on **five key high-growth markets** identified by the Group; and
- **four Group programs** on transversal themes linked to sustainable development.

A solid financial structure

giving the Group the flexibility needed to carry out its ambitious investment and bolt-on acquisition policy while ensuring an attractive dividend policy, thanks to:

- an **excellent cash generation** and a high EBITDA to cash conversion rate; and
- a **tightly controlled net debt** and hybrid bonds, with the aim of not structurally exceeding 2 times EBITDA, outside limited periods.

Our talents, the pillars of the Group's success

Arkema strives to foster the individual development and collective engagement of all the Group's people, who contribute to shaping Arkema into a leading industrial group.

Committed employees

77% state they are fully engaged according to the Arkema Cares internal global satisfaction survey conducted in 2023.

9.1% of the share capital held by employees at 31 December 2024, a shareholder employee ratio among the highest for French listed companies.

Diversity and inclusion, a strength for Arkema

The Group places diversity and inclusion at the heart of its project and values.

- Signatory of the UN ***Women's Empowerment Principles*** **(WEP)** program, committing to its key principles and reporting on progress.
- Improved **"Financial Times European Diversity Leader"** ranking for 2025, underlining the Group's ongoing commitment to promoting diversity and inclusion.

Strong civic engagement

As part of its commitment to societal issues, the Group undertakes **corporate sponsorship and philanthropy** initiatives that are aligned with its values, sometimes involving employee participation.

- In 2024, Arkema strengthened its partnership with the **Gol de Letra Foundation**, recognized by UNESCO. By welcoming over 5,000 young people every year, its main mission is to contribute to the education of socially vulnerable children and young people in Brazil's favelas.
- Since 2023, the Group has been partnering with **Habitat for Humanity**, a Philadelphia-based non-profit that helps low-income people gain long-term access to decent housing, relying on employee volunteers to help build or renovate homes.

A Group recognized as an employer of choice

- Arkema once again obtained Top Employer Europe certification in 2025, as well as in **four other countries** (United States, Brazil, China, the Philippines), reaffirming the Group's excellence in HR practices.
- For the 5th consecutive year, Arkema has been included in **Forbes' "World's Best Employers" ranking**, coming in 319th out of 5,000 companies assessed and 19th among French companies, demonstrating Arkema's ability to foster a **motivating and attractive work culture,** as well as a climate of well-being for its employees.

A Group committed to a more sustainable world

Three key commitments structure the Group's CSR policy, which aims to create long-term value for all its stakeholders.

The three CSR commitments

Arkema strives to provide its customers with sustainable and innovative solutions that contribute to the United Nations Sustainable Development Goals (SDGs). Moreover, the Group acts as a responsible manufacturer and is resolutely committed to an approach of operational excellence and continuous improvement. Arkema also cultivates its position as an employer of choice and seeks an open and constructive dialogue with all of its stakeholders.

SUSTAINABLE SOLUTIONS DRIVEN BY INNOVATION

Meet customers' main challenges and help improve their sustainable performance

- Responsible product stewardship
- Innovation-driven activities
- Solutions to meet societal challenges linked to the climate and the circular economy

EMPLOYER OF CHOICE AND OPEN DIALOGUE WITH STAKEHOLDERS

Building relationships based on trust and cooperation, creating value for all customers, and contributing to improving their sustainable performance

- Ethics
- Human rights
- Diversity and inclusion
- Employee development
- Well-being at work
- Responsible value chain
- Corporate citizenship

RESPONSIBLE MANUFACTURER

Being among the top performers in terms of safety and reducing environmental footprint

- Employee health and safety
- Process safety
- Climate
- Environmental footprint reduction
- Resources management
- Biodiversity

Recognized ESG performance in 2024

The Group's approach and performance in relation to environmental, social and governance (ESG) aspects are regularly assessed by external stakeholders including customers and non-financial rating agencies. These agencies place Arkema among the leaders in the chemical sector, and recognize its very high levels of commitment and performance in these aspects.

CDP
A
climate change
(A- in 2023)
A-
water security
(B in 2023)

ISS ESG
2nd
decile globally
(rating C+)

ecovadis
Top 2%
(Top 4% in 2023)

Rated
SUSTAINALYTICS
Rated

MSCI
A

Moody's
ESG Solutions
69

2024 Highlights

→ **Further reduction in Arkema's carbon footprint** for the production of its bio-based polyamide 11 chain, reaching 1.3 kg CO_2e/kg PA11, i.e., 80% lower than conventional fossil-based polyamides.

→ **Renewal of the Group's commitments to biodiversity with act4nature international.** Arkema has renewed its commitments made in 2021 and has set new targets, in particular to reduce its water consumption by 27% by 2030 compared to 2019.

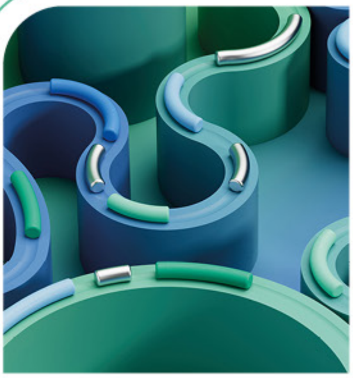
→ **Signature of an agreement with ENGIE** for the supply of 25 GWh/year of renewable biomethane for Bostik sites in France.

→ **Major advances in the decarbonization of the acrylic production chain.** The Group has achieved Mass Balance ISCC+ certification for several sites in its Coating Solutions segment across all three regions, and continues to implement its decarbonization project at its site in Carling (France).

→ **Arkema maintained in the CAC® SBT 1.5° index** launched in early 2023, which includes SBF 120 companies with emission reduction targets aligned with a 1.5°C trajectory according to the Paris Agreement and validated by the SBTi.

→ **Arkema maintained in the CAC 40 ESG® index** on the Paris stock exchange, listing the 40 companies that have demonstrated ESG best practices.

Ambitious targets



Since its creation, Arkema has significantly improved its profitability and has profoundly transformed itself into a leading player in Specialty Materials. It has a unique portfolio of cutting-edge technologies, well positioned to capture opportunities linked to global megatrends.

On the strength of this strategic repositioning and its more robust profile, Arkema unveiled a new phase in its evolution at the Capital Markets Day in September 2023, which will focus primarily on organic growth. This new phase is reflected in ambitious financial targets for 2028, underpinned by strict financial discipline.

2028

Sales	**c. €12bn**
EBITDA margin[a]	**c. 18%**
Organic CAGR over 2024-28	Sales **+4%/year** EBITDA[a] **+7-8%/year**

STRICT FINANCIAL DISCIPLINE

Net debt and hybrid bonds/EBITDA[a]

≤2

Strong investment *grade rating*

EBITDA to operating cash conversion rate[a]

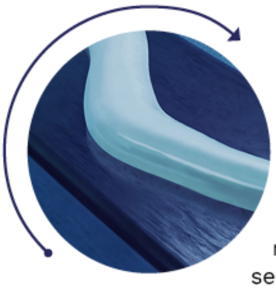
~70%

Return on capital employed[a]

~10%

Forecasts defined in normalized macroeconomic and market conditions.

(a) Alternative performance indicator: for definitions and cross-reference tables, see note 4 to the consolidated financial statements at 31 December 2024 in section 5.3.3 of this document.



Our targets in Adhesive Solutions

Following the integration of Bostik in 2015, the Group developed the Adhesive Solutions segment and notably made numerous bolt-on acquisitions in the construction sector, in particular in sealants and flooring solutions (Den Braven, XL Brands, LIP, Permoseal, Arc Building Products, etc.), as well as in high performance industrial adhesives and engineering adhesives (Prochimir, Fixatti, Edge Adhesives Texas, Polytec PT, etc.).

In 2022, Arkema achieved an important milestone with the acquisition of Ashland's performance adhesives, a first-class leader in high performance adhesives in the United States, boasting very strong technological and geographical complementarities with Bostik. In 2024, the Group further strengthened its position with the acquisition of Dow's flexible packaging laminating adhesives business.

These transactions, combined with operational excellence initiatives and an improved product mix towards higher value-added sustainable solutions, have contributed to an improvement in the segment's performance, with EBITDA margin increasing from approximately 10% in 2014 to 15% in 2024.

KEY FIGURES

€2.7bn
2024 sales

15.1%
2024 EBITDA margin(a)

2.5-3.0%
Capital expenditure/Sales

2.0-2.5%
R&D expenditure/Sales

KEY TECHNOLOGIES

- **Specialty hot-melt adhesives**
- **Engineering and thermal adhesives**
- **Pressure sensitive adhesives**
- **High performance sealants** (MS, PU)

STRATEGIC PRIORITIES

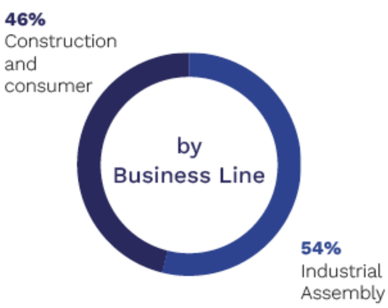
- Accelerate in **high performance bonding for sustainable solutions** in industry, construction and DIY
- Sustain a strong focus on **operational excellence**
- **Pursue bolt-on acquisitions** to benefit from the consolidation of the global adhesives market

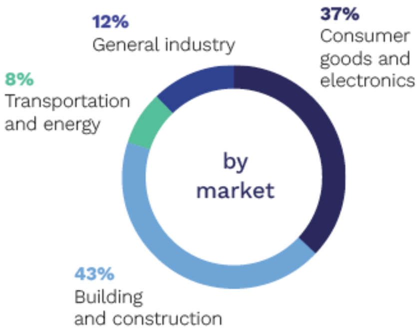
2028 AMBITION

- **Average organic sales growth** over the period 2024-28: **+3.5%** per year
  Objective to double this organic growth through bolt-on acquisitions
- **Percentage of Group sales c. 30%** in 2028
- **EBITDA margin(a): 17%** in 2028

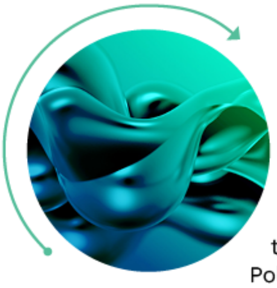
In normalized macroeconomic and market conditions.

BREAKDOWN OF 2024 SALES





(a) Alternative performance indicator: for definitions and cross-reference tables, see note 4 to the consolidated financial statements at 31 December 2024 in section 5.3.3 of this document.



Our targets in Advanced Materials

The Advanced Materials segment includes High Performance Polymers and Performance Additives. Boasting exceptional technical and mechanical properties, High Performance Polymers offer innovative solutions with high growth potential that meet the major challenges arising from global megatrends. As for Performance Additives, they enable the improvement or the modification of the functional properties of materials, or play a critical role in optimizing production processes.

To develop this segment, the Group has made major industrial investments in recent years notably in Singapore with the world's biggest integrated factory for bio-based polyamides. These investments have been supplemented by bolt-on acquisitions. More recently, Arkema took a key step in strengthening the segment by finalizing the acquisition of a majority stake in PI Advanced Materials, the leader in polyimide films serving the attractive advanced electronics and electric vehicle battery markets.

KEY FIGURES

€3.6bn
2024 sales

19.8%
2024 EBITDA margin(a)

8-9%
Capital expenditure/Sales

3-4%
R&D expenditure/Sales

KEY TECHNOLOGIES

High performance polymers
(Bio PA11, PA12, Pebax®, PVDF, PEKK, PI)

Fluorospecialties
(1233zd, electrolyte salts)

Niche performance additives
(DMDS, bio-surfactants)

STRATEGIC PRIORITIES

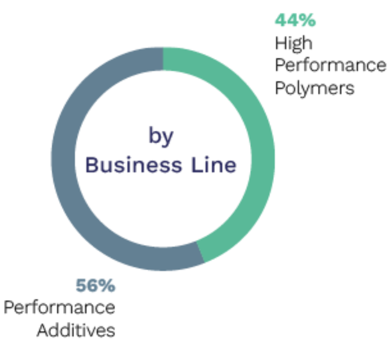
- Accelerate on **three opportunities** driven by **global megatrends**: green energy & electric mobility, bio-based solutions, electronics
- Deliver the **PIAM** roadmap
- Ensure the ramp-up of recently finalized **major capital expenditure projects**
- Prepare the next **growth phase** with **new investment projects** presented at the 2023 CMD

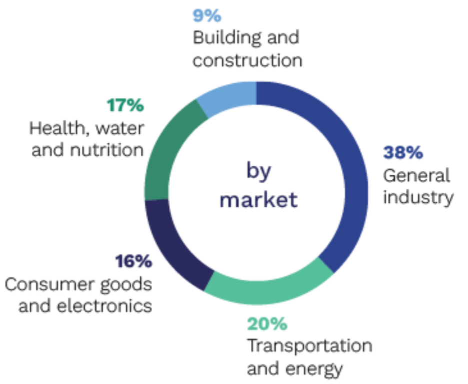
2028 AMBITION

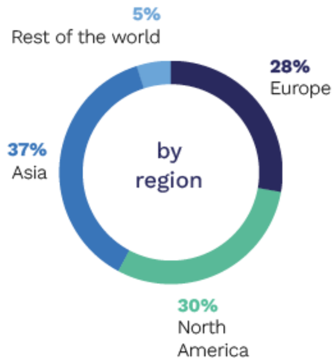
- **Average organic sales growth** over the period 2024-28: **+6%** per year
- **Percentage** of Group sales: **c. 45%** in 2028
- **EBITDA margin(a)**: **23%** in 2028

In normalized macroeconomic and market conditions.

BREAKDOWN OF 2024 SALES







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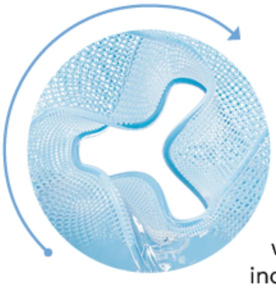


Our targets in Coating Solutions

The Coating Solutions segment includes the entire range of Arkema's solutions for the coatings market, which are notably used in decorative paints and for industrial applications, as well as key technologies for electronics, batteries, 3D printing and renewable energies.

With competitive, world-scale acrylics facilities, the Group has developed this segment by making several acquisitions in coating resins and additives, in particular Coatex™, Sartomer® and Cray Valley. Integrating these downstream activities, as well as developing innovative technologies and more environmentally friendly, high value-added solutions, has helped improve the segment's resilience and performance.

KEY FIGURES

€2.5bn
2024 sales

12.3%
2024 EBITDA margin[(a)]

5-6%
Capital expenditure/Sales

1.5-2.5%
R&D expenditure/Sales

KEY TECHNOLOGIES

- UV curing monomers
- Rheology additives
- Powders
- Waterborne resins

STRATEGIC PRIORITIES

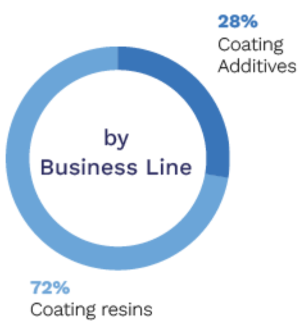
- Optimize the **operational integration** model further
- Accelerate on more **sustainable** and **lower carbon footprint solutions**
- Drive growth through differentiated **One Arkema** sustainability value proposition

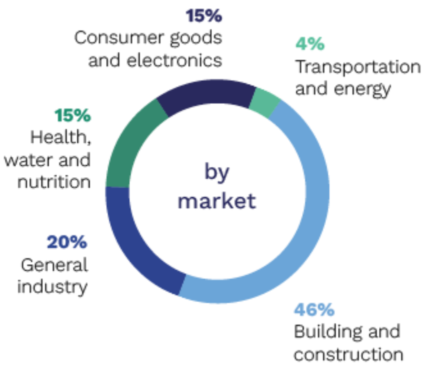
2028 AMBITION

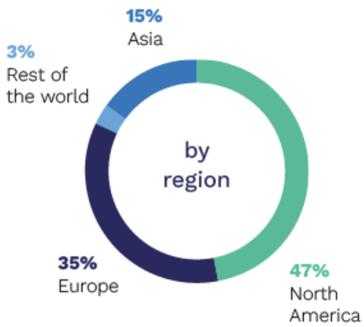
- **Average organic sales growth** over the period 2024-28: **+3%** per year
- **Percentage** of Group sales: **c. 25%** in 2028
- **EBITDA margin[(a)]**: **17%** in 2028

In normalized macroeconomic and market conditions.

BREAKDOWN OF 2024 SALES

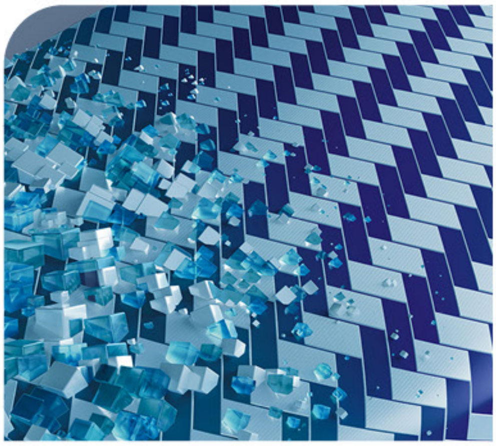




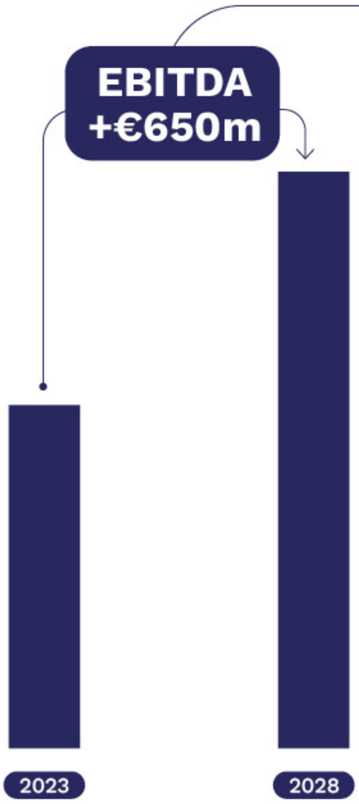


(a) Alternative performance indicator: for definitions and cross-reference tables, see note 4 to the consolidated financial statements at 31 December 2024 in section 5.3.3 of this document.

EBITDA growth over the 2024-28 period driven by well identified levers



The Group's EBITDA growth is estimated at €650 million over the 2024-28 period, of which just over half is expected to come from the contribution of major capex and the remainder from organic growth, with a relatively neutral scope effect over the period.



+€350m
relating to **capex** focused on superior growth markets

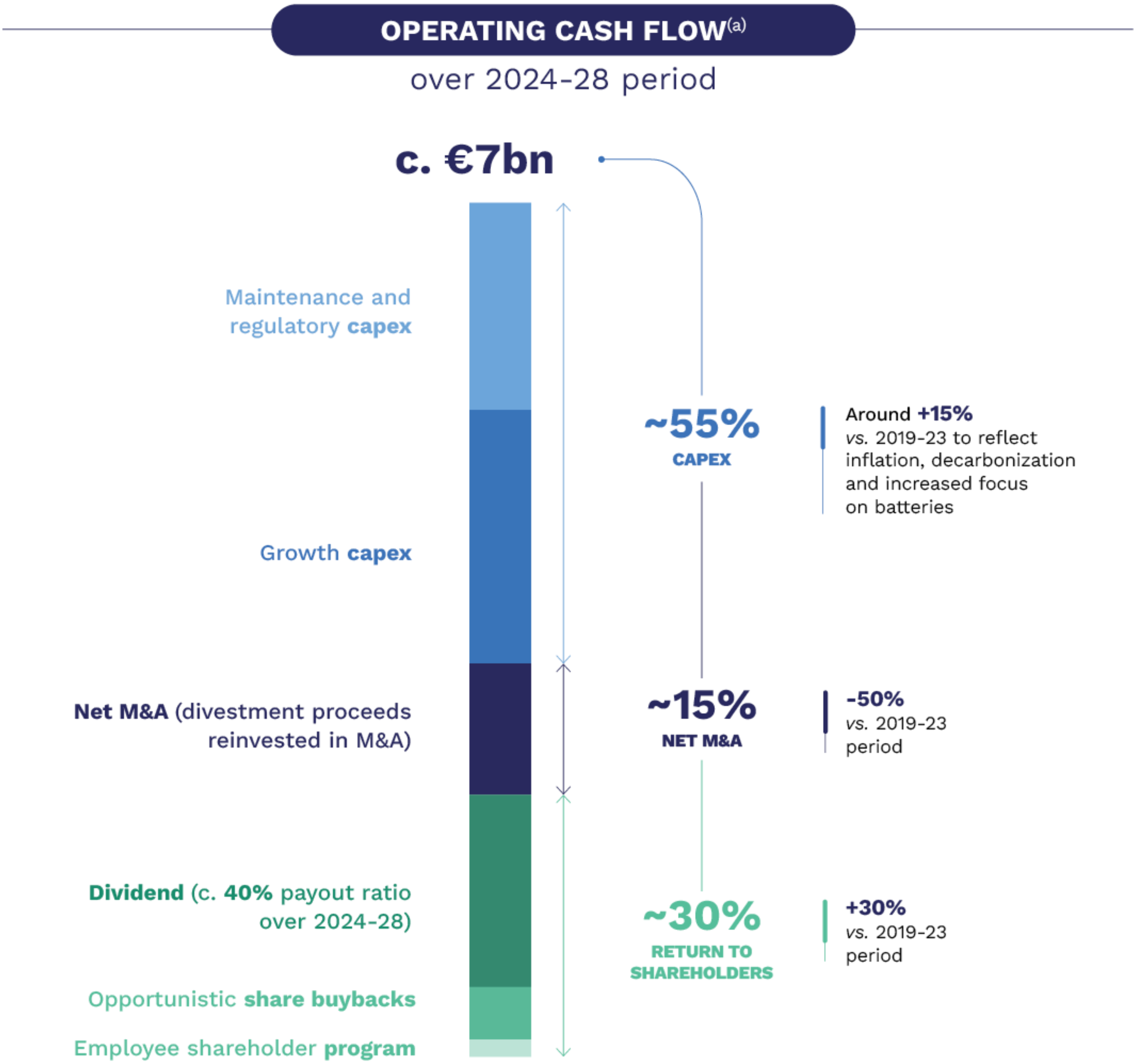
+€300m
from ongoing **organic growth**, combining:

- c. **+€500m** from increased volumes, pricing and product mix, and including recovery from 2023 destocking
- c. **-€200m** from inflation net of the €250m savings plan

Neutral scope effect with the acquisition of **PIAM** and other **bolt-ons** offset by the **disposal of Intermediates**

Forecasts defined in normalized macroeconomic and market conditions, as indicated in the "Lead for sustainable growth – Strategy Update" presentation of 27 September 2023.

Capital allocation will be value-driven and attractive to shareholders



Forecasts defined in normalized macroeconomic and market conditions, as indicated in the "Lead for sustainable growth – Strategy Update" presentation of 27 September 2023.

(a) Alternative performance indicator: refer to note 4 to the consolidated financial statements at 31 December 2024 in section 5.3.3 of this document for the definitions and cross-reference tables.

After fine-tuning its analysis of potential future capital expenditure, and taking into account a slower pace of ramp-up of the electric vehicle market, the Group indicated that it had adjusted **the envelope of capital expenditure** which was announced at the Capital Markets Day in September 2023, and now plans to spend between **€650 million and €700 million a year over the 2025-28 period.**

A clear CSR roadmap integrated into our strategy

The Group rolls out its CSR roadmap to support the sustainable and responsible growth of its activities and by offering its customers solutions that contribute to their own sustainable performance. The Group's commitment is reflected in numerous ambitious objectives across the whole value chain.

BY 2030

CLIMATE[1]

Scopes 1 and 2 GHG emissions

-48.5%

Scope 3 GHG emissions

-54%

Near-term SBTi targets

The Group has already exceeded its 2030 objective for Scope 3 emissions, defined as part of the 1.5°C trajectory validated by the Science Based Targets Initiative (SBTi) and has set itself a new, more ambitious target of a **67%** reduction in Scope 3 greenhouse gas emissions by 2030 compared to 2019.

ENVIRONMENT[2]

Chemical oxygen demand

-70% ✪

VOC emissions

-65%

Net energy purchases

-25%

Water withdrawals

-27% ✪

CIRCULAR ECONOMY

Percentage of sales covered by a life-cycle assessment

90%

SUSTAINABLE SOLUTIONS

Percentage of sales that contribute significantly to Sustainable Development Goals[3]

60%

SAFETY

Total recordable injury rate (TRIR)

0.7 ✪

Process safety event rate (PSER)

2.0

DIVERSITY

Senior management and executive positions

Percentage of women

35% ✪

Percentage of non-French nationals (2035 target)

50%

EMPLOYEE ENGAGEMENT[4]

≥80%

✪ ✪ Target increased at the start of 2025, the initial target having been reached or exceeded at the end of 2024.

(1) Greenhouse gas emissions in absolute terms relative to 2019. 1.5°C trajectory, validated by the SBTi.
(2) EFPI indicators relative to 2012, except for water withdrawals (excluding water sales to third parties), which are reported in absolute terms relative to 2019.
(3) The target has been revised from 65% to 60% in 2030 to take account of the slower-than-expected growth of the electric vehicle market. For further details concerning this target, named ImpACT+, see section 4.1.3 of this document.
(4) Percentage of employees stating they are fully engaged, in responses collected for the Arkema Cares global internal satisfaction survey.

Our main strategic levers

To successfully carry out its new growth phase, the Group is implementing a strategy focused on sustainable development, with five clearly identified levers.

Leverage
the strength of **One Arkema** to enhance employee **empowerment** and **customer intimacy**

Achieve
superior growth from **sustainable innovation** in **key technologies and markets**

Ramp up
recent major capex and carry out **new,** targeted **high-return projects**

Further strengthen
the portfolio with **bolt-on M&A** and finalize the divestment of **Intermediates**

Drive
our manufacturing excellence, including a strong focus on **decarbonization** and **digitalization**

Leverage the strengths of One Arkema

Through the One Arkema culture, employees from different Business Lines share their expertise to develop significant technological, industrial and commercial synergies within the Group, amplifying the strength of Arkema's three Speciality Materials segments.

Three complementary capabilities in materials driving cross Business Line expertise

Joint communication strategy and **key account managers**

Five embedded **corporate values**

Enhanced **career development opportunities** for our employees

Shared support services for better efficiency and quality

Our customers at the heart of our actions

To successfully implement its new growth phase "Lead for sustainable growth", the Group, leveraging the strengths of One Arkema, is implementing strong initiatives aimed at increasing customer intimacy, notably by developing more targeted and more effective digital tools.

Operate as One Arkema to strengthen customer intimacy

The Group ensures it strengthens the cross-business approach among customers and markets, to develop the multiple commercial synergies between the Group's different business activities and increase customer knowledge and intimacy.
The Group thus leverages a network of global key account managers and internal working groups that meet regularly.

Develop joint innovation to foster partnerships

The Group works closely with its customers to develop solutions and materials that contribute to a more sustainable world. These partnerships also help to better understand and therefore better anticipate customers' needs, and to proactively offer them solutions.
Arkema has thus developed strong, long-term partnerships with leading players in areas such as 3D printing, batteries, water treatment, composites and wind power.

Implement new digital channels, in particular the My.Arkema customer portal

The Group is committed to developing new digital solutions, in particular for customers that want more autonomous browsing or more advanced functionalities for customized solutions. The Group is also developing hybrid commercial offers (face-to-face, remote or digital) to facilitate interaction with customers and enable sales teams to be more proactive. Finally, Arkema is continuously expanding its My.Arkema portal, which customers can use to track the status of their orders and access a wide range of information in real time.

Increase teams' proactivity and agility

The implementation of digital tools and reporting systems gives access to a growing amount of data in real time, enabling finer analysis and more relevant management of customer relations. Sales teams also benefit from dedicated ongoing training courses through the Commercial Excellence Academy program, providing expertise in sales processes. This program has recently expanded to include several training modules on sustainability, to improve support for customers in their quest for sustainable performance.

Customer satisfaction

The Group takes an approach of continuous improvement and customer focus, as measured by annual global satisfaction surveys. In 2024, this survey found that 82% of customers were satisfied or extremely satisfied, stable compared to 2023. The Group aims to maintain this high level of satisfaction.

Achieve superior growth from sustainable innovation in key technologies and markets

Within its end markets, the Group has identified five key high-growth markets driven by global megatrends such as urbanization, natural resources preservation and decarbonization, the transition to electric mobility and technology disruptions.

Our five key high-growth markets

> Through its three Specialty Materials segments, Arkema is present in those five key markets in many high value-added applications, for example lithium-ion batteries, photovoltaic panels, new-generation smartphones, high-end eco-designed sporting goods, more environmentally friendly paints, and also thermal and acoustic insulating materials for buildings.

OUR END MARKETS | **KEY HIGH-GROWTH SUBMARKETS**

TRANSPORTATION AND ENERGY

Green energy and electric mobility

CONSUMER GOODS AND ELECTRONICS

Advanced electronics

Sustainable lifestyle and goods

BUILDING AND CONSTRUCTION

Efficient buildings and homes

HEALTH, WATER AND NUTRITION

Health and well-being

+8%/year | **+12%**/year | **+16%**/year

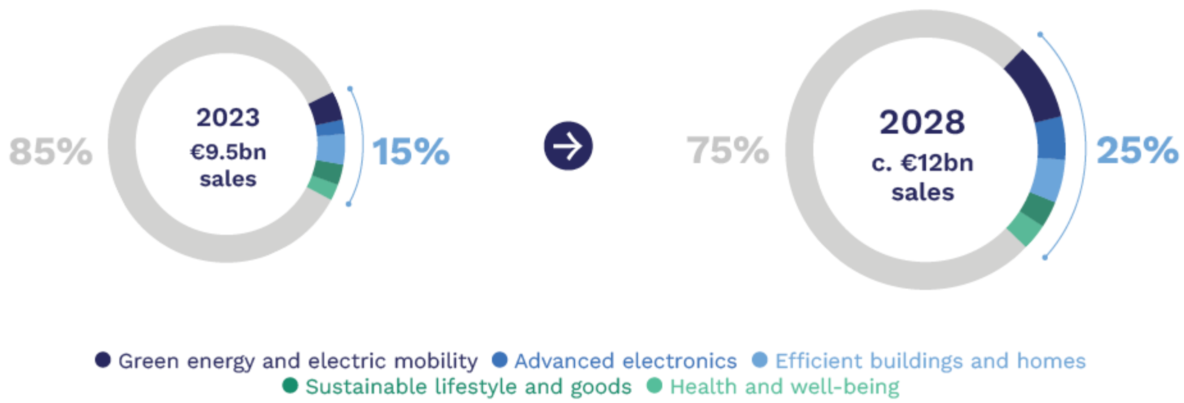
Arkema's planned CAGR for 2024-28

A unique positioning thanks to differentiated technologies to serve these key markets

Over time, through innovation, investments and acquisitions, Arkema has built a unique portfolio of high performance technologies that are essential to these five key markets. Thanks to the versatility of these technologies, the Group can maximize development and growth opportunities, drawing on the strength of the shared One Arkema approach.

	Advanced Materials			Adhesive Solutions				Coating Solutions			
	High performance polymers	Fluorospecialties	Niche performance additives	Pressure sensitive	Engineering and thermal	Specialty hot-melt adhesives	High performance sealants	UV curing	Waterborne	Rheology additives	Powders
Green energy and electric mobility	●	●	●	●	●			●	●	●	●
Advanced electronics	●	●			●			●			
Sustainable lifestyle and goods	●				●	●		●			
Efficient buildings and homes		●		●	●		●		●	●	●
Health and well-being	●		●	●				●			

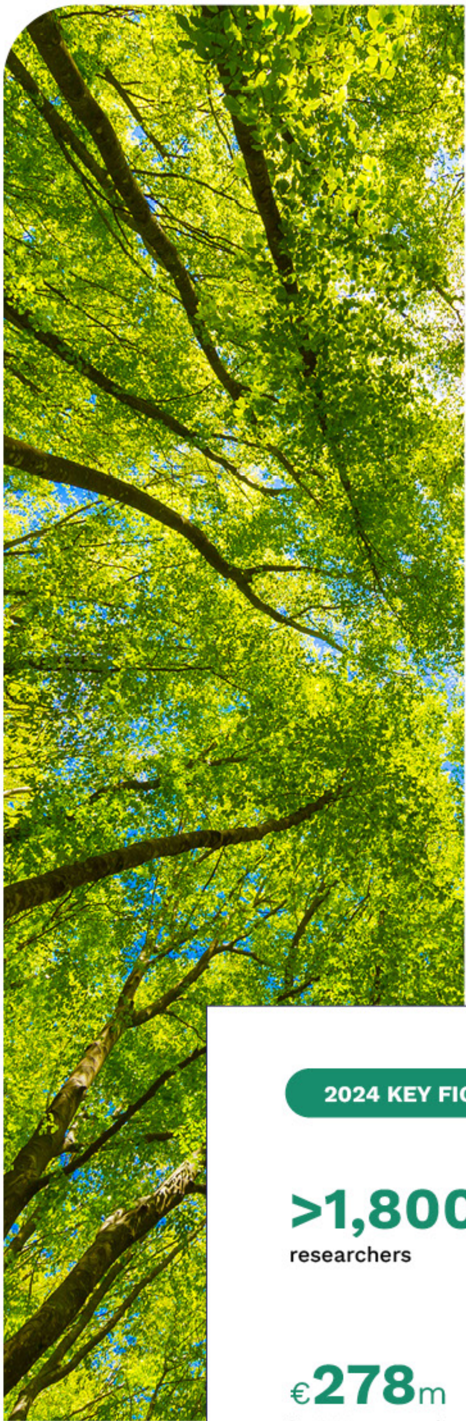
Sales generated by these technologies in the five identified markets represented 15% of Arkema's total sales in 2023, and have a growth potential three times higher than the Group average over the period 2024-28. A significant share of Arkema's growth capex and more than 50% of its R&D expenditure will be allocated to ramping up these technologies. By 2028, Arkema thus estimates that these technologies could account for one quarter of its sales.



Forecasts defined in normalized macroeconomic and market conditions.

Innovate for sustainable development

Technological innovation is at the heart of Arkema's strategy and a key growth driver. It allows major economic and societal challenges to be addressed through solutions that contribute to the United Nations Sustainable Development Goals and support the Group's customers in their quest for sustainable performance.



Support our customers to address their challenges

Leveraging its 17 R&D centers across the world, Arkema develops new products, applications and production technologies to meet customers' particularly demanding needs in cutting-edge sectors such as electric mobility, advanced electronics and renewable energies.

Anticipate future trends

Arkema anticipates technological and market changes and is developing today, through a dedicated incubator structure, the breakthrough innovations that will meet society's needs in the years to come. Arkema has thus developed Elium® resin, used notably to make recyclable wind turbine blades, as well as Piezotech® electro-active polymers, which are used in particular in the area of haptics for virtual reality and sensors for consumer electronics.

Contribute to our operational excellence

The Group's R&D provides innovations to production facilities enabling safe and competitive production while reducing as much as possible its environmental footprint.

2024 KEY FIGURES

>1,800
researchers

17
R&D centers across three hubs in Europe, Asia and North America

245
patent applications filed, **>90%** relating to sustainable development

€278m
in R&D expenditure

~15%
of sales from products less than 5 years old in Specialty Materials

Numerous partnerships
with universities and research laboratories, both public and private

In a world marked by the acceleration in sustainable development challenges and technological disruptions, Arkema focuses its research efforts on ensuring its solutions offering adequately addresses market needs and specific customer expectations worldwide.

The 5 key high-growth markets

identified by the Group, to which it plans to devote more than 50% of its R&D expenses.

Green energy and electric mobility

Advanced electronics

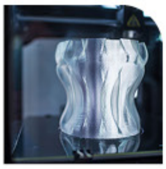
Sustainable lifestyle and goods

Efficient buildings and homes

Health and well-being

Transversal themes

with Group programs that contribute to the decarbonization of its value chain and the development of more environmentally friendly solutions.



Lightweight materials and design

Bio-based or bio-synthesized materials

Circular economy

More efficient and virtuous processes

Toward a portfolio of ever more sustainable solutions

The Group is actively assessing its portfolio of solutions in light of sustainability criteria. At end-2024, 89% of sales had been assessed, of which **53% significantly contribute** to the United Nations Sustainable Development Goals.

Continue the ramp-up of recent major investments

To achieve its target of organic EBITDA growth of 7 to 8% on average per year over the 2024-28 period, Arkema will notably leverage the start-up of its recent projects and pursue its ambitious investment policy, particularly in the high-growth regions and markets.

Capital expenditure amounted to €761 million in 2024 and, between 2025 and 2028, the Group plans to devote €650 to €700 million per year on its growth, maintenance and decarbonization capex program.

Recent investments

(started in 2023-24)

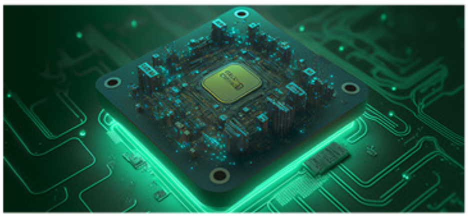
ADVANCED MATERIALS

Bio-based PA11/Pebax®

New units and expansions in **Singapore**, **China** and **France** for sustainable lifestyle and goods, and mobility

PVDF

Expansions in **China** and **France** for batteries and semiconductors



Fluorospecialties

- **Hydrofluoric acid** with Nutrien to strengthen the supply chain in the **United States**
- **HFO 1233zd** in the **United States** for building insulation and batteries

COATING SOLUTIONS

UV curing resins

Expansion in **China** for new energies, electronics and 3D printing

Carry out targeted high-return projects

New attractive capex
(start-up planned for 2025-2026)

New DMDS plant in the United States for the biofuels market

35% increase in global capacity for DMDS (dimethyl disulfide), an additive that is key in the production of renewable fuels, to support this fast-growing market. This €130 million investment in Beaumont (United States) will supplement capacities in Lacq (France) and Kerteh (Malaysia).

Decarbonization of acrylics production in France

Implementation of a new patented purification technology in Carling to improve the site's operational efficiency and environmental footprint toward the highest standard. This €130 million investment will reduce the site's CO_2 emissions by 20%, contributing to the Group's ambitious climate plan in line with a 1.5°C trajectory by 2030.

Expansion of the organic peroxides site in China

A two-and-a-half-fold increase of the organic peroxide production capacities at the Changshu site, to support the Group's Asian customers in fast-growing markets, particularly in renewable energies. This niche additive plays a critical role in many applications, including the manufacture of photovoltaic panels.

Increase in PVDF capacity in the United States

Increase of 15% in production capacity at the Calvert City, Kentucky site to support the increasing demand for locally manufactured high-performance resins for lithium-ion batteries, as well as the growing semiconductor and cable markets. This US$20m investment is aligned with the strategy of the Group to increase its PVDF capacity at a pace that matches market development.

These investments, totaling around **€1.1bn**, 95% of which were disbursed at end-2024, **are expected to generate additional EBITDA contribution** for the Group of **more than €300m** in 2028 *vs.* 2023.

Further strengthen the portfolio

Since 2006, Arkema has made active portfolio management a major transformation lever and notably aims, by 2028, to continue making bolt-on acquisitions that will strengthen its portfolio of technologies, particularly in the five high-growth submarkets identified by the Group and in the fragmented adhesives sector. Arkema also plans to deconsolidate its Intermediates activities.

Transformative portfolio management that creates long-term value

In line with its ambition to carry out transformative transactions that create value, the Group aims to:

- make acquisitions offering significant synergies, thereby enabling the reduction of the enterprise value to EBITDA multiple to around 7-8 times, four to five years after the acquisition, taking into account organic growth and the implementation of synergies; and
- divest cyclical or non-strategic businesses.

Since 2006, the Group has in particular carried out:

- the acquisition of Bostik in 2015, followed by many small to medium-sized acquisitions aimed at developing its Adhesive Solutions segment;
- the strengthening of downstream activities of its Coating Solutions segment; and
- the divestment of the vinyl products business in 2012, and more recently of Functional Polyolefins and PMMA.

Recently, the Group made two significant acquisitions, the first one in 2022 in Adhesive Solutions with Ashland's performance adhesives and the second one at the end of 2023 in High Performance Polymers with a 54% stake in PI Advanced Materials (PIAM). In December 2024, the Group also finalized the acquisition of Dow's flexible packaging laminating adhesives business.

Over the period 2024-28 and subject to appropriate market conditions, Arkema plans to allocate to its acquisition program, net of divestments, around €1 billion, which is about half of the amount allocated over the period 2019-23.

A consolidated position in flexible packaging with the acquisition of Dow's laminating adhesives business

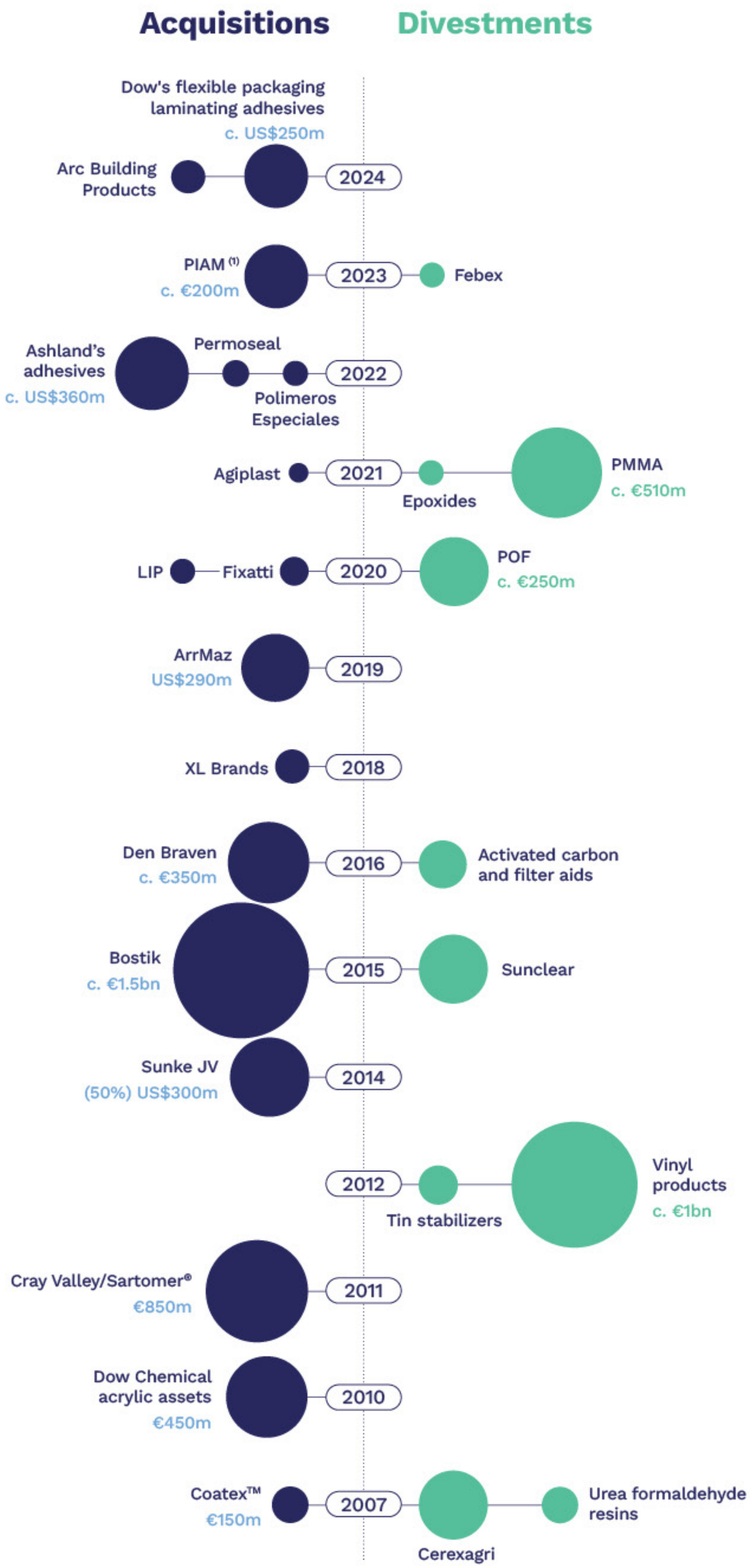
The Group finalized the acquisition of Dow's flexible packaging laminating adhesives business on 2 December 2024.

With annual sales of around US$250 million and five state-of-the-art production sites, Dow's flexible packaging laminating adhesives business offers a broad range of high-quality solutions in food and medical applications, as well as for industrial lamination.

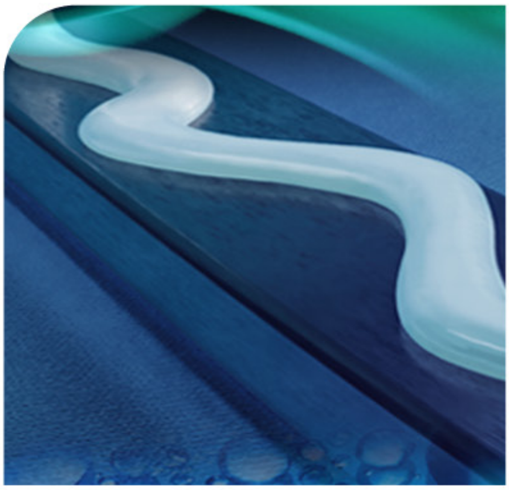
This acquisition will enable the Group to ideally complement its existing commercial presence, product offering and technological breadth for flexible packaging. Beyond benefiting from the underlying growth and from the recovery of the market, the Group aims to rapidly capture new growth opportunities. It also expects to deliver a high level of cost and development synergies, which should represent around US$30 million in EBITDA after 5 years.

This acquisition is based on an enterprise value of US$150 million and will trigger around US$50 million of implementation costs or capex over the next three years.

Numerous transactions to refocus on Specialty Materials



Sales figures as communicated at the time of announcement of the acquisition or divestment.
(1) The acquisition of a 54% majority stake.



Other 2024 highlights

A bolt-on acquisition in Adhesive Solutions

On 2 January 2024, Arkema expanded its offering of high performance construction adhesives in Ireland with the acquisition of Irish manufacturer **Arc Building Products**, specialized in construction adhesives and sealants with annual sales of around €15 million. This acquisition strengthens the Group's position in this growing market, through a broader range of solutions and a local industrial footprint.

Acceleration in next generation batteries

In June 2024, Arkema continued its development in new-generation batteries through the acquisition of a majority stake of nearly 78% in **Proionic,** a leading start-up in the production and development of ionic liquids, which are key components for the next generation of lithium-ion batteries.

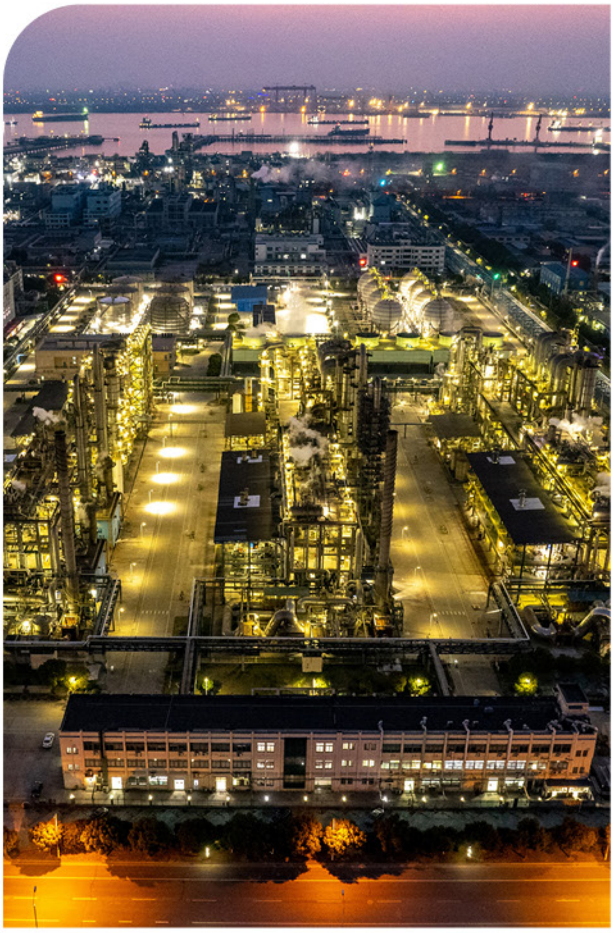
In January 2024, the Group also announced that it had acquired a stake in the start-up **Tiamat**, specializing in sodium-ion batteries.

Drive our manufacturing excellence, including a strong focus on decarbonization and digitalization

Our approach

The Group aims to ensure the competitiveness and sustainability of its production sites around the world, through strong initiatives in the area of operational excellence. Arkema develops this operational excellence culture among all employees and values their day-to-day actions that contribute to the Company's continuous progress.

As part of this approach there are precise and ambitious targets for each production site on safety, the environment, reliability, productivity and raw materials consumption, and improvement plans are carefully managed.



Our priorities

- **Review the overall efficiency of internal processes** and interfaces between functions, constantly assess areas of improvement and the potential for progress of each of the Group's businesses, and share best practices
- **Position the Group among reference players in the chemical industry** in terms of safety and continue to reduce its environmental footprint, in particular by successfully implementing its decarbonization strategy
- **Continue to optimize production costs by:**
  - reducing variable costs through the optimization of raw materials consumption and energy efficiency thanks to continuous process improvement and by minimizing the manufacture of off specification products; and
  - optimizing fixed operating and industrial investment costs through a global procurement strategy for goods and services
- **Continue to enhance the reliability** of production facilities
- **Accelerate digitalization,** automation and process simplification

The Group aims to limit the increase in its operating expenses through a **€250 million savings plan** over the 2023-28 period, with half of this figure related to variable costs and the other half to fixed costs. The implementation of this target will be accompanied by **€100 million** in one-off costs.

Continue to decarbonize our value chain

To meet customers' growing demand for more sustainable products, Arkema is stepping up its efforts to decarbonize its products offerings by acting on its entire value chain.

UPSTREAM
scope 3

→ Increase the share of **bio-based** and **recycled** raw materials

E.g. launch of a bio-based glue, Fast Glue Ultra+, thanks to the collaboration between Bostik and High Performance Polymers

→ Encourage our **suppliers** to reduce the carbon footprint of their products

E.g. partner to accelerate Biomass Balance solutions, with 5 new ISCC+ certified sites in Coating Solutions in 2024

OPERATIONS
scopes 1 and 2

→ Switch to **low-carbon** energy and steam

E.g. strategic agreements in China for the supply of renewable electricity

→ Optimize production process and energy **efficiency**

E.g. new patented purification technology at Carling (France)

DOWNSTREAM
scope 3

→ Grow our portfolio of **sustainable solutions**

E.g. 60% of sales contributing significantly to the UN SDGs by 2030

→ Further develop **recycling** loops for our products

E.g. ramp-up of Agiplast (Italy)

Toward Net-Zero in 2050

In May 2023, Arkema set itself new ambitious objectives across its whole value chain. These targets, aligned with a 1.5°C trajectory by 2030 and validated by the SBTi (Science-Based Targets initiative), pave the way toward Net-Zero in 2050.

2019

GHG emissions baseline

3.7 Mt CO_2e (scopes 1 + 2)

152 Mt CO_2e (scope 3)

2024

-42% scopes 1 and 2

-62% scope 3

2.1 Mt CO_2e (scopes 1 + 2)

58 Mt CO_2e (scope 3)

2030

1.5°C near-term targets approved by the SBTi

SCIENCE BASED TARGETS — DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

-48.5% scopes 1 and 2

-54% scope 3(1)

1.9 Mt CO_2e (scopes 1 + 2)

70 Mt CO_2e (scope 3)

Toward Net-Zero in 2050

↓

-90% scopes 1 + 2 and scope 3

(1) The Group has already exceeded in 2024 its 2030 objective for scope 3 emissions, defined as part of the 1.5°C trajectory validated by the SBTi and has set itself a new, more ambitious target of a 67% reduction in scope 3 greenhouse gas emissions by 2030 compared to 2019.

Our business model

Be the leader in Specialty Materials offering innovative and sustainable solutions to meet our customers' current and future challenges.

Our strengths

Commercial strengths

- **Leadership positions** in our main product lines
- A worldwide presence in **55 countries**
- A portfolio of cutting-edge technologies
- Strong partnerships with leading customers[1]

Operational strengths

- A global footprint with **157 sites**
- **€9.7 billion** in tangible and intangible assets

R&D[2]

- Specific focus **on five key** high-growth **markets**
- Four transversal Group programs linked to **sustainability**
- **More than 1,800 researchers in three regional hubs** worldwide
- Robust intellectual property with more than **10,000 patents**

Employees[3]

- **21,150 employees** embracing the Company's values and committed to its long-term plan

Financial strength

- **Net debt** and hybrid bonds **well under control**, with the aim of not structurally exceeding 2x EBITDA, outside limited periods

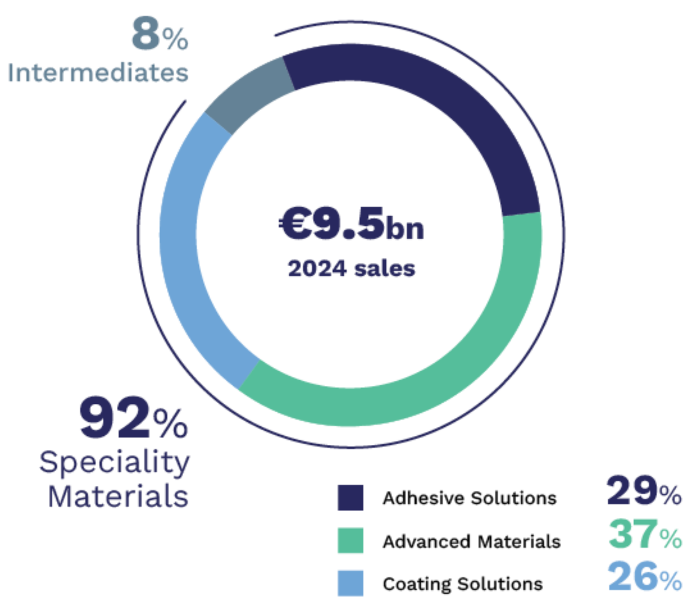
(1) Essential intangible resource (article L. 232-1, II, 7° of the French Commercial Code). For further details, see section 1.2 of this document.
(2) Essential intangible resource (article L. 232-1, II, 7° of the French Commercial Code). For further details, see section 1.1 of this document.
(3) Essential intangible resource (article L. 232-1, II, 7° of the French Commercial Code). For further details, see sections 4.2.3.1.5 and 4.2.3.1.6 of this document.

Our value creation model

OUR VALUES

Solidarity
Performance
Simplicity
Empowerment
Inclusion

Our organization



Our contribution

SUSTAINABLE DEVELOPMENT GOALS

OUR PRIORITIES

Offer sustainable solutions
driven by innovation in key markets and applications

- Participate in the growth of green energy and electric mobility
- Develop solutions for advanced electronics
- Enhance living comfort and home efficiency
- Offer sustainable consumer goods
- Design cutting-edge solutions in targeted areas such as health and well-being
- Contribute to materials lightweighting and design

with responsible product stewardship

- Develop bio-based or bio-synthesized materials
- Manage natural resources responsibly
- Deploy the circular economy

Support
our customers in their quest for sustainable performance with a targeted investment strategy

Act
as a responsible manufacturer

- Ensure employees' health and equipment safety
- Act for climate and biodiversity, and reduce our environmental footprint

Reaffirm
our commitment to our stakeholders

- Promote employee commitment and well-being at work
- Promote diversity and inclusion
- Contribute to the development of territories
- Develop a responsible value chain

Our ambition

INNOVATIVE **MATERIALS**
FOR A SUSTAINABLE WORLD

Financial targets (2028)

- Sales of around **€12bn**
- High profitability of **c. 18% EBITDA margin**
- Average organic growth over the period 2024-28:
  - **Sales: +4%/year**
  - **EBITDA: +7-8%/year**

Underpinned by strict financial discipline

- Net debt and hybrid bonds[a] **≤2× EBITDA**
- **Solid Investment grade** credit rating
- EBITDA to operating cash conversion rate[a] **~70%**
- ROCE[a] **~10%**

Non-financial objectives (2030)

Sustainable offering

- Percentage of ImpACT+ sales[1]: **60%**

Circular economy

- Percentage of sales covered by a life-cycle assessment: **90%**

Safety

- Total recordable injury rate (TRIR)[2]: **0.7**
- Process safety event rate PSER[3]: **2.0**

Climate and environment[4]

- GHG emissions, 1.5°C trajectory validated by the SBTi:
  - Scopes 1 and 2: **-48.5%**
  - Scope 3: **- 54%**[5]
- Volatile organic compound emissions: **-65%**
- Chemical Oxygen Demand (COD): **-70%**
- Net energy purchases: **-25%**
- Water withdrawals: **-27%**

Diversity in senior management and executive positions

- Percentage of women: **35%**
- Percentage of non-French employees: **50%** (in 2035)

(a) Alternative performance indicator: for definitions and cross-reference tables, see note 4 to the consolidated financial statements at 31 December 2024 in section 5.3.3 of this document.
(1) Share of sales which contribute significantly to the United Nations Sustainable Development Goals.
(2) Total recordable injury rate per million hours worked with or without lost-time.
(3) Process safety event rate per million hours worked.
(4) In absolute terms relative to 2019 for the climate and water withdrawals; in EFPI terms relative to 2012 for VOC, COD and energy.
(5) The Group has already exceeded in 2024 its 2030 objective for scope 3 emissions, defined as part of the 1.5°C trajectory validated by the Science Based Targets Initiative (SBTi) and has set itself a new, more ambitious target of a 67% reduction in scope 3 greenhouse gas emissions by 2030 compared to 2019.

Our value creation

Since its stock market listing in 2006, Arkema has engaged in an in-depth transformation process guided by an ambitious plan to create long-term value for all of its stakeholders.

Suppliers

Select global suppliers who are competitive, innovative and actively committed to CSR

81%
of Group purchasing spend from relevant suppliers covered by a Together for Sustainability (TfS) assessment

Top 2%
in the EcoVadis Sustainable Procurement category

65%
of the electricity needs of sites in the United States covered using renewable sources

7,000
Indian farmers have been certified to pursue more sustainable castor bean farming under the Pragati program, and more than 7,000 hectares of land are now being farmed in accordance with the SuCCESS (Sustainable Castor Caring for Environmental and Social Standards) sustainable code

Planet

Commit to the climate, the environment and biodiversity

- 42%
Scopes 1 + 2[(1)] greenhouse gas emissions

-62%
Scope 3[(1)] greenhouse gas emissions

-12%
Net energy purchases[(2)]

-54%
Volatile organic compound emissions[(2)]

-69%
Chemical oxygen demand[(2)]

-25%
Water withdrawals[(3)]

Employees

Promote the individual and collective development of the Group's men and women

€1.7bn
in personnel expenses

21,150 employees, of which **27%** are women

0.8
Injury rate (TRIR)

9.1%
of capital owned by employees

19 hours
of training on average per employee per year

2024 data

(1) Greenhouse gas emissions in absolute terms relative to 2019.
(2) In EFPI terms compared with 2012.
(3) Water withdrawals (excluding water sales to third parties) in absolute terms relative to 2019.

Customers

Offer innovative, sustainable solutions tailored to customers' specific needs

53%
of sales assessed significantly contributing to the SDGs[4]

245 patent applications filed, of which **>90%** relating to sustainable development

82%
of customers satisfied or extremely satisfied in 2024

Partnership
with ProLogium and acquisition of a stake in Tiamat in the battery market

Regions and communities

Contribute to the social and economic development of the regions where Arkema operates

€133m
in income tax paid

€761m
in intangible assets and property, plant and equipment expenditure

Numerous partnerships
focused on research with public laboratories (CNRS and CEA in France) and universities in Europe, North America and several Asian countries

Financing
of projects to support education, inclusion and diversity, through a dedicated fund, led by non-profit organizations in **16 countries**

Financial community and shareholders

Create long-term value thanks to an ambitious transformation plan while gradually increasing the dividend

7.8%
Return on capital employed[a]

€419m
Recurring cash flow[a]

€3.60[5]
2024 dividend per share

(4) On the basis of an assessment of 89% of the Group's third party sales in 2024.
(5) Dividend proposed at the annual general meeting of 22 May 2025.
(a) Alternative performance indicator: for definitions and cross-reference tables, see note 4 to the consolidated financial statements at 31 December 2024 in section 5.3.3 of this document.

An experienced and diversified Board of Directors

Arkema's governance includes a Board of Directors with a Chairman and Chief Executive Officer, a senior independent director, and three specialized committees. The Chairman and CEO is furthermore supported by an Executive Committee comprised of a Chief Operating Officer, five operational and functional Executive Vice-Presidents and three Senior Vice-Presidents. There is also a Group management committee with 25 members, including the Executive Committee members.

Board of Directors at 31 December 2024

Thierry Le Hénaff (61)[1]
Chairman and Chief Executive Officer, Arkema
Year current term expires: 2028

Philippe Allart (50)[2]
Director representing employees - R&D Technician at CRRA
Year current term expires: 2028

Bpifrance Investissement
Represented by **Sébastien Moynot** (52)
CICD
Head of Bpifrance's Development Capital Department
Year current term expires: 2025

Séverin Cabannes (66)
CAC
Company Director
Year current term expires: 2027

Marie-Ange Debon (59)
CAC
Chairwoman and Group Chief Executive Officer, Keolis
Year current term expires: 2026

14 directors

1 senior independent director

45% women[4]

73% Independence rate[5]

Fonds stratégique de Participations
Represented by **Isabelle Boccon-Gibod** (56)
CAC CICD
Company Director
Year current term expires: 2026

Ilse Henne (52)
CAC
Member of the Executive Committee of thyssenkrupp AG
Year current term expires: 2025

Ian Hudson (67)
CAC CICD
Company Director
Year current term expires: 2027

Florence Lambert (52)
CICD
President and Chief Executive Officer, Genvia
Year current term expires: 2027

Hélène Moreau-Leroy (60)
CNRG
Senior Independent Director, Chairman and CEO of Hutchinson
Year current term expires: 2027

CAC Audit and Accounts Committee

CNRG Nominating, Compensation and Corporate Governance Committee

CICD Innovation and Sustainable Growth Committee

Chairman or Chairwoman

Nicolas Patalano (53)
Employee shareholder rep. – HPP Project Technician
Year current term expires: 2026

Thierry Pilenko (67)
CNRG
Company Director
Year current term expires: 2025

Susan Rimmer (49)[3]
CICD
Employee rep. – Global Product Stewardship Manager
Year current term expires: 2028

Philippe Sauquet (67)
CNRG
Company Director
Year current term expires: 2026

(1) Thierry Le Hénaff was reappointed Chairman and Chief Executive Officer for a four-year term at the annual general meeting on 15 May 2024.
(2) Philippe Allart was appointed as a director representing employees by the French Group Works Council on 2 July 2024, to replace Nathalie Muracciole for a four-year term.
(3) The term of office of Susan Rimmer as a director representing employees was renewed by the European Group Works Council on 2 July 2024 for a further four-year term.
(4) Excluding directors representing employees and shareholder employees, in line with the recommendations of the French Commercial Code.
(5) Excluding directors representing employees and shareholder employees, in line with the recommendations of the AFEP-MEDEF Code.

The Board is attentive to maintaining:

- a diversity of experience and skills complementarity, notably with current and former executives with experience in industry (the chemical industry and customer-driven businesses in particular), finance, acquisitions and their integration, corporate social responsibility and digital, some of them having also spent an important part of their career abroad;
- a large majority of independent directors; and
- a high percentage of women.

Proposals relating to the composition of the Board of Directors

- Reappointment of office of Ilse Henne, Thierry Pilenko and Bpifrance Investissement represented by Sébastien Moynot, for a four-year term, submitted to the annual general meeting of 22 May 2025.

Directors' skills matrix (excluding the Chairman and CEO)

	Chemicals	Industry	International	CEO	Finance	CSR	M&A
Philippe Allart	●	–	–	–	–	–	–
Sébastien Moynot	–	●	–	–	●	●	●
Séverin Cabannes *	●	●	–	●	●	–	–
Marie-Ange Debon *	–	●	–	●	●	–	●
Isabelle Boccon-Gibod	–	●	●	–	●	●	●
Ilse Henne *	–	●	●	–	●	–	–
Ian Hudson *	●	–	●	–	●	●	–
Florence Lambert *	–	●	–	●	–	●	–
Hélène Moreau-Leroy *	–	●	●	●	–	–	●
Nicolas Patalano	●	–	–	–	–	–	–
Thierry Pilenko *	–	●	●	●	–	–	●
Susan Rimmer	●	–	–	–	–	●	–
Philippe Sauquet *	●	●	–	–	–	●	●
	46%	69%	38%	38%	46%	46%	46%

* Independent directors.

The Board's work

The Board of Directors

It determines the Group's strategic guidelines and oversees their implementation.

7
MEETINGS
including one meeting dedicated to Group strategy

97%
Attendance rate in 2024

Its approval is required for:
- **investments** in excess of **€80m**;
- **acquisitions** or **divestments** with an **enterprise value in excess of €130m;** and
- financial statements, with oversight on the quality of information provided to shareholders and financial markets.

More generally, it promotes the Group's long-term value creation for all of its stakeholders, taking into consideration notably the social and environmental implications of its activities.

To accomplish its missions, the Board is supported by the work of **three specialized committees**

Audit and Accounts Committee

Oversees matters including the quality of internal control and the reliability of information provided to shareholders and financial markets, including sustainability information.

6 meetings | **100%** Attendance rate | **80%** Independence rate

Nominating, Compensation and Corporate Governance Committee

Issues, in particular, recommendations on matters including the composition of the Board of Directors, the compensation policy for the Chairman and Chief Executive Officer, and good governance practices.

4 meetings | **100%** Attendance rate | **100%** Independence rate

Innovation and Sustainable Growth Committee

Assesses the contribution of Arkema's innovation and strategy to environmental challenges and sustainable growth. Together with the Audit and Accounts Committee and the Nominating, Compensation and Corporate Governance Committee, it helps perform a full review of the Group's ESG and non-financial challenges.

3 meetings | **93%** Attendance rate | **50%** Independence rate

Annual assessment of the Board of Directors' operating procedures

Every three years, an external assessment of the Board of Directors' operating procedures is carried out by an independent consulting firm in cooperation with the Chairman of the Nominating, Compensation and Corporate Governance Committee and the Secretary of the Board of Directors.

The Board of Directors also carries out an annual self-assessment of its operating procedures using a questionnaire that it validates.

The 2024 Board of Directors' annual assessment was carried out by independent consulting firm Heidrick & Struggles at the start of 2025. Generally speaking, the assessment showed that Arkema's governance is in line with best practice.

The Executive Committee

It supervises the Group's operational management and coordinates and monitors the implementation of the Group's strategy.

Composition of the Executive Committee at 31 December 2024

Name	Position	Area of responsibility
Thierry Le Hénaff	Chairman and Chief Executive Officer	Arkema
Operational Executive Vice-Presidents		
Vincent Legros	Chairman and Chief Executive Officer, Bostik	Adhesive Solutions segment
Marc Schuller	Chief Operating Officer	Advanced Materials, Coating Solutions and Intermediates segments, North America region, raw materials and energy procurement, commercial excellence
Reporting to Marc Schuller:		
Richard Jenkins	Senior Vice-President	Coating Solutions segment
Tilo Quink(1)	Senior Vice-President	Performance Additives Business Line
Laurent Tellier(2)	Senior Vice-President	High-Performance Polymers Business Line and Fluorogases
Functional Executive Vice-Presidents		
Luc Benoit-Cattin	Executive Vice-President, Industry and CSR	Industrial safety, environment and sustainable development, technique and construction, supply chain, quality and goods and services procurement, processes and operational excellence
Marie-José Donsion	Chief Financial Officer	Accounting, financial control, treasury management, financing, taxation, investor relations, internal audit and internal control, IT and digital transformation
Sophie Fouillat(3)	Executive Vice-President, Strategy	Planning, economic studies, acquisitions/divestitures, insurance
Thierry Parmentier	Executive Vice-President, Human Resources and Communication	Human resources and communication

(1) On 1 September 2024, Tilo Quink joined the Executive Committee as Senior Vice-President, Performance Additives, replacing Laurent Tellier.
(2) Following the retirement of Erwoan Pezron, Laurent Tellier was appointed as Senior Vice-President, High Performance Polymers, replacing him on 1 September 2024. He is also in charge of Fluorogases.
(3) Following the retirement of Bernard Boyer, Sophie Fouillat was appointed as Executive Vice-President, Strategy, replacing him on 1 October 2024.

Two departments report directly to the Chairman and Chief Executive Officer, given their importance to the Group:

- **the R&D department,** under the remit of Armand Ajdari, and
- **the Legal department,** under the remit of Jérôme Gandon.

Group management committee (CODIR)

The Chairman and Chief Executive Officer is also supported by a Group management committee comprising, at the date of this document, 25 members, including the members of the Executive Committee and certain heads of businesses, support functions, regions and countries.

24%

of CODIR members are women

General comments

In this document:

- the term “Company” refers to the company named Arkema, whose shares are traded on the regulated market of Euronext Paris;
- the terms “Arkema”, “Group” or “Arkema Group” refer to the group composed of the Company and all the subsidiaries and shareholdings it holds directly or indirectly; and
- the term “Bostik” refers to the Bostik group.

This document contains forward-looking statements about the Group’s targets and outlook, in particular in the “Profile, ambition and strategy” section and section 5.2. Such statements may in certain cases be identified by the use of the future or conditional tense, or by forward-looking words including but not limited to “believes”, “targets”, “expects”, “intends”, “should”, “aims”, “estimates”, “considers”, “wishes”, “may”, etc. The Group notes that all its targets are set under the assumption of standard market conditions and in line with current International Financial Reporting Standards. It also notes that these statements are based on data, assumptions and estimates deemed reasonable by the Group at the date of this document and within the time frame in question, in particular with regard to future development of global demand, conditions relating to raw material and energy costs, balance between supply and demand for products marketed by the Group and their price levels, and currency exchange rates. They may change or be amended due to uncertainties linked to the economic, financial, competitive and regulatory environment in which the Group operates, as well as to health conditions relating to pandemics, geopolitical equilibriums and climate change. In addition, the business activities and the Group’s ability to meet its targets may be affected if one or more of the risks described in section 2.1 of this document were to materialize. Furthermore, achievement of the targets implies the success of the strategy presented in the “Strategy” section of this document.

The Group does not undertake to meet and does not give any guarantee that it will meet the targets described in this document.

Investors are urged to pay careful attention to the risk factors described in section 2.1 of this document. The materialization of one or more of these risks could have an adverse effect on the Group’s activities, condition, financial results or targets. Furthermore, other risks not yet identified or considered as not material by the Group could have the same adverse effect.

This document also contains information on the markets in which the Group operates. This information is derived in particular from research produced by external organizations. Given the very rapid pace of change in the chemicals sector in France and the rest of the world, this information may prove to be erroneous or out of date. Accordingly, trends in the Group’s business activities may differ from those set out in this document.

For 2024, the Company has prepared annual financial statements and consolidated financial statements for the period between 1 January and 31 December. These financial statements are presented in chapter 5 of this document. Chapter 5 of this document provides a comparative analysis between the 2024 consolidated financial statements and the 2023 consolidated financial statements.

The alternative performance indicators used by the Group are defined and cross-reference tables are presented in note 4 of the notes to the consolidated financial statements in section 5.3.3 of this document.

A glossary defining certain acronyms and technical or financial terms used by the Group can be found at the end of this document.

INNOVATION AND BUSINESS OVERVIEW

1

The different parts constituting the annual financial report are identified in the table of contents by the pictogram AFR

1.1 Innovation strategy

As Arkema's signature, "Innovative materials for a sustainable world", indicates, its growth strategy is based on its ability to develop materials that meet the current and future needs of its customers, linked to global megatrends. To do this, the Group leverages its three specialty segments' differentiating technologies and know-how in respectively creating and reinforcing materials, bonding and assembling them, and lastly modifying and protecting them. This unique combination, reinforced by our One Arkema approach for efficiently exploring identified opportunities, structures the Group's innovation program.

This innovation program enables Arkema to:

- support its customers as they grow, by constantly developing high performing, differentiated products and solutions that meet their needs, while contributing to sustainable development that is respectful of the planet;
- anticipate market trends and societal expectations, by developing an offering that combines performance and sustainability; and
- contribute to the Group's operational excellence and reduce its environmental footprint, by providing production facilities with new technologies and processes, thereby enabling the Group to produce safely, competitively and sustainably, in line with its responsible strategy.

With €1.3 billion in sales from products less than five years old in Specialty Materials, innovation is at the heart of the Group's growth strategy and is based on:

- an adapted organization, including an incubator to foster the emergence of new offerings;
- a large portfolio of research and development (R&D) projects;
- active patent and trademark management;
- a collaborative innovation ecosystem; and
- a program to accelerate the digital transformation of R&D.

1.1.1 An adapted organization

Innovation is underpinned by an adapted global organization that enables all stakeholders to get involved and make a contribution at the right level. The Vice-Presidents of the Group's various Business Lines are in charge of innovation in their global scope, supported by their own R&D managers. At the Group level, initiatives and resources are coordinated by the Research and Development department, which leads worldwide programs and resources through three geographic hubs, overseeing:

- an R&D Committee that brings together representatives of the segments' R&D departments and regional platform coordinators;
- coordination of R&D sites spanning three regional hubs (Americas, Asia and Europe); and
- a scientific committee that includes the Sustainable Development department, the Process department, the Intellectual Property department, the Group segments' global R&D departments, the scientific departments and Arkema's main R&D centers.

This organization ensures that innovation projects led by the various Business Lines are scientifically and technologically relevant, that technical and market synergies are realized and that project portfolios are in line with the Group's strategy and sustainable development commitments. It enables the R&D department to identify disruptive innovation opportunities and new research focus areas, drive the development of long-term research platforms, create and lead Group R&D programs and form strategic partnerships.

Talent, skills and technical equipment are managed within the regional platforms. One of the priorities is to train and develop the women and men who drive innovation forward, while promoting a culture of innovation that values initiative, collaboration, diversity and inclusion.

To stay up to date with the latest knowledge and technologies in their fields, the Group's researchers are encouraged to regularly attend scientific seminars and conferences, participate in innovation days organized by key customers and suppliers, and collaborate with academic partners, notably by contributing to the supervision of doctoral theses. Collaboration with world-renowned scientific advisors and numerous academic and industrial partnerships further provide Arkema's R&D teams with the opportunity to extend and strengthen their technological expertise.

In 2024, R&D expenditure totaled €278 million, representing 2.9% of Group sales. R&D expenditure as a percentage of sales varies between businesses. It is higher in specialty areas that require more work with its numerous customers and substantial resources to address global megatrends. Arkema's R&D teams comprised more than 1,800 researchers in 2024, spread between the Group's three regional research and innovation hubs and various product lines.

R&D expenses break down among Arkema's four segments and its corporate research program as follows:

- **8% for corporate research**

The corporate research program is defined by the R&D department and subject to the approval of Arkema's executive Committee. Its mission is to prepare breakthrough innovations addressing major challenges arising from global megatrends, which are developed commercially by the Group's segments at a later stage. In particular, it coordinates and stimulates research efforts in such high-potential cross-cutting areas as batteries, production, storage and conversion of hydrogen into electrical energy, materials lightweighting, faster material processing in photo-polymerization with lower energy consumption, bio-based, biodegradable or bio-synthesized materials, and the recycling of polymer materials. Corporate research also coordinates initiatives on the digital transformation of R&D;

- **46% for the Advanced Materials segment**

The challenges of sustainable development and energy transition require the development of new, innovative materials which combine extreme performance, high productivity in the customers' applications, lightweight and recyclability. These new materials are being developed for high value-added applications in markets such as mobility, production and storage of renewable energy, sustainable lifestyle and goods, water treatment, semiconductors and advanced electronics. R&D in this segment also focuses on the development of new generation fluorospecialties for use in battery electrolytes and new generation etching gases for electronics;

- **24% for the Adhesive Solutions segment**

In the highly diverse area of adhesives, Arkema is focusing its R&D efforts on sustainable solutions, primarily by developing new adhesives and more efficient assembly technologies. Specifically, a large portion of Bostik's R&D is dedicated to reducing the environmental impact of buildings and developing innovative, functional adhesives and waterproofing products used to make insulation materials and building components. Another major innovation focus is on engineering adhesives, which are experiencing high growth in the electronics, renewable energy production and storage, and medical markets.

Lastly, recent acquisitions have also significantly expanded Bostik's portfolio, with key technologies in the areas of structural bonding for transportation and buildings, pressure sensitive adhesives and flexible packaging. The acquisition of Polytec PT in 2023 brings cutting-edge know-how in thermally and electrically conductive adhesives for electronics and batteries. The purchase of Dow's laminating adhesives business in 2024 provides a significant complement to Bostik's existing technology offering in flexible packaging;

- **21% for the Coating Solutions segment**

The coatings market is constantly evolving in response to societal and environmental challenges, and in particular to increasingly strict requirements with regards to the protection of people and the preservation of natural resources. R&D in this segment develops resins and additives for high performance coatings that are free of volatile organic compounds and reduce energy consumption during application. Environmental footprint reduction is being accelerated by the development of materials derived from bio-based, bio-attributed or recycled raw materials. Lastly, UV/LED-curing solutions for 3D printing and advanced electronics use new generations of resins and additives in order to adapt the offering to these constantly evolving, cutting-edge applications; and

- **1% for the Intermediates segment**

This segment's R&D objectives focus on ensuring that its processes are competitive. R&D teams continuously improve the processes as a major lever for making them safer, more reliable and more productive, while minimizing their environmental impact with a particular emphasis on reducing direct and indirect greenhouse gas emissions. To this end, R&D teams examine the use of new raw materials, new catalysts and reactor types, and develop new synthesis.

1.1.2 A portfolio of research and development projects

Global population growth and changing lifestyles intensify the imperative on preserving the planet's climate and natural resources. This calls for massive investment by governments and all stakeholders in the transition to low-carbon energies, green mobility and the energy efficiency of buildings. The rise in living standards across emerging countries intensifies the demand for bio-based or recycled high-end consumer products, particularly in the sports and electronics markets. Working from a forward-looking analysis of these global megatrends, the Group is driving growth through innovation via a portfolio of R&D projects that provides solutions to economic and social challenges and contributes to the United Nations (UN) 2030 Agenda for Sustainable Development and its 17 Sustainable Development Goals (SDGs).

The R&D portfolio draws on a range of cutting-edge technologies developed by the Group or acquired over the past ten years, based on Arkema's expertise in materials science in three key areas: creating and strengthening materials, bonding and assembling them, and modifying and protecting them. The innovation program across all the Group's businesses is framed by complementarities and synergies across these technologies from the Group's three Specialty Materials segments, reinforced by the One Arkema approach.

Arkema incorporates corporate social responsibility into all of its R&D projects and implements the eco-design and circular economy techniques described in section 4.2.2.5 of this document. In addition, the processes used to steer Business Line innovation projects ("Stage-gate") incorporate the sustainability compliance criteria relating to the *Archimedes* program, actively orienting the Group's product range, as well as its production technologies, toward sustainable solutions (see section 4.1.3.2 of this document). This program also influences the patent policy, with more than 90% of patents filed since 2021 being linked to one or more of the SDGs.

The Group has identified five key high-growth markets in which it holds leading-edge technologies which will enable the generation of one quarter of Arkema's sales by 2028 and which are supported by more than 50% of R&D spending:

- green energy and electric mobility;
- advanced electronics;
- sustainable lifestyle and goods;
- efficient buildings and homes; and
- health and well-being.

Business line R&D is bolstered by a set of cross-functional Group R&D programs to support notably developments in these five markets. Four of these Group programs complete the project portfolio in order to support sustainable innovation, contribute to Arkema's CSR roadmap and accelerate the decarbonization of its value chain:

- lightweight materials and design;
- circular economy;
- bio-based or bio-synthesized materials; and
- more efficient and virtuous processes.

1.1.2.1 Key high-growth markets

1.1.2.1.1 Green energy and electric mobility

The development of low-carbon energies is a fundamental societal trend driven by government and corporate commitments on their climate trajectory toward an economy less dependent on fossil fuels. Arkema's innovative materials used in the production, transport, storage and use of low-carbon energies contribute to the fight against climate change and to the UN SDG 7: "Ensure access to affordable, reliable, sustainable and modern energy for all" and SDG 13: "Take urgent action to combat climate change and its impacts". These materials help reduce the Group's downstream carbon footprint (Scope 3 emissions).

Thanks to its technological expertise, Arkema is thus offering a range of new products aimed at improving the technical and environmental performance of photovoltaic panels, wind turbines, batteries, fuel cells and electrolyzers, as well as materials for hydrogen storage.

Solutions for batteries

Innovation in its three Specialty Materials segments enables Arkema to master a range of solutions for developing batteries offering higher energy density, faster charging, enhanced safety and lower carbon impact across its lifecycle.

The Group's portfolio of solutions covers inside and outside the cell, as well as battery assembly to integration and interfacing with the vehicle's other functions.

Bostik, winner at the 2024 Automobile Cares forum

Bostik received the "Award for Technical Solution" at the 2024 edition of the European forum "Cares – Future in the making", dedicated to sustainability and decarbonization in automotive manufacturing. The prize was awarded for an innovative thermally conductive gap filler for electric vehicle battery assembly. This gap filler is removable. It allows heat dissipation from batteries to increase their longevity, while enabling them to be repaired and recycled to reduce their environmental impact.

Inside the cell, for example, the Kynar® PVDF fluoropolymer is used in the main components of lithium-ion batteries – in the electrodes as the binder for the active phase and as a protective coating for the separator. Incellion™ acrylic polymers bring optimized formulations for anodes, adhesion primers and ceramic-coated separators. Ultra-pure Foranext® lithium salts inside the cell move lithium ions from one electrode to the other. Graphistrength® carbon nanotubes improve electrical conductivity in the electrodes for faster charging and greater power delivery. Thanks to the acquisition of a majority stake in Proionic, ionic liquids are now also part of the Group's solutions for more effective electrolytes.

These products play an important role in the battery's lifespan and performance. For this reason, they are the subject of constant innovations for current generation batteries, but also tomorrow's semi-solid and solid-state batteries.

Outside of the cell, Sartomer® UV resins provide cell and module protection for electrical insulation. Bostik® adhesives ensure mechanical integrity and thermal management between cells, and protect the battery's active elements from external aggression, while enabling disassembly and recycling. Rilsan® PA 11 coating resins provide external protection for the battery and the metal conductors that distribute power to the vehicle's subsystems.

Solutions for hydrogen mobility

Arkema has positioned itself as a benchmark "materials" partner for hydrogen mobility systems. The technical challenges to address correspond to the areas of development of high performance materials that are both lightweight and resistant to extreme conditions.

Rilsan® polymers offer low hydrogen permeability and so can be used in the manufacture of tank liners resistant to low temperatures (-40°C). Rilsan® polyamide 11 liners are already used in high-pressure hydrogen tanks for trucks.

The carbon fiber composites and related processes developed by Arkema open up possibilities for the production of entirely thermoplastic high-pressure (700 bars) tanks for cars, trucks, buses or trains, which would be more resistant to alternating stress and fully recyclable at the end-of-life stage. The Group is also looking into composite solutions for cryogenic (liquid hydrogen) tanks for long-distance or air transportation. In addition, studies are underway to equip hydrogen tanks with sensors using Piezotech® electroactive polymers, which could monitor damage to the composite structure in real time and thereby improve the safety of fuel cell electric vehicles (FCEVs).

Lastly, Kynar® high-chemical resistance fluoropolymers are prime candidates for electrolyzers and fuel cells to improve the durability of bipolar plates and to provide innovative and competitive solutions for materials comprising membrane electrode assemblies (MEAs).

All of these research areas were recognized as Important Projects of Common European Interest (IPCEIs) by the European Union in 2022.

Materials for wind turbines

With its Elium® thermoplastic liquid resin and its Bostik® structural adhesives, Arkema offers a breakthrough innovation in the composites market, especially in the production of wind turbine blades. The resin's recyclability represents a significant advantage for wind turbine blades, for which end-of-life recycling is a major industrial and environmental issue. In 2024, the collaborative ZEBRA (Zero wastE Blade ReseArch) project, in which Arkema has been participating in since 2020, successfully demonstrated the closed-loop recycling of Elium® resin and glass fiber materials from wind turbine blades and their production waste, confirming the environmental benefits and economic viability of using these materials.

Materials for photovoltaic cells

Photovoltaic cells are made up of a number of high-technology polymer materials that protect the silicon layer from outside elements. Arkema harnesses its performance materials expertise to bring to this market a large number of innovations, such as:

- Apolhya® grafted polyolefins, Luperox® and Sartomer® crosslinking agents for the protection of photovoltaic cells by encapsulation;
- Kynar® fluoropolymers, for panel backsheet protection; and
- Bostik® EPS polyester adhesives, used to laminate panel backsheet protection films.

1.1.2.1.2 Advanced electronics

The numerous innovations for electronics contribute to the UN SDG 9: "Build resilient infrastructure, promote sustainable industrialization and foster innovation".

Through its high performance polymers range (specialty polyamides and fluoropolymers), Arkema offers innovative solutions for the mobile device market, such as smartphones and tablets. These solutions relate to battery safety and lifetime and to the internal structural parts of these devices, which are required to be increasingly thin while offering very high rigidity and made using the same simple injection molding process, as well as to the external parts, which need to be stain- and shock-resistant but also have aesthetic and haptic qualities. Rilsan® polyamide 11 is the foundation for these latest innovations, combining the very high level of performance required for these applications and its 100% bio-based and recyclable qualities. Arkema has developed an elastomer version of Rilsan® material, Pebax® Rnew®, and a transparent version, Rilsan® Clear Rnew®.

With the acquisition of a majority stake in PI Advanced Materials in late 2023, Arkema is expanding into ultra-high-performance polymers for electronics: polyimides. In film or varnish form, polyimides, with their high thermal resistance, are key components in OLED displays, flexible screens and 5G antennas. Arkema completes this range of materials with adhesive solutions for their assembly. A new range of engineering adhesives has been developed and marketed by Bostik under the Born2Bond® brand. The range includes notably photocure adhesives for the assembly of electronic equipment with enhanced precision and productivity, and photocure sealants shaped *in situ*, which ensure that the devices are watertight and can be dismantled and repaired. With the acquisition of Polytec PT in 2023, Bostik has also expanded its range of high value-added adhesives for electronics, with conductive adhesives for the assembly and thermal management of semiconductors, printed circuits, photovoltaic panels and flexible electronics. In addition, with its Piezotech® fluorinated electroactive polymers, Arkema provides an innovative range of materials for emerging electronics trends, such as organic, flexible and printed electronics. Piezotech® fluorinated polymers and inks have unique properties, making them central to the development of next generation sensors, actuators and flexible transistors. Already used in smartphones and acoustic sensors, these materials also offer attractive possibilities in consumer applications such as car dashboards, virtual reality gloves, smart textiles, fitness trackers, flexible screens, and smart pill dispensers. Professional applications currently being assessed include connected packaging, border controls and medical imaging. In the field of renewable energy, these materials are the foundation of real-time monitoring systems for batteries and hydrogen tanks, optimizing their lifespan, safety and operating costs. To develop these innovations, Arkema draws on an ecosystem of partnerships, including universities, industrial companies and trade organizations in the European Union and around the world.

Foranext® high-purity fluorinated solutions also play an important role in the various stages of the manufacture of semiconductors, where they are used to selectively eliminate material through plasma etching. Similarly, Peroxal® high purity hydrogen peroxide grades enable efficient and more environmentally friendly wet etching processes.

In addition, E-Pure MSA® high purity methanesulfonic acid is a biodegradable electrolyte medium used for electroplating in the printed circuit board manufacturing process.

In the Coating Solutions segment, specialty monomers and Sartomer® and Sarbio® photocure resins have been developed to protect printed circuits and electronic components through encapsulation and coating. The new range of Clearstrength® XT additives improves the flexibility and resistance of printed circuits. These materials improve the mechanical resistance of electronic devices and provide better protection against damage caused by the environment, thus increasing longevity.

Moreover, the arrival of 5G technology brings a strong increase in demand for functional materials (dielectric properties, microwave transparency) and for specific energy storage systems, which represent development opportunities for the Group's innovative materials such as Kynar® fluoropolymers, Elium® resins, Nanostrength® additives and Sartomer® resins, as well as PI Advanced Materials polyimide films and varnishes.

1.1.2.1.3 Sustainable lifestyle and goods

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

With living standards improving, particularly in emerging countries, and the need to preserve the climate and natural resources, demand for consumer products that are both high-end and more sustainable is rising significantly. The trend is particularly strong in sports equipment, consumer electronics and luxury.

The technologies developed by Arkema offer an ever-expanding range of innovative materials that combine performance and sustainability, particularly in terms of carbon footprint reduction. Examples include materials that are recyclable or made from renewable, bio-based or recycled raw materials.

Such innovations contribute to the UN SDG 12: "Ensure sustainable consumption and production patterns".

Arkema has been working for a long time on the development of Rilsan® bio-based polyamides that are widely used in sporting goods such as tennis rackets, bicycle saddles, running shoes, watch cases and bracelets, as well as in structural parts for digital mobility equipment such as phones and tablets. The Pebax® Rnew® range of thermoplastic elastomers, which deliver outstanding energy return, light weight, and durability, has become the benchmark for ski boots and sports shoe soles.

The Rilsan® Clear Rnew® transparent polymer is used in eyewear frames and watches. Rilsan® Invent Natural fine powders are used in 3D printing by selective laser sintering for making custom items such as racing shoes, protective helmets and eyeglass frames.

In these applications, the range of high performance polymers is complemented by laminating adhesives for textiles, and by N3xtDimension® photocure resins for 3D printing of custom accessories.

The "Solar Impulse Efficient Solution" label recognizes Arkema's high performance polymers

Two ranges of high performance polymers, Advanced BioCircular Polyamide 11 and Kynar® Aquatec®, were each awarded the "Solar Impulse Efficient Solution" label following an assessment by independent external experts based on verified standards. These solutions are now part of the #1000solutions challenge, an initiative by the Solar Impulse Foundation to select solutions that meet demanding profitability and sustainability standards, and present them to decision-makers to accelerate their implementation.

1.1.2.1.4 Efficient buildings and homes

11 SUSTAINABLE CITIES AND COMMUNITIES

Energy efficiency, health, comfort and environmental compliance are key concerns in developing the building of the future, with market demand in this area growing rapidly. The solutions provided to these needs contribute to the construction of sustainable cities and communities, the focus of the United Nations' SDG 11: "Make cities and human settlements inclusive, safe, resilient and sustainable". This long-term trend is strengthened by government initiatives on reducing CO_2 emissions from new and old buildings. It generates a fast-growing market for which Arkema has made R&D a key focus.

Arkema thus offers solutions for the thermal and acoustic insulation of buildings, achieved by combining materials with low thermal conductivity (vacuums or air, fibers and foam), with structural materials such as glass, metal and wood. In particular, Arkema offers a range of adhesives for the construction of windows, doors, insulation panels and wooden framework elements, as well as Coatex® formaldehyde-free acrylic binders for the manufacture of fiber insulation materials. The Group has also developed innovative solutions for the production of particularly efficient double-glazed windows, including Siliporite® molecular sieves and Bostik® 5000 sealants for the long-term performance of double-glazed windows, and Durastrength® and Clearstrength® additives to optimize the mechanical strength of PVC frame profiles. Bostik's high performance pressure sensitive adhesives are used for airtightness and waterproofing purposes. New generation Forane® HFO blowing agents, with low global warming potential, are used for making thermal insulation foams.

R3BOND®: an innovative Bostik® system for the installation and removal of recyclable floor coverings

The innovative R3BOND® adhesive system for construction professionals makes it easy to remove vinyl flooring without leaving residue, even years after its installation. It facilitates damage-free recovery of the subfloor, avoiding next to no preparation before laying the new covering. The old coating that is removed is also free of adhesive and cement residues, making it considerably easier to recycle. This system simplifies the renovation process, making it faster and reducing its environmental impact. R3BOND® contains 75% bio-based materials and uses recycled plastic packaging. By facilitating recyclability and using bio-sourced raw materials, R3BOND® reflects Bostik's commitment to more sustainable buildings.

The health impact of products used, and indoor air quality are powerful drivers of innovation in the home. This is a major R&D focus for Bostik, and particular attention is paid to formulations which proactively limit the use of additives with unfavorable toxicity profiles. For example, the most recent floor covering adhesives are phthalate- and solvent-free and have sufficiently low volatile organic compound (VOC) content to obtain health certifications like EMICODE® EC1 Plus and to meet the environmental standards required for LEED® and BREEAM® certification. The latest grades are 35% bio-based. The coating resins activity in the Coating Solutions segment also contributes to the development of healthier, more environmentally friendly homes. Most new grades of acrylic and alkyd emulsions, which are developed by this business, can be used without the addition of a coalescing agent, enabling customers to prepare very low VOC coatings. Some grades also capture formaldehyde from ambient air. Moreover, the new binders for exterior paints offered by Arkema have enhanced dust and water resistance and excellent stability with regard to environmental conditions. Lastly, the Kynar Aquatec® PVDF emulsion is used in the formulation of white coatings for cool roofs, which reduce buildings' energy consumption. These resins are exceptionally durable, thus preserving the white finish for an especially long time without maintenance. Thanks to these improvements, consumers can use the coatings for a number of years, thereby reducing the environmental impact of maintenance and replacement works. It is this exceptional durability that earned Kynar Aquatec® the *Solar Impulse Efficient Solution* label from the Solar Impulse Foundation in 2024.

1.1.2.1.5 Health and well-being

Water filtration

Worldwide population access to drinking water is a major challenge, the focus of the UN SDG 6: “Ensure access to water and sanitation for all”. This is also a high-potential market, particularly as regards industrial, agricultural and domestic water treatment. Arkema develops a highly innovative material for the membrane filtration process, Kynar® PVDF resins, which are used as ultrafiltration membranes to treat wastewater or make water drinkable. Thanks to the size of the pores, they allow for much finer filtration of suspended matter, bacteria and viruses while increasing the volumes of treated water by 20%, at constant energy levels. When used with Nanostrength® copolymers, they can double the service life of certain filtration systems, from five years to 10 years, by limiting irreversible fouling of the membrane – which reduces permeability and increases the energy required for operation.

Medical devices

Innovation in the medical sector contributes to the UN SDG 3 "Empowering people to live healthy lives and promoting well-being at all ages". Arkema's performance materials are used in the manufacture of medical and paramedical equipment and accessories, replacing traditional materials such as glass or metal, while meeting requirements for robustness, safety, resistance to sterilization and microbial attack, and good light transmission. Pebax® MED copolymers are used for making catheters. Rilsan® Clear MED polyamides are used for making breathing masks, syringes and transfusion and perfusion lines. Bio-inert, sterilizable and highly resistant, Kynar® PVDF can be used for making single-use equipment, autoclaves and filtration membranes. All these products meet all the stability, purity and safety requirements of the medical industry.

In the dental field, Arkema develops light-sensitive resins for photopolymerization 3D printing, along with fine polyamide powders for selective laser sintering 3D printing, which are seeing strong growth in the printing of dental models and molds for making custom orthodontic prostheses. Fine polyamide powders are also widely used in the manufacturing of custom-made medical orthotics.

Manufacturers in the medical sector also use Born2Bond® adhesives in the production of advanced medical and surgical equipment, where compatibility with medical-grade polymer materials is paramount. Main applications include the assembly of needles, syringes, catheters, tubes and masks, along with electronic medical devices such as hearing aids, and equipment such as medical imaging scanners. Piezotech® electroactive polymers are the focus of numerous developments in the medical field. They are used to manufacture sensors for measuring heart rate, ultrasound probes for imaging, pressure sensors and actuators for catheters. Given their unique haptic properties, work is also under way on possible applications in augmented reality devices in surgery.

Lastly, a new generation of compact, mobile oxygen concentrators uses Nitroxy® molecular sieves to produce oxygen-enriched air on demand for patients suffering from respiratory diseases.

Crop nutrition

Many operational challenges are raised with regard to the efficient production, blending, storage, handling, transportation and application of fertilizers and crop nutrients. To address the expectations of this dynamic market and contribute to the UN SDG 2 "Eradicate hunger, ensure food security, improve nutrition and promote sustainable agriculture", Arkema designs and supplies additives and formulations to optimize fertilizer production and application. Defoamers, filtration aids, clarification aids and corrosion inhibitors allow to optimize the performance and efficiency of the manufacturing processes. The range is completed by dust-repellent coatings to prevent agglomeration, water-repellent treatments, and coatings providing the trace nutriments needed for precision farming. These additives are an integral part of the finished fertilizer product, improving its quality, durability, functional value and agronomic efficiency.

1.1.2.2 Group-wide R&D programs

1.1.2.2.1 Lightweight materials and design

In addition to their use in the wind power and hydrogen storage markets, thermoplastic composite materials and adhesive bonding offer lightweighting design solutions for energy-efficient mobility. Replacing steel parts with substitutes made from these thermoplastic resins is expected to deliver weight savings of between 30% and 50%. By developing solutions that can be used to reduce the weight of materials used in land and air vehicles and thereby lower fuel consumption, Arkema contributes to the UN SDG 13: "Take urgent action to combat climate change and its impacts".

Current carbon- or glass-fiber-based composites make heavy use of thermoset polymers, for which the cross-linking process is irreversible. These resins present two limitations: they are extremely hard to recycle and their production cycle time makes them difficult to use in high throughput industries.

Arkema has developed thermoplastic-polymer-based composites with innovative resins (Elium®, Kepstan® and Rilsan®), which are adapted to the specific needs of various markets. The recyclable Elium® resin is used in applications in the automotive, wind power, shipbuilding and construction industries, while Kepstan® PEKK makes it possible to obtain particularly hard-wearing and flame-retardant parts that meet the stringent specifications of the aerospace industry.

3D printing, or additive manufacturing, also addresses lightweight manufacturing challenges. By making it possible to design complex parts, these technologies simplify assembly and make it possible to replace metal parts traditionally derived from smelting or tooling, with a subsequent reduction in weight. Arkema occupies a unique position, with a range that now covers all additive manufacturing technologies: selective laser sintering, filament extrusion and UV curing with Rilsan® polyamide 11, Kepstan® PEKK, N3xtDimension® curable resins and Pebax® thermoplastic elastomers.

Arkema has set up a digital platform dedicated to 3D printing to spur the development of innovative solutions and meet the needs of end customers by offering them development partnerships, a unique range of materials and services and Arkema's application-oriented expertise. To support the accelerating rise of 3D printing as an industrial manufacturing method, Arkema has a global center of excellence for each of the three additive manufacturing technologies: selective laser sintering in Serquigny (France), photosensitive liquid resins in Exton (Pennsylvania, United States), and filament extrusion in King of Prussia (Pennsylvania, United States). These centers of excellence, all featuring advanced 3D printing equipment, are collaborative spaces where the Group's materials experts, technology partners and customers can speed up the development of additive manufacturing.

Arkema and Hexcel complete the first aeronautical structure made of thermoplastic composites

This achievement stems from the strategic partnership between Hexcel and Arkema, and resulted in the first complex aerospace structure made from high-performance thermoplastic composites, which was exhibited at JEC 2024. This demonstrator was designed and manufactured using Hexply® thermoplastic tapes. These aerospace-grade materials were developed from Arkema's Kepstan® resins and Hexcel's Hextow® carbon fibers. This innovative demonstrator was carried out as part of the collaborative project known as HAICoPAS, supported by Bpifrance as part of the Investment for the Future Program.

1.1.2.2.2 Bio-based or bio-synthesized materials

Global population growth, rising living standards and industrial intensification are all driving an increase in the use of fossil fuels and therefore contribute to global warming. Mindful of the need to reduce the use of non-renewable fossil resources, Arkema has long been involved in the development of bio-based products, thereby supporting the UN SDG 12: "Ensure sustainable consumption and production patterns".

Arkema has developed a wide range of bio-based polyamides derived from the castor plant, which is sustainably grown, mainly in semi-arid regions of India, without contributing to deforestation. This range of high performance polymers has grown considerably in recent years. The Group's expertise and innovation mean that it can offer a wide range of bio-sourced polyamides in diversified markets such as transportation, consumer goods, energy and 3D printing. The first 60% bio-based instant adhesive, Bostik Fast Glue Ultra+, made from castor oil, was marketed in 2024.

Since 2021, Arkema has also marketed a new range of fluoropolymers produced with carbon derived from bio-feedstock, using the mass balance approach. These Kynar® CTO bio-attributed PVDF grades are ISCC+ certified. In 2022, the Coating Solutions segment expanded its offering with a new range of bio-attributed specialty acrylic monomers, resins and additives, which are also ISCC+ certified under the mass balance approach, enabling Arkema's customers to reduce their Scope 3 greenhouse gas emissions.

Kizen™ LIME, a new range of adhesives with a lower carbon footprint

Kizen™ LIME, the new range of hot melt adhesives, launched in 2024, is designed to reduce carbon footprint and improve the sustainability of packaging solutions. In partnership with Dow and Nordson, Bostik offers an innovative adhesive solution for recyclable paper/cardboard packaging for consumer goods. These adhesives use over 80% of renewable content, combining bio-based materials with bio-circular materials. These adhesives offer superior technical performance in terms of adhesion and energy consumption, while minimizing the quantity deposited.

The new Neoliens™ range of non-ionic surfactants designed from castor oil, enables the formulation of high-performance industrial cleaners and lubricants for metal processing while limiting their environmental impact.

1.1.2.2.3 Circular economy

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

As a key component of the circular economy, recycling is addressed by the Group from several angles:

- the use of recycled raw materials, whether sourced directly from the market or resulting from the recycling of end-of-life Arkema products collected on the market;
- the development of recycling technologies for the Group's innovative materials in partnership with the relevant industrial sectors; and
- the contribution of Arkema customers to the circular economy by offering solutions that can be recycled within their own value chains.

Recycled raw materials and production of recycled polymers by the Group

In 2019, Arkema launched the Virtucycle® program in collaboration with Agiplast to develop loops for the collection and regeneration of high performance polymers while minimizing CO_2 emissions. Thanks to the acquisition of Agiplast in 2021, Arkema became the first fully integrated high performance polymer manufacturer offering both bio-based and recycled materials. The strong know-how acquired in mechanical recycling technologies will now enable Arkema to offer high quality recycled polymers to its customers.

Several product lines now incorporate recycled materials, such as a new line of powder coating resins that incorporates up to 40% recycled PET material from end-of-life packaging.

Developing technologies for recycling the Group's materials

Arkema provides materials for applications in which recycling will become a key issue, such as thermoplastic polymers (Elium®, Rilsan® Matrix) used to manufacture wind turbine blades and hydrogen tanks. Through its proactive work on recycling capabilities, Arkema has demonstrated the feasibility of mechanically or chemically recycling scraps and end-of-life wind turbine blades made from Elium® thermoplastic resin. Since it is chemically recyclable, the resin can be used over and over again while preserving the same properties as a virgin resin, making this technology a perfect fit for the circular economy.

Breakthrough in wind turbine blades recycling: ZEBRA project demonstrates closed-loop system

The ZEBRA project marks a significant leap forward in the recycling and circular economy of wind turbine blades based on Elium® thermoplastic resin. This collaborative project, coordinated by the Institute for Technological Research, IRT Jules Verne, and bringing together industry leaders Arkema, Owens Corning, LM Wind Power, Suez and Engie, has successfully recycled Arkema's Elium® resin and Owens Corning's glass fiber from wind turbine blades and manufacturing waste. This closed-loop process addresses the growing problem of end-of-life blade management within the wind energy industry. Costs and CO_2 emissions linked to recycling are significantly lower. These results show that closed-loop recycling of thermoplastic blades is a viable option from both an economic and environmental standpoint.

Arkema's contribution to the circular economy downstream of its products

Among the many solutions offered by the Group are Kercoat® and Opticoat® coatings, which allow glass bottles to be recycled, and Bostik® adhesive grades for the lamination of flexible food films, which can be mechanically recycled with other used packaging.

1.1.2.2.4 More efficient and virtuous processes

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Innovation in manufacturing technologies helps to improve reaction yield and reduce the environmental footprint of manufacturing processes, by reducing energy and water use, limiting air emissions and effluent discharges, minimizing waste generation and cutting down direct and indirect greenhouse gas emissions. Arkema has thus deployed several technology innovation programs that enable it to contribute to the UN SDG 12: "Ensure sustainable consumption and production patterns". These focus notably on:

- the use of the latest innovations derived from molecular modeling to more accurately predict chemical phenomena;
- new solutions that intensify the separation of the primary product from the reaction by-products;
- the development of online analyses that monitor changes in the reaction process and the purity of products without the need for human intervention to obtain samples, thereby avoiding drifts in the production and ensuring consistent product quality; and
- the use of innovative technologies to recycle effluents and/or recover the chemical components present.

The new process innovation program on carbon footprint reduction technologies helps incorporate innovative decarbonization technologies, including new-generation heat pumps and unit operation electrification solutions, into Arkema's process portfolio. It also enables the study of the potential of other technologies, such as carbon capture and storage and organic waste-to-energy techniques using pyrolysis and methanization.

An innovative process for the decarbonization of acrylics production at the Carling site (France)

An innovative acrylic purification technology has been developed and patented. Partially funded by the French government, when this comes into industrial operation at the Carling site (France) in 2026, it will enable the Group to decarbonize production, through a 20% reduction in the site's greenhouse gas emissions, while improving its operating efficiency, environmental footprint and competitive performance. This innovation will help Arkema to position itself as a leader in low carbon acrylic materials and help customers reduce their Scope 3 emissions.

1.1.3 Patent and trademark management

Arkema notably uses patents to protect the innovations generated by its research and development efforts, whether in relation to its innovative manufacturing technologies or products. Intellectual property rights also enhance the value of the Group's products and brands in the eyes of its customers and enable it to be recognized as one of the most innovative in its industry. Arkema's portfolio of patents and trademarks therefore represents a key asset for its business.

1.1.3.1 Patents

Protecting the Group's technologies, products and processes with patents is key in optimally managing its business.

Consequently, Arkema files patent applications in its main markets in order to protect new chemical compounds, new materials with high technical performance, new synthesis processes for major industrial products and new product applications.

The number of patents granted and the number of patent applications filed annually are good indicators of R&D investment and performance. In 2024, Arkema filed 245 priority patent applications, of which 221 related to sustainable development. At 31 December 2024, it had 6,059 patent applications pending[(1)] and held 10,746 patents. The high ratio of pending patent applications to patents filed per year is due to the lengthy examination process.

Patent protection, in countries where Arkema seeks it, is typically granted for the maximum legal period of twenty years, calculated from the application date. The level of protection varies from one country to another, depending on the patent type and scope. Arkema seeks patent protection in many countries.

Arkema actively protects its markets. To this end, it monitors competitors and takes action against any third-party infringements of its patents. The Group also challenges third-party patents that are granted without justification and takes legal action to have them declared null and void.

The expiration of a basic patent for a product or process can lead to increased competition as other companies bring new products to market. In some cases, however, the Group may continue to benefit commercially from a patent after its expiration by leveraging expertise related to a product or process or by filing for application or improvement patents.

In line with its Business Lines strategy, Arkema may be open to granting licenses to third parties or negotiating operating licenses for its own needs.

(1) *All patent applications filed as part of a centralized procedure – with the World Intellectual Property Organization (WIPO), for example – are counted as a single application, even though the application may result in several patents being granted depending on the number of countries subsequently selected.*

1.1.3.2 Trademarks

Trademark protection varies from country to country. While in most countries, trademark rights are the result of registration, in some, they may be based on usage regardless of registration. Trademark rights are obtained by registering the trademark nationally, internationally or even supranationally in the case of EU trademarks. Registrations are usually granted for a ten-year term and can be renewed indefinitely.

Arkema implements a centralized, dynamic trademark registration policy that draws on a worldwide network of intellectual property advisors.

In particular, Arkema holds the trademark rights to its main products. Examples of Arkema Group flagship brands include Kynar®, Pebax®, Rilsan®, Forane®, Carelflex®, Sartomer®, Bostik®, Sader®, Quelyd® and Fix & Flash™. Arkema has also trademark protected the names of its latest innovations, such as Elium®, Sensio® and N3xtDimension®. More recently, the Group expanded its portfolio with trademarks such as Flexcryl®, Pliogrip®, Aroset®, ADCOTE™, MOR-FREE™ from the acquisition of Ashland's performance adhesives and Dow's flexible packaging laminating adhesives business.

Mindful of the importance of its brand portfolio, Arkema monitors trademark registrations by competitors in similar business sectors and has a policy of taking legal action against infringements.

1.1.4 Research incubator

The aim of the research incubator is to bring new products to market by carrying out disruptive innovation projects.

These projects are characterized by:

- their anticipation of changes in technologies or markets;
- significant project risks but high value added if successful;
- a market approach closely coordinated with that of the relevant business segments (one project may involve several Group activities); and
- a portfolio that is balanced between projects that are expected to be brought to market within five years and projects with longer timelines.

During its creation, this structure developed an original carbon nanotube synthesis process. These original carbon structures are now widely used in lithium-ion batteries. Nanostructured copolymers such as Nanostrength® and Apolhya® were then marketed with applications in adhesives, protection films and composite impact resistance. Arkema's subsidiary Piezotech, integrated into the research incubator, is enjoying growing success with its piezoelectric polymers, which are used for everything from fingerprint sensors to microphones and damage detectors.

The incubator was also behind the launch of Arkema's thermoplastic composites range, which includes:

- the Elium® range of solutions for infusion molding or Resin Transfer Molding (RTM) technologies; and
- impregnated continuous fiber-reinforced thermoplastic solutions, such as the Rilsamid® Matrix range, for automatic fiber placement and thermo-stamping.

Lastly, the incubator developed PEKK, a polymer withstanding ultra-high temperatures, under the Kepstan® brand. This activity was initiated in 2010, and a world-scale PEKK plant at the Mobile, Alabama site in the United States, started production early 2019. Since 2021, this activity has been part of the High Performance Polymers Business Line.

1.1.5 A collaborative innovation ecosystem

The aim of collaborative innovation is to develop innovative solutions with both academic research teams and industrial partners. These partners may be existing customers or suppliers, or new players in markets with which the Group is not yet familiar. This open innovation approach takes the form of participation in industrial research chairs, sharing of laboratories with recognized research institutions, public-private research partnerships and industrial partnerships. The ecosystem also includes technical collaboration or equity investments in startups or innovative companies.

1.1.5.1 Research chairs, shared laboratories and partnerships with universities

The R&D department has set up numerous upstream partnerships with scientific organizations, universities and public and private research laboratories, such as the CNRS and the CEA in France and several universities in France, the United States, Canada, Belgium, Japan, South Korea and Malaysia. These partnerships take the form of research chairs, shared laboratories and doctoral and post-doctoral research contracts. The contribution made by these external experts enables the Group to advance its research in scientific areas related to its R&D projects.

In 2022, Arkema joined forces with the CNRS and partner universities to set up two new joint laboratories. The first is iHub Poly-9 in Lyon (France), which conducts research into new fluorinated materials for batteries. The second is LAMPS (Light for Advanced Materials and Processes), a joint laboratory based at the *Institut de Science des Matériaux de Mulhouse* (France) that focuses on the use of light to synthesize and apply coating and 3D printing resins, adhesives and composite materials using photopolymerization.

In 2022, Arkema also launched the Arkema-*Académie des sciences* Prize for Innovation in Chemistry for Sustainable Materials, in association with the *Institut de France*. Bestowed annually, it is intended to reward a scientist for breakthroughs in the development of sustainable materials. This philanthropic initiative will help build a network of high-level scientists and foster opportunities for collaborative innovation.

1.1.5.2 Industrial partnerships and technology acquisition policy

Arkema also forms downstream partnerships with industrial companies, as part of joint research programs with customers, suppliers and even competitors to develop new products and technologies. Arkema thus uses its many research partnerships with customers in order to better understand market demand and to accelerate the development and time-to-market of innovative technical solutions.

The R&D department has a policy of mutually beneficial collaboration with high value-added SMEs and start-ups and supports them in their development process. These partnerships may begin with technical collaborations and follow through even with the acquisition of equity interest in the companies, as was the case with ERPRO 3D Factory, Verkor, Continuous Composites, Tiamat and Proionic, or outright acquisition, as with Colorado Photopolymer Solutions and Afinitica. Thanks to the resources and expert staff that Arkema provides, these start-ups can grow in an application-oriented environment.

At the same time, the investments enable the Group to position itself in the ultra-innovative product and high-tech markets. The "*Start-up Connect*" program invites start-ups specialized in advanced materials from around the world to approach Arkema with a view to establishing a dedicated research collaboration and benefiting from the Group's technological support and experience. This initiative combines the dynamism of small, agile, innovative organizations with Arkema's unique expertise in specialty materials to develop the innovations of tomorrow.

Arkema strengthens its range of solutions for batteries with the acquisition of a majority stake in Proionic

In 2024, Arkema acquired a majority stake of nearly 78% in Proionic, a leading start-up in the production and development of ionic liquids. These products are liquid at room temperature and have excellent electrical conductivity. Thanks to these properties, they make excellent lithium-ion battery electrolytes, while being non-flammable and therefore very safe. These are key components for the next generations of lithium-ion batteries. With this acquisition, Arkema completes its broad range of solutions and consolidates its position as a key player in materials regardless of battery technologies.

1.1.6 Digital transformation in R&D

The digital transformation of the Group's R&D has been stepped up to accelerate innovation in terms of internal processes, industrial and operational performance, and development of new offerings (products, formulations, materials, services). It has three main focuses:

- acceleration of R&D activities: the first objective is to encourage the gathering and use of both internal and external information. It is based on the use of generative AI and promotes the use of machine learning or artificial intelligence (AI) systems by developing large databases for algorithms to draw from. This allows to better predict the final properties of the Group's formulations and materials. All of these advances enable Arkema to work more efficiently on repetitive tasks and to focus its research on discovering innovative and sustainable materials for its customers;
- sustainable innovation: the combination of simulation, modeling and artificial intelligence helps us understand the complex interactions governing the properties of our materials. This enhanced understanding, coupled with the acceleration mentioned above, extends the Group's capacity for innovation and enables it to reduce the environmental impact of its solutions. The structuring of industrial data enables the optimization of processes and reduce CO_2 emissions or electricity consumption at industrial facilities; and
- the creation of new interaction vectors with the Group's customers: digital transformation facilitates exchanges both inside and outside organizations, through data sharing, by developing digital co-creation platforms with the aim of offering customers solutions tailored as closely as possible to their needs.

The digital revolution depends on the strong commitment of all our employees. It must therefore be accessible to all, and provide simple and effective solutions. Easy-to-use digital platforms enable all Arkema teams to benefit from the added value offered by digital systems. A wide-reaching training program is underway in collaboration with the Group's Human Resources Development teams to facilitate this transformation and digital acculturation.

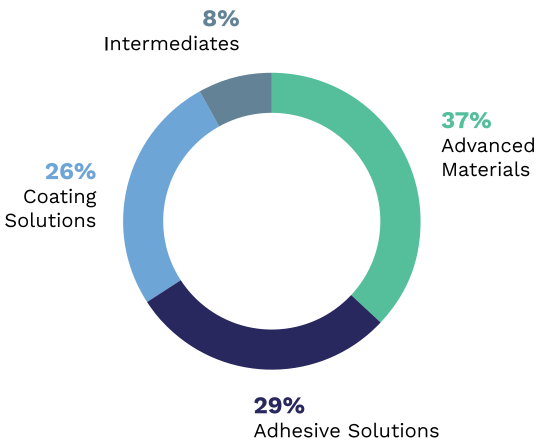
1.2 Business overview

As a leading player in Specialty Materials, Arkema aims to offer innovative and sustainable solutions to meet its customers' current and future challenges, notably those linked to major climate and societal issues. The Group's signature "Innovative materials for a sustainable world" reflects this ambition.

To address these issues, the Group has developed three strong capabilities in materials science: creating and strengthening materials, assembling and bonding them, and protecting and modifying them. Each of these capabilities is represented by one of the three business segments constituting Arkema's Specialty Materials: Advanced Materials, Adhesive Solutions and Coating Solutions. The complementarity of these three segments in strengthened by the roll-out of the Group's One Arkema culture, which aims to share technical and market expertise across the different Business Lines to step up the existing technological, industrial and commercial synergies between them. These three segments, which offer attractive growth prospects, accounted for 92% of Group sales in 2024. The Intermediates segment consists of activities with more volatile results for which the Group will implement differentiated strategies to reduce their share and gradually deconsolidate them over time.

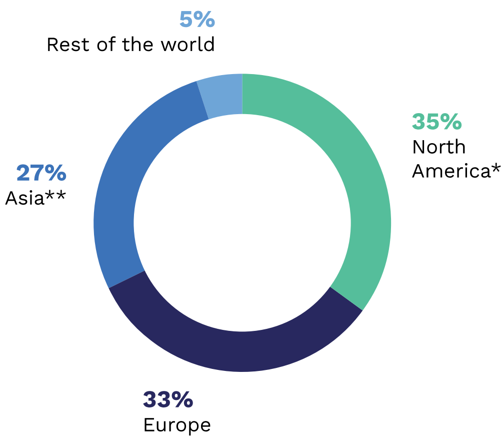
The Group aims to accelerate organic sales growth by capitalizing on its recent or future industrial investments in high value-added technological solutions for fast-growing markets driven by major global trends. By 2028, Arkema aims to achieve sales of around €12 billion with an elevated EBITDA margin of around 18%, translating into average organic sales growth of around 4% per year, and average organic EBITDA growth of between 7 and 8% per year in the period 2024-28. The Group will also maintain strict financial discipline, with net debt and hybrid bonds not exceeding 2x EBITDA outside limited periods, notably post-acquisition.

The breakdown of 2024 sales by segment, reflecting the ongoing refocus towards Specialty Materials, was as follows:



The breakdown of 2023 Group sales by segment was as follows: 29% for Adhesive Solutions, 38% for Advanced Materials, 25% for Coating Solutions and 8% for Intermediates.

The breakdown of 2024 sales by region, based on the geographic location of customers, reflected a balanced footprint among regions and was as follows:



* *United States, Canada and Mexico.*
** *Asia and the Middle East.*

In 2023, the breakdown of the Group's sales by region was as follows: 34% in Europe, 37% in North America, 24% in Asia and 5% in the rest of the world.

1.2.1 Adhesive Solutions

Adhesive Solutions (Bostik) includes all of Arkema's adhesives, glues and sealants for the construction and DIY markets, as well as a large number of industrial markets. With sales of €2.7 billion in 2024, Bostik is one of the global leaders in adhesive solutions.

Adhesive Solutions are organized into two Business Lines:

- **Construction & Consumer**, which includes Bostik's solutions for construction and building renovation (adhesive solutions for floors, tiles, waterproofing, joints, assembly, insulation and wall and floor surface preparation); and
- **Industrial Assembly**, which includes Bostik's solutions in industrial adhesives for durable goods (transportation, batteries, assembly, etc.) and consumer goods (packaging, labels and tapes, etc.) as well as in hygiene.

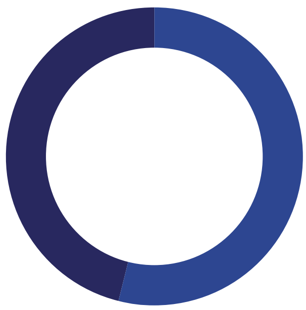
Adhesive Solutions at a glance

Key figures

(In millions of euros)	2024	2023	2022
Sales	2,722	2,714	2,898
EBITDA [(a)]	412	380	366
EBITDA margin [(a)] *(%)*	15.1%	14.0%	12.6%
Recurring operating income (REBIT) [(a)]	323	293	288
REBIT margin [(a)] *(%)*	11.9%	10.8%	9.9%
Recurring capital expenditure [(a)]	89	82	85
Capital employed [(a)]	4,450	4,247	4,414

(a) Alternative performance indicator: please refer to note 4 to the consolidated financial statements at 31 December 2024 in section 5.3.3 of this document for concordance tables and definitions.

TOTAL SALES BY BUSINESS LINE



Main products and markets

Bostik is the world number three in adhesives and sealants [(1)]. Its main competitors are Henkel, HB Fuller and Sika.

	Solutions/main markets
Construction & Consumer	
Sealants	Sealing, insulation and waterproofing solutions
Walls and floors	Floor and wall preparation products, tile, wall, floor and ceiling adhesives
Consumer/DIY	Adhesive solutions for repairs, attachment, assembly, decoration and renovation
Industrial Assembly	
Durable goods	Assembly (electronics, engineering adhesives), automotive and other means of transportation (air, rail, etc.), batteries
Packaging	Packaging, labels and adhesive tapes
Non-woven	Hygiene and personal care

Main growth drivers

The global adhesives and sealants market is estimated at some €60 billion [(2)]. It covers the industry and hygiene sector (50%), the construction market (40%) and consumer products (10%). From a geographic point of view [(2)], North America represents around 25% of global demand, Europe 25%, Asia around 44% and the rest of the world 6%.

In the coming years, annual global adhesive market growth is expected to be in line with GDP, underpinned by the increasing replacement of traditional mechanical assembly systems with new adhesive-based bonding and assembly solutions that contribute to materials lightweighting and can be used for the assembly of new materials such as composites. The use of adhesives is therefore increasing in markets such as batteries and electronics.

(1) *Source: IHS Chemical Economics Handbook – Adhesives, Sealants, and Their Raw Materials, December 2022.*

Adhesives and sealants also help improve the energy efficiency of buildings and contribute to the fight against climate change thanks to the development of numerous insulation and waterproofing solutions. Over the coming years, growth in these areas will be driven notably by stimulus plans deployed, for example in European countries as part of the Green Deal.

More generally, the adhesives market will benefit from the global population growth and the strong momentum in emerging countries, where *per capita* consumption of adhesives is still significantly lower than in Europe and the United States.

Lastly, the adhesives market is still fragmented with a large number of local players, continuing to offer opportunities for consolidation through small- or medium-sized bolt-on acquisitions.

Main assets

To support its development, the Adhesive Solutions segment can notably capitalize on:

- strong customer proximity and commercial positions;
- strong and well-known brands, both global (Bostik®) and local (Sader®, Quelyd®, Evo-Stik®, Mem®, Fortaleza®, ACOTE™) that contribute to customer loyalty, especially in construction and consumer products;
- a global footprint, spanning 43 countries, with 78 production units in Europe, North America and Asia, and 4 regional R&D centers;
- a unique model in the adhesives industry, combining Bostik's expertise in formulations and applications with Arkema's materials science know-how and, in particular, its in-depth knowledge of polymers, additives and coatings. This combination, which offers strong technological and business synergies (access to OEMs and the Group's markets expertise), enables Bostik to enhance its innovation capacity, develop tailor-made solutions for its customers and reduce the time-to-market;
- a large portfolio of high performance technologies with strong positions in the four cutting-edge technologies of pressure-sensitive adhesives (PSA), technical and thermally conductive adhesives, hot-melt adhesives and high-performance sealants; and
- an ability to carry out and integrate small- to medium-sized bolt-on acquisitions and generate significant synergies.

Ambition, strategy and projects

Ambition

The Group's ambition is to consolidate its position as one of the world leaders in adhesives, targeting for this segment average annual organic sales growth of 3.5% over the period 2024-28, and an EBITDA margin of 17% by 2028. It also aims to double the organic sales growth of the segment through targeted acquisitions depending on opportunities that arise.

Strategy

To support its ambition, the segment will focus on three strategic priorities:

- the acceleration of the development in sustainable high-performance adhesive solutions for industry, construction and DIY, driven by new environmental regulations and their increasingly widespread application in emerging countries. In industry, high-performance adhesives notably meet customers' technical requirements in batteries for electric mobility and in the field of lightweighting. Moreover, sealants and flooring adhesive systems for the construction and consumer markets help to improve the energy efficiency of buildings. The Group also aims to develop solutions to address customer needs with regard to recycling and performance and productivity improvement;
- the continuation of the operational excellence programs. In order to continue improving its performance, Bostik regularly carries out operational excellence programs aimed at optimizing its industrial base and maximizing synergies with the rest of the Group, whether in procurement, talent management or shared services (finance and IT); and
- further bolt-on acquisitions to benefit from the consolidation of the adhesives market.

Main projects completed or underway

As part of its bolt-on acquisition strategy, the Group regularly acquires small- and mid-sized businesses with a view to complementing its technology portfolio and expanding its geographic footprint. These transactions offer significant synergies in terms of geographic, technological and business development thanks to highly complementary ranges and know-how. Since acquiring Bostik, the Group has realized more than 15 acquisitions, including the three major ones of Den Braven, Ashland's performance adhesives and Dow's flexible packaging laminating adhesives.

- on 28 February 2022, Arkema finalized the acquisition of Ashland's performance adhesives business, based on an enterprise value of US$1,650 million, marking another key step in Bostik's growth. Ashland's performance adhesives, a first-class leader in high performance adhesives in the United States, benefits from a large range of cutting-edge technologies and well-known brands. Thanks to the strong complementarities of this business with Bostik in terms of geographic exposure and applications, as well as its integration in acrylics, the Group benefits from significant synergies whose contribution to EBITDA at the end of 2024 is in line with the announced objective of reaching US$45 million, five years after the acquisition.
- on 1 July 2022, the Group completed the acquisition of Permoseal, a leader in adhesive solutions for wood, packaging, construction and DIY in South Africa, supplementing Bostik's offering in the region and strengthening its positions in the dynamic industrial, construction and DIY markets in South Africa and Sub-Saharan Africa.
- with the acquisition of Polytec PT, finalized on 1 June 2023, Arkema has strengthened Bostik's product offering to serve the fast-growing battery and electronics markets. In particular, Polytec PT has developed in particular strong expertise in thermal interface materials, essential for rapid battery charging and efficient heat dissipation.

- on 2 January 2024, Arkema completed the acquisition of Arc Building Products in Ireland, a company specializing in construction adhesives and sealants. This acquisition strengthens Arkema's position in Ireland's growing construction adhesives market, through a broader range of solutions and a local industrial footprint.
- on 2 December 2024, Arkema completed the acquisition of Dow's flexible packaging laminating adhesives business, which generates annual sales of around US$250 million, significantly expanding its portfolio of solutions for flexible packaging.

This acquisition, based on an enterprise value of US$150 million, will enable the Group to become a key player in this market. As part of this integration, Arkema aims to rapidly seize new growth opportunities and deliver a high level of cost and development synergies, which should represent around US$30 million in EBITDA within five years, and will trigger implementation and investment costs of around US$50 million over the next three years.

Acquisition	Description	Sales (1)	Acquisition date
Construction & Consumer			
Permoseal	One of the leaders in adhesive solutions for woodworking, packaging, construction and DIY in South Africa	~€44m	July 2022
Arc Building Products	Irish manufacturer specializing in tile adhesives, floor preparation systems and waterproofing and bonding solutions	~€15m	January 2024
Industrial Assembly			
Ashland’s Performance Adhesives	A leader in high performance adhesives in the United States (pressure-sensitive adhesives, structural adhesives for bonding in construction, composites and transportation, and adhesives for flexible packaging)	~US$360m	February 2022
Shanghai Zhiguan Polymer Materials (PMP)	Company specialized in hot-melt adhesives for the consumer electronics market	>€1m	April 2022
Polytec PT	Company specializing in thermal interface materials for batteries, and high-performance adhesives for the electronics market	~€15m	June 2023
Dow's flexible packaging laminating adhesives business	A leader in the flexible packaging adhesives market	~US$250m	December 2024

(1) Based on press releases published when the acquisitions were announced.

1.2.2 Advanced Materials

Broadly exposed to the major challenges of sustainable development, the Advanced Materials segment offers a wide range of high-tech solutions. Through substantial investments in innovation and R&D, these address the growing and increasingly complex needs of customers in the fields of lightweight materials, renewable energies (batteries, wind power, solar power, etc.), bio-based or recyclable materials, and in new production methods (3D printing), particularly for cutting-edge sectors such as green energy and electric mobility, advanced electronics, sustainable lifestyle and goods, efficient buildings and homes, as well as health and well-being.

Advanced Materials are organized into two Business Lines:

- **High Performance Polymers**, materials with excellent mechanical, chemical and thermal resistance properties that can be used in a very wide range of high-value added applications. Since 1 December 2023, this Business Line has included polyimides from PI Advanced Materials (PIAM); and
- **Performance Additives,** which are tailor-made solutions essential for improving the properties of certain materials, and which play a critical role for Arkema's customers to optimize their production processes and accelerate the implementation of their sustainable development roadmaps.

Advanced Materials at a glance

Key figures

(In millions of euros)	2024	2023	2022
Sales	3,562	3,562	4,341
EBITDA [(a)]	707	666	941
EBITDA margin [(a)] *(%)*	19.8%	18.7%	21.7%
Recurring operating income (REBIT) [(a)]	336	366	663
REBIT margin [(a)] *(%)*	9.4%	10.3%	15.3%
Recurring capital expenditure [(a)]	459	363	333
Capital employed [(a)]	4,853	4,538	3,529

(a) Alternative performance indicator: please refer to note 4 to the consolidated financial statements at 31 December 2024 in section 5.3.3 of this document for concordance tables and definitions.

TOTAL SALES BY BUSINESS LINE

Main products and markets

	Rank [(1)]	Main markets
High Performance Polymers		
Specialty long-chain polyamides (PA11, PA12)	No. 2 worldwide	Automotive and transportation, electronics, consumer goods (sports equipment, textiles), electric cables, water transportation, energy, medical
Fluoropolymers (PVDF)	No. 1 worldwide	Architectural coatings, chemical industry, new energies (lithium-ion batteries, photovoltaics), water treatment, energy
Polyimides	No. 1 worldwide in polyimide films	Electronics, electric vehicles
Fluorospecialties (1233zd, electrolyte salts)		Thermal insulation, batteries
PEKK	No. 1 worldwide	3D printing, aeronautics, oil & gas
Performance Additives		
Thiochemicals	No. 1 worldwide	Animal nutrition, energy, biofuels, solvents, polymers
Specialty surfactants	No. 1 worldwide in crop nutrition	Crop nutrition, infrastructures, mineral extraction, energy
Organic peroxides	No. 2 worldwide	Polymers, renewable energies
Hydrogen peroxide	No. 3 worldwide	Paper pulp, chemical products, water treatment, disinfection, electronics
Molecular sieves	No. 2 worldwide	Energy, gas separation, petrochemicals, healthcare (medical oxygen), buildings, pharmaceutical packaging

(1) Sources: internal estimates based notably on market studies.

Arkema's main competitors in these markets are Evonik, Ems-Chemie, Syensqo, Kaneka, Kureha, Wanhua, Victrex and DuPont in High-Performance Polymers, and Chevron Phillips Chemical, Evonik, Nouryon, Clariant and Syensqo in Performance Additives.

Main growth drivers

Due to their properties, Advanced Materials serve a very broad range of markets. They are particularly well positioned to address growing demand for sustainable materials, thus offering attractive growth prospects.

Advanced Materials and in particular specialty polyamides, or PEKK, are especially sought after for materials lightweighting in several markets such as automotive, aeronautics, sports equipment and wind power. These materials can be used as a substitute for metal in a certain number of applications, thereby significantly reducing the weight of vehicles and their CO_2 emissions. 3D printing also helps to meet this goal by designing complex parts that replace traditional metal components. Arkema has therefore developed a comprehensive range of unique solutions for these markets, with PVDF, Pebax® and polyamide 11.

In addition, in order to address the challenge of natural resources preservation, Advanced Materials offer a broad range of innovative solutions in:

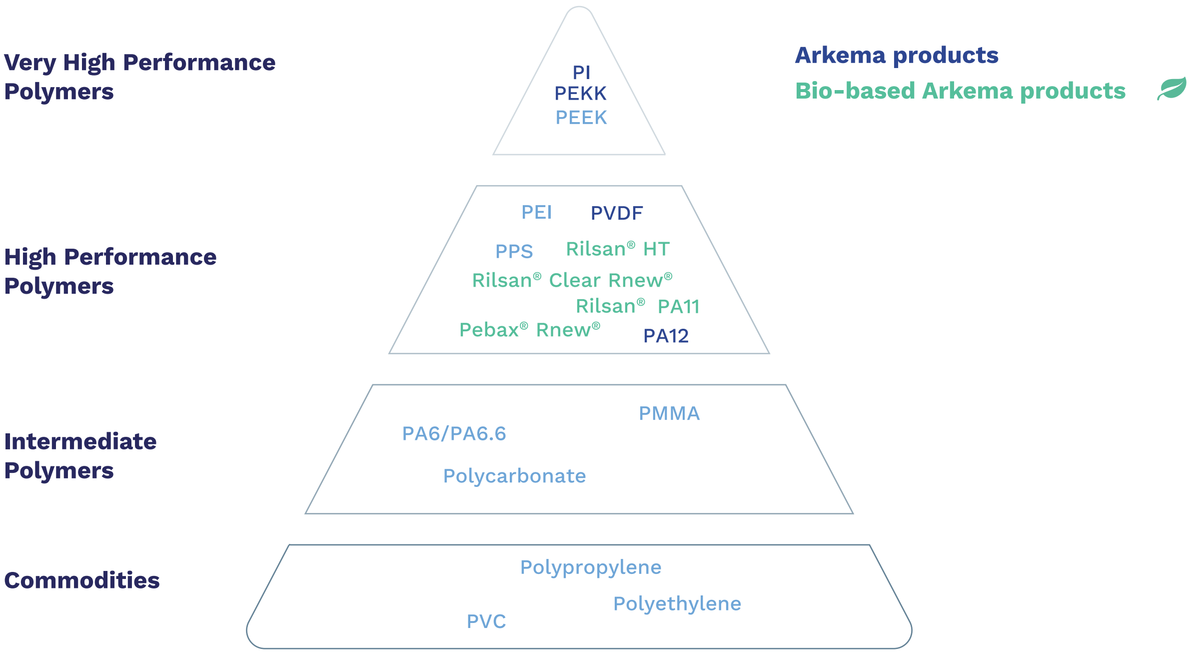
- green energy, where Arkema's materials are widely used in the lithium-ion battery and photovoltaics markets, and in biofuels with DMDS. The Group is also working on highly promising new solutions for batteries (electrolyte salts, thermoplastic composites for cases, Forane® 1233zd for cooling systems, polyimides, hydrogen peroxide for recycling, surfactants for lithium extraction) and for hydrogen;
- bio-based and bio-attributed solutions such as polyamide 11, derived from castor oil, or bio-surfactants, thereby helping to reduce consumption of fossil fuel-based raw materials;
- recyclable solutions or solutions contributing to improved recyclability, to address resource scarcity and end-of-life products. With this in mind, Arkema, through its subsidiary Agiplast, launched a new range of recycled high performance polyamides in 2022; and
- low-carbon solutions using renewable or low-carbon energy sources. In 2024, the carbon footprint of Rilsan® polyamide 11 was further reduced and has now reached less than 1.3kg CO_2e/kg [1], which, taking into account that this resin is bio-based, represents a saving of around 80% compared with traditional polyamide resins using raw materials of fossil origin and conventional energy sources.

More generally, Arkema's Advanced Materials addresses the growing needs of the world population in the areas of water treatment and management (specialty polyamides, Kynar® PVDF, hydrogen peroxide), electronics (high performance polymers, polyimides), animal nutrition (intermediates for methionine), consumer goods (high performance polymers for sports, technical textiles, etc.) and energy efficiency solutions for buildings (Forane® 1233zd-based insulating foam).

Main assets

Arkema has strong foundations to develop innovative, high performance solutions for cutting-edge markets and support its customers in their growth. In particular, it holds strong positions notably in leading-edge technologies: high-performance polymers, fluorospecialties and niche performance additives.

RANKING OF POLYMERS BY PERFORMANCE [2]



(1) *According to ISO14040, 14044 and 14067.*
(2) *Arkema's ranking based on available market information.*

Furthermore, supported by strong technical and commercial proximity with its customers, the Group:

- holds leading commercial positions and is one of the world's leading players in its main product lines (see above table entitled "Main products and markets");
- dedicates significant resources to innovation, enabling it to regularly launch new applications on the market and provide customers with the technical support they need. In 2024, Advanced Materials thus spent 3.6% of sales on R&D;
- forges partnerships:
  - technological long-term partnerships with industrial customers that are leaders in their field, such as Hexcel in aerospace composites, with Prologium in materials for lithium ceramic batteries, and EOS and HP in 3D printing. Arkema also regularly invests in start-ups, like its 2024 investment in Tiamat in France, which specializes in high-performance batteries,
  - strategic partnerships to secure and decarbonize its supply. Arkema has thus signed a long-term contract with ENGIE for the supply of 300 GWh/year of biomethane in France from 1 January 2023. This contract, along with ongoing energy efficiency projects, enable Arkema to achieve further significative reduction of carbon footprint of its bio-based Rilsan® polyamide 11 and Pebax® Rnew® elastomer ranges;
- offers innovative and more sustainable solutions in collaboration with leading companies in their sectors. For example, Arkema won the 2023 ICIS (Independent Commodity Intelligence Services) award for "best innovation by a large company" with its partner ON for the development of the Cloudneo running shoe, a high-performance running shoe made entirely from bio-based polyamide resins and designed to be 100% recyclable;
- draws on well-known brands such as Rilsan®, Kynar®, Kepstan®, Pebax®, Luperox® and Carelflex® that help secure customer loyalty;
- offers a unique portfolio of high-performance bio-based solutions including notably Rilsan® polyamide 11, bio-based Pebax® Rnew® (thermoplastic elastomer), Rilsan® ClearRnew® (bio-based transparent polyamide), for which Arkema is the world's only producer, and Sensio™ biosurfactants; and
- serves these markets worldwide thanks to a competitive industrial footprint on three continents. This geographical presence was recently extended with a production unit for polyamide 11 and its monomer in Singapore, along with units in China to develop the specialty polyamide range.

Ambition, strategy and projects

Ambition

The Group is targeting average annual organic sales growth of 6% for the Advanced Materials segment over the period 2024-28, and an EBITDA margin of 23% by 2028.

Strategy

To support its ambition, the segment will focus on four strategic priorities:

- accelerating growth thanks to new developments stemming from innovation and high value-added applications in three fast-growing markets driven by global megatrends: green energy and electric mobility, bio-based solutions and electronics;
- delivering the roadmap and implementing synergies relating to completed acquisitions, in particular those announced as part of the acquisition of a majority stake in PI Advanced Materials;
- ensuring the ramp-up of recently completed major investments; and
- preparing for the next stage of segment growth through the implementation of new projects (announced at the Capital Markets Day (CMD) in September 2023). Arkema particularly intends to maintain a high level of investment and innovation in Advanced Materials in order to meet the exponential demand for sustainable and high performance materials.

Although future growth in Advanced Materials is expected to remain essentially organic, Arkema does not exclude the possibility of making bolt-on acquisitions in order to strengthen its portfolio of technologies in fast-growing markets.

Main projects completed or underway

Investments

In Advanced Materials, Arkema has completed or is in the process of completing several major investment projects.

In 2024, Arkema finalized the startup of its new Amino-11 and bio-based Rilsan® polyamide 11 production facility in Singapore, a major 450 million-euro investment that will increase global amino-11 production capacity by 50% and also include facilities in China to develop the specialty polyamide range.

A capacity expansion for Pebax® elastomers was also started-up in France in 2023, for the sports market in particular, where these lightweight, very high-performance solutions are increasingly in demand.

Capacity expansions were recently made across three productions sites to support the growth in lithium-ion batteries and other key markets such as water filtration, high-performance coatings and semiconductors. Arkema has increased its fluoropolymers capacity at its Changshu site in China by 50%, which came on stream mid-2023, and increased the PVDF capacity at its Pierre-Bénite site in France by 50% in early 2024. At the start of 2025, Arkema also announced a 15% capacity expansion of its PVDF production site in Calvert-City (USA), with start-up planned for mid-2026. Nevertheless, taking into account the slower pace of development of the EV market, the significant projects announced at CMD 2023 in that field are still under review.

In fluorospecialties, the Group is working to develop high value-added applications that are in line with its sustainable innovation trajectory. Arkema has thus developed 1233zd, a new generation of fluorospecialties with low emissive impact, used as a new blowing agent in polyurethane foams for insulation and in new applications such as electric vehicle battery thermal management. Arkema invested in a 1233zd production unit with a capacity of around 15 kt/year at its Calvert City site in the United States, the initial start-up phases of which began in late 2024.

Lastly, to secure its supply of hydrofluoric acid in the United States at a stable and competitive price, Arkema signed a long-term supply agreement with Nutrien Ltd for the supply of its fluorogases and fluoropolymers production site in Calvert City. As part of this agreement, a 40 kt per year hydrofluoric acid production plant at Nutrien's Aurora site in the United States was built. In line with the Group's climate plan, this investment will moreover help reduce the Group's overall energy consumption and greenhouse gas emissions.

Lastly, at the CMD in September 2023, Arkema announced two new investments scheduled to begin in 2025, for:

- a 35% increase in global production capacity at its Beaumont site in the United States for DMDS (dimethyl disulphide), a key additive for the production of renewable fuels. With this project, Arkema is keen to support the strong growth of the biofuels market, driven by the decarbonization objectives of the road and air transportation; and
- a 2.5-fold increase in the organic peroxides production capacity at its Changshu site in China. This investment, of around €50 million, will enable the Group to support its Asian customers in fast-growing markets, particularly in renewable energies.

	Project description	Site	Main markets
High Performance Polymers			
Specialty polyamides	+50% global production capacity of amino 11 monomer and polyamide 11	Singapore	Automotive, 3D printing, consumer goods such as sports and electronics
	Polyamide 11 powder plant	Changshu, China	Sustainable home appliances, transportation, 3D printing
	+40% global production capacity of Pebax® elastomers	Serquigny, France	Sports, consumer goods
Fluoropolymers	+50% production capacity	Changshu, China	Lithium-ion batteries, water filtration, semiconductors, coatings
	+50% production capacity	Pierre-Bénite, France	Lithium-ion batteries
	+15% production capacity	Calvert City, United States	Lithium-ion batteries, semiconductors, cables
Fluorospecialties	New ~15 kt/year Forane® 1233zd unit	Calvert City, United States	Thermal insulation, lithium-ion batteries
Performance Additives			
Thiochemicals	+35% global production capacity of DMDS	Beaumont, United States	Biofuels
Organic peroxides	+150% production capacity	Changshu, China	Renewable energies, photovoltaic panels

Partnerships

Arkema is also actively expanding its partnerships in Advanced Materials.

In batteries, Arkema invested in Verkor, a French start-up specialized in high performance batteries, in 2021, and more recently in Tiamat, a pioneering start-up in sodium-ion battery technology.

In its thiochemicals business, Arkema has partnered with the Korean group CJ CheilJedang (CJ) in two manufacturing joint ventures, Arkema Thiochemicals Sdn. (86% owned by Arkema and 14% by CJ) and CJ Bio Malaysia Sdn. Bhd. (86% owned by CJ and 14% by Arkema). As part of this partnership, Arkema Thiochemicals Sdn. Bhd., from its Kerteh facility, supplies all the methylmercaptan (MeSH) volumes used by CJ Bio Malaysia Sdn. Bhd. for the manufacture of methionine at its production unit located on the same industrial site.

In the United States, Arkema Inc. is collaborating with Novus International, Inc. for 20 years in the context of a long-term contract to produce 3-methylthiopropionaldehyde (MMP), an intermediate in the manufacture of methionine, at its Beaumont site in the United States.

Lastly, Arkema had signed a long-term agreement with Vencorex France, for its Hydrogen Peroxide activities in France, to supply the salt needed to produce chlorine/soda and chlorates at its Jarrie site. Following the abrupt cessation of this supply when Vencorex was placed in receivership, Arkema has presented to its works councils a project to reorganize the activities of the Jarrie site, refocusing on hydrogen peroxide, chlorate and perchlorate activities. This project would result in the shutdown of chlorine, soda, methyl chloride and technical fluids production activities, and the loss of 154 jobs. The project is subject to the information and consultation of Arkema's works councils.

Acquisitions

Arkema pursues a policy of targeted acquisitions to strengthen its positioning and expand its portfolio of sustainable solutions.

On 1 December 2023, Arkema finalized the acquisition of a 54% stake in the South Korean listed company PI Advanced Materials (PIAM), based on a €728 million enterprise value.

PIAM's ultra-high-performance polyimides are cutting-edge materials offering exceptional heat resistance, dimensional stability, flexibility and electrical insulation. This acquisition is in line with the Group's strategy of expanding into high-growth applications driven by global megatrends, such as electronics, semiconductor manufacturing and electric vehicles. Leveraging PIAM's two production sites in South Korea, whose capacities have recently been increased, as well as its two R&D centers, the Group aims to accelerate PIAM sales, targeting significant sales growth over the next few years, driven by new cutting-edge applications in 5G antennas, high-definition OLED displays, flexible screens and electric vehicles. Given the complementarity of PIAM's activities with Arkema's other activities, this growth incorporates significant synergies whose contribution to EBITDA is estimated at around €30 million within the next five years. PIAM's sales and results were impacted in 2023 by the sharp slowdown in the electronics market, which affected all players in this sector. Market conditions were slightly more favorable in 2024, enabling PIAM to improve significantly its results.

In 2024, Arkema acquired a majority stake of nearly 78% in Proionic, a leading start-up in the production and development of ionic liquids, which are key components for the next generation of lithium-ion batteries, with sales of around €2.5 million. Also in the field of batteries, Arkema has acquired a stake in the start-up Tiamat, which designs and markets sodium-ion batteries, a new lithium-free technology.

Divestments

At the same time, Arkema is continuing the repositioning of its portfolio on its strategic activities with disposals of certain activities that are no longer part of its core business. This was the case with the phosphorus derivatives business (Febex), which was sold in January 2023 and generated annual sales of around €30 million.

1.2.3 Coating Solutions

The Coating Solutions segment includes the entire range of Arkema's materials and technologies for the coatings market (decorative paints, industrial coatings, and high-tech coatings for high-growth markets such as advanced electronics, electric mobility, 3D printing and renewable energies). Thanks to its high-performance solutions, innovative technologies and strong customer proximity, Arkema is a global leader in this market, that is exposed to increasingly strict environmental standards. This coherent group of activities is backed by a competitive upstream in acrylics.

The segment is organized into two Business Lines: **Coating Resins** and **Coating Additives.**

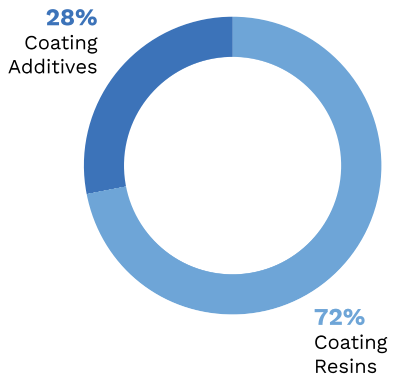
Coating Solutions at a glance

Key figures

(In millions of euros)	2024	2023	2022
Sales	2,455	2,402	3,250
EBITDA [(a)]	301	327	593
EBITDA margin [(a)] *(%)*	12.3%	13.6%	18.2%
Recurring operating income (REBIT) [(a)]	174	201	466
REBIT margin [(a)] *(%)*	7.1%	8.4%	14.3%
Recurring capital expenditure [(a)]	141	115	127
Capital employed [(a)]	1,533	1,448	1,520

(a) Alternative performance indicator: please refer to note 4 to the consolidated financial statements at 31 December 2024 in section 5.3.3 of this document for concordance tables and definitions.

TOTAL SALES BY BUSINESS LINE



Main products and markets

	Rank [1]	Main markets
Coating Resins		
Acrylic monomers	No. 2 worldwide	Coatings (decorative paints and industrial coatings), superabsorbents, adhesives, water treatment, energy
Coating resins	No. 4 worldwide	Decorative paints, industrial coatings, sealants, adhesives, electric mobility, energy-efficient housing
Coating Additives		
Photocure resins (Sartomer)	No. 2 worldwide	Industrial coatings, graphic arts, renewable energies, optics, advanced electronics, 3D printing
Rheology additives (Coatex)		Paper, paint, water treatment, detergency, cosmetics, textiles

(1) Sources: internal estimates based notably on market studies.

Arkema's main competitors in the Coating Solutions segment are BASF, Nippon Shokubai, Dow, Allnex, Covestro, Miwon and Eternal.

Main growth drivers

Over the next few years, the expansion of the Coating Solutions segment should be driven by growing demand for more sustainable, decarbonized, high-performance and easy-to-use solutions, notably addressing the challenges of resource preservation, decarbonization, electric mobility and technological disruptions.

For several years, the paints and coatings market has had to adapt to increasingly stringent environmental requirements. Thanks to the continued development of a range of solvent-free powder resins and photocure resins, water-based emulsions, as well as solutions derived from recycled raw materials, bio-based and bio-attributed mass-balance solutions, the Coating Solutions segment offers its customers more environmentally friendly solutions to meet the growing demand for products with a smaller carbon footprint and comply with increasingly demanding standards on low emissions of volatile organic compounds.

The challenges of decarbonization and circularity are accelerating the development opportunities of these cutting-edge technologies towards new substrates and new applications.

Main assets

To pursue its development, the Coating Solutions segment can notably capitalize on:

- its positioning among the leading world players in its various product lines (see above table entitled “Main products and markets”);
- its integration across the entire value chain, with competitive, world-scale plants in acrylics and, downstream, businesses specializing in solutions for coatings;
- one of the broadest ranges of products and technologies on the market: a unique downstream offering spanning all cutting-edge technologies (performance resins and additives for powder, UV/LED/EB, water-based and high solid systems). The Coating Solutions segment aims to broaden its sustainable offering by increasing the proportion of products with a lower carbon footprint. The segment recently launched ethyl acrylate, based exclusively on bio-based ethanol. In addition, several of the Group's production sites for acrylic monomers, UV photocure resins, additives and water-based specialty resins have obtained Mass Balance ISCC+ certification, across all regions;
- customer proximity thanks to its commercial excellence program and the implementation of effective digital tools;
- long-term partnerships with customers that are leaders in their markets, whether in acrylics or various downstream activities. Within this framework, the Group also implements co-innovation projects to develop more sustainable solutions with various partners in its value chain;
- solid R&D capabilities, with five R&D centers around the world specializing in materials for coatings. Beyond providing technical assistance to segment’s customers, these centers contribute to the development of innovative low environmental impact solutions (formulations with low volatile organic compound content, bio-based products, solutions enabling less energy-intensive applications, etc.); and
- a global industrial footprint.

Ambition, strategy and projects

Ambition

Arkema is targeting an increase in organic sales of 3% per year on average for its Coating Solutions segment over the period 2024-28, with an EBITDA margin target of 17% by 2028.

Strategy

To support its ambition, the segment will focus on three strategic priorities:

- continue optimizing its operational integration model. Arkema is implementing additional measures on operating efficiency, energy optimization and reinforced integration between upstream and downstream acrylics, to support growth and improve the segment's overall performance and resilience;
- accelerate the development of more sustainable solutions with a lower carbon footprint. The Coating Solutions segment will expand its sustainable offering through the use of materials of bio-based or circular origin and of solutions with low volatile organic compound content, thus addressing customers' growing needs for solutions that are ever more respectful of well-being and the environment;
- stimulate growth through the One Arkema approach, offering a differentiated value proposition thanks to the complementarity and synergies across the Group's business segments. This complementarity and these synergies are effective in a variety of markets, from batteries and electronics through to coatings and sealants for efficient building and homes.

Main projects completed or underway

Investments

Arkema has completed various investment projects over the last three years, with others still in progress.

In 2023, the Group announced a €130 million investment in its Carling acrylic monomer site in France. This project is part of its decarbonization program and is being partly funded by the French government under the France 2030 program, managed by ADEME, and financed by the European Union (NextGenerationEU). The aim is to implement a new patented purification technology by 2026, enabling the improvement of the Carling site's operational efficiency and environmental footprint toward the highest standard. The investment will enable to cut the site's CO_2 emissions by 20%, thus contributing to the Group's ambitious climate plan on a 1.5°C trajectory by 2030, validated by the SBTi.

The Group also doubled its polyester resin capacity in India in 2022 and its photocure resin capacity in China at the end of 2023.

	Project description	Site	Main markets
Coating resins			
Polyester resins	Doubling of production capacity in India	Navi Mumbai, India	Powder coatings
Acrylic monomers	New purification technology to decarbonize the site and optimize its competitiveness	Carling, France	Coatings, adhesives, water treatment
Coating additives			
Photocure resins (Sartomer)	Doubling of production capacity in China	Nansha, China	Electronics, 3D printing, renewable energies

Partnerships

The Coating Solutions segment has formed several major partnerships to support its customers' growth and reduce their carbon footprint.

In the field of 3D printing, for example, Arkema has forged strategic partnerships with Carbon®, a world leader in digital printing, and with Continuous Composites, creator of the patented Continuous Fiber 3D (CF3D®) printing technology.

Regarding the carbon footprint reduction of the Group's products, in the United States, Arkema now benefits from solar energy at its Clear Lake site for its acrylic monomers, and from a long-term power purchase agreement with EDF Energy Services, LLC, providing wind power that will eventually cover 100% of the annual consumption of the Bayport site of the American Acryl L.P. joint venture with Nippon Shokubai America Industries, Inc.

Acquisitions

Arkema carries out bolt-on acquisitions to continue to strengthen its portfolio of technologies and its geographic presence in downstream activities.

On 1 September 2022, Arkema finalized the acquisition in Mexico of Polimeros Especiales, specialized in waterborne acrylic resins for a broad range of applications in markets such as architectural and decorative paints, textiles, pressure-sensitive adhesives and construction. This acquisition will allow Arkema to strengthen its position in this fast-growing region.

Operational excellence and integration

As part of its drive to raise its overall performance and resilience, the Coating Solutions segment is rolling out an operational excellence program and strengthening value chain integration between acrylics and its downstream activities (coating resins, photocure resins, additives).

Arkema is also working to secure its supply of propylene, a strategic raw material for its Coating Solutions segment. In France, Arkema entered into a contract with Total Petrochemicals France (TPF) for the supply of propylene to its Carling site (for further details, see section 2.1.3 of this document). In the United States, the Group has a long-term contract with Enterprise Products Partners L.P. for the supply of propylene produced by propane dehydrogenation (PDH).

Lastly, Arkema continues to strengthen the downstream integration of its acrylics business, already relatively strong in the United States and Europe but still limited in Asia, through the development of long-term partnerships with industry leaders, the geographic expansion of downstream activities in high-growth regions and acquisitions downstream of its value chain.

1.2.4 Intermediates

The Intermediates segment combines two activities in which the Group has strong positions and high quality assets, but in which results are more volatile: Fluorogases and Asia Acrylics.

Intermediates at a glance

Key figures

(In millions of euros)	**2024**	2023	2022
Sales	768	797	1,020
EBITDA [(a)]	198	213	306
EBITDA margin [(a)] *(%)*	25.8%	26.7%	30.0%
Recurring operating income (REBIT) [(a)]	157	170	245
REBIT margin [(a)] *(%)*	20.4%	21.3%	24.0%
Recurring capital expenditure [(a)]	21	28	20
Capital employed [(a)]	218	266	300

(a) Alternative performance indicator: please refer to note 4 to the consolidated financial statements at 31 December 2024 in section 5.3.3 of this document for concordance tables and definitions.

Strategy

Arkema intends to implement differentiated strategies for each of its Intermediates businesses, in order to maximize their value and progressively reduce their share. The Group is thus reviewing various alternatives that may include divestments and partnerships.

Description and main projects of the Intermediates businesses

Fluorogases

Fluorogases offers a range of HCFCs and HFC products under the Forane® brand.

Their main competitors being Chemours, Honeywell, Orbia and several Chinese players.

These products are used in refrigeration, air-conditioning and foams. These so-called "emissive" uses are subject to regulatory changes, which may weigh on volumes and lead to selling price volatility, sometimes high.

The implementation of the Montreal and Kyoto Protocols, and the Kigali Amendment has led to a gradual transition from older generations of refrigerants (HCFCs) to existing generations (HFCs) and then to new generations of refrigerants with low global warming potential (HFOs), with timeframes that vary by region, application and product.

In Europe, the F-gas regulation, which aims to reduce the volumes brought to market by over 80% between 2015 and 2030, resulted in the introduction of a quota system aiming to gradually reduce or, in a few cases, ban the use of HFCs in certain applications. In March 2024, this regulation was revised to incorporate the European Union's goal of zero HFCs by 2050, and thus a new trajectory for reducing the consumption of these products between 2024 and 2049 in the EU. The additional impact of this latest revision on the Group's activities is very limited.

Similarly, the United States has introduced regulations (AIM Act), aiming to progressively reduce the production and consumption of HFCs by 85% over 15 years through the implementation of quota allocations starting in 2022. As for sales of HCFC-22, which have accounted for a significant share of earnings in the region in recent years, their contribution should completely disappear by the end of 2025.

Lastly, in Asia, sales allowances have been implemented in line with the Kigali Amendment.

Asia Acrylics

Through its subsidiary Taixing Sunke Chemicals, specialized in the production of acrylic monomers in China, Arkema has a production capacity of 480,000 tonnes of acrylic acid per year.

1.3 Corporate departments

The corporate departments provide continuous support to Arkema's business segments, mainly in the areas of industry, accounting, taxation, legal affairs, IT, human resources and communication. They play a key role in enhancing Arkema's operational excellence and have enabled the Group to become one of the most efficient companies in its industry in numerous areas.

Under the authority of the Executive Committee and in particular the corporate Executive Vice-Presidents (see section 3.2.2.2 of this document), the corporate departments are responsible for ensuring the overall coherence and control of Arkema. More specifically, they coordinate procurement and logistics and maintain expertise in such key areas as safety, the environment, R&D and process control.

Some of the corporate departments work for Arkema as a whole. This is notably the case for Internal Audit and Internal Control, Communication, Investor Relations, Accounting, Controlling, and Legal Affairs.

As an exception to the general organizational principles governing the corporate departments, the Raw Materials and Energy Procurement department and the Commercial Excellence department report directly to the Chief Operating Officer.

In addition, the R&D and legal affairs departments report directly to the Chairman and Chief Executive Officer, reflecting their importance for the Group.

The table below shows Arkema's corporate departments at 31 December 2024.

Corporate departments	Units within the corporate department	Main responsibilities
Human Resources & Communication	HR Development	Ensure that the Group has the people and skills it needs to carry out its strategy
	Labor Relations and Remuneration Systems	Implement lasting solutions to facilitate social dialogue within the Group
	Institutional Relations	Establish and maintain constant dialogue between the Group and its various stakeholders
	Communication	Communicate and share the Group's strategy and ambitions with external parties (customers, journalists, civil society representatives and the general public) and with employees internally
Industry & CSR	Safety and Environment	Manage personal and environmental risks by implementing a management system that meets the highest international standards and by instilling a culture of excellence in health, safety and the environment (HSE) across the Group
	Sustainable Development	Roll out the sustainable development strategy validated by the Executive Committee and coordinate initiatives relating to corporate social responsibility, product stewardship and regulatory compliance
	Technical/Construction	Oversee the design and construction of new industrial facilities, leverage technical expertise and organize technical support for the Group's operational units
	Supply Chain	Optimize customers' supply chain by meeting their quality of service expectations, while also optimizing Arkema's working capital and transportation costs both safely and responsibly
	Operational Excellence	Develop a culture of operational efficiency to ensure the competitiveness of Arkema's industrial sites
	Goods and Services Procurement	Develop and deploy a goods and services procurement strategy that optimizes the operating costs and investments of Group entities over the long term
	Processes	Coordinate the development of process optimization and technological innovation policies in the Group's various businesses
Finance	Accounting/Consolidation	Prepare the Group's consolidated financial statements in accordance with IFRS. Define the guidelines and help optimize the preparation of financial statements by Group subsidiaries by setting up shared services centers
	Controlling	Prepare performance analyses. Organize the budget process, financial forecasts and the monitoring of financial objectives
	Financing/Treasury	Set up the financing of activities and cash management, manage banking relationships and anticipate the Group's strategic developments
	Taxation	Ensure compliance with tax laws and regulations, documentation of intragroup transactions and follow-up of tax audits

Corporate departments	Units within the corporate department	Main responsibilities
Finance	Information Systems	Define the Group's information systems strategy, organize its networks, infrastructure and applications and ensure their secure and optimized management, supervise the implementation of IT projects, and support users in their application of IT solutions and their adoption of new practices
	Investor Relations	Manage investor and analyst relations, organize the annual general meeting and contribute to communicating the Group's strategy
	Digital Transformation	Define the Group's digital transformation strategy and roadmap Implement the appropriate governance and organizational structure Coordinate the various actions taken by the digital managers appointed within the corporate departments and activities
	Internal Audit/Internal Control	Define internal control guidelines and ensure their application within the Group's various entities
Strategy	Acquisitions/Divestitures	Manage acquisitions and divestitures, as well as joint venture projects
	Planning/Economic Studies	Undertake the studies and analyses necessary to guide the Group's strategic decisions
	Insurance	Set up and manage all forms of insurance coverage (property damage, civil liability, etc.)
R&D	Research Program	Drive commercial development of products and solutions with the aim of continually improving the Group's performance and enhancing its operational excellence, while contributing to sustainable development goals. Provide production facilities with new technologies and processes that will enable the Group to produce safely and competitively while reducing its environmental footprint
	Project portfolio	Coordinate R&D efforts in the five key high-growth markets and the four Group-wide R&D programs supporting sustainable innovation and contributing to the Group's CSR roadmap and the decarbonization of its value chain
	Incubator	Lead the development of breakthrough innovation products through to integration into a Group business
	Partnerships	Set up partnerships with academic research teams and industrial partners (customers, suppliers and even competitors). Manage the start-up detection program
Raw Materials & Energy Procurement	Raw Materials, Energy and Packaging Procurement	Ensure the Group is provided with a secure supply of energy, raw materials and packaging by selecting suppliers that meet the Group's competitiveness, quality, performance and security requirements and that share Arkema's expectations in terms of corporate social responsibility and the values of its Business Conduct and Ethics Code
Commercial Excellence	Global coordination and management of the sales network	Deploy best practices across the sales network. Promote cross-business cooperation and the adoption of new tools. Strengthen customer proximity and the development of associated innovations and new commercial opportunities
Legal Affairs	Legal and compliance	Ensure that operations are conducted in compliance with the applicable laws and regulations, as well as Group procedures, and participate in defending Arkema's interests

1.4 Material contracts

There are no other material contracts than the ones Arkema has entered into in the ordinary course of its business, which notably include multi-year sales contracts, agreements that relate to certain operating procedures at production sites and contracts to secure access to raw materials or energy resources. These contracts, which represent a material source of supply or financial income for certain Group activities, are described in section 1.2 or 2.1 of this document, as appropriate.

Moreover, in connection with the Spin-Off of Arkema's Businesses in 2006, TotalEnergies SE and certain TotalEnergies group companies have made certain guarantees or commitments, many of which are still in effect, for the benefit of Arkema relating to Arkema's actual or potential environmental liabilities arising from certain sites in France, Belgium and the United States, at which operations have ceased in the majority of cases. These guarantees and commitments are described in note 11.3 to the consolidated financial statements at 31 December 2024 in section 5.3.3 of this document.

RISKS AND INTERNAL CONTROL

2

The different parts constituting the annual financial report are identified in the table of contents by the pictogram AFR

2.1 Main risks

Arkema carries out its business activities in a constantly changing environment. Due to its many geographical locations and its diverse markets, customers and product ranges, the Group is exposed to a wide range of risks.

This chapter presents the main risks to which the Group considers itself to be exposed, as of the date of this document, categorized as follows, without any order of precedence being established between the risks:

- industrial risks;
- risks relating to compliance, legal proceedings, societal expectations and internal control;
- operational risks;
- economic and business risks; and
- project and innovation risks.

The occurrence of these risks could have a material adverse impact on the Group's business activities, financial position, earnings or future prospects, as well as on its image and reputation. Each risk presented has a direct link to the Group's business activity. However, the risk mitigation and prevention measures put in place continued to enable Arkema to diminish the consequences or the likelihood of these risks occurring. However, this list is not intended to be exhaustive, and other risks, of which Arkema is unaware or which the Group does not consider significant at the date of this document, could arise and adversely affect its performance.

The means implemented by Arkema to identify, assess and manage risks, particularly the set-up and regular update of its risk map, are outlined in this section as well as in section 2.2 of this chapter.

In accordance with the provisions of regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 (known as "Prospectus 3") and pursuant to the ESMA guidelines published in October 2019, risks are ranked and presented in descending order of importance in each category, based on their net negative impact after taking into account the risk management measures put in place by the Group. Arkema may alter its assessment of the order of importance of these risks at any time, notably as a result of internal or external developments.

The matrix below lists each risk factor, classifying it qualitatively according to (i) its potential negative impact and (ii) its assessment of likelihood of occurrence.

Risks related to issues addressed in detail in the sustainability report are identified by the CSR icon.

Risk category	Risks	Impact	Likelihood
1. Industrial risks	Accident	■■■■	■
	Exposure to chemicals	■■	■■
	Pollution	■■	■
	Loss of site occupancy	■	■■
2. Compliance risks	Non-compliance with business practices	■■■■	■
	Regulatory requirements and societal expectations	■■	■■■
	Litigation, arbitration proceedings	■■	■■■
	Internal control failure	■	■■
3. Operational risks	Supplier risk	■■■	■■
	Customer risk	■■■	■■
	Climate change-related transition risks	■■	■■■
	IT and cybersecurity risks	■■	■■■
	Health crisis	■■	■■
	Supply chain disruption	■■	■
	Insurance cover default or shortfall	■■	■
	Physical risk due to climate change	■	■■■■
	Lack of talent or skills	■	■■■
4. Economic and business risks	Change in raw materials prices	■■	■■■
	Geopolitical and macroeconomic instability	■■	■■■
	Strengthening competition	■■	■■■
	Financial market risks	■	■■
5. Project and innovation risks	Major technology disruption	■■■	■■
	Innovation delay, digital	■■	■■
	Risks relating to investments, acquisitions and partnerships	■■	■■
	Intellectual property and expertise	■	■■■

Impact	Very high ■■■■	High ■■■	Average ■■	Low ■
Likelihood	Very likely ■■■■	Likely ■■■	Possible ■■	Unlikely ■

From 2024, risks previously classified as financial risks will be reclassified as economic and business risks under the financial market risks section.

2.1.1 Industrial risks

The industrial risks described below are considered in view of the potential impact they could have both on Arkema and on the environment and stakeholders (notably customers, suppliers and people living nearby).

Accidents at sites, external storage or warehouse facilities, or during transportation |CSR|

Because of the very nature of the Group's operations, the level of hazard, toxicity or flammability of certain raw materials or finished products, as well as production, supply or delivery processes, different kinds of accidents (such as explosions, fires and pollution) may occur at Arkema's facilities, at storage and warehouse facilities used by Arkema or during the transportation of products and raw materials by road, rail, sea or air. In particular, Arkema operates many industrial facilities where hazardous substances that are likely to present significant risks to the health or safety of neighboring communities and to the environment are used, produced or stored. In Europe, 32 sites are "Seveso" classified (as defined by directive SEVESO 3 2012/18/EU of the European Parliament and of the Council of 4 July 2012 on the control of hazards linked to major accidents involving dangerous substances), *i.e.*, slightly more than half of the Group's European sites. Outside Europe, the Group operates facilities with similar classifications, including 21 in the United States. These classified sites accounted for approximately 51% of Arkema's total sales in 2024.

Incidents or accidents at certain Group sites may also result from natural disasters such as storms, floods, and droughts, the frequency and intensity of which may have increased due to climate change, or even earthquakes. For further details on the effects of climate change, see the "Climate change" heading in section 2.1.3 of this document.

Like other chemical sector players, Arkema owns or uses a small number of pipelines to transport hazardous chemical products. Different kinds of accidents (such as explosions, fires and pollution) may occur, for example, if a leak occurs despite the precautions taken.

Finally, Arkema may suffer the consequences of possible malicious acts against its facilities or equipment, notably those manufacturing hazardous products and/or "Seveso" classified sites.

Any accident, regardless of whether it occurs at one of the Group's production sites or during the transportation of finished products or raw materials, may adversely affect the operation of certain units at its industrial sites and cause delays in production. This could lead to commercial problems, generating significant losses in terms of sales and earnings for the activities concerned, as well as significant potential costs, in particular due to administrative authorizations or insurance deductibles and damages not covered by current insurance policies. Should an accident occur, Arkema could also be held liable (i) owing to injury or damage to people (notably due to exposure to hazardous substances being used, produced or destroyed by Arkema or present on its sites), and/or to property, or (ii) for having caused damage to natural resources. In addition, any accident may give rise to compensation claims on grounds of contractual liability (in particular in its role as the shipper, in the case of transportation), tort liability or, as appropriate, product liability.

Risk management

In order to best prevent the risk of accidents, the Group defines scenarios that enable it to assess and anticipate the consequences of the various events which may cause them. As part of its preventive measures, all Arkema facilities and activities worldwide are also covered by a Group-wide safety management program adapted to the risks that each may face. Details are provided in section 4.2.2 of this document.

Managing the risk of accidents linked to transport and storage includes finding less dangerous means of transport, regularly maintaining equipment, and selecting and monitoring transport and logistics service providers. For more information about these measures, see section 4.2.2.2.9 of this document.

Security directives are regularly updated in line with recommendations from the public authorities in order to strengthen the security of the Group's industrial facilities. In France, the Group's upper-tier Seveso sites are regularly subject to security audits by the authorities. As of the date of this document, these audits have not revealed any significant deviations from the required standards. They did, however, enable minor adjustments to be made where necessary. In addition, in the context of continued high caution surrounding potential terrorist attacks and malicious acts, additional security measures have been put in place.

Lastly, in order to effectively manage potentially critical situations on Group sites and during transportation, Arkema has defined crisis management procedures for its various plants based on the Group Crisis Management directive. A year-round on-call system enables the Group to supervise any crisis that may occur by setting up a dedicated crisis management team. The Group also regularly offers training courses in "Crisis management and communication" and conducts simulations of crises and of setting-up of crisis management teams.

Exposure to chemicals |CSR|

Arkema uses and has previously used substances for the manufacture of its products, on several industrial sites located in and outside the European Union, and in the past in its industrial facilities, which are, could have proved or could prove to be toxic or hazardous for health or that are or could be suspected of being toxic or hazardous.

Employees and former employees of Arkema and, in some cases, employees of external companies and service providers, Arkema customers, people living near Arkema's industrial sites and other individuals may have been exposed or may still be exposed to these substances following a specific event, such as a natural disaster or an industrial accident, or through chronic exposure (by ingestion, inhalation, skin contact and others) and, as a result, have developed, may claim to have developed, or could develop specific illnesses from such exposure. In addition, for certain substances, used by the Group or present in the products that it markets, that are currently regarded as risk-free or whose use has not been regulated otherwise, chronic toxicity, even at very low concentrations or exposures, could be discovered in the future.

Certain Group products may moreover be used directly or indirectly in sensitive applications, such as medical and food applications, and could expose certain individuals to risk if their toxic or hazardous nature were to be revealed in the future.

In the event that specific pathologies were to be linked to substances used by the Group or present in the products that it sells, the Group cannot rule out the possibility that it may be held liable. In 2024, 32 occupational illnesses were reported by employees or former employees Group-wide in France, of which 17 were related to exposure to asbestos and 6 to exposure to chemicals. These figures include illnesses not yet included in the tables listing occupational illnesses. In France, four Group sites have been included by ministerial decree on a list of sites whose current employees would be entitled to the early retirement provisions for asbestos workers. The Group cannot exclude that other Group sites may be added to the list in the future. For further details, see section 4.2.3.1.8 of this document.

Should Arkema be held liable, the amounts covered by provisions could prove to be insufficient due to the intrinsic uncertainties involved in projecting expenditure and liabilities relating to chemical exposure. For further details, see section 5.3.3 of this document.

Risk management

The Group has implemented initiatives and policies to ensure the responsible management of its products, to limit the risks of damage to people's health and safety, and in particular takes these aspects into account in product design and value chain management.

The Group has therefore put in place safety and monitoring procedures for its products and the products it uses in its manufacturing processes and regularly conducts research on the toxicity of all its products. It has also developed a tool for monitoring individual exposure to toxic products. The Group also monitors scientific research on its activities and invests in research wherever necessary. The Group also ensures that its activities, the products it uses and the products it markets comply with regulations. It therefore employs regulatory experts supported by a global network of correspondents based in its industrial sites and within its businesses and subsidiaries, and experts in physicochemistry, toxicology and ecotoxicology who work to improve knowledge and understanding of the hazard characteristics of the substances and products used, manufactured, imported and marketed by Arkema. The various procedures in place are described in section 4.2.2 of this document.

Arkema may, if necessary, be forced to withdraw certain products from the market or to cease using certain substances or find substitutes for them in its manufacturing processes, particularly in certain sensitive markets. In the particular case of medical applications, Arkema has put in place strict rules governing the applications for which Arkema markets its products. In addition, two committees – the Europe/Asia Medical Device Risks Committee and its equivalent for the Americas – are responsible for giving their preliminary opinion regarding all decisions in this area. These two committees communicate regularly to coordinate opinions while taking into account the specific regulations of each region.

In addition, the Group has set up alert procedures to react to any identified risk of exposure to chemicals as quickly as possible, and to take the necessary risk management measures (for further details, see section 4.2.3.1.8 of this document).

In order to manage risks to the health and safety of its employees who may potentially be exposed to toxic or hazardous substances in the workplace, the Group ensures that they benefit from medical monitoring adapted to the specific risks related to their activities. When they leave the Group, particularly for retirement, they may benefit, in accordance with applicable legislation, from post-occupational medical monitoring. For further details, see section 4.2.3.1.8 of this document.

Pollution at sites, warehouse facilities or during transportation |CSR|

Arkema has activities in business areas that entail significant environmental liability risks, with respect to both the operation of its industrial units and to accidents resulting in pollution at one of Arkema's production sites, at a warehouse or during the transportation of products manufactured by Arkema. The Group cannot rule out the possibility that claims will be made in connection with its operations or products, seeking to hold it liable for uninsured events or for amounts exceeding the cover limits. Should Arkema be held liable for environmental claims, the amounts covered by provisions or included in its investment plans could prove to be insufficient due to the intrinsic uncertainties involved in projecting expenditure and liabilities relating to the environment. In particular, the assumptions used to determine these provisions and investments may need to be adjusted, mainly due to changes in regulations, changes in the interpretation or application of regulations by the relevant authorities, the technical, hydrological or geological constraints of environmental remediation or the identification of as yet unknown pollutants. Moreover, achieving compliance with environmental protection regulations for Arkema sites that are still in operation or were previously operated, or for sites where operations have ceased, is likely to generate substantial financial costs for Arkema.

Contingent environmental liabilities and provisions are detailed respectively in notes 11.2.1 and 11.1.2 to the consolidated financial statements at 31 December 2024 in section 5.3.3 of this document.

Risk management

Environmental risk is managed by the implementation of a policy defined and monitored by the Environmental Remediation team within Arkema's Safety and Environment department. This policy is rolled out within its various businesses under the responsibility of the industrial Vice-Presidents. The components of this policy are detailed in section 4.2.2 of this document.

Arkema also benefits from guarantees from subsidiaries of TotalEnergies SE with respect to former industrial sites, which were granted prior to Arkema's stock market listing. A description of these guarantees can be found in note 11.3 to the consolidated financial statements at 31 December 2024 in section 5.3.3 of this document.

Loss of occupancy of certain industrial sites

Arkema owns most of the land on which its industrial sites are built, but some of the Group's industrial facilities in its worldwide network, especially in Asia, are located on land that belongs to third parties, either due to local regulations or for technical or strategic reasons. In such cases, Arkema occupies the land under the terms of leases or similar agreements. If these agreements were to be terminated or not renewed, or if a site were to be expropriated, it could lead the Group to incur significant expenses related in particular to the demolition of existing facilities, the clean-up or remediation of these sites or the reconstruction of new facilities. The Company may even be forced to cease certain production activities. All these consequences could, among other things, have a material adverse impact on its business activities, financial position and earnings. Such an event could lead to several scenarios, including having to move production (and thus incur the costs this would involve), or a loss of earnings or margins. For further details on the location of the Group's industrial sites around the world, see the "Profile, ambition and strategy" section of this document.

Risk management

When negotiating contracts, Arkema secures its right to occupy land by implementing sufficiently long terms and lengthy notice periods. Contractual expiration dates are monitored regularly to anticipate any problems regarding renewals. Where applicable, in the event of an expropriation, the Group endeavors to negotiate compensation with a view to reducing future costs related to rebuilding or relocating the units concerned.

2.1.2 Compliance, legal proceedings, societal expectations and internal control

Non-compliance with business practices |CSR|

Unethical conduct by Arkema, its employees or third parties acting in its name and/or on its behalf, or conduct that does not comply with applicable laws and regulations, particularly with respect to corruption or fraud, could expose the Group to legal action that could result in financial penalties and damage its reputation.

The Group operates in many countries worldwide, including countries that rank high on Transparency International's Corruption Perceptions Index. As indicated in section 4.2.4.2.2 of this document, Arkema pays special attention to the commercial intermediaries it uses in order to prevent situations that could lead to corruption or fraud. Despite this vigilance, there is still a risk that an intermediary may violate anti-corruption laws, resulting in liability on the part of Arkema. Moreover, 21 of the countries in which the Group operates are subject to financial or commercial restrictions and some of the Group's products fall within the definition of dual-use goods regulated by international conventions (notably diethylamine and diisopropylethylamine), which limits their marketing potential. Finally, the Group is exposed to the risk of anti-competitive business practices, including price-fixing and cartel-type arrangements for markets and/or customers. This risk is accentuated by the fact that there are a limited number of competitors in many markets in which the Group does business.

More generally, failure by Arkema, its employees or third parties acting in its name and/or on its behalf in one or more countries to comply with all of these regulations could expose the Group and/or its employees to investigations, administrative or legal proceedings, or even criminal or civil penalties.

Risk management

Arkema has put in place a business compliance and ethics program, which notably covers antitrust, international economic sanctions and anti-corruption laws, an overview of which is provided in section 4.2.4.2 of this document. This compliance program is communicated electronically to all Group employees every year. As part of this awareness campaign, employees are invited to reiterate their commitment to respecting the Group's principles and rules on ethics and compliance by signing a compliance statement *via* the program's distribution platform. Regular training is also given within the Group to prevent risky behavior and maintain a suitable level of awareness in these areas. In 2024, 77% of Group employees had completed the online training module on the Code of Business Conduct and Ethics, including members of the Executive Committee, employees in senior management positions and employees most exposed to the risk of non-compliance, such as those in sales or procurement.

Integrity checks and other due diligence on third parties who interact with Arkema have been implemented at the Group level. Particular attention is paid to the risks of corruption and failure to comply with international economic sanctions.

Lastly, pursuant to the provisions of French "Sapin II Law", a corruption risk map was drawn up in 2018 and continues to be refined and updated regularly based, in particular, on interviews. The corruption risk map is part of the general risk map exercise performed by the Group (see section 2.2.2.3 of this chapter).

Regulatory requirements and societal expectations |CSR|

Arkema's own operations, as well as those of its value chain, are subject to constantly changing national and international laws and regulations in a large number of fields, including safety, environmental protection, product stewardship, antitrust, company law, commercial law, intellectual property, labor law, personal data protection, tax law and customs regulations. These laws and regulations, which are subject to unforeseeable changes, impose increasingly strict obligations, particularly concerning industrial safety and health, the environment, notably with emissions and discharges of toxic or hazardous substances into air, water or lands, rational use of resources, labeling, traceability, handling, transportation, storage and disposal of toxic or hazardous substances and exposure thereto, clean-up of past industrial sites, and soil and groundwater remediation. The diversity and complexity of these regulations, their rapid evolution and political sensitivity, make it difficult to assess the consequences of their application and evolution on the Group's activities.

The Group is also subject to the expectations of its stakeholders, and the strengthening of their requirements could have a material impact on the Group's activities (particularly in terms of product and environmental stewardship, taking into account the impact of climate change, or human resources management), and thus entail significant additional adaptation expenditure and investments. Furthermore, failure to take action or delays in implementing measures to meet these expectations and requirements could result in a loss of market share or even reputation damage for the Group.

Failure to comply with all regulatory requirements, against a backdrop of increasing societal expectations, could result in significant sanctions as well as civil and criminal proceedings against Arkema and/or its employees, on various grounds, as well as damage to the Group's reputation. A description of the most significant current or potential litigation is given in note 11.2.2 to the consolidated financial statements at 31 December 2024 in section 5.3.3 of this document.

Among the regulations that the Group specifically monitors are those regarding product regulations, which if amended could compel Arkema to (i) significantly reduce on or even discontinue the production and marketing of certain products, (ii) restrict Arkema's ability to alter, expand or potentially even operate its facilities, (iii) possibly compel Arkema to abandon certain markets, incur significant expenditure to produce substitute substances or institute costly emissions control or reduction systems, or (iv) exclude Arkema from certain markets if it could not develop substitute products.

At the date of this document, fluorogases are still identified as the most exposed to regulatory changes concerning emissive uses. Moreover, there have also been discussions, particularly in Europe and the United States, on changes in regulations concerning per- and polyfluoroalkyl substances (PFAS) that could have an impact on certain Group polymer and fluorospecialty chemical activities. In particular, a proposal by five member states of the European Union was made in 2023 to the European Chemicals Agency (ECHA) to ultimately ban or restrict the production, marketing (including imports) and use of certain PFAS in the European Union. The use of micro-plastics intentionally added to products or in certain applications is also covered by a restriction in Europe and a law in France. More generally, as part of the "Green Deal" and with the launch of the "Chemical Strategy for Sustainability", Europe opened a major new regulatory chapter for the assessment and management of chemical risks, based on a heavily revised generic approach to hazard and risk. The strategy will be implemented over the coming years according to the normal process for developing - or revising - the related regulations.

All the regulations described above, which are subject to frequent and uncertain changes, particularly in recent years, and which are likely to continue in the future, are likely to increase operating costs and uncertainty for the Group's activities.

Risk management

The Group pays particular attention to ensuring compliance with all applicable laws and regulations.

Therefore, all of the Group's operational and corporate departments, both at the *corporate* and local levels, and particularly the Legal and Sustainable Development departments, assisted, where necessary, by specialist consultants or the relevant government authorities, work continuously to ensure that a high level of knowledge of the applicable legal framework and requirements is maintained, and to anticipate any future developments in order to comply with the applicable laws and regulations.

The Group is supported by a global network of regulatory experts (notably those concerning its products), covering its industrial sites, operational units and subsidiaries. These experts monitor regulatory changes and produce the documents required to comply with the regulations within the prescribed timeframe. They may also be actively involved in professional associations that monitor proposed legislative or regulatory changes at the state or administrative authority level, helping the Group to best anticipate regulatory changes and prepare accordingly. For further details, see sections 4.2.3.2.3 and 4.2.3.2.4 of this document in particular.

In the case where regulatory changes lead or could lead to restrictions on the use of raw materials or the marketing of finished products, Arkema works to develop new products or substitutes and relies on its R&D to develop alternative solutions. For further details, see section 1.1 of this document.

Legal, administrative and arbitration proceedings

In the normal course of its business, Arkema is or may become a party to a number of administrative, legal and/or arbitration actions, suits and proceedings, as a result of which it and/or its employees may be found liable on various grounds, such as violating the various laws applicable to the Group, full or partial failure to fulfill contractual obligations, termination of established business relationships, pollution, non-conformity of products, counterfeiting, exposure to chemical products, industrial incidents, non-compliance with export control regulations, or violating anti-corruption laws, as well as over disagreements concerning the interpretation of the law, established case law, international treaties, including the transfer pricing policies endorsed by the OECD or tax authorities' commentaries in one of the many countries in which Arkema does business.

A description of the most significant current or potential litigation is given in note 11.2.2 to the consolidated financial statements at 31 December 2024 in section 5.3.3 of this document.

To the best of the Company's and the Group's knowledge, there are no other administrative, legal or arbitration proceedings currently underway that are likely to have, or have had over the course of the past 12 months, a material adverse impact on the earnings or financial position of the Company or the Group. However, it cannot be ruled out that, in the future, new proceedings, related or unrelated to existing proceedings, could be initiated against an Arkema entity. Should such proceedings have an unfavorable outcome, they could adversely impact Arkema's business activities, financial position or earnings.

Risk management

The Group has implemented a policy whereby the Legal department monitors all administrative, legal or arbitration actions, suits and proceedings, with support from specialist consultants where necessary commissioned by this department, as well as the Tax, Intellectual Property and Human Resources departments, depending on the circumstances.

All legal risks related to current or potential litigation are subject to a quarterly review. In this context, each business, corporate department and subsidiary must provide the Group Accounting and Consolidation department and Legal department with a written summary of any legal risks or proceedings that affect, or are likely to affect, the Group's business activities, earnings or financial position. These departments analyze the risks and legal proceedings that were identified and determine, in liaison with the internal contacts concerned, the amount of the provisions relating to such risks and legal proceedings based on the rules described in note 2 "Accounting policies and new standards" and note 11 "Other provisions and other non-current liabilities, contingent liabilities and litigation" to the consolidated financial statements at 31 December 2024 in section 5.3.3 of this document.

Internal control failures linked to recently acquired subsidiaries

As part of its strategy, Arkema pursues a bolt-on acquisition policy targeting small and mid-sized businesses. Over the past three years, the Group has acquired several industrial businesses, companies or stakes in companies and groups of industrial companies of different sizes, such as Permoseal, Polímeros Especiales, Ashland's performance adhesives business, Polytec PT, PI Advanced Materials, Arc Building Products, Tiamat, Proionic and Dow's flexible packaging laminating adhesives business. The internal control systems of the subsidiaries acquired vary in terms of their maturity. This may result in errors due to poor knowledge of best practices and attempts of internal or external fraud that may cause financial or even reputational damage to the Group.

Risk management

Following the completion of an acquisition, Arkema needs an average of two years to deploy its global internal control and risk management procedures. This system, its organization, main stakeholders and framework are described in section 2.2 of this chapter.

2.1.3 Operational risks

Suppliers and contractual commitments

In the case of certain raw materials, certain equipment, the supply of energy and certain services such as storage in particular that are essential to its business, Arkema is, to a significant extent, dependent on a limited number of suppliers and, in some cases, a single supplier. Default by a major supplier, the non-renewal of supply contracts for certain raw materials or their renewal on less favorable terms, and significant price increases could therefore have an adverse impact on Arkema's industrial and financial performance.

Some of Arkema's production units, which consume and ship significant quantities of bulk raw materials classified as "hazardous materials" for transportation purposes, are also dependent on the quality of service provided by rail operators and storage authorizations at the sites in question, especially when there are constraints on transportation solutions for operational or regulatory reasons (single wagons and not full trainloads, no road alternatives). Due to stricter regulations on the transportation of hazardous materials, the temporary or permanent lack of transportation means for certain toxic or hazardous products to certain destinations, the market dominance of a single supplier or industrial action affecting transportation, Arkema may face delays in delivery or even refusal by its carriers to collect shipments, difficulties in meeting certain customer demands, increases in certain shipping costs or shipping equipment rental costs and reductions in certain shipments.

In addition, to guarantee the continuity of its plants and the security of their supply, the Group has entered into a number of multi-annual raw materials and energy procurement contracts, some of which include "take or pay" clauses, requiring the purchaser to take minimum annual volumes over the term of the contract. In the event of unfavorable economic conditions or a drop in demand for some of the Group's products, and consequent failure to take delivery of the minimum contractual quantities, or in the event of early termination of these contracts by Arkema, the Group companies concerned may not achieve the minimum volume and may have to pay penalties on the quantities not collected compared with the minimum quantities. Such penalties could have an adverse impact on the Group's future operating income and cash flows.

Among the multi-year supply contracts entered into by the Group, are those governing the supply of propylene and oxo alcohols, hydrofluoric acid (HF), 1.1.1-trichloroethylene, cyclododecane (CDAN) and salts which are used as a main raw material for acrylic monomers, fluorogases, fluoropolymers, polyamide 12 and chlorine derivatives, respectively.

The Group's total financial commitments as part of its contractual obligations amounted to €1,129 million at 31 December 2024. For more information, see note 6.3.2 "Contractual commitments related to the Group's operating activities" to the consolidated financial statements at 31 December 2024 in section 5.3.3 of this document.

Risk management

In order to mitigate supplier risk and limit exposure to high levels of supply dependency, the Group implements a centralized purchasing policy for raw materials, goods and services. This policy is based on the following principles:

- diversification (suppliers, geographies) of sources of supply when technical conditions allow it;
- the development of long-term partnerships or contracts for supply situations that are subject to severe structural constraints due to the supply and demand balance or the limited number of suppliers. These partnerships particularly enable the Group to secure competitive supply costs over the long term. In September 2022 and on 11 December 2023, Arkema France signed new supply conditions to cover the medium-term electricity needs of some of its industrial sites;
- prudent management of the duration of contractual commitments;
- supply chain and inventory management adapted to both business and industrial requirements, particularly for strategic products;
- a thorough assessment of suppliers based on the following criteria: position in the relevant market, industrial and CSR performance, financial strength and development; and
- participation in certain investments or development projects.

The Group's Legal department also participates in the negotiation of various contracts, and in particular significant contractual commitments, which are approved by the Executive Committee.

Customers

For some of its business, Arkema has entered into agreements representing significant income with certain customers, the most material of which are described in sections 1.2 and 1.4 of this document for each business concerned. Any crisis affecting an economic sector of Arkema's customers, together with the non-renewal or renewal on less favorable terms than those initially agreed for the main contracts, or even their termination, or non-compliance with customers' contractual commitments, could lead to significant losses in sales and earnings for the businesses concerned, and a sharp deterioration in their profitability.

More generally, the Group's relationships with a large number of customers expose it to credit risk. At 31 December 2024, accounts receivable net of provisions amounted to €1,312 million. These accounts receivable are detailed by due date in note 12.6.4 to the consolidated financial statements at 31 December 2024 in section 5.3.3 of this document. Arkema's exposure to credit risk is linked to the individual characteristics of its customers.

Risk management

In addition to a highly diversified customer base, the Group's sales are evenly balanced across the different regions in which it operates, thus limiting the geographic concentration of credit risk.

Regarding customer credit risk, Arkema has set up a global credit insurance program that, given the quality of its customer portfolio and low claim rate, allows it to cover a significant proportion of its accounts receivable. Arkema has also deployed a specific credit risk management policy that consists in regularly assessing the solvency of each of its uninsured customers. Uninsured customers whose financial situation does not meet Arkema's solvency requirements are only supplied after payment. For more information, see note 12.6.4 to the consolidated financial statements at 31 December 2024 in section 5.3.3 of this document. The policy concerning provisions for fully or partially uninsured bad debt is also detailed in this note.

The Group's Legal department also participates in the negotiation of various contracts, and in particular significant contractual commitments, which in most cases are approved by the Executive Committee. In some exceptional cases, when the customer breaches its contractual commitments, Arkema may initiate legal proceedings or arbitration to enforce its rights. For more information on disputes, see note 11.2.2 to the consolidated financial statements at 31 December 2024 in section 5.3.3 of this document.

Climate change [CSR]

The 6th assessment report of the Intergovernmental Panel on Climate Change (IPCC), published in 2021, clearly shows the impact of greenhouse gas (GHG) emissions from human activities on climate change. This report specifically states that limiting climate change by 2100 is contingent on rapidly and substantially reducing GHG emissions and achieving carbon neutrality by 2050. Arkema, as an industrial company, takes into account both "transition" risks, related to the transformation of the economy to limit global warming, and "physical" risks, corresponding to the impacts of climate change on its business activities.

Climate change-related transition risks

To manufacture the products it sells, the Group consumes energy, implements processes that may emit greenhouse gases and uses raw materials which themselves emit greenhouse gases when manufactured. Downstream, the transportation, implementation, use and end of life of products sold also generate greenhouse gas emissions.

The introduction of new regulations or restrictions on energy production in certain geographical areas could result in the Group's access to certain energy resources being limited or cut off, as well as increases in energy costs. Similarly, difficulties accessing certain low-carbon raw materials could arise, impacting their availability or price, with potential consequences for the Group's business activities or profitability.

Furthermore, the Group may not be able to meet societal expectations linked to the transition to a low-carbon economy and the rapid evolution of investors' view on acceptable levels of low-carbon measures, which could have a negative impact on its image and reputation. In addition, a lack of or insufficient commitment, from Arkema, or an inability to meet its greenhouse gas emission reduction targets across its entire value chain, could reduce its attractiveness to stakeholders (investors, customers and employees), thereby limiting the Group's ability to grow.

The ramping up of regulatory requirements in countries or regions with a greenhouse gas emissions reduction policy in place (carbon taxes or quotas) could also generate additional costs (taxes or penalties), significant expenditure and investments to adapt to such requirements, operating constraints due, for example, to drought-related restrictions, therefore reducing the Group's profitability. Fluorogases, for example, have been identified as the products that are most exposed to regulatory changes for many years.

Lastly, the economy's shift toward new low-carbon technologies could lead to more competitive solutions by the Group's competitors.

Risk management

Arkema has long been committed to meeting the climate challenge and managing the related risks, and continuously improving its climate change response policy and stepping up its actions year after year. In 2023, Arkema validated its 2030 greenhouse gas reduction targets, aligned with a 1.5°C trajectory, with the independent global organization Science-Based Targets Initiative (SBTi). The SBTi's validation paves the way for an ambition to reach Net-Zero by 2050. The Group also aims to reduce its net energy purchases by 25% by 2030 compared with 2012, in particular through the deployment of its Arkema Energy program over the last several years to improve the energy efficiency of its processes. Arkema ensures it is taking suitable climate measures by referring to Task Force on Climate-related Financial Disclosure (TCFD) recommendations and, since 2016, by responding annually to the Carbon Disclosure Project (CDP) questionnaire. To strengthen its risk management, in 2023, the Group launched a scenario analysis on one of its businesses to map transition risks and opportunities. The study was based on the International Energy Agency's (IEA) Net-Zero by 2050 scenario. This analysis was supplemented in 2024 by a study on the exposure of this activity to regulatory carbon pricing. For further information on risk identification, policies, measures and projects implemented, results achieved and the related climate change performance indicators, see section 4.1.2 of this document. Capex and Opex for climate change mitigation action plans within the scope of activities eligible for the EU Taxonomy Regulation are included in the reporting disclosures in section 4.2.2.6 of this document. Concerning fluorogases in particular, Arkema is already anticipating the applicable regulatory changes which has led the Group to develop new blends and substitutes. For further details, see section 4.2.2 of this document.

Climate change-related physical risks

Climate change has been driving an increase in the frequency and intensity of certain weather events (floods, droughts and storms, in particular), which could lead to incidents or accidents at some of the Group's production sites. Due to their geographic location, 25 of the Group's 157 industrial sites (especially those located in the United States) are particularly exposed. These sites account for around 32% of Arkema's total sales. For most of these sites, there are alternative production arrangements within the Group. Some, however, are the only manufacturing sites for their products. If all of these sites were to become unavailable as a result of significant damage resulting from an extreme climate event, this could significantly affect the business concerned, leading to material losses in sales and earnings, and resulting in significant costs due to insurance deductibles and damage not covered by current insurance policies.

The effects of climate change could also impact Arkema's supply chain if, for example, a supplier or subcontractor could not supply one or more Group facilities, for reasons also related to climate change, thereby impacting the Group's operating and financial performance and its ability to deliver to its clients.

Risk management

The physical impacts of climate change pose an acute risk when they are caused by one-off events (weather events) and a chronic risk when they concern long-term changes in weather patterns (*e.g.*, chronic heat waves). To prevent and limit them, insofar as possible, the Group regularly uses reinsurance company Swiss Re's CatNet® tool to assess site exposure to such risks. In 2022, Arkema also commissioned an expert company in the field to conduct a climate risk analysis for 2021-2050, based on the IPCC's RCP 8.5 and RCP 2.6 scenarios, for its industrial sites and research centers and the Group's main critical logistics hubs (19 ports and railway hubs). Section 4.2.2.1 of this document, and more specifically section 4.2.2.1.2 provides information on adaptation measures implemented by the Group and the deployment of scenario-based approaches.

IT and cybersecurity

The Group's industrial and management processes, and communication between employees and third parties, are highly dependent on information technology systems based on complex and ever-changing technical environments.

Interruptions to the operation of critical applications or loss and corruption of sensitive data (due to system failure or intrusion or malicious use of IT systems) could have a material impact on the Group's business activities, image or reputation, earnings and financial position.

In the event of system failure or intrusion or malicious use of the IT systems, the Group may have to shut down or slow down all or part of one or more industrial units or departments. Given the nature of the Group's business and the sensitive nature of its industrial processes, any interruption in the operation of critical applications or loss of sensitive data (for any reason whatsoever) may result in the shutdown or slowdown of all or part of one or more industrial units or departments as a precautionary measure.

Risk management

The Group's IT department aims to guarantee systems access to authorized users while ensuring the integrity and confidentiality of sensitive data, whilst complying with the accreditations issued. The Group constantly adjusts its prevention, detection, protection and resilience capabilities for its IT and industrial systems and implements measures regarding:

- cyber-risk governance and management: drawing up security policies for IT and industrial systems based on international standards (NIST, ISO etc.), assessment of vulnerabilities to cyber threats, user awareness, and cyber maturity assessment process for suppliers of goods and services. To consolidate cybersecurity at a local level and at industrial sites, the IT department has implemented a new organization supported by regional managers. Each Group industrial site must comply with the security policy for industrial systems, implement the Business Continuity Plan and train in cyber crisis management. The Group has also taken out a cyber insurance program covering all its subsidiaries worldwide, with a coverage limit of €40 million.
- cyber protection: development of a cyber defense strategy using best practices and the most effective security platforms to protect digital identities, user access to Arkema's Information System, intellectual property, and sensitive data against theft, as well as securing applications and infrastructures against malware including ransomware and malicious intrusions;
- detection and incident response: the Group's Cyber Security Operation Center (Cyber SOC) ensures continuous detection and response to security incidents, thanks to a 24/7 global "Follow the Sun" organization and next-generation tools that automate incident response, enabling rapid intervention to minimize the potential impact of a cyberattack. In addition, audits carried out by specialized external bodies, as well as Arkema's Red Team and regular assessments of system vulnerabilities, help to draw up improvement plans monitored by the cybersecurity team;
- resilience: to ensure business continuity in the event of major incidents compromising information systems, procedures for business continuity in degraded mode have been established and implemented by industrial sites, along with training and regular cyber crisis management tests. For mission-critical systems, an immutable backup strategy is adopted to ensure that they cannot be modified by a ransomware attack, thus preserving the ability to restore critical systems.

To ensure the reliability of its critical processes and compliance with security rules, the Group has set up an internal control system based on general IT controls. The effectiveness of these measures, particularly in terms of cybersecurity, is assessed every year and corrective action plans are put in place to address any identified weaknesses.

In the summer of 2021, Arkema became a shareholder in Cyber Campus, a project launched by the French President. The Cyber Campus is the benchmark in French cybersecurity, bringing together national and international cybersecurity leaders. This demonstrates Arkema's strong commitment to the cybersecurity community and to developing the maturity of cybersecurity models throughout its ecosystem.

Health crisis

Serious health crises or pandemics, such as the Covid-19 pandemic which emerged in China at the end of 2019 and affected most regions throughout the world, may lead public authorities in France and across the world to adopt measures to restrict the movement of people and the transportation of goods or even to lock down whole populations. These measures could cause disruptions on several levels for the Group. In particular, they could impact supply chains and weigh on customer demand in the different regions of the world. They could also result in partial or total closures of production units, research centers, head offices and other sites.

Health crises or pandemics may impact employees' health and limit their availability, as well as create difficulties with respect to the supply of certain raw materials or the delivery of products to customers.

They may also have a significant impact on the Group's business activity, financial performance and cash flow generation.

Risk management

In the event of a pandemic or serious health crisis, Arkema, in compliance with the applicable regulations, implements the necessary measures to protect its employees' health as a priority, to limit the impact of the exceptional situation on its business activities and earnings to the greatest extent possible, and, lastly, to prepare the return to more normal conditions. To this end, the Group notably deploys crisis management measures at both the central level and in the different countries in which it operates, led by trained personnel.

More generally, the Group ensures that business continuity plans are defined for its main industrial and administrative sites around the world. The plans include actions on three levels:

- health measures to limit the transmission of viruses and protect the health of employees and subcontractors working on the sites by (i) informing all personnel about health measures, raising awareness and providing alcohol-based sanitizers and protective masks, (ii) issuing instructions on how to contain isolated cases, and (iii) reducing the number of meetings and business trips;
- organization measures to ensure business continuity by introducing teleworking solutions and virtual meetings, wherever possible; and
- measures to adapt business activity to the level of absenteeism by organizing work in such a way as to enable a site to continue operating despite the absence of significant numbers of employees and, in extreme cases where a very large number of employees are absent, to ensure the safety of the site in question and environmental protection.

Supply chain disruption

Arkema's customer supply chain may be interrupted due to supplier failure, the unexpected shutdown of a Group production site (supplying other Group sites), supplier or customer, a disruption affecting transportation, logistics or storage and warehousing facilities or regulatory or customs provisions prohibiting transportation, import or export. These disruptions or extended shutdowns impacting a production site may result from problems with raw material or energy resource supplies, technical incidents, social movements or natural disasters as well as serious government-declared health crises. They may lead to delivery delays over extended periods of time, which could adversely impact the Group's sales and earnings, as well as the quality of its customer relationships.

Arkema also uses many storage and warehousing facilities located on its industrial sites and elsewhere. The temporary unavailability of these storage facilities may lead to a production disruption or suspension at certain Group sites or to delivery delays for certain customers as alternative storage solutions are sometimes limited for certain products manufactured by the Group.

In the event of difficulties with certain raw materials, alternative sources of supply may be limited or non-existent, or only be available at very high costs.

All of these events could have a significant negative impact on the Group's reputation, financial activity and operating income.

Risk management

In order to minimize the risks related to the transportation and storage of its raw materials and own products, Arkema endeavors to strictly select suppliers based on the Safety and Quality Assessment System (SQAS), for transportation and the Warehouse SQAS for storage, established under the aegis of the European Chemical Industry Council (CEFIC) by a consortium of European chemical manufacturers and which also covers the Middle East and Asia, and the Chemical Distribution Institute – Terminals (CDI-T) scheme at the global level. In addition, Arkema's policy for selecting logistics service providers is to rely on large-scale, continental or even global operators, able to provide solutions to local difficulties through the breadth of their networks, but also to always have service providers or back-up solutions available when developing transportation plans.

In addition, the most sensitive sites are therefore monitored very closely, in liaison with the authorities, infrastructure managers and freight operators.

Insurance cover default

Arkema's insurance policy is part of the overall risk management framework and, as such, is described in detail in section 2.2.3 of this document.

At the date of this document, Arkema believes that the limits of the insurance cover described in said section take into account the type of risks it incurs. However, in some cases, the possibility that Arkema could be required to pay substantial compensation for claims that are not covered by the existing insurance program, or that it will incur very substantial expenses that will not be reimbursed or only partially reimbursed under its insurance policies, cannot be excluded, notably in the event of an accident at a site or external warehouse, during transportation or in the event of natural disasters or even civil liability.

Arkema selects its insurers from the best and most financially solid companies when taking out policies. However, the possibility cannot be ruled out that, at the time of settling a claim, one or more of these insurers could be in a difficult, even compromised, financial situation that puts payment of the compensation in doubt. Furthermore, developments in the insurance market could result in unfavorable changes to the Group's insurance policies and an increase in policy premiums.

The Group's insurers, under certain conditions deemed customary in the insurance industry for those types of contracts, can prematurely terminate insurance policies in the event of a major claim. In such an event, the Group nevertheless remains covered throughout the notice period, which may vary depending on the policy. As a result, the Group may have to bear some or all of the losses itself during the period not covered by insurance.

Risk management

Since its creation, Arkema has maintained a department dedicated to the investment and management of the Group's insurance cover, backed by international insurance brokers to optimize and bolster its cover.

The Group issues regular calls for tenders to insurance brokers and insurers in order to ensure that it is always informed of the best offers available on the market. Insurance cover and insurers are selected based on objective criteria including price, the extent of coverage and the strength, experience and quality of the insurers.

Lack of talent and skills |RSE|

Arkema's success is deeply linked to the quality and commitment of its employees and, as a result, to its ability to attract, integrate, motivate, promote and retain skilled employees across all regions in which the Group operates.

Arkema's experienced and committed teams enable the Group to:

- innovate by creating sustainable product and application solutions (at the end of 2024, Arkema's R&D teams numbered more than 1,800 researchers working in 17 research centers structured around three regional research and innovation hubs);
- deploy complex industrial projects (such as the construction of the Thiochemicals platform in Malaysia in a new country using an innovative process and, more recently, the specialty polyamides platform in Singapore);
- successfully integrate acquisitions (in particular within Bostik); and
- more generally, adapt to different macro-economic environments and significantly improve Arkema's financial and non-financial performance.

Given that 32% of Arkema's employees are over 50 years old at the date of this document, the Group is organizing an effective skills transfer process from that generation to a new generation of employees over the coming years.

Since 2021, it has become harder to hire and retain skilled employees. This trend started in the United States before spreading rapidly to other geographic areas and is particularly acute among employees with specific skills in the technologies required in a sector like Arkema's. This phenomenon has lessened since 2023, but remains present. Difficulties in recruiting, along with the departure of experienced employees (*via* resignation or retirement) could hamper the implementation of the Group's strategy and have a negative impact on its business activities and financial position.

Risk management

Arkema has implemented a number of initiatives to attract and retain top-quality talent, in particular through an attractive HR policy that promotes diversity. The Group contributes to its employees' quality of life through safe and transparent working conditions and its social protection scheme. It also strives to develop its employees' skills through training and development plans, thereby helping to preserve the Group's overall expertise. For further details on the talent development policy, see sections 4.2.3.1.5 and 4.2.3.1.6 of this document.

Arkema's compensation policies value and fairly reward each employee's contribution to the Group's success. Arkema has also rolled out mechanisms to motivate and retain its employees over the long term by introducing financial incentives (incentive schemes, profit-sharing plans, employee share ownership and performance shares) and by providing its employees with programs and the IT resources needed for new ways of working, particularly remote working. For further details, see section 4.2.3.1.6 of this document.

Lastly, Arkema ensures that skills in certain sensitive technologies are shared by a sufficient number of employees in order to safeguard know-how within the Group.

2.1.4 Economic and business risks

Change in prices of key raw materials and energy

Upstream of its activities, the Group uses raw materials and energy resources to manufacture its products, some of which are indirectly linked to the price of crude oil like propylene or butadiene, while others, such as sulfur, castor oil and fluorspar, are only minimally connected or not at all. The prices of these raw materials and energy resources can be highly volatile and therefore lead to significant variations in the cost price of the Group's products. The delayed impact of raw material price increases may have a significant impact on the earnings of certain Group businesses, particularly downstream businesses, which represent a significant portion of its activities.

Moreover, differences in the cost price of the Group's products may exist from region to region, as was the case in Europe in 2022 and 2023 following the increase in energy prices.

Risk management

Arkema strives to optimize the costs of its raw material and energy supplies by diversifying its sources of supply. In some cases, the Group may therefore use derivatives such as futures, forwards, swaps and options, on both exchange and over-the-counter markets. These derivatives are matched with existing contracts (for more details, see notes 12.2.2 and 12.6.5 to the consolidated financial statements at 31 December 2024 in section 5.3.3 of this document).

The Group also forges partnerships with certain suppliers who are leaders in their respective fields in order to build strong, long-term business relationships and ensure a competitive cost of supply.

Lastly, Arkema strives to deploy an appropriate pricing policy, in particular in downstream activities like adhesives or downstream acrylics, in order to minimize the impact of the cost of the raw materials used to manufacture its products.

Geopolitical and macroeconomic instability

Arkema’s global business, which generates a significant portion of its sales in certain regions of the world or countries (notably 33% in Europe, 31% in the United States and 12% in China in 2024), exposes it to the direct and indirect consequences of trade disputes, embargoes, epidemics or pandemics, sudden changes in customs duties, terrorist activities, political instability and armed conflict. These events could, in particular, result in delays or losses in the Group’s product deliveries to its customers or in the supply of raw materials and could therefore have a material adverse effect on its sales and earnings.

All these events could also lead to increased costs for products manufactured by the Group, as well as costs relating to security, in particular for its IT system and of insurance premiums.

As of the date of this document, the Group is closely monitoring the potential consequences of the conflict between Ukraine and Russia, as well as existing tensions in the Middle East, notably on oil and energy prices as well as maritime flows.

Risk management

With its balanced geographic presence in Europe, North America and Asia, the Group is able to spread its risk between the different geographic regions in which it operates. As Arkema gradually establishes production units in the main geographic regions, this also secures local supplies to its customers present in the region, limits the flow of products between different regions and locates its IT architecture where necessary. Similarly, the Group's diverse range of activities enables it to limit the impact of fluctuations in the different markets it serves.

In addition, to develop and implement effective policies and strategies in each of its foreign operations, Arkema relies on subsidiaries, which are placed under the supervision of a regional Vice-President, in most countries in which it has industrial and commercial operations. This organization helps the Group maintain relations with local authorities and economic players, defend its interests, and better anticipate changes in the local political and economic environment as well as threats.

Strengthening competition

Arkema is confronted with strong competition in each of its businesses and especially its activities in the Intermediates segment, with the strengthening of some of its competitors and the emergence of new players that could impact its own competitive position. Regarding the Group’s intermediates activities, some competitors are larger and more vertically integrated, which could enable them to benefit from lower production costs for certain products that the Group also manufactures. Moreover, the development of certain countries such as China has been accompanied by the rise of local competitors in the Group's businesses and in the end markets that Arkema serves, resulting in new global capacities or the development of new technologies. This situation has led to increased competition on certain product lines, resulting in sometimes strong pressure on sales prices and margins for the products concerned, and therefore an adverse impact on the Group's operating income and cash flows.

Risk management

With a view to consolidating its competitive position, Arkema has, since its creation, implemented a policy of operational excellence and cost optimization to enhance the competitive advantages that it enjoys in its various product lines and to guarantee the quality and performance of the products offered to its customers.

Moreover, thanks in particular to its innovation, the Group is deploying a repositioning strategy to diversify its portfolio of products and application markets and strengthen its position in niche markets with higher added value.

Lastly, the Group forges long-term partnerships with customers who are leaders in their fields, enabling it to build solid and lasting commercial relationships with its main partners and support them in their development.

Financial markets

The Group is exposed to financial market risks, mainly foreign exchange and financing liquidity risks.

Foreign currency

Given its international operations, Arkema is exposed to various types of currency risks:

- transaction risk, arising from the fact that Group subsidiaries' operating receivables and payables may be denominated in currencies other than their accounting currency;
- exchange rate risks related to the consolidation in euros of subsidiaries' accounts that are denominated in currencies other than the euro, in particular the US dollar. The impact of this risk is detailed in note 12.6.1 to the consolidated financial statements at 31 December 2024 in section 5.3.3 of this document; and
- risk of competitiveness risk, related to the fact that the Group's competitive position in the regions in which it operates may be affected by unfavorable variations in the currencies in which it exports or imports. The Group is mainly exposed to this risk in the euro zone where Arkema's activity is export-focused, and export sales are mostly invoiced in US dollars, the Group incurs more operating expenses in euros than it generates sales in this currency.

Risk management

The Group's hedging and financing policy, implemented by the Treasury and Financing Department, aims to minimize the impact of these risks.

- transactional risk is systematically hedged by spot or forward foreign exchange transactions.
- exchange rate risk is not hedged as Arkema considers that it is inherent to its worldwide operations.
- foreign currency risk linked to future flows, such as capital expenditure or sales flows, particularly export sales, may also be hedged. Arkema strives to mitigate the risk of lower competitiveness thanks to its strategy of achieving a balance in its geographic exposure.

For further details, see notes 12.2 and 12.6.1 to the consolidated financial statements at 31 December 2024 in section 5.3.3 of this document.

Liquidity

The Group finances its requirements through bonds or bank loans on the capital and credit markets. In the event of a crisis affecting these markets, the Group may not be able to access the necessary financing or refinancing, or do so on worse terms. For further details, see notes 12.3 and 12.6.3 to the consolidated financial statements at 31 December 2024 in section 5.3.3 of this document.

Risk management

The Group's financing policy is based on the following principles:

- a solid long-term investment grade credit rating from two agencies;
- a net debt to EBITDA ratio of two or less (except temporarily in the case of a recent acquisition);
- cash reserves in excess of €500 million;
- an EMTN program for its senior and subordinated issues;
- average maturity at over three years; and
- diversified sources of financing.

In addition, on 6 July 2023, credit rating agency Standard & Poor's raised the outlook associated to the Group's rating from "stable" to "positive" while confirming its rating of BBB+/A-2. Moody's has maintained its Baa1 rating with a "stable" outlook assigned on 28 January 2022.

2.1.5 Project and innovation risks

Technological disruptions and lack of innovation |CSR|

The Group's innovation policy, described in section 1.1 of this document, is a strategic pillar in Arkema's targeted growth strategy and a key component in its contribution to sustainable development and to the major challenges arising from global megatrends. Whether aimed at manufacturing technologies, products or their applications, innovation makes it possible to create sustainable solutions. Innovation enables Arkema to:

- launch innovative new products and solutions on the market while continually improving their performance, and provide its customers with the technical support and solutions they need; and
- enhance the Group's operational excellence and reduce its environmental footprint by providing production facilities with new technologies and processes, thereby enabling the Group to produce safely and competitively while limiting its environmental impact, in line with its responsible strategy.

In 2024, R&D expenditure totaled €278 million, representing 2.9% of Group sales.

Despite the investments made, the Group may be unable to develop new products and new applications or to develop new production processes. This inability, or a delay in the development of such new products, could prevent the Company from marketing certain products and could therefore have an adverse impact on its business and earnings. For example, the development of artificial intelligence for the accelerated design and optimization of new materials could lead to innovative materials being made available on the market by third parties that perform better than Arkema's materials in their current applications.

Moreover, changes in processes used by customers or a switch from one technology to another in their products could drag down the Group's sales. In the field of energy generation and storage in particular, many technologies are currently being developed but it is impossible to say which ones will be successful. The Group is devoting significant R&D resources to preparing for the emergence of tomorrow's battery and hydrogen technologies. At this stage, however, the level of uncertainty remains high and the risk of the emergence of disruptive battery technologies likely to affect the Group's activities cannot be overlooked.

Risk management

With more than 1,800 researchers and €278 million in R&D expenditure in 2024, Arkema invests heavily in R&D each year to develop new products and processes that cater to both market demand and major challenges arising from global megatrends. This strong focus on innovation also enables the Group to adapt to regulatory changes. The R&D teams carry out important monitoring work, both in Arkema's own technological fields, but also further downstream in the technologies of its main customers' businesses enabling the Group to remain at the cutting edge of this field and prepare as best as possible for future technological developments. The organization and policy priorities of the Group's R&D, as well as the resources dedicated to R&D, are detailed in section 1.1 of this document. In particular, the Group is committed to the digital transformation of its R&D in order to master the use of artificial intelligence in the accelerated design of innovative materials, see section 1.1.6 of this document.

Furthermore, Arkema has a technological development policy for its processes, in particular as part of its R&D programs, to give it ownership and control over the technologies that it uses in its major activities, and to help reduce its level of exposure to third parties in this regard.

Investment, acquisition and partnership projects

As part of its targeted growth strategy, based in particular on developing new products and the Group's geographic expansion, Arkema is involved in complex, sometimes very large-scale projects, such as a recent investment in specialty polyamides in Asia. For 2024 to 2028, the Group expects total investments to amount to around €3.5 billion, compared with the €3.9 billion announced at the September 2023 Capital Markets Day, following the adjustment announced during the publication of the third-quarter 2024 results, around half of which will be invested in development projects designed to secure future growth. Some of the Group's investments are made in partnership with third parties, which may increase both their complexity and the related risks. The completion of these projects may be delayed and/or result in expenses in excess of those initially budgeted for by the Group. These elements could weigh on the Group's growth prospects and the expected profitability of these investments and thus have a negative impact on its business, earnings and financial position.

In line with its ambition to become a pure Specialty Materials player, Arkema also deploys an ambitious bolt-on acquisition program that targets small and mid-sized businesses to strengthen its portfolio and Specialty Materials platform. As part of this policy, the Group has spent approximately €1 billion over the past three years, particularly on the acquisition of PIAM and Dow's flexible packaging laminating adhesives business. These acquisitions may expose Arkema to various risks, including in particular the risk of bearing potential liabilities or responsibilities related to the businesses acquired (notably relating to real estate owned or leased by companies acquired by Arkema), in spite of the quality of due diligence performed. In addition, the assumptions on which the acquisitions were made may fail to materialize, in particular the development prospects of these activities may not be achieved, or projected synergies may not be fully unlocked, which may adversely impact the valuation of goodwill together with the Group's growth prospects, earnings and financial position. For further details on goodwill, see note 9.1 to the consolidated financial statements in section 5.3.3 of this document.

Lastly, as part of the disposals of non-strategic activities, Arkema may have to provide guarantees to third parties for certain operations. It cannot be ruled out that when some of these guarantees are invoked, the compensation claims could exceed the provisions made by Arkema.

Risk management

For each of its investments, the Group solicits the necessary internal and external resources and expertise to ensure its projects are implemented under the best possible conditions.

Before entering into any external growth transaction, Arkema takes precautions when identifying targets, in particular by conducting in-depth evaluations of the activities and companies concerned and the various liabilities related to the business being sold, and by negotiating appropriate guarantees from the sellers or putting in place insurance cover for the same purpose with the advice of external consultants with expert knowledge in this area. Furthermore, acquisitions are carried out by teams of qualified experts under the responsibility of the Strategy department.

Protecting intellectual property and know-how

Arkema is developing an innovation-based growth strategy structured around a dedicated organization, 17 R&D centers spread throughout the world and a research incubator. It therefore has a large R&D project portfolio. Accordingly, the patents that protect the innovations generated by its research together with its trademarks represent a key asset for its business. At 31 December 2024, Arkema owned 10,746 patents and 245 new patent applications were filed in 2024 (versus 216 in 2023), 221 of which relate to sustainable development. For further details, see section 1.1 of this document.

Consequently, aside from having an instantly negative impact on Arkema's earnings, patent or trademark infringements committed by a third party and any other type of intellectual or industrial property rights infringement could also harm the reputation and the perceived quality of the products concerned as well as the image of the Group. The Group also monitors patent applications filed by third parties. Such applications are only made public on publication and could have an impact on ongoing developments within the Group or on products recently brought to market. These third-party patent applications could oblige Arkema to modify its product, thereby increasing the related R&D costs, or to negotiate a license to use the patented component.

For further details on patent and trademark management, see section 1.1.3 of this document.

Lastly, the disclosure of confidential documents or the copying of processes or technologies that are critical to its production and to maintaining its international competitiveness could also adversely affect the Group's business and earnings.

Risk management

Arkema has developed an assertive policy to protect its innovations through the registration of patents, particularly with the support of a global network of industrial property consultants. For further details, see section 1.1.3 of this document.

Moreover, to protect its know-how and sensitive data, particularly in terms of confidentiality, the Group has strengthened its security policy through procedures and application guides applicable to all Group facilities and an employee awareness and training program. Only a limited number of workers have access to Arkema's know-how, particularly its process expertise. Strict non-disclosure agreements or clauses are put in place whenever knowledge is shared with third parties. As part of the R&D digital transformation projects, particular attention is paid to managing data confidentiality and access, as well as to the cybersecurity of the implemented systems.

2.2 Global internal control and risk management procedures

2.2.1 General organization: objectives and scope of internal control and risk management

Arkema has implemented a risk management system that enables the Executive Committee to ensure that risks are at a level that it deems acceptable.

The internal control system implemented throughout the Group by executive management, management and employees is designed to ensure:

- compliance with current laws and regulations;
- compliance with the instructions and guidelines issued by executive management;
- the smooth operation of internal processes, notably those serving to protect assets; and
- the reliability of financial and sustainability information.

Internal control contributes to the management of the Group's activities, the effectiveness of its operations, and the efficient use of resources.

The internal control and management procedures are adapted to Arkema's organization, which is structured around three components:

- the segments of the Specialty Materials platform and the Intermediates segment, which cover the Group's various activities, see section 1.2 of this document;
- the corporate departments and support functions, which assist the segments and activities in their area of competence, such as finance, human resources, industry, legal affairs, IT, insurance and procurement, and ensure coherence and optimization at the Group level (see section 1.3 of this document); and
- the subsidiaries, in which Arkema performs its business activities (for further details, see section 6.1.2 of this document).

2.2.2 Persons involved in internal control and risk management

The Group corporate governance bodies supervise the deployment of internal control and risk management systems which are based on three lines of defense:

- the Business Units, Operational Departments and Functional Departments (1st line of defense). They are responsible for identifying and managing the risks specific to their business or market. Risks are managed in the field according to Group procedures.
- Internal Control and risk controllers (2nd line of defense). The role of internal controllers and risk controllers is to define risk management mechanisms, advise and test the effectiveness of measures put in place by the 1st line of defense, and help it draw up action plans to improve risk identification, mitigation and control.
- Internal Audit (3rd line of defense). This is an independent organization, not dedicated to a specific area, region or business. It assesses whether the 1st line of defense is effectively managing the risks.

2.2.2.1 Board of Directors and committees

The Board of Directors, its three committees (the Audit and Accounts Committee, the Nominating, Compensation and Corporate Governance Committee and the Innovation and Sustainable Growth Committee) and the expertise of their members contribute to the promotion of an internal control and risk management culture adapted to Arkema's activities.

In particular, it is the responsibility of the Audit and Accounts Committee to oversee the statutory audit and the process of preparing financial and sustainability reporting, the Group's internal control and risk management systems, assess the schedule of the internal auditors and the results of their work, and ensure that action plans are implemented.

2.2.2.2 Executive Committee

The Executive Committee implements the internal control process and ensures compliance by:

- defining the internal control framework and the rules for delegating responsibility;
- setting targets for each business, corporate department and subsidiary, and ensuring that they have the resources necessary for these targets to be met;
- supervising the implementation of the control procedures that help achieve the targets it has set;
- assessing the risks specific to each project submitted to the Executive Committee; and
- carrying out a review annually, and as deemed necessary, of Arkema's major risks, based on the work of the Risk Review Committee and its risk mapping presentation. In order to carry this out effectively, the Executive Committee relies on the Internal Audit and Internal Control department and the expertise of all its own members.

Each member of the Executive Committee is responsible for ensuring that the Internal Control Framework's Group-wide rules and principles (as described in section 2.2.2.5 of this chapter) are observed for the entities and businesses that he or she supervises.

2.2.2.3 Risk Review Committee

A Risk Review Committee was set up in October 2007 to strengthen the formal framework of risk identification, analysis and management, and to regularly monitor the development of risk factors. It is made up of the Strategy Executive Vice-President (committee chairman), the Industry and CSR Executive Vice-President, the Chief Financial Officer, the Legal Affairs Vice-President, the Sustainable Development Vice-President, the Group Safety and Environment Vice-President, the Insurance Vice-President, the Head of Group Accounting and Consolidation, the Head of IT and the Internal Audit and Internal Control Vice-President (committee secretary).

Every six months, or more often in response to specific events, the committee reviews:

- summaries of audits and assessments carried out by the Internal Audit and Internal Control, the Group Safety and Environment and the Insurance departments;
- reports on fraud or attempted fraud prepared by the anti-fraud unit;

- a summary and progress report of ongoing disputes presented by the Legal department;
- a summary of CSR risks presented by the Sustainable Development Department using the double materiality matrix;
- assessments of commercial intermediaries made by the commercial intermediaries' review commission;
- a list of risks identified in the surveys carried out by the Internal Audit and Internal Control, Legal and Group Accounting and Consolidation departments;
- a risk map prepared by the Internal Audit and Internal Control department; and
- the monitoring of corrective measures in all of these areas.

Following its review, the Risk Review Committee can decide on further corrective measures or request additional information, and can also request updates to the risk map.

The conclusions of its review are reported to the Executive Committee, which, upon completion of the process, may decide whether or not to update the main risks described in section 2.1 of this chapter.

The Risk Review Committee met twice in 2024.

Risk identification and management

In the course of its business, Arkema is exposed to a number of internal and external risks.

As Arkema's structure is highly decentralized, the objective of risk assessment and risk management, which is the responsibility of the businesses, corporate departments and subsidiaries, is to reduce the risks inherent in the various activities.

Arkema's risk management system is based on regular reviews of risk identification, analysis and treatment, as follows:

- every month, each business presents its results and indicators to its operational Executive Vice-President, who is a member of the Executive Committee, and the Executive Committee reviews the results of each segment and their respective activities;
- the Group Accounting and Consolidation department organizes a quarterly review of risks and legal disputes that may have to be reported in Arkema's financial statements. The businesses, corporate departments and subsidiaries report on their entity's risks, which are analyzed and addressed at quarterly meetings with the Chief Financial Officer, the Group Accounting and Consolidation department, the Legal department, and the Internal Audit and Internal Control department; and
- the Internal Audit and Internal Control department carries out an annual survey of risks among the Group's businesses, corporate departments and subsidiaries. After identifying and analyzing the risks, the most material risks are grouped together and positioned on a risk map. Certain specific risks may be presented on an additional map. Particular attention is paid to risks of serious violations of human rights and fundamental freedoms, health and safety, and environmental risks, as part of the duty of care, and to put in place, where necessary, action plans to avoid and prevent these risks and mitigate their impact;
- the Risk Review Committee reviews the risk map which is presented to the committee by the Internal Audit and Internal Control department and assesses the need to update it and puts forward suitable action plans where necessary;
- the Committee's conclusions are reported to the Executive Committee prior to the definition of the internal audit plan, which is drawn up on the basis of the risk map and the need to cover Arkema's scope of activity on a regular basis.

Material risks known to Arkema are allocated to a member of the Executive Committee. They are also examined by the Audit and Accounts Committee and presented to the Board of Directors.

2.2.2.4 Internal Audit and Internal Control

The Internal Audit and Internal Control department is made up of two independent departments, Internal Audit and Internal Control, both of which are under the responsibility of the Chief Financial Officer.

Internal Audit

The role of Internal Audit is notably to improve and develop controls in Arkema's management systems and processes and, more broadly, to ensure that its operating procedures comply with the Internal Control Framework.

All processes and management systems (at the legal entity, Business Line, corporate department or other level) may be subject to an internal audit. At the end of each audit, Internal Audit discusses and agrees on its findings with the managers of the audited area before presenting them with a set of recommendations and related action plans that the managers of the entities or management systems commit to implementing.

An internal committee consisting of the Chief Financial Officer, the Strategy Executive Vice-President and the Internal Audit and Internal Control Vice-President regularly monitors the implementation of the recommendations.

The Internal Audit and Internal Control department defines an annual draft proposal for the audit plan based on:

- the established risk identification and mapping processes;
- interviews with Arkema's operational and corporate departments; and
- a selection of priorities from the various proposals gathered.

The final program is validated by the Executive Committee, and then approved by the Audit and Accounts Committee.

In 2024, the Internal Audit department, made up of eight internal auditors, carried out the following 37 audits:

- 11 audits of industrial sites or R&D centers in Europe, Asia, North America and South America;
- 16 audits of subsidiaries in Europe, Asia, North America and South America;
- 1 audit of shared services centers in Europe; and
- nine audits of businesses and central functions in Europe, Asia and North America.

In 2024, all audits were carried out in person.

Internal control

The primary mission of Internal Control is to strengthen Arkema's internal control system. Its initiatives are communicated and implemented, at subsidiary level, by a network of correspondents within the subsidiaries' Finance and IT departments.

Internal Control is involved in the analysis and formal implementation of processes that impact financial information, for which key controls have been defined.

The methodology consists of:

- analyzing the main risks of error, omission or fraud in processes or sub-processes, which could have a material impact on Arkema's consolidated financial statements;
- identifying and implementing control procedures to minimize any risk of error, omission or fraud;
- periodically checking the existence and effective operation of these controls, carried out by the Internal Control correspondents based in the subsidiaries (self-audit) or by the Internal Audit department; and
- defining corrective measures in the event of shortcomings and overseeing their implementation.

The list of procedures covered by this methodology is based on the 14 procedures of the AMF Reference Framework application guide published in 2007 and updated in 2010. It is adapted to the specific features and size of the subsidiaries.

All significant subsidiaries of the Group were covered by Arkema's internal control system in 2024. Its performance is measured annually, by self- or peer assessment, and recorded in the dedicated GRC (Governance, Risk and Compliance) tool.

The publication of sustainability information from 2025 onwards, regarding the 2024 financial year, drawn up in compliance with the Corporate Sustainability Reporting Directive means that new processes have to be integrated into the Group's existing Internal Control system. Work began in 2024 to identify the processes concerned and the associated risks, in order to define the key controls needed to ensure the quality and reliability of sustainability information.

Internal control framework

Arkema's internal control and risk management systems are based on three core principles:

- clear definition of responsibilities and delegations of authority, observing rules governing the segregation of duties (in particular distinguishing between those who perform actions and those who approve them), to ensure that any person who makes commitments to third parties on behalf of Arkema has the authority to do so;
- identification, analysis and management of risks; and
- regular reviews, notably *via* annual internal control assessments and the internal audit program, to ensure internal control and risk management systems operate correctly.

Arkema's Internal Control Framework defines its organization and the guiding principles behind its operating procedures. Approved by the Executive Committee and available to all employees, notably via the intranet, it is based on the Safety, Health, Environment and Quality Charter, the Users' Guide for IT Resources and Electronic Communication, and the Business Conduct and Ethics Code put in place by Arkema, available on Arkema's website under the heading "Ethics & Compliance". In line with the AMF Reference Framework published in 2007 and updated in 2010, the Internal Control Framework is based on five components:

- control environment;
- risk management (detailed in section 2.2.2.3 of this chapter);
- control activities;
- information and communication; and
- continuous assessment of the internal control system.

Control environment

The control environment is the basis for the other components of internal control and refers primarily to Arkema's organizational principles, its values as set out in the Business Conduct and Ethics Code and the level of awareness among employees.

All employees are informed of the importance attached to observing the rules of proper conduct set out in the Business Conduct and Ethics Code, the Health, Safety, Security, Environment and Quality Charter, and the Users' Guide for IT Systems, Resources and Electronic Communication.

Arkema has put in place a compliance program described in section 4.2.4.2 of this document.

In addition, a fraud prevention procedure has been put in place to record and centralize situations of fraud and therefore improve their handling and prevention.

In general, the roles and duties of every operational and corporate manager are set out in a job description. Their objectives, which include an internal control dimension, are set annually by their respective line manager, to whom they must periodically report on their activities.

Lastly, Arkema has set up a dynamic human resources management approach and a policy of ongoing training designed to ensure that employees' skills are continuously adapted, and to maintain a high level of individual engagement and motivation.

Control activities

Control activities involve applying the standards and procedures that help ensure that Group management directives are implemented at every level of Arkema.

To this end, a set of regulations has been formally documented in the Internal Control Framework, and general principles applicable to all Arkema entities have been defined in order to control the application of the operating procedures defined by the Executive Committee. For example, delegations of authority and investment management are the subject of specific notes.

Businesses and subsidiaries are responsible for operational processes and therefore for internal control.

Corporate departments are responsible for defining and communicating policy and best practice guidelines relating to their area of expertise and ensuring that they are correctly applied, particularly in the following fields:

- compliance with laws and regulations,
- safety and environmental protection, and
- the reliability of financial information.

Controlling access to IT systems forms a key part of internal control and is subject to a formal management process, which involves both the departments using the systems and the IT department.

Information and communication

IT systems are a key component of Arkema's organization. Mindful of the opportunities and risks related to the use of information technologies, Arkema has set up an IT governance structure to control risks while creating value and improving performance. This approach consists of deploying Group-wide the ten IT management practices drawn up formally by the French IT association for major companies, CIGREF (*Club Informatique des Grandes Entreprises Françaises*), as part of Arkema's IT systems security policy. For further details on the management of IT risks, see section 2.1.3 of this chapter.

Additionally:

- Arkema has a highly detailed financial reporting system, an essential management tool used by executive management; and
- each support function develops professional best practices and communicates them throughout Arkema *via* the intranet.

Continuous assessment of internal control systems

The internal control system is assessed on an ongoing basis at all levels of the Group.

The Executive Committee is responsible for the overall internal control system, its performance and its oversight. However, each subsidiary actively contributes to improving internal control performance within its own scope. In general, any weaknesses in the internal control system are reported to line management and, if necessary, to the Executive Committee. In addition, recommendations made by the Internal Audit department on completion of its audits are systematically reviewed and a summary is presented to the Audit and Accounts Committee. When decisions to apply corrective measures are adopted, their implementation is monitored on a formal basis.

Furthermore, as part of their engagement, the statutory auditors as well as the sustainability assurance providers may alert Arkema (represented by the Finance department, the Sustainable Development department and the Internal Audit and Internal Control department) and the Group's Audit and Accounts Committee regarding any weaknesses that they may have identified. These factors are taken into account by Arkema in its efforts to improve internal control.

2.2.2.5 Segments, Business Units, operational departments, corporate departments and subsidiaries

Arkema is organized into segments as described in section 1.2 of this document. The segments of the Specialty Materials platform each comprise two Business Lines encompassing one or several activities, and the Intermediates segment includes two activities. Each activity coordinates the use of the resources required to meet the targets set in their respective areas and is responsible for its own performance and for implementing suitable control procedures and processes, in accordance with the principles and procedures defined in Arkema's Internal Control Framework, Business Conduct and Ethics Code, charters and guidelines.

The corporate departments ensure that Arkema's organization is consistent and optimized. They are responsible for implementing and monitoring the control systems required to ensure compliance with the Group's processes and the reliability of the information for which they are responsible. These control systems - controlling of each department, Arkema Integrated Management System AIMS, Control of Commercial Intermediaries CIC, Vendor Risk Management VRM and others - are continuously monitored and action plans are implemented to correct any non-compliance.

Each subsidiary is placed under the responsibility of a local executive who is responsible for employing the resources defined with the businesses and the support functions to meet the subsidiary's targets, in accordance with current laws and the rules and principles defined by Arkema.

2.2.3 Accounting and financial control procedures

Operational and corporate managers' control and understanding of their business' financial performance represents one of the key factors in Arkema's financial control system.

The finance function is the responsibility of the Chief Financial Officer and includes:

- a Group Accounting and Consolidation department, which produces the consolidated financial and accounting information and ensures the reliability of the data constituting Arkema's financial information;
- a Controlling department, which provides management analyses and financial forecasts to Arkema's different entities to facilitate their management;
- a Tax department, which ensures compliance with the applicable laws and regulations on tax declarations and payment and carries out the overall tax planning process for the Group;
- a Financing and Treasury department, whose role is to optimize the Group's financing and liquidity and manage counterparty risk; and
- an Investor Relations department, whose remit is to establish, develop and maintain relations with investors, shareholders and financial analysts, and publish financial information once it has been approved by the Board of Directors.

Each business has its own management control team, which monitors and analyzes the business' performance monthly, and each subsidiary is responsible for its own monthly accounts and half-year and full-year financial information.

Accounting reporting and controlling

The Group Accounting and Consolidation department and the Controlling department define the financial principles and guidelines set out in the financial reporting manual and Arkema's management framework.

The Group Accounting and Consolidation department also monitors accounting laws and regulations for the Group and ensures that specific technical provisions applicable to Arkema are taken into account.

The purpose of the financial reporting process, established in accordance with these principles, is to analyze actual performance compared with forecasts and prior periods. The reporting schedule is structured around:

- a five-year plan drawn up each year by the Strategy department. The plan is reviewed and approved by the Executive Committee and enables it to understand the financial consequences of the Group's major strategic choices and the main threats identified in the environment under consideration;
- an annual budget, which sets out the financial performance targets for the following year in line with the medium-term plan. The budget preparation process falls within the remit of the Controlling department. The budget represents a key benchmark for measuring the actual performance of the four segments and their respective businesses, the corporate departments and Arkema's subsidiaries as a whole; and
- a monthly forecast and reporting process, which enables business trends to be taken into account in order to refine end-of-period forecasts for the quarter and the year. The Controlling department prepares a consolidated report each month, by segment and by activity, based on the consolidated data provided by the Group Accounting and Consolidation department, that includes the month's significant events, the performance indicators and the updated forecasts. These components are systematically reviewed by the Group's Executive Committee.

The fundamental financial reporting principles are set out in the financial reporting manual and Arkema's management framework. These reference documents are updated regularly by the Group Accounting and Consolidation department and the Controlling department, following approval by the Chief Financial Officer or the Executive Committee, depending on the type of amendment and its significance.

2.2.4 Arkema's insurance policy

Arkema implements an insurance cover strategy that combines a prevention policy designed in close cooperation with insurers (in particular for property damage, *via* joint periodic visits which result in the regular issuance of technical recommendations implemented by the Group), and the purchasing of insurance policies.

The Group's policy is to centralize its insurance against risks relating to the production, transportation and marketing of its products worldwide. Arkema uses international insurance brokers to optimize its cover of all Group companies. As a general rule, the Group's insurance cover limits apply either to each claim, or to each claim and each year, and vary according to the risks covered. In most cases, cover is limited both by certain exclusions standard to these kinds of contracts and by deductibles that are reasonable given the size of the Group.

For the financial year ended 31 December 2024, total premiums paid by the Group, and relating to the Group's insurance policies presented below, amounted to less than 1% of its sales for the period.

The Group's insurance policies are drawn up to cover current risks while also accommodating any new acquisitions or disposals that may take place during the year.

The Group retains a certain level of risk through the deductibles on its insurance policies, and centrally through a captive insurance company that is active only in property insurance and civil liability insurance. The objective of the captive company is to optimize the Group's external insurance costs.

Arkema believes that its insurance policies are consistent with those currently available on the insurance market for groups of similar size and involved in similar business activities.

Descriptions of the insurance policies taken out by Arkema are provided below to a level of detail that enables it to comply with confidentiality requirements and protect its interests and competitiveness.

Civil liability

The Group has contracted civil liability insurance policies with leading insurance companies. The civil liability policies cover, under certain conditions and subject to applicable exclusions and sub-limits, the Group worldwide against the financial consequences of civil liability claims in the context of its business activities and in respect of physical, material or non-material damage or losses caused to third parties. These policies cover up to €480 million for the Group. Deductibles vary, particularly depending on the subsidiaries' location.

Property damage

The Group's sites are covered by leading insurance companies against material damage and any resulting business interruption. This cover is intended to avoid any significant financial loss and to ensure the resumption of operations in the event of property damage. However, certain property and types of damage can be excluded from the insurance policy's cover depending on the country in which the loss occurs.

The cover includes a "direct damage" component and a "business interruption" component, with the compensation period for the latter limited to either 12, 24 or 36 months, depending on the site. These policies may include sub-limits, particularly for machinery breakdowns, natural disasters and terrorism. Deductibles vary depending on the risk exposure and the size of the site concerned. The maximum total retention in the event of a claim was €40 million.

The combined cover limit of the policies in place for direct damage and business interruption, over and above the total retention, is €500 million.

Transportation

The Group is insured against the risk of damage to its manufacturing assets, equipment, finished or semi-finished products and raw materials during transportation or storage by third parties up to a limit of €12 million per shipment. The policy includes a deductible and several exclusions that are standard for this kind of agreement.

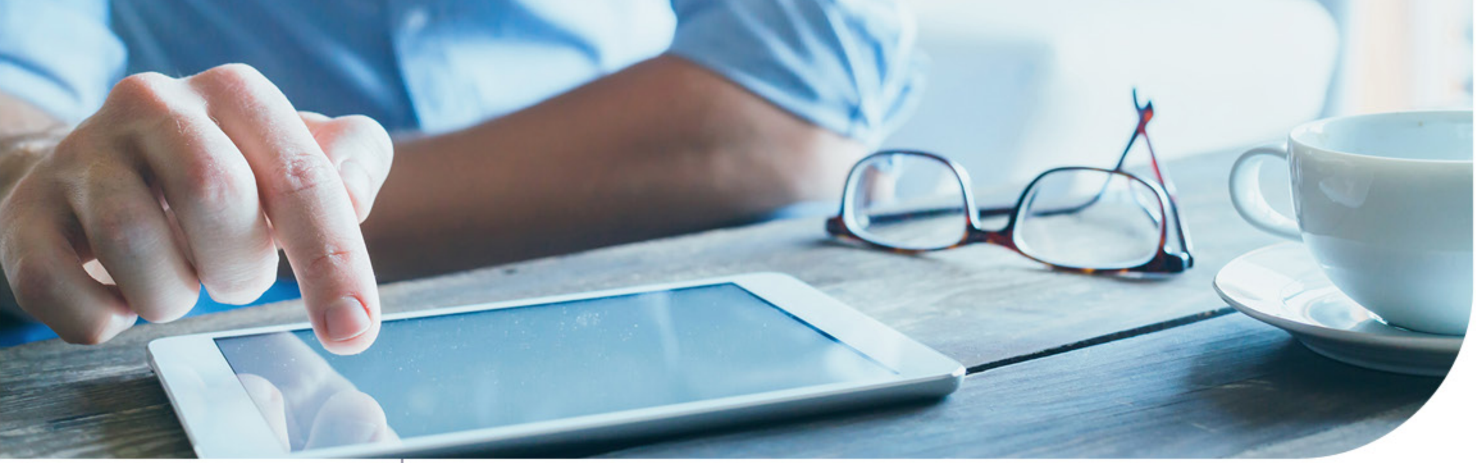
Environmental risks

Arkema has taken out an environmental liability insurance program with leading insurance companies. For production sites located in the United States, the limit is US$75 million. For production sites outside the United States, the limit is €80 million.

These programs cover, under certain conditions and subject to applicable exclusions and sub-limits, environmental liabilities linked to the Group's production sites. They include, in particular, damage sustained by third parties as a result of pollution generated either on Group production sites or as a result of transporting Group products.

Cyber risks

Arkema has taken out a cyber insurance program covering all subsidiaries worldwide. The coverage ceiling is €40 million with a standard deductible for this type of cover.



CORPORATE GOVERNANCE

3

The different parts constituting the annual financial report are identified in the table of contents by the pictogram AFR

The present chapter constitutes the Board of Directors' report on corporate governance as required under article L. 225-37, paragraph 6 of the French Commercial Code (*Code de commerce*). This report was prepared by a working group comprising, in particular, the Secretary of the Board of Directors and the Investor Relations and Human Resources & Communication departments, having taken into consideration:

- the AFEP-MEDEF Corporate Governance Code for listed companies, last revised in December 2022 (the "AFEP-MEDEF Code"), and its March 2024 Application Guide, available on the AFEP and MEDEF websites (www.afep.com and www.medef.com);
- the French financial markets authority (*Autorité des marchés financiers* – AMF) recommendation no. 2012-02 on corporate governance and executive compensation in listed companies referring to the AFEP-MEDEF Code, and revised most recently on 28 July 2023, and the recommendations contained in the AMF annual report for 2024 on corporate governance and executive compensation in listed companies published on 3 December 2024;
- the recommendations of the AFEP-MEDEF *Haut Comité du Gouvernement d'Entreprise* set out in its annual report published on 25 November 2024; and
- the AMF position-recommendation no. 2021-02 - "Guide to preparing Universal Registration Documents" of 8 January 2021, updated on 28 July 2023.

It was then reviewed by the Nominating, Compensation and Corporate Governance Committee prior to approval by the Company's Board of Directors.

The other information required under articles L. 225-37, L. 225-37-4, L. 22-10-10 and L. 22-10-11 of the French Commercial Code, namely, the table of delegations of authority currently in force that have been granted by the shareholders in relation to capital increases, the conditions of shareholder participation at annual general meetings, information concerning the structure of the Company's share capital and factors likely to have an impact in the event of a takeover bid, are set out in sections 6.2.5, 6.5.1, 6.2.1, 6.3.1, 6.3.2 and 6.3.3, respectively, of this document.

At the date of this document, there are no agreements between any of the directors of the Company or any of its shareholders holding more than 10% of the voting rights and a company of which the Company owns more than half of the share capital.

3.1 Compliance with the corporate governance system

With regard to corporate governance, the Company refers to the recommendations of the AFEP-MEDEF Code and its Application Guide, available on the AFEP and MEDEF websites (www.afep.com and www.medef.com). In accordance with the "comply or explain" rule provided under article L. 22-10-10 4° of the French Commercial Code and section 28.1 of the AFEP-MEDEF Code, the Company considers, at the date of this document, that, with the exception of the recommendation referred to in the table below for which explanations are provided in the following summary table, the Company complies with the corporate governance system in force in France.

Disregarded provisions of the AFEP-MEDEF Code	Explanations
19.1. The compensation committee " [...] It is recommended [...] that one of its members be an employee director. "	Nathalie Muracciole's term of office as director representing employees and member of the Nominating, Compensation and Corporate Governance Committee for matters relating to compensation expired on 2 July 2024. As of the date of this document, the Board of Directors has not yet replaced her on the committee, given that her replacement on the Board of Directors only arrived very recently and lacked experience in compensation matters at the time of his appointment. However, the Board intends to appoint a director representing employees to the committee as soon as possible. To this end, he will receive training on compensation-related subjects as part of the training provided to him to perform his duties. In the meantime, directors representing employees attend the Board of Directors' meetings during which compensation packages are reviewed and discussed in any case.

3.2 Composition of administrative and management bodies

3.2.1 Board of Directors

3.2.1.1 Principles for the composition of the Board of Directors (including elements relating to the Sustainability Report - GOV-1)

The composition and operating procedures of the Company's Board of Directors are determined by current laws and regulations, by the Company's Articles of Association and by the Board of Directors' internal rules, as last amended on 26 February 2025.

At the date of this document, the Company is run by a Board of Directors comprising fourteen members, of whom (i) only Thierry Le Hénaff, Chairman and CEO, holds an executive position within the Group, and (ii) eight are independent directors. The Board includes six women, two members representing employees and one member representing shareholder employees.

The conditions for the appointment of directors and the length of their term of office are described in the following table.

Type of director	Method of appointment	Term of office	Number of directors	Reference text
Director	Annual general meeting	4 years	11	Article L. 225-18 of the French Commercial Code
Director representing shareholder employees	Annual general meeting on a proposal by the company mutual funds' (*Fonds Commun de Placement d'Entreprise* - FCPE) Supervisory Boards	4 years	1	Articles L. 225-23 and L. 22-10-5 of the French Commercial Code
Director representing employees	Appointment by the French delegation of the European Group Works Council, carrying out the duties of the Group Works Council and the European Works Council	4 years	2	Article L. 225-27-1 of the French Commercial Code

Policy on diversity within the Board of Directors

In accordance with the provisions of article L. 22-10-10 2° of the French Commercial Code, the AFEP-MEDEF Code and the AMF recommendations on the composition of boards of directors, the Nominating, Compensation and Corporate Governance Committee regularly reviews the objectives relating to the diversification of the Board of Directors' membership, in terms of directors' independence, gender balance, age, nationality, and profiles, as well as complementarity of skills and international experience. The committee, if need be with the help of recruiting firms, thus aims to select and propose candidates with recognized and independent personalities, in particular current and former executives, for Board approval, with skills in diverse and complementary areas such as chemicals, industry, finance, acquisitions and integration of acquired entities, sustainable development and especially the climate, as it is an urgent matter, as well as health and security, research and innovation. Consequently, the committee makes recommendations to the Board after an in-depth examination of all the factors to be taken into account in its deliberations, in light of the composition and evolution of the Company's ownership structure, the development of its activities, and the directors' terms of office.

At the date of this document, the Board of Directors considers that its members' origins, skills, experience and career paths, as well as their recognized and independent personalities, are diverse enough to allow it to carry out its duties with the necessary skills, independence and objectivity. The professional expertise of each member of the Board of Directors, at the date of this document, is set out in sections 3.2.1.2 and 3.2.1.3 of this chapter. For an overview of the Board's skills, see the directors' skills matrix presented in the introductory chapter of this document in the "Governance" section.

International experience

In terms of internationalization, the Board of Directors is committed to bringing in candidates with significant international experience in one or more countries that are key for the Group, although it still prefers its members to be physically present at meetings (outside specific contexts requiring another meeting format) and for discussions to be held in French for the sake of fluidity. A growing number of international profiles and/or persons living abroad have therefore joined the Board in recent years, including: Ian Hudson, a British and Swiss national, Susan Rimmer, a British and French national, Ilse Henne, a Belgian national, and Thierry Pilenko, a French and US national. As a result, at the date of this document, the Board of Directors includes seven members who have spent a large part of their careers abroad (*i.e.*, 50%), of whom four are foreign nationals (*i.e.*, 28%). For further details on these directors' profiles, see sections 3.2.1.2 and 3.2.1.3 of this chapter.

CSR experience

In view of the stricter regulatory framework and the increasing number of applicable regulations relating to CSR, as well as growing expectations in this field, the Board of Directors ensures that it includes members with advanced experience in one or more CSR areas. Six directors therefore have recognized expertise in this area, which is relevant to the Group's sustainability matters and the material impacts, risks and opportunities identified in section 4.2.1.5 of this document:

- Ian Hudson, Chairman of the Innovation and Sustainable Growth Committee, is a specialist in the circular economy, having notably served as Chairman of the Board of Directors of Carbios and as a member of the Management Committee of EuropaBio;
- Isabelle Boccon-Gibod, a member of the Innovation and Sustainable Growth Committee, has built up her knowledge of sustainable development in the paper industry, particularly in her former roles as Executive Vice President of the Arjowiggins group, Chairwoman of Copacel and director of the Paprec group.
- Susan Rimmer, a director representing employees, and a member of the Innovation and Sustainable Growth Committee, is in charge of product stewardship for the Sartomer and Crayvallac businesses in Arkema's Coating Solutions segment;
- Sébastien Moynot, a member of the Innovation and Sustainable Growth Committee, is also a director of Verallia, which specializes in glass recycling. He also served for several years on the Board of Directors of GreenYellow, a company with significant activity in renewable energies;
- Florence Lambert, a member of the Innovation and Sustainable Growth Committee, is the Chairwoman of Genvia, a company whose aim is to develop and deploy technology on an industrial scale for the production of carbon-free hydrogen, and director of Hydrogen Refueling Solutions. She previously held several positions at the French Alternative Energies and Atomic Energy Commission (*Commissariat à l'énergie atomique et aux énergies alternatives* – CEA) and was a director of Albioma, a renewable energies producer committed to the energy transition; and
- Philippe Sauquet, a member of the Nominating, Compensation and Corporate Governance Committee, was Executive Vice President, Strategy & Innovation, in charge of new energies at TotalEnergies group between 2016 and 2021. He is also a director of Axens, a company active in the renewable energies market.

Independence of directors

As part of its process to assess its members' independence and to prevent risks of conflicts of interest between directors and management, the Company or the Group, the Board of Directors takes into account all the criteria of the AFEP-MEDEF Code, which are laid down in its internal rules. Accordingly, an independent director is one who, other than his or her position on the Board, has no relationship whatsoever with the Company, the Group or its management. In particular, the director must not:

1) be, or have been within the last five years:
   - an employee or executive director of the Company,
   - an employee, executive director or director of a company consolidated by the Company;
2) be an executive director of a company in which the Company holds a directorship, directly or indirectly, or in which one of its employees (designated as such) or executive director (currently or in the last five years) holds a directorship;
3) be, or have been, directly or indirectly linked to a major customer, supplier, consultant, corporate or investment banker of the Company or its group, or for which the Company or its group represents a significant portion of the business;
4) have close family ties with an executive officer of the Company;
5) have been a statutory auditor of the Company in the previous five years;
6) have been a director of the Company for more than twelve years; or
7) be or represent a significant shareholder of the Company owning over 10% of the Company's share capital or voting rights.

The annual review of the independence of each member of the Board of Directors, in accordance with the AFEP-MEDEF Code and the Board of Directors' internal rules, took place at the Nominating, Compensation and Corporate Governance Committee meeting of 23 January 2025 and at the Board of Directors' meeting of 26 February 2025.

At these meetings, the Nominating, Compensation and Corporate Governance Committee, and subsequently the Board of Directors, examined, on a case-by-case basis, the business relationships that may exist between the Company or other Group companies and the companies in which one or more directors hold professional or executive positions, or with which they have ties (as a customer, supplier, investment banker, commercial banker or advisor). As part of this process, materiality tests were carried out using a multi-criteria approach in accordance with the recommendations of the AMF and the French High Committee for Corporate Governance (*Haut Comité de Gouvernement d'Entreprise*), to verify whether or not these relationships are material. To this end, a comprehensive summary of transactions between the Group and these companies is submitted to the Nominating, Compensation and Corporate Governance Committee. Materiality tests include the assessment of:

- the importance of the relationship for the director and the Company in terms of possible financial dependency, exclusivity or dominance of this relationship in the sector concerned;
- financial flows (in particular, the proportion of sales in relation to consolidated sales);
- the director's involvement in the relationship concerned; and
- the duration and continuity of the business relationship;

as well as a comparison of financial terms between the parties in relation to the Group's other suppliers or customers.

This review enabled the Board of Directors to examine, in particular, the situation of Marie-Ange Debon, a director of TotalEnergies. The Board noted that the business relationships between Arkema and TotalEnergies were not of a material nature from either perspective, given their common nature, the absence of reciprocal financial dependency due to the fact that Arkema's purchases from TotalEnergies represent an insignificant portion of its total raw materials costs, the long-standing nature of the contracts between the parties and the fact that Marie-Ange Debon's role within TotalEnergies has no operational link with the activities concerned. The aforementioned business relationships are not considered to be of a material nature to give rise to conflicts of interest or call into question the independence of Marie-Ange Debon.

Other business relationships that may exist between Arkema or one of the Group's companies and a director, either directly or indirectly, have also been qualified as non-material in view of the volume of sales, which is not material for the Group.

In accordance with the Board of Directors' internal rules and with the AMF recommendations, when a conflict of interest arises, the Nominating, Compensation and Corporate Governance Committee informs the Board that the director concerned must not participate in any discussions or votes on the topic in question. For further details on the management of conflicts of interests, see section 3.2.3.3 of this chapter.

In light of the foregoing and as summarized in the table below, the Board of Directors approved the proposal made by the Nominating, Compensation and Corporate Governance Committee to qualify the following Board members as independent directors: Marie-Ange Debon, Ilse Henne, Florence Lambert, and Hélène Moreau-Leroy, as well as Séverin Cabannes, Ian Hudson, Philippe Sauquet and Thierry Pilenko.

In accordance with the AFEP-MEDEF Code, which provides that the director representing shareholder employees, Nicolas Patalano, and the directors representing employees, Susan Rimmer and Philippe Allart, should not be included when calculating the percentage of independent directors, the rate of independence of the Board of Directors consequently stands at 73% (eight directors out of eleven) at 31 December 2024. This proportion complies with the AFEP-MEDEF Code recommendation that at least half the Board members of companies with diversified capital and no controlling shareholders be independent.

SITUATION OF DIRECTORS WITH REGARD TO THE INDEPENDENCE CRITERIA SET OUT IN THE AFEP-MEDEF CODE (AND REPRODUCED IN FULL IN THE BOARD OF DIRECTORS' INTERNAL RULES) AT 31 DECEMBER 2024

	Company employee or executive	Cross directorships	Business relationships	Family ties	Statutory auditor	Director for more than 12 years	Significant shareholder	Independent
Thierry Le Hénaff	√	X	X	X	X	X	X	NO
Philippe Allart	√	X	X	X	X	X	X	NO
Bpifrance Investissement	X	X	X	X	X	X	√	NO
Séverin Cabannes	X	X	X	X	X	X	X	**YES**
Marie-Ange Debon	X	X	X	X	X	X	X	**YES**
Fonds Stratégique de Participations	X	X	X	X	X	X	√	NO
Ilse Henne	X	X	X	X	X	X	X	**YES**
Ian Hudson	X	X	X	X	X	X	X	**YES**
Florence Lambert	X	X	X	X	X	X	X	**YES**
Hélène Moreau-Leroy	X	X	X	X	X	X	X	**YES**
Nicolas Patalano	√	X	X	X	X	X	X	NO
Thierry Pilenko	X	X	X	X	X	X	X	**YES**
Susan Rimmer	√	X	X	X	X	X	X	NO
Philippe Sauquet	X	X	X	X	X	X	X	**YES**

X *The criterion is not applicable.*
√ *The criterion is applicable.*

Gender balance on the Board of Directors

In accordance with article L. 225-17 paragraph 2 of the French Commercial Code, the Board of Directors ensures that the principle of gender balance among its members is applied. In order to do this, whilst seeking to ensure that the Board has at least 40% of members of each gender, the Nominating, Compensation and Corporate Governance Committee systematically reviews applications from men and women before making recommendations to the Board as to how to change its composition.

As of the date of this document, six of the fourteen members of the Board of Directors are women. In accordance with articles L. 225-23, L. 22-10-5 and L. 225-27-1 of the French Commercial Code, the directors representing employees, Susan Rimmer and Philippe Allart, and the director representing shareholder employees, Nicolas Patalano, are not taken into account when calculating the gender balance. Therefore, 45% of the members of the Board of Directors are women (*i.e.*, five out of eleven members) and 55% are men. After taking into account directors representing employees, the gender diversity ratio of the Board is 0.75 (*i.e.* six women to eight men).

Representation of employees and shareholder employees

In accordance with the applicable regulations, the Board of Directors includes a member representing shareholder employees, Nicolas Patalano, who was appointed at the annual general meeting of 19 May 2022. Like all directors, and in accordance with the provisions of articles L. 225-23 and L. 22-10-5 of the French Commercial Code, he receives the training required to perform his duties. The training time is at least 40 hours per year, with the content determined by the Board of Directors in agreement with the director.

In addition, in accordance with article L. 225-27-1 of the French Commercial Code and the Company's Articles of Association, on 2 July 2024:

- Philippe Allart was appointed as director representing employees by the French Group Works Council (the duties of which are carried out by the French delegation of the European Group Works Council); and
- the term of office of Susan Rimmer as director representing employees was renewed by the European Group Works Council.

Like all directors and pursuant to the provisions of article L. 225-30-2 of the French Commercial Code, Susan Rimmer and Philippe Allart benefit from the training required to perform their duties. The training time is at least 40 hours per year, with the content determined by the Board of Directors in agreement with the directors.

Other characteristics

According to the provisions of the Company's Articles of Association and/or the Board of Directors' internal rules:

- subject to the laws applicable to provisional appointments made by the Board of Directors, the directors shall serve a four-year term of office. In accordance with the recommendations of the AFEP-MEDEF Code, the directors' terms of office are staggered in order to avoid bulk renewal of the Board, and ensure that the directors' reappointment process runs smoothly. As the terms of office of all directors are staggered, the annual general meeting is called upon every year to decide on the renewal of one or more terms of office;
- each director must hold at least 450 of the Company's shares throughout their term of office, except for (i) the director representing shareholder employees, who must hold, individually or through a company mutual fund (*Fonds Commun de Placement d'Entreprise* – FCPE) governed by article L. 214-165 of the French Monetary and Financial Code (*Code monétaire et financier*), at least one share in the Company, or a number of units of the said fund equivalent to at least one share in the Company, and (ii) the directors representing employees as well as the permanent representative of a legal entity director, who do not need to be shareholders;
- the age limit for directors set in the Company's Articles of Association is 70 years old, and serving directors who reach this age limit are automatically considered as having resigned unless the Board decides that they may complete their term of office;

Subject to approval of the 17th and 18th resolutions at the annual general meeting of 22 May 2025:

  - directors may be appointed or reappointed up to and including the age of 70 for a term of four (4) years; if one third of the directors are over 70 years old, in the absence of a voluntary resignation by one of them prior to the date on which this limit is exceeded, the oldest director is deemed to have resigned automatically on this date, and
  - the age limit for the Chairman of the Board of Directors set in the Company's Articles of Association is 72 years old, it being provided that his term of office automatically ends at the close of the Board meeting following the date of his birthday. For further details, see section 7.1.2 and 7.2.1 of this document;

- a director may not hold more than four other directorships in listed companies, including foreign companies, outside the Group. The Chairman and Chief Executive Officer may not hold more than two other directorships in listed companies outside the Group and must seek the opinion of the Board of Directors prior to accepting any new directorship in a listed company; and
- each director is subject to an obligation to report any potential direct or indirect conflicts of interest to the Company (see section 3.2.3.3 below).

Pursuant to articles L. 225-18, L. 225-23 and L. 22-10-5 of the French Commercial Code, the term of office of directors appointed by the general meeting of the Company is four years and expires at the end of the ordinary general meeting called to approve the financial statements for the previous financial year and held in the year during which the term of office expires. These directors may be dismissed at any time by a general meeting of shareholders. The term of office of the director representing shareholder employees ends automatically and the director is assumed to have resigned if he or she is no longer an employee of the Company (or a Group company) or a shareholder of the Company (or member of a mutual fund that owns shares in the Company). The term of office of directors representing employees appointed in accordance with the provisions of article L. 225-27-1 of the French Commercial Code, is also four years, expiring at the end of the first ordinary European Group Works Council meeting held after the ordinary annual general meeting of the year in which the term of office expires. A director representing employees is also assumed to have automatically resigned if he or she is no longer an employee of the Company or of one of its subsidiaries with its registered office in France.

An induction program is provided for newly appointed directors, enabling them to meet the Executive Vice-President, Strategy and the Executive Vice-President, Human Resources and Communication for general introductory presentations respectively on the Group's strategy and on governance and HR policy. Depending on the position taken within committees, additional meetings are held with the Chief Financial Officer, the Head of R&D or the chairmen of the committees of the Board. This program is followed very quickly after the directors are appointed by the annual general meeting, with the yearly Board meeting dedicated to strategy which is held every June and gives the newly appointed directors a detailed global overview of the Group's main challenges. The same day, they have the opportunity to meet all of the Executive Committee members and the Head of R&D, as well as a selection of other Group executives or talents at the dinner reception following the meeting.

The Board's annual visit to one or more Group sites also enables them to increase their knowledge of one or more of the Group's business segments or activities and to meet the local teams. Lastly, site visits can be organized on request, as can information or presentations focusing on specific topics.

Lastly, directors benefit from regular presentations at meetings of the Board of Directors or of the committees of which they are members on new regulations of significance to Arkema and major trends such as CSR matters and related regulations.

Summary of changes in the composition of the Board of Directors

The Board of Directors is paying special attention to its composition taking account of comments made by investors and proxy advisors, notably during governance roadshows organized by the Company. The aim is to constantly improve the Board's composition in line with best governance practices, and recommendations of the Nominating, Compensation and Corporate Governance Committee. The changes described below have enabled Arkema to comply with the recommendations of the AFEP-MEDEF Code, with one exception detailed in section 3.1 of this chapter and rank among companies with the best governance practices.

Independence	• Appointment of Thierry Pilenko as independent director and Chairman of the Nominating, Compensation and Corporate Governance Committee (2021) • Appointment of Philippe Sauquet as independent director and member of the Nominating, Compensation and Corporate Governance Committee (2021) • Appointment of Florence Lambert as independent director and member of the Innovation and Sustainable Growth Committee (2023) • Appointment of Séverin Cabannes as independent director and member of the Audit and Accounts Committee (2023) Overall independence rate of the Board of Directors: **73%** (1)
Diversity	**Gender** • Appointment of Susan Rimmer (2020) • Appointment of Ilse Henne (2021) • Appointment of Florence Lambert (2023) *i.e.*, **45%**(2) women and **43%** overall **International experience** • Appointment of Ian Hudson, British and Swiss national (2019) • Appointment of Susan Rimmer, British and French national (2020) • Appointment of Ilse Henne, Belgian national (2021) • Appointment of Thierry Pilenko, French and US national (2021) *i.e.*, **28%** of directors are foreign nationals
Seniority	• Balanced: six years on average
Senior independent director	• Appointment of Hélène Moreau-Leroy (2019), who is also a member of the Nominating, Compensation and Corporate Governance Committee (2021)
Directors representing employees	• Appointment of Susan Rimmer as a member of the Innovation and Sustainable Growth Committee (2022)
Board of Directors' committees	• Set-up of the Innovation and Sustainable Growth Committee tasked with assessing the contribution of Arkema's strategy and innovation to environmental challenges and sustainable growth. The new committee will further enhance the mechanism for reviewing CSR matters and complement the related duties already performed by the two other committees (2021)

(1) Excluding directors representing employees and shareholder employees, in line with the recommendations of the AFEP-MEDEF Code.
(2) Excluding directors representing employees and the director representing shareholder employees, in line with the recommendations of the French Commercial Code.

3.2.1.2 Composition of the Board of Directors

At 31 December 2024, the composition of the Board of Directors was as follows:

	Nationality	Age	Independent director	Year of first appointment	Year current term expires	Other directorships in listed companies	Audit and Accounts Committee	Nominating, Compensation and Corporate Governance Committee	Innovation and Sustainable Growth Committee	Expertise[1]
Thierry Le Hénaff Chairman and Chief Executive Officer	French	61		2006	2028	1				Chairman and Chief Executive Officer
Philippe Allart representing employees	French	50		2024	2028	None				R&D and knowledge of the Group
Bpifrance Investissement represented by **Sébastien Moynot**	French	52		2021	2025	3 [2]			●	Credit, guarantees, industry, innovation and M&A
Séverin Cabannes	French	66	◆	2023	2027	1	●			Executive management, finance, banking, new information technologies, chemicals, industry
Marie-Ange Debon	French	59	◆	2018	2026	1	Chairman			Executive management, accounting, finance, M&A and industry
Fonds Stratégique de Participations represented by **Isabelle Boccon-Gibod**	French	56		2014	2026	2 [2]	●		●	Industry, finance, M&A, innovation and CSR
Ilse Henne	Belgian	52	◆	2021	2025	1	●			Industry, finance and transformation
Ian Hudson	British and Swiss	67	◆	2019	2027	None	●		Chairman	Executive management, chemicals, finance, innovation and CSR
Florence Lambert	French	52	◆	2023	2027	1			●	Executive management, industry, innovation and CSR
Hélène Moreau-Leroy	French	60	◆	2015	2027	None		●		Industry, M&A and governance
Nicolas Patalano representing shareholder employees	French	53		2022	2026	None				Chemicals and knowledge of the Group
Thierry Pilenko	French and American	67	◆	2021	2025	1		Chairman		Executive management, industry, M&A and governance
Susan Rimmer representing employees	British and French	49		2020	2028	None			●	CSR and knowledge of the Group
Philippe Sauquet	French	67	◆	2021	2026	None		●		Industry, chemicals, CSR and M&A

◆ *Independence in accordance with the AFEP-MEDEF Code criteria set out in the Board of Directors' Internal Rules and as assessed by the Board of Directors.*
● *Member.*
(1) *For more details, see the directors' skills matrix in the introductory chapter of this document in the "Governance" section.*
(2) *Concerns only directorships held by the permanent representative.*

The following changes to the composition of the Board of Directors took place in 2024:

Departures	• Nathalie Muracciole, Director representing employees and member of the Nominating, Compensation and Corporate Governance Committee
Appointments	• Philippe Allart, director representing employees (the French Group Works Council on 2 July 2024)
Reappointments	• Thierry Le Hénaff, director and Chairman and Chief Executive Officer (the annual general meeting of 15 May 2024). • Susan Rimmer, director representing employees and member of the Innovation and Sustainable Growth Committee (European Group Works Council on 2 July 2024)

At its meeting on 26 February 2025, the Board of Directors noted that the terms of office of Ilse Henne, Thierry Pilenko and Bpifrance Investissement, whose permanent representative is Sébastien Moynot, are due to expire at the close of the annual general meeting of 22 May 2025. Consequently, on the recommendation of the Nominating, Compensation and Corporate Governance Committee, the Board of Directors has decided unanimously to submit to the annual general meeting to be held on 22 May 2025 their reappointment as directors for a new term of four years expiring at the close of the annual general meeting to be held in 2029 to approve the financial statements for the year ending 31 December 2028.

These changes are summarized in the following table:

Annual general meeting of 22 May 2025	
Reappointments	• Bpifrance Investissement, whose permanent representative is Sébastien Moynot, director and member of the Innovation and Sustainable Growth Committee • Ilse Henne, independent director and member of the Audit and Accounts Committee • Thierry Pilenko, independent director and chairman of the Nominating, Compensation and Corporate Governance Committee

The following table summarizes the principles underlying the composition of the Board of Directors.

SUMMARY OF THE COMPOSITION OF THE BOARD OF DIRECTORS

Composition of the Board of Directors	Objectives/priorities	Status at the close of the 2025 annual general meeting
Balance of powers	Appointment of a senior independent director in the event that the positions of Chairman and Chief Executive Officer are combined Large majority of independent directors (at least 50%)	**Senior independent director:** Hélène Moreau-Leroy **Independence rate:** 73% (1)
Complementarity of skills	Profiles of current or former executives and combination of skills contributing to the Group's transformation strategy	• **Chemicals:** 6 • **Industry:** 9 • **Finance:** 6 • **Innovation and CSR:** 6
Gender balance on the Board of Directors	At least 40% of women.	45% of **women** (2)
Diversity – international profiles	Maintain a high level of directors who are either foreign nationals or have significant international experience in one or more countries that are strategic for the Group.	**International experience:** 50% **Foreign nationals:** four directors
Representation of employees and shareholder employees	Director representing shareholder employees (holding over 3% of share capital) Two directors representing employees	One director representing shareholder employees Two directors representing employees
Age of directors and seniority	Maximum age of 70 Balance in years of seniority on the Board	No director is over 70 years of age **Average age:** 58 years. **Average seniority** on the Board: 6 years.

(1) Excluding directors representing employees and shareholder employees, in line with the recommendations of the AFEP-MEDEF Code.
(2) Excluding directors representing employees and shareholder employees, in line with the recommendations of the French Commercial Code.

3.2.1.3 Information on the members of the Board of Directors at 31 December 2024

Thierry Le Hénaff

Chairman and Chief Executive Officer
Nationality: French

Date of first appointment:
6 March 2006

Date of last renewal:
15 May 2024

Date term expires:
AGM held to approve financial statements for 2028 financial year

Number of shares held at 31 December 2024:
433,426

Business address:
Arkema,
420, rue d'Estienne d'Orves,
92700 Colombes, France

Professional experience

Born in 1963, Thierry Le Hénaff is a graduate of France's École Polytechnique and École Nationale des Ponts et Chaussées and holds a Master's degree in Industrial Management from Stanford University in the United States. He is a Chevalier de l'Ordre National du Mérite, as well as a *Chevalier de l'Ordre National de la Légion d'Honneur* (French order of merit awards). He is lead independent member of the Supervisory Board and a member of the Compensation and Appointments Committee of Michelin. He has also been a member of the Board of Directors of the École Polytechnique Foundation since 2016, and of France Industrie since 2021.

After starting his career with Peat Marwick Consultants, in 1992 he joined Bostik, Total's Adhesives division, where he held a number of operational positions in France and worldwide.

In July 2001, he was appointed Chairman and Chief Executive Officer of Bostik Findley, the new entity resulting from the merger of Total's and Elf Atochem's Adhesives divisions.

In January 2003, he joined Atofina's Executive Committee and then Total's management committee in 2004.

He has been Chairman and Chief Executive Officer of Arkema since the Company's stock market listing in 2006.

Other offices currently held

France

Within the Group
- Chairman of the Board of Directors, Arkema France

Outside the Group
- Lead independent member of the Supervisory Board and member of the Compensation and Appointments Committee, Michelin*

International
- None

Other offices held in the past five years but now expired**

Expired in 2024
- None

Expired from 2020 to 2023
- None

** Listed company. ** Outside the Arkema Group.*

Philippe Allart

Director representing employees
Nationality: French

Date of first appointment:
2 July 2024

Date term expires:
Meeting of the European Group Works Council (performing the functions of the French Works Council) following the AGM held to approve financial statements for the year ending 31 December 2027

Business address:
Arkema,
420, rue d'Estienne d'Orves,
92700 Colombes, France

Professional experience

Born in 1974, Philippe Allart holds a *DUT* degree in Chemistry from the University of Poitiers and a DEPSUP specializing in catalysis completed in a CNRS laboratory in Poitiers. He is currently an R&D technician at the *Centre de Recherches Rhône Alpes - Pierre Bénite*, in Lyon. Philippe Allart is also Chairman of the Supervisory Board of FCPE Arkema Actionnariat France.

Philippe Allart began his career in 1997 as a chemicals technician at the *Institut Français du Pétrole*, and then at Renault. Since 1999 he has held several positions as an R&D technician for Atofina and then for Arkema. His strong involvement in the CFDT trade union has enabled him to hold several positions within the Group's employee representative bodies such as staff representative and union representative at CHSCT. He has been a member of the accounts control commission of the regional union body *Syndicat Chimie Energie Rhône Alpes Ouest*.

Other offices currently held**

France
- Chairman of the Supervisory Board, FCPE Arkema Actionnariat France

International
- None

Other offices held in the past five years but now expired**

Expired in 2024
- None

Expired from 2020 to 2023
- None

** Listed company. ** Outside the Arkema Group.*

Séverin Cabannes

Independent director and member of the Audit and Accounts Committee

Nationality: French

Date of first appointment:
11 May 2023

Date term expires:
AGM held to approve financial statements for 2026 financial year

Number of shares held at 31 December 2024:
450

Business address:
Arkema,
420, rue d'Estienne d'Orves,
92700 Colombes, France

Professional experience

Born in 1958, Séverin Cabannes is a graduate of France's École Polytechnique and École Nationale des Mines de Paris. He is a senior independent director of Aéroports de Paris, a director of Moody's France SAS, Moody's GmbH and Moody's Investors Service UK, and since 2021 has been Chairman of TOLMACONSEIL.

Séverin Cabannes started his career in 1983 at Crédit National as a financial analyst. From 1986 to 1997, he held various positions at Elf Atochem, including Manager of Polyethylene Manufacturing and Head of Economics and Strategic Planning. In 1997, Séverin Cabannes joined La Poste as international development and strategy Executive Vice-President, member of the Executive Committee, before becoming Deputy Chief Executive Officer, Strategy and Finance in 1998. In 2001, he joined Société Générale as Chief Financial Officer and member of the Management Committee, and between 2002 and 2006, he was Chief Executive Officer of Steria group. He rejoined Société Générale in 2007 as Head of Resources, and then as Deputy Chief Executive Officer from 2008 to the end of 2020. From January to September 2021, he was advisor to the Chief Executive Officer of Société Générale.

Other offices currently held**

France

- Senior independent director, Aéroports de Paris*
- Director, Moody's France SAS
- Chairman, TOLMACONSEIL

International

- Director, Moody's GmbH
- Director, Moody's Investors Service UK

Other offices held in the past five years but now expired**

Expired in 2024

- None

Expired from 2020 to 2023

- Deputy Chief Executive Officer of Société Générale

** Listed company. ** Outside the Arkema Group.*

Marie-Ange Debon

Independent director and Chairman of the Audit and Accounts Committee

Nationality: French

Date of first appointment:
18 May 2018

Date of last renewal:
19 May 2022

Date term expires:
AGM held to approve financial statements for 2025 financial year

Number of shares held at 31 December 2024:
550

Business address:
Keolis,
34 avenue Léonard de Vinci,
92400 Courbevoie, France

Professional experience

Born in 1965, Marie-Ange Debon is a graduate of France's École des hautes études commerciales (HEC) and École nationale de l'administration (ENA) and holds a Master's degree in law. She serves as an independent director of TotalEnergies.

She has been Chairwoman and Chief Executive Officer of Keolis, a public transportation operator, since August 2020.

Before joining Keolis in 2020, Marie-Ange Debon held several positions in both the public and private sectors, including as auditor and then as magistrate at the Cour des Comptes (national audit office) from 1990 to 1994. She served as Deputy Chief Executive Officer at France 3 from 1994 to 1998. In 1998, she began working with the Thomson Group as Deputy Chief Financial Officer, and in July 2003 became General Secretary. In 2008, she joined Suez as General Secretary and member of the Executive Committee. In 2013, she was appointed Head of the international division (North America, Asia, Pacific, Africa, India) and between March 2018 and December 2019 served as Deputy CEO in charge of France, Italy, Central and Eastern Europe.

She is Vice-President of Medef International and Chairwoman of Union des Transports Publics et Ferroviaires.

Other offices currently held**

France

- Chairman of the Executive Board, Keolis
- Member of the Board of Directors, TotalEnergies*

International

- None

Other offices held in the past five years but now expired**

Expired in 2024

- Member of the Board of Directors, Technip Energies*

Expired from 2020 to 2023

- Member of the Board of Directors and Chairwoman of the CSR and Responsible Gaming committee, Française des Jeux (FDJ)*
- Member of the Board of Directors of a Suez Group company, Lydec* in Morocco
- Member of the Board of Directors and Chairman of the Audit committee, Technip-FMC*

** Listed company. ** Outside the Arkema Group.*

Ilse Henne

Independent director and member of the Audit and Accounts Committee

Nationality: Belgian

Date of first appointment:
20 May 2021

Date term expires:
AGM held to approve financial statements for 2024 financial year

Number of shares held at 31 December 2024:
800

Business address:
thyssenkrupp,
Allee 1/Q8, 45143 Essen,
Germany

Professional experience

Born in 1972 in Ghent, Belgium, Ilse Henne holds several advanced business management degrees from the Universities of Ghent and Leuven, Belgium, as well as a Master's degree in linguistics and literature, also from the University of Ghent. She is a member of the Executive Board of thyssenkrupp AG since 1 January 2024. She is also Chairwoman of the Executive Board of thyssenkrupp Materials Services GmbH and Chairwoman of the Board of Directors of thyssenkrupp Steel Europe AG, the Group's steel division. Ilse Henne speaks five languages fluently, including French, and has been living in Germany since 2012.

Ilse Henne began her career in 1995 at Sadel NV, a Belgian group specializing in stainless steel products, where she worked in various positions in business development, sales and supply chain management until 2002. She then joined the Materials division of thyssenkrupp Group, which is specialized in the distribution of steel and non-ferrous metals in Belgium. Between 2012 and 2018, she held various management positions in Germany: first as head of the Materials Western Europe/Asia-Pacific operating unit, and from 2016 to 2018 as CEO of thyssenkrupp Schulte. From 2019 to 2023, she served on the Executive Board of the thyssenkrupp Materials Services segment in her capacity as Chief Transformation Officer. She was responsible for the Group's operating performance and strategic transformation.

Other offices currently held**

France
- None

International
- Member of the Board of Directors, Rockwool*
- Member of the Executive Board, thyssenkrupp AG*
- Chairwoman of the Executive Board of thyssenkrupp Materials Service Gmbh
- Chairwoman of the Board of Directors, thyssenkrupp Steel Europe AG
- Deputy Chairman, Bundesverein Logistik Deutschland

Other offices held in the past five years but now expired**

Expired in 2024
- Chairwoman of the Board of Directors, thyssenkrupp Services GmbH

Expired from 2020 to 2023
- Member of the Executive Board of thyssenkrupp's Materials Services Western Europe/Asia Pacific operating unit as *Chief Operating Officer*
- Member of the Executive Board of the thyssenkrupp Materials Services segment as *Chief Transformation Officer*

** Listed company. ** Outside the Arkema Group.*

Ian Hudson

Independent director, member of the Audit and Accounts Committee and the Innovation and Sustainable Growth Committee

Nationalities: British and Swiss

Date of first appointment:
21 May 2019

Date of last renewal:
11 May 2023

Date term expires:
AGM held to approve financial statements for 2026 financial year

Number of shares held at 31 December 2024:
450

Business address:
Arkema,
420, rue d'Estienne d'Orves,
92700 Colombes, France

Professional experience

Born in 1957, Ian Hudson graduated from Oxford University (United Kingdom) with a Master's degree in French and German.

He started his career with ICI, a former UK-based multinational specialized in chemicals and related industries. In 1998, he joined DuPont de Nemours, where he held a number of management roles over 17 years. He retired in 2016 after serving as President of DuPont Europe, Middle East & Africa for ten years. He was a member of the Executive Committee and Board of the European Chemical Industry Association (CEFIC) and EuropaBio, as well as a member of the Foundation Board of the International Institute for Management Development (IMD) and a member of the Board of the Swiss-American Chamber of Commerce. He served as Chairman of the Board of Directors of Carbios between 2019 and 2022.

Other offices currently held

France
- None

International

Within the Group
- Director, Arkema International

Outside the Group
- Member of the Management Advisory Board, Towerbrook Capital Partners LP
- Member of the Board of Directors, Gamma Fiber Holdings

Other offices held in the past five years but now expired**

Expired in 2024
- None

Expired from 2020 to 2023
- Chairman of the Board of Directors, Carbios*

** Listed company. ** Outside the Arkema Group.*

Florence Lambert

Independent director and member of the Innovation and Sustainable Growth Committee

Nationality: French

Date of first appointment:
11 May 2023

Date term expires:
AGM held to approve financial statements for 2026 financial year

Number of shares held at 31 December 2024:
450

Business address:
Genvia,
Plaine Saint-Pierre,
Avenue Joseph Lazare, 34535 Béziers, France

Professional experience

Born in 1972, Florence Lambert is a graduate of the Institut National Polytechnique de Grenoble and holds a PhD in electrochemistry on renewable energy storage. She is an *Officier de l'Ordre National du Mérite*, as well as an *Officier de l'Ordre National de la Légion d'Honneur* (French order of merit awards). Since 2021, she has been President and Chief Executive Officer of Genvia, a company whose aim is to develop and deploy industrial technology for the production of decarbonized hydrogen.

Florence Lambert began her career in 2000 at the French Atomic Energy and Alternative Energies Commission (CEA) where she held various positions. She was first in charge of a laboratory, particularly in the field of renewable energy storage, and then participated in the creation of the French National Institute for Solar Energy (INES) of the CEA, before joining it in 2006. In 2009, she became Head of the Electricity and Hydrogen for the Transportation Department where she developed the integration of two key components: lithium-ion batteries and fuel cells. From 2012 to 2020, she was head of the CEA-LITEN (Innovation Laboratory for New Energy Technologies and Nanomaterials), bringing together more than a thousand researchers working on the energy transition, and filing more than 200 patents per year.

Florence Lambert has also been Chairman of the Employment, Innovation and Training Commission of the Renewable Energy Union (since 2019), a member of the Academy of Technologies (since 2021) and Ambassador France 2030 - Decarbonization of the Industry (since 2022).

Other offices currently held**

France
- President and Chief Executive Officer, Genvia
- Director, Hydrogen Refueling Solutions*

International
- None

Other offices held in the past five years but now expired**

Expired in 2024
- None

Expired from 2020 to 2023
- Director, Dauphiné Libéré
- Director, Albioma*

** Listed company. ** Outside the Arkema Group.*

Hélène Moreau-Leroy

Independent director, senior independent director and member of the Nominating, Compensation and Corporate Governance Committee

Nationality: French

Date of first appointment:
2 June 2015

Date of last renewal:
11 May 2023

Date term expires:
AGM held to approve financial statements for 2026 financial year

Number of shares held at 31 December 2024:
450

Business address:
Hutchinson,
2 rue Balzac,
75008 Paris, France

Professional experience

Born in 1964, Hélène Moreau-Leroy is a graduate of the Institut national des sciences appliquées (INSA) based in Lyon, France, and holds a Master's in International Business Administration from Australia's University of New England. She is an APICS-certified Supply Chain Professional. She has been Chairman and CEO of Hutchinson since 1 April 2021 and Chairman of the Executive Committee of French rubber industry body Fondation du Caoutchouc (FDCA) since November 2021.

Hélène Moreau-Leroy has held various executive and management positions in the areas of research and development, project and program management, procurement, production and supply chain with different industrial groups and spent 14 years in international positions outside France. She joined Safran Group in 2003, as a member of the Snecma S.A. Group Purchasing department. She was subsequently given responsibility for organizing the supply chain of Messier-Bugatti Dowty in emerging markets, before becoming Executive Vice-President of Programs director and a member of its management committee. She held the position of Chairman of Safran Transmission Systèmes from 2013 to 2017, and then headed up the integration of Zodiac Aerospace when it was taken over by Safran between 1 December 2017 and 31 October 2020. She joined Hutchinson on 1 November 2020 as Deputy CEO before becoming Chairwoman and CEO in 2021.

She is also Vice President of the French association of aerospace and military equipment manufacturers (Groupement des Équipementiers de l'Aéronautique et de la Défense), a Board member of the association representing the French aerospace industry (GIFAS), and a member of various networks and associations set up to promote workplace diversity.

Other offices currently held**

France
- Chairwoman and CEO, Hutchinson

International
- None

Other offices held in the past five years but now expired**

Expired in 2024
- None

Expired from 2020 to 2023
- None

** Listed company. ** Outside the Arkema Group.*

Nicolas Patalano

Director representing shareholder employees

Nationality: French

Date of first appointment:
19 May 2022

Date term expires:
AGM held to approve financial statements for 2025 financial year

Business address:
Arkema,
420, rue d'Estienne d'Orves,
92700 Colombes, France

Professional experience

Born in 1971, Nicolas Patalano holds a degree in process engineering from the Institut de Génie Chimique in Toulouse. He is currently Medium Term Project Technician in Arkema's High Performance Polymers Business Line.

Since joining the Group in 1998, Nicolas Patalano has held various positions within Arkema, including Process Technician, Industrial Hygiene Manager and Site Contract Manager in the HSE department, as well as Medium Term Correspondent in the Orgasol® manufacturing line.

In addition, he has held several positions within Group employee representative bodies for the CFE-CGC trade union, including Union Delegate, Central Union Representative and Group Coordinator.

He is Chairman of the regional union body *Syndicat Régional Chimie Pyrénées Garonne*.

Other offices currently held

France

Within the Group

- Member of the Supervisory Board, FCPE Arkema Actionnariat France

International

- None

Other offices held in the past five years but now expired**

Expired in 2024

- None

Expired from 2020 to 2023

- None

** Listed company. ** Outside the Arkema Group.*

Thierry Pilenko

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

Nationalities: French and American

Date of first appointment:
20 May 2021

Date term expires:
AGM held to approve financial statements for 2024 financial year

Number of shares held at 31 December 2024:
500

Business address:
Arkema,
420, rue d'Estienne d'Orves,
92700 Colombes, France

Professional experience

Born in 1957, Thierry Pilenko is a graduate of the École Nationale Supérieure de Géologie in Nancy, France, and of the *Institut Français du Pétrole* (IFPEN). He is a management consultant and holds several directorships in international energy companies.

Thierry Pilenko began his career in 1984 as a geological engineer with Schlumberger where he has held various management positions, including in Italy, Gabon, Nigeria, Dubai, Indonesia and the United States for 20 years. In 2004, he was appointed Chief Executive Officer of Veritas DGC, a geophysical services company based in Houston in the United States (which subsequently became CGG Veritas), before becoming Chairman and CEO of Technip SA in 2007, and Executive Chairman of TechnipFMC plc between 2017 and 2019. He was a member of the Supervisory Board of Peugeot (PSA) between 2012 and 2014, a director of CGG between 2007 and 2010, of Hercules Offshore between 2006 and 2015, of Valaris between 2017 and 2021, and of Ensign Natural Resources between 2019 and 2022. In 2023 he became a Board member of P6 Technologies and non-executive Chairman of Rely. In 2024, Thierry Pilenko is a director of LanzaTech Global Inc, a company specializing in carbon recycling and of John Cockerill Hydrogen.

Other offices currently held**

France

- Director, Tachtys
- Chairman of Pil & Co

International

- Director, P6 Technologies
- Non-executive Chairman, Rely
- Director, Trident Energy
- Director of John Cockerill Hydrogen
- Director of LanzaTech Global, Inc.*

Other offices held in the past five years but now expired **

Expired in 2024

- None

Expired from 2020 to 2023

- Non-Executive Chairman, Ensign Natural Resources
- Member of the Board of Directors, Valaris plc*

** Listed company. ** Outside the Arkema Group.*

Susan Rimmer

Director representing employees and member of the Innovation and Sustainable Growth Committee

Nationalities: British and French

Date of first appointment:
3 July 2020

Date of last renewal:
2 July 2024

Date term expires:
Meeting of the European Group Works Council (performing the functions of the European Works Council) following the AGM held to approve financial statements for the year ending 31 December 2027

Business address:
Arkema,
420, rue d'Estienne d'Orves,
92700 Colombes, France

Professional experience

Born in 1975 of British and French nationality, Susan Rimmer holds an honors degree from the University of York in the United Kingdom and is a graduate of the École Centrale de Marseille in France. She started her career at Cray Valley Ltd in Wales as a Technical Service Chemist then became Demand Manager.

Expatriated to Cray Valley S.A. in 1999, first at the Villers-Saint-Paul site then at the *Centre de Recherche de l'Oise R&D Centre*, she held several positions in technical services, sales and product regulation. She joined Arkema in 2011.

In 2013, she became EMEA Product Stewardship and Sales Administration Manager for the Fluorochemicals Business Unit, before taking on the position of Global Product Stewardship Manager within Arkema Coating Resins in 2019.

Since April 2021, she has been the Product Stewardship Manager for Sartomer and Crayvallac activities within the Coating Solutions segment.

Other offices currently held**

France
- None

International
- None

Other offices held in the past five years but now expired**

Expired in 2024
- None

Expired from 2020 to 2023
- None

** Listed company. ** Outside the Arkema Group.*

Philippe Sauquet

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

Nationality: French

Date of first appointment:
9 November 2021

Date of last renewal:
19 May 2022

Date term expires:
AGM held to approve financial statements for 2025 financial year

Number of shares held at 31 December 2024:
2,830

Business address:
14 bis rue Raynouard,
75016 Paris, France

Professional experience

Born in 1957, Philippe Sauquet is a graduate of France's École Polytechnique and École Nationale des Ponts et Chaussées and holds a Master's degree in Industrial Management from the University of California, Berkeley in the United States. He has served as President of KréVal since 2021.

Philippe Sauquet held a number of senior management positions within the TotalEnergies Group over more than 30 years, including member of the Executive Committee between 2014 and 2021, President of Gas, Renewables & Power and Executive Vice President of Strategy & Innovation between 2016 and 2021, as well as President of Refining & Chemicals between 2014 and 2016.

In the last decade, Philippe Sauquet was also a key figure in TotalEnergies' strategy to diversify into renewable energies and low-carbon solutions.

Other offices currently held**

France
- Member of the Board of Directors, Axens
- President, KréVal

International
- Member of the Board of Directors, Blue Elephant Energy

Other offices held in the past five years but now expired**

Expired in 2024
- None

Expired from 2020 to 2023
- President of Gas, Renewables & Power and Executive Vice President of Strategy & Innovation, TotalEnergies*
- Member of the Executive Committee, TotalEnergies*

** Listed company. ** Outside the Arkema Group.*

Bpifrance Investissement

Director

Date of first appointment:
20 May 2021

Date term expires:
AGM held to approve financial statements for 2024 financial year

Number of shares held at 31 December 2024:
5,379,000

Business address:
8 boulevard Haussmann,
75009 Paris, France

Professional experience

Bpifrance assists businesses – at every stage of their development – providing loans, guarantees and equity. Bpifrance supports them in their innovation and international expansion projects. Bpifrance now also provides export insurance services with a wide range of products. In addition, consulting, academic, networking and acceleration programs for start-ups, SMEs and mid-caps are also part of its services to entrepreneurs. Thanks to Bpifrance and its 50 regional offices, entrepreneurs benefit from a local, single and efficient point of contact to help them meet their challenges effectively.

The Lac1 fund acquires long-term stakes in French listed multinationals and plays an active role in their governance. It has an investment capacity of €5.2 billion after its first round of funding alongside Bpifrance, involving around 30 subscribers, amongst which French and international institutional investors, large corporations and family offices. Lac1 is managed by Bpifrance Investissement, and draws on Bpifrance's position within its ecosystem, its knowledge of technological and environmental transitions, as well as its expertise in the governance of listed companies. Bpifrance Investissement is Bpifrance's equity financing arm.

Represented by:
Sébastien Moynot

Permanent representative of Bpifrance Investissement and member of the Innovation and Sustainable Growth Committee

Nationality: French

Date appointed:
20 May 2021

Business address:
Arkema,
420, rue d'Estienne d'Orves,
92700 Colombes, France

Professional experience

Born in 1972, Sébastien Moynot is a former student of École Normale Supérieure de Paris, holds a Master of Advanced Studies in probability from Université Pierre et Marie Curie, and is a graduate of École Nationale de la Statistique et de l'Administration Économique with an *agrégation* in mathematics. He started his career in the economic forecasting department of the French Ministry of Finance. From 2000 to 2004, he was responsible for the strategy and then the debt issuance operations of Agence France Trésor, managing the French government's debt. He was then in charge of companies in the transportation sector on behalf of the French State Holdings Agency and, in this role, oversaw the IPO of several investees. He joined the *Fonds Stratégique d'Investissement* at its creation in 2009, and then Bpifrance where, since 2013, he has been a member of the management team of the Development Capital business, for which he has made a large number of equity investments in companies across all sectors.

Over the last 15 years, Sébastien Moynot has served on the Board of Directors of about 20 companies in particular in various industrial sectors or in the field of renewable energies.

Other offices currently held**

France
- Director, Beneteau SA*
- Chairman of the Board of Directors, Cosmeur SAS
- Observer of the Supervisory Board and member of the Audit committee, Vivescia Industries SCA*
- Observer of the Supervisory Board, Nexteam Group
- Director, Verallia*
- Director, Kyoto Topco SAS

International
- None

Other offices held in the past five years but now expired**

Expired in 2024
- None

Expired from 2020 to 2023
- Director, Albioma*
- Director, Altrad Investment Authority SAS
- Member of the Supervisory Committee, GreenYellow SAS

** Listed company. ** Outside the Arkema Group.*

***Fonds Stratégique de Participations* (FSP)**	**Director**
Date of first appointment: 15 May 2014 **Date of last renewal:** 19 May 2022 **Date term expires:** AGM held to approve financial statements for 2025 financial year **Number of shares held at 31 December 2024:** 5,946,391 **Business address:** ISALT, 14, boulevard de la Madeleine 75008 Paris	**Professional experience** *Fonds Stratégique de Participations* (FSP) is a long-term investment vehicle aimed at supporting French businesses over the long term with their growth and transition projects. It acquires large stakes in companies and plays a role in their governance through membership on their Board of Directors or Supervisory Board. It is owned by seven French insurance companies, namely BNP Paribas Cardif, CNP Assurances, Crédit Agricole Assurances, Groupama, Natixis Assurances, Société Générale Assurances and Suravenir. FSP currently holds stakes in nine French companies, all of which are leaders in their respective fields: Seb, Arkema, Eutelsat Communications, Tikehau Capital, Elior, Valeo, Soitec, Verkor and Robertet. The fund is managed by ISALT, which is the French acronym for "Strategic Investments in Long-Term Equity".
Represented by: **Isabelle Boccon-Gibod**	**Permanent representative of the FSP, member of the Audit and Accounts Committee and the Innovation and Sustainable Growth Committee** Nationality: French
Date appointed: 15 May 2014 **Business address:** Arkema, 420, rue d'Estienne d'Orves, 92700 Colombes, France	**Professional experience** Born in 1968, Isabelle Boccon-Gibod is a graduate of the École Centrale de Paris in France and the University of Columbia in the United States. She is currently a director of Legrand, where she chairs the Audit Committee, of Constellium, and of glassmaker Arc, where she chairs the Board. She was previously a member of the National Investment Strategy Board (*Conseil national d'orientation*) at Bpifrance, Vice-President of the MEDEF Economic Commission and a director of the Paprec Group. Prior to this, she was Executive Vice-President of Arjowiggins group and an Executive Director of Sequana group. She also chaired Copacel, the French association of paper industries, until the end of 2013. Between 2021 and 2024, Isabelle Boccon-Gibod designed and co-directed the CSR and supply-chain masterclass at École Centrale Supelec. She is also a photographer and author.

Other offices currently held**	**Other offices held in the past five years but now expired****
France → Director, Legrand* → Director, CONSTELLIUM* → Chairman of the Board of Directors, Arc Holding SAS → Chairman, Observatoire Conseil → Chairman, DEMETER **International** → None	**Expired in 2024** → None **Expired from 2020 to 2023** → Director, SilMach → Director, Centre Technique du Papier → Director, GTT* → Director, Paprec

** Listed company. ** Outside the Arkema Group.*

3.2.2 Executive management

3.2.2.1 Chairman and Chief Executive Officer

Governance structure and balance of powers

When Thierry Le Hénaff's term of office as director was renewed by the annual general meeting of 15 May 2024, the Board of Directors again unanimously confirmed its decision not to separate the duties of Chairman of the Board of Directors and Chief Executive Officer in order to ensure the continuity of the simple, reactive and responsible decision-making process in place since 2006. It therefore reappointed Thierry Le Hénaff as Chairman and Chief Executive Officer at the close of this annual general meeting for another four-year term.

This choice of governance structure is accompanied within Arkema by the set-up of a large number of checks and balances, introduced at the time of the Group's creation in 2006 and steadily strengthened since, as follows:

- a large majority of Board members are independent (73% at the date of this document);
- a regular process for reappointing Board members with around two thirds replaced between 2020 and 2023, with diversified and complementary skills, as well as recognized, independent and committed personalities, allowing for open, adversarial and constructive discussions within the Board of Directors;
- the presence of a very high number of independent members also on the three Board committees (80% of the Audit and Accounts Committee, 100% of the Nominating, Compensation and Corporate Governance Committee, and 50% of the Innovation and Sustainable Growth Committee), and the fact that the chairs of these three committees are also independent;
- a senior independent director (position created in 2016), whose duties were strengthened in 2020 and who joined the Nominating, Compensation and Governance Committee from 2021. The senior independent director has specific, effective powers and its main role is to oversee the efficient running of the Company's governance structure and assist the Chairman and Chief Executive Officer as needed, in particular in dealings with shareholders on governance issues. The senior independent director's role and responsibilities are described in detail in the Board of Directors' internal rules available on the Company's website, www.arkema.com, and are presented in section 3.3.3 of this chapter;
- an Innovation and Sustainable Growth Committee in charge of assessing the contribution of Arkema's strategy and innovation to environmental challenges and sustainable growth. Together with the Audit and Accounts Committee and the Nominating, Compensation and Corporate Governance Committee, it contributes to a full review of all Group CSR and sustainability challenges. More details about this committee's duties are provided in section 3.3.4.3 of this chapter;
- limitations of the powers of the Chairman and Chief Executive Officer, who is notably required to submit the most significant operations to the Board of Directors for prior approval, such as any industrial investment for an amount greater than €80 million and any proposed acquisition or disposal with an enterprise value of more than €130 million. These limitations are described in detail in section 3.3.1 of this chapter;
- a Board of Directors that is deeply involved in defining and implementing the Group's strategy (particularly in consideration of the aforementioned limitations of powers) at each Board meeting and in particular during the dedicated annual strategy seminar and the annual on-site meeting in France or abroad;
- the holding of at least one executive session per year (and at any time it is deemed necessary), from which the executives and Board members representing employees and employee shareholders are excluded, once a year, following the Board of Directors' meeting approving the annual financial statements, during which the operating procedures of the Board and its committees are assessed;
- the appointment of a director representing employees to the Nominating, Compensation and Corporate Governance Committee for matters relating to compensation during meetings of this committee;
- Arkema's Board members' direct acquaintance with management teams thanks to the latter's many contributions to the Board's various meetings and events, in accordance with requests made by Board members during assessments; and
- a Chairman and Chief Executive Officer who is not a member of any of the Board's specialized committees and who does not attend any debate dealing with his reappointment, the assessment of his performance and the setting of his compensation.

All these checks and balances ensure that Arkema's governance structures operate fluidly and efficiently, strictly within their powers, in accordance with governance best practices. Arkema's highly effective corporate governance system has been confirmed by annual assessments, carried out every three years by an independent firm, or in other years by self-assessment questionnaires. The last assessment was carried out in early 2025 by an independent firm. For further details, see section 3.3.2.4 of this chapter.

Succession plan

The Board of Directors unanimously reasserted in 2024 when it renewed the term of office of its Chairman and Chief Executive Officer, that the combination of the positions of Chairman of the Board of Directors and Chief Executive Officer is suited specifically to Thierry Le Hénaff taking account of his role as "Arkema founder", his individual and collective performance and the way it has been implemented since 2006. It therefore unanimously decided that a separate governance structure with a Chairman of the Board of Directors and a Chief Executive Officer will be adopted at the time of Thierry Le Hénaff's succession. The Board also entrusted the Nominating, Compensation and Governance Committee with the task of identifying potential successors for Thierry Le Hénaff as Chief Executive Officer.

The Nominating, Compensation and Corporate Governance Committee works actively each year on the succession plan for the Chairman and Chief Executive Officer, as well as on the emergency plan, the so-called "tramway" scenario, to ensure in both cases the effective continuity of the Company's management.

3.2.2.2 Executive Committee

The Chairman and Chief Executive Officer has put in place an Executive Committee.

The Executive Committee supervises the Group's operational management and coordinates and monitors the implementation of the Group's strategy. It is a decision-making body that focuses on strategic matters and performance monitoring, and reviews significant organizational matters and large projects. It also ensures the effective implementation of internal control. The Executive Committee meets twice a month.

COMPOSITION OF THE EXECUTIVE COMMITTEE AT 31 DECEMBER 2024

Name	Position	Area of responsibility
Thierry Le Hénaff	**Chairman and Chief Executive Officer**	Arkema
Operational Executive Vice-Presidents		
Vincent Legros	**Chairman and Chief Executive Officer, Bostik**	Adhesive Solutions
Marc Schuller	**Chief Operating Officer**	Advanced Materials, Coating Solutions, Intermediates, North America, raw materials and energy procurement and commercial excellence
Reporting to Marc Schuller:		
Richard Jenkins	**Senior Vice-President, Coating Solutions**	Coating Solutions
Tilo Quink	**Senior Vice-President, Performance Additives**	Performance Additives
Laurent Tellier	**Senior Vice-President, High Performance Polymers and Fluorogases**	High Performance Polymers and Fluorogases
Functional Executive Vice-Presidents		
Luc Benoit-Cattin	**Executive Vice-President, Industry and CSR**	Industrial safety, environment and sustainable development, technique and construction, supply chain, quality and goods and services procurement, processes and operational excellence
Marie-José Donsion	**Chief Financial Officer**	Accounting, financial control, treasury management, financing, taxation, investor relations, internal audit and internal control, IT and digital transformation
Sophie Fouillat	**Executive Vice-President, Strategy**	Planning, economic studies, acquisitions/divestitures, and insurance
Thierry Parmentier	**Executive Vice-President, Human Resources and Communication**	Human resources and communication

Following the retirement of Erwoan Pezron, Laurent Tellier has been appointed to replace him as Senior Vice-President, High Performance Polymers with effect from 1 September 2024. He is also in charge of Fluorogases.

On the same date, Tilo Quink joined the Executive Committee, replacing Laurent Tellier as Senior Vice-President, Performance Additives.

Sophie Fouillat joined the Executive Committee on 1 October 2024 as Executive Vice-President, Strategy, replacing Bernard Boyer who has also retired.

Given their importance to the Group, two departments report directly to the Chairman and Chief Executive Officer:

- the R&D department, headed by Armand Ajdari (for further details on this department, see section 1.1 of this document); and
- the Legal department, headed by Jérôme Gandon.

Biographies of the Executive Committee members can be consulted on the Company's website (www.arkema.com) in the Investors/CSR and Governance section.

3.2.2.3 The Group management committee

The Chairman and Chief Executive Officer has also put in place a management committee, whose duties notably entail the review of the Group's operating activity (HSE, business, finance and operations) and monitoring of the Group's major projects, priorities and challenges. This committee also discusses Arkema's medium- and long-term orientations. It meets several times a year.

At the date of this document, the Group management committee, which represents the governance body referred to in article L. 22-10-10 2° of the French Commercial Code, is made up of twenty-five members, including the ten Executive Committee members and certain heads of businesses, support functions, regions and countries. Six members, or 24%, were women.

Arkema endeavors to increase gender diversity within the Group management committee, in line with the increase in diversity among the company's senior managers, for which the policy is presented in section 4.2.3.1.7 of this document. Arkema has therefore set itself the target of increasing the percentage of women on the committee to 30% by 2030.

3.2.3 Additional information concerning members of the Board of Directors and executive management

3.2.3.1 Absence of family ties

To the best of the Company's knowledge, and at the date of this document, there are no family ties (i) between the members of the Board of Directors, (ii) between the members of the Executive Committee, and (iii) between the members of the Board of Directors and those of the Executive Committee.

3.2.3.2 Absence of any conviction for fraud, involvement in a business failure, or public incrimination and/or sanction

To the best of the Company's knowledge, and at the date of this document, no member of the Board of Directors or the Executive Committee has been:

- convicted of fraud during the past five years;
- implicated in a bankruptcy, receivership, liquidation or administration as a member of an administrative, management or supervisory body during the past five years; or
- charged with any offense, accused, or had any official public sanction imposed on them by statutory or regulatory authorities (including designated professional bodies) during the past five years.

To the best of the Company's knowledge, during the past five years, no director has been prohibited by a court from serving as a member of the administrative, management or supervisory body of an issuer, or from participating in the management or governance of an issuer's business.

3.2.3.3 Absence of conflicts of interest

The Company has put in place measures to prevent potential conflicts of interest between the directors and the Company.

In accordance with corporate governance best practices and the recommendations of the AFEP-MEDEF Code in particular, the Board of Directors' internal rules provide that:

- each director undertakes to maintain under all circumstances their independence of analysis, judgment, decision-making and action and, to this end, must not seek or accept any advantages likely to be considered as compromising their independence from the Company or any associated company, either directly or indirectly. Each director undertakes to notify the Board of Directors of any agreement between them and the Company, entered into directly, indirectly or via an intermediary, prior to entering into such agreement. Furthermore, each director undertakes not to assume any duties in companies or business activities that are in competition with the Company without previously notifying the Board of Directors and the Chairman of the Nominating, Compensation and Corporate Governance Committee; and
- in the event of a conflict of interest, the director in question must abstain from voting on any resolution submitted to the Board and from participating in the discussion preceding the vote. The Chairman may ask such director not to attend while the topic is addressed.

Directors must confirm the absence of any conflicts of interest (even potential) when they take up office, each year when so requested for the preparation of the Universal Registration Document, and at any time, upon request by the Chairman and Chief Executive Officer.

To the best of the Company's knowledge, at the date of this document, there are no potential cases of conflicts of interest between the duties of members of the Board of Directors or of executive management vis-à-vis the Company and their private interests. To the best of the Company's knowledge, no arrangements or agreements resulting in the selection of a member of the Board of Directors or of executive management have been made with the Company's main shareholders, customers or suppliers.

To the best of the Company's knowledge, there are no restrictions accepted by the members of the Board of Directors or of executive management concerning the transfer of their holding in the Company's share capital, other than those set out in sections 3.4.2.1 and 3.4.3.1 of this chapter.

3.2.3.4 Information regarding service contracts

To the best of the Company's knowledge, there are no service contracts between the members of the Board of Directors or the Executive Committee and the Company or any of its subsidiaries providing for the granting of benefits under the terms of such a contract. The Executive Committee members are however all employees of the Company, apart from Thierry Le Hénaff, who is an executive director of the Company and Richard Jenkins, who is an employee of Arkema Inc., a subsidiary of the Company.

3.2.3.5 Procedure for assessing agreements relating to ordinary operations entered into under normal conditions

In accordance with article L. 22-10-12 of the French Commercial Code, the Board of Directors implemented a procedure for assessing agreements relating to ordinary operations entered into under normal conditions. The procedure includes an assessment committee comprising the head of Compliance, the Financing and Treasury Vice-President and the Internal Audit and Internal Control Vice-President, which meets twice a year in an ordinary session, and on an extraordinary basis if necessary, to ensure that the agreements relating to ordinary operations entered into by the Company under normal conditions comply with the criteria defined in the procedure.

Once a year and more often if necessary, the committee for assessing agreements relating to ordinary operations draws up a report, which it submits to the Audit and Accounts Committee. In accordance with this report, the Board of Directors reassesses the procedure on an annual basis, with a view to updating it if necessary. The report submitted to the Audit and Accounts Committee in early 2025 confirmed that no agreement subject to this procedure was concluded in 2024.

3.3 Operating procedures of administrative and management bodies

The duties and operating rules of the Company's administrative and management bodies are defined by law, by the Company's Articles of Association and by the Board of Directors' internal rules. These documents can be found on the Company's website (www.arkema.com) in the Investors/CSR and Governance section.

3.3.1 Management and limitation of powers of the Chairman and Chief Executive Officer

3.3.1.1 Powers of the Chairman and Chief Executive Officer

The Chairman and Chief Executive Officer is vested with the most extensive powers to act in the Company's name in all circumstances. He exercises these powers within the limits of the Company's corporate purpose and subject to those powers expressly vested by law in shareholders' meetings and the Board of Directors. He represents the Company in its relations with third parties.

The powers of the Chairman and Chief Executive Officer were, however restricted by the Board of Directors in 2006, when it introduced a right of prior approval or post review. The Chairman and Chief Executive Officer must therefore inform the Board of the most significant operations or submit them to the Board for prior approval, as follows:

Prior approval by the Board of Directors	Post review by the Board of Directors
• overall capital expenditure budget • any industrial investment in excess of €80 million • any acquisition or divestment project with an enterprise value in excess of €130 million • any annual capital expenditure budget overrun in excess of 10%	• any industrial investment in excess of €30 million • any acquisition or divestment project with an enterprise value in excess of €50 million

The general powers of the Chairman and Chief Executive Officer were confirmed by the Board of Directors when his term of office was renewed in 2024.

3.3.1.2 Deposits, commitments and guarantees

Every year, the Board of Directors authorizes the Chairman and Chief Executive Officer, or any person duly authorized to act on his behalf, to issue deposits, commitments and guarantees to third parties in the Company's name, for one year. At its meeting on 22 January 2024, the Board of Directors granted said authorization to issue new deposits, commitments and guarantees up to a limit of €90 million, and to continue the deposits, commitments and guarantees previously made.

In accordance with article L. 225-35 of the French Commercial Code, the Board of Directors also authorized the Chairman and Chief Executive Officer to guarantee, for one year and for unlimited amounts, the commitments made by the Company with respect to companies controlled by it, within the meaning of article L. 233-16, II of the French Commercial Code.

At its meeting of 27 January 2025, the Board of Directors renewed its authorization under the same conditions.

3.3.2 Duties and operating procedures of the Board of Directors

3.3.2.1 Duties

The Board of Directors is a collegiate body which takes decisions collectively. It is mandated by and accountable to all of the shareholders.

The Company's Board of Directors exercises the powers assigned by law in order to act in the Company's best interests in all circumstances. It decides the Company's overall business strategy, taking into account social and environmental challenges, and oversees its implementation. Subject to those powers expressly conferred upon it at shareholders' meetings and within the limits of the Company's corporate purpose, the Board of Directors considers any issue involving the proper operation of the Company and decides on any issue concerning the Company. It strives to create value over the long term by factoring social and environmental challenges into the Group's business plans.

To this end, it must in particular oversee the Group's strategic developments, appoint the executive directors responsible for managing the Company in line with the corporate strategy, supervise the implementation of this strategy, take decisions regarding major operations, ensure the quality of information supplied to shareholders and the markets, particularly in the financial statements, and guarantee the quality of its operations. It analyzes opportunities and risks – especially financial, legal, operational, social and environmental risks – on a regular basis in line with the Group's strategy and the related measures taken.

The Board of Directors can decide to set up one or more specialized committees. It defines the composition and remit of these committees, which operate under the responsibility of the Board of Directors.

In accordance with the internal rules of the Board of Directors and each of its committees, some matters are therefore subject to prior review by the appropriate committee before being submitted to the Board of Directors for approval.

In accordance with the AFEP-MEDEF Code recommendations, the Board of Directors reviews the diversity objectives within the Group's governance bodies, how such objectives are implemented and the actions taken to achieve them, as presented to it by executive management twice a year as part of its overall human resources review and, in more details, as part of its review of the career management plan. Information on these objectives, the implementation thereof and the results achieved is provided in sections 3.2.2 and 4.2.3.1.6 of this document. Based upon a proposal by executive management, the Board also determines multi-annual CSR strategic guidelines and receives an annual presentation on the implementation of this strategy and the results achieved. In the context of the climate plan, it examines the results obtained and the opportunity, where appropriate, to adapt the action plan or change the objectives, particularly in light of changes in the company's strategy, technologies, shareholders' expectations and the economic capacity to implement them. The climate strategy and the results of its implementation are also presented at the annual general meeting on a regular basis, and at least once every three years or if any significant changes are made to the strategy.

3.3.2.2 Operating procedures

The operating procedures of the Board of Directors are determined by current laws and regulations, the Company's Articles of Association and its own internal rules as updated most recently by the Board of Directors on 26 February 2025 to comply with French law no. 2024-537 of 13 June 2024 designed to increase business financing and the attractiveness of France and known as the *Loi Attractivité*, regarding in particular the procedures for Board meetings.

The Board of Directors meets at least four times a year and whenever the interests of the Company so require. Meetings are convened by its Chairman. The convening notice may be delivered by any means, even verbally, eight days before the date of the meeting and, in urgent cases, without notice. It specifies where the meeting will take place. The convening notice and meeting support documents are made available via a digital platform that enables the secure exchange of data. In principle, meetings take place at the Group's head office but may in certain cases be held by means of telecommunication in accordance with the law, the Company's Articles of Association and the Board of Directors' internal rules. The Board meetings schedule is set by the Chairman and Chief Executive Officer no later than the beginning of the previous year.

The Board of Directors' meetings are chaired by the Chairman of the Board or, in his absence, by the oldest director in attendance.

The Board of Directors may legitimately deliberate even in the absence of a convening notice if all members are present or represented. In accordance with the provisions of the *Loi Attractivité* and the Articles of Association as updated by the Board of Directors on 26 February 2025, directors attending the meeting by means of telecommunication that meets the requisite technical specifications set by current laws and regulations, are deemed present for the purpose of quorum and majority requirements. Decisions are taken by majority vote of the members present, deemed present or represented. In the case of a split vote, the Chairman has the casting vote.

The Board proposes to the annual general meeting of 22 May 2025, in accordance with the provisions of the *Loi Attractivité*, to:

- ratify the Board's decision dated 26 February 2025 to update the Articles of Association in line with the aforementioned, under the 15th resolution, and
- set out the terms and conditions for the Board to take decisions by electronic written consultation, under the 16th resolution.

For further details on these resolutions, see section 7.1.2 and 7.2.1 of this document.

In accordance with corporate governance best practices and the recommendations of the AFEP-MEDEF Code in particular, the Board of Directors' internal rules also set out the rights and obligations of the directors and notably impose that:

- before accepting their duties as director of the Company, the directors must ensure that they are familiar with the Company's Articles of Association, the Board of Directors' internal rules, and the legal and regulatory provisions governing the functions of a director of a French joint stock corporation (*société anonyme*), and in particular the rules relating to the definition of the powers of the Board of Directors, multiple directorships, the agreements falling within the scope of article L. 225-38 of the French Commercial Code, the holding and use of insider information, the declarations of trading in the Company's shares and the blackout periods during which directors may not trade in those shares;
- the directors are elected by all the shareholders and must act in all circumstances in the Company's best interests, whilst also taking the social and environmental challenges of its business into consideration;
- the directors must devote the necessary time and attention to their duties. Consequently, the directors may not hold more than four other directorships in listed companies, including foreign companies, outside the Group. Accordingly, the directors undertake to inform the Chairman of the Nominating, Compensation and Corporate Governance Committee of any new non-executive or executive directorship that they might accept in a company outside the Group or outside the group of which they are a member, including their participation in the committees of these companies' Boards of Directors. Executive directors may not hold more than two other directorships in listed companies outside the Group and must seek the opinion of the Board of Directors prior to accepting any new directorship in a listed company;
- the directors must be committed and, where possible, take part in all meetings of the Board of Directors and of the committees to which they have been appointed, as well as shareholders' meetings;
- prior to each Board of Directors' meeting, except in the event of an emergency justified by exceptional circumstances, the agenda and information relating to the latter that require special analysis and prior consideration are sent to each director with the convening notice, with sufficient time, whenever this can be accomplished without any breach of confidentiality. The directors may also request from the Chairman and Chief Executive Officer any additional information they may consider necessary to properly fulfill their duties, particularly in the light of the meeting agenda;
- if they deem it necessary, the directors may also request additional training on the Group's specific features, businesses, and sector of activity, at the time of their appointment or during their term of office. This training is organized by the Company, which pays the related costs;
- all documents provided for Board of Directors' meetings and all information collected during or outside Board of Directors' meetings are confidential, without exception, whether or not the information collected is presented as being confidential.

  In this regard, the directors must consider themselves bound by strict professional confidentiality beyond the simple duty of discretion provided for by the law. Furthermore, the directors undertake not to express their individual views outside the Boardroom on matters discussed during Board of Directors' meetings, or on the opinions expressed by individual directors; and
- as required by law and regulations, the directors must refrain from trading in the Company's securities (including derivative financial instruments) insofar as, by virtue of their duties, they have access to insider information. They are therefore added, as soon as they take up their duties, to the list of people subject to the blackout periods implemented by the Company. Furthermore, the directors must disclose any transactions they have entered into in respect of the Company's securities.

The Board of Directors' internal rules also provide that, when the positions of Chairman and Chief Executive Officer are held by the same person, the Board of Directors shall appoint one of the independent directors to serve as senior independent director, based on the proposal of the Nominating, Compensation and Corporate Governance Committee. For further details, see section 3.3.3 of this chapter.

In accordance with the AFEP-MEDEF Code and with best governance practices, the Chairman and Chief Executive Officer does not take part in any discussions concerning his term of office and compensation. The Board members therefore discuss these topics without his presence. Following the report on the annual assessment of the Board of Directors' operating procedures, the senior independent director shall hold an executive session from which the executive director and directors who are employees of the Group are excluded.

3.3.2.3 Activities of the Board of Directors (including parts of the Sustainability Report - GOV-1)

The Board of Directors met seven times in 2024. There was a high attendance rate of 97% at these meetings (versus 93% in 2023). On average, regularly scheduled meetings lasted four and a half hours.

The following table summarizes the individual attendance rates of directors at the meetings of the Board of Directors and its committees in 2024.

	Board of Directors		Audit and Accounts Committee		Nominating, Compensation and Corporate Governance Committee		Innovation and Sustainable Growth Committee	
Director	Attendance rate	Number of meetings	Attendance rate	Number of meetings	Attendance rate	Number of meetings	Attendance rate	Number of meetings
Thierry Le Hénaff	100%	7/7	-	-	-	-	-	-
Philippe Allart [(1)]	50%	1/2	-	-	-	-	-	-
Bpifrance Investissement represented by Sébastien Moynot	100%	7/7	-	-	-	-	100%	3/3
Séverin Cabannes	100%	7/7	100%	6/6	-	-	-	-
Marie-Ange Debon	100%	7/7	100%	6/6	-	-	-	-
Fonds Stratégique de Participations represented by Isabelle Boccon-Gibod	100%	7/7	100%	6/6	-	-	100%	3/3
Ilse Henne	86%	6/7	100%	6/6	-	-	-	-
Ian Hudson	100%	7/7	100%	6/6	-	-	100%	3/3
Florence Lambert	100%	7/7	-	-	-	-	100%	3/3
Hélène Moreau-Leroy	100%	7/7	-	-	100%	4/4	-	-
Nathalie Muracciole[(2)]	100%	5/5	-	-	100%	2/2	-	-
Nicolas Patalano	100%	7/7	-	-	-	-	-	-
Thierry Pilenko	100%	7/7	-	-	100%	4/4	-	-
Susan Rimmer	86%	6/7	-	-	-	-	67%	2/3
Philippe Sauquet	100%	7/7	-	-	100%	4/4	-	-

(1) Director since 2 July 2024.
(2) Directorship expired on 2 July 2024.

The agendas of the Board of Directors' meetings included recurring annual topics as well as more specific topics, as follows:

Operations, strategy and risk management	**Recurring annual topics** • review and approval of the strategy and main operational priorities presented during the annual seminar • monitoring the progress of acquisition projects and the implementation of major capital expenditure programs • review and, where necessary, update of the risk map, including in connection with the CSRD and the duty of care plan • review of the risk management policy • presentation and approval of the insurance program • changes in the competitive environment • review of the Group's strategy (actions and results) for cybersecurity • business presentation by the industrial division, including major projects • presentation and review of the business of each division
	Specific topics in 2024 • various strategic projects: monitoring of the partnership with Nutrien Ltd. for the supply of hydrofluoric acid, and the start-up of the bio-based polyamides manufacturing plant in Singapore • detailed review of the activities of Sartomer and Bostik's durable goods business, with visits to the Villers-Saint Paul site for the former, and the Venette research center and Ribécourt plant for the latter • detailed review of the High Performance Polymers business, and its priorities • various M&A operations: notably the signature and closing of the acquisition of Dow's flexible packaging laminating adhesives business • monitoring of the integration of PIAM and the ramp-up of synergies • monitoring of changes in product-related regulations, particularly PFAS in Europe

Accounting and financial situation	**Recurring annual topics** • approval of the annual budget • approval of the annual consolidated and Company financial statements, proposed allocation of profit and distribution of the dividend • approval of the annual financial report, the management report and, more generally, the Universal Registration Document • preparation of the annual general meeting including approval of the draft resolutions • approval of management forecast documents • approval of the half-yearly financial statements and review of quarterly financial information • review of recommendations and reports resulting from the work of the Audit and Accounts Committee • approval of draft results press releases • review of the Company's needs in terms of financial resources and therefore of the Euro Medium Term Notes (EMTN) program and definition of the maximum issue number of bonds • feedback from roadshows
	Specific topics in 2024 • authorization to renew the Euro Medium Term Notes (EMTN) program for a maximum amount of €5 billion • authorization to refinance bond debt nearing maturity through new bond issues, in particular a €400 million hybrid issue and a €500 million senior bond issue • appointment of statutory auditors responsible for certifying sustainability information • authorization to enter into a liquidity agreement
Corporate governance and compensation	**Recurring annual topics** • assessment of the Board of Directors' operating procedures • assessment of the independence of Directors • review of Directors' terms of office and proposal of renewals/appointments • review of reports on the work carried out by the Nominating, Compensation and Corporate Governance Committee • review of related-party agreements and agreements entered into and authorized during previous years which were implemented during the year • policy on the non-executive directors' compensation • policy on the Chairman and Chief Executive Officer's compensation • compensation due or awarded to the Chairman and Chief Executive Officer for the prior year • compensation for Executive Committee members (fixed compensation, variable compensation for the prior year and criteria used to determine variable compensation) • definition of share-based compensation for Group employees (performance share plan, capital increase reserved for employees, etc.) • changes in the Executive Committee and its succession plan, including for the Chairman and Chief Executive Officer, as well as career management policy for executives • definition of the Chairman and Chief Executive Officer's powers to issue deposits, commitments and guarantees • activity report of the senior independent director • approval of the report on corporate governance
	Specific topics in 2024 • self-assessment of the operating procedures of the Board of Directors and its committees • renewal of Thierry Le Hénaff's term of office as Chairman and Chief Executive Officer and of his powers • the Chairman and Chief Executive Officer's compensation policy for the period from 2024 to 2028 in view of his new term of office; • the directors' compensation policy for the period from 2024 to 2028; • acknowledgment of the achievement of the performance conditions applicable to the 2021 performance share plans and adoption of the 2024 performance share plans • capital increase reserved for employees (2024) • review of the independence of the directors • updates to the internal rules of the Audit and Accounts Committee as part of the entry into force of the CSRD
Corporate social responsibility	**Recurring annual topics** • Group's situation in terms of safety and the environment (particularly the climate) • Group human resources policy, especially its diversity and talent management policy • Group CSR approach and roadmap including climate plan monitoring • declaration of non-financial performance, taxonomy-related reporting and monitoring of the duty of care plan
	Specific topics in 2024 • review of CSR aspects within the scope of recent acquisitions and investments. • review of Arkema's commitment to a 1.5°C carbon trajectory • review and monitoring of current and forthcoming CSR regulations (the CSRD in particular)

In 2024, the Board of Directors also continued to be responsive and adaptable in the context of the continuing geopolitical tensions and macroeconomic difficulties.

At each meeting, the Chairman updates the Board on the operations concluded since the previous meeting and seeks the authorization of the Board of Directors for the main projects underway that are likely to be completed before the next Board meeting.

Once a year, the Board of Directors also dedicates a day to reviewing Arkema's strategy in the presence of the Executive Committee members and the head of R&D (CTO). During this meeting, the directors are given detailed presentations on key components of the Group's strategy, including R&D, with a demonstration of the recent innovations in various areas, the acquisition strategy, safety and sustainable development, the digital strategy, the competitive landscape, and specific operational risks. This is also an opportunity for the Board to analyze the main challenges of the coming years and changes in the Group's profile. At the end of the seminar, the directors typically meet with around twenty of the Group's senior executives and high potentials.

The Board of Directors oversees the Company's quest for gender balance within the Executive Committee and Management Committee and its senior executives, as well as among senior management in general. Each year, it reviews the policy established by executive management in this regard, including the objectives, actions implemented and results achieved. For further details on the human resources diversity policy, see section 4.2.3.1.6 of this document.

Lastly, the Board of Directors, based on the preparatory work of the Nominating, Compensation and Corporate Governance Committee, and in complete cooperation with the Chairman and Chief Executive Officer, reviews every year with careful attention the succession planning for the Chairman and Chief Executive Officer and the members of the Executive Committee, as well as the career management policy for Group executives. This work is used in particular to prepare for renewals and replacements in view of the different terms of office renewal dates and to handle long-term succession planning scenarios or for dealing with crisis situations. Within this context, it has set out the conditions for replacing the Chairman and Chief Executive Officer, notably in the event of an emergency (so-called "tramway" scenario), and the key principles for his future succession. For further details on this matter, see section 3.2.2.1 of this chapter.

Arkema's CSR strategy is also reviewed in depth by the Board of Directors which uses the preparatory works of its committees as follows:

- the Innovation and Sustainable Growth Committee reviews the CSR roadmaps of each Business Line, as well as applicable or forthcoming regulations, with a view to determining the extent to which the Group's CSR strategy needs to be modified or adapted, where necessary;
- the Audit and Accounts Committee reviews impacts, risks and opportunities, quantified targets, the monitoring of quantified indicators, and aspects relating to sustainable finance (in particular, taxonomy), as part of its new sustainability duties arising from the Corporate Sustainability Reporting Directive (CSRD), and as part of its monitoring of the implementation of the duty of care plan;
- the Nominating, Compensation and Corporate Governance Committee reviews the employee-related aspects of this strategy, and in particular its objectives as regards diversity in general, and gender diversity in particular, as well as the inclusion of CSR criteria in the compensation policy of the Chairman and Chief Executive Director, members of the Executive Committee and senior management in the Group.

The Sustainable Development Vice-President regularly reports to the Innovation and Sustainable Growth Committee and the Audit and Accounts Committee on developments in the Group's material sustainability matters. He also reports to this committee on the implementation of due diligence procedures.

These committees report to the Board on their work on these topics at each meeting. The Sustainable Development Vice-President also presents a summary of the Group's overall CSR roadmap to the Board of Directors at least once a year.

Since the beginning of 2025, the Board of Directors has met twice, with an attendance rate of 89%.

Beyond the recurring topics such as the approval of the 2025 annual budget, the approval of the annual consolidated and Company financial statements for 2024, the proposed allocation of profit and, more generally, the preparation of the annual general meeting including approval of the proposed resolutions, these meetings focused in particular on:

- the review of achievements and direction in terms of human resources and talent management;
- the examination and review of the financial performance and achievements of the Coating Solutions segment;
- the examination and review of the performance and financial achievements of the Acrylics and Thiochemicals businesses in the United States, during visits to the Clear Lake and Beaumont sites respectively in Texas at the start of January;
- the distribution of a dividend of €3.60 per share in respect of 2024;
- directors' compensation in accordance with the compensation policy applicable in 2024, as well as the compensation paid or awarded to the Chairman and Chief Executive Officer in respect of 2024;
- setting the Chairman and Chief Executive Officer's compensation for 2025, in particular the targets related to his annual variable compensation;
- the Executive Committee members' compensation for 2024 and their compensation for 2025;
- the review of the risk map;
- the review of the Group's social and environmental challenges as part of the sustainability report pursuant to articles L. 233-28-4 and L. 22-10-36 of the French Commercial Code, including taxonomy-related reporting and the progress report on the implementation of the duty of care plan (*plan de vigilance*);
- the annual assessment of the operating procedures of the Board of Directors and its committees carried out in 2024 by Heidrick & Struggles between December 2024 and February 2025;
- the proposed renewal of the terms of office of Ilse Henne, Thierry Pilenko and Bpifrance Investissement, whose permanent representative is Sébastien Moynot;
- the proposed renewal of the authorization to be given to the Board by the annual general meeting to grant performance shares;

- the transfer of the Company's headquarters to La Défense quarter in Puteaux;
- the amendment of the age limit for directors and for the Chairman of the Board of Directors in the Articles of Association; and
- the amendments of the Articles of Association in line with the provisions of the *Loi Attractivité*.

The Board of Directors' annual on-site meeting took place on 27 and 28 January 2025 in Houston, Texas (United States). The directors visited the Clear Lake site, which produces acrylic monomers and the Beaumont site, which produces DMDS (Thiochemicals). At the Board meeting held on 27 January, a specific item of the agenda on Coating Solutions was also presented. During these visits the directors met with the local teams and were given a detailed presentation about the commercial and industrial activities of these sites and businesses concerned.

Lastly, an executive session was held at the end of the Board of Directors' meeting on 26 February 2025, as provided for in the internal rules, conducted by senior independent director Hélène Moreau-Leroy. During the session, the directors were able to discuss matters in the absence of the executive director and directors bound to the Group by an employment contract.

3.3.2.4 Assessment of the operating procedures of the Board of Directors

In accordance with the AFEP-MEDEF Code and its internal rules, the Board of Directors conducts an annual formalized assessment of its operating procedures by means of a self-assessment questionnaire. Every three years in principle, a more formal assessment is conducted by an external consultant. The form and terms of the Board's assessment are discussed by the Nominating, Compensation and Corporate Governance Committee every year. The Chairman and Chief Executive Officer, the Chairman of the Nominating, Compensation and Corporate Governance Committee and the Secretary of the Board of Directors are involved in the full assessment process (drafting/updating the questionnaire, setting the schedule, reviewing the answers to the questionnaire, preparing the feedback, attending preparatory and feedback meetings with the consulting firm).

For 2024, on the recommendation of the Nominating, Compensation and Corporate Governance Committee, and in compliance with applicable regulations in the area of corporate governance, the Board of Directors decided on 5 November 2024 that the assessment of its operating procedures and those of its committees would be carried out by Heidrick & Struggles, whose independence has been ensured, as it has not recruited any new members for the Board of Directors over the past three years. In this context, individual interviews of each director, including the Chairman and Chief Executive Officer, were conducted based on a guide that was drawn up in advance and specifically tailored to Arkema and to the objectives set for the performance of this external assessment and approved by the Secretary of the Board of Directors. Prior to the interviews, each director was invited to complete an online questionnaire.

The findings from this assessment process were detailed in a report presented to the Nominating, Compensation and Corporate Governance Committee on 20 February 2025 and then to the Board of Directors on 26 February 2025. They showed that Arkema's corporate governance, in general, continues to be at best-practice level. According to the vast majority of directors, Arkema's Board of Directors is a remarkably well-oiled machine, driven by its Chairman and Chief Executive Officer who fosters a culture of exacting standards and attentiveness. It is a benchmark in several respects, notably in its operating procedures, the quality of preparatory documents, the discussions within the Board, and the exposure of management to the Board. The directors highlight the fact that the Board has been committed to ongoing improvement for several years and has reached a high level of maturity, with all the points mentioned in the 2021 assessment having been improved over the period.

The strengths emerging from the 2024 assessment, which confirm those already identified in the previous assessment in 2021, are:

- a Board of Directors that is a benchmark for efficiency and organization, and fosters mutual respect and collegiality among directors who genuinely enjoy working together, contributing to the company's success. The Board operates at an advanced level, it is centered on efficiency and the highest level of quality;
- the Chairman's leadership, to which Arkema's success is closely linked, facilitates discussion and leaves room for debate and questioning, all directors feel entitled to express themselves freely; no subject is left aside and members are able to make their views heard, particularly in cases where they disagree with the Chairman and Chief Executive Officer or management. The Chairman ensures in particular the proper respect for respective responsibilities of the Board and the management;
- the annual strategy seminar, which brings real added value and enables directors to envision the year's work; this seminar is recognized for the quality of its organization, agendas, preparatory documents and presentations. Access to management, both during or outside of working meetings, and to high-potential employees is also highlighted;
- the Board is well-balanced in terms of diversity and expertise. Both the proportion of independent members and the diversity criteria are respected;
- routines are in place and the quality of the preparatory work is unanimously praised (preparatory documents, preparatory work by each director, condensed presentations to leave time for a concise debate, efficient preparatory work by specialized committees, appropriate reporting, high-quality strategy seminar, high value-added off-site Board meetings, etc.).
- the Board constantly critically examines itself and continues to make improvement; the introduction and regular holding of an executive session bears witness to this ability to re-examine practices and meet the expectations of Board members;
- the three specialized committees are working well and fulfil their role in relation to the Board and the directors; they contribute to the quality of the Board's discussions and inform its decisions; the Innovation and Sustainable Growth Committee, in particular, has found its place and has developed well, shedding light on the matters addressed by the Board; and

- the Nominating, Compensation and Corporate Governance Committee is attentive to the expiry of terms of office and is closely involved in succession plans, in particular that of the Chairman and Chief Executive Officer, with a level of reporting to the Board that is deemed appropriate and satisfactory.

Following this assessment, the main areas to be worked on and identified and agreed upon by the Board as part of the ongoing improvement of the Board's operating procedures and that of the Board committees include:

- ensuring that the Board maintains its diversity (in terms of gender balance, professional experience, international outlook) and its chemical expertise (core business), and considering the possibility of strengthening its knowledge of Asian markets when a new director joins the Board;
- continuing work on succession plans for the Chairman and Chief Executive Officer and the Executive Committee, within the Nominating, Compensation and Corporate Governance Committee;
- continuing to provide the Board with information on the global competitive environment and macro-economic factors that could impact the Group's development;
- continuing to develop the role of the Innovation and Sustainable Growth Committee; and
- expanding tailor-made training for the most recent directors.

3.3.3 Senior independent director

In accordance with best practices, the Board of Directors created the position of senior independent director in 2016. The primary role of the senior independent director is to oversee the efficient running of the Company's governance structures and the absence of conflicts of interest, and to ensure that shareholders' concerns on corporate governance matters are taken into consideration.

In accordance with the Board of Directors' internal rules, a senior independent director is appointed when the Chairman of the Board of Directors also serves as Chief Executive Officer. The senior independent director is selected from among the independent members of the Board, on the proposal of the Nominating, Compensation and Corporate Governance Committee, and is appointed for his or her term as a director. He or she may be reappointed.

The senior independent director performs the following duties and has the following prerogatives:

1) Operating procedures of the Board of Directors

- he or she may propose the inclusion of additional items on the agenda of Board meetings, if necessary;
- he or she asks the Chairman of the Board of Directors to call a Board meeting with a specific agenda in exceptional circumstances;
- he or she oversees the application of the internal rules for the preparation of Board meetings as well as during the meetings;
- following the annual assessment of the Board of Directors' operating procedures led by the Nominating, Compensation and Corporate Governance Committee, he or she chairs a meeting of non-executive directors, without the presence of executive directors, to discuss the operating procedures of the Company's governance structures. He or she reports the meeting's conclusions to the Chairman and Chief Executive Officer;
- he or she holds discussions with the Chairman of the Nominating, Compensation and Corporate Governance Committee on all matters connected with the Board of Directors' operating procedures;
- he or she may, on request, participate in committee meetings without the right to vote;
- in the event that a governance issue arises, he or she is the directors' main point of contact and holds discussions with the Chairman and Chief Executive Officer; and
- he or she reports on his or her activities to the Board of Directors at least once a year and at any time if he or she considers it necessary.

2) Conflicts of interest

He or she advises his or her fellow directors on the related risks. He or she reviews with the Chairman of the Board of Directors and the Nominating, Compensation and Corporate Governance Committee any potential conflicts of interest that he or she has identified or been informed of, and informs the Board of Directors of his or her thoughts on the matter as well as those of the Chairman.

3) Shareholder relations

He or she is informed of comments and suggestions received from significant shareholders not represented on the Board of Directors about corporate governance matters. He or she ensures that they receive answers to their questions and, after consulting the Chairman and Chief Executive Officer, makes himself or herself available to communicate with them if necessary. The Board of Directors is informed about these contacts.

The senior independent director has been a member of the Nominating, Compensation and Corporate Governance Committee since 2021.

Activity report of the senior independent director for the year

Hélène Moreau-Leroy reported to the Board on her work throughout the year, in particular on her meetings during the governance roadshows in 2024 with the governance and CSR teams of shareholders who had requested the meetings, together representing approximately 30% of Arkema's share capital. These meetings helped foster already well-established dialogue with these parties and enabled them to find out more about the workings of Arkema's governance bodies. She also reported to the Board on the program of meetings scheduled in early 2025 in connection with the next annual general meeting.

Hélène Moreau-Leroy also met regularly in 2024 with any directors wishing to do so, the Chairman and Chief Executive Officer and the Chairman of the Nominating, Compensation and Governance Committee.

As is the case each year, she led the annual executive session at the end of the Board meeting on 26 February 2025, which she had prepared in depth beforehand in order to identify the major issues requiring discussion. The directors were thus able to discuss matters outside the presence of the executive director or directors who have an employment contract with a Group entity. No specific governance issues requiring change or further discussion by the Board of Directors emerged from this executive session.

3.3.4 Committees of the Board of Directors

The Board of Directors has three permanent, specialized committees: the Audit and Accounts Committee, the Nominating, Compensation and Corporate Governance Committee, and the Innovation and Sustainable Growth Committee. The committees play a role in reviewing and preparing certain Board decisions and submit their opinions, proposals and recommendations to the Board. Each committee's role, organization and operating procedures are set out in their respective internal rules, as defined and approved by the Board of Directors. The internal rules of each committee state that:

- the term of office of committee members corresponds to their term of office as directors, although the Board of Directors may modify the composition of the committees at any time;
- at least two members must be present for a meeting of the committees to be valid;
- no committee member may be represented by another person; and
- each committee reports on its work to the Board of Directors and presents an annual assessment of its operating procedures drawn up on the basis of the requirements of its internal rules, as well as any suggestions for improving its operating procedures.

With the exception of the directors who are paid a salary for the duties they perform within the Company or one of its subsidiaries, the committee members may only receive compensation from the Company in respect of their term of office as directors and members of a committee.

3.3.4.1 The Audit and Accounts Committee

Composition and operating procedures

At 31 December 2024, the Audit and Accounts Committee was made up of five directors: Marie-Ange Debon (Chairwoman), Isabelle Boccon-Gibod (permanent representative of *Fonds Stratégique de Participations* – FSP), Ilse Henne as well as Ian Hudson and Séverin Cabannes.

All the members of this committee were qualified as independent by the Board of Directors except for Isabelle Boccon-Gibod (permanent representative of FSP), representing an independence rate of 80%.

In accordance with the AFEP-MEDEF Code, none of the members of the Audit and Accounts Committee holds an executive position within the Company. All of the members of the Audit and Accounts Committee have financial or accounting expertise and have also benefited from a presentation focusing on the Group's accounting, financial and operational specifics. For further details, see the biographies of the committee members in section 3.2.1.3 of this chapter.

The Audit and Accounts Committee generally meets six times a year, in particular to review the consolidated financial statements. Two of these meetings are focused mainly on internal control, and at least one meeting on sustainability disclosures, with a review of the CSR reporting information included in the management report (sustainability report under the CSRD, including the duty of care plan and taxonomy-related reporting). Given the importance of this topic in 2024, in the context of the implementation of the CSRD in France, it was discussed at five out of six meetings. The Committee meets at the request of its Chairman, two of its members, or the Chairman of the Board of Directors. The annual schedule of Audit and Accounts Committee meetings is set by its Chairman at the start of the prior year at the latest.

The Audit and Accounts Committee met six times in 2024, with an attendance rate of 100%.

The Chief Financial Officer and the head of the Accounting and Consolidation department attend all meetings. The statutory auditors are invited to every meeting and subsequently give their conclusions in the absence of the Company's representatives. The committee also meets privately with the Internal Audit and Internal Control Vice-President after the meetings that he or she attends. The Chairman and Chief Executive Officer does not take part in the meetings of the Audit and Accounts Committee.

Unless there is a reasoned decision to the contrary by the Board of Directors, no Audit and Accounts Committee member may be a member of the Audit and Accounts Committees of more than two other listed companies in France or abroad. The Board also ensures that it does not appoint to this committee a director from a company that has appointed one of the Company's directors to its own Audit and Accounts Committee.

Duties and activity of the Audit and Accounts Committee

In order to enable the Company's Board of Directors to ensure the quality of internal control and the reliability of information provided to shareholders and to the financial markets, the Audit and Accounts Committee exercises the prerogatives of a specialized committee as defined under article L. 821-67 of the French Commercial Code. Due to the order transposing the Corporate Sustainability Reporting Directive (CSRD) coming into force, the internal rules of the Audit and Accounts Committee were amended by the Board of Directors on 28 February 2024 to include the committee's duties in terms of sustainability, in particular oversight of the statutory audit and the process of preparing sustainability disclosures in accordance with the provisions of the aforementioned article.

As part of the duties set out in its internal rules, the Audit and Accounts Committee was in charge of the following in 2024 in particular:

Duties	Activity of the Audit and Accounts Committee
Monitoring the financial and sustainability information preparation process	**Recurring topics** • review of the annual consolidated financial statements, the half-yearly and quarterly financial information and the annual Company financial statements and forecasts prior to their consideration by the Board of Directors • assessment of the suitability and consistency of accounting principles and policies • review of the options and assumptions used in the preparation of the financial statements • review of provisions • review of draft results press releases, particularly the accounting content • review of the Company's management forecast documents • review of the impact of major transactions planned by the Group • review of liabilities related to pensions and similar benefits, off-balance sheet commitments (particularly the most significant new contracts) and derivative instruments • preparation and submission of reports as set out in the Internal Rules of the Board of Directors, including the draft management report and draft Universal Registration Document • review of the sustainability report in compliance with CSRD reporting obligations • monitoring of key non-financial performance indicators, in particular GHG emissions and decarbonization projects • review of the Group's cash and debt positions • review of the Group's tax situation and tax strategy
	Specific topics in 2024 • review of the 2023 report of the agreements assessment committee • review of the financial impacts of the acquisition of Dow's laminating adhesives • review of the impact of finalizing the purchase price allocation for PIAM • monitoring of the main claims and disputes • CSRD training provided by KPMG • review and analysis of sustainability reporting priorities due to the CSRD reporting requirements coming into force • review of the main advances in CSR and performance metrics monitored in 2024, including the Group's carbon reduction trajectory and the energy efficiency projects in progress • review and analysis of Arkema's situation with regard to the EU Taxonomy Regulation and its requirements and, as part of this, analysis of a benchmark for this reporting • monitoring of internal control procedures and the integration of new subsidiaries into the system • review of the project to set up a liquidity agreement
Overseeing the efficiency of internal control and risk management systems	**Recurring topics** • review of financial and sustainability risks, particularly social and environmental risks (and those identified as part of the Group's duty of care plan), and review of the risk map • review of internal control procedures, in particular those to be put in place to monitor sustainability data following the introduction of the CSRD • review of internal auditor work programs and their conclusions • assessment of the organization of delegations of authority • regular updates on developments of significant claims and disputes • preparation and submission of the section of the management report on internal control and risk management • review of the Group's compliance situation (particularly in terms of anti-trust, embargoes, anti-corruption and duty of care)
	Specific topics in 2024 • analysis and assessment of the Group's main information systems • monitoring of cybersecurity and IT systems access security projects • review of the environmental pilot tested at certain sites in preparation for CSRD audits by the statutory auditors certifying sustainability information
Monitoring the relationship with the statutory auditors responsible for certifying the financial statements and sustainability information, and their independence	**Recurring topics** • oversight of the audit of the annual consolidated and Company financial statements by the statutory auditors • monitoring of the statutory auditors' certification of sustainability information • review of external auditor work programs and their conclusions • submission of recommendations on the appointment of the statutory auditors and their fees, in compliance with independence requirements • review of compliance with all applicable laws and regulations when statutory auditors are commissioned to perform work other than auditing the financial statements • review of statutory auditors' fees and declaration of independence and approval of permitted non-audit services and services other than the certification of sustainability information
	Specific topics in 2024 • recommendation concerning the appointment of the statutory auditors responsible for certifying the sustainability report in connection with the entry into force of the CSRD

Since the beginning of 2025, the Audit and Accounts Committee has met once with an attendance rate of 100%. In addition to recurring topics such as the review of the annual consolidated and Company financial statements for 2024, the meeting focused, among other things, on the review of the allocation of profit and distribution of dividends for 2024 as well as the statutory auditors' additional report to the Audit and Accounts Committee for the year ended 31 December 2024, the sustainability report due to the CSRD coming into force, including the taxonomy and the progress report on the deployment of the duty of care plan (*plan de vigilance*).

In accordance with the AFEP-MEDEF Code and its internal rules, the Audit and Accounts Committee conducts an annual self-assessment of its work or commissions an external consultant to perform this assessment every three years as a rule. The assessment of the operating procedures of the Audit and Accounts Committee was carried out by Heidrick & Struggles in 2024, as was the case for the Board of Directors and other committees. The 2024 assessment showed that the committee members were very satisfied with meeting preparation and proceedings. For further details concerning the assessment of the operating procedures of the Board of Directors and its committees in 2024, see section 3.3.2.4 of this chapter.

3.3.4.2 The Nominating, Compensation and Corporate Governance Committee

Composition and operating procedures

At 31 December 2024, the Nominating, Compensation and Corporate Governance Committee is made up of three directors: Thierry Pilenko (Chairman), Hélène Moreau-Leroy (senior independent director) and Philippe Sauquet

In accordance with the AFEP-MEDEF Code, none of its members hold an executive position in the Company.

The term of office of Nathalie Muracciole, director representing employees, and member of the Committee with responsibility for compensation matters, expired on 2 July 2024. At the date of this document, a replacement has not yet been appointed.

All the members of this committee were qualified as independent by the Board of Directors, representing an independence rate of 100%.

The Nominating, Compensation and Corporate Governance Committee generally meets four times a year. It meets at the request of its Chairman, two of its members, or the Chairman of the Board of Directors. The annual schedule of these meetings is set by the committee Chairman no later than the beginning of the prior year.

The Nominating, Compensation and Corporate Governance Committee met four times in 2024 (with three of these meetings containing an agenda item related to compensation), and the overall attendance rate was 100%.

The Chairman and Chief Executive Officer attends the committee's meetings and is closely involved in its discussions on appointments, governance issues and the compensation policy for Executive Committee members. He also actively participates in the preparation of succession plans, although this subject may be discussed in his absence at the executive session of the Board of Directors. He does not take part in the committee's discussions relating to him.

Duties and activity of the Nominating, Compensation and Corporate Governance Committee

As part of its duties, the Nominating, Compensation and Corporate Governance Committee was in charge of the following in 2024 in particular:

Duties	Activity of the Nominating, Compensation and Corporate Governance Committee
Appointments	**Recurring topics** • submission to the Board of Directors of recommendations on the composition of the Board of Directors and its committees after an in-depth examination of all the factors to be taken into account to ensure a balanced composition of the Board • annual review and submission to the Board of Directors of the list of directors who can be considered independent • annual review of the appointment process and succession plan for Executive Committee members, including monitoring of talent management and the progress of the Group's managers within the management bodies and submission of recommendations in this regard. Preparation of the succession plan for the Chairman and Chief Executive Officer, notably in crisis situations • annual review of the Group's policy regarding diversity (of gender, nationality and skills) within the Board of Directors, management bodies and senior management, and validation of targets in this respect
	Specific topics in 2024 • review and support of the proposed reappointment of Thierry Le Hénaff as a director, and the continuation of his role as Chairman and Chief Executive Officer during the new term of office • analysis, review and updating of the succession plan for Executive Committee members, including the Chairman and Chief Executive Officer

Duties	Activity of the Nominating, Compensation and Corporate Governance Committee
Compensation	**Recurring topics** • review of the compensation of the Company's Executive Committee members, including any executive directors, as well as their pension schemes, death/disability insurance and benefits in kind • recommendations and proposals to the Board of Directors on the Group's policies on compensation, pension schemes and death/disability insurance, benefits in kind, and allocations of performance shares • definition of the criteria, characteristics and beneficiaries of performance share plans, and acknowledgment of the fulfillment of criteria • review of the principles for allocating compensation among members of the Board of Directors and the rules governing their expense reimbursements • preparation and submission to the Board of Directors of the reports provided for in the internal rules and, more generally, any documents required under the applicable regulations
	Specific topics in 2024 • review of the conditions of the proposed capital increase reserved for employees in the second half of 2024 • review of the terms and conditions of the Chairman and Chief Executive Officer's compensation policy for the period from 2024 to 2028 in view of his new term of office • review of the terms and conditions of the compensation policy for Board and Committee members for the period 2024-2028
Corporate governance	**Recurring topics** • review and analysis of the main changes to corporate governance principles and review of best practices • preparation of the annual assessment of the work of the Board of Directors and its committees • review of any conflicts of interest • review of any corporate governance or ethical issues referred by the Board of Directors or its Chairman for review • review of the Business Conduct and Ethics Code and proposal of modifications when necessary • review of the draft Board of Directors' report on corporate governance • review of feedback from governance roadshows • analysis of the annual reports of the AMF and the *Haut Comité de Gouvernement d'Entreprise* and of any new laws and regulations relating to corporate governance • updating of the Board's Internal Rules to reflect changes in the AFEP-MEDEF Code
	Specific topics in 2024 • review of and proposals for updating the internal rules of the Audit and Accounts Committee in order to reflect the new developments resulting from the entry into force of the CSRD

Since the beginning of 2025, the Nominating, Compensation and Corporate Governance Committee has met twice, with an attendance rate of 100%.

In addition to recurring topics such as the compensation of the Chairman and Chief Executive Officer, non-executive directors and the Executive Committee members, meetings also focused on:

- the proposed share-based compensation policy as part of plans to ask the annual general meeting of 22 May 2025 to renew the Board of Director's authorization to grant performance shares for three years;
- the proposed renewal of the terms of office of Bpifrance Investissement, whose permanent representative is Sébastien Moynot, Ilse Henne and Thierry Pilenko as directors;
- the results of the assessment of the operating procedures of the Board of Directors and its committees carried out by Heidrick & Struggles;
- the proposed update and amendment to the Company's Articles of Association and the internal rules of the Board of Directors in accordance with the provisions of French law no. 2024-537 of 13 June 2024 designed to increase business financing and the attractiveness of France and known as "*Loi Attractivité*"; and
- the proposed amendment to the Articles of Association concerning the age limit for directors and the Chairman of the Board of Directors.

In accordance with the AFEP-MEDEF Code and its internal rules, the Nominating, Compensation and Corporate Governance Committee conducts an annual self-assessment of its work or commissions an external consultant to perform this assessment, every three years as a rule. The assessment of the Committee's operating procedures in 2024 was carried out by Heidrick & Struggles, as was the case for the Board of Directors and the other committees. The assessment showed that the committee members were very satisfied with meeting preparation and proceedings. For further details concerning the assessment of the operating procedures of the Board of Directors and its committees in 2024, see section 3.3.2.4 of this chapter.

3.3.4.3 The Innovation and Sustainable Growth Committee

Composition and operating procedures

At 31 December 2024, the Innovation and Sustainable Growth Committee was made up of five directors: Ian Hudson (Chairman), Isabelle Boccon-Gibod (permanent representative of *Fonds Stratégique de Participations*), Florence Lambert, Sébastien Moynot (permanent representative of Bpifrance Investissement) and Susan Rimmer, director representing employees.

In accordance with the AFEP-MEDEF Code, Susan Rimmer, director representing employees, is not included when calculating the percentage of independent directors on the committee, which therefore represented 50% and included the Committee Chairman.

The Board of Directors took care to select from its members the directors with considerable experience in innovation and sustainable development to be part of this committee. Key information on members' experience in these areas can be found in section 3.2.1.2 of this chapter. Other information on members can be found in section 3.2.1.3 of this chapter.

The Innovation and Sustainable Growth Committee meets at least twice a year. It meets at the request of its Chairman, two of its members, or the Chairman of the Board of Directors. The annual schedule of these meetings is set by the committee Chairman, at the latest, the start of the prior year, with one meeting in advance of the Board of Directors' meeting on innovation and the sustainable growth strategy, and another in the fourth quarter with a greater focus on environmental issues.

The Innovation and Sustainable Growth Committee met three times in 2024, with an attendance rate of 93%.

Its main points of contact in the Group are the head of R&D and the Sustainable Development Vice-President, as well as any manager within the Company who may have useful information or opinions. The Chairman and Chief Executive Officer may take part in the committee meetings as a guest.

The Secretary of the committee is the Strategy Executive Vice-President.

Duties and activities of the Innovation and Sustainable Growth Committee

As part of its duties, the Innovation and Sustainable Growth Committee was in charge of the following in 2024 in particular:

Duties	Activity of the Innovation and Sustainable Growth Committee
Innovation	**Recurring topics** • review and assessment of the strategic policies and options implemented by the Group in terms of R&D, and product-, process- and service-related innovation and, as the case may be, acquisitions of additional technologies • review of the competition's positioning with respect to these matters and assessment of the Group's ability to meet the needs of customers and application markets • review of changes in the law, regulatory requirements and societal expectations liable to have an impact on the Group's business portfolio
	Specific topics in 2024 • general review of bio-based raw materials used by the Group • monitoring of Arkema's R&D activities and priorities • review of the Group's circular economy activities and initiatives • review of the Group's partnerships and equity investments
Sustainable growth	**Recurring topics** • contribution to the full review of the Group's CSR challenges, together with the Audit and Accounts Committee and the Nominating, Compensation and Corporate Governance Committee. In particular, as part of the review of the sustainability report in line with CSRD requirements, the Innovation and Sustainable Growth Committee examines the choice and consistency of sustainability metrics • analysis of how proposed programs contribute to the Group's objectives in terms of environmental footprint reduction and climate action, participate in more efficient and responsible use of natural resources, and ease the circular economy • review of the Company's commitments and, more generally, the risks and opportunities connected with climate change • monitoring of CSR indicators for the industry
	Specific topics in 2024 • presentation by a partner customer of its CSR approach • monitoring CSR regulatory developments, including implementation of the CSRD and other forthcoming regulations

Once a year, the committee also performs an in-depth review of all the new quantitative and qualitative regulations that will come into force in the coming years, in order to prepare the sustainability reporting requirements that will result from them, and which are reviewed and analyzed by the Audit and Accounts Committee, as well as the future needs in terms of innovation. The committee also reviews the Group's CSR objectives and how the various businesses contribute to these.

Since the beginning of 2025, the Innovation and Sustainable Growth Committee has met once with an attendance rate of 80% at this meeting.

In accordance with the AFEP-MEDEF Code and its internal rules, the Innovation and Sustainable Growth Committee conducts an annual self-assessment of its work or commissions an external consultant to perform this assessment, every three years as a rule. The assessment for 2024, which was carried out by Heidrick & Struggles, shows that the committee members were very satisfied with meeting preparation and proceedings. For further details concerning the assessment of the operating procedures of the Board of Directors and its committees in 2024, see section 3.3.2.4 of this chapter.

3.4 Compensation and benefits awarded to executives and directors

The following information is disclosed in application of articles L. 22-10-8 and L. 22-10-9 of the French Commercial Code, the recommendations of the AFEP-MEDEF Code, the recommendations of the *Haut Comité de Gouvernement d'Entreprise* in its activity report of 25 November 2024, and the AMF recommendation no. 2012-02 on corporate governance and executive compensation in listed companies referring to the AFEP-MEDEF Code – consolidated presentation of the recommendations contained in the AMF annual reports as published on 14 December 2023.

The compensation policy described in this section – for non-executive directors (*i.e.*, excluding the Chairman and Chief Executive Officer) in section 3.4.1, for the executive director in section 3.4.2 – will be submitted to the shareholders' vote at the annual general meeting of 22 May 2025 under the 7th and 8th resolutions, respectively in accordance with articles L. 225-98 and L. 22-10-32 of the French Commercial Code. For further details on the corresponding resolutions, see sections 7.1.2 and 7.2.1 of this document. The policy will be published along with the results of the vote of the annual general meeting of 22 May 2025 on the Company's website at www.arkema.com.

Moreover, in accordance with the provisions of article L. 22-10-34, I and II of the French Commercial Code, the information disclosed in sections 3.4.1.2 and 3.4.2.2 together on one hand, and in section 3.4.2.2 of this chapter on the other hand, will be submitted to the shareholders' vote at the annual general meeting of 22 May 2025, under the 9th and 10th resolutions, respectively. For further details on the corresponding resolution, see sections 7.1.2 and 7.2.1 of this document.

The principles and rules for determining the compensation and benefits awarded to directors and the executive officers, whether they are directors or not, of the Company are set out by the Board of Directors based on recommendations of the Nominating, Compensation and Corporate Governance Committee.

As such, the compensation policy takes account of the social interest of the Company and its subsidiaries, the expectations of the shareholders and the compensation and employment conditions of the employees of the Company and its subsidiaries. It contributes thus to the business strategy and sustainability of the Company and the Group.

3.4.1 Compensation policy for non-executive directors

3.4.1.1 Compensation principles

The compensation of non-executive directors is reviewed every four years, at the end of the Company's Chairman and Chief Executive Officer's term of office as a director. It was last reviewed and adopted at the annual general meeting of 15 May 2024 with the following modifications:

- an increase in variable compensation for attending specialized committee meetings from €2,500 to €2,750 per meeting;
- an increase in variable compensation for the chairman attending specialized committee meetings from €5,000 to €5,500 per meeting;
- an increase in the variable compensation for exceptional committee meetings of a shorter duration to €1,375 (from €1,250) and €2,750 for the chairman (from €2,500); and
- an increase in the additional annual fixed compensation of the senior independent director to €20,000 (from €10,000).

Since the annual general meeting of 19 May 2022, the maximum annual remuneration that the Board of Directors may distribute among its members and those of the specialized committees is €900,000.

As a result, the amount and the conditions of the allocation of directors' compensation applicable since 15 May 2024 for a four-year period and consequently unchanged for 2025, were as follows:

- an annual fixed amount of €25,000 per director paid on a pro rata basis in the event of a change during the year; and
- a predominant variable amount based on directors' attendance, as follows:
  - €3,500 per director present at a Board of Directors' meeting, except for exceptional meetings, which are of a shorter duration and for which the variable amount is set at €1,750,
  - €2,750 per director present at a specialized committee meeting (excluding the chairman) except for exceptional meetings, which are of a shorter duration and for which the variable amount is set at €1,375, and
  - €5,500 per committee chairman present at a specialized committee meeting except for exceptional meetings, which are of a shorter duration and for which the variable amount is set at €2,750.

The senior independent director receives an additional annual fixed compensation of €20,000.

For the period from 1 January 2024 to 14 May 2024, the compensation conditions for directors were those approved by the general meeting of 19 May 2023. For more details, see section 3.4.1.1 of the 2023 Universal Registration Document.

If this exceeds the maximum amount awarded for the year, the Board of Directors will scale back the compensation to comply with the overall limit.

In accordance with the recommendations of the AFEP-MEDEF Code, these compensation arrangements for directors (excluding the Chairman and CEO) take account of the directors' membership of the Board of Directors and/or its committees and their effective participation in meetings, by making the variable portion of their compensation predominant to ensure their commitment to their duties.

The amounts allocated are adapted to the level of liabilities entrusted to directors and the time they must devote to their duties. The compensation and employment conditions of the Company's employees are taken into account when analyzing the consistency of the compensation structure as part of the process of determining and revising the compensation policy. These amounts are also designed to comply with Group policy on preventing potential conflicts of interests between the directors and the Company.

The Chairman and Chief Executive Officer and directors exercising executive functions within a Group company do not receive any compensation for their duties as directors or committee members.

3.4.1.2 Implementation of compensation policy for 2024

In accordance with the compensation policy applicable in 2024 and set out in section 3.4.1.1 above, compensation awarded to non-executive directors for 2024 amounted to €667,917 (compared with €634,000 for 2023), allocated as indicated in the following table based on the attendance rates provided in section 3.3.2.3 of this chapter. For information, only one extraordinary meeting of the Board of Directors was held in 2024.

COMPENSATION RECEIVED BY NON-EXECUTIVE DIRECTORS (TABLE 3 OF AMF RECOMMENDATIONS)

	2024		2023	
(In euros)	**Amounts awarded**	**Amounts paid [1]**	Amounts awarded	Amounts paid [1]
Philippe Allart, director representing employees [2] [3]	None	None	-	-
Isabelle Boccon-Gibod, permanent representative of FSP, director	71,500	70,750	70,250	70,250
Séverin Cabannes, director [4]	63,750	63,250	37,500	22,750
Marie-Ange Debon, director	79,750	78,750	70,750	70,750
Ilse Henne, director	62,000	55,500	56,750	62,750
Ian Hudson, director	79,250	77,750	75,250	72,750
Florence Lambert, director [4]	55,500	55,250	36,000	23,750
Victoire de Margerie, director [5]	-	-	24,500	39,250
Laurent Mignon, director [5]	-	-	19,500	25,750
Hélène Moreau-Leroy, senior independent director	73,667	68,000	66,500	66,500
Sébastien Moynot, permanent representative of Bpifrance Investissement, director	55,500	55,250	55,250	60,500
Nathalie Muracciole, director representing employees [6]	None	None	None	None
Nicolas Patalano, director representing shareholder employees [3]	None	None	None	None
Thierry Pilenko, director	68,750	65,250	65,250	68,000
Susan Rimmer, director representing employees [3]	None	None	None	None
Philippe Sauquet, director	58,250	58,000	56,500	56,500
TOTAL	**667,917**	**647,750**	**634,000**	**639,500**

(1) *Amounts paid in 2023 and 2024 based on the payment arrangements chosen by each of the directors.*
(2) *Philippe Allart has been director representing employees since 2 July 2024.*
(3) *Philippe Allart, Nicolas Patalano, Nathalie Muracciole and Susan Rimmer do not receive any compensation for their functions as directors.*
(4) *Florence Lambert and Séverin Cabannes have been directors of the Company since 11 May 2023.*
(5) *The terms of office of Victoire de Margerie and Laurent Mignon expired on 11 May 2023.*
(6) *Nathalie Muracciole's term of office expired on 2 July 2024.*

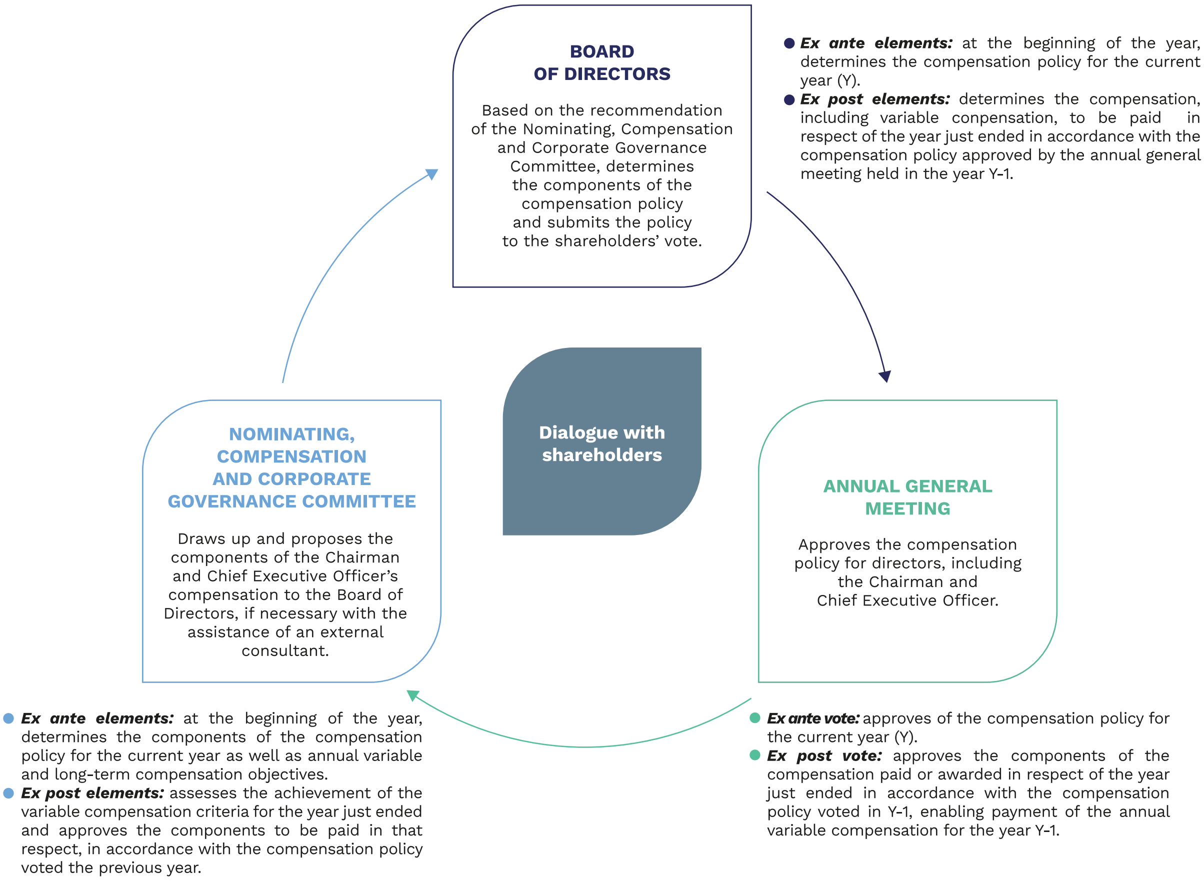
Nicolas Patalano, director representing shareholder employees, and Susan Rimmer and Philippe Allart, directors representing employees, are paid a salary by Arkema France in their capacity as employees. Ian Hudson, director of Arkema International, also receives an expense allowance in respect of this term of office.

The other members of the Board of Directors (non-executive directors) did not receive any other compensation or benefits from the Company or any other Group entity in 2024.

3.4.2 Compensation policy for executive directors

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

The following diagram illustrates the discussion and decision processes used in order to determine and approve the compensation policy for the executive director and its implementation.



3.4.2.1 Compensation principles

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, *i.e.*, every four years, for the duration of his term of office, on the recommendation of the Nominating, Compensation and Corporate Governance Committee, if necessary with the assistance of external consultants specialized in governance and/or compensation, whose objectivity has been verified. 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 attractive and aligned with the Group's medium and long-term strategic priorities and that it reflects both the Group's financial performance and the Chairman and Chief Executive Officer's individual performance and responsibilities. It also takes account of the Chairman and Chief Executive Officer's role as founder of the Group.

The Chairman and Chief Executive Officer does not take part in the discussions of the Nominating, Compensation and Corporate Governance Committee or those of the Board of Directors concerning his compensation.

This compensation policy takes account of the social interest of the Company and its subsidiaries, and contributes to the set-up of the strategy and the strengthening of the Group, in its various dimensions, and in particular commercial, industrial, R&D, financial and social aspects. It consequently provides for an annual variable compensation which enables to incentivize, reward and remunerate the achievement of annual financial targets, the contribution to the Group's new developments, and the implementation of the strategy in particular through major investment projects and the operational management of the business which takes into account the Group's CSR challenges as well.

The compensation policy for the Chairman and Chief Executive Officer aims to provide incentives and to secure loyalty, in accordance with market practice for equivalent positions in similar French and international chemical companies and in French companies with similar market capitalization, in view for the compensation structure to be competitive and consistent with those of such companies. The Board of Directors also takes into account the compensation and employment conditions of the employees of the Company, and in particular the equity ratios and the Group's earnings over the same period, as disclosed in section 3.4.2.2 of this chapter. It lastly ensures that this compensation policy is consistent with the policy applicable to all executives of the Group.

The compensation policy for the Chairman and Chief Executive Officer, which was amended upon Thierry Le Hénaff's reappointment as director in 2024 in accordance with the principles summarized above, was thus approved at the annual general meeting of 15 May 2024 under the 7th resolution, with a favorable vote of 94.91%.

In accordance with the applicable laws, this policy, unchanged for 2025, will be submitted to the annual general meeting to be held on 22 May 2025 (8th resolution). For further details on this resolution, see sections 7.1.2 and 7.2.1 of this document.

SUMMARY OF THE COMPENSATION PRINCIPLES FOR THE EXECUTIVE DIRECTOR

Components of compensation	Objective	Components excluded from compensation and limits
Annual fixed compensation	Recognize and reward the responsibilities inherent in the position of Chairman and Chief Executive Officer and in the performance of his duties, taking into account his experience and length of service within the Group, as well as the Group's scope and its operating environment. It is determined based on the Group's profile, trends in employee compensation and benchmarking against the compensation paid to corporate executive officers of comparable industrial companies and/or from the chemical sector.	
Annual variable compensation	Incentivize, recognize and reward the achievement of annual financial and non-financial objectives in accordance with the Group's strategy and results.	Ceilings (1): • Target bonus: 120% of annual fixed compensation. • Maximum bonus: 180% of annual fixed compensation. No deferral of the allocation of variable compensation in the form of shares. No claw-back clause.
Long-term compensation: performance shares	Incentivize and retain the executive director by aligning his interests to those of the Group and its shareholders.	Ceilings (1): 33,000 shares per year (up to 20% more in the event of outperformance).
Pension benefits	Enable the executive director to build up a supplementary pension, replacing the supplementary defined benefit pension plan closed in 2016.	20% of total annual compensation (fixed and variable).
Severance payment	In the event of forced departure, grant a severance payment subject to performance conditions assessed over the three years preceding departure.	Capped at twice the annual fixed and variable compensation(2). Gradual reduction of the severance payment between 60 and 65 years old. No severance payment due after 65 years old or in the event of retirement at the same time as departure.
Non-compete benefit	In the event of departure, prevent the executive director from engaging in an activity that competes with Arkema's businesses, either on his own behalf or on behalf of another company, for a period of one year.	Monthly benefit for a maximum period of one year, corresponding to 100% of monthly compensation calculated by reference to fixed compensation in the year of departure and the average of the last two years of variable compensation paid prior to departure. If simultaneously applied with the severance payment, the cumulative amount may not exceed two years of fixed and variable compensation.
Other benefits • Company car • Executive officer unemployment insurance • Group personal risk and health insurance plan	Provide social protection.	

(1) Ceilings approved by the annual general meeting of 15 May 2024 for the term of office.
(2) Capped at twice the annual fixed and variable compensation if combined with the non-compete benefit.

The executive director's compensation policy was decided after analysis of comparative studies by firms specializing in executive compensation and governance, and after especially taking account of the comments made by major shareholders at the annual general meeting of 11 May 2023, the perception survey conducted in the first half of 2023, as well as the governance roadshows held in preparation for the annual general meeting of 15 May 2024 with investors representing about 30% of the Company's share capital, and those of proxy advisors. It is aligned with the Group's strategic and operational priorities in the short and long-term, taking into account the economic, financial and sustainable performance of the Group on the one hand, and the personal performance of the Chairman and CEO and his responsibilities, on the other hand. It contributes to the business strategy and sustainability of the Company and the Group, thus ensuring the social interest of the Company is respected.

Accordingly, during the new term of office, which was renewed in May 2024, compensation paid to the Chairman and Chief Executive Officer comprises the following three main components: an annual fixed compensation, an annual variable compensation linked to specific targets reflecting the Group's performance over the year, and a long-term compensation in the form of an annual allocation of shares under the Group's annual performance share plan, entirely subject to performance conditions assessed over a three-year period. In addition to these components, an annual amount (determined on the basis of annual fixed compensation and annual variable compensation) is paid enabling him to build up a supplementary pension since the termination of the defined benefit pension scheme in 2016. These components are divided in a balanced manner between short and long-term components, in line with the compensation of the Group's other executives and managerial staff. Most of them (around 75%) are also subject to achieving precise, quantified and rigorous targets reflecting the Group's financial and sustainable performance, consistent and aligned with the targets set for 2028 at the Capital Markets Day on 27 September 2023, or updated on the publication of the 2024 annual results.

The structure of the compensation of the Chairman and Chief Executive Officer therefore supports the Company's development and long-term value creation, as well as ensuring that the interests of the executive officer are aligned with those of the shareholders and all stakeholders.

This compensation policy does not contain any claw-back clause.

A comparison with the level of fixed and variable compensation of executives of companies included in the following two panels was carried out when the policy was decided in 2024:

- 15 French industrial companies from the CAC 40 and Next 20: Alstom, Bouygues, Bureau Veritas, Eiffage, Faurecia, Imerys, Legrand, Michelin, Rexel, Saint-Gobain, Solvay/Syensqo, Technip Energies, Thalès, Valeo, and Veolia Environnement; this panel was defined taking into account the companies closest to Arkema in terms of market capitalization and turnover; and
- 8 companies from the international chemicals sector: AkzoNobel, Clariant, Covestro, Evonik, Lanxess, Solvay/Syensqo, Umicore and Wacker.

On the basis of these peer groups, the new compensation package for the Chairman and Chief Executive Officer was positioned at a competitive level for the duration of his four-year term of office.

It is specified that the policy and principles set out in this section have been defined for the position of Chairman and Chief Executive Officer, as exercised at the date of this document and based on the current business scope of the Group and the conditions for holding this position. Were the Chairman and Chief Executive Officer to be replaced during the year, for any reason whatsoever, the components and general principles of this policy would continue to be applicable. They may, however, be adjusted, in accordance with legal requirements, to reflect the duties and responsibilities of the new executive officer, as well as the circumstances in which he/she took up office.

It should also be noted that the Chairman and Chief Executive Officer is appointed for four years, that he may be dismissed as director at any time by an ordinary general meeting, and that he may also be dismissed as Chairman and Chief Executive Officer at any time by the Board of Directors.

Should the compensation policy referred to in this section not be approved by the annual general meeting of 22 May 2025, the compensation policy approved by the annual general meeting of 15 May 2024 under the 7th resolution, will continue to apply to the Chairman and Chief Executive Officer.

Annual fixed compensation

In accordance with the AFEP-MEDEF Code, the annual fixed compensation is reviewed each time the Chairman and Chief Executive Officer's term of office is renewed, *i.e.*, once every four years. It is set taking into account the Chairman and Chief Executive Officer's profile, experience, duties and responsibilities, as well as any changes in the Group's size and profile compared with during his previous term. In addition, it is benchmarked against the compensation level of chief executive officers of comparable French industrial companies and/or companies from the chemical sector.

This annual fixed compensation was last modified when the Chairman and Chief Executive Officer's term of office as director was renewed by the annual general meeting of 15 May 2024. It amounts to €1,150,000 (one million one hundred and fifty thousand euros) per year from 15 May 2024. Consequently, in accordance with the compensation policy set by the annual general meeting of 19 May 2020, until the renewal of the Chairman and Chief Executive Officer's term of office, *i.e.* between 1 January 2024 and 14 May 2024, the amount of the fixed annual compensation is prorated to the fixed annual compensation of €1 million.

The new amount of annual fixed compensation from 15 May 2024, combined with the level of annual variable compensation paid to the Chairman and Chief Executive Officer – which may reach the maximum of 180% of fixed annual compensation – places the Chairman and Chief Executive Officer's new compensation between the first quartile and the median of the international sector peer group, and between the median and the third quartile of the French peer group, for the duration of his term of office.

Annual variable compensation

Annual variable compensation is determined taking into account the achievement of specific, precise and demanding quantitative and qualitative targets aligned with the Group's strategy and priorities. These targets are set on an annual basis by the Board of Directors on a proposal of the Nominating, Compensation and Corporate Governance Committee. They are consistent with those defined for Executive Committee members and the Group's other executives. The amount of variable compensation is determined by the Board of Directors, on recommendations of the Nominating, Compensation and Corporate Governance Committee, after the closing of the year to which the compensation applies. For the quantitative targets, this assessment is based on pre-defined financial indicators and other figures at 31 December. Qualitative targets – which are also pre-defined – are assessed on the basis of the concrete financial and sustainable achievements of the Chairman and Chief Executive Officer. The achievement rate for these targets is communicated, criterion by criterion, at the end of the Board of Directors' meeting held to review the performance of the Chairman and Chief Executive Officer. Outperformance on one criterion may not compensate for underperformance on another.

In accordance with the compensation policy approved by the annual general meeting of 15 May 2024, annual variable compensation may reach up to 180% of the annual fixed compensation.

The criteria adopted are as follows:

- three quantitative criteria for an overall target weighting of 90% and up to a maximum of 135% of the annual fixed compensation (representing 75% of the criteria used to determine the variable compensation):
  - EBITDA, for an overall target weighting of 30% and up to a maximum of 45% of annual fixed compensation, which aligns the compensation of the Chairman and Chief Executive Officer with the annual financial performance of the Group and in particular rewards the success of the actions undertaken, the ability to adapt to changing market conditions and, more generally, the good management of the Group by the Chairman and Chief Executive Officer;
  - recurring cash flow, for an overall target weighting of 30% and up to a maximum of 45% of annual fixed compensation, which rewards the Group's ability to generate the necessary cash flow to finance its strategic ambitions and in particular its capital expenditure plans, acquisition program and dividend policy while maintaining a solid balance sheet; and
  - contribution of new developments to the Group's results, for an overall target weighting of 30% and up to a maximum of 45% of annual fixed compensation, which promotes innovation, the development of new customers and the launch of new applications, as well as the completion of major investment projects in line with the Group's targeted growth strategy;

  It should be noted that although the targets to be met are set out in details and quantified on an annual basis, the values to be achieved are not disclosed for confidentiality purposes, in particular with regard to competitors. However, the Group does disclose the achievement rates for each criterion every year;

as well as,

- qualitative criteria for an overall target weighting of 30% and up to a maximum of 45% of annual fixed compensation (representing 25% of the criteria used to determine the variable compensation). These criteria, which are set precisely by the Board of Directors each year, are linked to the Group's priorities, including implementation of the Group's long-term strategy and its main priorities by the Chairman and Chief Executive Officer for one half and financial and operational management of the Group for the other half. For this latter half, since 2023, and as part of the new compensation policy for the Chairman and Chief Executive Officer submitted to the annual general meeting of 15 May 2024, the majority of the components are quantifiable, with precise targets set. CSR criteria, some of which are quantitative, in line with the Company's CSR roadmap and its 2030 targets, the monitoring of which is set out in detail in section 4.1.2 of this document, are part of these criteria.

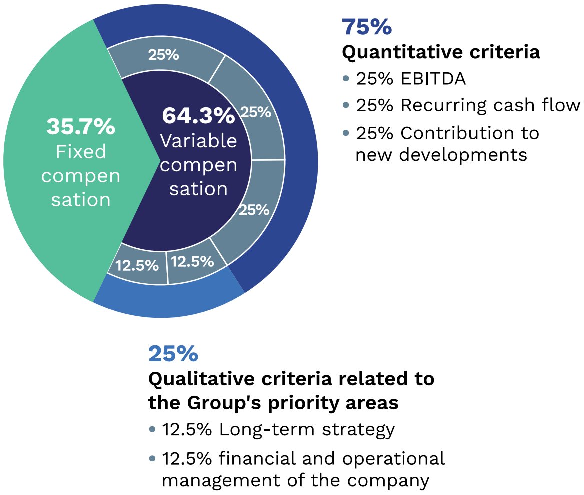
The various financial indicators used to measure fulfillment of the performance criteria are based on the annual consolidated financial statements published by Arkema in accordance with the international financial reporting standards (IFRS) applicable at the date on which the Board of Directors approved and defined the performance criteria

With regard to the qualitative criteria used to determine variable compensation for 2025, the Board will pay particular attention to:

- in terms of long-term strategy: the continued transformation of the Group's profile in accordance with the 2028 strategy published during the Capital Markets Day in September 2023, focusing on areas of innovation in particular linked to sustainable development (new energies, advanced electronics, bio-sourced and recycled polymers, additives and polymers integrated into solutions that contribute to the energy transition, high-performance adhesives and sealants, pressure sensitive adhesives, upstream integration in low-carbon HF in the United States, etc.); the promotion and increased benefit of synergies between product lines linked to the implementation of the One Arkema culture around high growth markets and key technologies; the operational optimization of major industrial projects in Asia and the United States, recent and in start-up; the growth dynamics of the Group's last three major acquisitions: Ashland's adhesives, PIAM and Dow's laminating adhesives for flexible packaging; the confirmation of the global strategy for batteries in an evolving context but with stakes remaining high; new elements of the roadmap for accelerated growth in the United States and Asia vs. Europe;
- in terms of financial and operational management of the company, with a majority of quantifiable elements: the consolidation of safety and environmental performance in line with the various 2030 objectives and the implementation of the carbon trajectory validated by the SBTi; monitoring the implementation of the CSRD and its evolution, as well as other new legal and regulatory provisions; monitoring and optimizing new business developments in line with the areas highlighted during 2023 CMD; dynamic management of prices and product mix; continued progress in talent management and diversity globally as well as in medium-term succession plans for key executives, and advances in digital/AI; strict control of fixed and variable costs, Capex and working capital, in the allocated budgets, and development of new thinking in terms of competitiveness.

In accordance with the provisions of article L. 22-10-8 of the French Commercial Code, the payment of this annual variable compensation is subject to the approval by the annual general meeting of the Chairman and Chief Executive Officer's compensation components in accordance with the conditions provided for under articles L. 225-100 and L. 22-10-34 of said code.

The proposed allocation of fixed and variable compensation (based on maximum annual variable compensation) for 2025 would be as follows, subject to approval by shareholders at the annual general meeting:



Long-term compensation: performance shares

Like a number of Group employees, the Chairman and Chief Executive Officer receives an annual award of performance shares that directly links a significant portion of his compensation to the long-term performance of the Company and the Group and helps to align his interests with the best interests of the Company and its subsidiaries and the interests of shareholders.

The number of shares allocated each year is reviewed every time the Chairman and Chief Executive Officer's term of office is renewed, *i.e.*, once every four years, as part of the overall review of his compensation structure. The award comprises a fixed number of shares per performance share plan set for the duration of his term of office, taking into account, as for the annual fixed compensation, the grantee's duties and responsibilities and changes in the Group's size and profile and its proportion of the total compensation of the Chairman and Chief Executive Officer. Keeping a fixed number of shares each year helps mitigate the impact of share price volatility and support sustainable value creation over time.

As part of his current term of office, which was renewed at the close of the annual general meeting of 15 May 2024, the Chairman and Chief Executive Officer is entitled to an annual award of 33,000 shares under the Group's annual performance share plan. This allocation maintains the balance of the Chairman and Chief Executive Officer's overall compensation structure, which is made up of a fixed annual compensation, a variable annual compensation, pension benefits and a long-term compensation, and favors variable and long-term components. Based on the fair value of Arkema shares at the time of the 2024 award, and a maximum share allocation of 120%, this allotment corresponds to around 80% of the total annual compensation (fixed compensation + maximum variable compensation + pension benefits), reflecting a long-term view beneath 45% of the total compensation, under the same conditions.

In accordance with the law, the AFEP-MEDEF Code and the rules applicable within the Group:

- performance shares awarded to the Chairman and Chief Executive Officer only vest subject to a condition of presence and to performance conditions assessed over a period of three years, which is followed by a two-year holding period, *i.e.*, a total vesting-holding period of five years;
- the shares awarded to the Chairman and Chief Executive Officer as part of annual performance share plans may not exceed 10% of all shares awarded in any one year under any annual performance share plan;
- the Chairman and Chief Executive Officer is required to retain a number of Arkema shares – either granted or otherwise acquired – equivalent to 250% of his gross annual fixed compensation. As of the date of this document, the Chairman and Chief Executive Officer holds 433,426 shares, well above the required percentage and allowing for full alignment of his interests with those of the Group and its shareholders;
- in the event of forced departure, and excluding cases of dismissal for serious or gross misconduct or resignation, the Chairman and Chief Executive Officer will continue to be entitled to the shares awarded at the date of termination of his duties and which have not vested on that date – in principle on a *pro rata* basis – based on a reasoned decision of the Board of Directors. The vesting rate will be subject to fulfillment of the performance conditions set out in the plans concerned. Under no circumstances may the Board decide to accelerate the vesting of the said shares; and
- in the event of retirement, like all beneficiaries of performance shares within the Group and in accordance with the rules for Arkema's share grant plans, the Chairman and Chief Executive Officer will remain entitled to all the unvested shares allocated to him at the date of his departure. The final allocation remains subject to the performance conditions set out in the plans concerned being met.

In line with the Group's long-term objectives for 2028, announced during the Capital Markets Days on 27 September 2023, and in accordance with the share-based compensation policy approved by the annual general meeting of 19 May 2022 as part of the renewal of the authorization granted to the Board of Directors to award performance shares, the Board of Directors decided that, for the 2024 plan like in 2023, the performance conditions, assessed over a three-year period, are as follows:

- EBITDA margin of the Group;
- operating cash conversion rate;
- the comparative Total Shareholder Return (TSR), which compares Arkema's share price performance with the average of the following three aggregates: the median TSR of a group of peers, the MSCI European Chemicals Index (including dividends) and the CAC 40 (including dividends). This criterion helps align even more closely the interests of beneficiaries with those of shareholders. The composition of the peer group is verified each year by the Board of Directors and may evolve to take account of changes in the competitive landscape;

- return on average capital employed of the Group, which helps assess the profitability of investments made within the Group and therefore the Group's discipline in selecting its investments and using its resources, as well as its ability to create value over the long term; and
- CSR performance, which confirms the importance given by the Group to its social commitments, particularly in terms of the climate, process safety, the circular economy and diversity.

Since the 2023 plan, the criteria are weighted as follows: EBITDA margin and operating cash flow conversion rate account for 20% each, TSR and ROACE for 15% each, and the criterion measuring CSR performance for 30%.

The performance criteria for the vesting of the performance shares awarded to the Chairman and Chief Executive Officer are thus fully aligned with the Group's long-term objectives, including the Group's social and environmental strategy.

Taking into account all five criteria and the reward for outperformance if the Group significantly exceeds its targets, the overall vesting rate may represent up to a maximum of 120% of the initial award in order to reward outperformance more effectively. However, when the rate of achievement of two of the criteria is strictly below 50%, the award rate for each other criterion is capped at 100%.

The targets set for these criteria are fully consistent with the medium and long-term targets announced to the financial market and are similar to the internal targets, notably as regards the compensation of senior executives. Those determined for the 2024 performance share plan are presented by way of example in section 3.5.1 of this chapter.

In accordance with the recommendations of the AFEP-MEDEF Code, each year the Chairman and Chief Executive Officer formally undertakes not to use any financial instruments to hedge the risk of losses on the performance shares that he has been awarded by the Company during his term of office as Chairman and Chief Executive Officer and as long as he remains in office. Furthermore, in accordance with the law and the AFEP-MEDEF Code, the Chairman and Chief Executive Officer is subject to an additional requirement to retain the shares awarded.

Pension benefits

Since June 2016, when the supplementary defined benefit pension scheme governed by article L. 137-11 of the French Social Security Code (*Code de la sécurité sociale*), from which the Chairman and Chief Executive Officer had benefited, was terminated, Thierry Le Hénaff has received an additional monthly 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. This commitment has been maintained by the Board of Directors under the new term of office. Thierry Le Hénaff has reaffirmed his commitment to invest this amount, net of any contributions and tax, in savings vehicles dedicated to financing his supplementary retirement benefits.

Severance payment

A severance payment will be due to the Chairman and Chief Executive Officer in the event of his forced departure, regardless of the form this departure takes and notably in the event of removal before the end of his term of office due to a change in control or strategy. It is not due in the event of non-renewal of his term of office, serious misconduct (*i.e.*, willful wrongdoing that prevents him from continuing as a corporate officer) or gross misconduct (*i.e.*, willful wrongdoing committed with intent to harm the Company) nor in the event of resignation. The severance payment shall not exceed twice his total annual gross fixed and variable compensation. The calculation base would correspond to the fixed annual compensation for the year in which he was forced to step down and the average of the last two years of variable compensation paid prior to his departure.

Upon reappointment of the Chairman and Chief Executive Officer in 2024, the Board of Directors decided to change the method for calculating the amount of severance payment, which is subject to three conditions consistent with the targets set for 2028, by increasing the requirements of these conditions and adjusting the weighting of each condition for the duration of his term of office, as follows:

- annual variable compensation: on average, the annual variable compensation paid during the three years preceding departure would have to be at least 80% of the target variable amount;
- TRIR: average TRIR (total recordable injury rate) over the three years preceding departure would have to be less than or equal to 1.1 accidents per million hours worked, positioning Arkema among the best of the industry; and
- the operating cash conversion rate, which corresponds to free cash flow before Capex (tangible and intangible investments) divided by EBITDA, must be equal to or greater than 70%. The operating cash conversion rates will be determined using the average conversion rate for the three years preceding the departure date.

The weighting of each of these conditions is 70% for the annual variable portion and 15% for each of the other two conditions.

In accordance with the AFEP-MEDEF Code's recommendations concerning the accumulation of the severance payment and supplementary pension benefits, the severance payment that would be payable beyond the age of 60 will be reduced as follows:

- 18 months of total annual gross compensation (fixed and variable) in the event of departure beyond the age of 60; and
- 12 months of total annual gross compensation (fixed and variable) in the event of departure beyond the age of 62 years and six months.

No compensation would be paid in the event of departure beyond the age of 65.

Non-compete clause

Due to the Chairman and Chief Executive Officer's extensive knowledge of the chemicals industry and new corporate social responsibility issues, the Board of Directors maintained its non-compete clause, for the current mandate, in the interest of Arkema and its shareholders, in accordance with the legal provisions and recommendations of the AFEP-MEDEF Code. Under this clause, in the event of termination of his office as Chairman and Chief Executive Officer, for whatever reason, he will be bound by a non-compete obligation limited to a period of one year from the effective date of termination.

The purpose of this non-compete clause, implemented in 2020 and approved by the annual general meeting each subsequent year, is to prohibit Thierry Le Hénaff, in consideration of an indemnity to be paid to him under the conditions set out below, for a period of one year from the effective date of termination of office, from engaging, directly or indirectly, in an activity that competes with Arkema's businesses, either on his own behalf or on behalf of another company. An activity that competes with Arkema's businesses means any specialty chemicals activity carried on in the same geographic regions and sectors as those of the Group when the term of office ends.

In consideration of the non-compete undertaking, and throughout the term of the agreement, Thierry Le Hénaff will receive a monthly indemnity equal to 100% of his monthly compensation calculated based on the sum of his fixed compensation for the year in which his term of office ended and the average of his annual variable compensation paid for the last two years prior to the effective termination date. A monthly payment will be made throughout the period of this non-compete agreement.

Any breach of this non-compete obligation will require Thierry Le Hénaff to repay the monthly indemnities he has already received and the Company will no longer be liable to pay the remaining indemnities through to the end of the one-year period.

The Board of Directors may decide to waive this non-compete clause up to the effective date of termination of Thierry Le Hénaff's office at the latest. In such an event, he would no longer be bound by the constraints of the non-compete clause referred to above and the Company would be released from any commitment to pay him a non-compete compensation.

It should be noted that Thierry Le Hénaff will only be entitled to this indemnity if his departure is not concomitant with his retirement. Moreover, Thierry Le Hénaff will not be entitled to the indemnity once he reaches the age of 65. In these two cases, Thierry Le Hénaff will be released from his obligations. Lastly, in accordance with the recommendations of the AFEP-MEDEF Code, in the event of the simultaneous application of the severance payment and the non-compete compensation, the cumulative amount of these indemnities will not exceed two years of fixed and variable compensation (as defined above).

Other benefits

The Chairman and Chief Executive Officer has the use of a company car and is covered by corporate officer unemployment insurance.

He is also covered by the same Group personal risk and health insurance plan as all Company employees.

Exceptional compensation

Should a new executive director be appointed following an external recruitment process, the Board of Directors may, if necessary, in accordance with the provisions of the AFEP-MEDEF Code and on recommendations of the Nominating, Compensation and Corporate Governance Committee, decide to grant him/her exceptional compensation, mainly in the form of long-term compensation subject to performance conditions and arrangements that guarantee his/her attachment to the Company, in order to compensate him/her for any compensation lost as a result of accepting this new position. If this were to happen, the Company would disclose precise information concerning the amount and form of this compensation.

The Boards' discretionary powers in case of exceptional circumstances

On recommendation of the Nominating, Compensation and Corporate Governance Committee, since 2021, the Board of Directors has decided that it shall have the option of amending certain performance criteria related to the Chairman and Chief Executive Officer's annual variable compensation or to his long-term compensation in the form of performance shares, and/or of increasing or decreasing one or several of the parameters attached to these criteria (weighting, trigger thresholds, objectives, targets, etc.), half of the qualitative criteria must in any event be related to the implementation by the Chairman and Chief Executive Officer of the Group's long-term strategy and its main priorities, and the other half to the Group's operational management, the non-financial performance being included in these criteria.

This option may be used by the Board of Directors only in the event of exceptional circumstances outside of Arkema's control, not taken into account by the criteria or parameters initially set out in this policy for annual variable compensation or long-term compensation in the form of performance shares, that would have a significant impact on the company's performance, and which were unforeseeable at the time the Board approved this policy with a view to presenting it to the annual general meeting (including any new development in the Covid-19 crisis, or an equivalent crisis, displaying these characteristics).

In any event, any such amendments or changes shall not result in the modification of the maximum weighting of the quantitative component of the annual variable compensation and the maximum weighting of its qualitative component, nor increase the maximum number of shares that could vest under the annual performance share plans.

These amendments or changes shall only be made for the purpose of reflecting more accurately the Chairman and Chief Executive Officer's effective performance in light of the circumstances that led to this option being exercised in applying the compensation policy. In this respect, the Board of Directors shall be especially careful to ensure that any such changes be fully correlated to the Group's performance in light of the circumstances, to the benefits accruing to shareholders and to the situation of all stakeholders.

The Board of Directors shall make its decision on the recommendation of the Nominating, Compensation and Corporate Governance Committee, and any use of this option must be justified in terms of the related circumstances and alignment with shareholders' interests. Any use of this discretionary option, which does not constitute a departure from the remuneration policy within the meaning of article L. 22-10-8 III paragraph 2 of the French Commercial Code, will be made public by the Board.

3.4.2.2 Implementation of the compensation policy for 2024

The Chairman and Chief Executive Officer's total compensation for 2024 was determined in accordance with the compensation policy approved by the Company's shareholders at the annual general meeting of 15 May 2024. A significant portion of this compensation is subject to the achievement of quantitative, quantifiable and qualitative targets in line with the Company's strategy, thereby contributing to the Company's long-term performance. The achievement of these targets was duly noted by the Board of Directors at its meeting of 26 February 2025. The performance criteria concerning the annual variable compensation for 2024 are applied in accordance with the methodology described in section 3.4.2.1 of the 2023 Universal Registration Document.

The Chairman and Chief Executive Officer does not receive compensation from any company included in Arkema's scope of consolidation within the meaning of article L. 233-16 of the French Commercial Code.

Equity ratios between the compensation of the Chairman and Chief Executive Officer and the average and median compensation of the Company's employees

Equity ratios were calculated based on the compensation multiples guidelines updated by AFEP in February 2021, and based on the following elements:

- employees' compensation is deemed to consist of the sum of gross compensation, employer's contributions, employee savings schemes (profit-sharing and matching contributions) and performance shares. It concerns all compensation paid or awarded during the year;
- the Chairman and Chief Executive Officer's compensation consists of the sum of the following items[1]: his fixed compensation, variable compensation paid during the year (due in respect of the previous year), pension obligations, employer's contributions, all exceptional compensation, and any benefits in kind and performance shares. It includes all components of compensation paid or awarded during the year; and
- insofar as the Company does not have a significant number of employees, the scope of comparison used comprises the Company, Arkema France and Bostik SA, which together accounted for 93% of the Group's French workforce at end-2024 and for 2020 to 2024.

The following table presents the results of calculations for the scope of comparison, as well as for the Company, which in principle is the only Group entity covered by the legal requirement. These ratios cannot be monitored at global Group level due to structural pay differences between countries where the Group operates and has employees.

TABLE OF RATIOS REQUIRED BY ARTICLE L. 22-10-9 OF THE FRENCH COMMERCIAL CODE

	2024	2023	2022	2021	2020
% change in the compensation of Thierry Le Hénaff, Chairman and Chief Executive Officer	-4.2%	+0.5%	+14%	+17%	-9%
Information based on the scope of the listed company					
% change in the **average compensation** of employees	-9%	+2%	+3%	+4%	+6%
Ratio compared with the average compensation of employees	4	4	4	3	3
% change in the ratio compared with previous year	0%	0%	+33%	0%	-25%
Ratio compared with the **median compensation** of employees	4	4	4	3	3
% change in the ratio compared with previous year	0%	0%	33%	0%	0%
Information based on the enlarged scope(1)					
% change in the **average compensation** of employees	2.9%	1.8%	1.5%	1.9%	1.9%
Ratio compared with the average compensation of employees	60	62	63	56	49
% change in the ratio compared with previous year	-3.1%	-1%	13%	14%	-9%
Ratio compared with the **median compensation** of employees	68	74	75	67	58
% change in the ratio compared with previous year	-8%	-2%	+12%	+16%	-9%
Performance of the Company					
Free cash flow (in €m)	358	625	784	479	651
% change compared with previous year	-42.7%	-20.3%	+63.7%	-26.4%	-2.4%
Net income – Group share *(in €m)*	354	418	965	1,309	332
% change compared with previous year	-15.3%	-56.7%	-26.3%	+294.3%	-38.9%
Net dividend per share paid in respect of year N *(in €)*	3.60(2)	3.50	3.40	3.00	2.50
% change compared with previous year	2.9%	3.0%	13.3%	20%	13.6%

(1) 2024, 2023, 2022, 2021 and 2020: Arkema, Arkema France and Bostik SA.
(2) Dividend subject to approval at the annual general meeting of the Company's shareholders on 22 May 2025 (3rd resolution). For further details, see section 7.1.2 of this document.

[1] *For further details about the various components of compensation paid or awarded and their amounts, see section 3.4.2.2 of this document and the 2020, 2021, 2022 and 2023 Universal Registration Documents.*

Performance shares – which only vest upon achievement of demanding performance criteria – have a material impact on the value of multiples. By way of illustration, excluding performance shares at "fair value" in accordance with IFRS 2, would result in multiples of 44 (median) and 41 (average) for 2024.

Between 2020 and 2024, the compensation of the Chairman and Chief Executive Officer, comprising the fixed portion, the variable portion, the pension benefits and performance shares, increased by 5% a year on average.

Over the same period, at Arkema France – which represents 78% of the Group's French workforce – annual salary measures (both general and individual increases) corresponded to an increase of almost 16%.

In accordance with articles L. 22-10-34, II and L. 22-10-9, I of the French Commercial Code, the information provided in this section and in section 3.4.1.2 above is subject to the approval of the Company's shareholders at the annual general meeting of 22 May 2025 (9th resolution). For further details on the corresponding resolution, see sections 7.1.2 and 7.2.1 of this document.

Components of the compensation due or awarded to the Chairman and Chief Executive Officer for 2024 submitted to a shareholder vote

In accordance with the provisions of article L. 22-10-34, II of the French Commercial Code, the components of compensation due or awarded to Thierry Le Hénaff, Chairman and Chief Executive Officer of the Company, for the year ended 31 December 2024, as stated below, is submitted to the shareholders' vote at the annual general meeting of 22 May 2025 (10th resolution).

In 2024, fixed annual compensation amounted to €1,094,363 (in application of the fixed annual compensation pro rata of €1,000,000 applicable between 1 January 2024 and 14 May 2024, then of €1,150,000, with effect from 15 May 2024) and variable annual compensation could reach, as in 2023, up to 180% of fixed annual compensation, in accordance with the compensation policy approved by the annual general meeting of 15 May 2024.

Components of compensation submitted to a shareholder vote	Amounts paid during 2024	Amounts awarded for the 2024 financial year or accounting valuation	Presentation
Fixed compensation	€1,094,363	€1,094,363	In the context of the reappointment of Thierry Le Hénaff as director, approved at the annual general meeting of 15 May 2024, his annual fixed compensation was set at €1,150,000 per year as of 15 May 2024 for the duration of his term of office. This fixed portion was previously €1,000,000 per year and continued to apply between 1 January 2024 and 14 May 2024.
Annual variable compensation	€1,481,800	€1,631,387	The maximum achievable amount of variable compensation due in respect of 2024 was 180% of annual fixed compensation. The Board of Directors set the amount of variable compensation due in respect of 2024 based on the achievement of specific, precise and demanding quantitative and qualitative targets approved by the Board of Directors at its meeting on 28 February 2024, as follows: • **concerning the three quantitative criteria** related to the Group's financial performance, the achievement rates in relation to the maximum of each sub-criterion were as follows: • 53.10% for the EBITDA criterion, for which the average maximum weighting represents 45%, and which reached €1,529 million in 2024, slightly up compared to 2023, in line with the initial guidance of between €1.5 billion and €1.7 billion as communicated to the market in February 2024 upon publication of the 2023 annual results and achieved despite a challenging and uncertain macroeconomic environment. This robust performance confirms the resilience and the capacity to adapt of the Group, which has notably reinforced its cost control initiatives, continued the execution of its main development projects and benefited from its in-depth work carried out over several years to develop its activities in the fastest growing areas and its most promising product lines. Asia saw significant growth in 2024 whereas North America remained stable and Europe, impacted by the context of the region, declined. Specialty Materials EBITDA increased by 3.4%, driven by Adhesives and High Performance Polymers, while Performance Additives were down compared to last year's high comparison base and Coating Solutions were affected by low cycle market conditions in upstream acrylics; • 95.83% for the recurring cash flow criterion, for which the average maximum weighting represents 45%. Recurring cash flow in 2024 reached €419 million (free cash flow adjusted for exceptional capex and non-recurring items). It takes into account the operating cash flow of 1,180 million euros reflecting the solid operating performance of the Group, despite a demanding external environment, and the controlled evolution of the working capital, which represents 13.8% of the Group's sales at the end of December 2024, excluding Dow's adhesives business. It also includes the increase in investments linked to organic development projects in line with the guidance. In addition, the EBITDA to operating cash conversion rate stood at 77%, beyond the objective of 70% set by the Group at the Capital Markets Day in September 2023. The net debt and hybrid bonds at €3,241 million, *i.e.*, 2.1x 2024 EBITDA, remains broadly in line with the financial discipline that the Group has set for itself; and

Components of compensation submitted to a shareholder vote	Amounts paid during 2024	Amounts awarded for the 2024 financial year or accounting valuation	Presentation
			• 82.33% for the new business developments criterion, for which the average maximum weighting represents 45%. The Board of Directors took its calculation into account, as it does every year, the commercial successes of the main innovation platforms, assessed using a tracking table by Business Unit and segment, the evolution of the margin on variable costs of various products, applications or markets, the great majority of which being pre-defined, the development of new customers also targeted, and the growth in emerging geographies. For 2024, the Board noted in particular the following examples of more significant developments: high performance sealants and adhesives, structural adhesives for durable goods, new ranges of adhesives for professionals and large DIY stores, the development of e-commerce, the development in flexible packaging and PSA (Pressure Sensitive Adhesives), and the pursuit of synergies with Ashland, the development of high performance polymers in sports, medical, more sustainable lubricants as well as batteries, the development of fluorospecialties with low emissive impact such as 1233zd and 1234yf, additives for the solar industry, and coating resins for marine applications and infrastructure. As a result, the variable compensation due in respect of quantitative criteria amounted to 104.07% of annual fixed compensation; and • **concerning the qualitative criteria,** with a maximum average weighting of 45%, half of which was linked to the implementation of the Group's strategy and main operational priorities, and the other half to elements of operational management, the majority of which were quantifiable, the following achievements were noted: • regarding the implementation of the Group's strategy and main operational priorities: 2024 was marked by the continued evolution of Arkema's profile towards Specialty Materials in line with the strategy announced at the 2023 CMD focusing on medium-term areas of innovation, in particular linked to sustainable development. Significant progress was thus made in 2024, as evidenced by the achievement of the new developments mentioned above, and the Group has prepared the future ramp-up of several high-stakes application areas or product lines. As an example, batteries (EV and stationary), electronics and semiconductors, fluorospecialties with low emissive impact, high performance sealants, sulfur additives for biofuels and refining, or even biosourced polymers, may be mentioned. These developments are supported by several new industrial capacities finalized or ongoing in 2024, notably the amino and polyamide 11 plant in Singapore, the 1233zd and DMDS units in the United States, the organic peroxide expansion in China and the Pebax® elastomer expansion in France. The M&A area remained active with in particular the successful integration of PIAM whose growth potential is confirmed to be significant and the acquisition of Dow's laminating adhesives for flexible packaging; • regarding the operational management components: the Board has taken into account the consolidation of workstation safety performance with a very good TRIR level of 0.81 accidents per million hours worked, that of process safety with a PSER of 2.5 incidents per million hours worked, both consistent with the Group's objectives, and the solidity of cybersecurity initiatives, an area without notable incidents in 2024. The Board also noted the progress of the vast majority of environmental indicators, some of which even exceeded the 2030 objectives. It was thus able to assess the further 6% reduction in the Group's GHG emissions from Scopes 1 and 2 in 2024 compared to 2023, in line with the 2030 objectives, as well as the strong reduction of 19% in Scope 3 emissions, having led to the definition of a more ambitious target for 2030, the share of sales covered by a life cycle analysis, which now stands at 53% in 2024, as well as the reduction in water withdrawals and that of emissions into the air and water. On a business level, the Board recognized the quality of the dynamic management of prices and product mix, as well as the scaling up and the first convincing results of the One Arkema approach. The Group's strict management to adapt to the challenging economic context of low demand resulted in fixed costs below the budget, a level of working capital well controlled overall, and good cash generation including higher capex but in line with the budget. On the social front, the Board also noted the Group's progress in terms of diversity, with an increase in the proportion of women in management to 30% at the end of 2024, ahead of the 2030 roadmap, as well as the continued strengthening of internal processes in terms of talent management and succession plans. In light of all of these achievements and also the manner in which the Group was able to adapt to the demanding and challenging operating environment of 2024, marked by macroeconomic and geopolitical tensions, the Board of Directors has set the achievement rate for these criteria at 100%. Consequently, the variable compensation due in respect of qualitative criteria was set at 45% of the annual fixed compensation.

Components of compensation submitted to a shareholder vote	Amounts paid during 2024	Amounts awarded for the 2024 financial year or accounting valuation	Presentation
			In total, the 2024 variable compensation amounts to €1,631,387, *i.e.*, 82.82% of the maximum. It represents 149.07% of 2024 annual fixed compensation (compared to 148.18% in 2023). The payment of this annual variable compensation is subject to shareholders' approval at the annual general meeting of 22 May 2025 of the components of the Chairman and Chief Executive Officer's compensation in accordance with the conditions provided for in article L. 22-10-34, II of the French Commercial Code, under the 10th resolution. The compensation shall only be paid after this date.
Deferred variable compensation	N/A	N/A	Thierry Le Hénaff receives no deferred variable compensation.
Exceptional compensation	N/A	N/A	Thierry Le Hénaff receives no exceptional compensation.
Compensation for serving as a director	N/A	N/A	Thierry Le Hénaff receives no compensation from Arkema for serving as a director.
Stock options	N/A	N/A	Thierry Le Hénaff does not receive any stock options.
Performance shares	N/A	€2,127,840	Making use of the authorization granted by the annual general meeting of 19 May 2022 (24th resolution), at its meeting of 5 November 2024, the Board of Directors awarded 33,000 performance shares (representing 0.04% of share capital) to Thierry Le Hénaff (out of a total of 369,925 shares granted to 1,705 grantees, representing less than 10% of the performance share grant taking the potential outperformance into account). The shares will vest at the end of a three-year period subject to a presence condition and the achievement of five performance targets based on the following: consolidated EBITDA margin, the operating cash conversion rate, comparative Total Shareholder Return, return on average capital employed (ROACE) of the Group and Arkema's CSR performance (comprising four indicators: the climate (50%) and the process safety event rate (PSER), the circular economy and the percentage of women in senior management and executive positions (50%)). The weighting of all the criteria remains as per 2023 and as follows: EBITDA margin and operating cash conversion rate each account for 20%, TSR and ROACE for 15% each, and the criterion measuring CSR performance for 30%. 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 this chapter. In the event of outperformance, and pursuant to the aforementioned performance conditions set out in section 3.5.1 of this chapter, this award could rise to 120% of the maximum awarded.
Pension	€496,360	€545,150	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 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 savings vehicles dedicated to financing his supplementary retirement benefits.
Benefits in kind	N/A	€6,720	Thierry Le Hénaff has the use of a company car and is covered by corporate officer unemployment insurance.
Components of compensation paid or awarded for 2024 already approved by the annual general meeting			

Components of compensation submitted to a shareholder vote	Amounts paid during 2024	Amounts awarded for the 2024 financial year or accounting valuation	Presentation
Severance payment	*No payment* [(1)]		*Thierry Le Hénaff is entitled to severance payment in the event of his forced departure. The amount is calculated by reference to the achievement of three demanding conditions set by the Board of Directors and approved by the annual general meeting, and cannot exceed twice his total annual gross fixed and variable compensation. The calculation base is the fixed annual compensation for the year in which the forced departure occurs and the average of the last two years of variable compensation paid prior to departure.* *The amount of the payment is calculated based on three demanding conditions, accounting for 70%, 15% and 15% of the total respectively:* • *annual variable compensation: on average, the annual variable compensation paid during the three years preceding departure would have to be at least 80% of the target variable amount;* • *TRIR: average TRIR (total recordable injury rate) for the three years preceding departure would have to be less than or equal to 1.1 accidents per million hours worked, making Arkema a leader for the industry as a whole; and* • *operating cash flow conversion rate, which corresponds to free cash flow before capex (tangible and intangible investments) divided by EBITDA: the operating cash flow conversion rate must be equal to or greater than 70%. The operating cash flow conversion rates will be determined using the average conversion rate for the three years preceding the departure date* *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) in case of a departure beyond 60 years of age, and 12 months of total annual gross compensation (fixed and variable) beyond 62 years and six months of age. No compensation would be paid in the event of departure beyond the age of 65.*
Non-compete compensation	*N/A*		*Thierry Le Hénaff is subject to a non-compete clause, in accordance with the legal provisions and recommendations of the AFEP-MEDEF Code, whereby, in the event of termination of his office as Chairman and Chief Executive Officer, for whatever reason, he will be bound by a non-compete obligation, limited to a period of one year from the effective date of termination.* *The purpose of this non-compete clause is to prohibit Thierry Le Hénaff, in consideration of an indemnity to be paid to him under the conditions set out below, for a period of one year from the effective date of termination of office, from engaging, directly or indirectly, in an activity that competes with Arkema's businesses, either on his own behalf or on behalf of another company. An activity that competes with Arkema's businesses means any specialty chemicals activity carried on in the same geographic regions and sectors as those of the Arkema Group when the term of office ends.* *In consideration of the non-compete undertaking, and throughout the term of the agreement, Thierry Le Hénaff will receive a monthly indemnity equal to 100% of his monthly compensation calculated based on the sum of his fixed compensation for the year in which his term of office ended and the average of his annual variable compensation paid for the last two years prior to the effective termination date. A monthly payment will be made throughout the period of this non-compete agreement.* *Any breach of this non-compete obligation will require Thierry Le Hénaff to repay the monthly indemnities he has already received and the Company will no longer be liable to pay the remaining indemnities through to the end of the one-year period.* *The Board of Directors may decide to waive this non-compete clause up to the effective date of termination of Thierry Le Hénaff's office at the latest. In such an event, he would no longer be bound by the constraints of the non-compete clause referred to above and the Company would be released from any commitment to pay him a non-compete compensation.* *It should be noted that Thierry Le Hénaff will only be entitled to this indemnity if his departure is not concomitant with his retirement. Moreover, Thierry Le Hénaff will not be entitled to the indemnity once he reaches the age of 65. In these two cases, Thierry Le Hénaff will be released from his obligations.* *Lastly, in accordance with the recommendations of the AFEP-MEDEF Code, in the event of the simultaneous application of the severance payment and the non-compete compensation, the cumulative amount of these indemnities will not exceed two years of fixed and variable compensation (as defined above).*

(1) Estimate of the maximum amounts payable at 31 December 2024, in a theoretical case of forced departure and the fulfillment of three conditions, in accordance with the provisions of article L. 22-10-9, I, 4° of the French Commercial Code: €4,096,145

Thierry Le Hénaff's total annual gross compensation for 2024 therefore amounts to €1,094,363 as for the fixed compensation and €1,631,387 for the variable compensation, *i.e.*, a total amount of €2,725,750.

By way of illustration and subject to approval at the annual general meeting of 22 May 2025 (10th resolution), the Chairman and Chief Executive Officer's fixed, variable and long-term compensation for the year ended 31 December 2024 would break down as follows:

3.4.2.3 Summary tables

SUMMARY OF COMPENSATION, STOCK OPTIONS AND SHARES AWARDED TO THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER EXCLUDING COMPENSATION INDEMNITIES (TABLES 1 AND 2 OF AMF RECOMMENDATIONS AND AFEP-MEDEF CODE)

	2024		2023	
(Gross amounts in euros)	Amounts awarded	Paid during the year	Amounts awarded	Paid during the year
Fixed compensation	1,094,363	1,094,363	1,000,000	1,000,000
Annual variable compensation (1)	1,631,387	1,481,800	1,481,800	1,791,000
Exceptional compensation	None	None	None	None
Compensation for serving as director	None	None	None	None
TOTAL	**2,725,750**	**2,576,163**	**2,481,800**	**2,791,000**
Pension (2)	545,150	496,360	496,360	558,200
Benefits in kind – car	6,720	6,720	6,720	6,720
Executive officer unemployment insurance		20,317		19,276
Stock options	None	None	None	None
Performance shares (3)	2,127,840	N/A	2,083,500	N/A
Other long-term compensation	None	None	None	None
TOTAL	**5,405,460**	**3,099,560**	**5,068,380**	**3,375,196**

(1) *Variable compensation is paid in the year following the period for which it is calculated based on the criteria set out in section 3.4.2.2 of this chapter and subject to shareholder approval of the components of compensation paid or awarded for the year, in accordance with the provisions of articles L. 225-100 and L. 22-10-34 of the French Commercial Code.*
(2) *20% of the annual compensation (fixed and variable).*
(3) *Value of performance share rights awarded during the year calculated according to the method used in the consolidated financial statements, detailed in note 7.4 to the consolidated financial statements at 31 December 2024 in section 5.3.3 of this document*

PERFORMANCE SHARES GRANTED TO THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER IN 2024

	No. and date of plan	Number of shares granted in 2024	Vesting date/End of holding period	Value of shares according to the method used in the consolidated financial statements
Thierry Le Hénaff	2024 plan of 05/11/2024 (3-year vesting period +2-year holding period)	33,000 (1) (2)	08/11/2027 and 08/11/2029	€2,127,840

(1) *Representing 0.04% of share capital.*
(2) *39,600 in the event of outperformance. For further details, see section 3.5.1 of this chapter.*

SUMMARY OF SHARES AWARDED TO THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER NOT YET VESTED OR SUBJECT TO A HOLDING PERIOD DURING THE YEAR (INCLUDING TABLE 6 OF AMF RECOMMENDATIONS AND AFEP-MEDEF CODE)

						Information based on the year just ended					
Key characteristics of the free share plans						At 1 January	During the year			At 31 December	
	Number of plan	Vesting period	Grant date	Vesting date	End of holding period	Shares awarded at 1 January	Shares awarded	Shares vested	Shares subject to performance conditions	Shares awarded not yet vested	Shares subject to a holding period
Thierry Le Hénaff	2024 plan	05/11/2024-08/11/2027	05/11/2024	08/11/2027	08/11/2029	N/A	33,000 (1) Value of shares according to the method used in the consolidated financial statements €2,127,840	N/A	33,000 (1)	33,000 (1)	N/A
	2023 plan	08/11/2023-09/11/2026	08/11/2023	09/11/2026	09/11/2028	30,000 (2)	N/A	N/A	30,000 (2)	30,000 (2)	N/A
	2022 plan	09/11/2022-10/11/2025	09/11/2022	10/11/2025	10/11/2027	30,000 (3)	N/A	N/A	30,000 (3)	30,000 (3)	N/A
	2021 plan	09/11/2021-08/11/2024	09/11/2021	12/11/2024	12/11/2026	N/A	N/A	32,580 Market value (6): €2,621,061	N/A	N/A	32,580
	2020 plan	04/11/2020-05/11/2023	04/11/2020	06/11/2023	06/11/2025	N/A	N/A	31,800 Market value(6): €2,858,820	N/A	N/A	31,800
						TOTAL 60,000(4)	**TOTAL 33,000 (1)**	**TOTAL 64,380**	**TOTAL 93,000 (5)**	**TOTAL 93,000 (5)**	**TOTAL 64,380**

(1) *39,600 in the event of outperformance. For further details, see section 3.5.1 of this chapter.*
(2) *36,000 in the event of outperformance. For further details, see section 3.5.1 of the 2023 Universal Registration Document.*
(3) *36,000 in the event of outperformance. For further details, see section 3.5.1 of the 2022 Universal Registration Document.*
(4) *72,000 in the event of outperformance.*
(5) *111,600 in the event of outperformance.*
(6) *Valued at the opening market price on the vesting date.*

PERFORMANCE SHARES AWARDED TO THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER FOR WHICH THE HOLDING PERIOD EXPIRED IN 2024 (TABLE 7 OF THE AMF RECOMMENDATIONS AND AFEP-MEDEF CODE)

	No. and date of plan	Number of shares for which the holding period expired in 2024	Vesting conditions
Thierry Le Hénaff	2019 plan (29/10/2019)	31,320	Presence and performance conditions: REBIT margin over the period from 2019 to 2021 (20%), EBITDA to cash conversion rate over the period from 2019 to 2021 (20%), comparative TSR over the period from 2019 to 2021 (20%), return on average capital employed over the period from 2019 to 2021 (20%) and CSR performance in 2021 (20%)

SUMMARY OF EMPLOYMENT CONTRACT, PENSION BENEFITS AND OTHER BENEFITS IN 2024 (TABLE 11 OF THE AMF RECOMMENDATIONS AND AFEP-MEDEF CODE)

	Employment contract		Supplementary pension benefits		Compensation or benefits due or potentially due upon termination or change of position		Indemnities relating to a non-compete agreement	
	Yes	No	Yes	No	Yes	No	Yes	No
Thierry Le Hénaff		X		X	X		X	

FINANCIAL CONDITIONS APPLICABLE TO THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER FOR TERMINATION OF OFFICE, IN ACCORDANCE WITH THE CIRCUMSTANCES OF TERMINATION

	Dismissal for serious or gross misconduct	Resignation	Forced departure	Retirement
Severance payment	None	None	Compensation entirely contingent on fulfillment of three performance criteria [1]: • after 60 years of age: maximum of 18 months of total annual gross compensation (fixed and variable) [2]; • after 62 years and 6 months of age: maximum of 12 months of total annual gross compensation (fixed and variable) [2]; • after 65 years of age: none. The cumulative amount of the severance payment and non-compete benefit may not exceed twice the annual fixed and variable compensation.	None
Non-compete compensation	Monthly benefit equal to 100% of Thierry Le Hénaff's monthly fixed and variable [2] compensation until expiration of the non-compete clause. The Board of Directors may decide to waive this non-compete clause at any time until the effective date of termination of Thierry Le Hénaff's office, in which case the non-compete benefit will not be payable. The cumulative amount of the severance payment and non-compete benefit may not exceed twice the annual fixed and variable compensation.			None
Supplementary defined benefit pension scheme	None			
Unvested performance shares	Null and void	Null and void	Entitlement to unvested shares subject to a reasoned decision of the Board of Directors, in principle on a pro rata basis, and subject to fulfillment of the performance conditions set out in the plans. No accelerated vesting of shares.	Rights maintained [3]

(1) Annual variable compensation (70%), TRIR (frequency rate of reported accidents per million hours worked) (15%) and operating cash flow conversion rate (15%).
(2) Fixed compensation corresponds to the fixed compensation for the year in which the Chairman and Chief Executive Officer is forced to step down. Variable compensation corresponds to the average of the last two years of variable compensation paid prior to departure.
(3) Rule applicable within the Group to all beneficiaries of performance shares, in accordance with regulations on annual plans.

3.4.3 Compensation of executive management members other than the Chairman and Chief Executive Officer

3.4.3.1 Compensation principles

Every year, the Nominating, Compensation and Corporate Governance Committee reviews the fixed and variable compensation structure proposed by the Chairman and Chief Executive Officer for Executive Committee members. This compensation comprises:

(i) two short-term components:

- an annual fixed compensation based on the scope of the respective duties and responsibilities of each Executive Committee member,
- an annual variable compensation, representing a percentage of the annual fixed compensation and based on general quantifiable targets identical to those set for the Chairman and Chief Executive Officer, and closely aligned with the Group's financial performance and the implementation of its strategy, and quantitative and qualitative targets (including CSR targets) designed to reward the individual performance of each Executive Committee member within their respective area of responsibility; and

(ii) a long-term incentive through the award of performance shares fully subject to performance conditions.

Executive Committee members are required to retain at least 20% of their vested shares in registered form for as long as they remain employed in this capacity. These obligations are suspended once the total value of the Arkema shares held, whatever their origin, is equivalent to 150% of their gross annual fixed compensation. The Chairman and Chief Executive Officer is subject to specific individual holding requirements (see section 3.4.2.1 of this chapter).

Each year Executive Committee members certify that they have not used any financial instruments to hedge the risk of losses on the stock options or performance share rights that have been, or will be, awarded to them by the Company.

The amount and structure of Executive Committee members' compensation packages are regularly compared to the market practices for equivalent positions in companies operating in the same industry with similar market capitalization.

Executive Committee members do not receive any compensation for acting as directors of Group companies.

3.4.3.2 Annual compensation of Executive Committee members other than the Chairman and Chief Executive Officer

The total gross fixed compensation paid by the Company to Executive Committee members for 2024 amounted to €4,061,070.

Moreover, the total variable compensation paid by the Company to Executive Committee members in 2024 in respect of 2023 amounted to €2,287,021.

Based on the targets approved by the Board of Directors at its meeting of 28 February 2024, namely (i) general quantifiable targets identical to those that apply to the Chairman and Chief Executive Officer and relating to growth in EBITDA, recurring cash flow, and the contribution of new developments to the Group's results, and (ii) individual quantifiable and qualitative targets for each member, the Board of Directors, on 26 February 2025, based on a proposal of the Nominating, Compensation and Corporate Governance Committee, approved the Executive Committee members' variable compensation for 2024. The total annual variable compensation awarded to Executive Committee members for 2024 stands at €2,275,088.

In addition, based on a proposal of the Nominating, Compensation and Corporate Governance Committee, the Board of Directors set the compensation for 2025 for members of the Executive Committee – as constituted at the date of the Board of Directors' meeting – as follows:

- the total gross fixed compensation will amount to €3,950,493, in line with market practices and with the changes to the Group's compensation policy for the 2025 financial year; and
- the variable compensation will continue to be based on general quantifiable quantitative criteria related to the Group's financial performance as measured by targets for EBITDA, recurring cash flow and the contribution of new developments to the Group's results, as well as on quantifiable and qualitative criteria specific to each member.

Consequently, compensation due and paid to Executive Committee members, excluding the Chairman and Chief Executive Officer, for 2024 and 2023 was as follows:

	2024		2023	
(Gross amounts in euros)	Due for the year	Paid during the year (1)	Due for the year	Paid during the year (2)
Fixed compensation	3,838,413 (2)	4,061,070 (4)	3,604,606 (3)	3,607,875
Variable compensation	2,275,088 (1)	2,287,021	2,287,250 (2)	2,715,633
TOTAL	**6,113,501**	**6,348,091**	**5,891,856**	**6,323,508**

(1) Based on the average exchange rate in 2024.
(2) Based on the average exchange rate in 2023.
(3) Based on the average exchange rate in 2022.
(4) This amount takes account of changes in the composition of the Executive Committee following the retirement of two of its members and the arrival of their successors in 2024.

3.4.3.3 Benefit schemes

Executive Committee members are covered by the same benefit schemes (death/disability and health insurance) as employees of Arkema France. They also benefit from a defined contribution pension scheme based on the part of their compensation that exceeds eight times the annual ceiling for social security contributions and is excluded from the contribution base for compulsory pension schemes. No Executive Committee member benefits from a supplementary defined benefit pension scheme.

3.5 Share-based compensation

Arkema wished to put share-based compensation instruments in place in order to secure the loyalty of executives and certain employees and involve them more closely in the Group's future growth, as well as its stock market performance. Accordingly, the Board of Directors put performance share plans in place.

No stock option plans have been set up anymore since 2012.

The accounting treatment of these share-based compensation instruments is described in note 7.4 to the consolidated financial statements at 31 December 2024 in section 5.3.3 of this document.

Share-based compensation principles

The share-based compensation policy by way of performance share grants adopted by the Board of Directors on the proposal of the Nominating, Compensation and Corporate Governance Committee, is as follows:

- closely involving executives, senior managers and certain employees who have performed exceptionally well or whom the Group wants to retain, in the Group's future growth and stock market performance in the medium term. In 2024, there were 1,705 beneficiaries;

- setting a vesting period of three years for performance shares awarded to the Chairman and Chief Executive Officer and the members of the Executive Committee, followed by a holding period of two years, *i.e.*, a total vesting-holding period of five years;
- submitting the vesting of performance shares to demanding performance criteria, which have included a criterion concerning Arkema's CSR performance since 2019. At the date of this document and since 2017, awards without performance conditions have been limited to awards representing no more than 70 shares;
- rewarding outperformance if targets are significantly exceeded. The maximum achievement rate for each criterion has been set at 120% and the maximum overall award capped at 120%; however when the achievement rate of two criteria is strictly below 50%, the vesting rate of each of the other criteria is capped at 100%;
- limiting the rights awarded to the Chairman and Chief Executive Officer in respect of annual performance share plans to a maximum of 10% of all rights awarded in any annual plan;
- awarding existing shares acquired under the share buyback program, or to be issued (since 2019); and
- in accordance with the AFEP-MEDEF Code, awarding performance share plans at the same period every year, *i.e.*, in November since 2013.

In addition, in accordance with the law and the AFEP-MEDEF Code, the Board of Directors sets a fixed number of vested shares that must be retained by the Chairman and Chief Executive Officer and by each Executive Committee member (see sections 3.4.2.1 and 3.4.3.1 of this chapter).

Performance criteria

As part of the authorization to grant performance shares approved by the annual general meeting of 19 May 2022, and in line with the 2028 long-term objectives of the Group, as announced at the Capital Markets Day (CMD) held on 27 September 2023, the Board of Directors, on the recommendation of the Nominating, Compensation and Corporate Governance Committee, has decided to make the 2023 performance share plan subject to five demanding performance criteria (four financial and one related to CSR performance), aligned with the Group's long-term ambitions and strategic priorities as follows:

- EBITDA margin of the Group;
- operating cash conversion rate;
- comparative *Total Shareholder* Return;
- return on average capital employed (ROACE) of the Group; and
- CSR performance measured in several areas.

Since 2023, the relative weighting of these criteria in the overall award has been as follows:

- 20% for EBITDA margin and operating cash flow conversion rate;
- 15% for comparative TSR and ROACE; and
- 30% for CSR performance;

In addition, the CSR performance criterion is structured as follows:

- a climate indicator, whose weighting accounts for 50% of the CSR criterion, *i.e.*, 12.5% of the overall award, and which reflects the Group's carbon trajectory (change in greenhouse gas emissions); and
- a composite indicator for the remaining 50% of the CSR criterion, addressing, for a relative weighting of one-third each, the following areas:
  - diversity: measured in terms of the percentage of women in senior management positions (job level NP15 and above) in line with the Group's global target of women representing 30% of this category by 2030;
  - the process safety event rate (PSER): this measures the safety of processes and aims to reduce industrial risks and their social or environmental impacts; and
  - the circular economy: measured through a quantified composite indicator consisting of the following items, each accounting for a third:
    1) Life Cycle Assessments of Arkema's products
    2) water withdrawals (replacing waste treated without recovery since the 2024 plan), and
    3) Arkema's energy consumption decrease efforts with Energy EFPI.

The achievement rates for the last three plans that vested (either in full or partially) are as follows:

	Vesting year	Vesting rate
2019	2022	104.4%
2020	2023	106.0%
2021	2024	108.6%

Renewal of the authorization to grant performance shares

On the recommendation of the Nominating, Compensation and Corporate Governance Committee, the Board of Directors decided, at its meeting of 26 February 2025, to submit to the annual general meeting to be held on 22 May 2025, the renewal of the authorization to grant performance shares, which was granted to the Board in 2022 in order to award free shares in the Company subject to performance conditions, for a new period of 38 months. The number of performance shares that can be granted would consequently be limited to a maximum of 1,650,000 (an amount similar to that of the previous authorization), representing near 2.2% of the share capital at the date of the annual general meeting.

In this context, the Board of Directors has confirmed the broad principles of the share-based compensation policy described above and specified that it will continue to subject the vesting of these shares to the achievement of four financial performance criteria as well as a mixed criterion measuring the Group's CSR performance, which remain perfectly aligned with the Group's long-term ambitions and strategic priorities. If one of these criteria should cease to be relevant or if a new criterion should prove more appropriate, the Board shall propose a criterion with a similar long-term stringency. Lastly, the Board indicated that for each of these criteria, scales and assigned targets will continue to be fully in line, at least for the 2025 and 2026 plans, with the Group's 2028 long-term targets, as announced to the financial markets and will continue to be similar to the internal targets.

Moreover, the Board of Directors indicated that for the plans to be implemented under this authorization, and subject to a favorable vote of the annual general meeting, the performance criteria would be as follows:

- maintenance of the four financial criteria used in the 2023 and 2024 performance share plans, with the same overall weighting of 70% of the final allocation and respective weightings maintained at 20% for the first two and 15% for the other two, *i.e.*:
  - EBITDA margin of the Group,
  - the EBITDA to operating cash conversion rate (formerly named the operating cash flow conversion rate),
  - comparative TSR; and
  - return on average capital employed of the Group; and
- a composite CSR criterion, for an overall weighting of the final allocation maintained at 30%, measuring:
  - the carbon trajectory, for a relative weight of 50% of the criterion, and
  - three other Group CSR performances, with an overall relative weighting of 50% of the criterion, counting for one third each:
    - diversity, which will continue to be measured in terms of the proportion of women in senior management and executive positions throughout the Group in line with the Group's global objective of 35% of women in this category by 2030;
    - the process safety event rate (PSER), a major safety objective for the Group which requires a great deal of effort in achieving significant progress, and
    - water withdrawals, a major issue driven by the future risks of water restrictions in many countries, and for which the Group's new 2030 target, with respect to 2019, is set at 80 million m^3.

The Board would retain the ability to decide whether to grant existing shares, acquired as part of the share buyback program, or to issue new shares.

Additional information about the resolution proposed to the vote at the annual general meeting on 22 May 2025 is provided in sections 7.1.2 and 7.2.1 of this document.

Lastly, on the recommendation of the Nominating, Compensation and Corporate Governance Committee, the Board of Directors confirmed the total amount that may be awarded to the Chairman and Chief Executive Officer may not exceed 10% of the annual plan, and the holding requirement for shares granted to the Chairman and Chief Executive Officer, which, whatever their origin, must represent a total amount equivalent to 250% of the fixed gross annual compensation.

Blackout periods

In compliance with regulation (EU) no. 596/2014 of 16 April 2014 on market abuse (known as the Market Abuse Regulation or MAR), the AMF general regulations and the AFEP-MEDEF Code, and in order to prevent insider trading, Arkema has introduced black-out periods. During these periods, any person who has regular or one-time access to undisclosed accounting or financial information relating to Arkema and its subsidiaries is prohibited from trading in Arkema shares:

- 30 calendar days before the publication of the annual and half-yearly financial statements, including the day of publication; and
- 15 calendar days before the publication of quarterly financial information, including the day of publication.

These black-out periods notably apply to Executive Committee and Group management committee members.

In addition, pursuant to legal provisions as amended by the Pacte law, free shares may not be sold at the end of the vesting-holding period stipulated in the plan:

- 30 calendar days before the publication of the annual and half-yearly financial statements. These provisions apply to all persons, irrespective of their status and whether or not they are a party to inside information; and
- by members of the Board of Directors, the Chief Executive Officer or by employees with access to inside information that has not been made public.

3.5.1 Performance share plans

2024 performance share plans

In accordance with the share-based compensation policy in force within the Group and making use of the authorization given by the annual general meeting of 19 May 2022, the Board of Directors decided, at its meeting of 5 November 2024, to award a total of 369,925 performance shares to 1,705 beneficiaries, including the Chairman and Chief Executive Officer and the Executive Committee members. 24.3% of these shares were allocated to women, who accounted for 35.1% of beneficiaries.

For employees in France, the vesting period is three years, followed by a two-year holding period. For employees outside France, the vesting period is four years, with no holding period, so that the vesting of the shares may correspond to the chargeability of the related taxes. 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 the shares they have been awarded.

The vesting of the shares is, for all beneficiaries, subject to their continued presence within the Group. In addition, for awards of more than 70 shares, vesting is entirely subject to the achievement of five demanding financial and non-financial performance criteria.

In line with the Group’s long-term objectives for 2028, as announced at the Capital Markets Day on 27 September 2023, the Board of Directors confirmed the performance conditions for the 2024 plan, which are assessed over a three year period, as well as their respective weighting as follows:

- EBITDA margin (20% of the total allocation)
- operating cash conversion rate (20% of the total allocation)
- comparative TSR (15% of the total allocation);
- return on average capital employed (ROACE) (15% of the total allocation)
- CSR performance assessed in the areas of climate, process safety, circular economy and diversity (30% of the total allocation).

For each criterion, the vesting scale goes from 0% to 120%, the rate of 120% being awarded if the target values are 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%. Hence, the maximum number of shares which may theoretically be awarded amounts to 436,392, *i.e.*, 29.1% of the total authorization granted by the annual general meeting of 19 May 2022.

EBITDA margin (20% of the total award)

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

The indicator is calculated using the average of EBITDA margins over 2024, 2025 and 2026.

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

Value of the indicator	Vesting rate
Indicator ≤ 14.75%	0%
14.75% ≤ indicator ≤ 15.75%	Linear scale between 0% and 50%
15.75% ≤ indicator ≤ 16.75%	Linear scale between 50% and 100%
16.75% ≤ indicator ≤ 17.25%	Linear scale between 100% and 120%
Indicator ≥ 17.25%	120%

Operating cash conversion rate (for up to 20% of the global allocation)

The operating cash conversion rate is defined as free cash flow before capital expenditure (tangible and intangible investments) as a percentage of EBITDA.

The indicator is calculated using the average conversion rates for 2024, 2025 and 2026.

Free cash flow is adjusted for the impact of non-recurring items to ensure year-on-year comparability and to eliminate in particular significant non-recurring flows which may impact the criterion, notably when they are positive.

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

Value of the indicator	Vesting rate
Indicator ≤ 62%	0%
62% ≤ indicator ≤ 70%	Linear scale between 0% and 100%
70% ≤ indicator ≤ 73%	Linear scale between 100% and 120%
Indicator ≥ 73%	120%

In the context of the Group's financial discipline, as defined during the 2023 CMD, the operating cash conversion rate has been fixed at around 70%. As a result, this target has been defined for the 100% achievement of this criterion.

Comparative Total Shareholder Return (TSR) (for up to 15% of the global allocation)

Arkema's *TSR* is compared with the average of the three following aggregates:

- the median of its competitors' TSR: BASF, Syensqo, Evonik, HB Fuller, Dupont and Celanese;
- the MSCI European Chemicals Index (including dividends); and
- the CAC40 (including dividends).

The indicator corresponds to the percentage of this average that Arkema has achieved over the 2024–2026 period.

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

Value of the indicator	Vesting rate
Indicator < 100%	0%
100% ≤ indicator ≤ 110%	Linear scale between 50% and 100%
110% ≤ indicator ≤ 120%	Linear scale between 100% and 120%
Indicator ≥ 120%	120%

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 share prices during the third quarter of 2024 and the average of the share prices during the third quarter of 2027 will be used to determine the prices at the beginning and at the end of the period respectively.

Return on average capital employed (ROACE) (for up to 15% of the global allocation)

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

REBIT and capital employed are adjusted for:

1) the impact of major acquisitions, the year of acquisition and the two following years; and

2) the impact of ongoing exceptional capital expenditure up to the year of the start-up and the two following years.

The indicator corresponds to the average of the ROACE for 2024, 2025 and 2026.

The values are in line with the financial discipline of approximately 10% that the Group set during the most recent CMD for the 2024-28 period.

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

Value of the indicator	Vesting rate
Indicator ≤ 8%	0%
8% ≤ indicator ≤ 10%	Linear scale between 0% and 100%
10% ≤ indicator ≤ 10.5%	Linear scale between 100% and 120%
Indicator ≥ 10.5%	120%

Arkema's CSR performance (for up to 30% of the global allocation)

The CSR criterion continues to be structured as follows:

CSR	50%		Carbon trajectory - Scopes 1 and 2
	50%	1/3	Diversity
		1/3	Process safety event rate (PSER)
		1/3	Circular economy

In the circular economy criterion, the indicator tracking waste treated without recovery has been replaced by the indicator tracking water consumption, in line with the 2030 objective.

Carbon trajectory: GHG

GHG (Scopes 1 and 2) *in kt eq.* CO_2 **in 2026**	Vesting rate
Indicator ≥ 2,700	0%
2,700 ≥ indicator ≥ 2,400	Linear scale between 0% and 100%
2,400 ≥ indicator ≥ 2,300	Linear scale between 100% and 120%
Indicator ≤ 2,300	120%

The value of 2,400 kt CO_2 (100%) corresponds to a linear decrease of an updated trajectory based on the real 2023 value, more ambitious than the SBTi (Science Based Target initiative) 1.5°C trajectory.

Diversity: percentage of women holding senior management and executive positions

Percentage of women holding senior management and executive positions in 2026	Vesting rate
Indicator ≤ 26%	0%
26% ≤ indicator ≤ 30%	Linear scale between 0% and 100%
30% ≤ indicator ≤ 31%	Linear scale between 100% and 120%
Indicator ≥ 31%	120%

Compared with the objectives of the 2023 plan, the values retained for the 2024 plan are more ambitious, taking account of the 2023 result with a faster progression curve, and remain consistent with the target values defined for 2030.

Process safety event rate (PSER)

PSER 2026	Vesting rate
Indicator ≥ 2.9	0%
2.9 ≥ indicator ≥ 2.5	Linear scale between 0% and 100%
2.5 ≥ indicator ≥ 2.3	Linear scale between 100% and 120%
Indicator ≤ 2.3	120%

Circular economy

This indicator is composed of the following elements:

1) Life Cycle Assessment of Arkema's products (relative weighting = 40%);
2) water withdrawals (relative weighting = 30%); and
3) Arkema's energy consumption decrease efforts with Energy EFPI (relative weighting = 30%).

The performance of these three indicators is monitored within the Group and reflects its commitment to developing the circular economy, in terms of products, water withdrawals and energy consumption.

1. *Life Cycle Assessments (LCA) of Arkema's products*

Percentage of sales covered by LCA in 2026	Vesting rate
Indicator ≤ 55%	0%
55% ≤ indicator ≤ 65%	Linear scale between 0% and 100%
65% ≤ indicator ≤ 70%	Linear scale between 100% and 120%
Indicator ≥ 70%	120%

These values are in line with the 90% target set for 2030 and reflect the Group's ambition to accelerate the implementation of LCA of its products to meet its customers' demand.

2. *Water withdrawals*

Water withdrawals (in millions of m^3) in 2026	Vesting rate
Indicator ≥ 90	0%
90 ≥ indicator ≥ 87	Linear scale between 0% and 100%
87 ≥ indicator ≥ 86	Linear scale between 100% and 120%
Indicator ≤ 86	120%

At the end of 2023, the Group stepped up its action on water, defining a new indicator for water withdrawals in absolute terms, excluding sales of water to third parties. The target is to achieve a 25% reduction in water withdrawals by 2030 compared with 2019, the same reference year used for climate.

3. *EFPI Energy*

EFPI Energy worldwide in 2026	Vesting rate
Indicator ≥ 0.91	0%
0.91 ≥ indicator ≥ 0.82	Linear scale between 0% and 100%
0.82 ≥ indicator ≥ 0.80	Linear scale between 100% and 120%
Indicator ≤ 0.80	120%

The target for this EFPI was fixed at 0.75 in 2030 (*i.e.*, a 25% decrease compared with 2012). The targets for this criteria are more ambitious than for the 2023 plan and remain consistent with the 2030 targets.

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.

SUMMARY OF 2024 PERFORMANCE SHARE PLAN

	Plan for employees in France	Plan for employees outside France
Date of annual general meeting	19 May 2022	
Authorized performance share awards as a % of the Company's share capital	2.02%	
Date of the Board of Directors' meeting	5 November 2024	
Number of rights awarded	243,330	126,595
of which to the Chairman and CEO	33,000	-
Total by authorization	1,423,081 shares, *i.e.*, 1.92% of the share capital at the date of the annual general meeting(1)	
Origin of shares to be awarded when the rights vest	-	-
Number of canceled rights (2)	120	250
Number of vested shares (3)	-	-
Number of rights still to vest at 31 December 2024	243,210	126,345
Vesting period	3 years	4 years
Holding period	2 years	None
Performance conditions	• EBITDA margin over the period from 2024 to 2026 (20%) • Operating cash conversion rate for the period from 2024 to 2026 (20%) • Comparative TSR over the period from 2024 to 2026 (15%) • Return on average capital employed over the period from 2024 to 2026 (15%) • Arkema's CSR performance by 2026 (30%)	
Vesting rate	-	

(1) Maximum number of shares that may be awarded, taking into account the potential award of up to 120% of the share rights subject to performance conditions.
(2) Performance share rights canceled because the holders left the Group.
(3) Shares awarded to the grantees (including before the end of the vesting period, in the event of death for example).

Previous performance share plans

The plans implemented from 2006 to 2019 have all expired.

2022 AND 2023 PERFORMANCE SHARE PLANS

	2022		2023	
	Plan for employees in France	Plan for employees outside France	Plan for employees in France	Plan for employees outside France
Date of annual general meeting	19 May 2022		19 May 2022	
Authorized performance share awards as a % of the Company's share capital	2.02%		2.02%	
Date of the Board of Directors' meeting	9 November 2022		8 November 2023	
Number of rights awarded	234,715	128,540	247,665	126,995
of which to the Chairman and CEO	30,000	-	30,000	-
Total by authorization	480,780 shares, *i.e.*, 0.64% of the share capital at the date of the annual general meeting (1)		922,596 shares, *i.e.*, 1.23% of the share capital at the date of the annual general meeting (1)	
Origin of shares to be awarded when the rights vest	-	-	-	-
Number of canceled rights (2)	8,510	6,685	5,910	3,625
Number of vested shares (3)	-	-	-	-
Number of rights still to vest at 31 December 2024	226,205	121,855	241,755	123,370
Vesting period	3 years	4 years	3 years	4 years
Holding period	2 years	None	2 years	None
Performance conditions	• EBITDA margin for the Specialty Materials platform over the period from 2022 to 2024 (20%) • EBITDA to cash conversion rate over the period from 2022 to 2024 (20%) • Comparative TSR over the period from 2022 to 2024 (20%) • Return on average capital employed for the Specialty Materials platform over the period from 2022 to 2024 (20%) • Arkema's CSR performance in 2024 (20%)		• EBITDA margin over the period from 2023 to 2025 (20%) • Operating cash conversion rate for the period from 2023 to 2025 (20%) • Comparative TSR over the period from 2023 to 2025 (15%) • Return on average capital employed (ROACE) over the period from 2023 to 2025 (15%) • Arkema's CSR performance by 2025 (30%)	
Vesting rate	-		-	

(1) 2022 and 2023 plans. Maximum number of shares that may be awarded, taking into account the potential award of up to 120% of the share rights subject to performance conditions.

(2) Performance share rights canceled because the holders left the Group.

(3) Shares awarded to the grantees (including before the end of the vesting period, in the event of death for example).

2020 AND 2021 PERFORMANCE SHARE PLANS

	2020		2021	
	Plan for employees in France	Plan for employees outside France	Plan for employees in France	Plan for employees outside France
Date of annual general meeting	21 May 2019		21 May 2019	
Authorized performance share awards as a % of the Company's share capital	1.96%		1.96%	
Date of the Board of Directors' meeting	4 November 2020		9 November 2021	
Number of rights awarded	238,550	128,245	239,575	124,713
of which to the Chairman and CEO	30,000	-	30,000	-
Total by authorization	870,798 shares, *i.e.*, 1.14% of the share capital at the date of the annual general meeting (1)		1,310,756 shares, *i.e.*, 1.71% of the share capital at the date of the annual general meeting (2)	
Origin of shares to be awarded when the rights vest	-		-	
Number of canceled rights (3)	9,855	14,175	14,700	11,029
Number of vested shares (4)	241,584	120,178	243,447	50
Number of rights still to vest at 31 December 2024	0	0	0	113,634
Vesting period	3 years	4 years	3 years	4 years
Holding period	2 years	None	2 years	None
Performance conditions	• EBITDA margin for the Specialty Materials platform over the period from 2020 to 2022 (20%) • EBITDA to cash conversion rate over the period from 2020 to 2022 (20%) • comparative TSR over the period from 2020 to 2022 (20%) • return on average capital employed for the Specialty Materials platform in 2022 (20%) • Arkema's CSR performance in 2022 (20%)		• EBITDA margin for the Specialty Materials platform over the period from 2021 to 2023 (20%) • EBITDA to cash conversion rate over the period from 2021 to 2023 (20%) • comparative TSR over the period from 2021 to 2023 (20%) • return on average capital employed for the Specialty Materials platform over the period from 2021 to 2023 (20%) • Arkema's CSR performance in 2023 (20%)	
Vesting rate	• EBITDA margin for the Specialty Materials platform for the period (2020 to 2022): 120% • EBITDA to cash conversion rate (2020 to 2022) 120% • comparative TSR (2020 to 2022): 50% • return on average capital employed for the Specialty Materials platform in 2022: 120% • Arkema's CSR performance in 2022: 120% • Overall rate: 106%		• EBITDA margin for the Specialty Materials platform for the period (2021 to 2023): 108% • EBITDA to cash conversion rate (2021 to 2023) 120% • comparative TSR (2021 to 2023): 75% • return on average capital employed for the Specialty Materials platform over the period from 2021 to 2023: 120% • Arkema's CSR performance in 2023: 120% • Overall rate: 108.6%	

(1) *2020 plan. Maximum number of shares that may be awarded, taking into account the potential award of up to 110% of the share rights subject to performance conditions.*
(2) *2021 plan. Maximum number of shares that may be awarded, taking into account the potential award of up to 120% of the share rights subject to performance conditions.*
(3) *Performance share rights canceled because the holders left the Group.*
(4) *Shares awarded to the grantees (including before the end of the vesting period, in the event of death for example), including shares delivered for any outperformance.*

3.5.2 Stock option plans

In accordance with the share-based compensation policy, no stock option plan has been granted since 2012 anymore. The final plan, granted in 2011, expired on 4 May 2019.

CORPORATE SOCIAL
RESPONSIBILITY

4

Chapters related to the Duty of Care Plan (section 4.3 of this chapter) are identified by **|DCP|**

The different parts constituting the annual financial report are identified in the table of contents by the pictogram AFR

4.1 The Group's CSR strategy

4.1.1 Sustainability strategy |DCP|

Arkema aims to generate sustainable and responsible growth for its businesses and to meet societal challenges by providing its customers with sustainable and innovative solutions that contribute to the Sustainable Development Goals defined by the United Nations.

The Group's CSR policy is developed in compliance with the main international texts and standards in force and more particularly with the International Bill of Human Rights, the International Labour Organization's (ILO) Declaration on Fundamental Principles and Rights at Work, the Organization for Economic Cooperation and Development's (OECD) Guidelines for Multinational Enterprises, the *Responsible Care*® program, which the Group joined in 2006 and the ten principles of the United Nations Global Compact, to which Arkema committed in 2014. The Group's commitment to the United Nations Global Compact is renewed each year, and its adherence to the ten principles is clearly set out in its *Communication On Progress*, which is GC Advanced *level*.

To facilitate the understanding of its CSR approach among all stakeholders, Arkema published a Social Commitment Charter and implemented it across the organization to ensure support for its sustainable development culture. It is based on factors that have long been fundamental to Arkema, including a culture of safety, respect for the environment, innovation, employee issues and a culture of close dialogue. It sets out the three key commitments that structure the Group's CSR policy:

- offer sustainable solutions driven by innovation;
- act as a responsible manufacturer; and
- cultivate a position as employer of choice and seek an open dialogue with stakeholders.

Offer sustainable solutions driven by innovation

- Responsible product stewardship
- Solutions that address societal, climate and circular economy challenges
- Innovation at the heart of the activities

Act as a responsible manufacturer

- Health and safety
- Process safety
- Environmental footprint reduction
- Resources management
- Climate
- Biodiversity

Cultivate a position as an employer of choice and seek an open dialogue with stakeholders

- Ethics
- Human rights
- Diversity and inclusion
- Employee development
- Quality of life at work
- Responsible value chain
- Corporate citizenship

4.1.2 CSR issues, commitments and outcomes

The analysis of impacts, risks and opportunities presented in the Group's sustainability report, in section 4.2.1.5 of this chapter, confirms the Group's sustainability issues. These issues form the basis of structured programs, with progress tracked via indicators, which are presented in the table below.

These programs are detailed in section 4.1.3 and in the various sections of the Sustainability Statement (see section 4.2 of this chapter).

The indicators associated with the targets below are reviewed annually by the Executive Committee, which is responsible for setting them and, where necessary, updating them.

COMMITMENTS, ISSUES AND ASSOCIATED TARGETS

Arkema's CSR commitments	Sustainability challenges	Targets	Sustainable Development Goals
Offer sustainable solutions driven by innovation	• Innovation towards sustainability (see section 1.1 of this document) • Sustainable solutions • Product safety and stewardship • Circular economy (including water and waste management)	By 2030, 60% of ImpACT+ sales (Archimedes program). By 2030, water withdrawals down to 80 million cu.m. Objective of reducing the quantity of waste treated without recovery(1) as a percentage of production: 48kg/t in average over the period 2022-2024. By 2030, 90% of sales volume covered by a life cycle assessment.	
For more details, see sections 4.1.3 "Sustainable solutions", 4.2.2.3 "Water resources" and 4.2.2.5 "Circular economy"			
Act as a responsible manufacturer	• Climate, energy and greenhouse gas (GHG) management • Process safety and emissions management • Occupational health and safety	By 2030, a 48.5% reduction in Scopes 1 and 2 greenhouse gas emissions (in absolute terms compared with 2019). By 2030, a 67% reduction in Scope 3 greenhouse gas emissions (in absolute terms compared with 2019). By 2030, a 25% reduction in net energy purchases (in EFPI terms compared with 2012). By 2030, 70% reduction in chemical oxygen demand (COD) emissions (in EFPI terms compared with 2012). By 2030, 65% reduction in volatile organic compound (VOC) emissions (in EFPI terms compared with 2012). By 2030, reduction in the process safety event rate (PSER) to 2.0. By 2030, reduction in the total recordable injury rate (TRIR) to 0.7. By 2025, 100% of sites AIMS-audited.	
For further details, see sections 4.2.2.1 "Climate change", 4.2.2.2 "Pollution" and 4.2.3.1.8 "Health and safety measures"			
Cultivate a position as employer of choice and seek an open dialogue with stakeholders	• Diversity and inclusion • Occupational well-being • Talent attraction and retention • Training and active development of employees • Governance, business ethics and transparency • Community care • Data privacy and cybersecurity • Digitalization • Responsible sourcing • Supply chain resilience	By 2030, 35% of senior management and executive positions held by women. By 2035, 50% of senior management and executive positions held by non-French nationals. By 2030, achieve an employee engagement score of at least 80%. By 2025, 80% of purchasing spend with relevant suppliers covered by a Together for Sustainability assessment.	
For further details, see sections 4.2.3.1 "People" and 4.2.4.4 "Responsible purchasing".			

(1) Equivalent to waste disposed of (see section 4.2.2.5.6 of this chapter).

2024 highlights

In 2024, Arkema renewed its commitment to act4nature international in support of biodiversity, by setting new targets.

Under its commitment to the climate, the Group has signed a number of long-term contracts for the supply of renewable electricity in the United States and China, which will enable it to obtain over 65% of its electricity from renewable sources in the United States from 2025. In addition, the Group continues to invest in decarbonization projects, as with notably the project on improving the acrylics production process at Carling (France).

Regarding its sustainable offer, Arkema has further reduced its carbon footprint in the production of its bio-based polyamide 11 chain, down to 1.3 kg CO_2e/kg PA11, which is 80% lower than with conventional fossil-based polyamides. Arkema has also launched a 60% bio-based glue, Fast Glue Ultra+, under a collaboration between Bostik and High Performance Polymers. In addition, in 2024 the Coating Solutions segment obtained *Mass Balance* ISCC+ certification for nine sites worldwide. The Group has obtained the *Solar Impulse Efficient Solution* label for two of its products, and has registered a bio-based product on the ChemSec platform.

In 2024, Arkema became a member of the Ellen McArthur Foundation's network for a circular economy, and an associate in the forthcoming French eco-organization Twiice, on the recycling of industrial packaging.

Also, the Group achieved a number of its targets in 2024 and has set new, more ambitious, ones for 2030, on Scope 3 GHG emission, COD emissions, TRIR, and reducing water withdrawals, as well as promoting gender diversity.

MONITORING OF GROUP TARGETS AND RESULTS

	Target year	Target	2024	2023	2022
Offer sustainable solutions driven by innovation					
Percentage of ImpACT+ sales [(1)]	2030	60%	53%	51%	53%
Water withdrawals (in millions of cu.m)	2030	80	82	86	91
Waste treated without recovery (per kg/t of production) [(2)]	2024	48	44.1	47.4	51.8
Percentage of sales covered by a life-cycle assessment	2030	90%	68%	56%	41%
Act as a responsible manufacturer					
Percentage of AIMS-audited sites	2025	100%	100%	94%	91%
Safety					
Total recordable injury rate (TRIR) [(3)]	2030	0.7	0.8	0.9	0.9
Process safety event rate (PSER) [(4)]	2030	2.0	2.5	2.8	2.8
Environmental footprint					
Reduction in Scopes 1 and 2 greenhouse gas emissions (in absolute terms compared with 2019)	2030	48.5%	42%	39%	34%
Reduction in Scope 3 greenhouse gas emissions (in absolute terms compared with 2019)	2030	67%	62%	53%	49%
Volatile organic compound (VOC) emissions (in EFPI terms compared with 2012)	2030	0.35	0.46	0.49	0.53
Chemical oxygen demand (COD) (in EFPI terms compared with 2012)	2030	0.30	0.31	0.38	0.42
Net energy purchases *(in EFPI terms compared with 2012)*	2030	0.75	0.88	0.91	0.87
Cultivate a position as employer of choice and seek an open dialogue with stakeholders					
Employee development and diversity					
Percentage of women in senior management and executive positions	2030	35%	30%	29%	26%
Percentage of non-French nationals in senior management and executive positions	2035	50%	40%	40%	40%
Responsible procurement					
Percentage of purchasing spend with relevant suppliers covered by a TfS assessment [(5)]	2025	80%	81%	77%	75%

(1) *The percentage of sales substantially contributing to the United Nations SDGs (ImpACT+) was calculated on the basis of an assessment of 89% of the Group's third-party sales in 2024.*
(2) *Equivalent to waste disposed of (see table of Group waste volumes in section 4.2.2.5.6). The target is 48 kg/t on average over the 2022-2024 period.*
(3) *The TRIR includes injuries to both Group and subcontractor employees.*
(4) *The PSER is calculated in accordance with the criteria set out by the International Council of Chemical Associations (ICCA) and the European Chemical Industry Council (CEFIC).*
(5) *Relevant suppliers are those accounting for at least 80% of the Group's recurring purchasing spend.*

Improvement process and recognition

The Group's approach is regularly assessed by external stakeholders, particularly non-financial rating agencies and customers, providing the Group with areas for improvement that will enable it to rank among the best performing companies in the industry. As requested by Group customers, site audits may also be performed by independent auditing firms to supplement this assessment.

In September 2024, Arkema was ranked among the best in the chemicals sector by rating agency Moody's ESG Solutions, and kept its place in the French CAC 40 ESG® and CAC® SBT 1.5 indices. Furthermore, Arkema improved its CDP Climate Change score from A- to A, this score being attributed to companies recognized for their leadership in environmental transparency and performance. Its CDP Water Security score also rose from B to A-. These recognitions are a vindication of the Group's CSR approach.

MSCI

A rating since 2017

CDP

A rating was obtained
for Climate change
A- for Water Security

Rated
MORNINGSTAR | SUSTAINALYTICS

24.3 score
Mid risk category

Moody's | ESG Solutions

Inclusion in the Europe 120 and
Eurozone 120 indices since 2015

ecovadis

Arkema ranks among
the top 2%
of companies in the sector

ISS ESG

C+ rating. Arkema is in
the second worldwide decile
Maintained in the CAC 40 ESG® index

The Group's commitment to corporate citizenship

As part of its commitment to societal issues, Arkema undertakes corporate sponsorship and philanthropy initiatives that are aligned with its CSR policy and values, particularly the values of solidarity and inclusion, and focuses primarily on education, inclusion and diversity.

These initiatives are overseen at Group level by the Human Resources and Communication Executive Vice-President, who is a member of the Executive Committee. They are rolled out worldwide and are also supported at the local level by the Common Ground® initiative deployed around the Group's industrial sites.

Formalized and introduced over 20 years ago, the pioneering Common Ground® initiative takes community relations beyond the legal minimum requirements by actively encouraging local dialogue and exchange with stakeholders in every country in which the Group operates.

Targeting the improvement of the social acceptability of chemical plants and a better understanding about the Group's business, it is based on the following key principles:

- listening to understand expectations: identifying the concerns of people living in nearby communities is key to effectively addressing their concerns about industrial and chemical risks; and
- engaging in dialogue and informing communities about the Group's activities: at the core of the initiatives are the discussions about what the plant does, the products it makes and the processes it uses, and get a first-hand view of how the site runs and what its projects are.

Beyond these discussions about the Group's activities, Arkema also contributes to the social and economic dynamics of local communities through philanthropy initiatives. Operational implementation of the Common Ground® initiative is overseen by the Group's site managers, who are supported by human resources or communication managers. Employee participation, on a voluntary basis, is also a key component.

The Arkema Fund for education has financed projects proposed by employees who volunteer in the fields of education, inclusion or diversity since 2016. The Group thus supports the volunteer work carried out by its employees, as well as their engagement and commitment to non-profit organizations.

4.1.3 Sustainable solutions

One of the major thrusts of Arkema's sustainability strategy is the development of sustainable and innovative solutions that will enable our customers to meet their challenges and contribute to the Sustainable Development Goals (SDGs) established by the United Nations.

Solutions that contribute to sustainable development are therefore central to Arkema's innovation policy and to the development of its product range. This opens up a vast array of opportunities, both for the Group and its partners.

Through its commercial excellence program, Arkema listens actively to its customers, enhancing its understanding of their needs with a view to developing innovative solutions adapted to their challenges and supporting them in their quest for sustainable performance.

Through its choice of research areas, its continuous development of employees' skills and its structure and innovation processes, Arkema endeavors to develop solutions with its partners that address the societal challenges of today and tomorrow.

Through responsible product stewardship, Arkema also takes care to ensure that its products do not harm people's health or safety or damage the environment. These aspects are taken into account right from the product design stage.

Beyond complying with the regulations, which forms the foundation of its commitment, Arkema implements an approach aimed at continuously improving scientific knowledge so that it can adapt its range of solutions accordingly, and provide its customers and end users with the information necessary for the appropriate use of its products.

The Product Stewardship Steering Committee reviews progress and decides on priorities and action plans for the responsible stewardship of the range of solutions. Its composition and organization are presented in section 4.2.1.3.1 of this chapter.

To supplement its innovation and responsible product stewardship processes, Arkema has implemented a program to systematically assess its portfolio of solutions by Business Line in light of sustainability criteria. Each Business Line develops a short- and medium-term Sustainable Solutions roadmap, which is reviewed every six months by the Business Line and Sustainable Development management teams.

In addition, a Responsible Communications Committee has been set up. It is made up of the Sustainable Development Director, the Legal Director and the Corporate Communications Director. This committee meets every two months to decide communication rules and how they are applied in communication tools (icons, graphic charters), and check that communication complies with the requirements of the European Green Claims Directive (GCD). The committee also reviews specific requests from *Business Lines* and their proposals for product marketing and promotional materials. An *e-learning module* is offered to all Group employees in charge of marketing.

4.1.3.1 Innovation

Innovation is a strategic pillar in Arkema's targeted growth strategy and a key component in its contribution to sustainable development. Innovation in manufacturing technologies, products and applications is a driving force behind the development of sustainable solutions consistent with the Group's social responsibility commitment.

Arkema's innovation strategy is outlined in section 1.1 of this document.

In 2024, the number of sustainability-related patents filed remains highly significant, reflecting the Group's dynamic in this field.

	2024	2023	2022
Number of patent applications filed during the year relating to sustainable development	221	204	188
Percentage of patent applications filed during the year relating to sustainable development	90%	94%	92%

Corresponds to the number of original patent applications filed in the reporting year by the Group in response to sustainable development issues and contributing to at least one UN Sustainable Development Goal.

Solution sustainability assessments have been part of the steering processes of all Business Line innovation projects through a set of sustainability criteria during the various validation phases.

4.1.3.2 Archimedes program: assessment of the solutions portfolio

To shift its product range more assertively towards sustainable solutions, Arkema is continuing its program to assess its offering with regard to sustainability criteria.

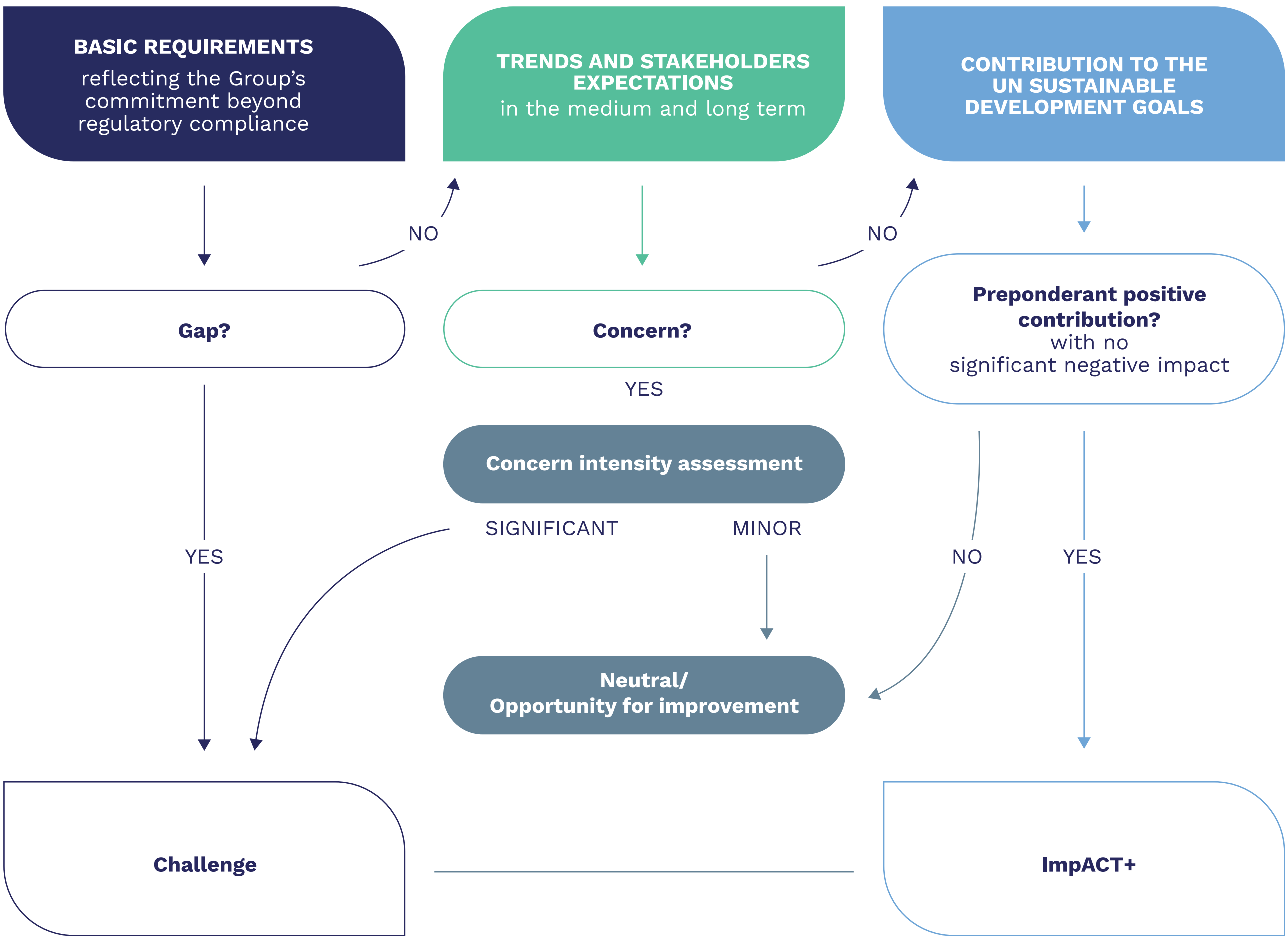
The approach used is consistent with the Chemical Industry Methodology for Portfolio Sustainability Assessment (PSA) established by the World Business Council for Sustainable Development (WBCSD). It takes into account all of the social, environmental and economic impacts. Implemented right from the initial design phases, the approach considers products in the context of their applications and of the regions in which they are sold.

To the extent permitted by the information available, the assessment takes into account the entire value chain, including manufacturing processes, from raw materials to the product's end of life. It is carried out using three sets of criteria:

- basic requirements, which reflect (i) the Group's commitments relating to product responsibility in the area of health, safety and the environment, going beyond regulatory compliance, (ii) the principles of ethics and respect for human rights, and (iii) long-term profitability factors;
- medium- and long-term trends in the regulatory framework and market expectations in terms of sustainable solutions, for which an impact criticality assessment is performed; and
- contribution to the UN Sustainable Development Goals (SDGs), using the market's standard solutions as a reference. The ten SDGs most relevant to Group activities were selected.

All known, presumed or suspected hazardous substances present in finished products as well as in raw materials and processes are considered in the assessment. Particular attention is paid, in terms of both products and the raw materials used, to the presence of substances identified in the regulations as being substances of very high concern (SVHCs) or which nonetheless meet SVHC criteria, after Arkema's analysis.

ARCHIMEDES PROGRAM: ASSESSMENT FLOWCHART



In this way, solutions are classified into different levels of contribution, making it easier to continue to more effectively target actions that favor sustainable solutions.

ImpACT+ solutions

Solutions in the ImpACT+ category include those that, on the basis of a decision tree reflecting the three sets of criteria mentioned above, simultaneously (i) meet the basic requirements, (ii) are aligned with regulatory trends and market expectations, (iii) have a positive impact compared with the market standard on at least one of the SDGs, and (iv) do not generate a significant negative impact on the other SDGs.

Neutral and Challenge solutions

Other solutions can have a neutral impact or present a certain degree of risk in view of evaluation criteria. Based on the impact criticality assessment, they are classified as either "Neutral/Opportunity for improvement" or "Challenge".

Appropriate action and improvement plans have already been drawn up for more than 85% of "Challenge" solutions, including substitution plans for substances of very high concern (SVHC) and roadmaps for the elimination of the most serious SVHCs for the Group's raw materials and products alike.

At the end of 2024, 89% of the Group's sales to third parties, including all acquisitions up to the most recent, were assessed. The ImpACT+ indicator has risen to 53% of sales making a significant contribution to Sustainable Development Goals. However, the 2030 target has been revised from 65% to 60%, to take account of the slower-than-expected growth of the electric vehicle market.

To achieve this strategic objective, the Group implements voluntary actions to support three key drivers, which are continuous improvement of solutions, sustainable innovation for products and applications, and active promotion of ImpACT+ solutions.

Since 2023, the Archimedes program has been equipped with a dedicated digital tool to facilitate the evaluation of solutions, particularly in terms of regulatory compliance. This tool provides the Group's Business Lines with simplified access to source data and analyses, to facilitate their decision-making and help them manage their roadmaps.

Target 2030

The Group has revised its strategic target to 60% of ImpACT+ sales by 2030.

	2024	2023	2022
Percentage of ImpACT+ sales (1)	53%	51%	53%

(1) The percentage of sales substantially contributing to the United Nations SDGs (ImpACT+) was calculated on the basis of an assessment of 89% of the Group's third-party sales.

4.1.3.3 Development of solutions with a lower carbon footprint and for markets linked to sustainable megatrends

Continuous dialogue with customers and the double materiality assessment (presented in section 4.2.1.5 of this chapter) show that climate change is a key concern for Group customers. For example, they want low-carbon products and solutions that help them reduce their greenhouse gas emissions and energy consumption.

Arkema's innovation strategy is a key component in its contribution to sustainable development. This strategy is detailed in section 1.1 of this document. Arkema is determined to enhance its product range by developing solutions that help reduce greenhouse gas emissions. This strategy, combined with changes in the portfolio of fluorogases, contributes to this objective.

At the Capital Markets Day event held in September 2023, Arkema identified five main key markets linked to sustainable megatrends, three of which respond more specifically to the challenges of decarbonization:

- green energy and electric mobility (especially batteries);
- sustainable lifestyle and goods;
- efficient buildings and homes.

Green energy and electric mobility

One of Arkema's most contributing key markets is Li-ion batteries.

Key trends in this market segment include:

- growth is driven by the production of electric and hybrid vehicles with lower CO_2 emissions, which help to meet the challenges of climate change while making increasingly demanding requirements on range and performance;
- Li-ion technology, which is expected to account for 90% of all technologies used by 2030;
- planned investments in Europe and the United States in the construction of battery gigafactories; and
- innovation focused on more sustainable processes and the recyclability of end-of-life batteries.

In this market, Arkema builds on 15 years' experience and expertise in batteries in China, a global geographic footprint (in R&D and production) and a unique offering across the Group's three specialty segments, strengthened by recent acquisitions (Polytec PT, PIAM) and new investments (such as capacity expansions for Kynar® PVDF in China and Europe).

Sustainable lifestyle and goods

Key trends in this market segment include:

- a shift in consumer behavior towards high-end and more environmentally-friendly products; and
- the eco-design of products (use of bio-sourced and recyclable raw materials, with a lower carbon footprint and greater sustainability) being taken into account by customers, particularly in the high-performance sports, consumer goods and luxury goods sectors.

To pursue development on this market, the Group builds in particular upon:

- its unique offering of sustainable solutions, including high-performance bio-based and recycled polymers, adhesives and coatings for a more sustainable product design and lower carbon footprint;
- close relations with its customers and partners, in pursuit of sustainable performance; and
- the development of recycling channels for its materials, notably through the 2021 acquisition of Agiplast, a leader in the regeneration of high-performance polymers, and enabling the implementation of new business models integrating the circular economy.

Efficient buildings and homes

Key trends in this market segment include:

- the emergence of new regulations and standards for new and existing buildings with lower CO_2 emissions; and
- government incentives for greener, more energy-efficient buildings, for both new buildings and those to be renovated, in particular through the use of:
  - renewable building materials,
  - cutting-edge insulation technologies, and
  - longer-lasting materials.

In particular, the Group will draw on its broad range of innovative, sustainable products from its three specialty materials segments for both structural and housing applications, to make buildings and homes greener, more comfortable and more energy-efficient. Arkema will also leverage these recent bolt-on acquisitions to strengthen its portfolio of cutting-edge technologies and its global presence, particularly in Adhesives.

4.1.3.4 Animal welfare

Given its business portfolio, Arkema neither conducts triage trials on substances derived from its research nor participates in toxicology research projects that could involve the use of laboratory animals.

The Group does not conduct toxicology studies on vertebrate animals other than those required by the authorities and only after an in-depth analysis and exploitation of up-to-date existing public information relying on continuous monitoring on the substances in question. The necessary studies are contracted to outside laboratories which are subject to oversight by the relevant ethics committees.

As required by REACH, the Group applies, whenever possible, the rules for waiving standard testing when such tests are not justified (due to the absence of exposure) or when alternative methods can be used.

4.2 Sustainability Report

4.2.1 General information

This report on sustainability information, an integral part of the Group's management report as required by Article L. 233-28-4 of the French Commercial Code (hereinafter the "Sustainability Report"), has been prepared and written in accordance with the requirements set out in the ESRS standards, and with Article 8 of Regulation (EU) 2020/852 for taxonomy information, applicable at the date of preparation of this first Sustainability Report.

This is the first year for which the provisions of the CSRD Directive (EU) and its requirements have been transposed, and the report takes into account the information and knowledge available at the time of writing. In particular, we note the following contextual specificities for this first Group Sustainability Report:

- the absence of established practices, in particular for defining the granularity at which challenges should be broken down into impacts, risks and opportunities (IROs), or the methods for assessing IROs in the value chain (see section 4.2.1.5.1 of this chapter);
- differences in definitions and consolidation rules between the scope of consolidation of sustainability information and the scope of financial consolidation as specified in section 4.2.1.1 of this chapter;

- the failure to present certain information required by ESRS standards at the 31 December 2024 closing date, due to potential ongoing uncertainties concerning certain interpretations of legislation, or the absence of common, shared guidelines within the sector, or unavailability linked to the time required to set up reporting tools to isolate and process this information. The undisclosed or partially disclosed information for this financial year is listed in section 4.2.1.2 of this chapter; and
- scope limits or estimates are applied to certain data on a case-by-case basis (see section 4.2.1.2 of this chapter).

In this light, Arkema may need to review certain reporting and communication practices in future versions of its sustainability report, allowing for changing market practices and recommendations, and for growing understanding of these new regulatory provisions and standards. Any such changes will be clearly explained.

Similarly, certain estimates may be adjusted in future reporting periods as more relevant information becomes available. Some estimation methods may also be changed or adapted to reflect changes in generally accepted practices.

The Group's internal control procedures on the preparation of sustainability information will be continuously improved in the light of experience gathered in the initial reporting periods.

4.2.1.1 General basis for preparation of sustainability statements (BP-1)

Arkema prepares a Sustainability Report on a consolidated basis. The reporting scope for sustainability information corresponds to the consolidation scope presented in note 3 to the consolidated financial statements at 31 December 2024 which can be found in section 5.3.3 of this document.

No Group subsidiary is subject to the CSRD for 2024. Arkema's Sustainability Report serves as the Non-Financial Performance Statement for subsidiaries Arkema France and Bostik SA.

Information on the scope of environmental, energy and climate reporting

The scope of environment and climate reporting covers all active Group industrial sites for which operating and emissions permits were held at 31 December 2024 in the name of Arkema or a majority-owned subsidiary, not including Dow's flexible packaging laminating adhesives business, acquired in December 2024. In 2024, the scope therefore covered industrial operations accounting for more than 99% of the Group's sales. Given the importance of its contribution to the climate, American Acryl's Bayport facility, 50% owned by the Group, has been included in the calculation of greenhouse gas emissions since 2019. In addition, since 2019, the Group has included all of its sites (industrial sites operated by the Group or by its majority-owned subsidiaries, head offices, research and development centers and sales offices) when calculating its carbon footprint (Scope 1, Scope 2, Scope 3).

The scope of energy reporting covers all of the sites operated by the Group or by majority-owned subsidiaries, including plants and research and development centers holding an operating permit at 31 December 2024, excepting certain sites acquired recently (such as the sites of Dow's flexible packaging laminating adhesives business, acquired in December 2024).

Operations sold or discontinued in 2024 were removed from the scope of reporting 2024 for the year but remain in prior-year data.

Newly acquired sites are integrated in the reporting at the end of the first full calendar year. A few small sites acquired in previous years report only part of their emissions (Scope 2 linked to electricity purchases). All activities on these sites accounted for less than 1% of Group sales in 2024.

Operations that started up in 2024 reported data from their start-up date.

Information on the scope of safety reporting

Quantitative safety data cover all of the production facilities operated by the Group or by majority-owned subsidiaries, head offices and research and development centers. The accident figures for newly acquired sites are integrated into the TRIR and LTIR indicators within three years. Some of the sites acquired between 2021 and 2023 are not included in accident safety reporting. Reporting for 2024 covers 96% of the Group's workforce as of 31 December 2024.

Information on the scope of employee reporting (Group headcount)

Employee data are taken from several different reporting processes.

Headcount data cover all Group companies in which the Group has at least a 50% interest, and represent 100% of the workforce.

Quantitative and qualitative data concerning other employee and social information cover all companies in which the Group has at least a 50% interest and with more than 50 employees at 30 June of the reporting year, which accounts for 94% of the Group's total headcount.

Information on the value chain

The Sustainability Report includes information on the Group's value chain, in particular for calculating Scope 3 greenhouse gas emission metrics and responsible procurement metrics. Information relating to tier-one stakeholders has been taken into account.

In addition, as part of the identification of impacts, risks and opportunities, the analysis focused on a panel representing the Group's main stakeholders.

Specific information concerning intellectual property, know-how or the results of innovation (BP-1 5 d)

The Group has not made use of the option to omit a specific piece of information corresponding to intellectual property, know-how or the results of innovation.

Information concerning impending developments or matters in the course of negotiation (BP-1 5 e)

The Group has not made use of the exemption from disclosure of information relating to impending developments or matters in the course of negotiation.

4.2.1.2 Specific circumstances (BP-2)

The time horizons used in the Sustainability Report are consistent with the short-, medium- and long-term definitions in ESRS 1, paragraph 6.4, in line with the time horizons used for the Group's consolidated financial statements. Climate change impact assessments have been carried out with a time horizon of 2050.

Estimates for the value chain are calculated to create metrics for Scope 3 greenhouse gas emissions. Detailed information is presented in section 4.2.5.6 of this chapter. In the case of metrics relating to own operations, where actual data are not available, the Group uses estimates.

Some of the information presented in this Sustainability Report has been taken from other legislative texts or from other sustainability reporting standards and frameworks. The GRI (Global Reporting Initiative) content index, SASB cross-reference and alignment with the TCFD (Task Force on Climate-Related Financial Disclosures) are presented in sections 4.2.5.3, 4.2.5.4 and 4.2.5.5 of this chapter respectively.

INFORMATION INCORPORATION BY REFERENCE:

Disclosure Requirement	Reference in Universal Registration Document
GOV-1 21 d) Percentage by gender and other aspects of diversity in administrative, management and supervisory bodies.	3.2.1
GOV-1 21 e) Percentage of independent directors.	3.2.1
GOV-3 29 e) Description of the level in the undertaking at which the terms of incentive schemes are approved and updated.	3.4.2.1
SBM-1 Strategy, business model and value chain	In addition to section 4.2.1.4.1 of this chapter, see sections "Ambition", "Profile" and "Business model and value creation" in the introductory chapter of this document.

SUMMARY OF PARTIALLY DISCLOSED OR NON-DISCLOSED DATA POINTS IN THE 2024 SUSTAINABILITY REPORT:

Topic	Status	Arkema's answers
Microplastics (E2-4 28 b)	Unpublished	Microplastics manufactured and used: the Group is preparing to report on the quantities of products manufactured in Europe that are covered by derogations 4a and 5 of Regulation 2023/2055 amending Annex XVII of the REACH Regulation, according to the regulatory timetable scheduled from 2026. For the quantities of products concerned that are manufactured outside Europe and not marketed in Europe, reporting will be introduced after 2026.
Substances of very high concern (SVHC) - Emissions and discharges (E2-5 35) and Substances of concern (E2-5 34)	Partially published	The quantities of SVHC in products on the market and in the raw materials used are published in 2024 by hazard class (see section 4.2.2.2.10 of this chapter). Industrial emissions are monitored to comparable environmental regulations in the countries concerned (*i.e.* IED in Europe). Because there is only a weak direct correspondence with the list of SVHCs in the REACH regulation, in-depth inventory and analysis is required to set up reporting on SVHC emissions in Europe in the medium-term future. Moreover, trade associations are also working to establish a definition of substances of concern for the entire Chemicals sector. The Group will use this definition as a basis for preparing the data expected in the medium term.
Circular economy metrics (E5-4 31 b)	Unpublished	The ESRS is insufficiently precise on two points: definition of a sustainably-sourced organic product, and minimum content for considering a product as organic. Once these points have been clarified, the Group will be able to work on including them in its information systems and calculating the relevant metrics. In the meantime, Arkema will continue to publish, as in previous years, the percentage of sales from products made from renewable or recycled raw materials, including sales of products with at least 25% renewable or recycled raw materials.
Circular economy metrics (E5-4 31 c and 36 c)	Unpublished	The ESRS is insufficiently precise on two points: definition of a secondary intermediate product, and the minimum content of reused or recycled components for considering a raw material compliant with this metric. Once these points have been clarified, the Group will be able to work on including them in its information systems and calculating the relevant metrics. In the meantime, Arkema will continue to publish, as in previous years, the percentage of sales from products made from renewable or recycled raw materials, including sales of products with at least 25% renewable or recycled raw materials. With regard to packaging, a working group was set up in 2024 to develop reliable reporting on reused packaging, recycled material content in packaging and the proportion of recyclable packaging, in France in the medium term followed by wider-scale application in the long term if possible.
Compensation metrics (S1-10, S1-16)	Partially published	Arkema is present in more than 50 countries. Given the heterogeneous nature of existing compensation systems in the various countries in which the Group operates, an initial study was carried out for France, the United States and China, which account for 62% of the Group's headcount. In the medium term, Arkema will disclose the required information for its entire scope.

4.2.1.3 CSR governance

4.2.1.3.1 Role of governance bodies (GOV-1) and information provided (GOV-2)

Arkema's CSR governance is part of the Group's corporate governance. Arkema's CSR ambition, the main challenges, impacts, risks and opportunities, the related potential initiatives and their monitoring, the related metrics and the sustainable development targets are defined and validated by the Executive Committee and presented once a year by the Director of Sustainable Development to the Audit and Accounts Committee and the Innovation and Sustainable Growth Committee as part of their respective roles, then to the Board of Directors, 46% of whose members have CSR expertise. The composition of the Board of Directors, and the expertise and skills of each director, are described in section 3.2.1 of this document.

As part of its duties, the Audit and Accounts Committee monitors the process of preparing sustainability information, and in this capacity reviews the related results. It also monitors the statutory auditors responsible for certifying sustainability disclosures. In addition, the Committee monitors the implementation and effectiveness of internal control systems with regard to sustainability information, and approves the double materiality assessment process.

The Innovation and Sustainable Growth committee assesses the contributions made by Arkema's innovation and strategy to meeting environmental challenges and achieving sustainable growth. In particular, it analyzes how the proposed programs:

- contribute to the Group's environmental footprint reduction and climate protection objectives; and
- contribute to a more efficient and responsible use of natural resources and facilitate the circular economy.

The distribution of CSR work between the Board of Directors and its committees is described in sections 3.3.2 and 3.3.4 of this document.

To ensure that the social, environmental and business aspects of Arkema's operations are managed consistently and in the interests of all stakeholders, the Group's CSR commitment is led by Arkema's Chairman and Chief Executive Officer and the Group Executive Committee. Environmental, social and ethics policies are validated by the Executive Committee, whose members are responsible for their dissemination and application across the Group. The operational entities are responsible for the effective implementation of these policies.

Under its ambitious CSR approach, the Group relies on a Sustainable Development department, reporting directly to the Executive Vice-President, Industry and CSR, member of the Executive Committee.

In addition, three steering committees, one for each of the three commitments set out in the Group's CSR policy, guide and support the Group's progress in the area of CSR. The three committees are chaired by the Industry and CSR Executive Vice-President, who is a member of the Executive Committee. These are the:

- Product Stewardship Steering Committee, made up of members of the Executive Committee in charge of the Business Lines as well as the R&D and Sustainable Development Vice-Presidents.
- the Industrial Ecology Steering Committee, comprising members of the Executive Committee in charge of the Business Lines plus the Industrial, Safety and Environment Vice-President, the Process Vice-President, the Procurement Vice-President and the Sustainable Development Vice-President.
- CSR Steering Committee, made up of the Human Resources and Communication Executive Vice-President, who is a member of the Executive Committee, and a number of corporate Vice-Presidents, all of whom are actively involved in the CSR process.

GROUP CSR STEERING COMMITTEES

PRODUCT STEWARDSHIP STEERING COMMITTEE

- Responsible Communication Committee[1]
- Archimedes Academy[2]
- Circular Economy Committee - Offer

INDUSTRIAL ECOLOGY STEERING COMMITTEE

- Climate Committee[3]
- Arkema Energy Committee[4]
- Optim'O Committee[5]
- Circular Economy Committee - Industry[6]

INDUSTRIAL ECOLOGY STEERING COMMITTEE

- Responsible procurement Committee
- Taxonomy Committee
- CSRD Committee
- Diversity and inclusion Committee

(1) Defines communications guidelines based on the future EU directive on green claims.
(2) Oversees the assessment of the Group's solutions portfolio.
(3) Coordinates climate change mitigation and adaptation strategies.
(4) Drives energy efficiency improvements for the Group's sites.
(5) Coordinates improvements in water resource use and water discharge reduction.
(6) Oversees industrial waste reduction and recovery.

The Product Stewardship Steering Committee reviews progress and decides on priorities and action plans for the responsible stewardship of the range of solutions.

The Industrial Ecology Steering Committee directs and supports the Group's progress toward meeting its environmental and climate goals.

The CSR Steering Committee guides and supports the Group's progress, particularly in the areas of human resources, human rights, diversity and inclusion, responsible procurement, corporate citizenship, stakeholder dialogue, sustainable finance and non-financial reporting.

Each of these committees meet twice a year. In addition, the Executive Committee meets at least once a year to review the progress of policies and validate the guidelines and priorities assigned to the three steering committees.

Several topic-specific committees oversee the various specific programs implemented to meet the sustainability issues of the Group's CSR commitments. Project progress is presented to three Steering Committees, which ensure consistency and synergy in the implementation of CSR initiatives.

The Group has set up a network of some 50 CSR leaders, including representatives from the businesses that make up the Group's segments, the corporate departments and the main countries in which the Group operates. These leaders work with the Sustainable Development department, which coordinates the network, to implement the CSR policy within their organization.

Climate plan governance

Climate plan governance is supported at the highest level of the Group, by the Board of Directors, as outlined in sections 3.3.2.1 and 3.3.2.3 of this document.

The Board relies on its specialized committees to review the climate change mitigation and adaptation strategy, and in particular the Audit and Accounts Committee and the Innovation and Sustainable Growth Committee, whose roles and activities are described in sections 3.3.4.1 and 3.3.4.3 of this document.

The climate plan, monitoring metrics and targets, including those filed with the SBTi, are defined by the Executive Committee and presented at least once a year to the Board of Directors by the Sustainable Development Vice-President. The Executive Committee is informed of the evolution of GHG emissions on a quarterly basis. In 2024, the climate plan, the objectives validated by the SBTi and the main levers for action were presented to the shareholders at the annual general meeting held on May 15.

The Industrial Ecology Committee also monitors the reduction of GHG emissions linked to the Group's production activities.

CSR and governance assessments in the Group's growth projects and change in scope

CSR considerations are also factored into the evaluation phases prior to acquisitions, in particular employee-related and labor law issues, product portfolio reviews, environmental impacts of sites including the climate impact, sustainable procurement and business ethics practices, and relations with local communities.

In the case of business disposals or reorganizations, special attention is also paid to employee-related issues. Thus, prior to implementing such projects, the Executive Committee carefully examines the employee-related impacts and factors them into its decision-making process. Where necessary, the purchaser is required to make certain commitments.

As regards organic growth projects, industrial expenditure is subject to a CSR assessment based on the Group's commitments and objectives. For projects in excess of €2 million, this assessment is an integral part of the approval process as of the feasibility phase. It can also apply for projects exceeding €600,000 at the request of the Business Line or country.

For projects requiring the Board of Directors' prior approval, and more generally for any growth transaction or investment project requiring its opinion, the Board ensures that all social issues and environmental impacts have been fully considered in the assessment process in accordance with the strategy described above.

Business compliance and ethics governance

The Group relies on a network of lawyers in charge of compliance issues to monitor the effectiveness of its business compliance and ethics program. The Group General Counsel and the Group Compliance Officer meet quarterly with Arkema's Chairman and Chief Executive Officer and the Executive Committee to discuss compliance and business ethics issues. The Legal Affairs Vice-President also presents a report on compliance and business ethics each year to the Audit and Accounts Committee, and periodically to the Board of Directors.

Given the profiles of the members of the Audit and Accounts Committee as current or former senior executives, they all have the skills and experience of ethical business conduct.

4.2.1.3.2 Integration of sustainability results in incentive schemes (GOV-3)

Sustainability results are integrated into the compensation of the Chairman and Chief Executive Officer, Comex members, senior executives and certain employees through criteria linked to the Group's CSR performance.

Quantified CSR criteria are included in the qualitative portion of the Chairman and CEO's annual variable compensation package. This portion accounts for up to 25% of the variable compensation.

The performance shares allocated each year under the annual performance share plan to around 1,700 Group employees (including executives) also include a composite CSR criterion accounting for 30% of the final allocation.

For further details on the CSR criteria incorporated into the compensation of the Chairman and Chief Executive Officer, see section 3.4.2.1 of this document.

4.2.1.3.3 Statement on due diligence (GOV-4)

The Group has put in place a number of measures to identify, prevent, mitigate and remedy potential negative impacts associated with its activities. The various elements of these measures are presented in the table below:

Core elements of due diligence	Sections in the sustainability report
Embedding due diligence in governance, strategy and business model	4.2.1.3.1 (GOV-2, GOV-3), 4.2.1.5 (SBM-3)
Engagement with affected stakeholders at all key steps of due diligence	4.2.1.4.2 (SBM-2), 4.2.1.5.1 (IRO-1), 4.2.3.1.2 (S1-2), 4.2.3.2 (S2) and 4.2.4.4 (G1)
Identifying and assessing adverse impacts	Materiality assessment of impacts is presented in section 4.2.1.5 (IRO-1) including the summary of the IROs (SBM-3). This analysis is supported by all the studies carried out by the Group's various departments.
Taking actions to address those adverse impacts	All the measures taken to address the negative impacts identified by the Group are presented in sections 4.2.2 for the environment, 4.2.3 and 4.2.4 for people, and 4.2.4.2 for anti-corruption (see MDR-A for each ESRS topic).
Tracking the effectiveness of these efforts and communicating	Monitoring the effectiveness of the measures implemented is described in sections 4.2.2 for the environment, and 4.2.3 and 4.2.4 for people (see MDR-M and MDR-T for each ESRS topic).

4.2.1.3.4 Risk management and internal controls over sustainability reporting (GOV-5)

Risk management

In 2024, an assessment of the risks associated with the production of sustainability information was carried out in order to identify priority reporting processes for the implementation of internal controls.

Internal control management

The Group has developed common reporting protocols and methodologies that are followed by all teams contributing to sustainability information. Data are entered by local teams, approved at various levels of responsibility and then consolidated by central teams, who also carry out consistency checks. Data are generally reported once a year, but for certain specific issues, interim data are reported quarterly so as to identify trends and implement required corrective measures. The interim data are not published.

Quantitative environmental data

The Group's quantitative environmental data are managed in its Reporting of Environmental and Energy Data (REED) system, which is accessible worldwide. The data are entered by the plant Health, Safety and Environment (HSE) departments and validated at two levels, geographic and corporate. The environmental reporting system is governed by an Environmental Reporting directive, an EFPI Reporting directive and an Energy Reporting directive issued by the Group Safety and Environment (DSEG), Sustainable Development (DDD) and Energy Procurement (DAMPE) departments, and accessible on the corporate intranet. The directives may be expressed in guidelines and handbooks, which are supported by training sessions in each geographic region as required.

Quantitative safety data

Quantitative safety data are integrated into the ATLAS safety reporting system, which is accessible worldwide. They are entered and approved by the sites, then consolidated at Group level. The safety reporting process is covered by a Monthly Safety reporting directive issued by the Group Safety and Environment department and accessible on the intranet.

Quantitative social and employee data

Employee data are taken from several different reporting processes:

- quantitative data on the workforce are managed in the Human Resources Information System (HRIS) and provided by the Human Resources teams; and
- quantitative and qualitative data concerning other employee information are recorded in the AREA 2 application by the human resources employees of the geographical subsidiaries or companies, then approved by the Human Resources directors of the geographical zones or subsidiary directors, and finally consolidated at Group level.

To strengthen internal control over sustainability reporting, Arkema launched a pilot project in 2024 to analyze existing reporting processes and define the key controls needed to ensure the quality of sustainability information. These controls will gradually be integrated into the overall Internal Control process presented in chapter 2.2 of this document.

4.2.1.4 Strategy and business model

4.2.1.4.1 Strategy, business model and value chain (SBM-1)

Arkema seeks a leadership position in specialty materials by offering sustainable and innovative solutions to support its customers and meet their challenges today and tomorrow. Since its creation, Arkema has grown, by repositioning its business portfolio, strengthening its organization and developing its strengths and expertise.

Drawing on in-depth expertise in materials science, and polymerization and formulation in particular, plus leading application know-how, the Group has developed three core competencies: creating and reinforcing materials or substituting them with more sustainable ones, bonding and assembling materials, and protecting and modifying materials. These skills are structured into three coherent and complementary segments: Advanced Materials, Adhesive Solutions and Coating Solutions.

These segments are the pillars of the Group's organization, which offers a wide range of solutions and applications in attractive end markets:

- general industry;
- transportation and energy;
- consumer goods and electronics;
- building and construction;
- health, water and nutrition.

For a breakdown of sales by segment, business line, major customer market and region see the "Ambition" section of the introductory chapter of this document. Each segment integrates the sustainability issues specific to its businesses in order to support the Group's sustainable development policy. The 2024 sales figure for all the Group's activities presented in the "Profile" section of the introductory chapter of this document correspond to the ESRS "Chemicals" sector, and more specifically to the "production of chemical products activity" as defined in Appendix I, Division 20.2, of Regulation (EC) no. 1893/2006.

Within its end markets, Arkema has identified five key, high-growth markets driven by global sustainability megatrends:

- green energy and electric mobility;
- advanced electronics;
- sustainable lifestyle and goods;
- efficient buildings and homes; and
- health and well-being.

The Group has therefore set priorities for the development of sustainable solutions in these key markets:

- participate in the growth of green energy and electric mobility, in particular by proposing solutions for optimizing Li-ion batteries or recyclable materials for the production of wind turbine blades;
- enhance living comfort and home efficiency. A number of Arkema solutions for reducing energy waste in housing are already on the market: (i) high-performance coatings that limit heat loss and improve thermal insulation, such as Kynar Aquatec® PVDF for reflective roofs; (ii) solutions for better-insulated windows, with Siliporite® molecular sieves that prevent condensation while preserving more durable window quality, and (iii) Coatex® formaldehyde-free acrylic binders for the manufacture of fibrous insulation materials. The Group is also working to improve living comfort, for example with solvent- and phthalate-free floor adhesives;
- step up its sustainable consumer goods range. The Group now offers lighter, more sustainable materials such as Pebax®, a thermoplastic elastomer known for its exceptional lightness and high elasticity, for which Arkema has developed bio-sourced or recycled versions. The Pebax® range is used to manufacture the soles of sports shoes and is also available in a textile version for waterproof and breathable garments; and
- contribute to lightweight materials design, as with the Kepstan®, Rilsan® Matrix and Elium® resins for thermoplastic composites used in transport, aeronautics and wind energy. The Group is pursuing its efforts to expand Bostik's range of structural adhesive solutions, which can replace mechanical fasteners for lightweight designs in the construction and automotive markets.

Sustainable development is therefore at the heart of Arkema's strategy and is reflected in the three commitments that underpin our CSR policy:

- offer sustainable solutions driven by innovation,
- act as a responsible manufacturer,
- cultivate a position as employer of choice and seek an open dialogue with stakeholders.

Its CSR roadmap, which is an integral part of its strategy, is presented in the "Ambition" section of the introductory chapter of this document, while the associated policies and programs are presented in greater detail in sections 4.2.2, 4.2.3 and 4.2.4 of this chapter.

The Group has developed a strong global presence, with a balanced geographical footprint across the world's three major regions, as shown in the table below:

Region	Headcount
France	7,199
Europe (excluding France)	3,892
North America	4,140
Asia	4,813
Rest of the world	1,120
TOTAL WORKFORCE	**21,164**

The Group's business model and key stakeholders are presented in the "Business model and value creation" section of the introductory chapter of this document.

4.2.1.4.2 Stakeholders engagement (SBM-2) |DCP|

Consultation and open dialogue with internal and external stakeholders are prerequisites for understanding their expectations, building relationships based on trust and cooperation, reducing CSR risks and creating value for all.

The following table summarizes the Group's dialogue with stakeholders in its ecosystem.

Stakeholders	Context and purpose of dialogue	Key stakeholder expectations for sustainability identified by the Group	Form of dialogue
Customers	Business relationship and collaboration aimed at meeting the current and future needs of customers and end users	Innovation towards sustainability Sustainable solutions Circular economy Climate, energy and GHG management	Arkema establishes ongoing dialogue with its customers at various levels of the organization to take into account their expectations in its strategy. To increase the value added created, the Group capitalizes in particular on: • dedicated management of global key accounts as part of a commercial excellence program; • joint innovation programs with customers, particularly with regard to climate issues and resource management, including life-cycle assessment if required; • development of new digital solutions that increase value added for customers and partners; and • a global, online survey to assess overall satisfaction. For further details, see the section "Our customers at the heart of our actions" in the "Profile, ambition and strategy" section of this document.
Suppliers	Business relationship and collaboration aimed at meeting the current and future needs of the Group and its customers	Climate, energy and GHG management Sustainable solutions	Arkema favors suppliers that have a global presence (Europe, Americas and Asia), are competitive and innovative (including in digital technology), and actively deploy a CSR policy. Arkema maintains open dialogue with its suppliers at various levels of the organization so that they support the Group in its developments over the short and long term, particularly with regard to climate issues and resource management. Arkema encourages its suppliers to commit to a corporate social responsibility program by conducting CSR performance assessments and encourages those suppliers that contribute the most to the emissions from its raw material purchases to take part in climate action. For further details, see section 4.2.4.4 of this chapter.
Research partners	Technology partnerships aimed at strengthening the Group's innovation performance by providing access to additional skills and discoveries that can drive breakthrough innovations	Innovation towards sustainability Sustainable solutions Climate, energy and GHG management Governance, business ethics and transparency	Arkema develops a diverse range of partnerships in various forms, including with academic institutions and industrial companies or as part of national or international cooperation efforts. For further details, see sections 1.1.2 and 1.1.5 of this document.
Financial community, shareholders and SRI rating agencies	Inform the market of the Group's results and main operations Improve understanding of the Group's activities, strategy and outlook among investors, analysts and individual shareholders through transparent information	Climate, energy and GHG management Governance, business ethics and transparency Innovation towards sustainability	An active, ongoing dialogue is maintained with investors, particularly on sustainability issues, through: • results presentations; • meetings with and days dedicated to institutional investors and analysts; • discussions with financial rating agencies; • completing questionnaires and discussions with SRI rating agencies; and • the annual general meeting. For further details, see section 6.4 of this document.

<table>
<tr><th>Stakeholders</th><th>Context and purpose of dialogue</th><th>Key stakeholder expectations for sustainability identified by the Group</th><th>Form of dialogue</th></tr>
<tr><td>Group headcount and representative bodies</td><td>Dialogue with employee representative bodies and direct dialogue with employees</td><td>Health, safety and well-being
Climate, energy and GHG management
Innovation towards sustainability</td><td>• continuous social dialogue with employee representative bodies that goes beyond legal requirements and provides numerous opportunities for discussion and negotiation with a view to driving social progress; and
• consultation and dialogue with employees, notably in the form of internal surveys.
For further details, see sections 4.2.3.1.2 and 4.2.3.1.3 of this chapter.</td></tr>
<tr><td>Neighboring communities</td><td>Neighbors and communities that interact locally with Group sites</td><td>Water and waste management
Process safety and emissions management
Innovation towards sustainability</td><td>The Common Ground® initiative, presented in section 4.1.2 “Group civic engagement” of this chapter, promotes local dialogue at each of the Group’s sites.</td></tr>
<tr><td>Civil society and NGOs</td><td>Proactive and reactive dialogue</td><td rowspan="3">Climate, energy and GHG management
Innovation towards sustainability
Process safety and emissions management</td><td>• collaboration with NGOs on specific projects;
• discussions in relation to the double materiality assessment;
• periodic meetings with the media; and
• responsible and transparent communication in the event of a crisis.</td></tr>
<tr><td>Public authorities</td><td>Regular and occasional contact aimed at ensuring the responsible development of the Group’s activities</td><td>• responses to periodic surveys;
• participation in various consultation and working groups; and
• occasional contact at various levels (departments and cabinets) on specific topics.
For further details, see section 4.2.4.3 of this chapter.</td></tr>
<tr><td>Professional associations</td><td>Continuous contribution to defending the industry’s interests vis-à-vis the public authorities and participation in identifying and disseminating best practices across the industry</td><td>Arkema participates actively in segment- or topic-specific working groups, commissions and statutory bodies within relevant associations and in the external initiatives carried out by such associations.
For further details, see section 4.2.4.3 of this chapter.</td></tr>
</table>

4.2.1.5 Identification and assessment of impacts, risks and opportunities (IROs) |DCP|

4.2.1.5.1 Double materiality assessment and identification of impacts, risks and opportunities (IRO-1)

Context

The cornerstone of sustainability reporting introduced by the Corporate Sustainability Reporting Directive (CSRD), the double materiality assessment aims to understand both the impact of Arkema's activities on the environment and society as a whole, and the effects of sustainability issues on the company's financial position and performance. This assessment is then used to identify the main impacts, risks and opportunities of Arkema's activities and its value chain, over time, concerning the environment, social issues and corporate governance.

The double materiality assessment is part of the Group's general risk management system. Its specific methodology is set out below.

In 2022, Arkema conducted a double materiality assessment, during which it consulted its main internal and external stakeholders. To this end, under the responsibility of the Sustainable Development department, an internal project team representing various functions and regions was set up to guide the project and engage with stakeholders. The results of this assessment were approved by a Steering Committee composed of the Industry and CSR Executive Vice-President and the Human Resources and Communication Executive Vice-President, as well as several heads of Business Lines, regions, and support functions across the Group.

In 2024, in order to align with changes in European CSRD regulations on sustainability reporting, a new project team was set up, led by the Sustainable Development department, and a new assessment was conducted in addition to that of 2022.

The Sustainable Development Vice-President presented the implemented process to the Audit and Accounts Committee as part of monitoring of the preparation of sustainability information.

Process

The double materiality assessment was carried out in three phases, leveraging the results of the assessment conducted in 2022 and adding to it in 2024:

Phase 1 – Preliminary analyses and definition of all sustainability topics to be considered.

Phase 2 – Assessment of Impacts, Risks, Opportunities (IROs) and other sustainability issues.

Phase 3 – Consolidation of results and approval.

Phase 1 - Preliminary analyses and definition of all sustainability topics to be considered

For this first phase, the Group relied heavily on the materiality assessment carried out in 2022, through which:

- internal and external stakeholders to be consulted on the Group's sustainability issues were identified; and
- on the basis of assessments carried out by these stakeholders, a list of important sustainability matters for Arkema was compiled.

Based on the results of this recent assessment, the Group has completed the identification of sustainability topics to be considered in reference to several internal and external sources:

- the list of sustainability topics drawn up by the ESRS;
- the latest sector studies;
- relevant international standards (GRI, SASB);
- existing impact assessments within the Group; and
- the results of the due diligence procedure implemented as part of the Group's duty of care plan.

The key topics of Arkema's value chain sectors were also integrated into the assessment, along with the Group's specific challenges.

The identification of IROs and their importance is based on various assessments carried out within the Group, including in particular:

- climate risk analyses (physical and transitional) based on the IPCC RCP 2.6 and RCP 8.5 scenarios, for the period 2021-2050 (see section 4.2.2.1.2 of this chapter);
- assessment of the Group's offer against sustainability criteria (see section 4.1.3.2 of this chapter);
- the analysis of transformation processes in terms of the circular economy *via* life cycle analyses (see section 4.2.2.5.4 of this chapter);
- analyses and assessments of water withdrawals and the location of activities in areas subject to water stress (see section 4.2.2.3 of this chapter);
- the biodiversity materiality assessment carried out in 2023 (see section 4.2.2.4.2 of this chapter);
- environmental analyses conducted on sites (see section 4.2.2.2 of this chapter);
- the results of the AIMS audits (see section 4.2.2 of this chapter);
- CSR risk assessments related to Group procurement; and
- corruption risk assessments under the French Sapin II law.

The analysis of these sources has enabled us to exclude certain topics considered not applicable to Arkema. It also identified and confirmed the Group's specific issues.

Combining the results of 2022 with those of this complementary assessment has enabled Arkema to draw up a list of its sustainability matters, grouping together the sub-topics and sub-sub-topics of the ESRS.

Based on all these elements, the project team drew up a detailed description of Arkema's issues, as well as a list of the IROs relating to each of them.

This list of issues and IROs was then submitted for assessment.

Phase 2 - Assessment of Impacts, Risks, Opportunities, and sustainability issues

During the materiality assessment carried out in 2022, consultations were held with stakeholders using various methods: interviews, a global employee survey, workshops and additional documentary research. Stakeholders, including employees, customers, public organizations, investors, local communities, suppliers and research partners throughout the regions and markets in which Arkema operates were consulted.

This assessment was very favorably received by external stakeholders, confirming the relevance of the selected sustainability issues for Arkema. They also provided potential improvement points and showed renewed interest for further collaboration towards sustainability.

The results of this assessment of sustainability issues were used for the complementary double materiality assessment carried out in 2024.

Thus, workshops were held in 2024 with internal experts to:

- confirm the list and qualification of previously identified IROs, as well as sustainability matters;
- assess the importance of matters and IROs along two lines:
  - impact materiality, *i.e.* the negative or positive impacts of Arkema and its activities on the environment, people and communities in which the Group operates. This assessment took into account the scale (level of criticality of the topic), the scope (value chain and stakeholders concerned), the irremediable character of the impact, as well as the likelihood of impact when it is only potential;
  - financial materiality, *i.e.* the risks or opportunities that environmental, social and societal challenges represent for Arkema's business and stock market value. This analysis took into account the interdependencies between impacts and risks and opportunities, as well as Arkema's dependencies on its value chain and key business resources. Financial materiality has been assessed on the basis of the gross potential magnitude of financial impacts and their likelihood. The financial materiality scales used by the Risk department have been incorporated into this framework.

These workshops, which involved various Group departments (Group Safety and Environmental department (DSEG), Procurement (goods and services, logistics, raw materials and energy), Human Resources and Legal Affairs in particular), confirmed and reassessed the importance of actual and potential IROs for each topic. The list of challenges and IROs and their descriptions was fine-tuned, and their average ratings were used for the overall rating of each challenge.

Phase 3 - Consolidation of results and approval

Following the various workshops with internal experts, a review of the assessments' consistency with each other and with the Group's risk mapping and pre-existing CSR risk assessments was carried out by a team comprising the Sustainable Development Vice-President, the Internal Audit and Control Vice-President and the Corporate Legal Director.

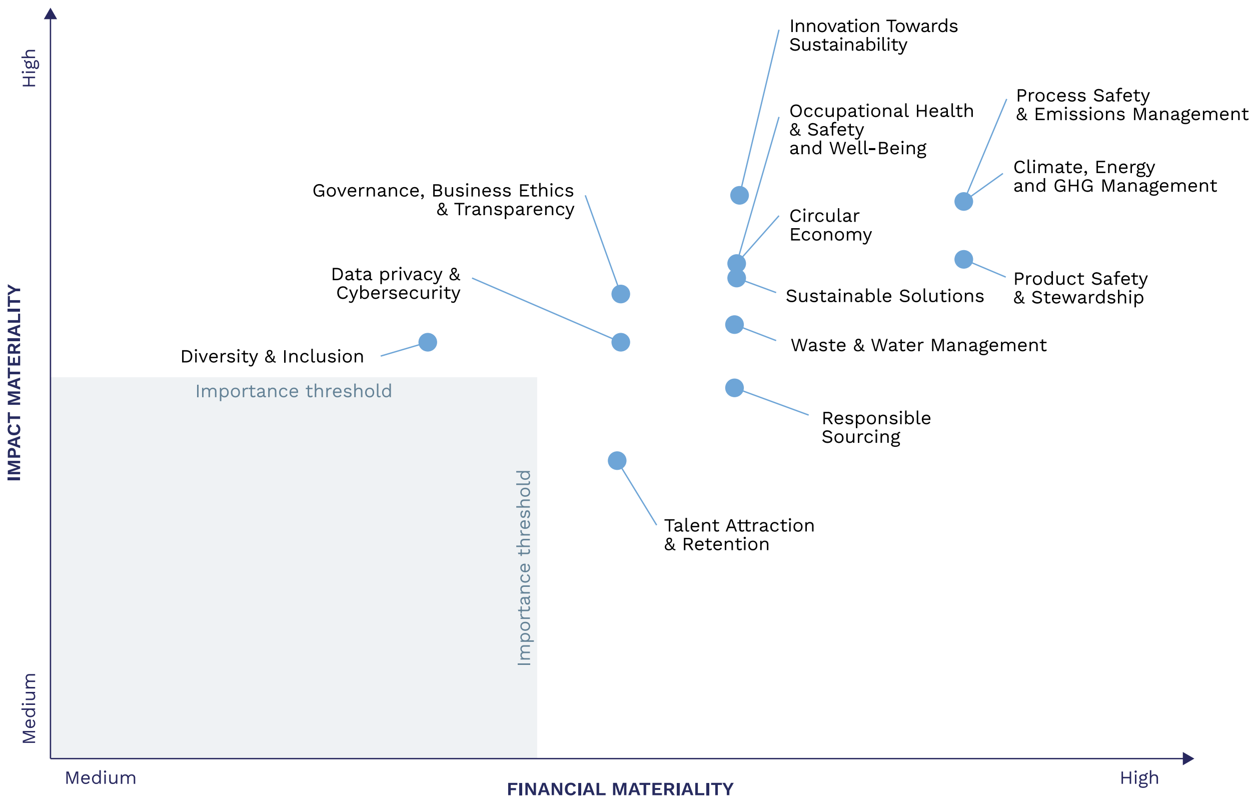
On the basis of the assessments carried out, which highlighted the interest of stakeholders and the company's impact on people and the environment, importance thresholds were defined to identify the material IROs, topics and sub-topics that will be disclosed in the Sustainability Report. The methodology and results of this assessment were presented to the Executive Committee, the Audit and Accounts Committee and the Group Risk Review Committee.

The main risks identified via the double materiality assessment are included in the Group's overall risk map and are therefore reviewed by the Risk Review Committee, in line with the Group risk management procedure described in section 2.2 of this document.

Results

The double materiality assessment enabled Arkema to identify 13 material challenges out of the 17 identified. They are shown in the graph below.

DOUBLE MATERIALITY MATRIX



Future procedure for reviewing the double-materiality assessment and impacts, risks and opportunities

In 2024, the Group decided to build on the double materiality assessment carried out in 2022 with its stakeholders to identify sustainability issues, and to supplement it with internal workshops attended by experts in the various areas.

Starting in 2025, a new procedure will be implemented so that the interests of affected stakeholders can be integrated on a regular basis and the IROs can be reassessed periodically with a view to identifying any changes in importance relating to Arkema's sustainability topics.

4.2.1.5.2 Material impacts, risks and opportunities and their interaction with strategy and business model (SBM-3)

MATERIAL IMPACTS, RISKS AND OPPORTUNITIES

Arkema's issues	IROs	ESRS / URD section	Value chain (1)	Horizon (2)
Climate, energy and greenhouse gas management	Negative impacts relating to greenhouse gas emissions from the Group's industrial processes and its upstream and downstream value chain which contribute to global warming.	ESRS E1 / 4.2.2.1.4	Up/Own/Dwn	S/M/L
	Physical risks relating to extreme or chronic climatic events that could cause material damage to Group sites or to the Group's upstream and downstream value chain.	ESRS E1 / 4.2.2.1.2 and 4.2.2.1.5	Up/Own/Dwn	S/M/L
	Potential transition risks relating to: • stricter regulations on the cost of GHG emissions; • new regulations affecting the gas emissions market; • Interruption or inaccessibility of energy resources, and rising energy costs relating to energy production regulations or restrictions; • changing customer demand for low-carbon, environmentally-friendly chemicals.	ESRS E1 / 4.2.2.1.2	Own/Dwn	M/L
	Opportunity relating to lower production costs as a result of the transition to low-carbon energy, greater energy efficiency and improved manufacturing processes.	ESRS E1 / 4.2.2.1.2	Own/Dwn	M/L
	New market opportunities relating to the development of the portfolio of solutions with a lower carbon footprint.	ESRS E1 / 4.2.2.1.2	Own/Dwn	M/L
Water and waste management	Negative impacts of high water consumption linked to the Group's production processes.	ESRS E3 / 4.2.2.3 ESRS E4 / 4.2.2.4	Own	S/M/L
	Negative impacts of waste generation with only partial recovery.	ESRS E5 / 4.2.2.5	Own	S/M/L
	In areas subject to water stress, the risk of restrictions on water withdrawals may result in operational disruptions.	ESRS E3 / 4.2.2.3	Own	S/M/L
	Financial risks relating to non-compliance with or stricter regulations on water extraction and waste management.	ESRS E3 / 4.2.2.3 ESRS E5 / 4.2.2.5	Own	S/M/L
	Opportunities relating to cost reductions and greater Group resilience by optimizing the Group's water withdrawals (Optim'O program).	ESRS E3 / 4.2.2.3	Own	M/L
	Opportunities relating to greater Group resilience, improved brand image, cost control and the development of the circular economy through waste recovery programs.	ESRS E5 / 4.2.2.5	Own	M/L
Circular economy	Risk of cost increases and supply interruptions for certain critical bio-sourced raw materials due to fluctuations in their availability.	ESRS E5 / 4.2.2.5	Up	M/L
	Opportunity from the competitive advantage in developing solutions that help customers reduce their carbon footprint or facilitate the circularity of their products (as through the use of bio-sourced or recycled raw materials).	ESRS E5 / 4.2.2.5	Up/Own/Dwn	M/L

Arkema's issues	IROs	ESRS / URD section	Value chain (1)	Horizon (2)
Innovation towards sustainability	Positive impact relating to innovation in manufacturing technologies and the development of sustainable solutions in line with the Group's commitment to corporate social responsibility, and the circular economy in particular.	ESRS E5 / 4.2.2.5.1	Own/Dwn	M/L
	Risk of losing competitiveness and market share if Arkema does not innovate enough or fast enough to meet customer expectations.	ESRS E5 / 4.2.2.5.1	Dwn	M/L
	Opportunity from developing sustainable solutions that contribute to meeting the United Nations SDGs and to reducing customers' environmental footprint.	ESRS E5 / 4.2.2.5.1	Dwn	S/M/L
Process safety and emissions management	Negative impact relating to pollution caused by accidents resulting from process failures or malicious acts that may bring about damage to people and the environment.	ESRS E2 / 4.2.2.2	Own	S/M/L
	Financial risks relating to the social and environmental consequences of industrial accidents, accidental spills or malicious acts.	ESRS E2 / 4.2.2.2	Own	S/M/L
	Opportunity to improve water, air and soil pollution treatment processes to better preserve biodiversity.	ESRS E2 / 4.2.2.2 ESRS E4 / 4.2.2.4	Own	S/M/L
Product safety and stewardship	Negative impacts relating to exposure to hazardous materials or substances of very high concern used in chemical processes, likely to harm the environment and people throughout the value chain, with the potential development of pathologies for Arkema employees, subcontractors, carriers or customers.	ESRS E2 / 4.2.2.2 ESRS S1 / 4.2.3.1 ESRS S2 / 4.2.3.2	Up/Own/Dwn	S/M/L
	Financial risks relating to chronic or accidental exposure to substances of concern that are harmful to the environment and human health, potentially affecting Group employees, subcontractors or customers.	ESRS E2 / 4.2.2.2 ESRS S1 / 4.2.3.1 ESRS S2 / 4.2.3.2	Own/Dwn	S/M/L
	Risk of non-compliance with multiple global, regional and national regulations.	ESRS E2 / 4.2.2.2	Own/Dwn	S/M/L
	Risk of loss of business due to the Group's inability to find a timely alternative to regulated products.	ESRS E2 / 4.2.2.2.1	Own/Dwn	M/L
	Opportunities relating to the development of new alternative solutions that comply with regulations.	ESRS E2 / 4.2.2.2.1	Dwn	M/L
Ethical and responsible sourcing	Risks of legal action, financial penalties and damage to Arkema's reputation in the event of non-compliance with due diligence regulations such as existing regulations in Europe and the future European directive on duty of care.	ESRS G1 / 4.2.4.2 and 4.2.4.4 ESRS S2 / 4.2.3.2	Up	S/M/L
	Opportunity relating to the development of responsible supply chains.	ESRS G1 / 4.2.4.4	Up	M/L
Health, safety and well-being of the Group's employees	Negative impact relating to workstation exposure that may affect the health or safety of employees and subcontractors.	ESRS S1 / 4.2.3.1	Own	S/M/L
	Positive impact of a safe and fair working environment on employee motivation and well-being.	ESRS S1 / 4.2.3.1	Own	S/M/L
	Financial risks from possible loss of regulatory approval or perturbation to operations if the Group failed to guarantee employee health and safety.	ESRS S1 / 4.2.3.1	Own	S/M/L

Arkema's issues	IROs	ESRS / URD section	Value chain (1)	Horizon (2)
Talent attraction and retention	The positive impact of being a responsible employer offering safe, transparent working conditions and social protection that enhance employees' quality of life and, more generally, contribute to economic development and job creation around the Group's industrial sites.	ESRS S1 / 4.2.3.1	Own	S/M/L
	Reputational and financial risks from sanctions in the event of non-compliance with local regulations on minimum wages, pay gaps, working conditions, minimum employee benefits and other employee rights.	ESRS S1 / 4.2.3.1	Own	S/M/L
	Risk of not being able to attract the right skills in certain fields or geographical areas.	ESRS S1 / 4.2.3.1	Own	S/M/L
	Opportunity of developing, managing and retaining the Group's talents throughout their careers, reducing turnover and upholding skills.	ESRS S1 / 4.2.3.1	Own	S/M/L
Diversity and inclusion	Positive impact from the fact that the Group considers diversity a driver of innovation and performance, and integrates it at the core of human resources management.	ESRS S1 / 4.2.3.1	Own	S/M/L
	Opportunity from improving Arkema's employer brand and attracting more talent.	ESRS S1 / 4.2.3.1	Own	S/M/L
	Opportunity from employee loyalty and retention, bringing lower costs linked to staff turnover and loss of highly technical knowledge.	ESRS S1 / 4.2.3.1.6 and 4.2.3.1.2	Own	S/M/L
Governance, business ethics and transparency	Positive impacts relating to a range of solutions developed in compliance with regulations, anti-corruption and work to combat human rights violations.	ESRS G1 / 4.2.4.2	Up/Own/Dwn	S/M/L
	Risk relating to the exposure of the Group and its employees to administrative or legal proceedings, or even criminal or civil penalties.	ESRS G1 / 4.2.4.2	Own/Dwn	S/M/L
	Risk of reputational damage resulting in a loss of business opportunities, partnerships and talent.	ESRS G1 / 4.2.4.2	Own/Dwn	S/M/L
Sustainable solutions	Positive impact relating to the development of sustainable and innovative solutions that contribute to the Sustainable Development Goals (SDGs).	ESRS E2 / 4.2.2.2.1	Own/Dwn	M/L
	Risk of competitive distortion due to differing regulations around the world.	ESRS E2 / 4.2.2.2.8	Dwn	M/L
Data privacy and cybersecurity	Risk of financial loss due to a cyber attack resulting in a major industrial accident or the loss of strategic data.	ESRS E2 / 4.2.2.2.1	Own	S/M/L

(1) Up: Upstream, Own: Own operations, Dwn: Downstream
(2) S: Short term, M: Medium term, L: Long term

The impacts and risks identified by the Group are monitored at the most senior level, as described in its duty of care plan (section 4.3 of this chapter) and covered in section 4.2.1.3 of this chapter with regard to its due diligence and internal control process.

Embedding the results of the double materiality assessment into Group strategy

The results of the double materiality assessment confirmed the relevance of Arkema's CSR policy, structured around its three commitments: to offer sustainable solutions driven by innovation, to act as a responsible manufacturer, to cultivate a position as employer of choice and seek an open dialogue with stakeholders. The Group's CSR action plans and targets, summarized in the "Commitments, issues and associated targets" table in section 4.1.2 of this chapter, are presented in further detail in the Sustainability report (see sections 4.2.2, 4.2.3 and 4.2.4 of this chapter).

4.2.2 Environmental information |DCP|

Health, safety, security, environment and quality (HSSEQ) policy

As indicated in its commitment to societal issues described in section 4.1 of this chapter, Arkema operates as a responsible manufacturer and resolutely observes a policy of continuous improvement and operational excellence. Health, safety and environmental protection are core priorities in the management of Arkema's business and manufacturing operations, and a major focus of its CSR policy. This focus is shown by the Group's involvement in the Responsible Care® program, a voluntary initiative undertaken by the chemical industry to responsibly manage its operations and products, based on a continuous improvement process.

The aim of the Group's HSSEQ policy, published on the arkema.com website, is to prevent environmental and personal health risks in all the Group's activities worldwide. This policy is rooted in three principles : industrial risk prevention, an integrated management system, and development of a health, safety, security, environment and quality culture.

The Group's commitments in this area are twofold:

- health, safety and security: covering personal health and safety, process safety, security and product stewardship;
- climate, the circular economy and reduction of the Group's environmental footprint: covering climate and energy consumption, biodiversity, responsible management of resources including water, and waste management.

The policy incorporates applicable regulations and the Group's own requirements. It is set out in a worldwide reference framework: the Health, Safety, Security, Environment and Quality Manual. This policy and these guidelines form the basis of the Arkema Integrated Management System (AIMS), which covers all areas of health, safety, security, environment, energy and quality.

AIMS is integrated globally by the Group Safety and Environment department (DSEG) and its experts in industrial hygiene, safety and the environment. The department head reports to the Industry and CSR Executive Vice-President, who is a member of Arkema's Executive Committee, and makes a monthly presentation to the Executive Committee of the key indicators, progress made in its programs, and any significant events.

The HSSEQ policy and key indicators are presented each year to the Company's Board of Directors as part of the industry overview presented by the Industry and CSR Executive Vice-President.

A full review of environmental risks is also submitted annually to the Audit and Accounts Committee.

In addition, the Group Safety & Environment Vice-President submits a quarterly report on the Group's environmental targets and outcomes to the Executive Committee.

The following documents are available to keep governance bodies informed about the results of environmental footprint reduction programs:

- each business' entire environmental footprint, including its energy footprint, reviewed annually in individual meetings with the business Managing Director and industrial Vice-President(s) and the Group Safety & Environment and Sustainable Development Vice-Presidents. During this process, the managers concerned are assigned an environmental target for the following year. This target is a criterion for their annual performance review and compensation; and
- an annual environmental and energy report presenting the results of the past year and of previous years. It is accessible to all departments concerned, *via* the Group's intranet.

Implementation of the HSSEQ Policy is handled by the operating teams in each region and business. Arkema believes that all incidents are preventable and that everyone has their own role and responsibility in ensuring occupational health and safety, and protecting the environment and neighborhoods where we operate.

Consideration for safety and environmental issues in acquisition and investment decisions

When looking into potential acquisition deals, a team of internal Group experts analyzes the health, safety and environment documents and information provided by the seller based on a list of questions and pre-defined criteria. On-site surveys are also conducted. Taking these steps enables the Group to identify potentially critical environmental situations, estimate the cost of resolving them, and measure the efforts that may be required to bring these sites up to Group safety and environmental standards.

Similarly, safety and environmental issues are taken into account in the early stages of investment plans, and their compliance with Group objectives is verified.

Toward a group-wide environmental culture

Group employees are trained and made aware of the main characteristics of their plant, the real-world consequences of their actions, the operational management of all types of releases and emissions, the environmental impact of turnaround or start-up operations, and waste sorting.

A dedicated environmental training program is offered at industrial sites after an environmental risk analysis has been performed in each workshop. At an increasing number of facilities, feedback on environmental incidents is being tracked in a common system for reporting incidents and following up corrective actions. The training program is regularly repeated to maintain employee awareness of the importance of critical parameters.

Arkema organizes internal communication campaigns and other events to get employees involved in its new long-term objectives and to foster a culture of environmental awareness throughout the Group.

In 2024, 22% of Group employees [(1)] received training (excluding e-learning) on environmental matters, for an average of three hours per year per employee trained. In addition, 20% of Group employees took environment-related e-learning courses [(1)].

Management system and auditing

The Arkema Integrated Management System (AIMS) was brought in to provide an efficient control system and ensure consistency throughout this process. It is based on all of the Group's standards, both proprietary and endorsed, such as ISO 9001, ISO 14001, ISO 45001 and ISO 50001. AIMS spans the areas of health, safety, security, environment, energy and quality, and is regularly audited, with a focus on measuring progress and harmonizing practices. These audits are an important management practice. For the sites with significant industrial risks (38% of all Group sites), Full AIMS audits are conducted every three years by teams comprising Arkema employees and representatives from an independent third-party auditor. Follow-up audits are then performed every year by the independent third-party auditor. Depending on specific risk profiles, the other sites may undergo Simplified or Light AIMS audits at least every five years, conducted by Arkema staff.

The Group has set the ambitious target of implementing and auditing the AIMS system across all its sites.

Target 2025

100% of Group sites [(2)] audited in accordance with the Arkema Integrated Management System (AIMS).

(2) For newly acquired companies' sites, the roll-out of this system takes place over a period of around three years.

	2024	2023	2022
% of AIMS-audited sites	100	94	91

In 2024, a major effort was made to audit recently-acquired sites, thus bringing coverage of Group AIMS sites (industrial sites and research and development centers).

During an AIMS audit, sites may be audited based on different international standards in order to secure or renew external certifications, depending on the particular characteristics of the site concerned.

The number of sites certified in this way over the last three years is presented in the following table:

Number of sites certified according to each standard	2024	2023	2022
ISO 45001 (health and safety) [(3)]	79	85 [(5)]	85
ISO 14001 (environment) [(3)]	85	89 [(5)]	87 [(5)]
ISO 50001 (energy)	31	30	31
ISO 9001 (quality) [(4)]	164	166 [(5)]	167 [(5)]

(3) Scope: Production sites.
(4) Scope: Production sites, R&D centers, head offices.
(5) Data have been corrected following a change in methodology.

The slight drop in the number of certified sites arises chiefly from sale of non-strategic assets in China and reorganization of subsidiaries at the Changshu site (China), bringing the number of certified subsidiaries from five to one.

Some 58% of Group facilities (industrial sites and R&D centers) have been certified to ISO 45001 standard in Europe, 36% in the Americas and 55% in Asia. This certification relating to health and safety represents 46% of Arkema employees.

ISO 14001 certification requires each production facility or R&D center to identify its environmental impact in terms of water, air (including greenhouse gas emissions), waste, noise, odors, soil, use of resources and logistics flows, and then to define an action plan with priority areas for improvement. Periodic environmental assessments enable the facilities to measure progress and determine new improvement targets.

	2024	2023	2022
% of ISO 14001-certified sites	51	53	53

(1) *In entities at least 50%-owned and employing more than 50 people.*

Depending on local conditions, certain facilities have adopted other standards, such as the Responsible Care® Management System (RCMS) in the United States. RCMS is an integrated health, safety, security and environmental management system based on the principles of the Responsible Care® program.

The Group also performs other annual internal audits, including:

- operational safety audits: construction site inspections, pre-start-up reviews, and operational safety audits in areas such as mechanical integrity and explosive atmospheres;
- regulatory hazardous materials transportation audits;
- supplier and logistics audits: transportation companies and warehouses are inspected and assessed. These audits are supported by third-party assessments, such as the Safety & Quality Assessment System (SQAS) for overland transportation, the Chemical Distribution Institute for maritime shipping, and the European Barge Inspection Scheme for river shipping. A certain amount of packaging is also inspected;
- security audits; and
- environmental audits.

The results of these audits are taken into account during AIMS audits.

In addition to audits, teams from the Group Safety and Environment department (DSEG) lead support initiatives at facilities whose performance needs improving or which have specificities. This support includes an analysis of the situation and continues with the development and monitoring of action plans. In addition, the DSEG is carrying out specific support to plants during their turnarounds and stepped up its participation in events organized by the Group's various businesses, plants (annual meetings with partner companies) or corporate departments (maintenance, R&D, etc.).

Another important management tool is feedback on material incidents, it consists of sharing relevant incidents to prevent them to happen again. Feedback takes place across the global organization, through various geographic, professional and technological networks. In the event of a material incident, the network issues an HSEQ alert that enables other Group facilities that may encounter a similar incident to take corrective measures. The feedback process helps improve the Group's expertise and ensure the effectiveness of the deployed measures.

To harmonize the identification, assessment and analysis of environmental risks beyond its ISO 14001-certified sites, the Group is rolling out a methodology for application worldwide. A dedicated IT system, STARMAP, has been deployed in Europe, the United States and Asia. In 2024, 86% of the Group's industrial sites had installed the system, and around 58% of these sites had used it to update their environmental assessment. At end-2024, 71% of the Group's sites had carried out an environmental assessment, whether integrated into STARMAP or not.

4.2.2.1 Climate change (ESRS E1) |DCP|

The sixth assessment report of the Intergovernmental Panel on Climate Change (IPCC), published in 2021, clearly shows the impact of greenhouse gas emissions from human activities on climate change. The report specifically states that limiting the impact of climate change is contingent on limiting the increase in temperature relative to pre-industrial levels to 1.5°C by 2100, which will require a major and rapid reduction in global greenhouse gas (GHG) emissions and the achievement of carbon neutrality by 2050.

4.2.2.1.1 Summary of IROs and interaction with policies, targets and actions

IROs	Policy	Targets	Actions
Climate, energy and greenhouse gas management			
Negative impacts relating to greenhouse gas emissions from the Group's industrial processes and its upstream and downstream value chain which contribute to global warming.	4.2.2.1.3	By 2030, a 48.5% reduction in Scopes 1 and 2 greenhouse gas emissions (in absolute terms compared with 2019.) By 2030, a 67% reduction in Scope 3 greenhouse gas emissions (in absolute terms compared with 2019). By 2030, a 25% reduction in net energy purchases (in EFPI terms compared with 2012).	4.2.2.1.4
Physical risks relating to extreme or chronic climatic events that could cause material damage to Group sites or to the Group's upstream and downstream value chain.	4.2.2.1.3		4.2.2.1.2 and 4.2.2.1.5
Potential transition risks relating to: • stricter regulations on the cost of GHG emissions; • new regulations affecting the emissive gases market; • interruption or inaccessibility of energy resources, and rising energy costs relating to energy production regulations or restrictions; • changing customer demand for low-carbon, environmentally-friendly chemicals.	4.2.2.1.3		4.2.2.1.2
Opportunity relating to lower production costs as a result of the transition to low-carbon energy, greater energy efficiency and improved manufacturing processes.	4.2.2.1.3		4.2.2.1.4
New market opportunities relating to the development of the portfolio of solutions with a lower carbon footprint.	4.2.2.1.3		4.2.2.1.2

4.2.2.1.2 Physical and transition risk analyses |DCP|

Arkema has identified two types of material risks related to climate change:

- physical risks related to extreme or chronic climate events that could cause significant damage to Group sites or to its upstream and downstream value chain; and
- transition risks related to regulatory and end-market evolution, the inaccessibility of energy resources and rising energy costs.

The Group has used scenario-based analyses to characterize these risks in relation to climate change challenges.

Physical risks

Exposure of the Group's industrial sites

In order to prevent and limit the potential impact of climate change at the exposed sites, insofar as this is possible, the Group uses scenario-based analyses that take notably into account the evolution and consequences of climate change, and the increased frequency and intensity of certain weather events, such as storms, flooding and drought.

As such, in addition to the regular assessment using Swiss Re's CatNet® tool (mentioned in section 2.1.3 of this document), in 2022, Arkema launched a study on the exposure of its 165 industrial sites and R&D centers to relevant climate hazards by calculating eight climate indicators, also assessed under the Taxonomy: extreme rainfall (intensity and frequency), cyclones, storms, water stress, coastal flooding, river flooding, heat waves and heat stress.

The climate risk associated with each site is assessed by combining exposure and criticality. Criticality estimates take into account EBITDA and production uniqueness.

The study was conducted by an external company specialized in this field and based on the IPCC's RCP 2.6 and RCP 8.5 scenarios for 2021-2050. These scenarios were developed by the IPCC and are used to model the future climate based on different assumptions about the amount of greenhouse gases emitted by 2100. The first considers the application of stringent GHG mitigation measures to limit global warming to 2°C, while the second assumes that no significant efforts are made to limit GHG emissions, which would result in a global warming of more than 4°C.

This study of physical risks related to climate change was used to analyze the compliance of Arkema's taxonomy-eligible activities with the generic criterion "do no significant harm" regarding the objective of climate change adaptation (see section 4.2.2.6 of this chapter).

Exposure of the Group's value chain

Climate change could impact Arkema's supply chain if, for example, a major supplier or subcontractor could not supply one or more Group facilities, thereby impacting the Group's operating and financial performance and its ability to deliver to its clients. However, suppliers with a strong CSR policy that are taking climate action, through adaptation and mitigation measures, will reduce their risks, increase their reliability and also be better partners for sustainable innovation. This is why Arkema has integrated these aspects into its purchasing process and endeavors to build sustainable and balanced, long-term, trust-based relationships with its suppliers and subcontractors. The Together for Sustainability (TfS) initiative plays a central role in the process of assessing risks and opportunities, including those related to the climate, as well as in the Group's supplier qualification and assessment process. For further details on the responsible procurement policy, see section 4.2.4.4 of this chapter.

The study conducted in 2022 of industrial sites and R&D centers also included the Group's main critical logistics hubs (19 ports and railway hubs) through the calculation of six climate indicators (extreme rainfall – intensity and frequency, cyclones, storms, water stress, coastal flooding, river flooding) and assessed their exposure to physical climatic risks.

Transition risks

Transition risks related to climate change are described in section 2.1.3 of this document.

In 2023, Arkema was assisted by an expert firm in conducting a pilot analysis of one of the Group's activities in order to map transition risks and opportunities with a view to conducting a scenario-based analysis. This study was based in particular on the Net Zero by 2050 scenario of the International Energy Agency (IEA), which defines the conditions that the energy sector will have to meet to achieve the objective of carbon neutrality by 2050 at the global level (regulatory evolution, reduction in energy consumption, change in the energy mix in favor of renewable energies, etc.).

The key risks identified are those related to rising energy costs, carbon pricing, regulatory evolution, supply, market and reputational risks. Mapping has enabled them to be prioritized according to the exposure and vulnerability of the activity.

This analysis also served to identify market opportunities, as well as value chain, logistics chain and operational opportunities.

The pilot analysis has been completed by a study conducted in 2024 on the exposure of this Group activity to regulatory carbon pricing, depending on location and carbon-intensive activities in its supply chain. For a number of factors integral to these assessments, both external and internal to the Group (such as climate scenarios, business plans and carbon costs), future projections involve degrees of uncertainty inherent to this type of study.

Business model resilience

Issues linked to climate change, in terms of both risks and opportunities, form one of the major pillars of the Group's CSR roadmap. These issues are fully integrated into Arkema's strategy and help increase the resilience of its business model.

The Group notably supports its resilience in this area by:

- prioritizing key markets identified by the Group that are linked to sustainable megatrends and contribute to meeting decarbonization challenges, such as green energy and electric mobility, sustainable lifestyle and energy-efficient buildings and housing;
- developing low-carbon solutions to meet growing customer demand for sustainable materials with a lower carbon footprint, and to anticipate future regulations;
- ensuring a secure supply of low-carbon energy through long-term contractual instruments, in the three regions where the Group operates; and
- implementing measures to prevent physical climate risks and ensure business continuity.

To identify emerging issues and develop resilience factors, Arkema integrates CSR risks into its risk management mechanism. Arkema also continues to conduct impact assessments for climate change risks, both physical and transitional.

4.2.2.1.3 Policy |DCP|

Arkema includes climate in its HSSEQ policy (see section 4.2.2 of this chapter). The Group's approach focuses on two main areas: firstly, mitigation, by reducing its GHG emissions and developing solutions with a lower carbon footprint, and secondly, adapting its operations and value chain to physical risks and regulatory changes.

Arkema has also focused on improving its energy efficiency through its energy policy, which is fully in line with the Group's drive for operational excellence and highlights the imperatives for energy conservation to be implemented in all the Group's activities worldwide.

The climate plan is managed by the Climate Committee, which meets on a quarterly basis. This committee is coordinated by the Sustainable Development department and comprises Group Process and Energy Procurement Vice-Presidents, industrial Vice-Presidents of various business lines and regional HSE Vice-Presidents. It leads programs to decarbonize the Group's industrial activities, and monitors progress.

Acculturation

In 2023, Arkema launched its Go for the Planet program, which aims to strengthen the climate and environmental culture of all Arkema employees. The program consists of three phases: awareness, training and empowerment. The first phase, awareness, is based on the organization of *Fresque du Climat* (Climate Fresk) workshops for all employees worldwide and the provision of e-learning modules within the Climate School.

La Fresque du Climat, a French non-profit founded in 2018, offers collaborative workshops aimed at raising public awareness about climate change. Through a team game, participants work together to create a fresco summarizing the mechanisms of climate change as explained in the IPCC reports.

By the end of 2024, more than 7,300 employees had participated in workshops organized by 194 in-house facilitators in 20 countries on all continents.

In addition, as part of its Go for the Planet program, in 2024, the Group launched awards and a fund designed to strengthen the Group's climate and environmental culture worldwide. They are intended to reward and encourage internal initiatives in four categories:

- energy and climate;
- circular economy, resources and waste;
- biodiversity; and
- culture and engagement.

The awards reward successes already achieved, while the fund supports future initiatives. Of the 81 projects submitted to the selection jury, four were awarded and five were selected to benefit from the fund.

4.2.2.1.4 Climate transition plan |DCP|

In 2023, the Group strengthened its climate plan aligned with the Paris Agreement and defined new, more ambitious targets for 2030 based on a 1.5°C trajectory and approved by the Science Based Targets initiative (SBTi), an independent global body. These targets pave the way for an ambition to reach Net-Zero [1] by 2050.

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Targets 2030 (validated by SBTi)

48.5% reduction [2] in Scopes 1 + 2 Kyoto Protocol greenhouse gas emissions compared with 2019.

54% reduction [2] in Scope 3 Kyoto Protocol greenhouse gas emissions compared with 2019.

13 CLIMATE ACTION

(2) Absolute emissions contraction approach.

(1) *SBTi Net-Zero criterion: at least 90% reduction on Scopes 1 & 2 and Scope 3 compared with the baseline year.*

The Group has already exceeded in 2024 its 2030 short-term target for Scope 3 greenhouse gas emissions. Building on this progress, the Group will continue its decarbonization efforts and has set a new, more ambitious, target of 67% reduction in Scope 3 greenhouse gas emissions by 2030 with respect to 2019.

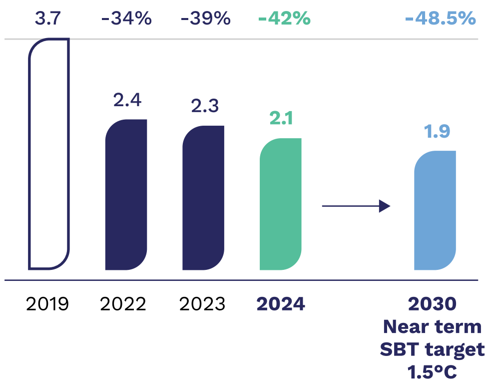
In addition, the Group purchases and consumes energy from a variety of sources, including fuels, electricity and steam, mainly for its industrial operations. To optimize energy consumption, the Group set the following target:

Target 2030

25% reduction in net energy purchases in EFPI terms compared with 2012.

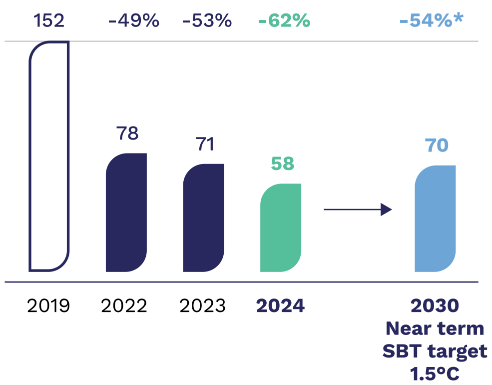
In 2024, Arkema is on track for its 1.5°C climate trajectory, as illustrated in the graphs below.

MONITORING OF 1.5°C SBT TARGETS FOR SCOPES 1 + 2 GHG EMISSIONS REDUCTION *(Mt CO_2e)*



In 2024, Scopes 1 and 2 GHG emissions were 42% down on 2019 levels. The Group was on track to meeting its 2030 emissions reduction target of 48.5%. The decrease is the result of proactive initiatives under the Group's climate plan, especially as regards low carbon energy supply contracts.

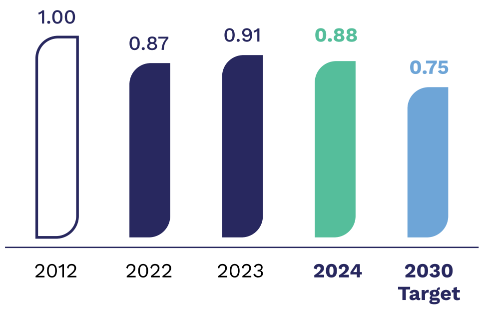
MONITORING OF 1.5°C SBT TARGETS FOR SCOPE 3 GHG EMISSIONS REDUCTION *(Mt CO_2e)*



(*) Arkema will continue its decarbonization efforts with a new, more ambitious, target of 67% reduction in Scope 3 greenhouse gas emissions by 2030 with respect to 2019 (50 Mt CO_2e).

In 2024, the Group's Scope 3 GHG emissions at constant scope were 19% lower than in 2023 and 62% lower than in the 2019 baseline year. This reduction is mainly due to the progressive reduction of the most emissive activities.

NET ENERGY PURCHASES EFPI



In 2024, energy performance improved by 3%, as a result of higher production levels and ongoing energy optimization measures.

Scope 1 + 2 emissions decarbonization plan

Arkema's decarbonization plan for Scopes 1 + 2, in line with the 1.5°C trajectory, features three main action levers to meet the reduction target of 48.5% by 2030 on 2019.

The reduction of its Scopes 1 + 2 emissions is based on:

- optimizing and modifying production processes to make them less carbon-intensive, accounting for around 25% of the reduction needed to meet the target;
- improving the energy efficiency of the Group's sites (Arkema Energy program), accounting for around 20% of the reduction; and
- using low carbon energy, accounting for around 55% of the reduction.

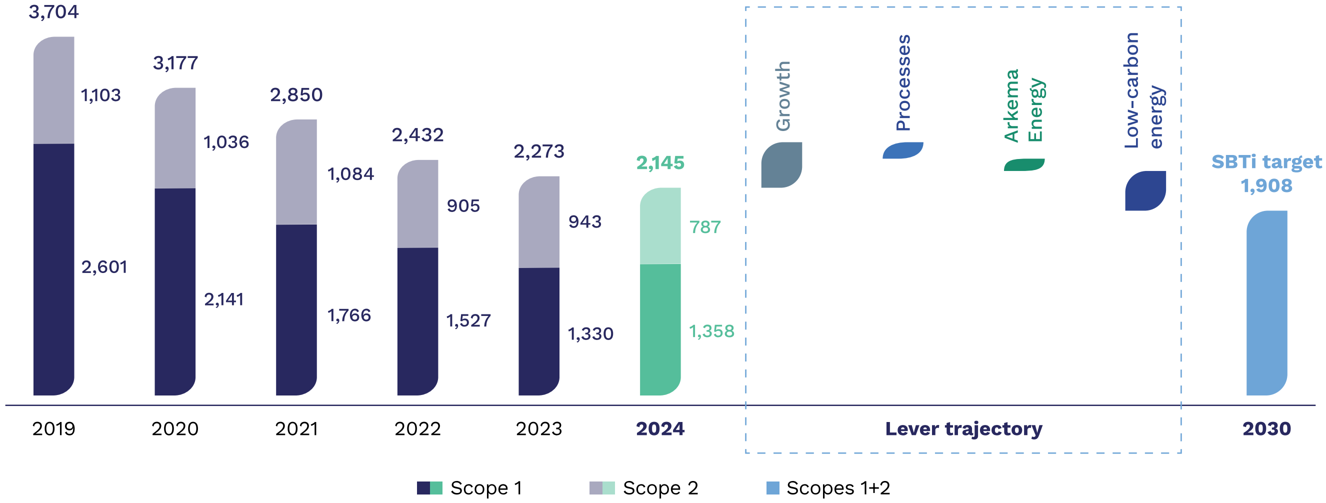
Arkema's decarbonization plan also takes into account the growth in volume of its businesses and changes in its scope of business.

The Group has not identified any locked-in emissions that would prevent it from meeting its 2030 targets, and plans to assess them over the medium term.

In line with the Group's 2030 objectives, each of Arkema's Business Lines has drawn up its own decarbonization plan and trajectory, identifying the necessary industrial projects, improvements or disruptions, as well as low carbon energy needs.

In addition, climate issues are taken into account in industrial investment decisions, energy and raw materials supply contracts, as well as the evaluation of acquisition projects.

DECARBONIZATION TRAJECTORY OF GROUP'S SCOPES 1 + 2 GHG EMISSIONS *(kt CO_2e)*



Main decarbonization levers (Scopes 1 + 2)

Reducing Scope 1 direct emissions

The Group's direct greenhouse gas emissions (Scope 1), as defined by the GHG Protocol, are mainly attributable to:

- burning of fuel and gas in production operations;
- emissions from processes that generate CO_2, N_2O or CH_4 as a product, by-product, co-product, waste or gas discharges, such as thermal oxidation, which is used to convert VOCs into CO_2;
- hydrofluorocarbon (HFC) emissions from its fluorogases production units; and
- fugitive emissions from cooling circuits using GHGs.

To reduce its impact on climate change, the Group has implemented an action plan to minimize direct GHG emissions, which includes:

- optimization of processes and operating conditions of reactions to limit GHG emissions directly produced and GHG emissions from the combustion of by-products, co-products or waste;
- systematic leak detection programs for emissive gases and the installation of emissions treatment systems at fluorogases production facilities;
- the use of biomethane to replace natural gas as an energy source in production operations; and
- energy efficiency improvements of processes under the Arkema Energy program, notably reducing the fossil fuel consumption of its boilers.

The Arkema Energy program has been rolled out in all of the Group's subsidiaries through a global network of Energy Leaders in the Business Lines, facilities and relevant Procurement and Technical departments. It focuses on optimizing the energies used in the Group's production facilities and processes. Moreover, Arkema Energy is structured to meet the following priorities:

- continuously optimize energy use and cost, from equipment design and procurement to day-to-day on-site operations;
- deploy an energy management system to systematically integrate best operational practices, define site-specific targets and periodically review them; and
- ensure compliance with legislation, regulations and other applicable standards in terms of energy efficiency.

As well as improving energy efficiency, the program is also contributing to reinforcing the Group's production plants' competitiveness.

Based on energy efficiency audits worldwide, focusing on the facilities that account for more than 85% of the Group's energy consumption, the Arkema Energy program is based mainly on:

- implementing the ISO 50001 energy management system. To date, 31 sites are ISO 50001-certified, which corresponds to around 54% of Arkema's total energy use;
- allocating a dedicated annual capital expenditure budget of €8 million specifically for Arkema Energy initiatives. In 2024, 67 capital projects were funded by the Group as part of this program, including 33 in Europe, 16 in the Americas and 18 in Asia; and
- automating processes in order to continuously optimize the use of energy and raw materials.

The Group's deployment of digital technologies helps to optimize energy consumption through the introduction of data collection and analysis systems. For example, advanced control ensures comprehensive, consistent, and optimized management of facility operating parameters, reducing energy consumption while maintaining product quality and operational stability.

Arkema is also continuing its efforts to reduce the steam trap failure rate through changes to their installation and regular inspections. Actions are also implemented at several plants to maintain insulation at its optimal level in order to avoid any loss of energy, along with solutions to recover fatal energy.

Lastly, the Arkema Energy program, coupled with the Group's operational excellence strategy, will help it achieve its 2030 objective of a 25% reduction in EFPI net energy purchases compared with 2012.

The Group's decarbonization plan takes into account industrial projects that contribute to the reduction of its greenhouse gas emissions. The main projects are described in the table below:

Industrial projects	Description	Decarbonization lever
Improvement of the acrylics production process at Carling, France	By 2026, Arkema will implement a new patented purification technology at its production site in Carling (France), one of the largest acrylic monomer facilities in Europe. This €130 million investment, partly funded by the French government under the France 2030 program, managed by ADEME and financed by the European Union (NextGenerationEU), will improve the site's operational efficiency and reduce its CO_2 emissions by 20%, in line with the best standards.	Process improvement
Improvement of gazeous effluents treatment at Lacq, France	Expected to be completed by mid-2025, this project will increase the reliability of the treatment of sulfur residues from the site's facilities and reduce annual SO_2 emissions. This project also enables a reduction in GHG emissions.	Process improvement
Electric boiler for DMDS production in Beaumont, United States	Use of an electric boiler instead of a natural gas boiler at the new DMDS unit in the USA, expected to come on stream in 2025.	Process improvement
Energy efficiency projects as part of the Arkema Energy program	This program focuses on optimizing the energies used in the Group's production facilities and processes. A number of projects are expected by 2030, including notably the implementation of best practices for insulation, steam trap maintenance, process control and optimization of energy consumption in the event of low production. The Arkema Energy program also enables the development and implementation of new, more energy-efficient technologies.	Energy efficiency

Low-carbon energy	Description	Decarbonization lever
Biomethane supply in France	Arkema signed a major long-term biomethane procurement contract with ENGIE in 2023 for the supply of 300 GWh/year of renewable biomethane for Rilsan® polyamide production in France. Produced through the fermentation of organic matter, biomethane is a renewable alternative to natural gas, with a lower carbon footprint. End-2024, Arkema signed another long-term agreement with ENGIE on the supply of 25 GWh/year of biomethane to Bostik's sites in France.	Low-carbon energy

Reducing Scope 2 indirect emissions

Indirect atmospheric emissions, known as Scope 2 emissions, as defined in the GHG Protocol, correspond to emissions from the production by suppliers of the electricity and steam purchased and consumed by the Group.

To reduce its Scope 2 indirect emissions, Arkema is committed to reducing its energy consumption and shifting its purchasing to a less carbon-intensive energy mix.

To achieve this, the Group relies on two main levers of action:

- the purchase and consumption of low carbon electricity; and
- the purchase and consumption of low carbon steam.

The Group continues to decarbonize its energy sources by making long-term commitments to purchase low-carbon energies. In 2024, the Group entered into a number of long-term renewable electricity contracts, as well as an agreement with an energy provider for the installation of a solid recovered fuel (SRF) boiler to produce low carbon steam at Lannemezan site (France).

The main contracts and agreements, with an average term of 14 years and a positive impact on Scope 2 CO_2 emissions, are detailed in the table below.

Main contracts and agreements	Description
Long-term contracts and Guarantee of Origin certificates for the Group's main sites in the United States	Arkema has taken a major step forward in its transition to low-carbon energies at its main facilities in the United States. In 2024, the Group signed long-term contracts with TVA and Entergy to supply around 35 GWh/year and 60 GWh/year of solar-generated electricity to its sites at Calvert City (Kentucky) and Beaumont (Texas), respectively. 3Degrees is expected to provide Guarantee of Origin certificates for the decarbonization of around 57 GWh/year of electricity for the Chatham (Virginia) and West Chester (Pennsylvania) sites, as well as for all Bostik sites in the United States. Arkema already signed other agreements in 2023 to supply renewable energy to its Clear Lake and Bayport sites in Texas. End-2024, Arkema signed a new renewable electricity supply contract for several other sites. More than 65% of the electricity needs of Group sites in the United States will be covered by renewable sources.
Two strategic agreements for the majority of the Group's sites in China	In 2024, Arkema China signed two strategic agreements: a ten-year letter of intent for the supply of renewable electricity, and an agreement to purchase renewable electricity certificates. These agreements will enable the Group to reduce its Scope 2 emissions in China by around 75,000 tonnes of CO_2 equivalent.
Renewable electricity supply for Bostik sites in France	Arkema has signed a 20-year renewable electricity supply contract with EDF Renewables in France. As of 2026, 70% of the electricity consumption at eight Bostik sites in France will come from solar energy.
SRF in Lannemezan, France	Arkema plans to have Dalkia install a boiler powered by solid recovered fuel (SRF) from non-recovered waste at its Lannemezan site in France, to produce low-carbon steam. This system is scheduled to become operational in 2026.

The Arkema Energy program also contributes to the reduction of Scope 2 emissions through its actions to improve the Group's energy performance, as described in the previous section.

Overall budget

The climate plan is supported by an envelope of investments for contributing to the Group's decarbonization, which could reach a cumulative amount of €400 million over the 2022-2030 period, included in the recurring capital expenditure envelope.

All industrial projects contributing to the reduction of Scope 1 GHG emissions are included in this envelope. Combined with other smaller-scale process improvement projects at Group sites, and including the estimated budget for the Arkema Energy program between now and 2030, around €180 million worth of investments contributing to decarbonization have already been made or are underway.

Information on the significant Capex required to implement the climate plan is presented in note 5 "Climate issues" in the notes to the consolidated financial statements at 31 December 2024 in section 5.3.3 of this document.

Part of the Capex and Opex on this climate change mitigation action plan on eligible and aligned activities is covered in the Taxonomy reporting, as outlined in section 4.2.2.6 of this chapter.

Scope 3 emissions decarbonization plan

Following an initial inventory of its indirect Scope 3 emissions in 2016, the Group estimates the Scope 3 emissions arising from its upstream and downstream value chain each year, in accordance with the guidance issued by the World Business Council for Sustainable Development (WBCSD). The guidance also supports compliance with French legislation and standards, including the provisions of French Law no. 2015-992 of 17 August 2015 concerning the energy transition to drive green growth.

According to the WBCSD, drawing on the GHG Protocol, Scope 3 emissions arise from 15 categories of activities across the corporate value chain. Arkema has identified nine material categories (1-5 and 9-12), four non-material categories (6-8 and 15) and two categories that are not relevant (13 and 14). The calculation methods, validated by the SBTi in 2023, are described in section 4.2.5.6 of this chapter.

Main decarbonization levers (Scope 3)

As one of the main levers of action identified to achieve its Scope 3 target, Arkema is focusing on its most emissions-intensive upstream and downstream categories.

Upstream value chain:

- the carbon footprint of raw materials purchased is the most important item. Arkema engages in pro-climate dialogue with its suppliers and encourages them to set SBT targets for reducing greenhouse gas emissions in their Scopes 1 and 2; and
- Arkema also plans to increase the share of bio-based and recycled raw materials.

Downstream value chain:

- the reduction of the most emissions-intensive activities, covered by the Kyoto Protocol, and the development of new-generation fluorogases (HFOs) for high value-added activities contribute to the reduction of the Group's downstream Scope 3; and
- Arkema draws on the strength of its innovation in sustainable development, in particular to move its products towards sustainable solutions with a lower carbon footprint or that contribute to reducing greenhouse gas emissions during their use in the end market.

Lastly, the Group is continuing its efforts to develop recycling channels for its products. In particular, since 2019 Arkema has been developing its Virtucycle® recycling program, which enables customers to join in post-industrial and post-consumer recycling projects involving the Group's high performance polymers. In 2021 Arkema also acquired Agiplast, a company specialized in the regeneration of high performance polymers, in particular specialty polyamides and fluoropolymers.

Development of solutions with a lower carbon footprint and for markets linked to sustainable megatrends

Continuous dialogue with customers and the double materiality assessment show that climate change is a key concern for Group customers. For example, they want low-carbon products and solutions that help them reduce their GHG emissions and energy consumption.

Arkema's innovation strategy is a key component in its contribution to sustainable development. This strategy is detailed in section 1.1 of this document. Arkema is determined to enhance its product range by developing solutions that help reduce greenhouse gas emissions. This strategy, combined with changes in the portfolio of fluorogases, contributes to this objective.

In addition, at the Capital Markets Day held in September 2023, Arkema identified five main key markets linked to sustainable megatrends, three of which respond more specifically to the challenges of decarbonization:

- green energy and electric mobility (particularly batteries);
- sustainable lifestyle and goods;
- efficient buildings and homes.

Capex and Opex concerning the development of these solutions and these markets on eligible and aligned activities are included in the Taxonomy reporting outlined in section 4.2.2.6 of this chapter.

4.2.2.1.5 Climate change adaptation

For Arkema, adapting to climate hazards aims to reduce the vulnerability of its assets and operations to the current and expected effects of climate change, and to increase its resilience as described in section 4.2.2.1.2 of this chapter. Adaptation strategies supplement the mitigation measures presented in the previous section.

The aim is to deploy an adaptation plan at its sites most exposed and vulnerable to risks, and to reinforce the measures already being taken in the Group's various entities, notably by:

- adapting existing facilities to make them less susceptible and more resilient to extreme climate events;
- adapting crisis management systems, particularly in terms of planning, response and training; and
- incorporating projections of extreme climate events into the design of new facilities or site modernization projects.

For most of the sites, there are alternative production arrangements within the Group to absorb all or part of the production and thus ensure continuity of customer service. Some, however, are the only production sites for the products in question.

As mentioned in section 4.2.2.1.2 "Physical risks" of this chapter, Arkema has launched a study to assess climate risks over the period 2021-2050 for its industrial sites and R&D centers, by exposure level and criticality, based on IPCC RCP 2.6 and RCP 8.5 scenarios. This study resulted in a list of the Group's most exposed sites, most of which had already been identified by Arkema. For these sites in particular, a number of preventive measures have been deployed, such as reinforcing crisis management organization (including emergency plans and crisis team training), protecting electrical substations, insulating critical equipment, elevating pumps, and enhancing winter protection for fire systems.

In addition, a systematic approach for analyzing exposure to physical climate risks and identifying the necessary adaptation measures has been adopted in the Americas region, one of the most exposed to major extreme weather events in recent years. An internal toolbox for planning and responding to extreme weather conditions has been deployed at industrial sites in the United States as well as Canada, Mexico, Brazil and Argentina. This toolbox addresses the need to ensure that critical safeguards, such as backup power, function as intended during extreme weather events.

Lastly, specific studies are also carried out, for example for the Changshu site in China. This study, launched in 2022, simulated the effects of flooding and verified the required sizing of drainage systems in the event of extreme events as projected over the next 50 years.

Site exposure to water stress, and the management of related risks, undergo specific monitoring under the Optim'O program, as outlined in section 4.2.2.3 of this chapter.

For major new projects or plant modernization projects, such as at the Carling site in France, an assessment of potential climate change-related impacts and a related adaptation plan are taken into account from the early stages of the project's development, in order to adapt the facilities' design to the acute potential risks identified, particularly for flooding.

4.2.2.1.6 Metric monitoring

The breakdown of the Group's total GHG emissions for Scope 1, Scope 2 and Scope 3 is shown in the table below:

	Previous years						
	2019 (baseline year)	2022	2023 (N-1)	2024 (N)	% N / N-1	2030	% N / baseline year
Scope 1 GHG emissions							
Gross Scope 1 GHG emissions *(t CO_2e)*	2,601,000	1,527,000	1,330,000	1,358,000	2%		
Percentage of Scope 1 GHG emissions from regulated emission trading schemes (ETS) *(%)*	19%	23%	23%	24%	4%		
Scope 2 GHG emissions							
Gross location-based Scope 2 GHG emissions *(t CO_2e)*	815,000	607,000	964,000	1,047,000	9%		
Gross market-based Scope 2 GHG emissions *(t CO_2e)*	1,103,000	905,000	943,000	787,000	-17%		
Percentage of Scope 2 GHG emissions covered by contractual instruments	0%	8%	13%	25%	92%		
Total market-based Scope 1 + 2 GHG emissions *(t CO_2e)*	**3,704,000**	**2,432,000**	**2,273,000**	**2,145,000**	**-6%**	**1,908,000**	**-42%**
Scope 3 GHG emissions *(t CO_2e)*							
1/ Purchased goods and services	7,929,000	7,110,000	6,143,000	8,627,000	40%		
2/ Capital goods	365,000	406,000	337,000	394,000	17%		
3/ Fuel- and energy-related activities not included in Scopes 1 and 2	682,000	570,000	553,000	428,000	-23%		
4/ Upstream transportation and distribution	314,000	270,000	295,000	225,000	-24%		
5/ Waste generated in operations	436,000	1,034,000	878,000	694,000	-21%		
6/ Business travel	26,000	17,000	22,000	24,000	9%		
7/ Employee commuting	33,000	34,000	34,000	40,000	18%		
8/ Upstream leased assets	9,000	6,000	8,000	3,000	-63%		
9/ Downstream transportation and distribution	370,000	362,000	295,000	297,000	1%		
10/ Processing of sold products	2,337,000	2,242,000	2,634,000	2,847,000	8%		
11/ Use of sold products	66,833,000	29,928,000	26,981,000	18,805,000	-30%		
12/ End-of-life treatment of sold products	73,010,000	36,035,000	32,842,000	25,303,000	-23%		
13/ Downstream leased assets				*Not relevant*			
14/ Franchises				*Not relevant*			
15/ Investments	56,000	28,000	35,000	18,000	-49%		
Total Scope 3 GHG emissions *(t CO_2e)*	**152,400,000**	**78,042,000**	**71,057,000**	**57,705,000**	**-19%**	**70,000,000** (1)	**-62%**
Total GHG emissions (Scopes 1 + 2 + 3)							
Total location-based GHG emissions *(t CO_2e)*	155,816,000	80,176,000	73,351,000	60,110,000	-18%		
Total market-based GHG emissions *(t CO_2e)*	156,104,000	80,474,000	73,330,000	59,850,000	-18%		
Location-based GHG emissions intensity (2) (total GHG emissions per net revenue) *(t CO_2e/€m)*	17,832	6,942	7,710	6,298	-18%		
Market-based GHG emissions intensity (2) (total GHG emissions per net revenue) *(t CO_2e/€m)*	17,865	6,967	7,708	6,271	-19%		

(1) *The Group will continue its decarbonization efforts with a new, more ambitious, target of 50 Mt CO_2e.*

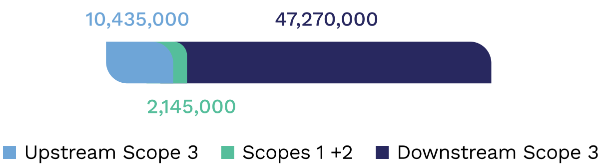
(2) *The Group's consolidated sales used to calculate GHG emissions intensity are presented in the consolidated financial statements at 31 December 2024 in section 5.3.2 of this document.*

OUT-OF-SCOPE EMISSIONS

(in t CO_2e)	2024
CO_2 emissions from biogenic sources (Scope 1)	57,000
Carbon uptake from bio-based raw materials (Scope 3 - category 1)	-58,000
CO_2 emissions from biogenic sources (Scope 3 - category 12)	51,000

For 2024, the Group's GHG emissions throughout the value chain breakdown as follows:

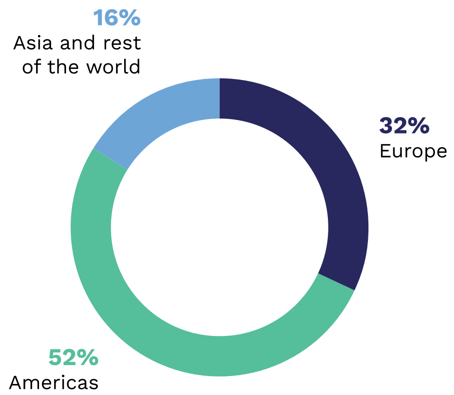
BREAKDOWN OF THE GROUP'S GHG EMISSIONS (t CO_2e)



Scope 1 direct emissions

The change in Scope 1 emissions in 2024 comes from an increase in production volumes compared with 2023, partially offset notably by the use of biomethane in France.

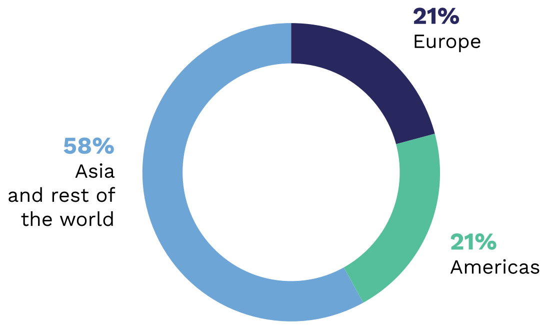
SCOPE 1 DIRECT GHG EMISSIONS BY REGION



Scope 2 indirect emissions

The significant reduction in Scope 2 GHG emissions in 2024 comes from Group efforts to source renewable electricity, and from restoration of the electricity emission factor in France following improved performance in nuclear-generated power in 2023.

SCOPE 2 INDIRECT GHG EMISSIONS (MARKET BASED) BY REGION

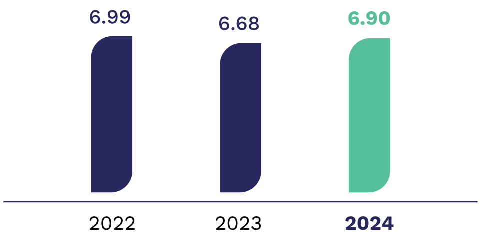


Net energy purchases

Monitoring of net energy purchases

Metric values in TWh are shown in the graph below, according to the definition in section 4.2.5.6 of this chapter.

NET ENERGY PURCHASES *(in TWh)*

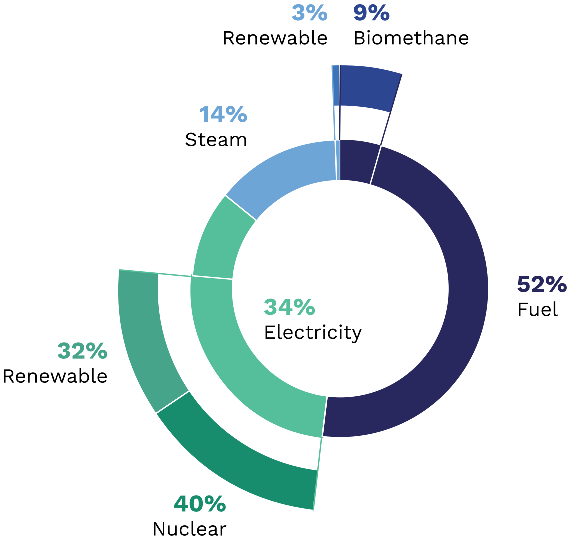


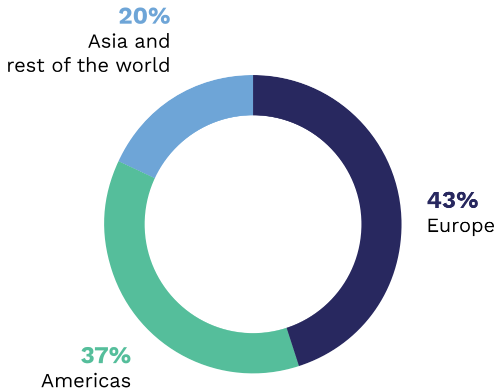
In 2024, the Group's net energy purchases rose as a result of higher production volumes and changes in the consolidation scope.

Energy mix

As part of its commitment to climate and its strategic goal of reducing greenhouse gas emissions, Arkema is shifting its energy mix in favor of low-carbon energy sources.

The breakdown of net energy purchases and changes in the Group's energy mix are as follows.





MONITORING OF INDICATORS [1]

	2024	2023	2022
Total energy consumption related to own operations *(MWh)*	6,900,000	6,680,000	6,990,000
Total energy consumption from fossil sources *(MWh)*	4,860,000		
• of which coal fuel *(MWh)* (1)	0		
• of which crude oil fuel *(MWh)* (1)	65,500		
• of which natural gas fuel *(MWh)* (1)	3,171,500		
• of which consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources *(MWh)* (1)	1,623,000		
Share of fossil sources in total energy consumption *(%)*	70%		
Total energy consumption from nuclear sources *(MWh)*	932,000		
Share of nuclear sources in total energy consumption *(%)*	14%		
Total energy consumption from renewable sources *(MWh)*	1,108,000		
• of which fuel from renewable sources, including biomass *(MWh)*	315,000		
• of which consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources *(MWh)*	793,000		
Share of renewable sources in total energy consumption *(%)*	16%	13%	8%
Total energy consumption from activities in high climate impact sectors (1)	6,900,000	6,680,000	6,990,000
Energy intensity of activities in high climate impact sectors (total energy consumption per net revenue) (1)	0.72		
Share of low-carbon energy in total energy consumption	30%	24%	23%
Share of renewable electricity in total electricity	32%	27%	24%
Share of low-carbon electricity in total electricity	72%	62%	68%

(1) *All the Group's activities are carried out in high climate impact sectors (ESRS E1 42, 43 AR38).*

In 2024, 30% of the energy purchased by the Group was derived from low-carbon sources following notably the signature of renewable electricity agreements and the supply of biomethane.

[1] *Declared consumption corresponds to energy purchases less sales to third parties (representing less than 5% of total energy consumption relating to own operations). See definition in section 4.2.5.6 of this chapter.*

Scope 3 indirect emissions

In 2024, indirect Scope 3 GHG emissions, which were estimated for 13 categories, represented 57,705 kt CO_2e. The decline is mainly attributable to progressive reduction in emitting fluorinated gases.

The Group is also working on the use of bio-based or recycled raw materials, as set out in section 4.2.2.5 of this chapter, with the aim of helping reduce category 1 emissions.

Lastly, a reporting system for CO_2 emissions linked to transportation has been provided to the Business Lines so that they can measure their impact and the results of actions taken to reduce their Scope 3 category 9 carbon footprint. For further details, see section 4.2.4.4.6 of this chapter.

Upstream value chain

As is often the case in the chemicals industry, category 1 (purchased goods and services) is significant for Arkema. Greenhouse gas emissions reported for this category increased in 2024, chiefly as a result of an update of raw material emission factors, from the most recent databases. In addition, calculation was optimized by including carbon footprints from Group suppliers.

The change in category 2 (capital goods) comes from the increase in the Group's capital expenditure in 2024 with respect to 2023.

Categories 3 (fuel- and energy-related activities not included in Scopes 1 and 2) and 4 (upstream transportation and distribution) fell in 2024 following the update of emission factors from the most recent databases.

Category 5 (waste generated in operations), is significant for the Group. In 2024, emissions linked to waste generated were down on 2023, notably as a result of efforts to reduce non-recovered waste.

Categories 6 (business travel), 7 (employee commuting) and 8 (upstream leased assets) are considered insignificant for the Group.

Downstream value chain

Category 9 (downstream transportation and distribution) is a significant category for the Group. Since the automation of data collection in 2023, much of the logistical data can now be obtained in real time. In 2024, emissions linked to downstream transportation and distribution remained broadly stable compared with 2023.

Category 10 (processing of sold products) is a significant category. The change in 2024 is linked to the mix of products sold.

Categories 11 (use of sold products) and 12 (end-of-life treatment of sold products) are the most significant for Arkema. Following recommendations issued by the SBTi in 2023, only direct use-phase emissions are considered in Category 11. The decrease in 2024 is mainly due to changes in the Group's most emissive activities.

Categories 13 (downstream leased assets) and 14 (franchises) are not considered relevant, as the Group does not lease any assets downstream of its value chain, and does not operate franchises.

Lastly, category 15 (investments) is not significant. It was included in 2023 following the recommendations of the SBTi.

4.2.2.1.7 Internal carbon pricing

To enhance its long-term approach, the Group set an internal price for Scopes 1 and 2 GHG emissions, expressed in terms of CO_2 equivalent, known as "internal carbon price", which corresponds to a shadow price. It is used to analyze strategic industrial investments, for the whole Group, and to steer investment decisions under the operational excellence program towards the lowest carbon solutions. The internal carbon price is applied to compare scenarios using different processes to determine their impact on product cost. Using the internal carbon price also serves to enhance employee awareness, drive behavioral changes, promote energy efficiency, and identify and seize low-carbon opportunities.

The Executive Committee reviews the use of the internal carbon price, checks its relevance and, if necessary, adjusts the value. The price is currently set at €100 per tonne of CO_2, in line with the carbon market price.

4.2.2.2 Pollution (ESRS E2) |DCP|

4.2.2.2.1 Summary of IROs and interaction with policies, targets and actions

IROs	Policy	Targets	Actions
Process safety and emissions management			
Negative impact relating to pollution caused by accidents resulting from process failures or malicious acts that may bring about damage to people and the environment.	4.2.2 HSSEQ policy	By 2030, reduction in the process safety event rate (PSER) to 2.0. By 2030, 70% reduction in chemical oxygen demand (COD) emissions (in EFPI terms compared with 2012). By 2030, 65% reduction in volatile organic compound (VOC) emissions (in EFPI terms compared with 2012).	4.2.2.2.8 and 4.2.2.2.9
Financial risks relating to the social and environmental consequences of industrial accidents, accidental spills or malicious acts.	4.2.2 HSSEQ policy		4.2.2.2.8 and 4.2.2.2.9
Opportunity to improve water, air and soil pollution treatment processes to better preserve biodiversity.	4.2.2 HSSEQ policy		4.2.2.2.3, 4.2.2.2.4, 4.2.2.2.10, 4.2.2.4
Product safety and stewardship			
Negative impacts relating to exposure to hazardous materials or substances of very high concern used in chemical processes, likely to harm the environment and people throughout the value chain, with the potential development of pathologies for Arkema employees, subcontractors, carriers or customers.	4.2.2 HSSEQ policy		4.2.2.2.3, 4.2.2.2.4, 4.2.2.2.10
Financial risks relating to chronic or accidental exposure to substances of concern that are harmful to the environment and human health, potentially affecting Group employees, subcontractors or customers.	4.2.2 HSSEQ policy		4.2.2.2.3, 4.2.2.2.4, 4.2.2.2.5, 4.2.2.2.10
Risk of non-compliance with multiple global, regional and national regulations.	4.2.2 HSSEQ policy		4.2.2.2.3, 4.2.2.2.4, 4.2.2.2.5, 4.2.2.2.6, 4.2.2.2.7, 4.2.2.2.10
Risk of loss of business due to the Group's inability to find a timely alternative to regulated products.	2.1.2 Regulatory requirements and societal expectations		2.1.2 Regulatory requirements and societal expectations
Opportunities relating to the development of new alternative solutions that comply with regulations.	4.1.3		4.1.3
Sustainable solutions - Specific			
Positive impact relating to the development of sustainable and innovative solutions that contribute to the Sustainable Development Goals (SDGs).	4.1.3		4.1.3
Risk of competitive distortion due to differing regulations around the world.	4.2.2 HSSEQ policy		4.2.2.2.10
Data privacy and cybersecurity - Specific			
Risk of financial loss due to a cyber attack resulting in a major industrial accident or the loss of strategic data.	4.2.2 HSSEQ policy		4.2.2.2.2 Crisis management

For further details concerning the "Risk of loss of business due to the Group's inability to find an alternative to the regulated products within the prescribed timeframe", see section 2.1.2 (Compliance, legal proceedings, societal expectations and internal control) of this document.

For further details concerning the "Risk of financial loss linked to a cyberattack resulting in a major industrial accident or loss of strategic data", see section 2.1.3 (IT and cybersecurity) of this document.

See section 4.1.3 of this chapter, for further details concerning:

- “Opportunities relating to the development of new alternative solutions that comply with regulations”; and
- “Positive impact relating to the development of sustainable and innovative solutions that contribute to the Sustainable Development Goals (SDGs)”.

4.2.2.2.2 Environmental policy

The Group's HSSEQ policy (described in section 4.2.2 of this chapter) covers notably the management of hazardous substances throughout the value chain, the prevention of industrial accidents, preparation of crisis management and reduction of the environmental footprint.

The Group is upgrading its manufacturing practices, notably through dedicated investments and operating expenses, to reduce its emissions. The Group’s industrial sites, as well as rigorously monitoring their emissions into air and discharges into water, periodically carry out environmental analyses to identify their impact on the environment and to define the priority areas of their action plans. In addition, right from the design phase of new production units, the Group integrates an analysis of the impact on the environment in the choice of sites, processes and equipment.

Improvements to production units (process modifications, installation of effluent treatment units) accordingly enable:

- a reduction in chemical oxygen demand (COD) in the effluent discharged into rivers, thereby preserving the dissolved oxygen that is essential for all aquatic animals;
- a reduction in the amount of volatile organic compounds (VOCs) released into the air, thereby limiting the formation of ground-level ozone, a superoxidant harmful to human health and flora and fauna;
- a reduction in SO_2 emissions, thereby helping to prevent the formation of acid rain which, in addition to its direct impact on plant life, can also alter soil and surface water characteristics;
- a reduction in NO_x emissions;
- a reduction in particle (or dust) emissions;
- a reduction in odor and noise emissions; and
- continued soil remediation projects to protect species that depend on the land, preserve the quality of local groundwater and control the effects of legacy pollution.

Arkema’s general approach helps comply with the "do no significant harm" criterion related to the objective of protecting and restoring biodiversity and ecosystems for Arkema’s taxonomy-eligible activities (see section 4.2.2.6 of this chapter).

Investments and operating expenses allocated to the environment

Arkema makes specific investments to prevent, reduce or control incidents or accidents that could impact the environment. In 2024, these specific investments totaled €107 million.

Environmental protection also requires operating expenses, which include the cost of external waste and water treatment, as well as personnel costs for HSE functions. In 2024, these operating expenses totaled €134 million.

In 2024, the Group was served one notice for an environmental violation with a fine exceeding US$ 10,000.

Crisis management |DCP|

The in-plant crisis management procedures are broadly based on the Group “Crisis Management” directive, which covers the management of potentially critical situations in the areas of health, safety, security, cybersecurity and the environment on Group sites or during transportation incidents. Crisis situations may be caused by internal or external events, including natural occurrences such as flooding, earthquakes, etc.

A year-round on-call system is organized. It enables the Group to manage an event by setting up a dedicated crisis management team. The Group regularly offers courses in "Crisis management and communication" and "Media training", and conducts simulations of crises and set-up of crisis management teams, notably at the highest risk Seveso sites in Europe. Some of these exercises may involve Group staff, as well as external stakeholders such as government employees, elected officials, the fire department and local residents.

The crisis management process also applies to events caused by Group products located at customer sites. An emergency number is indicated on shipping documents and Safety Data Sheets for Arkema, or is available *via* the country subsidiary for Bostik. Within this product line, a product recall exercise is organized every year for the "food contact" segment with products designed for the general public.

The action plans concerning cybersecurity crisis management are described in section 2.1.3 (IT and cybersecurity) of this document.

4.2.2.2.3 Emissions to air

Policy and targets

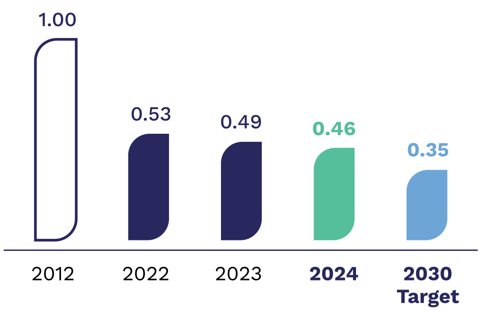
The Group’s objective is to minimize its environmental emissions, notably volatile organic compounds (VOCs), substances responsible for air acidification, and dust.

2030 Target

65% reduction in VOC emissions in EFPI terms compared with 2012.

15 LIFE ON LAND

VOLATILE ORGANIC COMPOUNDS (VOC) EFPI



VOC EFPI measures the intensive atmospheric emissions of VOCs generated by the Group's activities, calculated using the methodology described in section 4.2.5.6 of this chapter. Emissions are calculated using the Group's biggest VOC emitters, which account for more than 80% of the consolidated total.

VOC EFPI remains on track to achieve its 2030 target thanks to the actions carried out.

Action plans

Group production facilities are reducing their VOC emissions in several ways, including:

- collecting and treating effluents containing VOCs, with the most common technique being the installation of a thermal oxidizer or vent scrubbing; and
- carrying out regular campaigns to detect and eliminate VOC leaks.

The Group is also reducing its emissions of acidifying substances by:

- fueling boilers with low or ultra-low sulfur fuels, or replacing fuel oil with natural gas; and
- the implementation of nitrogen oxide reduction systems or low-NO_x burner technologies.

With regard to dust emissions, the measures notably involve:

- optimizing the combustion and flue gas cleaning conditions of thermal or catalytic oxidizers; and
- installing and maintaining separation devices (e.g., cyclones and filters) on gas flows, such as those that contribute to drying or transporting powders, before they are discharged.

Monitoring indicators

Total emissions generated by the Group's activities, as measured by its historical indicators, are shown in the table below.

	2024	2023	2022
Total acidifying substances *(t SO_2e)*	2,150	2,320	2,350
Volatile organic compounds (VOCs) *(t)*	2,281	2,520	3,020
Dust *(t)*	122	112	142

Volatile organic compounds were down, chiefly as a result of sustained efforts on filtration performance and process efficiency, as at the Mont and Saint-Aubin sites (France).

With regard to the new metrics specified by the CSRD, emissions were quantified using the methodology detailed in section 4.2.5.6 of this chapter, and limited to facilities exceeding the thresholds specified in Annex II of Regulation (EC) no. 166/2006 of the European Parliament and Council (E-PRTR).

4.2.2.2.4 Emissions to water

Policy and targets

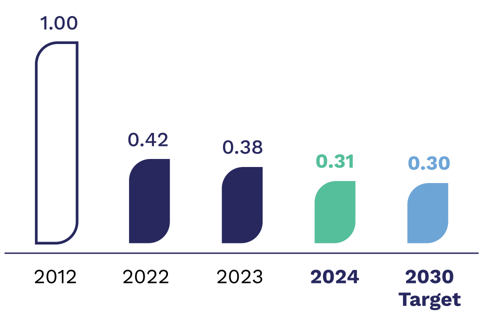
In addition to its HSSEQ policy, Arkema has drawn up a water policy (presented in section 4.2.2.3 of this chapter), which notably includes a commitment to reduce its emissions into water, in particular chemical oxygen demand (COD), suspended solids, substances of concern and microplastics.

The Group had reached its target by the end of 2024, and has set itself a new, more ambitious one for 2030:

Target 2030

70% reduction in COD emissions in EFPI terms compared with 2012.

CHEMICAL OXYGEN DEMAND (COD) EFPI



COD EFPI measures the intensive aquatic emissions of COD generated by the Group's activities, calculated using the methodology described in section 4.2.5.6 of this chapter. Emissions are calculated using the Group's biggest COD effluent emitters, which account for more than 80% of the consolidated total.

Action plans

Preventing accidental emissions is a requirement for the operational excellence and mechanical integrity of facilities operated by the Group (such as retention capacities), as verified by an internal audit program.

Initiated in 2016 to optimize the Group's water management, the Optim'O program also aims to reduce the amount of effluent discharged by the Group. It helps to:

- optimize water use, the efficiency of the water treatment process, the initial design of installations and their daily operation, through the use of advanced technologies and the development of innovative solutions;
- ensure compliance with applicable legislation and regulatory developments, such as the Best Available Techniques reference document on Common Waste Water (CWW BREF) issued by the European Union; and
- implement the pretreatment of process effluent, where relevant, to reduce the COD content of effluent sent to wastewater treatment facilities.

Through detailed mapping of water withdrawals and uses, and effluent emissions, updated annually, sites that contribute significantly to the Group's COD, suspended solids and water volume used are identified and submitted for monitoring through a specific audit program.

Management of water emissions is one part of the assessment of the "do no significant harm" criterion regarding the objective of the sustainable use and protection of water and marine resources for Arkema's taxonomy-eligible activities (see section 4.2.2.6 of this chapter).

Monitoring indicators

Total emissions generated by the Group's activities, as measured by its historical indicators, are shown in the table below.

Emissions to water	2024	2023	2022
Chemical oxygen demand (COD) *(t O_2)*	1,256	1,366	1,484
Suspended solids (SS) *(t)*	421	429	494

In 2024, COD emissions fell sharply at most sites, particularly at Nansha (China), as a result of progress in filtration efficacy.

With regard to the new metrics specified by the CSRD, emissions were quantified using the methodology detailed in section 4.2.5.6 of this chapter, and limited to facilities exceeding the thresholds specified in Annex II of Regulation (EC) no. 166/2006 of the European Parliament and Council (E-PRTR).

4.2.2.2.5 Managing legacy pollution and protecting the soil

Arkema responsibly manages soil and groundwater contamination caused by legacy pollution, including the storage of waste from operating facilities that have been operated, sold or acquired. The Group manages its environmental responsibility in such a way as to ensure that the health impacts and risks of its operations are managed in compliance with the applicable regulations, and that the environment is protected over the long term, with an appropriate allocation of funds.

In addition, Arkema implements prevention policies at all of the operating facilities, with mechanical integrity programs, dedicated incident reporting systems and experience sharing. When soil or groundwater contamination is suspected at a facility, an inquiry is conducted to determine the extent of the area concerned and ascertain the impact. The Group cooperates with the authorities to define the appropriate response, in line with applicable legislation.

The Group also implements a wide range of remediation initiatives using new techniques and looks for ways to reuse redundant industrial sites.

Site pollution risks are described in section 2.1.1 of this document.

Provisions for the management of legacy pollution

The amount of provisions for environmental risk at 31 December 2024 can be found in note 11.1.2 to the consolidated financial statements, in section 5.3.3 of this document.

4.2.2.2.6 Managing microplastics

Managing microplastics in products

The restriction on the use of synthetic polymer microparticles in certain applications (Regulation (EU) 2023/2055 amending Annex XVII to the REACH Regulation), came into force on 17 October 2023. In particular, it provides for phasing out the use of microplastics in some cosmetic applications (makeup, lip and nail products). This restriction will have a limited impact on the Group's activities in 2035 only some of its products are used in cosmetic applications.

In accordance with this restriction, the Group is preparing to introduce the following requirements for products covered by exemptions 4(a) and 5 of the regulation:

- reporting from 2026; and
- information on their use and disposal in order to limit discharges, from October 2025.

Arkema has already begun the process of identifying the products falling within the scope of application of these regulations (products marketed and raw materials used in the manufacture of its products). In 2026, the Group's reporting requirements will include reporting, for the previous calendar year, on the uses and generic identity of these products and an estimate of the quantities released into the environment, including during transport.

Managing microplastics in production sites

In its water policy (presented in section 4.2.2.3 of this chapter), the Group is committed to reducing its discharge of microplastics. It has moreover joined the *Operation Clean Sweep* (OCS) program, initiated by the plastics industry worldwide to involve companies in preventing the discharge of microplastics.

These commitments are gradually being translated into internal requirements, in order to incorporate the OCS guidelines as well as applicable regulatory requirements, such as French Decree no. 2021-461 of 16 April 2021 on the prevention of losses of industrial plastic granules (IPG). At sites where microplastics are manufactured or handled, a specific component of the Optim'O program is deployed, including mapping risks of loss, assessing risks of discharge, regular cleaning, filtering systems, training and awareness-raising for those working in the field. The Serquigny site in France, for example, recently reinforced its technical preventive measures by adding filters at several levels of the water discharge network, and retention systems placed close to the discharge points of the various workshops.

4.2.2.2.7 Other measures for the environment

The Group also focuses on easing the impacts from its operations on people living in nearby communities. Projects are regularly undertaken to attenuate such nuisances as:

- odors, by upgrading treatment installations to cut emissions;
- for noise abatement, mapping, soundproofing work or maintenance of soundproofing equipment; and
- visual pollution (smoke), by firing boilers with natural gas rather than fuel oil.

The Group has put in place communication systems to alert stakeholders in real-time about any event likely to result in noise, odors, or visual pollution in and around a production site. In addition, most facilities now have a system for receiving and responding to complaints from local residents so that they can address the issues and minimize the impacts to the extent possible. Complaints are investigated and action plans defined accordingly in liaison with local authorities.

4.2.2.2.8 Process safety |DCP|

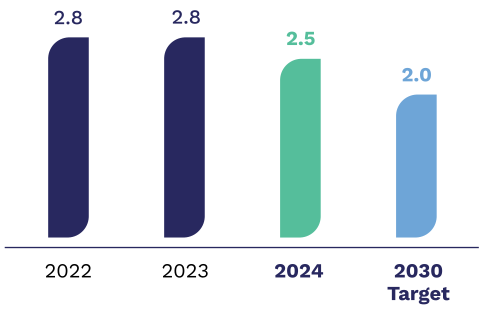
Policy and targets

As set out in its HSSEQ policy (see section 4.2.2 of this chapter), the Group aims to avoid any industrial accident, and is constantly improving its risk prevention and management practices accordingly. To measure progress here, Arkema tracks PSER (number of process safety events per million hours worked), an indicator defined according to ICCA (International Council of Chemical Associations) and CEFIC (European Chemical Industry Council) criteria.

2030 Target

Achieve a process safety event rate (PSER) of 2.0.

PSER *(process safety events per million hours worked)*



The improvement of the Group's performance relies on concrete and targeted actions implemented following an analysis of process events by type and research into root causes.

Action plans

The Group carefully analyses industrial accident risks that could cause harm to people, the environment or goods. This analysis covers all production processes, transport, loading/unloading and storage. Particular emphasis is placed on internal and external feedback, as well as the sharing of best practices.

Carried out in compliance with applicable regulations and based on systematic studies using recognized methods, the analysis takes into account product hazards, risks related to the units and their operation, interactions between units on the same site, and natural hazards. A network of experts across all the Group's geographical regions is responsible for maintaining the necessary procedures and guides, and for developing and coordinating the approach with contacts at the plants. Risk analyses and the implementation of the resulting risk management measures are carried out for new facilities and whenever significant modifications are made, and are periodically updated.

This enables the Group to seek out processes that are inherently safe and to implement technical risk management measures that focus on prevention. As a result, the Group regularly makes improvements to its existing production units. In 2024, Group capital expenditure allocated to safety, the environment and maintaining the production facilities to standard amounted to €418 million, versus €316 million in 2023.

It additionally implements operational improvements, for example concerning programs for inspecting the mechanical integrity of equipment and circuits, the quality of maintenance operations, and operational discipline, such as processes to check equipment safety before work is carried out or circuits before they are put back into service.

Lastly, the Group is investing heavily to reinforce a culture of process safety among its employees. In addition to technical training on tools and methods, sessions led by Group or external experts are organized, and the Group has drawn up a list of 10 Process Safety Must-Haves that plant personnel and managers must be familiar with and put into practice. Significant process safety events (major PSEs) are reported as soon as possible to Executive Committee members. They are subject to a detailed analysis and – for the most significant events – the establishment of a commission of inquiry headed up by a corporate expert.

Process safety is also the subject of numerous laws and regulations with which Arkema complies. In Europe, at the date of this document, 33 of the Group's production facilities are subject to reinforced monitoring in accordance with the provisions of the Seveso III directive (directive 2012/18/EU of 4 July 2012) concerning major accidents involving hazardous substances. This directive requires, in particular, the deployment of safety management systems and the regular update of hazard studies. In France, Technological Risk Prevention Plans (*plans de prévention des risques technologiques* – PPRT) put in place in accordance with environmental legislation help manage urban development around the upper-tier Seveso facilities.

As of year-end 2024, 14 facilities operated by the Group in France are subject to a PPRT, for which the Group is required to part-finance related measures.

In addition to process safety risks, Arkema pays particular attention to the potential impacts of natural events on its sites, such as extreme weather events or earthquakes: risk scenarios are defined and regularly updated, together with the measures designed to mitigate their impact.

4.2.2.2.9 Transport safety |DCP|

The Group is committed to avoiding accidents during the transport and storage of its hazardous products, and in particular endeavors to:

- use less dangerous transportation methods (rail, multi-mode, barge, pipeline), wherever technical and financial conditions so allow;
- strictly select its suppliers based whenever possible on international standards such as the Warehouse Safety Quality Assessment System (SQAS) and the Chemical Distribution Institute – Terminals (CDI-T) scheme;
- assess the quality and safety performance of the carriers;
- ensure regular maintenance of the transportation equipment that it owns or leases (freight cars, ISO-containers, tankers and pipelines);
- use a variety of operational risk assessment measures, such as vetting bulk charter vessels for the transport of raw materials and finished products;
- conduct storage audits prior to signing contracts and repeated every three to five years for warehouse facilities housing hazardous materials.

Transport safety events are categorized and subject to monthly reporting. Corrective actions taken in response to major events must be completed within the target period of four months.

Relying on central expertise and a network of correspondents on industrial sites and in its various countries and regions, the Group conducts regular audits of its sites to ensure compliance with local regulations and the implementation of the requirements it has set itself.

In 2024, the overall transportation-related event rate (number of transportation-related events divided by number of shipments) was 0.34%, down 7% on 2023, thereby confirming the effectiveness of the measures put in place.

4.2.2.2.10 Product stewardship |DCP|

Arkema takes into account health, safety, the protection of the environment and people when designing products and for each life cycle step of these. Product stewardship process, which in certain aspects exceeds regulatory requirements, commits stakeholders across the product chain, from raw material suppliers to end-customers.

Concrete actions to reflect this commitment include:

- active contribution to the development of scientific knowledge to better take into account the hazards and risks relating to products and their use;
- product design aimed at reducing risks to health, safety and the environmental. Particular care is taken with products designed for consumers and professionals and with products likely to end up in recycling loops;
- risk management of existing product ranges, which may lead to substitution, after taking into account the entire value chain from raw materials to end use, including waste treatment and the circular economy; and
- clear communication and information for product users.

Through its organization and the scientific and regulatory expertise it has developed over many years, Arkema defines product HSE roadmaps for each country, adapted to the local context, thus ensuring continuous improvement and a high level of knowledge of product characteristics and conditions of use. In addition, through the Arkema Integrated Management System (AIMS) described in section 4.2.2 of this chapter, the Group ensures that product HSE risks linked to changes, particularly in composition or manufacturing processes, are kept under control.

A training module on responsible product stewardship has also been introduced internally and added to the training program for various business and Supply Chain teams.

Regulatory product management

Regulatory compliance is a key element securing product safety for customers, the entire value chain and stakeholders.

In recent years, Arkema has deployed the Globally Harmonized System of Classification and Labelling of Chemicals (GHS) and implemented the European Union's Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) regulations, which came into effect in 2007 to make the production and use of chemicals safer throughout the European chemicals industry.

Deployment of GHS

The GHS is a major United Nations initiative aimed at harmonizing the different classification and labeling systems in use around the world. The Group has deployed this system in all the countries that have adopted it, while respecting local legislation.

In Europe, the GHS has been transposed into the Classification, Labelling and Packaging (CLP) regulation governing chemical products and mixtures. The Group tracks the CLP and GHS updates and aligns its Safety Data Sheets and labeling accordingly in the countries and regions that transpose them. In this respect, the Group is preparing to assess and classify all the substances in its product portfolio according to the new hazard classes that will come into effect in April 2024, namely endocrine disruptors; persistent, bioaccumulative and toxic (PBT); and persistent, mobile and toxic (PMT).

REACH implementation in Europe

The REACH regulation aims to bring a fundamental change in the way chemical substances are managed, by improving the knowledge of these substances, analyzing their environmental and health risks, and defining measures to manage the risks arising from their use or manufacture.

Arkema, which has adhered to the objectives of this regulation since its inception, has mobilized a team of over 30 toxicological, ecotoxicological and regulatory experts, working both centrally within the Product Safety and Environment department as well as within the Group's activities and corporate departments, to successfully complete the final registration stage.

Following the registration phases completed in June 2018, work and studies to evaluate chemical substances are continuing to improve knowledge of their properties and uses. These regulations are a major source of progress in controlling risk and protecting the health and safety of people and the environment.

With the launch of the European Union's Chemicals Strategy for Sustainability, Europe is opening a new regulatory chapter for the assessment and management of chemical risks. Arkema is already preparing by analyzing both the impact of the strategy on its business and the opportunities it could generate. In particular, Arkema actively participated in the economic impact analysis conducted by CEFIC to provide input for the European Commission's impact study. The conclusion of this study should lead to the development of new legislation or the revision of existing regulations such as REACH, expected in the first half of 2025. These legislative measures should be accompanied by a Transition Pathway to ease the burden and impacts for the industry. Arkema will adapt its own roadmap and associated resources to respond to these regulatory changes.

Management of REACH-defined substances of very high concern (SVHC)

The European Union has set up a Community Rolling Action Plan (CoRAP) for the first phase of registration, with the aim of identifying the substances of greatest concern by 2027. Since 2012, 402 substances have been or will be evaluated. 28 of the Group's substances are concerned.

At the end of these assessments, additional information may be requested before a conclusion can be reached on risk control. Ultimately, this may lead to the proposal of risk management measures at European Union level, such as restrictions, identification of substances of very high concern, or other actions outside the scope of REACH.

Arkema has set up a system to monitor the list of SVHCs defined under REACH and used in its production or placed on the market. With REACH, Europe has introduced a two-stage authorization procedure:

- the first consists in identifying substances that could have potential serious repercussions on human health or the environment. Once identified as such, they are added to the list of candidate substances for authorization (Annex XIV); and
- the second phase is to ensure that the risks posed by substances of very high concern are adequately controlled, and that these substances are progressively replaced by appropriate alternatives. These substances may not be placed on the market or used after a given date, unless authorization is granted for their specific use or their use is exempted from authorization.

As soon as the authorities propose that a substance be listed as an SVHC, Arkema responds to the public hearings organized by the European Chemicals Agency (ECHA) for substances whose use(s) may be subject to authorization.

In the event that these substances are finally classified as SVHCs and included on the candidate list, an assessment of the stakes is carried out in order to choose the most appropriate course of action: assessing alternative substances for the intended uses, applying for authorization when the substance is listed in Annex XIV, or converting the production unit and phasing out production.

ANALYSIS OF THE GROUP'S SVHCs (1)

	SVHCs contained in products placed on the market		Of which SVHCs contained in raw materials	
	Number	Tonne	Number	Tonne
SVHCs subject to REACH authorization	11	4,641	11	4,641
SVHCs on the REACH candidate list including:	53	14,032	47	5,740
• CMR substances cat. 1A/B	25	8,403	19	112
• PBT or vPvB substances	11	914	11	914
• substances with a level of concern equivalent to CMR or PBTs/vPvBs	17	4,715	17	4,715

(1) *The analysis covers 96% of Group sales.*

The above table includes all the Group's activities worldwide, excluding the recent Bostik acquisitions. Products containing these substances, whether subject to authorization or on the candidate list, accounted for 3.8% of sales in 2024, compared to 3.1% in 2023. This increase comes from a shift in the sales mix and evolution of the candidate list in 2024. The Group is continuing its efforts to reduce the number of SVHCs in its products through substance reformulation and substitution. The Archimedes portfolio assessment program outlined in section 4.1.3.2 of this chapter identifying products in a "challenge" category, for priority action-plan rollout.

In November 2015, Arkema submitted an authorization dossier to the ECHA for sodium dichromate used as a manufacturing aid at the Jarrie site (France), as the search for an alternative solution had not yet been successful. This request was accepted on 29 January 2018 by the European Commission for a period of 12 years.

At the end of 2024, the industry candidate list contained 242 substances, including (i) hydrazine produced at the Lannemezan plant (France), (ii) 2-imidazolidinethione (ETU) produced by MLPC International (France), (iii) dicumyl peroxide sold by the organic peroxydes business, and (iv) three photoinitiators (2-methyl-1-(4-methylthiophenyl)-2-morpholinopropan-1-one, 2-benzyl-2-dimethylamino-4'-morpholinobutyrophenone and diphenyl(2,4,6- trimethylbenzoyl)phosphine oxide) produced by the Coating Additives Business Line.

REACH's third component is the restriction procedure, which is intended to restrict or prohibit a substance's production, marketing or use. In Europe and in the United States, regulation projects or proposals aimed at regulating per- and polyfluoroalkyl substances (PFAS) could have an impact on certain Group activities relating to polymer chemical and fluorogases. In Europe, a proposal was made by five member states of the ECHA in January 2023, which aims to eventually ban or restrict the production, marketing (including imports) and use of approximately 10,000 PFAS substances. This is the first step in a long process with several stages that will last until 2026. The last major step was a six-month public consultation that was completed in September 2023. Over 6,000 comments are now being reviewed by the Risk Assessment Committee (RAC) and Socio Economic Analysis Committee (SEAC).

On a more specific note, the Group does not manufacture any persistent organic pollutants (POPs).

Compliance with other legislations

Outside Europe, Arkema markets its chemicals in accordance with national and regional regulations, as applicable. Thanks to its history and global presence, Arkema's products have already been notified on numerous inventories. Should a new product notification be required, Arkema has access to a large database of product characteristics, enabling it to submit dossiers in the shortest possible time.

Since 2015, this approach has made it possible, among others, to respond to the three new REACH-like regulations that have emerged in South Korea, Taiwan and Turkey.

Thus, in June 2018, Arkema obtained the registration of nine substances marketed in South Korea in accordance with the ARECS "Act on the Registration and Evaluation of Chemical Substances" regulation. In accordance with the amendment published in March 2018, the Group has since completed all registrations for substances falling under the first two deadlines (31 December 2021 & 2024), *i.e.* 52 files for 48 substances. Arkema continues to prepare for the registration of substances according to schedule.

The Group is now preparing for the upcoming registration deadline in Turkey and has already completed the necessary pre-registrations. Arkema has positioned itself as the lead registrant for around 50 applications and had already submitted 27 applications by the end of 2024. For the remaining substances to be registered, the major challenge will be to ensure that lead registrants register early enough to allow co-registrants to submit their information in line with the new timeline adopted by the Turkish authorities in late 2023.

Following Brexit, the Group has started compliance work according to the regulatory information available with in particular the "grandfathering" of the registrations held by Arkema UK Ltd and the notification of substances by 27 October 2021 in order to benefit from the transition periods to registration. The registration phase as such has not started, as the United Kingdom has decided to postpone the deadlines to give itself time to review its registration scheme to make it less complex and more focused on UK uses of substances.

Monitoring of emissions from industrial sites

The principles for monitoring emissions from industrial chemical sites are comparable in the different countries; monitoring is based on a list of standard environmental pollutants set out in national and regional regulations (for example, the Industrial Emissions Directive 2010/75/EU - IED in Europe) and on a site-specific list of relevant pollutants established according to its activity (based on an environmental impact assessment, for example according to Directive 2011/92/EU in Europe). Emissions monitoring and reporting require that sites emissions exceed a certain defined threshold. Emissions of standard environmental pollutants and environmental pollutants specific to chemistries deployed on several sites are collected at Group level.

In addition, the SVHC list of substances is drawn up and regularly updated by ECHA for the REACH product regulation.

These two regulations, REACH and IED, were drawn up in parallel on different principles and with different objectives, and match only partially. For example, under IED, a large number of environmental pollutants are grouped together by chemical family to facilitate their quantification using global analytical methods. In the case of metals, for example, industrial emissions monitoring quantifies the metal emitted irrespective of its origin (arsenic and its compounds, chromium and its compounds, lead and its compounds, etc.), rather than the individual substances containing it. REACH, on the other hand, defines individual SVHC substances, the list of which is evolving.

As a result, the cases of exact matches between the environmental pollutants covered by the Group's reporting and those listed in the candidate list are limited, and reporting on SVHC requires a considerable amount of prior inventory and analysis. An action plan is being developed to identify the types of SVHC emissions in Europe over the medium term.

4.2.2.3 Water and marine resources (ESRS E3) |DCP|

4.2.2.3.1 Summary of IROs and interaction with policies, targets and actions

IROs	Policy	Targets	Actions
Water and waste management			
Negative impacts of high water consumption linked to the Group's production processes.	4.2.2.3.2, 4.2.2 HSSEQ policy		4.2.2.3.3
Negative impacts of waste generation with only partial recovery.	4.2.2.3.2, 4.2.2 HSSEQ policy		4.2.2.3.3
In areas subject to water stress, the risk of restrictions on water withdrawals may result in operational disruptions.	4.2.2.3.2	By 2030, water withdrawals down to 80 million cu.m.	4.2.2.3.3
Financial risks relating to non-compliance with or stricter regulations on water extraction and waste management.	4.2.2.3.2, 4.2.2 HSSEQ policy		4.2.2.3.3
Opportunities relating to cost reductions and greater Group resilience by optimizing the Group's water withdrawals (Optim'O program).	4.2.2.3.2, 4.2.2 HSSEQ policy		4.2.2.3.3

4.2.2.3.2 Policy (E3-1) and targets (E3-3)

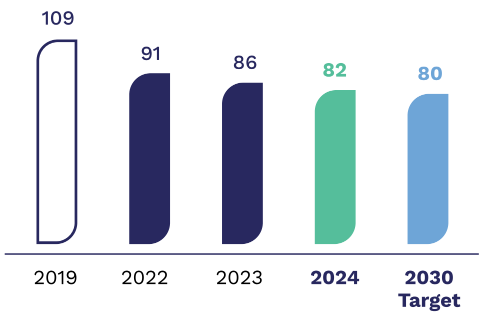
Water is used in the Group's manufacturing processes to cool production installations and generate steam. Convinced of the importance of responsible water management in managing the risks of restrictions, Arkema commits in its water policy to reducing its water withdrawals and to adopting a sustainable water management policy across all its sites located in water-stressed areas. This worldwide policy also commits the Group to reducing its water discharges and to developing innovative solutions for sustainable use of water by its customers. The results and targets are set periodically by a steering committee chaired by the Executive Vice-President, Industry and CSR.

The Group has reached its target for 2030 by the end of 2024, and has set itself a new, more ambitious one:

Target 2030

Reducing water withdrawals to 80 million cu.m.

Water withdrawals *(in million cu.m.)*



Water withdrawals decreased by 4 million cu.m in 2024, reflecting the saving efforts made.

4.2.2.3.3 Action plans

The Group's Optim'O program structures the initiatives that support this policy, based on an analysis of the risks from water stress and other natural hazards resulting from climate change. Accordingly, based on projections to 2030 made using the World Resources Institute's Aqueduct tool, on the analysis of the manufacturing process's dependency on water, on the analysis of the existence of alternative production sites in lower risk areas and on an analysis of the volumes of water withdrawn and the production volumes, Arkema has identified that 22 sites representing 11% of water withdrawals and 27% of production volume, warranted high or very high priority water management for 2030.

In addition, analyses have shown that:

- 90% of water withdrawn from the natural environment is returned as surface water; and
- 90% of Group water withdrawals are attributable to just 15 industrial sites, two of which are classified as high or very high priority for water management.

Drawing on these observations, the Optim'O program gives rise to numerous initiatives, particularly at the sites that account for most of the Group's water use and/or generate the most wastewater. These initiatives may involve the implementation of closed loops, improved monitoring of usage, the installation of flow meters, the implementation of leak detection programs, changing technologies, upgrading fire-fighting systems, recovering rainwater and recycling water from scrubbing or vapor condensates.

By way of example, the Lannemezan plant (France) reduced its withdrawals by more than 2 million cu.m. between 2019 and 2024 by optimizing its refrigeration systems, whilst similar projects enabled each of the sites at La Chambre (France) and Memphis (United States) to report savings of around 1 million cu.m.

In 2024, in the context of the European Responsible Care Awards, the CEFIC (European Chemical Industry Council) awarded Arkema the prize in the "Time for Change – Circularity & Climate Neutrality" category for its Optim'O program.

The Optim'O program is one part of the assessment of the "do no significant harm" criterion regarding the objective of the sustainable use and protection of water and marine resources for Arkema's taxonomy-eligible activities (see section 4.2.2.6 of this chapter).

4.2.2.3.4 Monitoring indicator

	2024
Total water recycled and reused in cu.m.	1,008,000,000

4.2.2.4 Biodiversity and ecosystems (ESRS E4)

4.2.2.4.1 Summary of IROs and interaction with policies, targets and actions

<table>
<tr><th>IROs</th><th>Policy</th><th>Targets</th><th>Actions</th></tr>
<tr><td colspan="4">Process safety and emissions management</td></tr>
<tr><td>Negative impact relating to pollution caused by accidents resulting from process failures or malicious acts that may bring about damage to people and the environment.</td><td>4.2.2 HSSEQ policy</td><td rowspan="3">By 2030, reduction in the process safety event rate (PSER) to 2.0.
By 2030, 70% reduction in chemical oxygen demand (COD) emissions (in EFPI terms compared with 2012).
By 2030, 65% reduction in volatile organic compound (VOC) emissions (in EFPI terms compared with 2012).</td><td>4.2.2.2.8 and 4.2.2.2.9</td></tr>
<tr><td>Financial risks relating to the social and environmental consequences of industrial accidents, accidental spills or malicious acts.</td><td>4.2.2 HSSEQ policy</td><td>4.2.2.2.8 and 4.2.2.2.9</td></tr>
<tr><td>Opportunity to improve water, air and soil pollution treatment processes to better preserve biodiversity.</td><td>4.2.2 HSSEQ policy</td><td>4.2.2.2.3, 4.2.2.2.4, 4.2.2.2.10, 4.2.2.3</td></tr>
</table>

4.2.2.4.2 Policy (E4-1) and targets (E4-4)

Arkema is committed to protecting biodiversity and, in its Health, Safety, Security, Environment and Quality policy (presented in the introduction to section 4.2.2 of this chapter), which is overseen by the Executive Vice-President, Industry and CSR, undertakes to contribute to its preservation by reducing its emissions into air, water and soil.

In 2023, Arkema carried out a biodiversity materiality assessment to better understand its impacts on biodiversity. This was done with the help of BL Evolution, an expert firm in the field that uses the most up-to-date biodiversity reference frameworks. These include the 2019 IPBES (Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services) report, the Science-Based Targets for Nature methodology, France's NF X32-001 standard on biodiversity approaches for organizations, the French Biodiversity Agency's (OFB) Guide on Businesses Committed to Nature, and the recommendations of the Taskforce on Nature-related Financial Disclosures (TNFD). This analysis covered the Group's entire value chain and identified the main risks, dependencies and impacts related to the five drivers on biodiversity identified by IPBES.

The main impacts of the Group's activities are concentrated in the upstream value chain. They relate to water consumption, pollution and changes in land use associated with the production of the raw materials purchased by Arkema.

In the Group's industrial operations, water withdrawals, pollution and greenhouse gas emissions are major challenges that are addressed by its environmental policy.

Lastly, particular attention must be paid to the pollution associated with the end of life of the products sold by the Group and their packaging.

Arkema has long been committed to reducing the environmental footprint of its production, and firmly believes that respect for biodiversity is an important and urgent issue. In 2021, the Group signed act4nature international's ten common commitments charter, a French initiative led by EpE (*Entreprises pour l'Environnement*), which the Group joined in 2023.

Based on the biodiversity materiality assessment, the Group redefined its biodiversity strategy and renewed its commitment to act4nature international in 2024.

Its new strategy is structured around five key areas:

- limit the contribution of its direct operations to climate and pollution drivers, notably by reducing greenhouse gas emissions, water (COD) and air (VOC) emissions, and water withdrawals;
- understand and act on its contribution to the drivers affecting the upstream value chain, in particular by analyzing its raw materials with regard to their impact and dependence on biodiversity;
- reduce its contribution to drivers in the downstream value chain, by increasing the share of Group ImpACT+ sales and by studying methods for assessing the biodiversity footprint of Arkema's products;
- understand and act on the direct impacts of its sites, by mapping their proximity to key biodiversity areas and protected areas, and by studying methods for assessing the biodiversity footprint of a number of pilot sites;
- raise awareness of biodiversity issues among all its employees, through information and training initiatives to be deployed throughout the Group.

Its strategy is based on nine targets that follow the SMART (Specific, Measurable, Additional, Realistic, Time-bound) guidelines. Their compliance to these guidelines was reviewed and validated as a part of its act4nature international commitment renewal process. This was done by a multi-stakeholder steering committee made up of representatives of public bodies, environmental NGOs, company networks and scientific partners.

The Group's individual commitments are available on the act4nature international website: https://www.act4nature.com/wp-content/uploads/2024/05/ARKEMA-VA-2024.pdf.

4.2.2.4.3 Actions and resources related to biodiversity (E4-3)

Actions carried out at Group sites

Arkema contributes directly to the preservation of biodiversity through various actions taken by the Group's industrial sites to reduce water withdrawals, air and water emissions, and greenhouse gas emissions. These actions are presented respectively in sections 4.2.2.3, 4.2.2.2.3, 4.2.2.2.4 and 4.2.2.1 of this chapter.

In response to its “Understand and act on the direct impacts of our sites” commitment, the Group set up a working group in 2024, which, along with a team of experts in biodiversity, has been making progress on mapping sites in relation to key biodiversity zones and protected areas, as well as defining a methodology for assessing the biodiversity footprint of sites. The Group is aiming to have tested this methodology at three pilot sites by the end of 2025.

In light of the Group’s deployment of its biodiversity culture, and during the Sustainable Development Week event that was centered around biodiversity, awareness-raising initiatives were organized for the Group’s entire workforce by means of awareness-raising webinars and local events based on the theme “Biodiversity is life: let’s take care of it”. E-learning training modules have also been made available to all employees.

Finally, despite occupying only a limited amount of land, the Group is leading a number of initiatives to help enhance biodiversity on sites where part of the land is not allocated to industrial operations. One of the purposes is to encourage revegetation and the development of local species on and around the sites.

Therefore, at the Lannemezan site (France), Arkema launched a revegetation project on about five hectares in 2021, as part of the rehabilitation of a former lime production unit. This vegetation helps to improve soil quality and provides a source of food, habitat and protection against predation for animal species. With the help of the *Conservatoire Botanique National des Pyrénées et de Midi-Pyrénées* in selecting endemic plants capable of adapting to the alkaline pH of these soils, seeds were sown in the fall of 2022. In 2024, the vegetation has re-grown evenly and densely over the entire surface, and the environment has become a living space for insects.

Actions taken in the upstream value chain

Since 2016, Arkema has been involved in the Pragati initiative for the sustainable production of castor seeds, a raw material used in the manufacture of performance materials. The Pragati program is partly based on SuCCESS (Sustainable Castor Caring for Environmental and Social Standards), which promotes principles such as the preservation of soil and water quality; Integrated Protection, which aims for minimal disturbance of agro-ecosystems and advocates the use of natural pest control mechanisms; good waste management; and the safeguarding of biodiversity on farms by preserving native vegetation and diversifying crops. Other aspects of the Pragati program are set out in section 4.2.2.5.5 and 4.2.4.4.6 of this chapter.

4.2.2.5 Circular economy (ESRS E5)

4.2.2.5.1 Summary of IROs and interaction with policies, targets and actions

IROs	Policy	Targets	Actions
Water and waste management			
Negative impacts of waste generation with only partial recovery.	4.2.2.5.2	Objective of reducing the quantity of waste treated without recovery as a percentage of production: 48 Average kg/t over the period 2022-2024:	4.2.2.5.3, 4.2.2.5.6
Financial risks relating to non-compliance with or stricter regulations on water extraction and waste management.	4.2.2.5.2		4.2.2.5.6
Opportunities relating to greater Group resilience, improved brand image, cost control and the development of the circular economy through waste recovery programs.	4.2.2.5.2		4.2.2.5.6
Circular economy			
Risk of cost increases and supply interruptions for certain critical bio-sourced raw materials due to fluctuations in their availability.	4.2.2.5.2		4.2.2.5.3 and 4.2.2.5.5
Opportunity from the competitive advantage in developing solutions that help customers reduce their carbon footprint or facilitate the circularity of their products (as through the use of bio-sourced or recycled raw materials).	4.2.2.5.2	By 2030, 90% of sales volume covered by a full life cycle analysis.	4.2.2.5.3
Innovation towards sustainability			
Positive impact relating to innovation in manufacturing technologies and the development of sustainable solutions in line with the Group's commitment to corporate social responsibility, and the circular economy in particular.	1.1		1.1
Risk of losing competitiveness and market share if Arkema does not innovate enough or fast enough to meet customer expectations.	2.1.5		2.1.5
Opportunity from developing sustainable solutions that contribute to meeting the United Nations SDGs and to reducing customers' environmental footprint.	1.1		1.1

See section 1.1 of this document for further details on:

- positive impact relating to innovation in manufacturing technologies and the development of sustainable solutions in line with the Group's commitment to corporate social responsibility, and the circular economy in particular; and
- opportunity from developing sustainable solutions that contribute to meeting the United Nations SDGs and to reducing customers' environmental footprint.

See section 2.1.5 (Technological disruptions and lack of innovation) of this document for further details concerning the “Risk of losing competitiveness and market share if Arkema does not innovate enough or fast enough to meet customer expectations”.

4.2.2.5.2 Policies related to resource use and circular economy (E5-1)

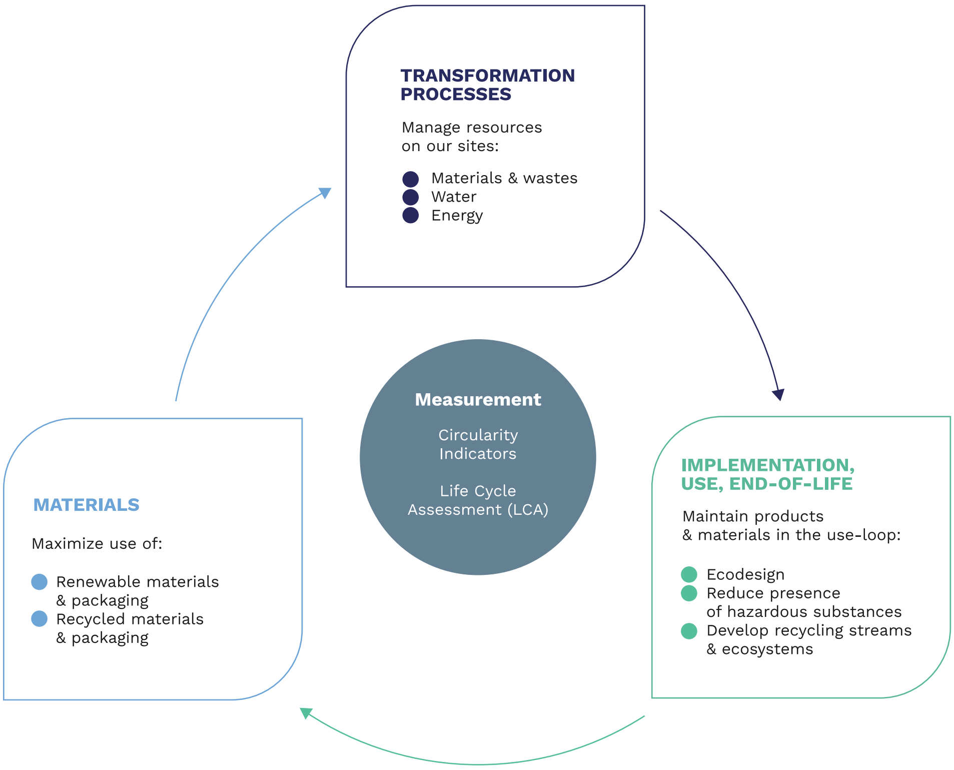
Arkema strives to integrate the responsible resource management throughout the value chain, the preservation of non-renewable raw materials, and the reduction of waste from industrial processes into its HSSEQ policy, presented in section 4.2.2 of this chapter.

The Group's circular economy approach is based on:

- preserving and responsibly managing raw materials, notably through the incorporation of renewable and recycled raw materials in its products and packaging (see section 4.2.2.5.3 of this chapter);
- reducing the environmental impact of its activities by:
  - optimizing the quantity of raw materials used in production (see section 4.2.2.5.3 of this chapter),
  - optimizing water and energy consumption,
  - reducing waste, and
  - transitioning toward low-carbon energy for the Group's production sites worldwide (see section 4.2.2.1.4 of this chapter).
- keeping products and materials in use, in particular through eco-design:
  - by marketing products that are recyclable, or that enable the recyclability of the materials of which they are composed (see section 4.2.2.5.3 of this chapter),
  - by participating in the definition of specifications and the development of new recycling channels (see section 4.2.2.5.3 of this chapter), and
  - by reducing the amount of hazardous substances in its products.

Life Cycle Assessment (LCA) is one of the Group's metrics for assessing the environmental performance of its products (see section 4.2.2.5.4 of this chapter).

The circular economy challenge, and the changes it requires, apply to both the Group’s solutions and its industrial operations, and Arkema is accelerating and intensifying actions in this area year by year.



The circular economy approach is practiced by all the Group's Business Lines.

For example, the Advanced Packaging business of the Group's Adhesives segment offers solutions for consumer packaging that contribute to every stage of this circular economy loop by:

- using renewable raw materials, such as 70% bio-sourced label adhesive solutions;
- reducing waste with linerless labels or a palletizing solution that eliminates plastic packaging film;
- improving use performance: in 2022, for example, the Group won the Pierre Potier prize for a lamination adhesive for flexible packaging films which, compared with the standard, cross-links three times faster at room temperature;
- ensuring the recyclability of the packaging to which the Group contributes, with certified solutions such as:
  - SF10M lamination adhesives, certified by Recyclass (certification body, subsidiary of Plastic Recyclers Europe), for recycling the flexible PE (polyethylene) structures to which the Group contributes,
  - wash-off label adhesives, certified by APR Association of Plastic Recyclers) in the USA, which improve the recyclability of HDPE (high-density polyethylene) and PET (polyethylene terephthalate) bottles by avoiding the presence of glue or label residues on the bottles, which hinder recycling,
  - a cold-seal solution for compostable packaging, certified by BPI (US certification body).

The Group's global circular economy program is monitored by the Circular Economy Committee, which meets twice a year. It is made up of the Research & Development, Sustainable Development, Processes and Environment Vice-Presidents and the Renewables and Recycling Scientific Director. The committee oversees programs relating to the circular economy and the progress made in this area.

The main Business Line advances in the circular economy approach are shared and monitored with the Industrial Ecology Steering Committee on aspects of transformation processes, and with the Product Stewardship Steering Committee on all other circular economy aspects. These two steering committees, which include members of the Executive Committee, approve guidelines and decide on priorities and action plans.

4.2.2.5.3 Actions and resources related to resource use and circular economy (E5-2)

Key actions related to resource use

Arkema is a pioneer in the use of raw materials made from biomass, as illustrated by its use of castor oil to produce Rilsan® high performance polyamides.

Since 2023, the new facility in Singapore has expanded the production of the Rilsan® range of 100% bio-based products. The Group issued its first green bond in 2020 to finance this industrial project (see section 5.5 of this document).

In broader terms, Arkema has developed and made every effort to maximize the use of renewable and recycled materials in its products and packaging, including recycled or non-virgin materials as well as renewable materials (bio-based or bio-attributed).

This development of renewable and recycled materials is based on:

- the Group's innovation strategy, presented in section 1.1.2 of this document, and in particular the "Bio-based or biosynthesized materials" program, which fully supports this dynamic;
- collaboration efforts with suppliers to:
  - take into account the percentage of renewable and recycled materials in purchased products and packaging,
  - encourage the development of more sustainable solutions, in particular through partnerships with suppliers for new renewable raw materials, and
  - secure the supply of strategic raw materials.

Since 2023 Arkema has been developing the Mass Balance approach for its renewable raw materials, by incorporating certified bio-attributed raw materials. This certification guarantees the traceability of bio-attributed raw materials, and enables the Group to promote a new range of renewable products to its customers. New ISCC+ certifications were obtained in 2024, as at the acrylic monomer production sites at Taixing in China and Clear Lake in the USA, the Villers-Saint-Paul UV resin production site in France, the Sant Celoni powder coating site in Spain, and the Changshu resins and additives site.

Every year, Arkema brings new products to market with an increasing percentage of renewable materials.

For example, the following products were brought to market for the first time in 2024:

- Kizen™ LIME: an adhesive, developed in collaboration with manufacturers Dow and Nordson, with a minimum of 80% renewable ingredients (with a combination of bio-based and certified ISSC+ bio-attributed raw materials), for closing cardboard and paper boxes;
- Fast Glue Ultra+: an ultra-strong 60% bio-based multi-purpose glue for the general public; and
- Reafree® 40% Rpet: powder coating resins incorporating 40% recycled materials.

Optimizing resource inflows

Arkema also aims to reduce the use of raw materials, and is working to optimize the quantities used in its manufacturing processes. Process control initiatives have been put in place and best operating practices are being developed.

In addition, to optimize its own and its customers' raw materials use, the Group undertakes, independently or in partnership with suppliers, such programs as recycling the reaction solvents used in its production processes.

Lastly, to optimize water resources, Arkema is committed to reducing its water withdrawals and adopting sustainable water management at all its sites in water stress zones, as presented in section 4.2.2.3 of this chapter.

Key actions related to the circular economy

For some years now, Arkema has been an active member of a number of professional organizations around the world, helping to define and develop protocols and specifications that facilitate reaching objectives in terms of "scalable" recyclability, *i.e.*, a recyclability that is adapted to the structures put in place for recycling products.

Bostik is an active member of organizations that define protocols and specifications for recycling packaging materials, such as CEFLEX (Circular Economy for Flexible Packaging) and RECYCLASS in Europe, FPA (Flexible Packaging Association) and APR (Association of Plastic Recyclers) in the United States, and CPRRA (China Plastics Reuse & Recycling Association) in China.

Together with FINAT (International Association for the European Label Industry), Bostik took part in setting up the committee responsible for harmonizing test protocols for wash-off labels for PET bottles. In 2023, Bostik joined the Nextloopp project, which comprises 50 companies (including Danone, L'Oréal, Unilever, P&G, CCL and MCC) with the aim of creating an optimized recycling flow for polypropylene food trays in order to put its technologies at the service of fully recyclable packaging.

Ellen MacArthur Foundation

To strengthen its commitment and accelerate its transition to a circular economy, Arkema joined the Ellen MacArthur Foundation Network in 2024.

The Ellen MacArthur Foundation's network is the world's leading circular economy network, collaborating with ambitious, like-minded organizations around the globe. The Foundation is committed to accelerating the transition to a circular economy, based on three principles, driven by design: eliminating waste and pollution, circulating products and materials, and regenerating nature.

This commitment will allow Arkema to play a bigger role in transforming value chains towards circular business models, which will keep products in use longer, reduce waste, while continuing to integrate and promote the principles of the circular economy throughout the value chain of its products.

Use of fully or partially recycled packaging

Recycled packaging is used whenever possible, depending on the compatibility between containers and contents. Out of their total packaging consumption, some industrial sites already use up to 70% recycled packaging.

The Group also stresses the importance of using new packaging designed with an optimized percentage of recycled materials, as cardboard and plastic container recycling operators now offer a wide selection.

The marketing teams from the Group's various businesses work to integrate into their product lines packaging made from the Post Consumer Recycled (PCR) stream, as the offer of these materials continues to grow. The Group's technical approach to packaging places priority on single-material packaging and high recyclability options. For example, since 2021, Bostik has included a minimum of 30% PCR plastic in its pails and cartridges. A firm advocate of using recycled packaging, Arkema urges its suppliers to design and develop standards that will contribute to rapidly expanding recycled packaging solutions throughout the chemical industry.

Reusing co-products

Arkema markets co-products from the production of its main products by finding suitable commercial applications linked to their inherent properties.

Co-products from the conversion of castor oil into aminoundecanoic acid at the Marseille (France) facility are examples of reuse through the Oleris® range, whose bio-based origin is in increasing demand in certain markets, including lubricants and cosmetics.

4.2.2.5.4 Targets related to resource use and circular economy (E5-3)

Measuring performance is an integral part of the plan for transitioning to a circular economy approach. Arkema has therefore introduced a number of metrics relating to resource inflows and resource outflows, including waste.

To accelerate its approach, the Group has defined medium- or long-term targets for two of these metrics:

	Target year	Target	2024	2023	2022
Percentage of sales from products made from renewable or recycled raw materials(1)			11%	11%	10%
Waste treated without recovery (kg/t of production)(2)	2024	48	44.1	47.4	51.8
Percentage of sales covered by life-cycle assessment	2030	90%	68%	56%	41%

(1) *The percentage of sales from products made from renewable or recycled raw materials covers products with a renewable or recycled raw material content of at least 25%.*

(2) *Equivalent to waste disposed of (see table of Group waste volumes in section 4.2.2.5.6). The target is 48 kg/t on average over the 2022-2024 period.*

This ongoing commitment was again demonstrated in 2024 by the fact that products at least 25% made from renewable or recycled raw materials accounted for around 11% of Group sales. This metric is steady with respect to the previous year, demonstrating sustained interest from the Group's markets in solutions derived from bio-based and recycled materials.

In line with this metric, the 25% rate has been used as the baseline for the "substantial contribution" criteria for Arkema's Taxonomy-eligible activities in the Plastics in primary form category (see section 4.2.2.6 of this chapter).

Product life-cycle assessments

To assess the environmental performance of its products, Arkema uses life-cycle assessments (LCAs) to convert the entire inventory of a product's process material and energy inputs and environmental emissions into environmental impacts.

The Group relies on an internal organization that brings together a team of LCA experts and a worldwide network, the Arkema Life Cycle Assessment Network. This network is responsible for instilling the LCA culture across the organization, in particular through periodic employee training courses, and endurably embedding it into the Group's CSR approach. The Group supplies LCA data at the request of customers to enable them to assess the environmental footprint of a given product all along its value chain.

In 2024, 68% sales made were covered by a life-cycle assessment. This figure, which has increased significantly over the last five years, is notably due to efforts to optimize the processes and tools, deployed by the Group to meet growing customer demand for life-cycle analysis data and in particular data on carbon footprints. Depending on the type of product, internal experts assess the impacts in such areas as climate (greenhouse gas emissions), ozone depletion potential, contribution to acidification, and energy, water and land use. Their scope generally covers a cradle-to-gate analysis, *i.e.*, production operations and upstream factors. In certain cases, this expertise may be shared with customers to help them implement their own eco-design process, by providing them with the impact data and discussing the most relevant metrics and the best practices associated with their assessment. To carry out these LCAs, the Group follows the methods and recommendations outlined by international standards ISO 14040-14044, ISO 14067, EN 15804+A2 and those of the international guide The Product Carbon Footprint Guideline for the Chemical Industry published by Together for Sustainability (TfS).

The Group intends to continue its efforts, and is increasing its target:

Target 2030

90% of sales covered by a life-cycle assessment.

4.2.2.5.5 Management of resource inflows (E5-4)

Description of important resource inflows

Arkema's largest bio-sourced raw material by volume is castor oil.

Castor oil

Castor seeds are one of the Group's most strategic raw materials, which is evidenced by the increase in production of polyamide 11 (Rilsan®) and the start-up of the new facility in Singapore. This makes Arkema one of the world's leading buyers of this material, and the only one for this use and for the manufacture of Rilsan®. The Group also uses castor seeds for its other businesses, notably for its specialty surfactants activity, and for certain products in the Coating Solutions and Adhesives segments.

Castor beans are grown and harvested on land not designated for food crops, mostly in India. Castor oil is mainly used for pharmaceutical and cosmetic purposes, but also for lubricants and the production of bio-based plastic polymers.

Arkema is also one of the founding companies of the Pragati program. Under this program, more than 8,000 Indian farmers have been audited and certified to pursue a more sustainable cultivation of castor beans, and more than 9,000 hectares of land (mostly semi-arid) are now farmed in compliance with the SuCCESS sustainability code.

Since its launch in 2016, the Pragati project has had the following goals:

- using good agricultural practices to increase yields and farmer income;
- using water recourses efficiently and maintaining soil fertility;
- driving adoption of good waste management practices; and
- enabling better health and safety practices and respecting human rights.

Arkema is also researching the development of castor farming in other regions of the world, in order to increase the flexibility of its purchases.

Total weight of products and raw materials used (E5-4 31a)

In 2024, the Group purchased the equivalent of 3,500,000 tonnes of raw materials.

4.2.2.5.6 Management of resource outflows: eco-design, product use and end-of-life, waste reduction and management strategy (E5-5)

Arkema works with its partners across the value chain to:

- design solutions that keep products and materials in use, and enable them to be recycled at the end of their life cycle, by means of eco-design;
- design solutions with a smaller carbon footprint than previous versions, supported by ambitious product life-cycle assessment targets; and
- reduce the production of hazardous and non-hazardous waste.

Eco-design

In cooperation with its customers and suppliers, Arkema works for each of its applications and technology platforms to identify the most relevant circularity drivers, such as optimization of the quantity of materials used, extension of product lifespan, separability of materials and components, and recycling.

Various training initiatives have been carried out with the teams involved in innovation within the Group's businesses to ensure that these issues are taken into account from the earliest phases of the design process.

Reducing the presence of hazardous materials in the Group's products

The presence of certain substances in our products can affect their recyclability. Arkema is committed to implementing a responsible product stewardship approach that takes this issue into account, thereby providing its customers with safer solutions. The Group's policy is described in section 4.2.2.2.10 of this chapter.

Extending the lifespan of the Group's customers' products

Arkema aims to constantly improve the lifespan of both its own and its customers' products.

Kynar® PVDF, for example, is a long-lasting coating solution. In the Kynar Aquatec® range, used for reflective roofs that reduce buildings' energy consumption, it preserves the white finish for an especially long time without maintenance. In 2024, this solution obtained the Solar Impulse Efficient Solution label.

Durastrength® acrylic impact modifiers extend the lifespan and enhance the performance of rigid and flexible PVC in applications such as siding, fences, decks, rails, pipes and injection-molded parts.

Recycling the Group's customers' products

Arkema is developing a number of solutions that make it easier for customers to recycle their products.

For example, Elium® liquid thermoplastic resins are produced using the same equipment and processes as thermoset composites. Their properties make parts made from Elium® easy to recycle, unlike parts made from thermoset resins such as epoxy.

The Group has also developed technologies to protect glass bottles (Kercoat®) and hide scratches (Opticoat®), which significantly improve the appearance and useful lives of bottles. The Kercoat® 500 protective coating, applied by manufacturers at the end of the production line, helps to prolong the life of glass bottles by effectively delaying the damage they can suffer during bottling, such as scratches and embrittlement, thereby doubling or even tripling their useful lives. This coating not only helps to improve the aesthetics and marketability of the treated bottles, while reducing the costs associated with their replacement, but also helps to reduce their carbon footprint. The Opticoat® range, used by bottlers as a coating to hide micro-scratches and white marks that can appear when bottles are reused, allows bottles to be used for up to 50 cycles, compared with the standard 20. With the launch of a 92% bio-based version with Opticoat® 340 in 2024, Arkema has reaffirmed its commitment to developing solutions that are increasingly aligned with its environmental concerns and those of its customers.

In the United States, the specialty surfactants activity is deploying its patented CecabaseRT® and WarmGrip® technologies, which increase the recycling rate of products used to scrap bitumen road pavements by up to 50%, while lowering the manufacturing temperature by 40°C compared with traditional techniques. In Germany, this same line of additives enables the Group's customers to prepare for regulatory change by limiting emissions of volatile organic compounds. These additives help to improve the circularity and life-cycle assessment of pavements, as well as working conditions on construction sites. In 2024, CecabaseRT® and WarmGrip® additives were added to the bitumen used to construct a highway in France and a road in the United States. This last project, carried out in collaboration with Boulder County in the United States, received the NACo (National Association of Counties Award) in the "Transport" category, which rewards innovative initiatives. These solutions have also been approved in several US states, including New York and Massachusetts.

Since 2019, Arkema has been offering the Virtucycle® recycling program *via* its subsidiary Agiplast (acquired in 2021), a company specializing in the regeneration of high-performance polymers, thus placing Arkema at the center of a virtuous circle for the supply and recycling of high-performance polymers. In addition to being specialized in the recycling of specialty polymers, Arkema connects its customers' needs while supporting them in eco-designing their finished product produced from the recycled material. Finally, since September 2023, Arkema has offered a range of recycled grades certified by SCS[1] that meet demanding performance standards and offer a traceable supply chain, marketed under the Rilsan®, Rilsamid® and Pebax® brands. These grades are produced at the Agiplast site in Italy, using only renewable energy.

Waste management and reduction

Through its HSSEQ policy, the Group strives to reduce both hazardous and non-hazardous waste, and, where possible, recover by-products generated by its industrial processes. For hazardous waste, external treatment is carried out by specialized companies approved by the Group following a case-by-case assessment based on the characteristics of each type of waste. Moreover, cross-border movements are the exception rather than the rule, and are carried out in strict compliance with national and international regulations.

The waste reduction program includes:

- reducing consumption of raw materials;
- optimizing production processes;
- reducing the use of packaging (upstream and downstream) and recycling used packaging;
- carefully sorting and preparing waste to ensure the best possible treatment process;
- improving internal and external waste treatment processes; and
- processing third-party waste in cases where it is possible to improve disposal methods.

As part of this program, an awareness campaign has been launched for all industrial sites and a review of all waste flows has been initiated in order to improve circularity.

Waste reduction

While inherent to its industrial operations, the Group ensures that its waste production is reduced and managed at every stage of its business activity and that resource recovery and recycling solutions are found whenever possible.

This commitment is reflected in a number of areas:

- reducing waste at the source, by designing products and processes that generate as little waste as possible; and
- recycling waste in the product value chain, in compliance with the REACH regulation.

In recent years, the Group has in particular:

- optimized processes at several of its plants to generate less residue and reduce raw materials use, as at the Taixing site (China), which reduced the aqueous waste incinerated from its acrylics process by almost 3,000 tonnes in 2024;
- proceeded with recycling of solvents used in manufacturing processes and optimization of cleaning cycles, as at the Ribécourt site, which increased its tonnage of recycled waste materials from 570 to 750 tonnes in 2024.

Reducing, reusing and recycling used industrial packaging

For many years, the Group has been using recycling and recovery channels provided by industrial packaging suppliers on its sites.

More direct channels have also been set up, such as at the ArrMaz plant in Kunming (China), which returns intermediate bulk containers (IBCs) to its suppliers, and which itself set up a take-back system for empty drums and IBCs from several of its customers.

Bostik has been involved for several years in the Extended Producer Responsibility (EPR) scheme for household packaging. From 1 January 2025, in accordance with European Directive 2018/852 of 30 May 2018 amending Directive 94/62/EC, on packaging and packaging waste, all packaging will be covered by an EPR channel. As a result, the entire Arkema Group will be covered by a packaging EPR scheme in Europe.

In France, in anticipation of the application of French law no. 2020-105 of 10 February 2020, known as the "AGEC law", which requires the creation of an EPR channel for industrial and commercial packaging, Twiice has set itself up to become an approved eco-organization for this channel.

Arkema joined Twiice's Board of Directors in June 2024 to participate in its construction and development. Arkema's Sustainable Development Vice-President sits on Twiice's Board of Directors as a representative of Arkema France, director and member of the college of resin producer associates.

Twiice is committed to packaging circularity, supporting its members in eco-design and innovation initiatives to reduce, reuse and recycle packaging.

(1) *SCS is a world-leading third-party environmental and sustainability certification* body. https://www.scsglobalservices.com/about/company

Waste recovery

Arkema is seeking solutions to transform certain types of industrial waste, which otherwise would be discarded, into products that can be used in other industries. The Group formed a transdisciplinary working group – representing Business Lines, procurement, processes, HSEQ, R&D and sustainable development – to step up these efforts and increase coordination with partners.

In 2024, 30% of waste produced worldwide by the Group was recycled on- or off-site to recover useful materials.

For several years, the Mont site (France) has marketed the sodium-water produced as part of a monomer purification process to the paper industry for use in the kraft paper and cardboard production process. The basic, organic material-rich water helps to minimize sulfur loss in the process regeneration loops.

At the Lacq site (France), desulfogypsum from the sulfur residue treatment facility is a non-hazardous waste that is re-used as a material for the manufacture of plasterboard. In 2024, 8,000 tonnes of desulfogypsum were recycled in this way, thereby avoiding them being sent to landfill.

At the Jarrie site (France), used secondary filters from the hydrogen peroxide production unit were previously sent straight to disposal systems. Thanks to a new waste recovery system, the palladium present in these filters is now recycled and reused in the production of one of the catalysts used by the site. This rare and precious metal is on the European Union's list of critical raw materials.

GROUP WASTE VOLUMES

Hazardous waste *(in t)*	2024	2023	2022
Diverted from disposal	**119,200**	**110,600**	**85,000**
Recycled into materials	62,300	27,000	27,000
Incineration with energy recovery	56,900	83,600	58,000
Directed to disposal	**64,200**	**67,600**	**113,200**
Incineration without energy recovery	59,200	62,600	104,000
Other disposal operations	2,600	2,300	4,000
Landfill	2,400	2,700	5,200
TOTAL HAZARDOUS WASTE	**183,400**	**178,200**	**198,200**

Non-hazardous waste *(in t)*	2024	2023	2022
Diverted from disposal	**70,000**	**73,400**	**75,300**
Recycled into materials	56,700	62,600	67,000
Incineration with energy recovery	13,300	10,800	8,300
Directed to disposal	**139,200**	**139,700**	**135,900**
Incineration without energy recovery	116,000	116,800	108,000
Other disposal operations	700	500	900
Landfill	22,500	22,400	27,000
TOTAL NON-HAZARDOUS WASTE	**209,200**	**213,100**	**211,200**

Waste *(in t)*	2024	2023	2022
Total waste	392,600	391,400	409,400
Non-recycled waste	273,600		
% of non-recycled waste	70%		

See definition of waste in section 4.2.5.6 of this chapter. Non-recycled waste corresponds to waste disposed of and waste incinerated with energy recovery.

The overall waste volume was steady in 2024, despite the 4% rise in production volume. The amount of recovered waste increased: 30% of waste produced by the Group worldwide was recycled into materials, and 18% was incinerated with energy recovery.

To step up its efforts on preserving resources, the Group had set itself the worldwide target of an average of 48 kg/t of non-recovered waste (see waste directed to disposal in the table above) over the period 2022-2024. This corresponds to a reduction of 1.5% per year from the baseline year 2021 (49.5 kg/t). The target was met, at a figure of 47.8 kg/t.

4.2.2.6 Taxonomy regulation reporting

About the Taxonomy regulation

The European Taxonomy regulation 2020/852 (the Taxonomy regulation) establishes a classification system that identifies economic activities that can be considered sustainable with reference to six environmental objectives, with a view to orienting capital flows towards environmentally sustainable investments.

These six environmental objectives are:

- climate change mitigation;
- climate change adaptation;
- sustainable use and protection of water and marine resources;
- transition to a circular economy;
- pollution prevention and control; and
- protection and restoration of biodiversity and ecosystems.

This regulation and the applicable delegated acts relating to the six environmental objectives set out the environmental information to be disclosed and how it should be presented.

Pursuant to article 8 of the regulation, Arkema has implemented a process to generate the information expected. These disclosures pertain to the proportion of Taxonomy-eligible, non-eligible and aligned economic activities in its total turnover, capital expenditure and operating expenditure as well as the relevant related qualitative information. Starting in 2024, this information is included in the Group's sustainability report, as required by the Corporate Sustainability Reporting Directive and its transposition into French law.

To carry out this reporting, a specific organizational structure with dedicated governance was set up in 2022, involving the appointment of a person in charge of coordinating the implementation of the taxonomy within the Group, and the creation of a Taxonomy Steering Committee. This committee comprises the Sustainable Development Vice-President, the head of Group Accounting and Consolidation, the Investor Relations Vice-President, the Corporate Legal Director, the Adhesives and Chemicals Scientific Director, and the Adhesives R&D Vice-President. It reviews the progress of the different projects on a quarterly basis and, where necessary, submits certain decisions for validation by the Industry and CSR Executive Vice-President and the Chief Financial Officer, both of whom are members of the Executive Committee. The Sustainable Development Vice-President presents an annual summary to the Audit and Accounts Committee.

Group activities eligible to Taxonomy objectives

Based on the activities described in the Taxonomy regulation and the related delegated acts, Arkema's activities falling within the relevant scope are identified and analyzed jointly by representatives of the Research and Development, Sustainable Development and Finance departments, as well as representatives of the Business Lines or Business Units. Identifying activities eligible for the Taxonomy is a recurring process which improves from year to year. The analysis is repeated in pace with developments in activities, as well as with changes to and greater understanding of legal texts.

The scope of analysis corresponds to the activities included in the scope of consolidation for accounting purposes, with the exception of businesses acquired in the last two years, for which eligibility and alignment analyses could not be carried out (with the exception of the eligibility of Capex for buildings). In 2024, this was the case with the flexible packaging laminating adhesives business. (For more details, see note 3 to the consolidated financial statements at 31 December 2024 in section 5.3.3 of this document.)

With regard to revenue-generating activities, the scope of the Group's eligible activities remained unchanged in 2024, and included activities that contribute to the objective of climate change mitigation.

Accordingly, the Group's Taxonomy-eligible activities corresponded essentially to the manufacture of plastics in primary form, as described in section 3.17 of Annexes I and II of the Delegated regulation of 4 June 2021, an activity falling into the category of transitional activities for climate change mitigation; note that the definition of plastics in primary form in the current text is open to uncertainties in interpretation. They also included the manufacture of batteries and energy efficiency equipment for buildings, as well as the manufacture of renewable energy technologies, which are enabling activities for climate change mitigation, described respectively in sections 3.4, 3.5 and 3.1 of Annexes I and II of the same Delegated regulation.

Some of the Group's activities may also fall within the definition of category 3.6, "Manufacture of other low-carbon technologies". The first studies on avoided emissions were launched in 2024 as a pilot for methodology with the help of an expert firm in the field. This phase will end in early 2025. Depending on the results, new activities may then be included in this category.

Some Group activities, such as polymer membranes in batteries, are eligible as both transitional and enabling activities. The total eligible activities have been restated to avoid counting an eligible activity twice.

The manufacture of plastics in primary form accounts for the majority of the Group's eligible activities, and concerns the Group's three growth segments, chiefly involving the High Performance Polymers, Coating Resins and Adhesive Solutions Industrial Assembly Business Lines.

Battery manufacture falls mainly in the Advanced Materials segment, while the activities involved in the manufacture of energy-efficient equipment for buildings fall mainly in the Adhesive Solutions segment.

Arkema also reports on eligible non-revenue-generating Capex activities.

Accordingly, investments corresponding to individual measures to reduce greenhouse gas emissions are included in category 7.3, Installation, maintenance and repair of energy-efficient equipment.

In 2024, right-of-use assets under IFRS 16 generated during the year were also reported as eligible in categories 6.2, 6.5 and 6.6 relating to freight transportation and company cars, while new building leases were reported in category 7.7, "Acquisition and ownership of buildings".

Group activities non-eligible to Taxonomy objectives

The Group's non-eligible activities correspond mainly to technologies that cannot be classified as plastics in primary form. Acrylic monomers and fluorogases are therefore not reported as eligible activities. Materials are often manufactured substantially upstream of the value chains of activities which may themselves meet the definition of eligible or even aligned activities. Examples include high performance materials used by automotive equipment manufacturers, and acrylics products used in water treatment. This explains the discrepancy between the assessment of activities in terms of Group sales corresponding to ImpACT+ solutions and the ratio of Taxonomy-aligned sales.

Group activities aligned with Taxonomy objectives

A Taxonomy-aligned economic activity is one that meets the following requirements, as set out in article 3 of the Taxonomy regulation: it contributes substantially to the objective under consideration according to the technical screening criteria defined for that activity, it does not significantly harm any of the other environmental objectives according to another set of technical screening criteria, and it is carried out in compliance with the minimum safeguards laid down in article 18 of the Taxonomy regulation, relating in particular to human rights, including fundamental principles and rights at work, anti-corruption, taxation and fair competition.

Where Group activities are identified as eligible or aligned, this concerns the climate change mitigation objective. Arkema therefore reports 0% eligibility and alignment for the five other objectives.

For the climate change mitigation objective:

(i) Regarding the analysis of the "substantial contribution" alignment criterion for the climate change mitigation objective:

- manufacture of plastics in primary form complies with this criterion if said materials are:
- fully manufactured by mechanical recycling, or
- fully manufactured by chemical recycling where mechanical recycling is not technically feasible or economically viable and if the life-cycle GHG emissions, as verified by an independent third party, are lower than the life-cycle GHG emissions of the equivalent plastics in primary form manufactured from fossil fuel feedstock, or
- derived wholly or partially from renewable feedstock and their life-cycle GHG emissions, as verified by an independent third party, are lower than the life-cycle GHG emissions of the equivalent plastics in primary form manufactured from fossil fuel feedstock. For this criterion, in 2024 as in previous years, Arkema selected products containing 25% or more of renewable raw materials. This threshold is consistent with the metric for sales of products made from renewable or recycled raw materials (see section 4.2.2.5.4 of this chapter). It may change over time.
- data on renewable raw materials comes from suppliers (certificates) or internal knowledge when the upstream value chain is under control, as with PA11.
- in-house carbon footprint is calculated using data from suppliers or reference databases. Data and calculations are validated with the support of our in-house team of LCA experts. This team ensures the consistency of calculations for all Group activities. It participates in external international working groups such as the Together for Sustainability program, which aims to develop and harmonize methodologies for assessing the environmental impact of products, using the LCA approach.
- methods and analyses carried out internally were validated and confirmed by an independent third party across certain products only, given the operational feasibility constraints in terms of volume and cost.
- on the basis of the above information, the Group reports the alignment of various activities with this carbon footprint criterion. The highly demanding criterion relating to the recycled or bio-based content of plastics in primary form accounts for the low rate of alignment reported for such plastics;
- activities related to the manufacture of batteries and of renewable energy technologies make a substantial contribution if they are qualified as eligible; and
- activities related to the manufacture of energy efficiency equipment for buildings meet this criterion when they meet various insulation performance coefficients, including windows with a U-value lower than or equal to 1.0 W/m^2K, roofing systems with a U-value lower than or equal to 0.3 W/m^2K, and insulating products with a lambda value lower than or equal to 0.06 W/mK.

(ii) With regard to the “do no significant harm” (DNSH) alignment criteria for each of the environmental objectives, the analyses carried out by Arkema underpinning the declaration of alignment relate to the Group's own activities. Arkema leverages its Environmental Safety and Product Safety departments, which work with all sites to ensure compliance with applicable regulations, manage a network of HSE correspondents, coordinate compliance audit programs, and promote awareness and prevention initiatives. In the context of Taxonomy reporting, most DNSH criteria are based on compliance with European regulations transposed into national law. To check alignment with the DNSH in countries outside Europe, a Taxonomy Evidence Collection questionnaire covering the key principles of European regulations was sent to the main sites operating eligible activities: the responses obtained confirm that equivalent principles are implemented in these countries. Compliance with these principles is monitored under the Group's Industrial Compliance reporting.

For the generic "do no significant harm" criterion:

- with regard to the climate change adaptation objective, Arkema has been conducting analyses of its exposure to various physical climatic risks for many years now. In addition to these analyses, the Group has been rolling out a targeted approach since 2022, conducting studies on the exposure, vulnerability and resilience on sites where eligible activities are operated. Such studies underpin the declaration of alignment of these activities. For details on the various risk analysis approaches and mitigation measures, see sections 4.2.2.1.2 and 4.2.2.1.5 of this chapter.
- regarding the objective of the sustainable use and protection of water and marine resources, assessments of the use of water resources and impacts are conducted as part of the Optim'O program, resulting in a detailed mapping of water withdrawals and uses and effluent emissions, reviewed on an annual basis (see sections 4.2.2.2.4 and 4.2.2.3.2 of this chapter). Impact assessments and the related management plans are conducted in accordance with European directives 2000/60/EU and 2011/92/EU for all sites operating in Europe. For sites outside Europe, Arkema refers to local regulations. The Group's directives and procedures are a useful addition to these regulatory frameworks, and help to ensure that they are complied with. Compliance with regulations and procedures is taken into account in the statement of validation of alignment on the use and protection of water resources;
- with respect to the transition to a circular economy target, the Group's activities reporting eligible activities subject to this criterion have assessed the availability of, or have adopted, techniques that support the principles of reuse and recycling from the design phase of manufactured products;
- regarding the prevention and reduction of pollution related to the use and presence of chemicals, checks are performed on the absence of substances listed in criterion in the production process, in raw materials (tier 1 suppliers) and in the manufactured products within the eligible activities and complying with Taxonomy's "substantial contribution" criteria. The Group Product Safety department has formally documented a list of substances, which are updated every year, based on Appendix C of Annex I of the Delegated Act on climate change mitigation and adaptation, revised in June 2023. The Product Safety Department, in liaison with Product Stewardship managers for the businesses concerned, have performed or overseen product analyses based on Environmental, Health and Safety specifications for each product manufactured. These specifications detail the composition of the products and form the basis for the Product Safety Data Sheets. This regulatory analysis is consistent with that carried out as part of the assessment of Arkema's solutions portfolio (Archimedes program);
- regarding the protection and restoration of biodiversity and ecosystems, the impact assessments for the different Group sites are also performed in compliance with European directive no. 2011/92/EU or applicable local regulations. For European sites, compliance with regulatory requirements has been assimilated to alignment with the biodiversity criterion, since one of the purposes of the impact study is to verify that the industrial site has no significant negative impact on local biodiversity. For sites outside Europe, responses to the Taxonomy Evidence Collection questionnaire indicate that biodiversity is also taken into account in the environmental assessments carried out prior to obtaining an operating permit. Findings indicate that the DNSH criterion on biodiversity is met by the main sites contributing to eligible activities.

It is important to note that Arkema's systematic assessment of the environmental and social impacts of major investment projects covers climate change mitigation and adaptation, water resources, circularity, pollution and diversity (see section 4.2.2 of this chapter).

(iii) The "minimum safeguards" alignment criterion is analyzed at Group level. Arkema is committed to respecting the human rights and principles set out in the International Bill of Human Rights, the International Labour Organization's fundamental conventions, the United Nations Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises, everywhere the Group operates.

The key verification items required by the Taxonomy regulation are covered:

- regarding human rights, Arkema – which is subject to the law on duty of care – has deployed due diligence procedures and systems to map, assess, prevent and mitigate all human rights risks and to track the effectiveness of these systems. The various components of the duty of care plan and the measures deployed as part of the Group's Human Rights Policy, covering the Group's entire reporting scope, are detailed in section 4.3.3.1 of this chapter. The specific measures used to monitor assessment systems, actions and results relating to suppliers are described in section 4.2.4.4 of this chapter,
- regarding anti-corruption, Arkema – which is subject to the French Sapin II Law – has deployed due diligence procedures and systems to combat influence peddling and corruption and a specific corruption risk map is maintained and kept up to date (see section 2.1.2 of this document),
- the Group's business compliance and ethics program for fair competition and the fight against corruption (see section 4.2.4.2 of this chapter) defines and describes rules and procedures as well as the risk and sanctions oversight process. Its application across the Group is overseen by a Compliance Committee.

The Group has a whistleblowing system to report wrongdoing in all areas covered by the Code of Conduct, in particular social impacts and corruption. This system is part of a procedure described on the Group's website (see section 4.2.4.2.5 of this chapter).

A compliance and business ethics bulletin is now emailed every year to all Group employees, who are each requested to reaffirm their commitment to the principles and rules on ethics and compliance. E-learning modules based around the Code of Conduct have also been developed and incorporated into learning programs designed primarily for those employees most exposed to this type of risk (see sections 4.2.4.2.1 and 4.2.4.2.2 of this chapter), and

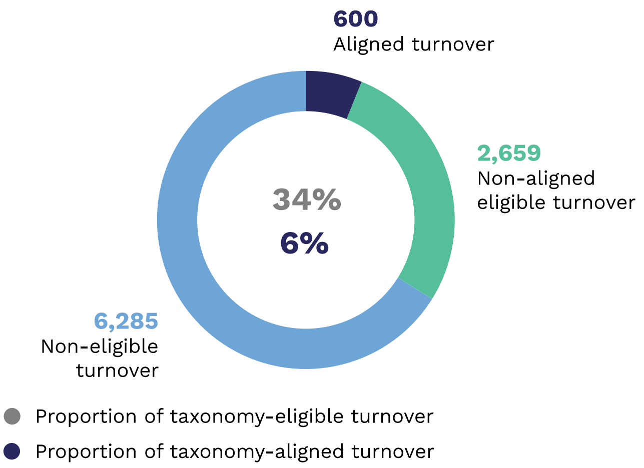
- lastly, regarding tax compliance, in addition to compliance with the tax laws and regulations of the countries in which the Group operates, the Group's tax policy provides it with long-term legal certainty. Arkema condemns and seeks to prevent all forms of tax evasion. Tax risks are included in the overall risk management process (see section 4.2.4.2.6 of this chapter).

Analysis of known litigation in these four areas confirms that there are no convictions infirming Arkema's compliance with the minimum guarantees criterion.

Based on compliance checks performed on the different criteria covering Taxonomy-eligible activities, and with the uncertainty linked to the interpretation of points of the regulation, particularly regarding the description of certain activities such as plastics in primary form in the Climate Delegated regulation, Key Performance Indicators (KPI) covering aligned activities for 2024 are outlined below. Tables showing the indicators in the format required by the Taxonomy Regulation appear at the end of this chapter.

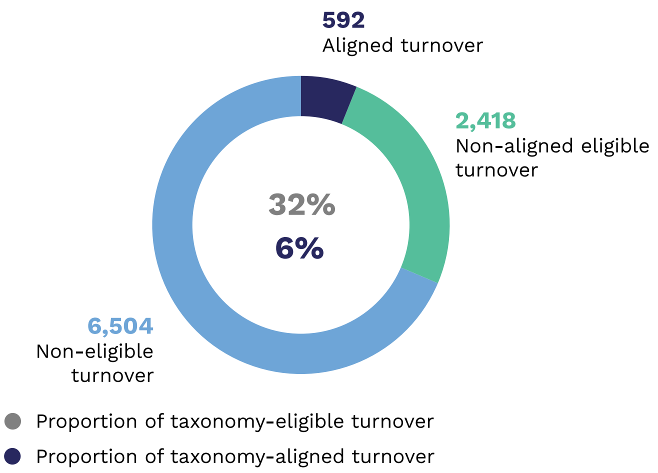
Turnover Key Performance Indicators (KPIs)

TURNOVER KPI 2024 *(€m)*



Total turnover: €9.5bn

TURNOVER KPI 2023 *(€m)*

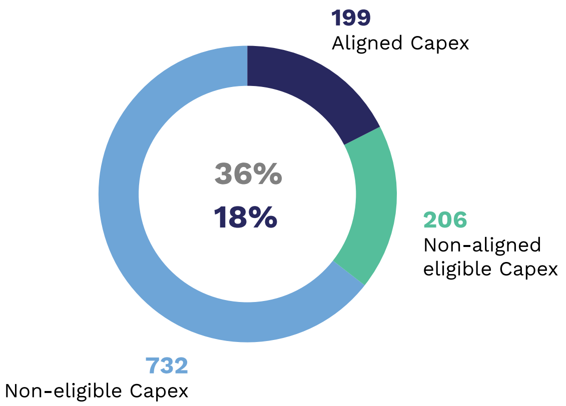


Total turnover: €9.5bn

Eligible and aligned turnover ratios show little change from 2023 to 2024: eligible turnover from 32% to 34%, and aligned turnover steady at 6%. Aligned turnover represented 18% of eligible turnover in 2024, compared to 20% in 2023. This trend includes the dilutive effect of recent major acquisitions on the alignment ratio, an effect that is not fully offset by the gradual increase in alignment ratios in historically aligned businesses.

Capex Key Performance Indicator (KPI)

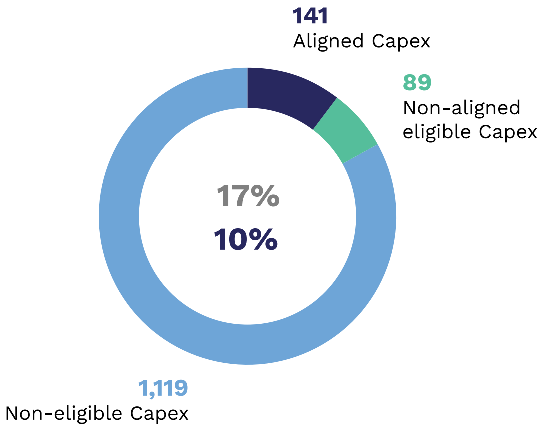
CAPEX KPI 2024 *(€m)*



- Proportion of taxonomy-eligible Capex
- Proportion of taxonomy-aligned Capex

Total Capex: €1,137m of which:
- €133m of assets from acquisitions
- €243m of right-of-use assets

CAPEX KPI 2023 *(€m)*



- Proportion of taxonomy-eligible Capex
- Proportion of taxonomy-aligned Capex

Total Capex: €1,349m of which:
- €611m of assets from acquisitions
- €104m of right-of-use assets

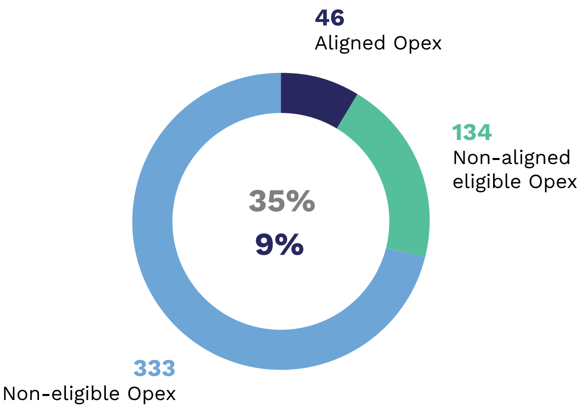
Ratios of eligible and aligned Capex between 2023 and 2024 varied from 17% to 36% and from 10% to 18% respectively. This change stems mainly from differences in the Capex mix from 2023 to 2024.

- assets from acquisitions amount to €133 million, chiefly from acquisition of Dow's flexible packaging laminating adhesives, finalized in December 2024. This acquisition could not be assessed under the Taxonomy Regulation, and 100% of the values were declared non-aligned.
- IFRS 16 aligned assets in 2024 correspond to the new right-of-use lease for the Group's new head office. In addition, transport-related rights of use have been added this year for eligibility calculations.
- some major industrial investments are not eligible, even though they are linked to decarbonization projects. For example, the major project to decarbonize the acrylics production unit in France does not meet the taxonomy's eligibility criteria (see Note 5 to the financial statements on climate issues). In 2024, taxonomy-aligned investments nevertheless represented more than half of taxonomy-eligible investments.

These various factors explain the change in ratios.

Opex Key Performance Indicator (KPI)

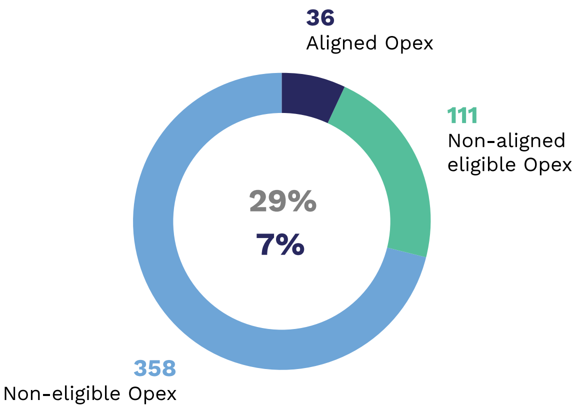
OPEX KPI 2024 *(€m)*



- Proportion of taxonomy-eligible Opex
- Proportion of taxonomy-aligned Opex

Total Opex: €513m

OPEX KPI 2023 *(€m)*



- Proportion of taxonomy-eligible Opex
- Proportion of taxonomy-aligned Opex

Total Opex: €505m

R&D expenditure accounted for more than 50% eligible Opex expenditure and for almost half of aligned Opex expenditure. In 2024, Taxonomy-aligned Opex represented around one-quarter of the amount of Taxonomy-eligible Opex.

These indicators were generated using existing reporting systems to carve out the required financial aggregates, based on the Group's literal understanding.

The denominators and numerators of these ratios were determined on the basis of the analytical structure used for presenting financial data for the Group's activities. In addition, financial information from the Group's information systems was analyzed and checked for consistency with Turnover, Opex and Capex consolidated in the financial statements in 2024. For Capex and Opex, where this structure did not allow direct generation of the required data, assumptions were made or allocation keys applied.

Calculations and explanations of indicators

The following sections set out the methods used and contextual data for the three indicators that meet the criteria for eligible or aligned activities specified in Annex I of Delegated regulation 2021/2178. The methodology applied in 2024 is consistent with that applied in 2023:

Turnover Key Performance Indicator (KPI)

This KPI corresponds to the ratio between third-party Turnover for Taxonomy-eligible or aligned activities and overall Group Turnover as reported in the consolidated financial statements at 31 December 2024 (see section 5.3.2 of this document).

In some cases, the third-party turnover of eligible activities may correspond to entire units of the Group's financial reporting structure and can therefore be included in the consolidation system. In other cases, the third-party turnover of the various eligible or aligned activities is derived from the Group's business intelligence or similar information systems, which focus on the technologies or applications associated with the eligible or aligned activities concerned.

Capex Key Performance Indicator (KPI)

This KPI corresponds to the ratio between Capex for activities identified as eligible to or aligned with the Taxonomy and overall Group Capex.

The denominator therefore corresponds to the total sum of property, plant and equipment and intangible assets as published in the Alternative Performance Indicators in note 4 to the consolidated financial statements, right-of-use assets (ROU, IFRS 16) for the period, as given by the specific reporting tool used for application of IFRS 16 (see note 9 to the consolidated financial statements, section 9.3), and property, plant and equipment and intangible assets resulting from business acquisitions, excluding goodwill, whose values are shown as additions to the consolidated balance sheet of the Group entities concerned.

The numerator corresponds to the items in the three above categories that the Group was able to associate with the eligible or aligned activities identified.

Where eligible or aligned activities can be assimilated to whole units in the investment reporting structure, the data was obtained from the Group consolidation system. In other cases, data was calculated by assigning investment amounts to the production sites for eligible activities, basically in proportion to the fixed production costs for these activities at these sites. Unless specific investment projects were identified, investments in aligned activities were calculated in proportion to the Turnover of the aligned activity in relation to the eligible activity.

In 2024, part of the amount of new rights of use was declared eligible: this concerns assets for the leasing of cars, wagons, trucks and buildings. No right-of-use assets were reported with respect to eligible revenue-generating economic activities, since the allocation of values by eligible activity required a considerable amount of work that was deemed disproportionate in terms of the low expected value by activity. These IFRS 16 assets have therefore not been counted a second time.

In 2024, assets acquired as part of portfolio management operations corresponded essentially to the acquisition of Dow's flexible packaging laminating adhesives business, which was completed in late 2024 and which could not be analyzed to enable classification as an eligible activity.

Capital expenditure corresponding to investment programs to develop taxonomy-aligned activities or individual measures enabling the targeted activities to reduce greenhouse gas emissions were identified and used.

Opex Key Performance Indicator (KPI)

Because of the complexity of carving out Opex as specified in the texts of the Taxonomy regulation and its delegated regulations, the analysis of eligibility or alignment by activity for Opex focused on R&D-related expenses along with maintenance and repair costs, which include building maintenance costs.

For the denominator, R&D expenses are identified in the consolidation system, while other maintenance, repair and short-term lease expenses are taken from the information systems of certain entities by applying, where necessary, assumptions on the average percentage of such expenses with respect to total fixed production costs for the activities concerned.

For the eligible Opex numerator, when eligible activities do not correspond to management units reported in the information or consolidation systems, and the amounts associated with these activities cannot therefore be identified due to insufficient granularity, the eligible turnover indicator has been used as allocation key.

Similarly, for the aligned Opex numerator, the aligned turnover to eligible turnover indicator has been used as allocation key to calculate the amount of aligned Opex based on eligible Opex for the activity concerned.

The Group will continue to adjust its methodology from year to year, as well as its analysis of Taxonomy eligibility and alignment in pace with changes in texts and activities.

A significant part of the Group's activities contributes to the development of customers' eligible activities such as the manufacture of low-carbon technologies for transport; and construction, extension and operation of water collection, treatment and supply systems. As the Taxonomy regulation focuses on clean technology manufacturing and excludes components not specifically mentioned in descriptions of eligible activities, these activities were not reported as eligible in this document.

Taxonomy Indicators

SUMMARY TABLE

	2024		2023	
	Eligible	**Aligned**	Eligible	Aligned
Proportion of Turnover	34%	6%	32%	6%
Proportion of Capex	36%	18%	17%	10%
Proportion of Opex	35%	9%	29%	7%

DETAILS ON TURNOVER CURRENTLY ELIGIBLE TO THE TAXONOMY REGULATION

Taxonomy-eligible proportion of turnover from taxonomy-aligned products or services – 2024				**Substantial contribution criteria**					
Economic activity	Code(s)	Absolute Turnover *in €m*	Proportion of Turnover *as a %*	Climate change mitigation *Y; N; N/EL*	Climate change adaptation *Y; N; N/EL*	Water and marine resources *Y; N; N/EL*	Pollution *Y; N; N/EL*	Circular economy *Y; N; N/EL*	Biodiversity *Y; N; N/EL*
A. Taxonomy-eligible activities									
A.1 Environmentally sustainable activities (Taxonomy-aligned)									
Manufacture of plastics in primary form	CCM 3.17	448	5% (1)	O	N/EL	N/EL	N/EL	N/EL	N/EL
Manufacture of batteries	CCM 3.4	91	1% (1)	O	N/EL	N/EL	N/EL	N/EL	N/EL
Manufacture of renewable energy technologies	CCM 3.1	61	1% (1)	O	N/EL	N/EL	N/EL	N/EL	N/EL
Turnover from environmentally sustainable activities (Taxonomy-aligned) (A.1)		**600**	**6% (1)**	**6% (1)**	**—%**	**—%**	**—%**	**—%**	**—%**
of which Enabling		152	2% (1)	2% (1)	—%	—%	—%	—%	—%
of which Transitional		448	5% (1)	5% (1)					
A.2 Taxonomy-eligible but environmentally unsustainable activities (not Taxonomy-aligned)									
Manufacture of plastics in primary form	CCM 3.17	2,561	27%	N	N/EL	N/EL	N/EL	N/EL	N/EL
Manufacture of batteries	CCM 3.4	5	0%	N	N/EL	N/EL	N/EL	N/EL	N/EL
Manufacture of energy-efficient equipment for the construction of buildings	CCM 3.5	89	1%	N	N/EL	N/EL	N/EL	N/EL	N/EL
Manufacture of renewable energy technologies	CCM 3.1	4	0%	N	N/EL	N/EL	N/EL	N/EL	N/EL
Turnover from Taxonomy-eligible but environmentally unsustainable activities (not Taxonomy-aligned) (A.2)		**2,659**	**28%**	**28%**	**—%**	**—%**	**—%**	**—%**	**—%**
TOTAL A. Turnover from taxonomy-eligible activities (A.1 + A.2)		**3,259**	**34%**	**34%**	**—%**	**—%**	**—%**	**—%**	**—%**
B. Taxonomy-non-eligible activities									
Turnover from Taxonomy-non-eligible activities (B)		**6,285**	**66%**						
TOTAL (A + B)		**9,544**	**100%**						

Y: Yes - Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective
N: No - Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective
N/EL: not-eligible
(1) Differences due to rounding.

Taxonomy-eligible proportion of turnover from Taxonomy-aligned products or services – 2024	Do no significant harm (DNSH) criteria									
	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Taxonomy-eligible proportion of turnover Year Y-1	Enabling activity category	Transitional activity category
Economic activity	*Yes/ No*	*Yes/ No*	*Yes/ No*	*Yes/ No*	*Yes/ No*	*Yes/ No*	*Yes/ No*	*%*	*E*	*T*
A. Taxonomy-eligible activities										
A.1 Environmentally sustainable activities (Taxonomy-aligned)										
Manufacture of plastics in primary form		Yes	Yes	—	Yes	Yes	Yes	5% (1)		T
Manufacture of batteries		Yes	Yes	Yes	Yes	Yes	Yes	2% (1)	E	
Manufacture of renewable energy technologies		Yes	Yes	Yes	Yes	Yes	Yes		E	
Turnover from environmentally sustainable activities (Taxonomy-aligned) (A.1)		**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**6% (1)**		
of which Enabling		Yes	Yes	Yes	Yes	Yes	Yes	2% (1)	H	
of which Transitional		Yes	Yes	—	Yes	Yes	Yes	5% (1)		T
A.2 Taxonomy-eligible but environmentally unsustainable activities (not Taxonomy-aligned)										
Manufacture of plastics in primary form								25% (1)		
Manufacture of batteries										
Manufacture of energy-efficient equipment for the construction of buildings								1% (1)		
Manufacture of renewable energy technologies										
Turnover from Taxonomy-eligible but environmentally unsustainable activities (not Taxonomy-aligned) (A.2)								**25% (1)**		
TOTAL A. Turnover from taxonomy-eligible activities (A.1 + A.2)								**32%**		

(1) Differences due to rounding.

DETAILS ON CAPEX IN ACTIVITIES CURRENTLY ELIGIBLE TO THE TAXONOMY REGULATION

Taxonomy-eligible proportion of Capex in Taxonomy-aligned activities – 2024				**Substantial contribution criteria**					
Economic activity	Code(s)	Absolute Capex *in €m*	Proportion of Capex *as a %*	Climate change mitigation *Y; N; N/EL*	Climate change adaptation *Y; N; N/EL*	Water and marine resources *Y; N; N/EL*	Pollution *Y; N; N/EL*	Circular economy *Y; N; N/EL*	Biodiversity *Y; N; N/EL*
A. Taxonomy-eligible activities									
A.1 Environmentally sustainable activities (Taxonomy-aligned)									
Manufacture of plastics in primary form	CCM 3.17	37	3% (1)	O	N/EL	N/EL	N/EL	N/EL	N/EL
Manufacture of batteries	CCM 3.4	7	1% (1)	O	N/EL	N/EL	N/EL	N/EL	N/EL
Manufacture of energy-efficient equipment for the construction of buildings	CCM 3.5	17	1% (1)	O	N/EL	N/EL	N/EL	N/EL	N/EL
Manufacture of renewable energy technologies	CCM 3.1	29	3% (1)	O	N/EL	N/EL	N/EL	N/EL	N/EL
Installation, maintenance and repair of energy-efficient equipment	CCM 7.3	4	0% (1)	O	N/EL	N/EL	N/EL	N/EL	N/EL
Acquisition and ownership of buildings	CCM 7.7	105	9% (1)	O	N/EL	N/EL	N/EL	N/EL	N/EL
Capex in environmentally sustainable activities (Taxonomy-aligned) (A.1)		**199**	**18% (1)**	**18%**	**—%**	**—%**	**—%**	**—%**	**—%**
Of which Enabling			5%	5%	—%				
Of which Transitional			3%	3%					
A.2 Taxonomy-eligible but environmentally unsustainable activities (not Taxonomy-aligned)									
Manufacture of plastics in primary form	CCM 3.17	91	8%	N	N/EL	N/EL	N/EL	N/EL	N/EL
Manufacture of energy-efficient equipment for the construction of buildings	CCM 3.5	3	0%	N	N/EL	N/EL	N/EL	N/EL	N/EL
Rail freight transport	CCM 6.2	22	2%	N	N/EL	N/EL	N/EL	N/EL	N/EL
Motorcycle, passenger car and light commercial vehicle transport	CCM 6.5	13	1%	N	N/EL	N/EL	N/EL	N/EL	N/EL
Road freight transport	CCM 6.6	2	0%	N	N/EL	N/EL	N/EL	N/EL	N/EL
Acquisition and ownership of buildings	CCM 7.7	75	7%	N	N/EL	N/EL	N/EL	N/EL	N/EL
Capex in Taxonomy-eligible but environmentally unsustainable activities (not Taxonomy-aligned) (A.2)		**206**	**18%**	**18%**	**—%**	**—%**	**—%**	**—%**	**—%**
TOTAL A. Capex for Taxonomy-eligible activities (A.1 + A.2)		**405**	**36%**						
B. Taxonomy-non-eligible activities									
Capex for Taxonomy-non-eligible activities (B)		**732**	**64%**						
TOTAL (A + B)		**1,137**	**100%**						

Y: Yes - Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective
N: No - Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective
N/EL: not-eligible
(1) Differences due to rounding.

Taxonomy-eligible proportion of Capex in Taxonomy-aligned activities – 2024	Do no significant harm (DNSH) criteria									
	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Proportion of Taxonomy-aligned Capex Year Y-1	Enabling activity category	Transitional activity category
Economic activity	*Yes/ No*	*Yes/ No*	*Yes/ No*	*Yes/ No*	*Yes/ No*	*Yes/ No*	*Yes/ No*	*%*	*E*	*T*
A. Taxonomy-eligible activities										
A.1 Environmentally sustainable activities (Taxonomy-aligned)										
Manufacture of plastics in primary form		Yes	Yes	—	Yes	Yes	Yes	5%		T
Manufacture of batteries		Yes	Yes	Yes	Yes	Yes	Yes		E	
Manufacture of energy-efficient equipment for the construction of buildings		Yes	Yes	Yes	Yes	Yes	Yes	5%	E	
Manufacture of renewable energy technologies		Yes	Yes	Yes	Yes	Yes	Yes		E	
Installation, maintenance and repair of energy-efficient equipment		Yes	—	—	Yes	—	Yes	0%	E	
Acquisition and ownership of buildings		Yes	—	—	—	—	Yes	—%		
Capex in environmentally sustainable activities (Taxonomy-aligned) (A.1)		**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**10%**		
Of which Enabling		Yes	Yes	Yes	Yes	Yes	Yes	5%	H	
Of which Transitional		Yes	Yes	—	Yes	Yes	Yes	5%		T
A.2 Taxonomy-eligible but environmentally unsustainable activities (not Taxonomy-aligned)										
Manufacture of plastics in primary form								6% (1)		
Manufacture of energy-efficient equipment for the construction of buildings								0% (1)		
Rail freight transport										
Motorcycle, passenger car and light commercial vehicle transport										
Road freight transport										
Acquisition and ownership of buildings										
Capex in Taxonomy-eligible but environmentally unsustainable activities (not Taxonomy-aligned) (A.2)								**7% (1)**		
TOTAL A. Capex for Taxonomy-eligible activities (A.1 + A.2)								**17%**		

(1) Differences due to rounding.

DETAILS ON OPEX IN ACTIVITIES CURRENTLY ELIGIBLE TO THE TAXONOMY REGULATION

Taxonomy-eligible proportion of Opex in Taxonomy-aligned activities – 2024				Substantial contribution criteria					
Economic activity	Code(s)	Overall Opex in €m	Proportion of Opex as a %	Climate change mitigation *Y; N; N/EL*	Climate change adaptation *Y; N; N/EL*	Water and marine resources *Y; N; N/EL*	Pollution *Y; N; N/EL*	Circular economy *Y; N; N/EL*	Biodiversity *Y; N; N/EL*
A. Taxonomy-eligible activities									
A.1 Environmentally sustainable activities (Taxonomy-aligned)									
Manufacture of plastics in primary form	CCM 3.17	36	7%	O	N/EL	N/EL	N/EL	N/EL	N/EL
Manufacture of batteries	CCM 3.4	7	1%	O	N/EL	N/EL	N/EL	N/EL	N/EL
Manufacture of renewable energy technologies	CCM 3.1	3	1%	O	N/EL	N/EL	N/EL	N/EL	N/EL
Opex in environmentally sustainable activities (Taxonomy-aligned) (A.1)		**46**	**9%**	**9%**	**—%**	**—%**	**—%**	**—%**	**—%**
Of which Enabling			2%	2%	—%	—%	—%	—%	—%
Of which Transitional			7%	7%					
A.2 Taxonomy-eligible but environmentally unsustainable activities (not Taxonomy-aligned)									
Manufacture of plastics in primary form	CCM 3.17	131	26% [1]	N	N/EL	N/EL	N/EL	N/EL	N/EL
Manufacture of energy-efficient equipment for the construction of buildings	CCM 3.5	3	1% [1]	N	N/EL	N/EL	N/EL	N/EL	N/EL
Opex in Taxonomy-eligible but environmentally unsustainable activities (not Taxonomy-aligned) (A.2)		**134**	**26% [1]**	**26%**	**—%**	**—%**	**—%**	**—%**	**—%**
TOTAL A (A.1 + A.2)		**180**	**35%**						
B. Taxonomy-non-eligible activities									
Opex for Taxonomy-non-eligible activities (B)		**333**	**65%**						
TOTAL (A + B)		**513**	**100%**						

Y: Yes - Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective
N: No - Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective
N/EL: not-eligible
(1) Differences due to rounding.

Taxonomy-eligible proportion of Opex in Taxonomy-aligned activities – 2024	Do no significant harm (DNSH) criteria									
	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Proportion of Taxonomy-aligned Opex Year Y-1	Enabling activity category	Transitional activity category
Economic activity	*Yes/No*	*Yes/No*	*Yes/No*	*Yes/No*	*Yes/No*	*Yes/No*	*Yes/No*	*%*	*E*	*T*
A. Taxonomy-eligible activities										
A.1 Environmentally sustainable activities (Taxonomy-aligned)										
Manufacture of plastics in primary form		Yes	Yes	—	Yes	Yes	Yes	5%		T
Manufacture of batteries		Yes	Yes	Yes	Yes	Yes	Yes	2%	E	
Manufacture of renewable energy technologies		Yes	Yes	Yes	Yes	Yes	Yes		E	
Opex in environmentally sustainable activities (Taxonomy-aligned) (A.1)		**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**7%**		
Of which Enabling		Yes	Yes	Yes	Yes	Yes	Yes	2%	H	
Of which Transitional		Yes	Yes	—	Yes	Yes	Yes	5%		T
A.2 Taxonomy-eligible but environmentally unsustainable activities (not Taxonomy-aligned)										
Manufacture of plastics in primary form								21%		
Manufacture of energy-efficient equipment for the construction of buildings								1%		
Opex in Taxonomy-eligible but environmentally unsustainable activities (not Taxonomy-aligned) (A.2)								**22%**		
TOTAL A. Opex for taxonomy-eligible activities (A.1 + A.2)								**29%**		

SUMMARY OF 2024 KPIS BY OBJECTIVE

	Proportion of Turnover/Total Turnover		Proportion of Capex/Total Capex		Proportion of Opex/Total Opex	
	Aligned	Eligible	Aligned	Eligible	Aligned	Eligible
CCM - Climate Change Mitigation	6%	34%	18%	36%	9%	35%
CCA - Climate Change Adaptation	-	0%	-	0%	-	0%
WTR - Water and Marine Resources	-	0%	-	0%	-	0%
CE - Circular Economy	-	0%	-	0%	-	0%
PPC - Pollution Prevention and Control	-	0%	-	0%	-	0%
BIO - Biodiversity and ecosystems	-	0%	-	0%	-	0%

NUCLEAR ENERGY AND FOSSIL GAS RELATED ACTIVITIES

Line	Nuclear energy related activities	
1.	The company engages in, finances or is exposed to activities involving research, development, demonstration and deployment of innovative installations for generating electricity from nuclear processes with minimal fuel cycle waste.	NO
2.	The company engages in, finances or is exposed to activities involving the construction and safe operation of new nuclear power plants or process heat production plants, in particular for district heating or industrial processes such as hydrogen production, including safety upgrades, using the best available technologies.	NO
3.	The company engages in, finances or is exposed to activities involving the safe operation, including safety upgrades, of existing nuclear power plants or process heat production plants, in particular for district heating or industrial processes such as nuclear-powered hydrogen production.	NO

Line	Fossil gas related activities	
4.	The company engages in, finances or is exposed to activities involving the construction or operation of facilities that generate electricity from gaseous fossil fuels.	NO
5.	The company engages in, finances or is exposed to the construction, refurbishment and operation of combined heat/cooling and electricity production facilities using gaseous fossil fuels.	NO
6.	The company engages in, finances or is exposed to the construction, refurbishment or operation of heat generation facilities that produce heating/cooling from gaseous fossil fuels.	NO

4.2.3 Social information

The Group's activities are part of a value chain and an ecosystem comprising numerous partners and stakeholders, as described in section 4.2.1.4.2 of this chapter.

Arkema:

- respects human rights and fundamental freedoms and makes them central to its activities;
- gives great importance to conducting its business in line with principles and rules on ethics, integrity and compliance, and to complying with all applicable laws and regulations;
- fosters the individual and collective development of all the Group's people. Arkema's global human resources policy places a key focus on the development of skills, the promotion of diversity and inclusion, and employee engagement and well-being; and
- establishes open dialogue with its customers, suppliers and partners with a view to building a responsible value chain that creates shared value. In its choice of industrial and business partners, Arkema favors those that respect its social commitments.

Human rights

Arkema is committed to respecting human rights and fundamental freedoms, and has drawn up a Human Rights policy based on the following documents:

- Universal Declaration of Human Rights;
- United Nations Guiding Principles on Business and Human Rights;
- ILO Declaration on Fundamental Principles and Rights at Work;
- the OECD Guidelines for Multinational Enterprises;
- the United Nations Global Compact;
- the United Nations Sustainable Development Goals; and
- the Responsible Care® Charter endorsed by the International Council of Chemical Associations (ICCA).

The Group therefore makes every effort to prevent and identify human rights violations against its employees or those of its suppliers, its subcontractors and other stakeholders, and to remedy any violations that do occur.

Arkema opposes human trafficking, forced labor, child labor, all forms of exploitation, abuse, violence, sexual harassment and bullying, and applies a zero-tolerance policy towards discrimination. The Group asserts its commitment to upholding the fundamental rights of a decent wage, health and safety for its own employees and those of outside companies working at its sites, equal opportunity, equal pay, respect for private life, personal data protection, freedom of association, the right to strike and the right to collective bargaining.

The Group's vigilance in the area of human rights extends throughout its own operations, across its value chain, with particular regard to suppliers and subcontractors, and throughout audit engagements carried out for the evaluation of potential acquisitions.

Arkema's commitments are formalized in its Human Rights Policy, which highlights four areas that are monitored particularly closely:

- health, safety and security: programs, initiatives and results are presented in section 4.2.3.1.8 of this chapter;
- health and safety of customers and end users: programs and initiatives on responsible product stewardship are presented in section 4.2.3.2.4 of this chapter;
- suppliers and subcontractors: programs, initiatives and results are outlined in sections 4.2.3.2 and 4.2.4.4 of this chapter; and
- anti-discrimination policy: programs and achievements are described in section 4.2.3.1.7 of this chapter.

Arkema's Executive Committee is responsible for drawing up the Group's Human Rights Policy and disseminating it across all entities, while the regional entities are tasked with implementation, in compliance with applicable laws and regulations. The CSR Steering Committee regularly takes stock of the situation, and risks relating to human rights fall within the scope of the Group's Risk Review Committee. The two committees comprise Executive Committee members, the Vice-Presidents of certain corporate departments, as well as managers involved in the Group's CSR policy and risk management process. The Sustainable Development Vice-President is a member of both committees and reports on the Group's CSR activity at least once every year to the Executive Committee, the Audit and Accounts Committee and the Board of Directors.

4.2.3.1 People (ESRS S1) |DCP|

4.2.3.1.1 Summary of IROs and interaction with policies, targets and actions

IROs	Policy	Targets	Actions
Talent attraction and retention			
The positive impact of being a responsible employer offering safe, transparent working conditions and social protection that enhance employees' quality of life and, more generally, contribute to economic development and job creation around the Group's industrial sites.	4.2.3.1.6, 4.2.3		4.2.3.1.6
Reputational and financial risks from sanctions in the event of non-compliance with local regulations on minimum wages, pay differentials, working conditions, minimum social benefits and other employee rights.	4.2.3.1.6, 4.2.3		4.2.3.1.6
Risk of not being able to attract the right skills in certain fields or geographical areas.	4.2.3.1.6		4.2.3.1.6
Talent development, management and retention within the Group throughout careers, thus reducing employee turnover and maintaining skills.	4.2.3.1.6		4.2.3.1.6
Diversity and inclusion			
Positive impact from the fact that the Group considers diversity a driver of innovation and performance, and integrates it at the core of human resources management.	4.2.3.1.7, 4.2.3	By 2030, 35% of senior management and executive positions held by women By 2035, 50% of senior management and executive positions held by non-French nationals	4.2.3.1.7
Opportunity to improve Arkema's employer brand and attract more talent.	4.2.3.1.6 and 4.2.3.1.2		4.2.3.1.6 and 4.2.3.1.2
Opportunity from employee loyalty and retention, bringing lower costs linked to staff turnover and loss of highly technical knowledge.	4.2.3.1.6 and 4.2.3.1.2		4.2.3.1.6 and 4.2.3.1.2
Health, safety and well-being of the Group's workforce			
Negative impact from workplace exposure that might affect the health or safety of employees and subcontractors.	4.2.2 HSSEQ policy	By 2030, reduction in the total recordable injury rate (TRIR) to 0.7	4.2.3.1.8
Positive impact of a safe and fair working environment on employee motivation and well-being.	4.2.3.1.6, 4.2.3		4.2.3.1.8
Financial risks from possible loss of regulatory approval or disruption to operations if the Group failed to guarantee employee health and safety.	4.2.2 HSSEQ policy		4.2.3.1.8

4.2.3.1.2 Employee engagement process (S1-2)

The Group firmly believes in sustaining, under the responsibility of the Human Resources and Communication Executive Vice-President, permanent and meaningful dialogue both directly with employees and through their representatives, aimed at continuous improvement in workplace quality and safety, in work-life balance, and in workplace atmosphere and organization.

To achieve this, the Group relies on a number of different systems:

- *Arkema Cares* engagement study;
- the SMART approach;
- social dialogue; and
- collective bargaining agreements.

Engagement study: Arkema Cares

Arkema periodically carries out internal surveys in particular to assess employee satisfaction and engagement, and to identify appropriate action plans.

In 2023, Arkema once again conducted its global in-house survey, *ARKEMA CARES*. A total of 20,172 employees were surveyed on five dimensions: engagement, the Group's strategy and values, employee experience, diversity and inclusion, and performance conditions.

The response rate was 72%, representing a very satisfactory level of coverage.

The results showed a high level of employee engagement, with an engagement score of 77%, two points above the industry benchmark calculated by Mercer, the firm that conducted the survey. The results were analyzed and communicated to each Group entity and all employees.

Target 2030

The Group has set itself the goal of achieving an engagement score of at least 80% by 2030.

Involving staff on a daily basis through the SMART approach

This project, included in the Group's operational excellence program, seeks to build a workforce-wide common vision, by eliciting employees' ideas for improvement and helping them make active contributions towards progress.

Problem-solving and joint decision-making are two essential focuses of the program.

SMART offers work methods and a collaborative environment to foster and apply ideas and contributions from field staff to benefit from their extensive skills and experience.

83 sites across three continents are involved in this approach designed to transform the organization and change its culture in different areas (*i.e.*, maintenance, production, supply chain, laboratory, human resources).

Social dialogue and collective bargaining agreements (S1-8)

In addition to complying with the legal and regulatory provisions of the countries in which it operates, the Group facilitates the creation of employee representation bodies, in order to implement all appropriate collective bargaining mechanisms, as well as freedom of association. In countries where the law does not provide for employee representation, specific bodies can be set up locally. In this way, the Group fosters regular dialogue with employee representatives in every entity, in accordance with local cultural norms and legislation.

At the European level

The social dialogue body is the European Group Works Council. This was renewed in September 2024 and now comprises twenty members. It holds a one-day plenary meeting at least once every six months to discuss issues within its remit, including:

- business issues: market trends, commercial situation, activity level, main strategic priorities, growth outlook and objectives;
- financial issues: review of the consolidated financial statements, annual report and investments;
- labor issues: human resources policy and the employment situation and outlook;
- environmental issues: Group policy and emerging European regulations; and
- organizational issues: significant changes in the Group's organization, developments in the businesses and the creation or termination of operations affecting at least two European Union countries.

In 2024, three plenary meetings were held. The Group's 2023 results and strategic outlook were discussed and the Chairman and Chief Executive Officer addressed the meetings.

In the United States

Employees at unionized facilities are covered by collective bargaining agreements negotiated with local and national trade unions for an average period of three years. They deal with such issues as compensation, the safety of people and processes, and quality of work life.

In China

An Employee Representatives Congress of Arkema China Investment Co. Ltd, the Group's main local subsidiary, is in place. It currently has 32 members. It has a wide range of responsibilities, including employee benefits, work environment and commitment. It complements the labor unions already in place at the Group's local production plants.

Collective agreements

Since the Group was founded, its collective bargaining policy has led to the signing of a wide range of agreements in each facility or company. Collective bargaining procedures are aligned with national employee representation practices and legislation.

In recent years, health and well-being in the workplace have been extensively discussed with labor representatives.

In 2024, 87 collective agreements were signed worldwide. These agreements cover issues such as health and safety at work, well-being at work, social protection, pensions, working hours and conditions, gender equality, disability, compensation, forward-looking management of jobs and skills, and training.

The employee dialogue strategy is steered at the highest level by the Executive Vice-President, Human Resources and Communication, who reports to the Executive Committee. Its effectiveness is monitored by the Group on the basis of specific indicators, such as the commitment score described above. It is also expressed through the results of external surveys and the awarding of distinctions.

	Collective agreements		**Personnel representation**
Rate	EEA (country)	Non EEA (region)	EEA
0-19%		North America	
20-39%		Asia	
40-59%			
60-79%			
80-100%	France		France

Data corresponding to sites employing more than 50 people, which accounts for 94% of the Group's total workforce.
Employee representation includes representation by works councils and trade unions.

Number of departures and turnover (S1-6)

	2024
Number of departures (excluding changes in scope of consolidation)	2,742
Percentage of departures (all causes, excluding change in scope of consolidation) in permanent and temporary employee headcount	9%
Voluntary departures (resignations) as percentage of permanent and temporary employees	4.5%

Awards and external recognition

In 2024, Arkema was certified a Top Employer for the third year running in France, China, the United States and Brazil. The Group also obtained Top Employer Europe certification (given its certification in France, Germany, the Netherlands, Italy, Spain and the United Kingdom), plus certification in the Philippines. This certification recognizes the excellence of HR practices in ten countries accounting for more than 80% of the Group's employees and recruitments worldwide.

Arkema appeared in the Forbes ranking in 2024, for the fifth year running. Arkema was ranked 319th out of 800 in the Forbes list of the World's Best Employers, 19th among French companies and 27th in the chemicals sector. Survey participants rate their employers on image, economic footprint, talent development, gender equality and social responsibility.

Arkema also made an initial entry in Forbes World's Top Companies for Women ranking. Here, Arkema is listed 316th out of 400.

For the fourth time, the Group was recognized as a Diversity Leader in the Financial Times European Leaders ranking, reaching 288th place. This ranking assesses companies on criteria such as ethnic origin, age, sexual orientation, gender and disability.

On the Glassdoor website, the Group's international rating was 3.9 out of 5 at the end of 2024. This site allows current and former employees to anonymously evaluate their work environment.

Employee share ownership

A significant proportion of the capital is held by employees, reflecting their commitment to and confidence in the company. In 2024, the capital increase reserved for Group employees and former French employees reached a record level compared with previous operations, reflecting employees' commitment and confidence in the Group's development prospects (see section 4.2.3.1.6 of this chapter).

Absenteeism

Absenteeism, which includes sickness, accident and maternity leave, as well as strikes and unpaid leave, stood at 3.7% for 2024, down compared with 2023 (4.1%).

The rate of absenteeism for medical reasons is steady at 3%.

4.2.3.1.3 Processes to remediate negative impacts and channels for own workers to raise concerns (S1-3)

In addition to its employee engagement processes, Arkema has set up a number of mechanisms to identify concerns and decisions that could have a negative impact on employees, and to remedy them, complying with applicable legislation.

Through various channels (management, employee representative bodies, etc.), the Group uses a monitoring process to identify situations requiring special attention and takes appropriate action. The implementation and effectiveness of remediation measures are also monitored at the appropriate operational level (Group, subsidiary, or direct management of the people concerned).

The Arkema Cares survey leads to the construction and monitoring of action plans at several levels of the organization.

The digitalization of individual interviews (EIA) in the HR Information System makes employee comments accessible to line management and the HR function, enabling risk situations to be identified and resolved.

A global psychological support and anti-harassment system was rolled out in 2023. It is accessible via Eutelmed, an online platform that allows employees to contact a psychologist, in 60 languages, to discuss their situation and receive personalized support in a safe, confidential and anonymous manner. The platform also provides access to a wide range of information and counseling modules in French and English.

In the event of particular events that could have a psychological impact on employees, appropriate support units are set up.

The Group's whistle-blowing system also enables employees and other stakeholders to report any malfunctions of which they are aware. For further details, see section 4.2.4.2.5 of this chapter.

Lastly, the Group pays a great deal of attention to the social impact of the changes it experiences. Prior to any reorganization within the Group, the Executive Committee carefully examines the social consequences of projects and factors them into its decision-making process.

Reorganization projects also give rise, where necessary, to in-depth discussions with employee representative bodies as part of information and consultation procedures. These negotiations make it possible to implement support measures such as early retirement schemes, internal redeployment or support for external mobility or business start-ups.

With external growth and divestment transactions, specific commitments may also be made to take account of their social implications. For example, when the acquisition of Dow's flexible packaging laminating adhesives business was finalized in 2024, the commitment to maintain employment conditions successfully facilitated the integration of all employees.

The Group Human Resources Vice-President for acquisitions/divestments and labor law oversees the social aspects of divestments and acquisitions worldwide. He reports to the Group Human Resources and Communication Executive Vice-President, a member of Arkema's Executive Committee.

4.2.3.1.4 Incidents, complaints and severe human rights impacts (S1-17)

Reports received and processed under the Group's whistleblowing procedure are presented in section 4.2.4.2.5 of this chapter.

Under the Group's duty of care plan, the system for monitoring the measures implemented and assessing their effectiveness has confirmed that no risk of serious infringement to human rights and fundamental freedoms, or to employment and industrial relations, was identified in 2024.

The Group is not aware of any claims made to an OECD National Contact Point for Responsible Business Conduct (NCP).

4.2.3.1.5 People (S1-6)

The total headcount at 31 December 2024 was 21,164, compared with 21,125 at 31 December 2023 and 21,116 at 31 December 2022.

WORKFORCE BY GENDER

Gender	Number of employees (head count)
Male	15,413
Female	5,748
Other	1
Not reported	2
TOTAL EMPLOYEES	**21,164**

WORKFORCE BY MAJOR COUNTRY

Major countries	Number of employees (head count)
France	7,199
United States	3,397
China	2,589
Other	7,979
TOTAL EMPLOYEES	**21,164**

WORKFORCE BY CONTRACT TYPE AND GENDER

Period: 2024

Number of employees (head count)	Female	Male	Other	Not reported	Total
Number of employees	5,748	15,413	1	2	21,164
Number of permanent employees	5,450	14,974	1	2	20,427
Number of temporary employees	298	439	0	0	737
Number of full-time employees	5,235	15,231	1	2	20,469
Number of part-time employees	513	182	0	0	695

In every country where Arkema operates, it organizes employee work time to enhance engagement and performance, with the approval of employee representatives and in accordance with local regulations.

Given the specific features of its industrial operations, some employee categories may work on regular continuous or on-call shifts. These requirements are taken into account in a special compensation scheme and adapted work schedule.

Work is organized within the Group so as to provide for full-time positions. Part-time work is mainly chosen by the employee.

In response to a sudden demand increase or unusual difficulties, the Group may make use of fixed-term employment contracts, overtime, subcontractors or temporary employment agencies, in compliance with local legislation and depending on the local labor market.

Any overtime worked results in compensatory time off and/or pay, in compliance with the regulations applicable in each country.

In 2024, at the Group level, 32% of employees benefit from teleworking, either regularly or occasionally. This represents a high proportion given Arkema's business. In France, the proportion of employees across all sites who may telework amounts to 18% of the total headcount.

4.2.3.1.6 Attracting, developing and retaining talent (S1-1 / S1-5)

Arkema's HR policy focuses on providing safe and transparent working conditions, a compensation policy that fairly values and rewards each employee's contribution to the Group's success, and social protection that contributes to employees' quality of life. It also aims to maintain and develop skills.

Arkema considers each of its 21,164 employees as talents. Given the highly technical nature of its businesses, developing expertise and maintaining a high level of engagement among its employees are key objectives for Arkema, which must continuously evolve in order to meet business, technological, social and environmental expectations in a proactive manner.

The objectives of its talent management policy are to support the Group's growth in a multicultural environment, make sure it has the expertise it will need in the medium to long term, meet employees' goals in training and individual development, and enhance employee well-being at work.

Talent management is based on the principles of workplace equality and non-discrimination. It is exercised in keeping with the Group's values of simplicity, performance, solidarity, empowerment and inclusion, while moving towards the UN's Sustainable Development Goals.

To support the Group's development and its global strategy, the organization of the Human Resources (HR) function consists of corporate departments and geographic HR functions. The heads of these departments report to the Human Resources and Communication Executive Vice-President, who is a member of Arkema's Executive Committee.

The Group clearly states that it consistently complies with the constitutional texts, treaties, conventions, laws and regulations in force in the countries and regions in which it operates.

As talent support and development must be tailored to the needs of each business line and entity, as well as to the type of employee in place, the Group has not set quantified targets for its entire scope.

4.2.3.1.6.1 Talent development policy

Talent development is a key strategic mission for broadening the experience that employees acquire along their career paths, thereby cultivating new skills, this being an essential factor in the Group's development.

In this respect, talent development focuses on both:

- ensuring that the Group has the expertise it needs to meet its strategic challenges and support its development, both today and over the medium-term future; and
- ensuring that the Group has the expertise it needs to secure its successful development, today and over the medium-term; and thereby enabling them to increase their skills and realize their career goals depending on the possibilities and opportunities available within the Group.

The talent development policy is based on the same principles, regardless of employee category, country, age or gender, as follows:

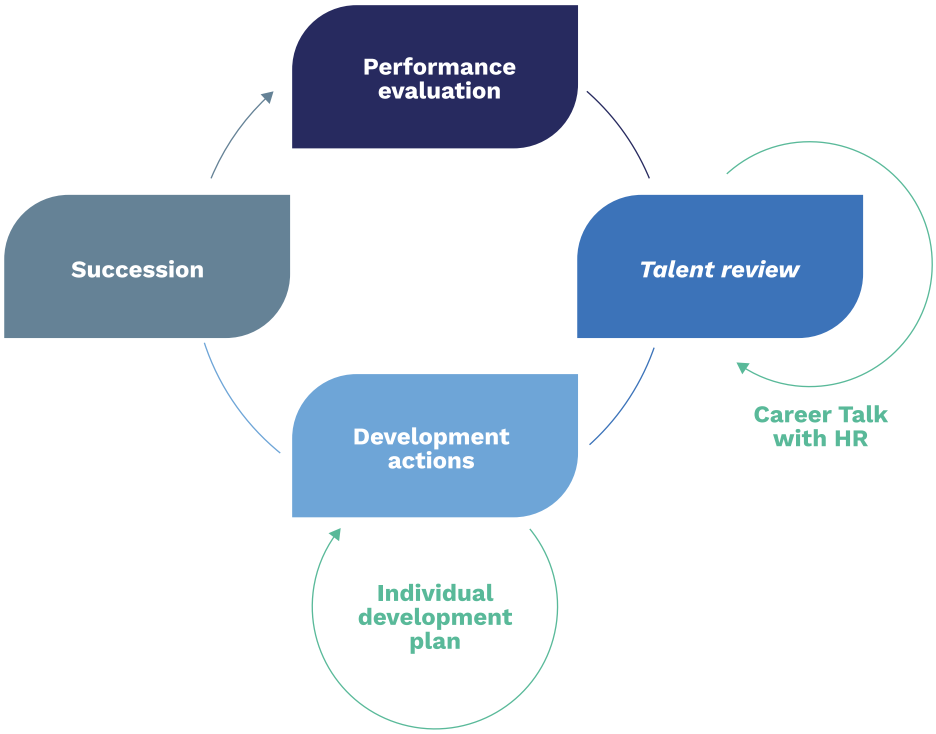
- providing each employee with the resources and support they need to manage every phase in their career;
- leading a proactive promotion-from-within policy;
- identifying and developing high-potential individuals to encourage them to take on greater responsibilities and support career development;
- encouraging mobility between subsidiaries and geographical areas; and
- enabling every employee to move up in the organization and enrich their experience and skills, while ensuring organizational flexibility.

There are two key employee positioning prerequisites for talent management at Arkema:

- a framework of professions within which jobs are identified by the main type of duties; and
- job evaluation (based on the Hay methodology), for structuring the Group's organization using a common frame of reference, and to support career development and a coherent salary policy. This approach also contributes to the harmonization of positions worldwide.

Talent Management Cycle

The Group's new Talent Management Cycle has the following stages:



Annual performance reviews

All Group employees are entitled to an annual performance review, to discuss the past year's performance with their managers and set objectives for the coming year. Employees are provided with feedback following a self-assessment. This system provides input for preparing personalized action and improvement plans involving specific guidance or training.

The worldwide Human Resources Information System (HRIS) is used to perform these reviews in an electronic format, meaning that information can more easily be shared between employees, management and human resources.

Employees working in matrix organizations receive a review from both their direct and functional supervisors. The HRIS application is used to structure this practice.

Individual development plan

The approach here is to support employees in their development throughout their career. This system helps employees identify their strengths, areas for development and aspirations, and work with HR and their managers to co-construct their own development initiatives.

Career talk

Career talk meetings with talent managers provide employees with an opportunity to review their career paths, expectations and how they could advance their career in other Group professions.

Talent reviews

Annual talent reviews cover all professions and levels. A talent review begins at site level, then is consolidated and analyzed by profession, country, region, Business Line and corporate department, ultimately resulting in a summary shared with the Executive Committee.

This collaborative approach brings together a committee of managers and HR representatives. It involves observing performance to identify potential, mapping out career projections for each individual and determining action plans accordingly. This process is managed in the HRIS.

Succession pooling

The Succession pooling process aims to build up short-term projections for around a hundred generic functions covering all Arkema's businesses. The process is supported by a module within the HRIS.

Succession and staffing plans

Succession and staffing plans, across all professions and Company levels, ensure continuity in key positions and help to retain expertise throughout the Group.

The career projections obtained from talent reviews as well as information from the succession pooling process are used to build these plans.

Career committees

Drawing upon data from the various meetings forming the Talent Management Cycle, profession-specific career committees are formed to organize internal mobility consistent with the Company's changing needs in the short- and medium-term future.

The committees include HR managers and representatives, and they cover all employees in the scope concerned.

International experience

International talent is developed through:

- the global dimension of many projects and responsibilities, offering employees day-to-day experience in a multicultural environment; and
- expatriation, which aims to enrich employees' skills and experience with a perspective of individual development. It enables the Group to strengthen local skills in the context of strategic projects, while ensuring that expertise is leveraged.

4.2.3.1.6.2 Employee well-being

Arkema has defined a global workplace well-being policy, validated by the Executive Committee, structured around four pillars:

- health and safety: work/life balance, stress and psychosocial risk prevention, healthy activities, eating and sleeping well;
- work environment: ergonomics, teleworking, workplace conditions;
- digital transformation: digital projects, ease-of-use of digital tools, acculturation, logging on and logging off; and
- interpersonal relations: listening to Group employees, working according to Arkema's values, respect.

Led by the Human Resources teams in each country, it involves all employees.

The Group's main measures on employee work-life balance include flexible work arrangements, teleworking, support for working parents, and improvement of working conditions.

4.2.3.1.6.3 Compensation and benefits metrics

A key component of the Group's human resources policies, compensation is designed to recognize and equitably reward each employee's contribution to Arkema's success.

The compensation structure comprises a fixed base salary, an individual bonus and a collective bonus, which are applied differently depending on the position and the country. This structure fulfills a number of objectives:

- compensate individual and collective performance;
- enhance each employee's sense of their responsibilities and involve everyone in meeting objectives;
- offer fair compensation consistently across the organization; and
- manage costs.

52% of employees receive individual bonus, the amount of which depends on their fulfillment of personal objectives and their contribution to the collective performance of a business, a country organization or the Group. A significant portion of their bonus depends on safety or other CSR objectives.

61% of employees are eligible for collective bonus, which gives them a stake in the Group's expansion and financial performance. This is the case for the incentive and profit-sharing schemes in effect in France.

Group companies regularly participate in compensation surveys organized by specialized structures. They have access to benchmarks used to position themselves on their geographic market against other industrial groups or within the chemical industry, and to measure compensation attractiveness.

Total payroll costs for 2024 and previous years are presented in note 7.2 to the 31 December 2024 consolidated financial statements, in section 5.3.3 of this document.

Adequate salary (S1-10)

All employees benefit from minimum compensation guarantees, and are paid on time, in full and without any deductions.

A study carried out by the Group in 2024 on compensation levels in France, the United States and China confirmed that employees receive an adequate wage.

Equal pay between women and men (S1-16)

Women accounted for 27% across the Group's workforce at 31 December 2024.

Equal pay between women and men is a key factor in annual salary reviews and career reviews in all Group companies.

In 2024, the gender pay gap averaged 5% in favor of women, account taken of the typology of Arkema's businesses, particularly in the industrial sector. This was calculated across the reporting scope for France, the United States and China, which accounts for 62% of the Group's workforce. In addition to equal pay, Arkema has for many years ensured that women enjoy the same career development opportunities as their male counterparts.

Its policy aims to meet the following four objectives:

- strengthening the principle of non-discrimination in the hiring process;
- ensuring the principle of pay equity;
- encouraging and facilitating career development; and
- taking parenthood into account in the career management process.

Employee share ownership

Since its creation, Arkema has encouraged employee share ownership, with plans offered every two years in around 30 countries where the Group holds a presence to enable employees to purchase Company shares on preferential terms (for further details, see section 6.3.4 of this document).

In 2024, close to 8,700 current and former employees subscribed around 1 million shares, amounting to nearly €62 million, under the ninth capital increase reserved for them. The amounts invested and the participation rate reached a record level compared with previous operations, reflecting employees' commitment and confidence in the Group's development prospects.

At 31 December 2024, 9.14% of outstanding shares were owned by employees, collectively making them one of the Company's leading shareholders.

Performance shares

Performance shares are granted, as decided each year by the Board of Directors, to executives and employees who have demonstrated remarkable performance or whom the Group wishes to incentivize and involve more closely in its long-term development. In 2024, performance shares were granted to some 1,700 beneficiaries, representing 8% of the total headcount. 35% of these beneficiaries were women.

For more information, please refer to section 3.5, section 6.2.6 and note 7.4 to the consolidated financial statements at 31 December 2024 in section 5.3.3 of this document.

Total remuneration ratio (S1-16)

In 2024, the ratio between the remuneration of the Chairman and Chief Executive Officer and the median compensation (see definition in section 4.2.5.6 of this chapter) was 99.84, account taken of the typology of Arkema's businesses, particularly in the industrial sector. This was calculated across the reporting scope for France, the Unites States and China, which accounts for 62% of the Group’s workforce.

4.2.3.1.7 Diversity, inclusion, equal opportunity and equal treatment

Diversity and equal treatment policy (S1-1)

The Group applies a zero-tolerance policy on discrimination and has made it a major focus of its human resources policy, particularly in the areas of recruitment, compensation and training.

The Diversity and Inclusion Committee includes Business Line Vice-Presidents, corporate Vice-Presidents and the Sustainable Development Vice-President along with HR and Communication representatives, and regional and Group diversity-inclusion representatives. The topics covered by this international Group committee include gender equality, promotion of cultural diversity, equal opportunity and inclusion.

Alongside this committee, a Junior Diversity and Inclusion Committee, composed of multidisciplinary representatives in the early stages of their careers or at lower managerial levels, addresses the same issues. By putting the contributions from these two complementary committees to use, the Group seeks to have a fuller grasp on the matters at hand.

The work of these two bodies resulted in the drafting of a Diversity and Inclusion Charter based on the Group’s five values and aimed at guaranteeing fair and equitable treatment for all in terms of both recruitment and career management. The Group’s roadmap is structured around four pillars: measurable objectives, strong governance at the Group and regional entity levels, HR processes that foster diversity and inclusion, and promotion of an inclusive culture.

Measures to promote female employees’ access to positions of responsibility (S1-9)

Women accounted for 27% of the Group's total headcount at 31 December 2024. Women accounted for 31% of new hires across all levels in the organization.

2030 target

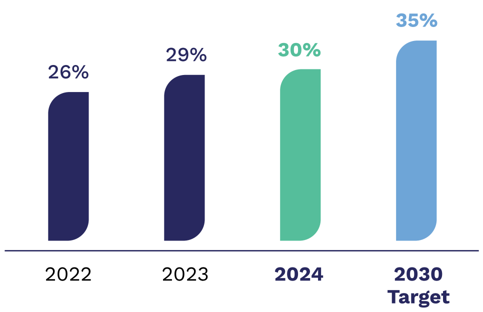
The Group reached its target by the end of 2024, and raised its target to 35% women in senior management and executive positions across the Group.

5 GENDER EQUALITY

High-responsibility positions (senior managers and executives) account for around 10% of all managerial positions across the Group. Senior managers account for about 3% of all management positions.

The percentage of women senior managers and executives across the Group continued to rise in 2024, reaching 30% (a total of 174 women). Men accounted for 70% (a total of 408 men).

PERCENTAGE OF WOMEN SENIOR MANAGERS AND EXECUTIVES



The change is primarily the result of the support programs introduced to promote equal opportunity and gender diversity.

The action plan to reach the target involves:

- annual monitoring of the proportion of women in senior management and executive positions, which is now included in the collective objectives used for calculating variable compensation;
- a mentoring program run by senior executives to help women move into positions of responsibility. Since its creation in 2016, this program has benefited 142 women managers in France. Nearly 77% of them have enjoyed career development since their mentoring, for the most part a promotion to a position with greater responsibility;
- identifying women in key positions in other businesses or organizations to create a pool of female talent for future recruitment needs; and
- an employee collective, Women@Arkema, which regularly organizes awareness-raising events on gender balance and equality.

In line with its policy, the Group is a signatory to the UN's Women's Empowerment Principles (WEPs) program, and is committed to respecting its key principles and reporting on progress made.

In addition, Arkema includes annual targets for the number of women in its variable compensation and performance share programs.

More generally, the Group encourages women to move up to senior positions. At 31 December 2024, the Group management committee had twenty-six members, including the eleven Executive Committee members, along with Vice-Presidents of Business Lines, support functions, regions and countries. Six members (23%) were women. Arkema aims to increase the proportion of women on the Group management committee to 30% by 2030.

In France, pursuant to the Rixain Act, Arkema France and Bostik S.A. must achieve 30% and 40% female representation in senior executive positions by 2026 and 2029 respectively.

Initiatives to foster international diversity

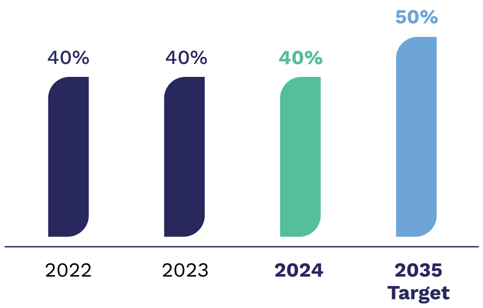
In order to develop its cultural and international diversity, the Group is committed to increasing the proportion of non-French nationals in management positions. In recent years, Arkema has sharpened its efforts on gender diversity, and now considers parity on the international target to be reachable by 2035 rather than 2030.

Target 2035

The Group has set an ambitious target: 50% of senior management and executive positions to be held by non-French nationals.

In 2024, the proportion of non-French senior managers remained stable year on year at 40%.

PROPORTION OF NON-FRENCH SENIOR MANAGERS AND EXECUTIVES



In every country where Arkema operates, local skills and capabilities are prioritized in every aspect of the business, including top management.

The action plan involves:

- the unification of HR review processes on a global scale, enabling the identification and visibility of talent regardless of location, and the planning of international career paths; and
- an annual international mentoring program, designed to help participants progress in their careers, reaching 91 "mentee" participants in 19 countries since it began in 2020. The program gives talented young employees the opportunity to benefit from the support of a mentor and to increase their visibility within the Group.

Initiatives to promote the employment of people with disabilities (S1-12)

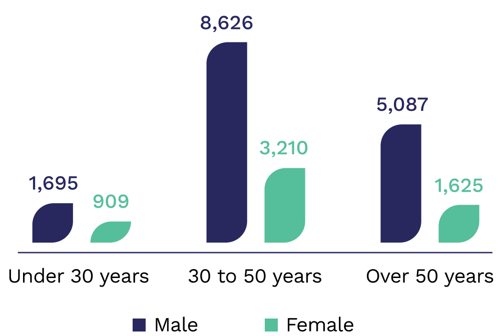
The Group contributes to the integration and continued employability of people with disabilities through dedicated training programs and workstation modifications. The Group's recruitment procedures make it possible to offer people with disabilities various job opportunities.

The measures taken in France illustrate the approach implemented by the Group. For the other regions, similar measures have been implemented taking into account local conditions and legislation.

At the end of 2024, disabled employees accounted for 2.4% of the global Group's workforce. This calculation is based on available information and takes into account the regulations in force in the countries where Arkema operates.

Initiatives to hire and retain seniors (S1-9)

GROUP EMPLOYEE AGE PYRAMID



The age pyramid reflects strong employee attachment to the Group. The Group has an internal talent pool sufficient to cover part of the replacement of employees expected to retire over the next fifteen years. As part of its management of the age pyramid, the Group is committed to putting in place end-of-career support measures to enable employees to remain in employment and pass on their knowledge.

In 2024, 9% of permanent hires were employees aged 50 and over.

The low proportion of employees under 30 is explained by the high level of qualification required by the Group's businesses.

4.2.3.1.8 Health and safety measures |DCP|

Personal safety policy and targets (S1-1 and S1-5)

Convinced that all work-related accidents are preventable, and prioritizing the health and safety of its employees and those of its subcontractors, Arkema is committed through its Health, Safety, Security, Environment and Quality (HSSEQ) policy, presented in section 4.2.2 of this chapter, to preventing health and safety risks at all of its operations worldwide, for its employees and those of its subcontractors. As explained in section 4.2.2, the roll-out of this policy is supervised by the Executive Committee, to which the Group Safety and Environment Vice-President presents a quarterly summary of the Group's performance, particularly in terms of personal safety.

The Group endeavors to comply with the constitutional texts, treaties, conventions, laws and regulations in force in its host countries and regions.

Arkema reached its target by the end of 2024 and has set a more ambitious one for 2030:

Target 2030

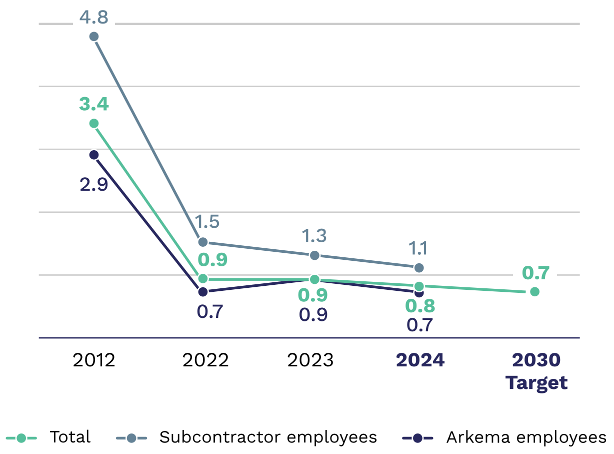
Bring the total recordable injury rate (TRIR) per million hours worked down to 0.7 (*).

3 BONNE SANTÉ ET BIEN-ÊTRE

(*) This target covers the Group's workforce and that of contractors working on Group sites

The graph below shows TRIR for the last three reporting years and for 2012, the baseline year for the Group's target.

TOTAL RECORDABLE INJURY RATE (TRIR) [(1)]



2024 confirmed the improvement in the Group's results on previous years with a TRIR of 0.8. This is the result of action plans over several years to raise awareness of Arkema's safety requirements among Group personnel and contractors and to develop a behavioral approach to safety.

Personal safety actions (S1-4)

As part of a prevention and continuous improvement process, the Group is committed to ensuring a good working environment for everyone, in particular by analyzing workstation health and safety risks and studying accident typologies.

Regarding safety, the Group has the same level of expectation for subcontractors working on its industrial sites as for its employees. In particular, all of the workforce systematically takes part in awareness initiatives designed to develop a safety culture and in the Group's safety processes and programs.

All the programs and actions implemented by the Group, as set out in this section, seek to minimize the negative impacts identified (see section 4.2.3.1.1 of this chapter) and thereby limit the financial risks from possible loss of regulatory approval or disruption to operations if the Group failed to guarantee employee health and safety.

The results of these programs are assessed by monitoring the TRIR target and the various metrics detailed in the following sections.

A culture of safety

Behavior plays a critical role in managing and preventing risks. That is why a core aspect of the Group's safety process is the development of a common safety culture that raises everyone's awareness of their responsibility and the importance of his or her personal behavior. The following resources are used:

- a portfolio of training courses for new arrivals and experienced employees, which are implemented according to individual career paths and site priorities;
- the "Safety Always in Mind" and "Essentials" programs; and
- field initiatives, such as peer observations, flash audits, scheduled general inspections, safety tours, field safety audits, internal or process audits, general operating condition tours and construction site audits.

In 2024, 57% of the Group's employees [(2)] received safety training (excluding e-learning), for an average of 12 hours of training per year per employee trained. In addition, 39% of the Group headcount took e-learning courses on safety [(2)].

The "Safety Always in Mind" and "Essentials" programs

The "Safety Always in Mind" and "Essentials" programs, which concern both Group employees and subcontractors working on Group sites, are deployed worldwide. "Safety Always in Mind" is designed to promote and deepen everyone's safety culture, while the "Essentials" program defines a set of rules that must be applied without compromise in every situation.

(1) *A "total recordable injury" refers to any injury causing bodily harm or psychological trauma to an employee in the course of their duties, whether or not it results in a day or longer off work.*
(2) *In entities at least 50%-owned and employing more than 50 people.*

Peer observation

Peer observation is aimed at raising risk awareness in ways that help to reduce the number of occupational accidents. It capitalizes on positive experiences and a joint search for solutions to improve practices. Using a structured observation process, each site implements the method, taking into account its own specific features (type of risks, nature of operations). Peer observations are made by all Group employees while carrying out their duties.

The 2025 target is to reach 100% of Arkema sites (1). In 2024, 96% of all Group sites had put in place peer observation practices to improve safety.

Progressively integrating the lessons learned from neuroscience to improve accident prevention

Since 2017, the Group has worked with a neuroscientist to study the mechanisms associated with human error, particularly among experts (which most of the Group's employees are in their respective roles). The program is being rolled out gradually across the Group, furthering an understanding of behavioral approaches, and facilitating the adoption of safety tools and equipment by highlighting their relevance.

Using digital technologies to improve safety

The use of new digital technologies contributes to three main areas: training using virtual reality, digitalization of security processes and the use of connected tools. Connected tools cover a wide range of uses, such as the use of smart personal protective equipment to prevent risks on site, augmented reality to support remote diagnostics, and virtual reality to train and educate employees in an immersive environment that replicates real-life conditions. Arkema is also gradually implementing other technologies, including a digital interface for field audit processes, tablets for safety inspections, and drones for both maintenance and safety inspections.

Getting stakeholders involved in safety

To mark World Day for Safety and Health at Work, Group sites organize team meetings and actions that may involve external stakeholders, in order to reinforce a shared safety culture and secure the effective commitment of all.

The Common Ground® initiative allows for open dialogue with local residents, notably addressing industrial risks stemming from the site's activity.

Occupational health and safety

Arkema regularly undertakes continuous improvement initiatives to prevent health risks and enhance employee wellbeing.

In 2024, 97% of employees benefited from regular medical check-ups.

Protecting health at the workplace

To consolidate all of the workplace health and safety initiatives, the Group is deploying a workplace risk assessment application, named STARMAP, to prevent these risks by capitalizing on globally managed data libraries and best practices. The application is in the process of being rolled out and supports the gradual harmonization of existing methodologies. At 31 December 2024, 70% of the Group's sites (up from 67% in 2023) had carried out workplace risk assessment in accordance with the general basic principles set by Arkema, and 41% (up from 35% in 2023) had applied Arkema methodology for entering the assessment data into the STARMAP system.

Integrating ergonomics and preventing arduous working conditions

The Group has undertaken a process to integrate ergonomics and prevent arduous working conditions.

Numerous initiatives have been undertaken to improve ergonomics in various work situations, including load handling, packaging, unloading, equipment control, facility maintenance, as well as laboratory and office work.

Preventing stress and improving quality of work life

Arkema runs a physician-supported psychosocial risk prevention program for individual employees. In France, stress levels are determined by means of a standardized stress and well-being test (OMSAD) during employees' annual check-up with the occupational physician, and the findings of these tests may trigger remedial action on the workplace environment when this is considered risk-prone. In the United States, the "Well Being Matters" program focuses on prevention and early detection of health problems, on healthy activities and community links.

Occupational illness

Toxic or hazardous substances have been and continue to be used in the manufacture of Arkema's products. Despite the safety and monitoring procedures in place Group-wide and in each production facility, employees may have been exposed to such substances and may develop illnesses arising from such exposure.

In this respect, like most manufacturers, Arkema has used a variety of asbestos-based insulating or heat-proofing materials at its production facilities in the past. Consequently, certain employees may have been exposed to such materials before they were gradually removed and replaced. Claims for occupational illnesses related to past asbestos exposure have been filed against the Group, mostly for periods before 1980.

The risk of exposure to chemicals is described in section 2.1.1 of this document.

With respect to industrial hygiene, beyond the use of:

- enclosed industrial processes limiting emissions as much as possible;
- protective systems such as source capture of residual emissions and general improvement works designed to minimize exposure; and
- the use of appropriate personal protective equipment at each workstation.

The Group also requires risk exposure to be assessed at each workstation and that employees' residual exposure to hazardous chemicals be regularly measured in order to prevent the risk of occupational illness in the future. Measurement data are stored in conditions that guarantee their long-term integrity.

(1) *For newly acquired companies' sites, the roll-out of this program takes place over a period of around three years.*

In addition, each HSSEQ review relating to a new industrial project lists the products used, identifies those that may present a health risk and implements the measures necessary to prevent or limit employee exposure (finding an alternative, limiting quantities, setting up protection systems, etc.).

The OIFR refers to the number of occupational illnesses reported per million hours worked for Group employees. It is calculated based on the reporting scope for France, which represents 34% of the Group's workforce. In 2024, the rate was 2.9 per million hours worked.

In France, the Group deploys traceability programs to track potential exposure to arduous working conditions in its facilities (including chemicals exposure), as part of its global risk assessment report. At the global level, the Group is working on digitalizing its risk assessment data using the dedicated STARMAP tool, which guarantees internal traceability.

Agreements on early retirement for employees in asbestos-contaminated facilities

In France, four Group sites have been included by ministerial decree on a list of sites whose current employees would be entitled to the early retirement provisions for asbestos workers. The Group cannot exclude that other Group sites may be added to the list in the future.

In this context, on 30 June 2003, Arkema France signed an agreement with all of the representative trade unions that improved the terms of retirement for employees qualifying for this provision, and adjusted their retirement dates to facilitate the transfer of their skills and knowledge within the Group. These measures were extended to all Group companies in France by an agreement signed on 1 September 2007 with all of the unions. For more information, please refer to note 7.3 to the consolidated financial statements at 31 December 2024 in section 5.3.3 of this document.

Follow-up indicators (S1-14)

	2024
Percentage of employees covered by the Group's health and safety management system (based on legal requirements and/or recognized standards or guidelines) (1)	96%
Percentage of workforce covered by a health and safety management system based on recognized standards or guidelines and subject to internal audit (1)	71%
Number of fatalities due to accidents (Group employees) (2)	0
Number of fatalities due to accidents (employees of contractors) (2)	0
Number of recordable work-related accidents (4)	27
Rate of recordable work-related accidents (4)	0.7
Number of cases of recordable work-related ill health, subject to legal restrictions on the collection of data (3)	32
Number of days lost due to work-related accidents (2) (4)	576

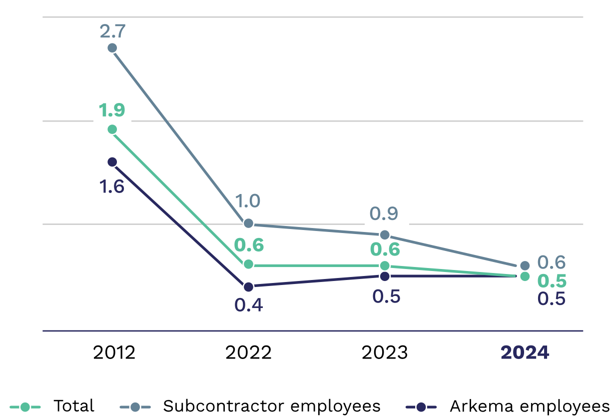
(1) Group employees, excluding non-employees (temporary workers)
(2) Occupational illnesses are not included
(3) For current and former employees in France only
(4) Group employees and non-employees (temporary workers)

Given the heterogeneity of local legislation on the definition and recognition of occupational illnesses, the Group does not publish, on a worldwide basis, the number of occupational illnesses or deaths due to such illnesses among its employees or former employees. Arkema endeavors to develop an in-depth understanding of its processes and to harmonize monitoring for scope-wide information integration in the medium term.

The Lost Time Injury Rate (LTIR) is calculated as the number of accidents per million hours worked across all Group employees and contractors working at Group sites.

The lost-time incident rate (LTIR) was improved at 0.5 in 2024. An average of 34 days were lost per injury in 2024 across all Group and subcontractors employees.

LOST-TIME INJURY RATE (LTIR) [1]



[1] *A "lost-time injury" refers to any injury causing bodily harm or psychological trauma to an employee in the course of their duties, and resulting in time off work.*

4.2.3.2 Value chain workers (ESRS S2)

4.2.3.2.1 Summary of IROs and interaction with policies, targets and actions

IROs	Policy	Targets	Actions
Product safety and stewardship			
Negative impacts relating to exposure to hazardous materials or substances of very high concern used in chemical processes, likely to harm the environment and people throughout the value chain, with the potential development of pathologies for Arkema employees, subcontractors, carriers or customers.	4.2.2 HSSEQ policy		4.2.3.2.3, 4.2.3.2.4
Financial risks relating to chronic or accidental exposure to substances of concern that are harmful to the environment and human health, potentially affecting Group employees, subcontractors or customers.	4.2.2 HSSEQ policy		4.2.3.2.3, 4.2.3.2.4
Risk of non-compliance with multiple global, regional and national regulations.	4.2.2 HSSEQ policy		4.2.3.2.3, 4.2.3.2.4
Responsible sourcing			
Risks of lawsuits, financial penalties and damage to Arkema's reputation in the event of a breach of due diligence regulations, such as existing European regulations and the new European directive on the duty of care.	4.2.3.2.3, 4.2.4.4		4.2.3.2.4, 4.2.4.4
Opportunity relating to the development of responsible supply chains.	4.2.3.2.3, 4.2.4.4		4.2.4.4.6

4.2.3.2.2 Policies

Arkema is firmly committed to respect for human rights and fundamental freedoms throughout its value chain, and makes every effort to prevent and identify any human rights violations against its employees or those of its suppliers, its subcontractors and other stakeholders, and to remedy any such violations that do occur. The Group's commitment is reflected in its Human Rights policy, outlined in section 4.2.3 of this chapter.

The Group pays particular attention to the health and safety of its customers. The HSSEQ policy, outlined in section 4.2.2, includes product stewardship, which aims to prevent health impacts associated with the use of its products. The product stewardship policy of Arkema is based on principles established by current regulations (globally harmonized classification system for chemical hazards (GHS - UNECE), communication throughout the supply chain, sector-specific regulations, etc.).

With regard to its upstream value chain, Arkema applies the policies outlined in section 4.2.4.4 of this chapter, plus the policy on conflict minerals (see section 4.2.4.4.3), to promote responsible sourcing and minimize the risks of human rights violations.

Dialogue with value chain workers is facilitated by the whistleblowing procedure outlined in section 4.2.4.2.5. This enables any worker in Arkema's value chain to report any malfunction and to inform Arkema of their concerns. Such input of critical information helps to improve dialogue with the Group's suppliers and to encourage the development of more responsible practices throughout the value chain.

4.2.3.2.3 Actions on the upstream value chain

The Group has implemented several measures to prevent negative impacts and risks for workers employed at its suppliers:

- a Suppliers Code of Conduct has been put in place, covering respect for human rights and labor law, in particular. The Group's suppliers are expected to comply with this code (see section 4.2.4.3.1 for further details);
- participation in the *Together for Sustainability* (TfS) initiative which aims to promote corporate responsibility throughout the supply chain thanks to pooling supplier assessment procedures with other companies in the chemicals sector (see section 4.2.3.5 for further details); and
- the implementation of the Pragati program, which promotes compliance with the basic human rights of castor bean farmers and sustainable agriculture practices (see section 4.2.4.4.6 for further details).

4.2.3.2.4 Actions on the downstream value chain |DCP|

The Group's products must be received, stored and used in compliance with strict conditions, to minimize any potential negative impacts from the exposure of value chain workers to the chemical substances they contain. It is therefore particularly important that stakeholders are informed of the risks involved when handling the Group's products, and of the appropriate conditions of use.

Arkema relies on an in-house team of expert toxicologists and ecotoxicologists which conducts product hazard studies and works closely with regulatory experts to assess risks in normal conditions of use. The findings are shared across the Group and externally in various forms, such as Safety Data Sheets and labeling.

Safety Data Sheets (SDSs)

In many countries, Arkema describes its product characteristics and conditions of use in Safety Data Sheets (SDSs), which are required to market chemicals classified as hazardous to human health or the environment. They are prepared in some forty languages based on a global database comprising the composition of every product and its toxicological, ecotoxicological and physicochemical data, thereby ensuring consistent information in every market. Arkema issues SDSs regularly and after each major update, in compliance with regulatory requirements. Digital SDS issue is being phased in, and the SDSs are posted on the Group website or the online QuickFDS platform. As part of the product stewardship process, Arkema exceeds regulatory obligations by issuing SDSs even for products that are not classified as hazardous. All SDSs include a 24/7 hotline number and an e-mail address enabling any downstream value chain worker to communicate with Arkema.

In Europe, the Group's organization and IT infrastructure have made it possible to issue extended SDSs, the latest REACH compliant format, which improve risk management by including exposure scenarios for each identified use.

Product labels

Labels are particularly important information sources for value chain workers when receiving, storing and using Arkema products. The Group has developed systems to print labels with a consistent classification, regardless of the country in which the product is manufactured or marketed.

Poison control centers

The CLP regulation makes alignment with the GHS a legal obligation throughout the European Union. In addition, under the regulation, companies that put hazardous mixtures on the market must provide information about those mixtures to the bodies appointed by their country. The appointed bodies make the information available to poison control centers so that they can provide medical advice rapidly in an emergency situation.

In addition, efficient IT systems enable Arkema to meet its regulatory requirements and to prepare and align its documents as needed with the latest formats and data, notably changes in the CLP regulation and introduction of the GHS standardized classification and labeling system in a new country.

Sector-specific regulations

Product Stewardship teams provide customers with certificates of conformity giving information relevant to regulated markets (food contact, drinking water, cosmetics, etc.).

The Group complies with regulations on genetically modified organisms (GMOs) in different countries and regions. The vast majority of plant-based raw materials used by Arkema is guaranteed GMO-free, and this can be traced if customers so require.

The Group has a policy of restricting the use of its products in medical applications solely to temporary implants (less than 30 days). To assist the Group's businesses in their choices, Arkema has set up medical applications assessment committees in order to assess the compliance of the intended products with prevailing laws and regulations.

4.2.4 Governance information (ESRS G1)

4.2.4.1 Summary of IROs and interaction with policies, targets and actions

IROs	Policy	Targets	Actions
Governance, business ethics and transparency			
Positive impacts relating to a range of solutions developed in compliance with regulations, anti-corruption and work to combat human rights violations.	4.2.4.2.1		4.2.4.2.2-4.2.4.2.5
Risk relating to the exposure of the Group and its employees to administrative or legal proceedings, or even criminal or civil penalties.	4.2.4.2.1		4.2.4.2.2-4.2.4.2.5
Risk of reputational damage resulting in a loss of business opportunities, partnerships and talent.	4.2.4.2.1		4.2.4.2.2-4.2.4.2.5
Responsible sourcing			
Risks of lawsuits, financial penalties and damage to Arkema's reputation in the event of a breach of due diligence regulations, such as existing European regulations and the future European directive on the duty of care.	4.2.3.2.2, 4.2.4.4		4.2.4.4, 4.2.3.2, 2.1.2
Opportunity relating to the development of responsible supply chains.	4.2.3.2.2, 4.2.4.4		4.2.4.4.6

For further details on the "Risks of lawsuits, financial penalties and damage to Arkema's reputation in the event of a breach of due diligence regulations, such as existing European regulations and the future European directive on the duty of care" see section 2.1.2 of this document.

4.2.4.2 Business compliance and ethics (G1-1 and G1-3)

The Group places great importance on conducting its business in line with the principles and rules on business compliance and ethics. In particular, Arkema works in line with international conventions, prevailing laws and regulations, and honest business practices. Failure to comply would expose the Group to legal or reputational risks.

Arkema is committed to complying with antitrust regulations and to rejecting and preventing all forms of corruption and fraud using a zero-tolerance approach.

Arkema's general approach helps comply with the "minimum safeguards" criterion on anti-corruption and fair competition for the Group's Taxonomy-eligible operations (see section 4.2.2.6 of this chapter).

4.2.4.2.1 The Code of Conduct and Anti-Corruption Policy

The Group's Business Conduct and Ethics Code sets out Arkema's values and describes the principles and rules of conduct all employees are expected to abide by at all times.

In particular, the Code of Conduct specifies that:

- no form of violence, sexual or moral harassment is tolerated in the workplace;
- employees must not offer, provide, promise, request or accept, directly or indirectly, any undue advantage, be it pecuniary or otherwise, in order to secure business relations or any other business advantage;
- employees must scrupulously comply with all applicable laws relating to antitrust in all countries where the Group operates; and
- Arkema employees involved in international trade must ensure compliance with export/import control laws and regulations, as well as international economic sanctions.

Laying down Arkema's Policy on influence peddling and corruption, in line with the principles of the United Nations Convention against Corruption, the Group's Anti-Corruption Policy:

- defines corruption and influence peddling;
- provides concrete examples of behaviors to avoid that could be construed as acts of corruption or influence peddling; and
- outlines the basic set of rules relating to gifts and hospitality offered to employees.

The Code of Conduct and the Anti-Corruption Policy are available in 15 languages, corresponding to the main languages of the countries in which the Group operates, and are accessible on the Group's intranet and website.

The rules and procedures of Arkema's business compliance and ethics program, which includes the Code of Conduct and the Anti-Corruption Policy, are sent electronically to all employees once a year. As part of this awareness campaign, employees are invited to reiterate their commitment to respecting the Group's principles and rules on ethics and compliance by signing a compliance statement *via* the program's distribution platform.

Compliance with the rules and principles of the Code of Conduct and other Group procedures is assessed as part of the annual employee appraisal process.

4.2.4.2.2 Measures for reducing business compliance and ethics risks

The Group's business compliance and ethics program primarily covers antitrust, international economic sanctions and the fight against corruption. The program is subject to rules and procedures as well as related risk management processes, the main aspects of which are described hereafter:

- face-to-face training to build employee awareness of antitrust regulations, compliance with international economic sanctions and the fight against corruption;
- e-learning modules on the Code of Conduct, anti-corruption and antitrust legislation, with the latter primarily aimed at employees who are most exposed to these risks. As of 31 December 2024, over 16,200 employees have taken the e-learning course on the Code of Conduct, including members of the Executive Committee, employees in senior management positions and employees most exposed to compliance risks, notably those in sales and purchasing;
- a practical guide to competition covering rules and recommended behaviors issued to employees;
- integrity checks and other due diligence on third parties who interact with the Group;
- the verification of business intermediaries prior to appointment, according to the business intermediary procedure, to minimize the risks of corruption-prone situations arising;
- rules relating to gifts and invitations;
- guidelines for managing conflicts of interest;
- systematic prior approval required for any export to countries subject to commercial and/or financial restrictions, according to the export control procedure; and
- a whistleblowing system as described in section 4.2.4.2.5 of this chapter.

4.2.4.2.3 Control processes and disciplinary action

The Group relies on a network of lawyers in charge of compliance issues to monitor the effectiveness of its business compliance and ethics program.

A Compliance Committee is also responsible for overseeing the implementation and proper application of the rules and principles set out in the Code of Conduct. This committee, whose members are appointed by the Chairman and Chief Executive Officer, is made up of representatives from the following departments: Internal Audit and Internal Control, Human Resources, Sustainable Development, Industry Environmental Safety, Legal Affairs, Raw Materials and Energy Purchasing, Finance & Treasury. The Compliance Committee presents the minutes of its meetings to Arkema's Executive Committee. It met four times in 2024.

As part of the global risk management process, the Internal Audit and Internal Control department regularly performs audits in the subsidiaries. These include an analysis of the management processes to help detect possible risks of fraud or, more generally, non-compliance, and to define, where appropriate, the necessary corrective measures. For more information on the global risk management process, see section 2.2 of this document.

The corruption risk map, mentioned in section 2.1.2 of this document, is updated regularly. In 2024, the Group was not convicted of any allegations of corruption or influence peddling.

Disciplinary actions are provided for in the event of non-compliance with the provisions of the Code of Conduct or the Anti-Corruption Policy. They are described in the Internal Rules (or equivalent) of each entity.

Of the alerts submitted via the whistleblowing system in 2024, five were substantiated and resulted in corrective measures, including disciplinary action. None gave rise to fines, penalties or the payment of damages. For further details on the whistleblowing system, see section 4.2.4.2.5 of this chapter.

4.2.4.2.4 Personal data protection

Arkema takes steps to comply with personal data regulations in all the countries in which the Group operates. A network of local representatives, supervised by the Data Protection Officer, facilitates consistent global management of personal data protection within the Group.

The Data Protection Officer works closely with cybersecurity teams to implement IT security measures in line with the General Data Protection Regulation (GDPR) that will protect data handled by the Group.

4.2.4.2.5 Whistleblowing system |DCP|

The Group has a whistleblowing system whose procedure is available on the Ethics and Compliance section of the Group's website and has been translated into 15 languages. It allows employees and other stakeholders to report any irregularities they are aware of that may be related to Arkema. Examples include corruption, influence peddling or fraud, direct or indirect discrimination, moral and/or sexual harassment, breaches of competition law, or serious violations of human rights, fundamental freedoms, health, personal safety or the environment. Under this system, precautions are taken to protect the confidentiality of the person making the report, their family and friends, and the persons implicated, as well as to protect the whistleblower from any act or threat of retaliation by the Group as a result of the report.

The reports are handled by the Whistleblower Committee, which acts in the strictest confidentiality and ensures the impartiality of the investigations carried out. The Whistleblower Committee, whose members are appointed by the Chairman and Chief Executive Officer, comprises representatives from the following departments: Internal Audit and Internal Control, Sustainable Development, Legal Affairs and Human Resources.

The whistleblowing system supplements the other disclosure mechanisms available at certain subsidiaries.

In 2024, 26 alerts were received through this channel, five of which were substantiated. Twenty (77%) of these alerts were on human resources issues (including ten on discrimination or harassment), two (8%) on business integrity and fraud issues, three (11%) on conflict of interest issues, and one (4%) on occupational health and safety issues. As of 31 December 2024, three alerts were still being processed.

4.2.4.2.6 Tax policy

Arkema conducts industrial, commercial and service operations in many countries and communities around the world. The Group aims to contribute to the development of these communities through the payment of a tax related to the activities and functions it performs within them.

Arkema complies with the tax laws and regulations of the countries in which it operates, as well as international tax standards, in particular those developed by the OECD. To do so, Arkema relies on a tax department that has tax professionals in the countries where its challenges are greatest. In other countries, the Group's tax department calls on recognized external consultants whenever necessary to validate its practices.

The main objective of tax policy is to provide the Group with long-term legal certainty. Arkema condemns and seeks to prevent all forms of tax evasion. As such, it does not implement aggressive tax planning geared towards transferring tax bases without justification to countries with low tax rates. Neither does it create legal structures devoid of substance for fiscal reasons in such countries. As of 31 December 2024, Arkema had only one entity (Bostik OOO) located in a country (Russia) on the European Union's tax haven blacklist.

Arkema applies transfer pricing policies endorsed by the OECD to its inter-company flows, and believes its policies to be reasonable for the risks and functions of the entities that constitute the Group, and compliant with the arm's length principle. These policies and the corresponding practices are applied within the Group by the tax department, first, *via* training for the employees responsible for applying them, and second, by making documentation available to tax administrations in a timely manner, either spontaneously or on request, depending on the regulations of the country in question.

Arkema cooperates with tax administrations with integrity and transparency when being audited, and ensures the implementation of any corrective measures when the audits are completed. Tax risk reporting is integrated into the risk management process and is presented regularly to the Group Audit Committee.

Arkema's general approach helps comply with the "minimum safeguards" criterion on tax-related risks for the Group's taxonomy-eligible operations (see section 4.2.2.6 of this chapter).

4.2.4.3 Advocacy (G1-5)

As a responsible chemical company, the Group engages with public authorities wherever it operates. Its advocacy activities support its strategy and adhere strictly to its values and commitments, particularly in terms of social and environmental responsibility. By participating in the public conversation, the Group contributes to the development of legislative and regulatory frameworks that are conducive to the development of its activities.

The Group's positions are communicated to public decision-makers, either directly or through professional associations or other bodies.

When communicating directly, the Group operates with the utmost transparency and within the appropriate national legal framework. The Institutional Relations Department is now organized by major region, with managers in Europe, the United States and China. These advocacy managers are supported by experts in the Business Lines and functional departments, who take part in working groups within trade associations. In these regions and countries, the function is responsible for monitoring public initiatives at the local, national or international level that may impact the Group and are tasked with defending or promoting the interests of the Group in this context. The priority issues addressed concern: business competitiveness both globally (*i.e.*, at Group level, on issues such as energy, taxation, particularly on output, payroll taxes, employment law, regulation in general, etc.) and locally (*i.e.*, at site level, on issues such as health, safety and environmental legislation, and support for expansion projects and reorganizations); the circular economy; responsible product stewardship; and the energy and ecological transition.

On environmental issues, the Group aligns its institutional policy – and its positions – with the objectives of the Paris Agreement and Arkema's carbon trajectory for 2030, validated by the SBTi. Since October 2023, this policy has included a commitment to contribute to the national and European objective of carbon neutrality by 2050.

Whether advocacy is direct or indirect, the issues are the same. They tend to be more specific when the association or professional body to which the Group belongs represents a specialized sector. In France, Arkema is a member of global employers' federations such as MEDEF (*via France Chimie*), AFEP (*Association française des entreprises privées*) and France Industrie. The Group also belongs to numerous professional bodies in its industry, such as *France Chimie* in France, CEFIC in Europe, the American Chemistry Council in the United States, or even the Association of International Chemical Manufacturers and the China Petroleum & Chemical Industry Federation in China. In addition, the Group is a member of close to 50 other specialized industry associations worldwide whose objectives are closely related to its businesses. In 2023, Arkema also joined *Entreprises pour l'Environnement* (EpE) in France, which is aligned with the Group's climate ambitions.

For the Group as a whole, contributions to trade associations amounted to around 4.3 million euros in 2024. The two largest associations are *France Chimie* and CEFIC, which account for 27% and 18% respectively of total contributions paid. Between approximately 15% and 20% of the fees paid to the main industry associations support lobbying efforts.

The Group's advocacy work complies with the regulatory provisions in force in each host country. For example, Arkema has been entered in the European Union Transparency Register and has pledged to comply with the related Code of Conduct. Similarly, in France, Arkema reports on its business annually to meet its disclosure requirements as a registered lobbyist in the national digital registry of lobbyists set up in 2017, which is managed by France's High Authority for Transparency in Public Life (HATVP). This also applies to the United States, where the Group files quarterly activity reports with both houses of Congress, as required under section 5 of the Lobbying Disclosure Act of 1995.

Lastly, the Group expressly confirms that it does not finance any political party or organization – directly or indirectly, through financial or in-kind contributions – in the countries where it operates with the aim of influencing their position or obtaining special treatment that could be interpreted as acts of corruption.

Only Thierry Le Hénaff's term of office was renewed in 2024. Thus no new director who would have held a comparable position in a public administration (including a regulatory body) in the two years preceding his or her appointment was appointed to Arkema's Board of Directors in 2024.

4.2.4.4 Responsible procurement (G1-2) |DCP|

The Group includes considerations of employee, environmental and social issues, in its procurement process, and strives to build long-term, balanced and sustainable relationships with its suppliers and subcontractors. In its choice of industrial and business partners, Arkema favors those that respect its social commitments.

Purchasing functions are managed globally at Group level. A Responsible Purchasing Steering Committee meets at least three times a year, bringing together representatives from the Procurement departments (Goods and Services/Logistics/Raw Materials and Energy) and the Sustainable Development department. The key items discussed during its meetings are reported to the CSR/Stakeholder Dialogue Steering Committee, (presented in section 4.2.1.3.1 of this chapter) and points covered by the vigilance plan concerning suppliers and subcontractors are submitted to the Risk Review Committee. To reduce risks and promote long-term relations with suppliers and subcontractors, Arkema has deployed the resources described in the following sections.

4.2.4.4.1 The Supplier Code of Conduct

The Group's responsible procurement process is guided by the ethical principles and rules expressed in the Business Conduct and Ethics Code described in section 4.2.4.2.1 of this chapter. The Group has also signed the national inter-company charter of the French purchasing managers' organization and the state-sponsored inter-company mediation initiative (*Médiation interentreprises*), which is based on ten responsible procurement commitments. As part of this process, a dedicated Supplier Code of Conduct summarizing all of the related CSR aspects has been issued and circulated to all Group entities.

The Supplier Code of Conduct's guidelines cover human and employee rights, respect for the environment, the quality and safety of the products and services provided, and business compliance and ethics. Environmental compliance requires suppliers, among other things, to prevent and limit the impact of their activities on climate change and biodiversity, implement responsible resource management and promote circular economy practices in their value chain. As part of the focus on business integrity and transparency, suppliers must comply with laws governing competition, corruption, conflicts of interest, confidentiality and the transparency and accuracy of reported information. The code can be accessed on the Group's website.

When selecting a new supplier, the Group looks for the bid that offers the best combination of performance, cost and quality, while also taking into account the supplier's CSR performance. All new suppliers and subcontractors are informed of the code's provisions and are expected to comply with these provisions in addition to the general purchasing conditions, and ensure that their suppliers and subcontractors do likewise.

4.2.4.4.2 Responsible procurement training and awareness

Group buyers are all trained to apply the Supplier Code of Conduct and the CSR performance assessment process, with regular follow-up meetings to inform and maintain awareness. In 2024, sessions were held to present the responsible procurement approach to buyers from all departments and regions. These sessions were followed up with reminders, updates and discussions about implementing the Together for Sustainability supplier assessment initiative. Accordingly, around 70% of buyers attended training or brush-up sessions in 2024.

4.2.4.4.3 Selection of suppliers and subcontractors

The procurement departments carry out preliminary assessments before entering into any business relationships with suppliers or subcontractors, as part of the selection process. These assessments are based on robust criteria that notably include corporate social responsibility issues. Two sources of information are used for these assessments:

- first, suppliers and subcontractors are interviewed about their performance and compliance, to enable Arkema to assess their ability to meet the Group's requirements, particularly in terms of ethics, safety and the environment, corporate social responsibility and product quality; and
- second, external databases providing information and assessments of the company's financial solidity, performance and compliance are queried. For corporate social responsibility, the Group uses the Ecovadis ratings platform. In terms of cybersecurity, the Group has used Vendor Risk Assessments since 2021. This process is based on the analysis of independent audit reports following the Service Organization Control (SOC) framework and assessments by Cybervadis.

Logistics services contracts are awarded to transporters and warehouse operators on the basis of their safety, security and environmental performance, while highway hazardous materials transporters are selected based on third-party assessments, such as the Safety and Quality Assessment System (SQAS) in Europe and the Road Safety and Quality Assessment System (RSQAS) in China. Similarly, vessels chartered worldwide for the bulk transportation of Group products are first vetted by a third party.

For purchases of goods, services and trade products, Arkema includes social, environmental and ethical criteria in its supplier evaluation and selection process, in line with the Group's CSR policy.

Raw material suppliers are notably questioned by the Group about their management system (ISO or other certifications), their ability to manage the transportation of materials to Group sites in accordance with safety requirements, regulatory information (REACH, inventories, certificate of analysis, food safety certificate, conflict minerals, etc.), the percentage of renewable or recycled content, and the carbon footprint of their products.

Conflict minerals policy

Since the 2010s, key concerns have emerged about minerals from politically unstable areas. Some illegal minerals operations are used to fund violent activities that maintain or encourage conflict in these areas.

Regulations passed in the United States (2010 United States legislation, Dodd-Frank Wall Street Reform and Consumer Protection Act, section 1502) and the European Union (regulation (EU) 2017/821 of the European Parliament and of the Council of 17 May 2017) urge organizations to source materials responsibly, by applying reasonable care to due diligence and compliance measures for the specified minerals (tin, tantalum, tungsten and gold) coming from conflict-affected and high-risk areas, such as the Democratic Republic of Congo (DRC) and adjoining countries.

The Group does not directly purchase "conflict minerals", as identified in these regulations. Arkema is nevertheless committed to responsible sourcing.

If the products it buys contain conflict minerals, as defined by the regulations, Arkema requests its suppliers to provide information about the origin of these minerals. In its concern to uphold responsible sourcing practices, the Group makes every effort not to purchase raw materials that Arkema has reason to believe could originate from the DRC or neighboring countries, unless they are certified "conflict-free". Arkema also supports its customers in complying with regulations, by answering their inquiries as to whether the products purchased contain conflict minerals.

In 2013, Arkema implemented a conflict minerals program utilizing tools and recommendations developed by the Responsible Minerals Initiative (RMI) and set up a framework with its partners along the supply chain. This program is deployed throughout the Group and aims in particular to facilitate the commitment and reporting of suppliers, to automate the generation of Conflict Minerals Reporting Templates (CMRTs), to answer customers' requests quickly and to coordinate activities between the different functions of the company.

In this way, the conflict minerals management program enables Arkema to meet its regulatory obligations and handle customer requests, while reducing critical risks on its supply chain.

4.2.4.4.4 Assessment of suppliers and subcontractors

In the context of relationships with suppliers and subcontractors, and in order to drive continuous improvement in safety performance, environmental impact, business ethics, quality and innovation, the Group's three Procurement departments have introduced continuous assessment processes via two complementary systems:

- the first is a periodic assessment based, in particular, on the supplier or subcontractor's observed performance in terms of its commitments, the number, type and management of any complaints, and the CSR assessment conducted via the Together for Sustainability initiative described hereafter; and
- the second is based on targeted audits prioritizing suppliers and subcontractors whose performance needs to be improved. Under the Supplier Code of Conduct, suppliers and subcontractors agree to meet all of the Group's CSR expectations and to cooperate with its audits of their compliance with the code.

In line with Arkema's HSE policy, the Goods and Services Procurement department regularly assesses the employee safety performance of the leading contractors working on Group sites. The results of these assessments are systematically discussed during contract reviews. As explained in section 4.2.3.1.8 of this chapter, the safety of contractor employees is considered just as important as that of Arkema personnel, and their incidents are included in the Group's safety performance.

Supply chain service providers are regularly audited with visits to transportation companies and outside warehouses and assessments of their performance. These audits are supported by third-party assessments, such as the Safety & Quality Assessment System (SQAS) for overland transportation, the Chemical Distribution Institute for maritime shipping, and the European Barge Inspection Scheme for river shipping. Inventory requirements on warehouse operators ensure real-time availability of an itemized list of the Group's products in stock, along with their exact location.

In addition, every year, the Internal Audit and Internal Control department audits subsidiaries by conducting a range of tests on supplier approval and assessment processes and on the practices and risks associated with raw materials and goods and services procurement.

4.2.4.4.5 Membership of the Together for Sustainability (TfS) initiative |DCP|

To base its requirements on accepted standards and avoid the need for duplicate supplier assessment procedures, in 2014, the Group joined the Together for Sustainability (TfS) initiative, founded by six European chemical companies. This global program is designed to encourage social responsibility across the chemical industry supply chain, and is based on the principles of the United Nations Global Compact and the Responsible Care® Global Charter. It enables member companies to share the findings of assessments or audits of CSR performance of their suppliers or subcontractors conducted by Ecovadis or by independent audit firms, with members of the TfS program sharing the findings. Ecovadis analyzes supplier documents and questionnaires on the basis of CSR criteria in line with international standards, and ensures a 360° watch on information reported by external stakeholders.

A procurement officer is specifically appointed to lead the TfS effort within the Group and reports to the Responsible Procurement Committee (see section 4.2.4.4 of this chapter).

At the end of 2024, more than 2,400 of the Group's suppliers and subcontractors had been assessed according to CSR criteria over the last three years. Thanks to these assessments, the Group has identified certain suppliers or subcontractors whose CSR performance is below standard and has requested that they improve their practices in this area. The resulting initiatives are tracked over time by the Group's procurement teams in liaison with the suppliers and subcontractors in question. The results of these assessments are also taken into account by procurement teams during the supplier selection process.

In 2024, CSR scores rose for 62% of suppliers whose assessments were updated.

Target 2025

The Group has set itself a strategic target: 80% of purchasing spend from relevant suppliers covered by a TfS assessment.

17 PARTNERSHIPS FOR THE GOALS

	2024	2023	2022
Percentage of purchasing spend with relevant suppliers covered by a TfS assessment (1)	81%	77%	75%

(1) Relevant suppliers are suppliers accounting for 80% of the Group's recurring purchasing spend, as defined in the methodology note in section 4.2.5.6 of this chapter.

By the end of 2024, the Group had reached its target and is working to consolidate this performance in 2025.

At-risk suppliers

The Group's Procurement departments defined criteria for identifying at-risk suppliers and subcontractors, which are those most likely to present a risk in terms of human rights, personal health and safety, corruption, or compliance with international labor and environmental standards. The three departments organize the supplier assessment and audit process so that recurrent at-risk suppliers are systematically assessed and then contacted and audited if their assessment reveals unsatisfactory practices.

4.2.4.4.6 Collaborative programs for a responsible value chain |DCP|

A responsible approach to castor oil harvesting

As a producer of high performance materials made from renewable resources, Arkema is participating in the Pragati program, alongside industrial partners BASF and Jayant Agro-Organics Ltd. and NGO Solidaridad. Launched in Gujarat, India, in 2016, the initiative aims to provide a framework for the sustainable production of castor beans by taking into account all of the related social, environmental and economic issues. So far, more than 10,000 farmers have been trained through the Pragati program, with 8,000 of these officially certified following audit and around 100,000 tonnes of certified castor seed have been harvested. The project has proved highly successful, with crop yield 57% higher than the average figure published by the local government, improved health and safety conditions for farmers, responsible use of fertilizers, and a reduction of around 33% in water consumption through the adoption of good agricultural practices as promoted by the SuCCESS (Sustainable Castor Caring for Environmental and Social Standards) Code. The Code also promotes respect for basic human rights, such as the payment of minimum wages and equal pay, non-discrimination, the non-use of child labor and the avoidance of all forms of violence.

After eight years in operation, the four founding partners of the Pragati program have launched the third phase, running till 2026. During this phase, continued attention will be paid to sustainable agriculture, with particular emphasis on increasing the participation of women and improving water management techniques in farming communities.

Suppliers working with Arkema to reduce their carbon footprint

To combat climate change, commitment is required across the whole of the value chain.

Suppliers

The Group continues to raise awareness among its main suppliers, encouraging them to reduce the carbon footprint of their products. So in 2024, Arkema organized a series of webinars and meetings with a number of suppliers around the world, aimed at demonstrating the benefits of reducing the carbon footprint of their products for the entire value chain, in particular through the reduction of their Scopes 1 and 2 greenhouse gas emissions.

Logistics suppliers

To better manage the carbon footprint of its transportation operations, Arkema signed a multi-year contract in 2022 with EcoTransIT, a company that specializes in detailed calculations of the emissions generated by transportation activities. An interface has been developed between Arkema's Transport Management System (TMS) and the EcoTransIT calculator, allowing each transport operation to be matched in real time with the volume of CO_2 equivalent emitted. Since the end of 2023, transport-related CO_2 reporting has been dynamic, allowing each Arkema Business Line to measure its impact and the results of actions taken. The activities of the Adhesives segment are gradually joining this system as the TMS is rolled out to this *Business Line*. By the end of 2025, almost all the Group's transport activities will be covered by this dynamic reporting.

Arkema is also continuing its policy of promoting rail transportation for both the upstream flows under its control and its intersite and downstream flows.

An industrial project gave rise in 2024 to the start-up of a new regular year-round rail flow between Central Europe and the port of Antwerp. This mode of transportation, preferred to road transportation when establishing the supply chain for a new product, has led to the commissioning of a fleet of 35 new wagons. For another industrial project, and with the same concern to decarbonize its bulk transport, Arkema has built a new inter-plant flow in France in 2024 that will be based entirely on a rail/road solution, with over 80% of the distance covered by rail. This flow will start in 2025. Lastly, with the same objective in mind, Arkema chose to help finance the renovation of the service track to the Lannemezan site (France), although publicly owned but threatened with closure. Once again, despite the investment required, rail was chosen for environmental and safety reasons.

Arkema has also decided to develop a tailored digital solution to manage its railway flows through a partnership in 2021 with the SNCF and Everysens, a start-up specializing in rail traceability. This confirms Arkema's commitment to maintaining rail as one of the key vectors of decarbonization in its supply chain.

Lastly, communication initiatives are carried out in specialized bodies and media to contribute to the collective action aiming to preserve and develop rail freight, in particular *via* AUTF and *France Chimie* in France, and CEFIC in Europe.

Fight against deforestation

On 29 June 2023, the new EU Regulation on Deforestation-free products ("EUDR") came into force to prohibit the importing of products derived from deforestation into the European Union. Companies will have to comply with this regulation from 30 December 2025.

Arkema is affected as regards palm-, soy- and natural rubber-based raw materials, as well as their respective derivatives.

In order to meet the EUDR requirements, the Group has initiated action with its relevant suppliers so that they can share their strategy and action plan to ensure their compliance with the forthcoming regulation. In a second phase, based on the information obtained from its suppliers, Arkema will define the actions necessary to ensure the compliance of its supply purchases.

4.2.5 Appendices

4.2.5.1 Disclosure requirements in ESRS covered by the undertaking's sustainability statements (DR ESRS 2 IRO-2)

List of disclosure requirements in ESRS covered by the undertaking's sustainability statements

GENERAL INFORMATION:

Disclosure Requirement	Chapter reference
BP-1 General basis for preparation of sustainability statements	4.2.1.1 General basis for preparation of sustainability statements (BP-1)
BP-2 Disclosures in relation to specific circumstances	4.2.1.2 Specific circumstances
GOV-1 The role of the administrative, management and supervisory bodies	4.2.1.3.1 Role of governance bodies (GOV-1) and information provided (GOV-2)
GOV-2 Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	4.2.1.3.1 Role of governance bodies (GOV-1) and information provided (GOV-2)
GOV-3 Integration of sustainability-related performance in incentive schemes	4.2.1.3.2 Integration of sustainability results in incentive schemes (GOV-3)
GOV-4 Statement on due diligence	4.2.1.3.3 Statement on due diligence (GOV-4)
GOV-5 Risk management and internal controls over sustainability reporting	4.2.1.3.4 Risk management and internal controls over sustainability reporting (GOV-5)
SBM-1 Strategy, business model and value chain	4.2.1.4.1 Strategy, business model and value chain (SBM-1)
SBM-2: Interests and views of stakeholders	4.2.1.4.2 Stakeholders engagement (SBM-2)
SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model	4.2.1.5.2 Material impacts, risks and opportunities and their interaction with strategy and business model (SBM-3)
IRO-1 Description of process to identify and assess material impacts, risks and opportunities	4.2.1.5.1 Double materiality assessment and identification of impacts, risks and opportunities (IRO-1)
IRO-2 Disclosure Requirements in ESRS covered by the undertaking's sustainability statements	4.2.5.1 Disclosure requirements in ESRS covered by the undertaking's sustainability statements (DR ESRS 2 IRO-2)

ENVIRONMENTAL INFORMATION:

Disclosure Requirement	Chapter reference
E1 ESRS 2 GOV-3 Integration of sustainability-related performance in incentive schemes	4.2.1.3.2 Integration of sustainability results in incentive schemes (GOV-3)
E1-1 Transition plan for climate change mitigation	4.2.2.1.4 Climate transition plan
E1 ESRS 2 SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model	4.2.1.5.2 Material impacts, risks and opportunities and their interaction with strategy and business model (SBM-3)
E1 ESRS 2 IRO-1 Description of the processes to identify and assess material climate-related impacts, risks and opportunities	4.2.1.5.1 Double materiality assessment and identification of impacts, risks and opportunities (IRO-1) 4.2.2.1.2 Physical and transition risk analyses
E1-2 Policies related to climate change mitigation and adaptation	4.2.2.1.3 Policy
E1-3 Actions and resources in relation to climate change policies	4.2.2.1.4 Climate transition plan 4.2.2.1.5 Climate change adaptation
E1-4 Targets related to climate change mitigation and adaptation	4.2.2.1.4 Climate transition plan
E1-5 Energy consumption and mix	4.2.2.1.6 Metric monitoring
E1-6 Gross Scopes 1, 2, 3 and Total GHG emissions	4.2.2.1.6 Metric monitoring
E1-8 Internal carbon pricing	4.2.2.1.7 Internal carbon pricing
E2 ESRS 2 IRO-1 Description of the processes to identify and assess material pollution-related impacts, risks and opportunities	4.2.1.5.1 Double materiality assessment and identification of impacts, risks and opportunities (IRO-1)
E2-1 Policies related to pollution	4.2.2.2 Pollution (ESRS E2)
E2-2 Actions and resources related to pollution	4.2.2.2 Pollution (ESRS E2)
E2-3 Targets related to pollution	4.2.2.2 Pollution (ESRS E2)
E2-4 Air, water and soil pollution	4.2.2.2 Pollution (ESRS E2)
E2-5 Substances of concern and substances of very high concern	4.2.2.2 Pollution (ESRS E2)
E3 ESRS 2 IRO-1 Description of the processes to identify and assess material water and marine resources-related impacts, risks and opportunities	4.2.1.5.1 Double materiality assessment and identification of impacts, risks and opportunities (IRO-1)
E3-1 Policies related to water and marine resources	4.2.2.3 Water and marine resources (ESRS E3)
E3-2 Actions and resources related to water and marine resources	4.2.2.3 Water and marine resources (ESRS E3)
E3-3 Targets related to water and marine resources	4.2.2.3 Water and marine resources (ESRS E3)
E3-4 Water consumption	4.2.2.3 Water and marine resources (ESRS E3)
E4 ESRS 2 SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model	4.2.1.5.2 Material impacts, risks and opportunities and their interaction with strategy and business model (SBM-3)
E4 ESRS 2 IRO-1 Description of processes to identify and assess material biodiversity and ecosystem-related impacts, risks and opportunities	4.2.1.5.1 Double materiality assessment and identification of impacts, risks and opportunities (IRO-1)
E4-2 Policies related to biodiversity and ecosystems	4.2.2.4.2 Policy (E4-1) and targets (E4-4)
E4-3 Actions and resources related to biodiversity and ecosystems	4.2.2.4.3 Actions and resources related to biodiversity (E4-3)
E4-4 Targets related to biodiversity and ecosystems	4.2.2.4.2 Policy (E4-1) and targets (E4-4)
E5 ESRS 2 IRO-1 Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities	4.2.1.5.1 Double materiality assessment and identification of impacts, risks and opportunities (IRO-1)
E5-1 Policies related to resource use and circular economy	4.2.2.5.2 Policies related to resource use and circular economy (E5-1)
E5-2 Actions and resources related to resource use and circular economy	4.2.2.5.3 Actions and resources related to resource use and circular economy (E5-2)
E5-3 Actions and resources related to resource use and circular economy	4.2.2.5.4 Targets related to resource use and circular economy (E5-3)
E5-4 Resource inflows	4.2.2.5.5 Management of resource inflows (E5-4)
E5-5 Resource outflows	4.2.2.5.6 Management of resource outflows: eco-design, product use and end-of-life, waste reduction and management strategy (E5-5)

SOCIAL INFORMATION:

Disclosure Requirement	Chapter reference
S1 ESRS 2 SBM–2 Interests and views of stakeholders	4.2.1.4.2 Stakeholders engagement (SBM-2)
S1 ESRS 2 SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model	4.2.1.5.2 Material impacts, risks and opportunities and their interaction with strategy and business model (SBM-3)
S1-1 Policies related to own workforce	4.2.3 Employee information 4.2.3.1.6 Attracting, developing and retaining talent (S1-1 / S1-5) 4.2.3.1.7 Diversity, inclusion, equal opportunity and equal treatment 4.2.3.1.8 Health and safety measures
S1-2 Processes for engaging with own workers and workers' representatives about impacts	4.2.3.1.2 Employee engagement process (S1-2)
S1-3 Processes to remediate negative impacts and channels for own workers to raise concerns	4.2.3.1.3 Processes to remediate negative impacts and channels for own workers to raise concerns (S1-3)
S1-4 Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	4.2.3.1.6 Attracting, developing and retaining talent (S1-1 / S1-5) 4.2.3.1.7 Diversity, inclusion, equal opportunity and equal treatment 4.2.3.1.8 Health and safety measures
S1-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	4.2.3.1.6 Attracting, developing and retaining talent (S1-1 / S1-5) 4.2.3.1.7 Diversity, inclusion, equal opportunity and equal treatment 4.2.3.1.8 Health and safety measures
S1-6 Characteristics of the undertaking's employees	4.2.3.1.5 People (S1-6)
S1-8 Collective bargaining coverage and social dialogue	4.2.3.1.2 Process for engagement with own workforce (S1-2)
S1-9 Diversity metrics	4.2.3.1.7 Diversity, inclusion, equal opportunity and equal treatment
S1-10 Adequate wages	4.2.3.1.6.3 Compensation and benefits metrics
S1-11 Social protection	4.2.3.1.6.3 Compensation and benefits metrics
S1-12 Persons with disabilities	4.2.3.1.7 Diversity, inclusion, equal opportunity and equal treatment
S1-14 Health and safety metrics	4.2.3.1.8 Health and safety measures
S1-16 Remuneration metrics (pay gap and total remuneration)	4.2.3.1.6.3 Compensation and benefits metrics
S1-17 Incidents, complaints and severe human rights impacts	4.2.3.1.4 Incidents, complaints and severe human rights impacts (S1-17)
S2 ESRS 2 SBM–2 Interests and views of stakeholders	4.2.1.4.2 Stakeholders engagement (SBM-2)
S2 ESRS 2 SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model	4.2.1.5.2 Material impacts, risks and opportunities and their interaction with strategy and business model (SBM-3)
S2-1 Policies related to value chain workers	4.2.3.2 Value chain workers (ESRS S2)
S2-3 Processes to remediate negative impacts and channels for value chain workers to raise concerns	4.2.3.2 Value chain workers (ESRS S2)
S2-4 Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions	4.2.3.2 Value chain workers (ESRS S2)

BUSINESS CONDUCT INFORMATION:

Disclosure Requirement	Chapter reference
G1 ESRS2 GOV-1 The role of the administrative, management and supervisory bodies	4.2.1.3.1 Role of governance bodies (GOV-1) and information provided (GOV-2)
G1 ESRS 2 IRO-1 Description of the processes to identify and analyze material impacts, risks and opportunities	4.2.1.5.1 Double materiality assessment and identification of impacts, risks and opportunities (IRO-1)
G1-1 Corporate culture and business conduct policies	4.2.4.2 Business compliance and ethics (G1-1 and G1-3)
G1-2 - Management of relationships with suppliers	4.2.4.4 Responsible procurement (G1-2)
G1-3 Prevention and detection of corruption and bribery	4.2.4.2 Business compliance and ethics (G1-1 and G1-3)
G1-5 Political influence and lobbying activities	4.2.4.3 Advocacy (G1-5)

List of disclosure requirements in ESRS covered by the undertaking's sustainability statements

Disclosure Requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Reference
ESRS 2 GOV-1 Board's gender diversity paragraph 21 (d)	Indicator number 13 of Table #1 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II		4.2.1.3.1 Role of governance bodies (GOV-1) and information provided (GOV-2)
ESRS 2 GOV-1 Percentage of board members who are independent paragraph 21 (e)			Delegated Regulation (EU) 2020/1816, Annex II		4.2.1.3.1 Role of governance bodies (GOV-1) and information provided (GOV-2)
ESRS 2 GOV-4 Statement on due diligence paragraph 30	Indicator number 10 Table #3 of Annex I				4.2.1.3.3 Statement on due diligence (GOV-4)
ESRS 2 SBM-1 Involvement in activities related to fossil fuel activities paragraph 40 (d) i	Indicator number 4 Table #3 of Annex I	Article 449a; Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Table 1: Qualitative information on Environmental risk and Table 2: Qualitative information on Social risk	Delegated Regulation (EU) 2020/1816, Annex II		Non-material
ESRS 2 SBM-1 Involvement in activities related to chemical production paragraph 40 (d) ii	Indicator number 9 Table #2 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II		4.2.1.4.1 Strategy, business model and value chain (SBM-1)
ESRS 2 SBM-1 Involvement in activities related to controversial weapons paragraph 40 (d) iii	Indicator number 14 Table #1 of Annex I		Delegated Regulation (EU) 2020/1818, Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II		Non-material
ESRS 2 SBM-1 Involvement in activities related to cultivation and production of tobacco paragraph 40 (d) iv			Delegated Regulation (EU) 2020/1818, Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II.		Non-material
ESRS E1-1 Transition plan to reach climate neutrality by 2050 paragraph 14				Regulation (EU) 2021/1119, Article 2(1)	4.2.2.1.4 Climate transition plan
ESRS E1-1 Undertakings excluded from Paris-aligned Benchmarks paragraph 16 (g)		Article 449a; Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book-Climate change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article12.1 (d) to (g), and Article 12.2		Non-material
ESRS E1-4 GHG emission reduction targets paragraph 34	Indicator number 4 Table #2 of Annex I	Article 449a; Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book-Climate change transition risk: alignment metrics	Delegated Regulation (EU) 2020/1818, Article 6		4.2.2.1.4 Climate transition plan

Disclosure Requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Reference
ESRS E1-5 Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors) paragraph 38	Indicator number 5 Table #1 and Indicator number 5 Table #2 of Annex I				4.2.2.1.6 Metric monitoring
ESRS E1-5 Energy consumption and mix paragraph 37	Indicator number 5 Table #1 of Annex I				4.2.2.1.6 Metric monitoring
ESRS E1-5 Energy intensity associated with activities in high climate impact sectors paragraphs 40 to 43	Indicator number 6 Table #1 of Annex I				4.2.2.1.6 Metric monitoring
ESRS E1-6 Gross Scopes 1, 2, 3 and Total GHG emissions, paragraph 44	Indicators number 1 and number 2 Table #1 of Annex I	Article 449a; Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book-Climate change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article 5(1), 6 and 8(1)		4.2.2.1.6 Metric monitoring
ESRS E1-6 Gross GHG emissions intensity paragraphs 53 to 55	Indicator number 3 Table #1 of Annex I	Article 449a; Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book-Climate change transition risk: alignment metrics	Delegated Regulation (EU) 2020/1818, Article 8(1)		4.2.2.1.6 Metric monitoring
ESRS E1-7 GHG removals and carbon credits paragraph 56				Regulation (EU) 2021/1119, Article 2(1)	Non-material
ESRS E1-9 Exposure of the benchmark portfolio to climate-related physical risks paragraph 66			Delegated Regulation (EU) 2020/1818, Annex II Delegated Regulation (EU) 2020/1816, Annex II		Non-material
ESRS E1-9 Disaggregation of monetary amounts by acute and chronic physical risk paragraph 66, point a) ESRS E1-9 Location of significant assets exposed to material physical risk paragraph 66, point c)		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraphs 46 and 47; Template 5: Banking book - Climate change physical risk: Exposures subject to physical risk.			Non-material
ESRS E1-9 Breakdown of the carrying value of its real estate assets by energy-efficiency classes paragraph 67 (c).		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraph 34;Template 2: Banking book-Climate change transition risk: Loans collateralised by immovable property - Energy efficiency of the collateral			Non-material

Disclosure Requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Reference
ESRS E1-9 Degree of exposure of the portfolio to climate- related opportunities paragraph 69			Delegated Regulation (EU) 2020/1818, Annex II		Non-material
ESRS E2-4 Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil, paragraph 28	Indicator number 8 Table #1 of Annex I Indicator number 2 Table #2 of Annex I Indicator number 1 Table #2 of Annex I Indicator number 3 Table #2 of Annex I				4.2.2.2 Pollution (ESRS E2)
ESRS E3-1 Water and marine resources, paragraph 9	Indicator number 7 Table #2 of Annex I				4.2.2.3 Water and marine resources (ESRS E3)
ESRS E3-1 Dedicated policy paragraph 13	Indicator number 8 Table #2 of Annex I				4.2.2.3 Water and marine resources (ESRS E3)
ESRS E3-1 Sustainable oceans and seas paragraph 14	Indicator number 12 Table #2 of Annex I				non-material
ESRS E3-4 Total water recycled and reused paragraph 28 (c)	Indicator number 6.2 Table #2 of Annex I				4.2.2.3 Water and marine resources (ESRS E3)
ESRS E3-4 Total water consumption in m^3 per net revenue on own operations paragraph 29	Indicator number 6.1 Table #2 of Annex I				non-material
ESRS 2- SBM 3 - E4 paragraph 16, point a) i	Indicator number 7 Table #1 of Annex I				4.2.1.5.2 Material impacts, risks and opportunities and their interaction with strategy and business model (SBM-3)
ESRS 2- SBM 3 - E4 paragraph 16, point b	Indicator number 10 Table #2 of Annex I				4.2.1.5.2 Material impacts, risks and opportunities and their interaction with strategy and business model (SBM-3)
ESRS 2- SBM 3 - E4 paragraph 16, point c)	Indicator number 14 Table #2 of Annex I				4.2.1.5.2 Material impacts, risks and opportunities and their interaction with strategy and business model (SBM-3)
ESRS E4-2 Sustainable land / agriculture practices or policies paragraph 24 (b)	Indicator number 11 Table #2 of Annex I				4.2.2.4.2 Policy (E4-1) and targets (E4-4)
ESRS E4-2 Sustainable oceans / seas practices or policies paragraph 24 (c)	Indicator number 12 Table #2 of Annex I				non-material

Disclosure Requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Reference
ESRS E4-2 Policies to address deforestation paragraph 24 (d)	Indicator number 15 Table #2 of Annex I				4.2.2.4.2 Policy (E4-1) and targets (E4-4)
ESRS E5-5 Non-recycled waste paragraph 37 (d)	Indicator number 13 Table #2 of Annex I				4.2.2.5.6 Management of resource outflows: eco-design, product use and end-of-life, waste reduction and management strategy (E5-5)
ESRS E5-5 Hazardous waste and radioactive waste paragraph 39	Indicator number 9 Table #1 of Annex I				4.2.2.5.6 Management of resource outflows: eco-design, product use and end-of-life, waste reduction and management strategy (E5-5)
ESRS 2- SBM3 – S1 Risk of incidents of forced labor paragraph 14 (f)	Indicator number 13 Table #3 of Annex I				4.2.3 Employee information
ESRS 2- SBM3 - S1 Risk of incidents of child labor paragraph 14 (g)	Indicator number 12 Table #3 of Annex I				4.2.3 Employee information
ESRS S1-1 Human rights policy commitments paragraph 20	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex I				4.2.3 Employee information
ESRS S1-1 Due diligence policies on issues addressed by the fundamental International Labour Organization Conventions 1 to 8, paragraph 21			Delegated Regulation (EU) 2020/1816, Annex II		4.2.3 Employee information
ESRS S1-1 Processes and measures for preventing trafficking in human beings paragraph 22	Indicator number 11 Table #3 of Annex I				4.2.3 Employee information
ESRS S1-1 Workplace accident prevention policy or management system paragraph 23	Indicator number 1 Table #3 of Annex I				4.2.3 Employee information
ESRS S1-3 Grievance/ complaints handling mechanisms paragraph 32 (c)	Indicator number 5 Table #3 of Annex I				4.2.3.1.3Processes to remediate negative impacts and channels for own workers to raise concerns (S1-3)
ESRS S1-14 Number of fatalities and number and rate of work-related accidents paragraph 88 (b) and (c)	Indicator number 2 Table #3 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II		4.2.3.1.8 Health and safety measures
ESRS S1-14 Number of days lost to injuries, accidents, fatalities or illness paragraph 88 (e)	Indicator number 3 Table #3 of Annex I				4.2.3.1.8 Health and safety measures

Disclosure Requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Reference
ESRS S1-16 Unadjusted gender pay gap paragraph 97 (a)	Indicator number 12 Table #1 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II		4.2.3.1.6.3 Compensation and benefits metrics
ESRS S1-16 Excessive CEO pay ratio paragraph 97 (b)	Indicator number 8 Table #3 of Annex I				4.2.3.1.6.3 Compensation and benefits metrics
ESRS S1-17 Incidents of discrimination paragraph 103 (a)	Indicator number 7 Table #3 of Annex I				4.2.3.1.3 Incidents, complaints and severe human rights impacts (S1-17)
ESRS S1-17 Non-respect of UNGPs on Business and Human Rights and OECD paragraph 104 (a)	Indicator number 10 Table #1 and Indicator number 14 Table #3 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818 Art 12 (1)		4.2.3.1.4 Incidents, complaints and severe human rights impacts(S1-17)
ESRS 2- SBM3 — S2 Significant risk of child labour or forced labour in the value chain paragraph 11 (b)	Indicators number 12 and number 13 Table #3 of Annex I				4.2.3 Employee information
ESRS S2-1 Human rights policy commitments paragraph 17	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex I				4.2.3 Employee information
ESRS S2-1 Policies related to value chain workers paragraph 18	Indicators number 11 and number 4 Table #3 of Annex I				4.2.3.2 Value chain workers (ESRS S2)
ESRS S2-1 Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines paragraph 19	Indicator number 10 Table #1 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818 Art 12 (1)		4.2.3 Employee information
ESRS S2-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 19			Delegated Regulation (EU) 2020/1816, Annex II		4.2.3 Employee information
ESRS S2-4 Human rights issues* and incidents connected to its upstream and downstream value chain paragraph 36	Indicator number 14 Table #3 of Annex I				4.2.3.2 Value chain workers (ESRS S2)
ESRS S3-1 Human rights policy commitments paragraph 16	Indicator number 9 Table #3 of Annex I and Indicator number 11 Table #1 of Annex I				Non-material

Disclosure Requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Reference
ESRS S3-1 Non-respect of UNGPs on Business and Human Rights, ILO principles or and OECD guidelines paragraph 17	Indicator number 10 Table #1 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818 Art 12 (1)		Non-material
ESRS S3-4 Human rights issues and incidents paragraph 36	Indicator number 14 Table #3 of Annex I				Non-material
ESRS S4-1 Policies related to consumers and end-users paragraph 16	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex I				Non-material
ESRS S4-1 Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines paragraph 17	Indicator number 10 Table #1 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818 Art 12 (1)		Non-material
ESRS S4-4 Human rights issues and incidents paragraph 35	Indicator number 14 Table #3 of Annex I				Non-material
ESRS G1-1 United Nations Convention against Corruption paragraph 10 (b)	Indicator number 15 Table #3 of Annex I				4.2.4.2 Business compliance and ethics (G1-1 and G1-3)
ESRS G1-1 Protection of whistle- blowers paragraph 10 (d)	Indicator number 6 Table #3 of Annex I				4.2.4.2 Business compliance and ethics (G1-1 and G1-3)
ESRS G1-4 Fines for violation of anti-corruption and anti-bribery laws paragraph 24 (a)	Indicator number 17 Table #3 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II		Non-material
ESRS G1-4 Standards of anti- corruption and anti-bribery paragraph 24 (b)	Indicator number 16 Table #3 of Annex I				Non-material

4.2.5.2 Indicators

	Units	2024	2023	2022
Sustainable solutions				
Innovation				
Number of patent applications filed during the year relating to sustainable development		221	204	188
Percentage of patent applications filed during the year relating to sustainable development	%	90	94	92
Management of the solutions portfolio				
Percentage of ImpACT+ sales [(1)]	%	53	51	53
Environmental information				
Percentage of employees who received environment-related training (excluding e-learning)	%	22	23	19
Average number of hours of environment-related training per employee trained (excluding e-learning)		3	3	3
Percentage of employees who received environment-related training (e-learning)	%	20	55	42
Management system				
Percentage of sites audited according to Arkema Integrated Management System (AIMS) standards	%	100	94	91
Percentage of ISO 45001-certified sites	%	47	51	52
Percentage of employees covered by ISO 45001 certification	%	46	53	47
Percentage of ISO 45001-certified sites in Europe	%	58	58	58
Percentage of ISO 45001-certified sites in the Americas	%	36	39	40
Percentage of ISO 45001-certified sites in Asia	%	55	62	67
Percentage of ISO 14001-certified sites	%	51	53	53
Percentage of ISO 14001-certified sites in Europe	%	67	65	66
Percentage of ISO 14001-certified sites in Asia	%	68	73	73
Percentage of ISO 14001-certified sites in the Americas	%	18	20	20
Number of RCMS certified sites (United States only: health, safety, security, environment)		16	14	13
Percentage of RCMS-certified sites (excluding ISO 14001)	%	8	7	8
Climate change (ESRS E1)				
Greenhouse gas (GHG) emissions				
Gross Scope 1 GHG emissions	t CO_2e	1,358,000	1,330,000	1,527,000
Scope 1 direct GHG emissions by region:				
• Europe	%	32	35	36
• Americas	%	52	52	51
• Asia and rest of world	%	16	13	13
Percentage of Scope 1 GHG emissions from regulated emission trading scheme	%	24	23	23
Direct GHG emissions (corresponding to the Montreal Protocol – ODS)	t CO_2e	130,000	172,000	188,000
Indirect Scope 2 GHG emissions	t CO_2e	787,000	943,000	905,000
• of which Europe	t CO_2e	162,650	261,000	213,599
• of which Americas	t CO_2e	164,850	233,000	237,991
• of which Asia and rest of world	t CO_2e	459,500	449,000	453,427
Gross location-based Scope 2 GHG emissions	t CO_2e	1,047,000	964,000	607,000
Gross market-based Scope 2 GHG emissions	t CO_2e	787,000	943,000	905,000
Percentage of Scope 2 GHG emissions covered by contractual instruments	%	25	13	8
Total market-based Scopes 1 + 2 GHG emissions	t CO_2e	2,145,000	2,273,000	2,432,000

	Units	2024	2023	2022
Indirect Scope 3 GHG emissions:				
1. Purchased goods and services	t CO_2e	8,627,000	6,143,000	7,110,000
2. Capital goods	t CO_2e	394,000	337,000	406,000
3. Fuel- and energy-related activities not included in Scopes 1 or 2	t CO_2e	428,000	553,000	570,000
4. Upstream transportation and distribution	t CO_2e	225,000	295,000	270,000
5. Waste generated in operations	t CO_2e	694,000	878,000	1,034,000
6. Business travel	t CO_2e	24,000	22,000	17,000
7. Employee commuting	t CO_2e	40,000	34,000	34,000
8. Upstream leased assets	t CO_2e	3,000	8,000	6,000
9. Downstream transportation and distribution	t CO_2e	297,000	295,000	362,000
10. Processing of sold products	t CO_2e	2,847,000	2,634,000	2,242,000
11. Use of sold products	t CO_2e	18,805,000	26,981,000	29,928,000
12. End-of-life treatment of sold products	t CO_2e	25,303,000	32,842,000	36,035,000
13. Downstream leased assets			not relevant	
14. Franchises			not relevant	
15. Investments	t CO_2e	18,000	35,000	28,000
Total Scope 3 GHG emissions	t CO_2e	57,705,000	71,057,000	78,042,000
Total location-based GHG emissions (Scopes 1 + 2 + 3)	t CO_2e	60,110,000	73,351,000	80,176,000
Total market-based GHG emissions (Scopes 1 + 2 + 3)	t CO_2e	59,850,000	73,330,000	80,474,000
Location-based GHG emissions intensity (Scopes 1 + 2 + 3) (total GHG emissions per net revenue)	t CO_2e/€m	6,298	7,710	6,942
Market-based GHG emissions intensity (Scopes 1 + 2 + 3) (total GHG emissions per net revenue)	t CO_2e/€m	6,271	7,708	6,967
Out-of-scope emissions				
CO_2 emissions from biogenic sources (Scope 1)	t CO_2e	57,000		
Carbon uptake from bio-based raw materials (Scope 3 - category 1)	t CO_2e	-58,000		
CO_2 emissions from biogenic sources (Scope 3 - category 12)	t CO_2e	51,000		
Energy				
Energy EFPI		0.88	0.91	0.87
Total energy consumption related to own operations	MWh	6,900,000	6,680,000	6,990,000
Total energy consumption from fossil sources	MWh	4,860,000		
• of which coal fuel (2)	MWh	0		
• of which crude oil fuel (2)	MWh	65,500		
• of which natural gas fuel (2)	MWh	3,171,500		
• of which consumption of purchased or acquired electricity, heat, steam, or cooling from fossil sources (2)	MWh	1,623,000		
Share of fossil sources in total energy consumption	%	70		
Total energy consumption from nuclear sources	MWh	932,000		
Share of nuclear sources in total energy consumption	%	14		
Total energy consumption from renewable sources	MWh	1,108,000		
• of which fuel from renewable sources, including biomass	MWh	315,000		
• of which consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources	MWh	793,000		
Share of renewable sources in total energy consumption	%	16	13	8
Total energy consumption from activities in high climate impact sectors (2)	MWh	6,900,000	6,680,000	6,990,000
Energy intensity of activities in high climate impact sectors (total energy consumption per net revenue) (2)		0.72		

	Units	2024	2023	2022
Share of low-carbon energy in total energy consumption	%	30	24	23
Share of renewable electricity in total electricity	%	32	27	24
Share of Low-carbon electricity in total electricity	%	72	62	68
Net energy purchases:				
• of which Europe	MWh	3,013,000	3,009,000	3,370,000
• of which Americas	MWh	2,540,000	2,457,000	2,611,000
• of which Asia and rest of world	MWh	1,347,000	1,218,000	1,004,000
Net energy purchases by type:				
• fuel	TWh	3,552,000	3,408,000	3,688,000
• electricity	TWh	2,361,000	2,141,700	2,316,000
• steam	TWh	987,000	1,133,800	981,000
Number of Arkema Energy investments		67	71	55
• of which Europe		33	44	34
• of which Americas		16	9	7
• of which Asia and rest of world		18	18	14
Number of ISO 50001-certified sites		31	30	31
Pollution (ESRS E2)				
Emissions to air				
Volatile organic compound (VOC) EFPI		0.46	0.49	0.53
Acidifying substances (total Group scope)	t SO_2e	2,150	2,320	2,350
Volatile organic compounds (total Group scope)	t	2,281	2,520	3,020
Dust (total Group scope)	t	122	112	142
Discharges covered by DP 28 Annex II of Regulation (EC) No. 166/2006 of the European Parliament and of the Council (E-PRTR) [(3)]:				
Ammonia (NH_3)	t	171		
Non-methane volatile organic compounds (NMVOCs)	t	984		
Sulphur oxides (SOx/SO_2)	t	942		
Hydrochlorofluorocarbons (HCFCs)	t	70		
Chlorofluorocarbons (CFCs)	t	0.18		
Halons	t	0.05		
1,2-dichloroethane (DCE)	t	1.84		
Dichloromethane (DCM)	t	19		
Tetrachloromethane (TCM)	t	1.30		
1,1,1-trichloroethane	t	10.53		
Trichloromethane	t	12.55		
Vinyl chloride	t	2.19		
Benzene	t	9.01		
Chlorine and inorganic compounds (as HCl)	t	16		
Hydrocyanic acid (HCN)	t	6.33		
Emissions to water				
Chemical oxygen demand (COD) EFPI		0.31	0.38	0.42
Chemical oxygen demand (total Group scope)	t O_2	1,256	1,366	1,484
Suspended solids (total Group scope)	t	421	429	494

	Units	2024	2023	2022
Discharges covered by DP 28 Annex II of Regulation (EC) no 166/2006 of the European Parliament and of the Council (E-PRTR) [3]:				
Total nitrogen	t	53		
Total phosphorus	t	24		
Arsenic and compounds (expressed as As)	t	0.02		
Copper and compounds (expressed as Cu)	t	0.12		
Mercury and compounds (expressed as Hg)	t	0.006		
Nickel and compounds (expressed as Ni)	t	0.18		
Zinc and compounds (expressed as Zn)	t	1.82		
Dichloromethane (DCM)	t	0.03		
Organohalogen compounds (expressed as AOX)	t	1.4		
Pentachlorobenzene	t	0.001		
Polychlorinated biphenyls (PCBs)	t	0.0001		
Tetrachloroethylene (PER)	t	0.013		
Tetrachloromethane (TCM)	t	0.009		
Trichloroethylene	t	0.025		
Trichloromethane	t	0.065		
Phenols (as total C)	t	0.25		
Chlorides (as total Cl)	t	20,905		
Cyanides (as total CN)	t	0.44		
Fluorides (as total F)	t	9		
Process safety				
Process Safety Event Rate (PSER)	per million hours worked	2.5	2.8	2.8
Product stewardship				
Percentage of sales containing substances of very high concern	%	3.8	3.1	2.9
Quantity of substances of very high concern on the candidate list contained in products placed on the market	t	14,032		
Water and marine resources (ESRS E3)				
Water withdrawn [4]	millions of cu.m	82	86	91
Total water recycled and reused	cu.m	1,008,000,000		
Circular economy (ESRS E5)				
Percentage of sales from products made from renewable or recycled raw materials [5]	%	11	11	10
Percentage of sales covered by life-cycle assessment	%	68	56	41
Waste				
Total hazardous waste	t	183,400	178,200	198,200
Hazardous waste – recycled into materials	t	62,300	27,000	27,000
Percentage of hazardous waste – recycled into materials	%	34	15	14
Hazardous waste – incinerated with energy recovery	t	56,900	83,600	58,000
Percentage of hazardous waste – incinerated with energy recovery	%	31	47	29
Hazardous waste – incinerated without energy recovery	t	59,200	62,600	104,000
Hazardous waste – other disposal operations	t	2,600	2,300	4,000

	Units	2024	2023	2022
Hazardous waste – landfilled	t	2,400	2,700	5,200
Total non-hazardous waste	t	209,200	213,100	211,200
Non-hazardous waste – recycled into materials	t	56,700	62,600	67,000
Non-hazardous waste – incinerated with energy recovery	t	13,300	10,800	8,300
Non-hazardous waste – incinerated without energy recovery	t	116,000	116,800	108,000
Non-hazardous waste – other disposal operations	t	700	500	900
Non-hazardous waste – landfilled	t	22,500	22,400	27,000
Non-recycled waste (6)	t	273,600		
Percentage of non-recycled waste (6)	%	70		
Percentage of recycled waste (7)	%	30	23	23
Percentage of waste incinerated with energy recovery	%	18	24	16
Group workforce (ESRS S1)				
Employee relations				
Number of departures		2,742	2,348	2,262
Turnover (excluding change in scope)	%	9		
Voluntary turnover (resignations)	%	4.5	4.9	6.0
Overall absenteeism rate	%	3.7	4.1	5.1
Absenteeism rate on medical grounds	%	3.0	2.7	3.5
People				
Total headcount at 31 December		21,164	21,125	21,116
• of which women		5,748		
• of which men		15,413		
• of which others		1		
• of which undeclared		2		
Total headcount at 31 December by region				
• France		7,199	7,179	7,216
• Europe (excluding France)		3,892	3,715	3,806
• North America		4,140	4,017	4,127
• Asia		4,813	5,049	4,795
• Rest of the world		1,120	1,165	1,172
Number of permanent employees		20,427	20,474	20,412
Number of temporary employees		737	651	704
Number of full-time employees		20,469	20,381	20,331
Number of part-time employees		695	744	785
Compensation and benefits metrics				
Employees benefiting from collective variable compensation components	%	61	71	71
Employees benefiting from individual variable compensation components	%	52	48	45
Diversity				
Women in the total headcount	%	27.2	26.8	26.5
Percentage of women in senior management and executive positions	%	30	29.1	26
Number of women in senior management and executive positions		174		
Percentage of men in senior management and executive positions	%	70		
Number of men in senior management and executive positions		408		
Percentage of women in recruitments	%	31	29	30
Percentage of women who hold performance shares	%	35	34	32
Non-French nationals in senior management and executive positions (Hay grade 15 or higher)	%	40	40	40

	Units	2024	2023	2022
Employees under 30 - Women		909	858	850
Employees under 30 - Men		1,695	1,723	1,801
Employees aged 30 to 50 - Women		3,210		
Employees aged 30 to 50 - Men		8,626		
Employees over 50 - Women		1,625		
Employees over 50 - Men		5,087		
Percentage of new hires aged 50 and over	%	9.1	11.1	11.4
Health and safety measures				
Total recordable injury rate (TRIR) [8]	per million hours worked	0.8	0.9	0.9
Percentage of employees who received safety-related training (excluding e-learning)	%	57	59	61
Average number of hours of safety-related training per employee trained (excluding e-learning)		12	13	14
Percentage of headcount reached by safety-related training (e-learning).	%	39	64	47
Percentage of sites practicing peer observation	%	96	96	96
Percentage of employees benefiting from regular medical check-ups	%	97	94	94
Percentage of employees covered by the Group's health and safety management system (based on legal requirements and/or recognized standards or guidelines) [9]	%	96	95	95
Percentage of the workforce covered by a health and safety management system based on recognized standards or guidelines and subject to internal audit [9]	%	71		
Number of fatalities from work-related accidents (Group employees) [10]		0	0	0
Number of fatalities from work-related accidents (subcontractors' employees) [10]		0	0	1
Number of recordable workplace accidents (Group employees)		27	32	28
Recordable accident rate (Group employees)	per million hours worked	0.7	0.9	0.7
Number of cases of recordable work-related ill health, subject to legal restrictions on the collection of data		32	36	21
Occupational illness frequency rate (OIFR) (scope: France)	per million hours worked	2.9	3.3	1.9
Number of days lost to work-related accidents (Group employees) [10]		576		
Governance information (G1)				
Responsible procurement				
Percentage of purchasing spend with relevant suppliers covered by a TfS assessment	%	81	77	75

(1) The percentage of sales substantially contributing to the United Nations SDGs (ImpACT+) was calculated on the basis of an assessment of 89% of the Group's third-party sales.
(2) All the Group's activities are carried out in high climate impact sectors (ESRS E1 42, 43 AR38).
(3) Quantities declared limited to establishments having exceeded the threshold values specified in Annex II of Regulation (EC) No. 166/2006 of the European Parliament and Council (E-PRTR).
(4) Water withdrawals: sales to third parties excluded.
(5) The percentage of sales from products made from renewable or recycled raw materials covers products with a renewable or recycled raw material content of at least 25%.
(6) Corresponds to all waste produced by the Group, excluding waste recycled into material.
(7) Corresponds to waste produced by the Group and recycled into material.
(8) Employees of the Group and external companies working at Group sites.
(9) Group headcount (including non-employees).
(10) Group employees, excluding non-employees (temporary workers).

4.2.5.3 GRI content index

Statement of use	The Arkema Group has reported in accordance with GRI Standards for the period from 1 January to 31 December 2024.
GRI 1 used	GRI 1: Foundation – 2021
Applicable GRI sector Standard(s)	NOT APPLICABLE

To verify the alignment of Arkema's reporting with GRI Standards 2021 principles and requirements, the GRI content index below has been audited by MATERIALITY-reporting.

			Omission		
GRI Standard/ other source	Disclosure	Location	Requirement(s) omitted	Reason	Explanation
General information					
	2-1 Organizational details	6.1.1 Information about the Company 6.1.2 Subsidiaries and shareholdings of the Company 6.1.3 Related-party transactions			
	2-2 Entities included in the organization's sustainability reporting	6.1.2 Subsidiaries and shareholdings of the Company 4.2.1.1 General basis for preparation of sustainability statements (BP-1)			
	2-3 Reporting period, frequency and contact point	The Arkema Group has reported in accordance with GRI Standards for the period from 1 January to 31 December 2024. 5.3.1 Statutory auditors' report on the consolidated financial statements 8.2 Person responsible for the information in the URD			
	2-4 Restatements of information	4.2.1.1 General basis for preparation of sustainability statements (BP-1)			
	2-5 External assurance	4.2.5.7 Statutory auditors' report The contents are aligned with the principles and reporting requirements of GRI Standards 2021. The audit was performed on the French language version.			
GRI 2: General disclosures – 2021	2-6 Activities, value chain and other business relationships	1.2 Business overview Business model and value creation 4.2.1.4.1 Strategy, business model and value chain (SBM-1)			
	2-7 Employees	4.2.3.1 People (ESRS S1)			
	2-8 Workers who are not employees	4.2.3.2 Workers in the value chain (ESRS S2)			
	2-9 Governance structure and composition	Governance			
	2-10 Nomination and selection of the highest governance body	Governance/Nominating, Compensation and Corporate Governance Committee 3.3.4.2 The Nominating, Compensation and Corporate Governance Committee			
	2-11 Chair of the highest governance body	Governance			
	2-12 Role of the highest governance body in overseeing the management of impacts	4.2.1.3.1 Role of governance bodies (GOV-1) and information provided (GOV-2)			
	2-13 Delegation of responsibility for managing impacts	4.2.1.3.1 Role of governance bodies (GOV-1) and information provided (GOV-2)			

GRI Standard/ other source	Disclosure	Location	Omission: Requirement(s) omitted	Omission: Reason	Omission: Explanation
	2-14 Role of the highest governance body in sustainability reporting	4.2.1.3.1 Role of governance bodies (GOV-1) and information provided (GOV-2)			
	2-15 Conflicts of interest	3.2.3.3 Absence of conflicts of interest			
	2-16 Communication of critical concerns	3.3.2.3 Activities of the Board of Directors			
	2-17 Collective knowledge of the highest governance body	3.3.2.3 Activities of the Board of Directors 3.3.4.3 The Innovation and Sustainable Growth Committee			
	2-18 Evaluation of the performance of the highest governance body	Governance/the Board's work			
	2-19 Remuneration policies	3.4.1.2 Implementation of compensation policy			
	2-20 Process to determine remuneration	3.4 Compensation and benefits awarded to executives and directors			
	2-21 Annual total compensation ratio	3.4.2.2 Implementation of 2023 compensation policy			
	2-22 Statement on sustainable development strategy	Message from Thierry Le Hénaff Chairman and Chief Executive Officer			
	2-23 Policy commitments				
	2-24 Embedding policy commitments				
	2-25 Processes to remediate negative impacts	4.2.2.1.5 Climate change adaptation 4.2.2.2.2 Environment policy/Crisis management 4.2.3.1.3 Processes to remediate negative impacts and channels for own workers to raise concerns (S1-3)			
	2-26 Mechanisms for seeking advice and raising concerns	4.2.1.4.2 Stakeholders engagement (SBM-2)			
	2-27 Compliance with laws and regulations	4.2.1.3.1 Role of governance bodies (GOV-1) and information provided (GOV-2)/Governance of business compliance and ethics 4.2.4.2.2 Measures for reducing business compliance and ethics risks			
	2-28 Membership associations	4.2.4.3 Advocacy (G1-5)			
	2-29 Approach to stakeholder engagement	4.2.1.4.2 Stakeholders engagement (SBM-2)			
	2-30 Collective bargaining agreements	4.2.3.1.2 Employee engagement process (S1-2)			
Economic standards					
GRI 3: Material topics – 2021	3-1 Process to determine material topics	4.2.1.5.1 Double materiality assessment and identification of impacts, risks and opportunities (IRO-1)			
	3-2 List of material topics	4.2.1.5.2 Material impacts, risks and opportunities and their interaction with strategy and business model (SBM-3)			
Material topics					
GRI 3: Material topics – 2021	3-3 Management of material topics	Chapter 4			

GRI Standard/ other source	Disclosure	Location	Omission		
			Requirement(s) omitted	Reason	Explanation
GRI 201: Economic performance – 2016	201-1 Direct economic value generated and distributed	4.2.1.4.1 Strategy, business model and value chain (SBM-1)			
	201-2 Financial implications and other risks and opportunities due to climate change	4.2.2.6 Taxonomy regulation reporting			
	201-3 Defined benefit plan obligations and other retirement plans	3.4.2.1 Compensation principles/Summary of the compensation principles for the executive director			
	201-4 Financial assistance received from government	Chapters 5 and 8			
GRI 202: Market presence – 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	4.2.3.1.6.3 Compensation and benefits metrics			
	202-2 Proportion of senior management hired from the local community	Not disclosed			
GRI 203: Indirect economic impacts – 2016	203-1 Infrastructure investments and services supported	4.1.2 CSR issues, commitments and outcomes/Group civic engagement			
	203-2 Significant indirect economic impacts	4.1.2 CSR issues, commitments and outcomes/Group civic engagement			
GRI 204: Procurement practices – 2016	204-1 Proportion of spending on local suppliers		Local procurement	Unavailable/ incomplete information	A collection process will be implemented in the next two years
GRI 205: Anti-corruption – 2016	205-1 Operations assessed for risks related to corruption	4.2.4.2.2 Measures for reducing business compliance and ethics risks			
	205-2 Communication and training about anti-corruption policies and procedures	4.2.4.2.1 The Code of Conduct and Anti-Corruption Policy			
	205-3 Confirmed incidents of corruption and actions taken	4.2.4.2.3 Control processes and disciplinary action			
GRI 206: Anti-competitive behavior – 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	4.2.4.2.1 The Code of Conduct and Anti-Corruption Policy 4.2.4.2.3 Control processes and disciplinary action			
GRI 207: Tax – 2019	207-1 Approach to tax	4.2.4.2.6 Tax policy			
	207-2 Tax governance, control and risk management	4.2.4.2.6 Tax policy			
	207-3 Stakeholder engagement and management of concerns related to tax	4.2.4.2.6 Tax policy			
	207-4 Country-by-country reporting	4.2.4.2.6 Tax policy 5.3.3 Notes to the consolidated financial statements at 31 December 2024/Note 16 List of consolidated companies			

GRI Standard/ other source	Disclosure	Location	Omission		
			Requirement(s) omitted	Reason	Explanation
Environmental standards					
GRI 3: Material topics – 2021	3-1 Process to determine material topics	4.2.1.5.1 Double materiality assessment and identification of impacts, risks and opportunities (IRO-1)			
	3-2 List of material topics	4.2.1.5.2 Material impacts, risks and opportunities and their interaction with strategy and business model (SBM-3)			
Material topics					
GRI 3: Material topics – 2021	3-3 Management of material topics	Chapter 4			
GRI 301: Materials – 2016	301-1 Materials used by weight or volume	4.2.2.5.5 Management of resource inflows (E5-4)			
	301-2 Recycled input materials used	4.2.2.5.5 Management of resource inflows (E5-4)			
	301-3 Reclaimed products and their packaging materials	4.2.2.5.5 Management of resource inflows (E5-4)			
GRI 302: Energy – 2016	302-1 Energy consumption within the organization	4.2.2.1.6 Metric monitoring			
	302-2 Energy consumption outside of the organization	4.2.2.1.6 Metric monitoring			
	302-3 Energy intensity	4.2.2.1.6 Metric monitoring			
	302-4 Reduction of energy consumption	4.2.2.1.6 Metric monitoring			
	302-5 Reductions in energy requirements of products and services	4.2.2.1.6 Metric monitoring			
GRI 303: Water and effluents – 2018	303-1 Interactions with water as a shared resource	4.2.2.3 Water and marine resources (ESRS E3)			
	303-2 Management of water discharge-related impacts	4.2.2.2.4 Emissions to water			
	303-3 Water withdrawal	4.2.2.3 Water and marine resources (ESRS E3)			
	303-4 Water discharge	4.2.2.3 Water and marine resources (ESRS E3) 4.2.2.2.4 Emissions to water CDP Water Security – 2024 questionnaire			
	303-5 Water consumption	4.2.2.3 Water and marine resources (ESRS E3) 4.2.2.2.4 Emissions to water CDP Water Security – 2024 questionnaire			

GRI Standard/ other source	Disclosure	Location	Omission: Requirement(s) omitted	Omission: Reason	Omission: Explanation
GRI 304: Biodiversity – 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	4.2.2.4 Biodiversity and ecosystems (ESRS E4)			
	304-2 Significant impacts of activities, products and services on biodiversity	4.2.2.4 Biodiversity and ecosystems (ESRS E4)			
	304-3 Habitats protected or restored	4.2.2.4 Biodiversity and ecosystems (ESRS E4)			
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	4.2.2.4 Biodiversity and ecosystems (ESRS E4)			
GRI 305: Emissions – 2016	305-1 Direct (Scope 1) GHG emissions	4.2.2.1.6 Metric monitoring			
	305-2 Energy indirect (Scope 2) GHG emissions	4.2.2.1.6 Metric monitoring			
	305-3 Other indirect (Scope 3) GHG emissions	4.2.2.1.6 Metric monitoring			
	305-4 GHG emissions intensity	4.2.2.1.6 Metric monitoring			
	305-5 Reduction of GHG emissions	4.2.2.1.4 Climate transition plan			
	305-6 Emissions of ozone-depleting substances (ODS)	4.2.5.2 Indicators			
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx) and other significant air emissions	4.2.2.2.3 Emissions to air			
GRI 306: Waste – 2020	306-1 Waste generation and significant waste-related impacts	4.2.2.5 Circular economy (ESRS E5)			
	306-2 Management of significant waste-related impacts	4.2.2.5 Circular economy (ESRS E5)			
	306-3 Waste generated	4.2.2.5 Circular economy (ESRS E5)			
	306-4 Waste diverted from disposal	4.2.2.5 Circular economy (ESRS E5)			
	306-5 Waste directed to disposal	4.2.2.5 Circular economy (ESRS E5)			

GRI Standard/ other source	Disclosure	Location	Omission: Requirement(s) omitted	Omission: Reason	Omission: Explanation
GRI 307: Environmental compliance – 2016	307-1 Non-compliance with environmental laws and regulations	4.2.2 Environmental information/Health, Safety, Security, Environment and Quality Policy (HSSEQ)			
GRI 308: Supplier environmental assessment – 2016	308-1 New suppliers that were screened using environmental criteria	4.2.4.4 Responsible procurement (G1-2)			
	308-2 Negative environmental impacts in the supply chain and actions taken	4.2.2.1.2 Physical and transition risk analyses/ Exposure of the Group's value chain			
Social standards					
GRI 3: Material topics – 2021	3-1 Process to determine material topics	4.2.1.5.1 Double materiality assessment and identification of impacts, risks and opportunities (IRO-1)			
	3-2 List of material topics	4.2.1.5.2 Material impacts, risks and opportunities and their interaction with strategy and business model (SBM-3)			
Material topics					
GRI 3: Material topics – 2021	3-3 Management of material topics	Chapter 4			
GRI 401: Employment – 2016	401-1 New employee hires and employee turnover	4.2.3.1.6 Attracting, developing and retaining talent (S1-1 / S1-5)			
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	4.2.3.1.6.3 Compensation and benefits metrics			
	401-3 Parental Leave	Not disclosed			
GRI 402: Labor/ Management Relations – 2016	402-1 Minimum notice periods for operational changes	4.2.3.1.6 Attracting, developing and retaining talent (S1-1 / S1-5) The Group complies with statutory notice periods in the countries where it operates			

GRI Standard/ other source	Disclosure	Location	Omission		
			Requirement(s) omitted	Reason	Explanation
GRI 403: Occupational health and safety – 2018	403-1 Occupational health and safety management system	4.2.3.1.8 Health and safety measures/Personal safety actions (S1-4)			
	403-2 Hazard identification, risk assessment and incident investigation	4.2.3.1.8 Health and safety measures/Personal safety actions (S1-4)			
	403-3 Occupational health services	4.2.3.1.8 Health and safety measures/Personal safety actions (S1-4)			
	403-4 Worker participation, consultation and communication on occupational health and safety	4.2.3.1.8 Health and safety measures/Personal safety actions (S1-4)			
	403-5 Worker training on occupational health and safety	4.2.3.1.8 Health and safety measures/Personal safety actions (S1-4)			
	403-6 Promotion of worker health	4.2.3.1.8 Health and safety measures/Personal safety actions (S1-4)			
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	4.2.3.1.8 Health and safety measures/Personal safety actions (S1-4)			
	403-8 Workers covered by an occupational health and safety management system	4.2.3.1.8 Health and safety measures/Personal safety actions (S1-4)			
	403-9 Work-related injuries	4.2.3.1.8 Health and safety measures/Personal safety actions (S1-4)			
	403-10 Work-related ill-health	4.2.3.1.8 Health and safety measures/Personal safety actions (S1-4)			
GRI 404: Training and education – 2016	404-1 Average hours of training per year per employee	Business model and value creation			
	404-2 Programs for upgrading employee skills and transition assistance programs	4.2.3.1.6 Attracting, developing and retaining talent (S1-1 / S1-5)			
	404-3 Percentage of employees receiving regular performance and career development reviews	Not disclosed			
GRI 405: Diversity and equal opportunity – 2016	405-1 Diversity of governance bodies and employees	4.2.3.1.7 Diversity, inclusion, equal opportunity and equal treatment			
	405-2 Ratio of basic salary and remuneration of women to men	4.2.3.1.6.3 Compensation and benefits metrics			
GRI 406: Non-discrimination – 2016	406-1 Incidents of discrimination and corrective actions taken	4.2.3 Employee information/Human rights 4.2.3.1.7 Diversity, inclusion, equal opportunity and equal treatment 4.2.4.2.5 Whistleblowing system			
GRI 407: Freedom of association and collective bargaining – 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	4.2.3.1.2 Employee engagement process (S1-2)			

GRI Standard/ other source	Disclosure	Location	Omission		
			Requirement(s) omitted	Reason	Explanation
GRI 408: Child labor – 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	4.2.3 Employee information/Human rights 4.3.3.1 Human rights and fundamental freedoms			
GRI 409: Forced or compulsory labor – 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	4.2.3 Employee information/Human rights 4.3.3.1 Human rights and fundamental freedoms			
GRI 410: Security practices – 2016	410-1 Security personnel trained in human rights policies or procedures	4.2.3 Employee information/Human rights 4.3.3.1 Human rights and fundamental freedoms			
GRI 411: Rights of Indigenous Peoples – 2016	411-1 Incidents of violations involving rights of indigenous peoples	4.2.3 Employee information/Human rights 4.3.3.1 Human rights and fundamental freedoms			
GRI 412: Human rights assessment – 2016	412-1 Operations that have been subject to human rights reviews or impact assessments	4.2.3 Employee information/Human rights 4.3.3.1 Human rights and fundamental freedoms			
	412-2 Employee training on human rights policies or procedures	4.2.3 Employee information/Human rights 4.3.3.1 Human rights and fundamental freedoms			
	412-3 Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	4.2.3 Employee information/Human rights 4.3.3.1 Human rights and fundamental freedoms			
GRI 413: Local communities – 2016	413-1 Operations with local community engagement, impact assessments, and development programs	4.1.2 CSR issues, commitments and outcomes/Group civic engagement			
	413-2 Operations with significant actual and potential negative impacts on local communities	4.1.2 CSR challenges, commitments and outcomes/Group civic engagement			
GRI 414: Supplier social assessment – 2016	414-1 New suppliers that were screened using social criteria	4.3 Duty of care plan 4.2.4.4 Responsible procurement (G1-2)			
	414-2 Negative social impacts in the supply chain and actions taken	4.3 Duty of care plan 4.2.4.4 Responsible procurement (G1-2)			
GRI 415: Public policy – 2016	415-1 Political contributions	4.2.4.3 Advocacy			

GRI Standard/ other source	Disclosure	Location	Omission: Requirement(s) omitted	Omission: Reason	Omission: Explanation
GRI 416: Customer health and safety – 2016	416-1 Assessment of the health and safety impacts of product and service categories	4.2.2.2.10 Product stewardship			
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	4.2.2.2.10 Product stewardship			
GRI 417: Marketing and labeling – 2016	417-1 Requirements for product and service information and labeling	4.2.2.2.10 Product stewardship 4.2.3.2.4 Actions on the downstream value chain			
	417-2 Incidents of non-compliance concerning product and service information and labeling	4.2.3.2.4 Actions on the downstream value chain			
	417-3 Incidents of non-compliance concerning marketing communications	4.2.3.2.4 Actions on the downstream value chain			
GRI 418: Customer privacy – 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	4.2.4.2.4 Personal data protection 4.2.4.2.5 Whistleblowing system			
GRI 419: Socioeconomic compliance – 2016	419-1 Non-compliance with laws and regulations in the social and economic area	4.2.3 Employee information/Human rights 4.3.3.1 Human rights and fundamental freedoms			

4.2.5.4 SASB cross-reference table

SASB – CHEMICALS

Resource Processing Sector, Version 2018-10

The SASB standards were established to help companies better identify, manage, and communicate financially relevant sustainability information to investors. They identify the most relevant environmental, social and governance (ESG) issues for 77 business sectors.

The following cross-reference table has been prepared to provide a better understanding of Arkema's performance against these standards.

		Disclosures		
		Section of this document	CDP questions 2024	Comments
Greenhouse gas emissions				
RT-CH-110a.1	Gross global Scope 1 emissions	4.2.2.1.6	7.6	
	Percentage covered under emissions-limiting regulations	4.2.2.1.6	3.5	
RT-CH-110a.2	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	4.2.2.1.3 4.2.2.1.4		
Air quality				
RT-CH-120a.1	Air emissions of the following pollutants:			
	NOx (excluding N2O)			Not disclosed
	SOX	4.2.2.2.1 4.2.5.2		
	Volatile organic compounds (VOCs)	4.2.2.2.3 4.2.5.2		
	Hazardous air pollutants (HAPs)			Not disclosed
Energy management				
RT-CH-130a.1	Total energy consumed	4.2.2.1.6	7.30.1	Reported in MWh
	Percentage grid electricity	4.2.2.1.6		
	Percentage renewable	4.2.2.1.6	7.30.14	
	Total self-generated energy		7.30.9	
Water management				
RT-CH-140a.1	Total water withdrawn	4.2.2.3.2	9.2.2	
	Total water consumed		9.2.2	Partially disclosed
	Percentage of each in regions with High or Extremely High Baseline Water Stress	4.2.2.3.3	9.2.4	
RT-CH-140a.2	Number of incidents of non-compliance associated with water quality permits, standards, and regulations		3.3	
RT-CH-140a.3	Description of water management risks and discussion of strategies and practices to mitigate those risks	4.2.2.3	3.1	Partially disclosed
Hazardous waste management				
RT-CH-150a.1	Amount of hazardous waste generated	4.2.2.5.6		
	Percentage recycled	4.2.2.5.6		
Community relations				
RT-CH-210a.1	Discussion of engagement processes to manage risks and opportunities associated with community interests	4.2.1.4.2 4.2.2 4.2.4.4		

		Disclosures: Section of this document	Disclosures: CDP questions 2024	Comments
Workforce health & safety				
RT-CH-320a.1	Total recordable injury rate (TRIR)	4.2.3.1.8		Reported per million hours worked
	Fatality rate for (a) direct employees and (b) contract employees	4.2.3.1.8		
RT-CH-320a.2	Description of efforts to assess, monitor, and reduce exposure of employees and contract workers to long-term (chronic) health risks	4.2.3.1.8		
Product design for use-phase efficiency				
RT-CH-410a.1	Revenue from products designed for use-phase resource efficiency	4.1.3.2		
Safety & environmental stewardship of chemicals				
RT-CH-410b.1	Percentage of products that contain Globally Harmonized System of Classification and Labeling of Chemicals (GHS) Category 1 and 2 Health and Environmental Hazardous Substances	4.2.2.2.10		Reported on the basis of SVHC substances subject to REACH authorization or on the REACH candidate list
	Percentage of such products that have undergone a hazard assessment			Not disclosed
RT-CH-410b.2	Discussion of strategy to (1) manage chemicals of concern and (2) develop alternatives with reduced human and/or environmental impact	4.2.2.2.10 4.1.3.2		
Genetically modified organisms				
RT-CH-410c.1	Percentage of products by revenue that contain genetically modified organisms (GMOs)			Not disclosed
Management of the legal & regulatory environment				
RT-CH-530a.1	Discussion of corporate positions related to government regulations and/or policy proposals that address environmental and social factors affecting the industry	2.1.2		
Operational safety, emergency preparedness & response				
RT-CH-540a.1	Process Safety Incidents Count (PSIC)			Not disclosed
	Process Safety Total Incident Rate (PSTIR)	4.2.2.2.10		
	Process Safety Incident Severity Rate (PSISR)			Not disclosed
RT-CH-540a.2	Number of transport incidents			Not disclosed
Activity metrics				
RT-CH-000.A	Production by reportable segment			Not disclosed

4.2.5.5 Alignment with the TCFD recommendations

As part of its commitment to climate action, Arkema supports the recommendations issued by the Task Force on Climate-Related Financial Disclosures (TCFD). These recommendations are designed to provide a framework for business communication on climate change by organizing information into four key areas: governance, strategy, risk management, metrics and targets. More detailed information can be found in this document and in the CDP climate change questionnaire to which Arkema responds every year and which is aligned with the TCFD recommendations.

	Reference in this document	Reference to 2024 CDP questions
Governance		
a) Board of Directors' supervision	3.3.2.1, 3.3.2.3	4.1, 4.2
b) Management roles	4.2.1.3.1	4.3
Strategy		
a) Identification of risks and opportunities	2.1.2 (societal expectations), 2.1.3 (climate risk), 2.2, 4.2.1.5, 1.2, 1.1	2.1, 2.2
b) Impacts of risks and opportunities	2.1.2 (societal expectations), 2.1.3 (climate risk), 2.2, 4.2.1.5.2, 1.2, 1.1	3.1
c) Resilience of the organization's strategy	1.2, 1.1, 4.2.1.5.2, 4.2.2.1.2	5.1, 5.2, 5.3
Risk management		
a) Risk identification and assessment process	2.2, 2.1.2, 2.1.3, 4.2.2.1.2	2.2
b) Risk management process	2.2, 2.1.2, 2.1.3, 4.2.2.1.2, 4.2.2.1.5	4.3
c) Integration into the overall risk management process	2.2, 2.1.2, 2.1.3	4.3, 4.5, 4.6
Metrics and targets		
a) Indicators used for assessing risks and opportunities	4.2.2.1.6, 4.2.2.1.4, 4.1.3, 4.2.2.5.4	7.53, 7.54, 9.15.1
b) Indicators on greenhouse gas emissions	4.2.2.1.6	7.6
c) Objectives	4.2.2.1.4, 4.2.2.5.4	7.53

4.2.5.6 Definitions

Details on sustainable solutions indicators

Percentage of sales from products made from renewable or recycled raw materials

Sales from renewable or recycled raw materials correspond to sales of products that use renewable or recycled raw materials in a proportion of more than 25%.

Renewable content is calculated by determining the proportion of raw materials of renewable origin (biomass, plant or animal) using the biogenic carbon ratio (EN16440 or ASTM D6866 method) or the mass ratio (EN16785-2 method). Recycled content is calculated by determining the proportion of raw materials of recycled origin, using the mass ratio (EN16785-2 method). Recycled materials are materials that are transformed into new products instead of being disposed of as waste. Scrap materials reused within the same production process are excluded.

Details on environment, climate and safety indicators

SBT setting method for the target to reduce greenhouse gas (GHG) emissions

Targets adopted by companies to reduce GHG emissions are considered "Science Based Targets (SBTs)" if they are in line with what the latest climate science deems necessary to limit global warming by the end of the century, relative to pre-industrial levels.

The methodology is based on a breakdown over time of the carbon budget in choosing a global GHG emissions scenario adapted to a trajectory to contain global warming to 1.5°C by the end of the century (2018 report of the Intergovernmental Panel on Climate Change, or IPCC). Next, an allocation mechanism is applied taking the approach of a contraction of absolute emissions, in line with Science Based Target initiative's recommendations. For the Group, to comply with SBTi criteria relating to a 1.5°C trajectory, this corresponds to a reduction of 48.5% for Scopes 1 + 2 as well as 54% for Scope 3 by 2030 relative to 2019.

Intensive data (EFPIs)

To manage its environmental performance more efficiently and report consolidated data that more accurately track this performance year by year, Arkema uses a methodology that enables production facilities to report relative indicators, known as Environmental Footprint Performance Indicators (EFPIs). This method of calculating the intensity of emissions or resource consumption relative to production volumes, compared with 2012 as a baseline year, minimizes the impact of any changes in the business base and plant output, as well as any changes to the method used to estimate or calculate environmental footprint variables.

These intensive environmental data are compiled by the same REED environmental reporting system, which is accessible worldwide via the web platform of a service provider.

EFPI data are entered by site HSE departments and validated first by the site manager then at Group level. They are subject to a large number of consistency tests.

The scope of EFPI reporting covers facilities for which operating and emissions permits were held in the name of the Arkema Group or a majority-owned subsidiary at 31 December 2024 and which rank among the biggest contributors of the Group's sites. In all, these sites account for at least 80% of the Group's prior-year emissions or consumption.

Any activities sold or terminated in 2024 are not included in the scope of EFPI reporting for 2024, but are still included for previous years.

Operations started up in 2023 will be included in the scope of EFPI reporting in 2025, compared with their 2024 performance.

Operations acquired in 2023 will be included in the 2025 scope of EFPI reporting for all of their 2025 activities, compared with their 2024 performance.

The EFPI methodology allows new reporting units to be included in prior-year performance data. Should the inclusion of a large number of new units result in a significant change to the confidence interval in the calculation of the Group's EFPIs, consideration will be given to whether an adjustment factor should be applied or whether the use of a new baseline year should be used.

Total acidifying substances

This indicator is calculated using sulfur oxide (SOx), ammonia (NH_3) and nitrogen oxide (NOx) emissions converted into tonnes of sulfur dioxide (SO_2) equivalent.

Volatile organic compounds (VOCs)

The list of products regarded as VOCs may vary from country to country, in particular between Europe and North America.

The VOC definitions used by the Group are those recommended in Europe by directive 2010/75/EU on industrial emissions, known as the Industrial Emissions Directive (IED).

Emission figures for US sites are therefore obtained by adding figures for products such as fluorinated organic compounds to national reported data.

Chemical oxygen demand (COD)

For reporting purposes, COD is measured in effluent released into the natural environment.

In cases where wastewater from a Group facility is treated in an external plant, the reported data takes into account the effectiveness of the treatment process.

In cases where a Group facility takes in COD-laden water, the reported data concern the net COD load effectively generated (outgoing less incoming).

Waste

The distinction between hazardous and non-hazardous waste may vary from one region to another. The definitions used by the Group are those of the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal. Wastewater transported to treatment plants, which returns to an aquatic environment after treatment, is excluded.

By-products that are sold to third parties for reuse are not counted as waste.

Exceptional waste from remediation, demolition or construction work not concerning production activities is excluded.

Water withdrawals

All sources of water are included in the reported data, including groundwater/wells, rivers, the sea, public or private networks, and drinking water. Water withdrawn by the Group but sold to third parties is excluded from this indicator. The quantities of water withdrawn are measured on supplier and other meters.

Water (recycled and reused)

In the case of air-cooled cooling towers, the definition of recycled water corresponds to the total annual flow pumped into the cooling tower basins, sent to the heat exchangers and the cooling water network, and returned to the basins via a counter-current air draft seal. In cases where flow measurement is not available, the volume of recycled water is calculated on the basis of (i) the power consumption of the pump(s) or (ii) the refrigeration heat balance and the water temperature differential measured between upstream and downstream.

For other processes, the definition of reused water corresponds to the total annual flow of water used more than once per operation.

Energy use

Reported consumption corresponds to net energy purchases, *i.e.* energy purchases minus energy sales to third parties. For example, some of the Group's sites generate steam by recovering reaction energy and sell it on to third parties.

The recovery of energy from exothermic chemical reactions or from the Group's own facilities does not constitute self-generation of energy and is not included in net purchases.

Direct greenhouse gas (GHG) emissions

For reporting purposes, direct GHG emissions correspond to those defined in the Kyoto Protocol.

Their impact is calculated in tonnes of carbon dioxide equivalent (t CO_2e).

In this report, 2024 emissions have been calculated using the Global Warming Potential values published by the Intergovernmental Panel on Climate Change (IPCC) for Scopes 1 and 2 (AR5) and for Scope 3 (AR4 and AR5).

Since 2022, emissions from the Bayport American Acryl site have been reported based on the Group's share in assets (50%), which represents around 3% of the Group's total Scopes 1 + 2 GHG emissions.

Since 2024, the use of biomethane has been included in the Group's Scope 1 GHG emissions reduction and is reported separately in "out of scope" emissions, according to the GHG Protocol methodology, as it is considered one of the main decarbonization levers in the transition plan.

Indirect greenhouse gas (GHG) emissions

For the purposes of this report, indirect Scope *2* CO_2 emissions were calculated using purchased and consumed electricity and steam and emission factors in tonnes of CO_2 equivalent per input unit (MWh or tonnes of oil equivalent) reported by Group's suppliers. Where this was not possible, they were calculated using figures provided by local authorities, such as those available in the EPA e-grid database for 2022 in the United States, the 2021 EF grid, OM value issued by the Chinese Ministry for Ecology and the Environment for China, and SEMARNAT data issued by Mexico's Federal Environmental Agency for Mexico. In the absence of specific regional values, calculations were made using national energy-mix emission factors published by the International Energy Agency in 2017. As in 2023, purchases of Guarantee of Origin certificates for electricity were factored into Scope 2 calculations.

The methodology together with the historical values have been adjusted in 2022, in accordance with the GHG Protocol (net consumption replaced by purchased and consumed quantities).

Indirect Scope 3 CO_2 emissions were estimated using the default scenarios in the GHG guidance on protocols relating to GHG for the chemical sector, issued by the World Business Council for Sustainable Development (WBCSD). Indirect Scope 3 emissions relate to the Group's value chain, including both upstream and downstream emissions, and have been estimated for all categories concerned by the Group's activities (*i.e.*, Categories 1 to 12 and 15) (see section 4.2.2.1.5 of this chapter).

- Category 1 – Purchased goods and services: emissions are estimated based on purchases of raw materials and packaging, and services. An initial estimate for raw materials and packaging is made on the basis of volumes for which information is processable, *i.e.*, 90% of the amount of such purchases. Emissions corresponding to the remaining 10% are then estimated by extrapolation. For processable volume figures, an emission factor specific to each chemical product is applied (in tonne of CO_2 equivalent per tonne) where available. Otherwise, an emission factor of 2.65 t CO_2e/t or 1.75 t CO_2e/t is assumed (corresponding to organic and inorganic chemicals in the EcoInvent database, version 3.10). The specific emission factors applied come from suppliers, or from life-cycle assessments conducted by the Group or by professional organizations such as Plastics Europe, or from the EcoInvent database (versions 3.5 and 3.10), or from the Base Carbone® (2024). The bio-based carbon uptake of raw materials is reported separately under "out of scope" emissions. For services, emissions are estimated based on the amount of capital expenditure, in 45 categories. An emission factor from the 2024 Base Carbone® is assigned to each category (in kg CO_2e/€k).
- Category 2 – Capital goods: emissions are estimated based on the amount of capital expenditure split into 14 categories (Development, R&D, Maintenance, Arkema Energy, etc.). An emission factor from the 2024 Base Carbone® is assigned to each investment category (in kg CO_2e/€k).
- Category 3 – Fuel and energy-related activities: emissions are estimated by applying the default methodology set out in the WBCSD guidance. These emissions include (i) losses expressed in CO_2 equivalent in relation to electricity and steam transmission and distribution networks in each of the countries in which Arkema has industrial operations, (ii) upstream emissions for fossil fuel, steam and electricity consumed in each country by Arkema industrial sites, and (iii) upstream emissions for fossil fuels, steam and electricity sold by certain Arkema industrial sites. Emission factors for losses on the electricity and steam transmission and distribution networks in each country, and upstream of fossil fuel, steam and electricity, are as given in the 2024 version of the DEFRA [(1)] and CaDI databases.
- Category 4 – Upstream transportation and distribution: estimated emissions are based on the list of main raw materials representing 90% of purchasing volumes (see Scope 3 – category 1), an average journey of 1,000 km by truck and an average emission factor for road transport (in kg of CO_2 per t.km). For the main raw material, actual transportation modes are considered. The resulting emissions are then extrapolated in proportion to the total volume of raw materials transported. The average emission factors by mode of transportation are the same as those used to estimate category 9 emissions.
- Category 5 – Waste generated in operations: the emissions calculated are those related to the waste generated during the Group's operations. The WBCSD rule is applied: emissions are estimated based on the Group's waste treatment breakdown: incinerated, landfilled and recycled waste. Calculations are based on the actual quantities of waste from each site that is treated in the various ways. As a first step, all of the landfilled organic waste was considered totally decomposed.

(1) *UK department for Business, Energy and Industrial Strategy.*

- Category 6 – Business travel: the calculated emissions correspond to Group employees' travel and hotel accommodation. Emission values are provided by the travel agencies the Group works with.
- Category 7 – Employee commuting: emissions were estimated using the least favorable scenario, assuming that all 21,164 employees use their own cars to get to work, traveling an average distance of 33 km per day in France [(1)], 26 km in the United States [(2)], and 50 km in other countries. The emission factors applied correspond to the average CO_2 emissions per kilometer by vehicle type and fuel type given in the DEFRA database (2024 version).
- Category 8 – Upstream leased assets: emission figures in this category are for energy consumption at leased real-estate assets (head offices, sales offices and research centers), except for those already included in Scope 2 reporting. Where site electricity consumption data are not directly available, estimates are made working from the consumption ratio per employee and by type of establishment, mainly offices and research centers. Emissions were then calculated by applying the emission factor for the national electricity mix in the country where each site is located.
- Category 9 – Downstream transportation and distribution: emissions were estimated on the basis of Group company logistics data. The Group defines a shipment as the transportation of products to customers, as well as any post-production logistics. Since 2019, the calculation has been carried out by EcoTransIT, whose methodology is historically based on ISO 14 083. The methodology, provided by independent scientific institutes (Ifeu, INFRAS and Fraunhofer IML), complies with the requirements of the reference standard as well as the GHG Protocol (Corporate Standard), and is accredited by the GLEC (Global Logistics Emissions Council). This methodology and its assumptions are published in a publicly accessible methodology report (https://www.ecotransit.org). In particular, the standard emission factors for road transport are based on the EURO I to VI standards in Europe, the 1994 to 2016 EPA standards in the United States and the 1994 to 2016 JP standards in Japan. For maritime transport, this method is mainly based on the International Maritime Organization's (IMO) greenhouse gas study, IMO 2020, as well as on the data and methodology developed by the Clean Cargo Initiative (https://www.clean-cargo.org/). This takes into account all declared volumes, with the exception of recent (under one year) acquisitions. The reporting period runs from 1 October to 30 September of the following year.
- Category 10 – Processing of Sold Products: in 2022 a methodology was devised to estimate emissions for this category. For each Group Business Unit (BU), based on the breakdown of sales by market and application, simplified scenarios have been devised for different cases (market/application) covering a cumulative total of more than 99% of sales volumes. These scenarios are based on customers information, data available in existing literature (life cycle assessment), or on the Group's knowledge of its market. For the electricity emission factor, the value of the IEA's (International Energy Agency) 2020 global energy mix was used.
- Category 11 – Use of Sold Products: in 2023, the reporting methodology was changed to consider only direct use-phase emissions for this category. Direct emissions include products used as fuel and products containing or forming greenhouse gases emitted during the use phase. These scenarios are based on customers information, data available in existing literature (life cycle assessment), or on the Group's knowledge of its market.
- Category 12 – End-of-life treatment of sold products: the products sold by the Group have been classified into 15 different categories based on their chemical composition and, by extension, the GHG emissions that they may generate. A scenario was applied to define the end-of-life treatment method for each product category: incineration, landfilling or recycling. Emission factors were then applied in accordance with the WBCSD guidance. For this estimate of Category 12, all of the Group's products have been included, including high-emission fluorogases since 2022 for which a specific scenario has been defined, *i.e.*, 50% of the emissions during use (Category 11) and 50% of end-of-life emissions (Category 12). For Adhesive Solutions segment products, a specific scenario for end-of-life treatment was applied to account for the nature of these products and their applications. Emission calculations take into account the end of life of packaging used for products sold. CO_2 emissions from biogenic sources are reported separately in the "Out-of-scope" emissions table.
- Category 15 – Investments: this category covers emissions related to companies in which the Group holds shares (associates and joint ventures) that are not included in the Scopes 1 + 2 estimates. Emissions are estimated on the basis of sales, Arkema's percentage ownership and Arkema's Scopes 1 + 2 emissions-intensity in relation to the Group's sales (excluding Fluorogases, the intensity of which is not representative).

Process safety

Process safety is the discipline of guaranteeing the integrity of installations that use hazardous substances, through good practices in equipment design, operation and maintenance. The safety performance of a plant's production processes is assessed by means of performance indicators that measure and analyze process safety incidents. The Group reports and classifies these indicators in accordance with European Chemical Industry Council (CEFIC) guidelines and the criteria of the International Council of Chemical Associations (ICCA) for the definition of its process safety event rate (PSER).

(1) *Source: National Transportation and Travel Global Survey (2008) by the Observation and Statistics department (SOeS) of the French Ministry of Ecology, Energy, Sustainability and the Sea (MEEDDM).*
(2) *Bureau of Transportation Statistics.*

Details on employee indicators

Headcount

For reporting purposes, the headcount includes employees on the payroll (employees present and employees whose employment contract, of any type, has been suspended) at 31 December of the reporting year.

Employee turnover

Departures for all reasons excluding divestments (redundancy, death, retirement, resignation, negotiated departure) for permanent and temporary employees as a proportion of total headcount at 31 December 2023.

Remuneration ratios

Ratio calculations on adequate wages, gender pay gap and total compensation include all permanent and temporary employees present at 30 September 2024 (excluding those on unpaid leave during the reference period from 1 January 2024 to 30 September 2024).

Base salary, variable pay, performance share plans, profit-sharing and incentive schemes were taken into account in calculating ratios on total compensation and equal pay for men and women.

Adequate wage calculations covered base salary and the fixed compensation portions guaranteed to all employees.

Absenteeism

The absenteeism rate corresponds to the total number of hours of absence in the year (due to sickness, injuries, maternity leave, paternity leave, family caregiving, strikes and unpaid leave but excluding paid leave) divided by the total number of hours worked in the year.

Percentage of non-French nationals in senior management and executive positions

Regulations do not allow the nationality of employees to be entered in information systems in all the countries where the Group operates. This is notably the case in the United States. In the absence of data on nationality, by convention, it has been assumed that the employees exercising their activity in these countries are not French nationals. This statement does not apply to expatriate employees.

Details on responsible procurement indicators

Percentage of purchasing spend from relevant suppliers covered by a Together for Sustainability (TfS) assessment

Relevant suppliers are suppliers representing 80% of the Group’s recurring purchasing spend.

Purchases are considered recurring if made from the same supplier over the last three reporting years. TfS supplier evaluations are considered valid if performed within the last three years.

4.2.5.7 Report on the certification of sustainability information and verification of the disclosure requirements under Article 8 of Regulation (EU) 2020/852

This is a translation into English of the statutory auditors report on the certification of sustainability information and verification of the disclosure requirements under Article 8 of Regulation (EU) 2020/852 of the Company issued in French and it is provided solely for the convenience of English speaking users.

This report should be read in conjunction with, and construed in accordance with, French law and the H2A guidelines on “Limited assurance engagement - Certification of sustainability reporting and verification of disclosure requirements set out in Article 8 of Regulation (EU) 2020/852".

Arkema
420 rue d’Estienne d’Orves
92700 Colombes

Year ended December 31, 2024

To the Annual General Meeting of Arkema,,

This report is issued in our capacity as statutory auditors of Arkema. It covers the sustainability information and the information required by Article 8 of Regulation (EU) 2020/852, relating to the year ended December 31, 2024 and included in section 4.2 « Sustainable report » of the management report.

Pursuant to Article L. 233-28-4 of the French Commercial Code, Arkema is required to include the above mentioned information in a separate section of the group management report. This information has been prepared in the context of the first time application of the aforementioned articles, a context characterized by uncertainties regarding the interpretation of the laws and regulations, the use of significant estimates, the absence of established practices and frameworks in particular for the double-materiality assessment, and an evolving internal control system. It enables an understanding of the impact of the activity of the group on sustainability matters, as well as the way in which these matters influence the development of the business of the group, its performance and position. Sustainability matters include environmental, social and corporate governance matters.

Pursuant to Article L.821-54 paragraph II of the aforementioned Code our responsibility is to carry out the procedures necessary to issue a conclusion, expressing limited assurance, on:

- compliance with the sustainability reporting standards adopted pursuant to Article 29 b of Directive (EU) 2013/34 of the European Parliament and of the Council of 14 December 2022 (hereinafter ESRS for *European Sustainability Reporting Standards*) of the process implemented by Arkema to determine the information reported ;

- compliance of the sustainability information included in section 4.2 of the group management report with the requirements of L. 233-28-4 of the French Commercial Code, including ESRS; and
- compliance with the reporting requirements set out in Article 8 of Regulation (EU) 2020/852.

This engagement is carried out in compliance with the ethical rules, including independence, and quality control rules prescribed by the French Commercial Code.

It is also governed by the H2A guidelines on “*Limited assurance engagement - Certification of sustainability reporting and verification of disclosure requirements set out in Article 8 of Regulation (EU) 2020/852*".

In the three separate sections of the report that follow, we present, for each of the sections of our engagement, the nature of the procedures that we carried out, the conclusions that we drew from these procedures and, in support of these conclusions, the elements to which we paid particular attention and the procedures that we carried out with regard to these elements. We draw your attention to the fact that we do not express a conclusion on any of these elements taken individually and that the procedures described should be considered in the overall context of the formation of the conclusions issued in respect of each of the three sections of our engagement.

Finally, where deemed necessary to draw your attention to one or more disclosures of sustainability information provided by Arkema in the group management report, we have included an emphasis of matter paragraph hereafter.

Limits of our engagement

As the purpose of our engagement is to express limited assurance, the nature (choice of techniques), extent (scope) and timing of the procedures are less than those required to obtain reasonable assurance.

Furthermore, this engagement does not provide guarantee regarding the viability or the quality of the management of Arkema, in particular it does not provide an assessment, of the relevance of the choices made by Arkema in terms of action plans, targets, policies, scenario analyses and transition plans, which would go beyond compliance with the ESRS reporting requirements.

It does, however, allow us to express conclusions regarding the entity’s process for determining the sustainability information to be reported, the sustainability information itself, and the information reported pursuant to Article 8 of Regulation (EU) 2020/852, as to the absence of identification or, on the contrary, the identification of errors, omissions or inconsistencies of such importance that they would be likely to influence the decisions that readers of the information subject to this engagement might make.

Any comparative information that would be included in the group management report are not covered by our engagement.

Compliance with the ESRS of the process implemented by Arkema to determine the information reported,

Nature of procedures carried out

Our procedures consisted in verifying that:

- the process defined and implemented by Arkema has enabled it, in accordance with the ESRS, to identify and assess its impacts, risks and opportunities related to sustainability matters, and to identify the material impacts, risks and opportunities, that lead to the publication of information disclosed in section 4.2 « *Sustainable report* » of the group management report, and
- the information provided on this process also complies with the ESRS.

Conclusion of the procedures carried out

On the basis of the procedures we have carried out, we have not identified any material errors, omissions or inconsistencies regarding the compliance of the process implemented by Arkema with the ESRS.

Elements that received particular attention

We set out below the elements that have been the subject of particular attention in relation to our assessment of compliance with the ESRS of the process implemented by Arkema to determine the information reported.

Concerning the identification of stakeholders

Information on the identification of stakeholders is set out in section 4.2.1.4.2« *Stakeholders engagement* » of the group management report.

We interviewed the Sustainable Development department and the people we considered appropriate and inspected the available documentation. In particular, our work consisted in:

- Appraising the consistency of the main stakeholders identified by the group with the nature of its operations and geographic location, taking into account its business relationships and value chain;
- Appraising the appropriateness of the description given in section 4.2.1.4.2 « *Stakeholders engagement* ».

Concerning the identification of impacts, risks and opportunities

Information on the identification of impacts, risks and opportunities is provided in section *4.2.1.5 « Identification and assessment of material impacts, risks and opportunities»* of the group management report.

We have obtained an understanding of the process implemented by the group to identify actual or potential impacts (negative or positive), risks and opportunities (“IROs”), actual or potential, in relation to the sustainability issues mentioned in paragraph AR 16 of the « Application Requirements» of ESRS 1 standard and, where applicable, those specific to the group, as presented in section 4.2.1.5. *« Identification and assessment of material impacts, risks and opportunities»* of the group management report.

In particular, we appraised the group's approach to determining its impacts and dependencies, which can be a source of risks or opportunities.

We have obtained an understanding of the group's mapping of identified IROs, including a description of their distribution within the group's own activities and value chain, as well as their time horizon (short, medium or long term), and have appraised the consistency of this mapping with our knowledge of the group and with the risk analysis carried out by the group.

We have:

- Appraised the consistency of current and potential impacts, risks and opportunities identified by the group;
- Appraised how the group has taken into account different time horizons, particularly with regard to climate issues;
- Appraised whether the group has taken into account the risks and opportunities that may arise from both past and future events as a result of its own activities or business relationships, including the actions taken to manage certain impacts or risks.

Concerning the assessment of impact materiality and financial materiality

Information on the assessment of impact materiality and financial materiality is provided in section *4.2.1.5.1 « Phase 2 - Assessment of Impacts, Risks, Opportunities and sustainability issuesdurabilité »* of the group management report.

Through interviews with management and inspection of available documentation, we have obtained an understanding of the impact materiality and financial materiality assessment process implemented by the group and appraised its compliance with the criteria defined by ESRS 1 standard.

In particular, we have appraised the way in which the Group has established and applied the materiality criteria for information defined by ESRS 1 standard, including those relating to the setting of thresholds, to determine the material information published under the indicators relating to material IROs identified in accordance with the relevant thematic ESRS standards.

Compliance of the sustainability information included in section 4.2 of the group management report with the requirements of Article L.233-28-4 of the French Commercial Code, including the ESRS

Nature of procedures carried out

Our procedures consisted in verifying that, in accordance with legal and regulatory requirements, including the ESRS:

- The disclosures provided enable an understanding of the general basis for the preparation and governance of the sustainability information included in section 4.2 *Sustainable report »* of the group management report, including the basis for determining the information relating to the value chain and the exemptions from disclosures used;
- The presentation of this information ensures its readability and understandability;
- The scope chosen by Arkema for providing this information is appropriate; and
- On the basis of a selection, based on our analysis of the risks of non-compliance of the information provided and the expectations of users, that this information does not contain any material errors, omissions or inconsistencies, *i.e.* that are likely to influence the judgement or decisions of users of this information.

Conclusion of the procedures carried out

Based on the procedures we have carried out, we have not identified material errors, omissions or inconsistencies regarding the compliance of the sustainability information included in section 4.2 of the group management report, with the requirements of Article L.233-28-4 of the French Commercial Code, including the ESRS.

Emphasis of matter

Without qualifying the conclusion expressed above, we draw your attention to the information provided in paragraph *4.2.1 « General information»* in the group management report which describes the specific context of the first-time application of the requirements of the CSRD directive, in particular the main sources of uncertainty or interpretation of the texts, the judgments made by group management, particularly with regard to the methodologies used to calculate certain data, and the difficulties encountered in collecting certain data for the 2024 financial year listed in section *4.2.1.2 « Specific circumstances»* or perimeter restrictions on certain data (Data Point).

Elements that received particular attention

We set out below the elements that have been the subject of particular attention in relation to our assessment of the compliance of this information with the ESRS.

Information provided in application of environmental standards (ESRS E1)

Information reported in relation to climate change (ESRS E1) is mentioned in section *4.2.2.1 « Climate change»* of the group management report.

In particular, our work consisted in:

- Appraising , on the basis of interviews conducted with the management or persons concerned, in particular the “Sustainable Development” department, whether the description of the policies, actions and targets implemented by the group cover the following areas: mitigation of climate change, adaptation to climate change and energy efficiency;
- Appraising the appropriateness of the information presented in the environmental section of the sustainability information included in the group management report, and its overall consistency with our knowledge of the group.

With regard to the information published on the greenhouse gas emissions balance sheet, our work consisted in:

- Obtaining an understanding of the internal control and risk management procedures implemented by the group to ensure compliance of published information;
- Appraising the consistency of the scope considered for the assessment of the greenhouse gas emissions balance with the group’s consolidation scope, the activities under operational control, and the upstream and downstream value chain;
- Obtaining an understanding of the greenhouse gas emissions inventory protocol used by the Group to establish the greenhouse gas emissions balance, and assessing its application procedures, for a selection of emissions categories and sites in Scope 1 and Scope 2, and assessing the process for gathering information on emissions relating to Scope 3;
- Appraising the appropriateness of the emission factors used and the related conversions, as well as the calculation and extrapolation assumptions, taking into account the uncertainty inherent in the state of scientific or economic knowledge and in the quality of the external data used; reconcile, using sampling techniques, for physical data (such as energy consumption), the underlying data used to draw up the greenhouse gas emissions balance with the supporting documents;
- With regard to the estimates used by the group to establish its greenhouse gas emissions balance, which we considered to be critical, we interviewed the Sustainable Development department to find out about the methodology used to calculate the estimated data and the sources of information on which these estimates are based, and we appraised whether the methods were applied consistently.

- With regard to the verification of the transition plan for climate mitigation, our work mainly consisted in appraised whether the information published in respect of the transition plan meets the requirements of ESRS E1 standard and provides an appropriate description of the structuring assumptions underlying the plan, it being understood that we are not required to express an opinion on the appropriateness or level of ambition of the objectives of the transition plan.

Compliance with the reporting requirements set out in Article 8 of Regulation (EU) 2020/852

Nature of procedures carried out

Our procedures consisted in verifying the process implemented by Arkema to determine the eligible and aligned nature of the activities of the entities included in the consolidation.

They also involved verifying the information reported pursuant to Article 8 of Regulation (EU) 2020/852, which involves checking:

- The compliance with the rules applicable to the presentation of this information to ensure that it is readable and understandable;
- On the basis of a selection, the absence of material errors, omissions or inconsistencies in the information provided, *i.e.* information likely to influence the judgement or decisions of users of this information.

Conclusion of the procedures carried out

Based on the procedures we have carried out, we have not identified any material errors, omissions or inconsistencies relating to compliance with the requirements of Article 8 of Regulation (EU) 2020/852.

Elements that received particular attention

We set out below the elements that have been the subject of particular attention in relation to our assessment of compliance with the requirements of Article 8 of Regulation (EU) 2020/852.

Concerning the alignment of eligible activities

Information on the alignment of activities is set out in section *4.2.2.6 « Taxonomy regulation reporting »* of the group management report.

As part of our audit, our work consisted in:

- Appraising the choices made by the group with regard to the European Commission's communications on the interpretation and implementation of certain provisions of the Taxonomy Reference Framework;
- Consulting, on a sample basis, the documentary sources used, including external sources where appropriate, and conducted interviews with the persons concerned;
- Appraising the analysis carried out by the group on which management has based its judgment in determining whether the eligible economic activities meet the cumulative conditions, derived from the Taxonomy regulation, to be qualified as aligned, including the technical screening criteria and the principles of “do no significant harm” to any of the other environmental objectives;
- Appraising the analysis carried out to ensure compliance with minimum safeguards, with particular reference to the information gathered in the course of obtaining an understanding of the Group and its environment.

Concerning the Key performance indicators and accompanying information

The key performance indicators and accompanying information are set out in section *4.2.2.6 «Taxonomy regulation reporting»* of the group management report.

Regarding the total amounts of turnover, CapEx and OpEx (denominators), presented in the regulatory tables, we have verified the reconciliations carried out by the group with the accounting data used to prepare the financial statements, and/or with accounting records, such as cost accounting or management reporting data.

Regarding the other amounts forming the various indicators of eligible activities and/or aligned (numerators), we have:

- Implemented analytical procedures;
- Appraised these amounts on the basis of a selection of representative activities, operations or projects which we determined according to the activity to which they relate and their contribution to the indicators.

Finally, we have appraised the consistency of the information given in section 4.2.2.6 « Taxonomy regulation reporting » of the group management report with the other sustainability information in this report.

French original signed by

KPMG S.A.

Eric Dupré François Quédiniac

Forvis Mazars

Dominique Muller

4.3 Duty of care plan

Pursuant to the provisions of article L. 225-102-4 of the French Commercial Code, the Group has established and implemented a duty of care plan covering the activities of the Company and all the subsidiaries it controls (see section 6.1.2 of this document). More specifically, Arkema has conducted an in-depth review of the consequences of its activities, and of those carried out by its suppliers and subcontractors that relate to their business relationship with Arkema, in order to identify any serious risk of violations of human rights and fundamental freedoms, as well as any serious health, safety and environmental risks, so that, as part of a continuous improvement approach, the Group can introduce or supplement the reasonable care measures necessary to prevent such risks or mitigate their impact.

4.3.1 Management of the duty of care plan

The duty of care plan is reviewed – overall and with respect to its implementation and the effectiveness of measures undertaken. The review is led by the Sustainable Development department, with input from the Human Resources, Safety and Environment, Legal Affairs, Procurement, and Internal Audit and Internal Control departments. The progress made and proposals for action are presented at least once a year to the Risk Review Committee, which validates the duty of care plan before submission to the Executive Committee then to the Audit and Accounts Committee.

To step up its action in favor of climate change mitigation, Arkema set targets through to 2030 that were validated by the SBTi (48.5% reduction in emissions for Scopes 1 & 2 and 54% reduction for Scope 3 compared with 2019). In 2023, it also announced its Net-Zero ambition for 2050. To achieve its Scopes 1 & 2 emissions reduction target, Arkema is pursuing its efforts in three main areas: energy efficiency, optimization of the most emissions-intensive processes, and low-carbon purchases of electricity and steam. To reduce its Scope-3 emissions, the Group is increasing the proportion of renewable or recycled raw materials, with a lower carbon footprint, reducing its most emissions-intensive activities, and developing polymer recycling channels. Arkema met its Scope 3 GHG emissions reduction target in 2024 and has set a new, more ambitious one of -67% in 2030 compared to 2019.

To meet this target, the Group's Optim'O program includes measures on reducing water withdrawals through process optimization, and on recycling wastewater to reuse some or all effluents. In 2024, Arkema achieved the targets initially set for 2030 regarding water withdrawals and COD emissions. The Group has therefore set itself new, more ambitious targets for 2030: to reduce its water withdrawals to 80 million cu.m and reduce COD emissions by 70% expressed in EFPI relative to 2012.

Lastly, in terms of health and safety, Arkema achieved its total recordable injury rate (TRIR) target in 2024, and has set a new, more ambitious target of 0.7 by 2030.

As part of the monitoring of the implementation of the duty of care plan and the assessment of its effectiveness, the internal audit and control system may be modified, if necessary, to take into account any additional items identified. For further details on the risk management and internal control system, see section 2.2.2.4 of this document.

Sections of this document relating to the duty of care plan are identified by the DCP pictogram.

4.3.2 Mapping of serious risks and assessment procedure

The identification and review of these serious risks are based on generic risks set out in the international standards and guidelines that Arkema uses to draw up its CSR policy (see section 4.1.1 of this chapter), the double materiality assessment (see section 4.2.1.5.1 of this chapter) and the potential negative impacts that the Group’s activities could cause to people and the environment. To identify these potential negative impacts, the Group uses preliminary analyses, internal feedback and cases observed in companies operating in similar businesses or fields. Stakeholder expectations (see section 4.2.1.4.2 of this chapter) are also taken into account. Risks are reviewed in light of a combination of factors that includes their impact and likelihood of occurrence and the level of control provided by existing prevention and management measures.

Risk assessments are updated regularly to take into account lessons learned, advances in preventing risks and mitigating their impact, and any emerging risks deemed relevant.

This mapping complements and is linked to the Group’s risk management process described in section 2.2 of this document, as some of the risks identified as potentially having a significant negative impact on people or the environment are also material risks for the Group itself.

The identification and review of risks were carried out using a collaborative approach involving the Sustainable Development, Human Resources, Safety and Environment, Legal Affairs, Procurement, and Internal Audit and Internal Control departments. This process resulted in a risk map that was presented to the Risk Review Committee. The procedures used to regularly assess the situation of the Group’s activities and subsidiaries with regard to the risk map are described in more detail in section 2.2.2.3 of this document.

The risks identified in application of the duty of care are summarized in the table below, presented in the subsequent sections and, where applicable, supplemented in sections 2.1 of this document.

Appropriate actions to mitigate risks or prevent serious violations, and to monitor the effectiveness of the measures implemented, are presented below.

Risk mapping for the duty of care plan		Sections in this document
Risks related to the Group's activities		
Human rights	Serious violation of human rights and fundamental freedoms, labor and business relations	4.3.3.1 Human rights and fundamental freedoms
Health and safety	The social and environmental consequences arising from industrial accidents or acts of malice	2.1.1 – Accidents at sites, external storage or warehouse facilities or during transportation
	Exposure to substances that are toxic or hazardous to human health, whether involving Group or subcontractor employees, customers or people living near Group facilities	2.1.1 – Exposure to chemicals
Environment	Global warming – Greenhouse gas emissions	2.1.3 – Climate change
	Air, water and soil pollution	2.1.1 – Pollution at sites, warehouse facilities or during transportation
Risks relating to the activities of suppliers and subcontractors with which Arkema has established business relationships		
Serious violation of human rights and fundamental freedoms, human health and safety, and the environment		4.2.4.4 – Responsible procurement

4.3.3 Risks related to the Group's activities: appropriate actions to mitigate risks or prevent serious violations, and system for monitoring the measures implemented and evaluating their effectiveness

4.3.3.1 Human rights and fundamental freedoms

Respect for human rights is of the utmost importance to Arkema. The Group therefore makes every effort to prevent human rights violations against its employees, partners and other stakeholders and to remedy any violations that do occur.

After reviewing internal feedback and the general risks presented in the International Labour Organization's Declaration on Fundamental Principles and Rights at Work and the International Bill of Human Rights, and assessing the impact, likelihood of occurrence and level of control that Arkema has over these issues, no risks of serious violations of human rights or fundamental freedoms were identified, or risks relating to labor and business relations. However, Arkema is attentive to these issues and is rolling out measures to mitigate risks and prevent serious violations, together with monitoring initiatives.

Arkema published its Human Rights Policy in order to make its commitments and management of the risks in this area clearer and more visible for all stakeholders. The policy is available both internally and externally. Arkema's Executive Committee is responsible for drawing up the Group's Human Rights Policy and disseminating it across all entities, while the regional entities are tasked with implementation, in compliance with applicable laws and regulations. The CSR Steering Committee regularly takes stock of the situation, and risks relating to human rights fall within the scope of the Group's Risk Review Committee. The two committees comprise Executive Committee members, the Vice-Presidents of certain corporate departments, as well as managers involved in the Group's CSR policy and risk management process. The Sustainable Development Vice-President is a member of both committees and reports on the Group's CSR activity at least once every year to the Executive Committee, the Audit and Accounts Committee and the Board of Directors.

The risk identification process is based on a review of internal feedback, general risks presented in the International Labour Organization's (ILO) Declaration on Fundamental Principles and Rights at Work and the International Bill of Human Rights, risks specific to the chemicals industry, such as risks concerning the health and safety of employees, local communities, customers and end users, the management of major industrial incidents, the transportation of hazardous goods and the commitment of suppliers and subcontractors, which covers the sourcing of conflict minerals. Identified risks are assessed in light of a combination of factors that includes their impact and likelihood of occurrence and the level of control provided by existing prevention and management measures.

To meet stakeholder expectations, keep risk analyses up-to-date and remedy any violations, the Group leverages a number of resources:

- the integration of human rights issues into internal control checklists, internal audit assignments and external growth transactions;
- an annual inventory of risks carried out across the Group's main entities by the Internal Audit and Internal Control department;
- continuous dialogue with local communities via the Common Ground® initiative; and
- a whistleblowing system for both internal and external stakeholders.

Arkema's commitment is reflected in its compliance with international standards and the applicable laws in the countries in which the Group operates, identification and regular assessment of the risks that may be generated by the Group's activities, a whistleblowing system for both internal and external stakeholders, the implementation of corrective action when necessary, a policy of continuous improvement of the Company's practices through ongoing process improvements and training initiatives, an assessment and dialogue program with suppliers and subcontractors, aimed at promoting respect for human rights, and transparent communication on the Group's efforts in this area.

Awareness-raising initiatives are undertaken to enable employees, and particularly those in management positions, to respect and protect human rights in the performance of their duties. These awareness-raising initiatives are designed to give all employees a better understanding of the concept of human rights and enable them to apply the associated principles both internally and in their relations with third parties.

Human rights compliance is an integral part of the commitments expected of suppliers and subcontractors, expressed through their adherence to the Supplier Code of Conduct, as well as one of the criteria for assessing and managing suppliers. For further details, see section 4.2.4.4 of this chapter.

When preparing its duty of care plan in compliance with article L. 225-102-4 of the French Commercial Code, Arkema did not identify any serious risks of human rights violations.

In 2024, the Group used the available internal audit data to identify and analyze any potential human rights violations related to its activities. The results confirmed the absence of any serious violations and did not show any regional differences. Despite this, to prevent these types of violations, improvement initiatives essentially covering safety and personal data protection have been implemented at 43 Group sites over the past three years.

Actions relating to the whistleblowing system are described in further detail in section 4.2.4.2.5 of this chapter.

Arkema's general approach helps comply with the "minimum safeguards" criterion on tax-related risks for the Group's taxonomy-eligible operations (see section 4.2.2.6 of this chapter).

4.3.3.2 Health and safety

As a responsible manufacturer, Arkema places personal health and safety among its top priorities. This commitment is clearly expressed in its Health, Safety, Security, Environment and Quality Policy. A harmonized approach, based on risk prevention, an integrated management system and the dissemination of a health and safety culture, has existed within the Group for many years and is managed centrally.

The main risks of serious harm to personal health and safety are:

- the social and environmental consequences arising from industrial accidents or acts of malice. Accident risks are described in section 2.1.1 of this document. The management system for these risks, as detailed in sections 4.2.2 (under "Management and audit scheme"), 4.2.2.2.8, 4.2.2.2.9 and 4.2.3.1.8 of this chapter, includes measures on risk mitigation, on prevention of serious violations, and on mitigating impacts in the event of incident or accident.

  The effectiveness of the measures undertaken is monitored using a certain number of indicators, including the total recordable injury rate per million hours worked (TRIR) and the process safety event rate per million hours worked (PSER). Including accidents involving Group employees and subcontractor employees, the TRIR improved and reached the target of 0.8 in 2024, that the Group set for 2030. This good performance is the result of action plans put in place over the past few years to raise awareness of Arkema's safety requirements among Group personnel and contractors. The Group has therefore set itself a new, more ambitious target of 0.7 for 2030. In fact, Arkema's performance in terms of its TRIR is one of the best in the chemicals industry. In addition, the PSER was 2.5 in 2024, down on 2023 and in line with the Group's objective of achieving a PSER of 2.0 by 2030. This improvement was achieved through initiatives such as reinforcement of the Process Safety culture, with its Ten Process Safety Must-Haves, reinforcement of the program on inspecting the mechanical integrity of equipment and circuits, and monthly monitoring of incidents by the Executive Committee;
- exposure to substances that are toxic or hazardous to human health, whether involving Group or subcontractor employees, customers or people living near Group facilities, as described in section 2.1.1 of this document. The health and safety risk management system, as detailed in sections 4.2.2 (under "HSSEQ Policy" and "Management and audit scheme"), 4.2.2.2.8 and 4.2.3.1.8 of this chapter, includes measures on risk mitigation, on prevention of serious violations, and on mitigating impacts in the event of incident or accident. Moreover, responsible product stewardship is presented in section 4.2.2.2.10 and the transparency and availability of product information, is presented in section 4.2.3.2.4 of this chapter; and
- the number of occupational illnesses related to exposure to chemicals is one of the indicators for monitoring the effectiveness of prevention measures over the long term. In 2024, 32 cases of occupational illnesses were reported group-wide in France, of which 14 involved exposure to asbestos and six exposure to chemicals. The frequency rate of 2.9 per million hours worked is lower than in 2023. Details on occupational illnesses are given in section 4.2.3.1.8 of this chapter.

4.3.3.3 Climate change and environmental protection

As a responsible manufacturer, Arkema places the fight against climate change, environmental risk management and responsible resource management among its top priorities. This commitment is clearly expressed in its Health, Safety, Security, Environment and Quality Policy.

A harmonized approach, based on the vision set out in this policy, has existed within the Group for many years and is managed centrally.

4.3.3.3.1 Climate change

Greenhouse gas emissions associated with the Group's activities, and acute and chronic weather events associated with climate change, may affect the environment and people. An increase in the frequency and intensity of certain events (in particular floods, droughts or storms), which could lead to incidents or accidents at some of the Group's production sites, could endanger employees and subcontractors working there, as well as local residents, and could cause pollution (as described in section 2.1.3 of this document).

To respond to this climate challenge and reduce the associated risks, Arkema continuously improves its climate change response policy and steps up its actions year after year.

The climate policy described in section 4.2.2.1.3 of this chapter includes risk mitigation and serious violation prevention measures. In 2023, Arkema took its ambition further by setting two ambitious new targets: a 48.5% reduction in its absolute Scopes 1 + 2 emissions and a 54% reduction in its Scope 3 emissions by 2030 compared with 2019. These two short-term objectives have been validated by the Science Based Targets initiative, an independent body (see section 4.2.2.1.4 of this chapter). In 2024, the Group's Scopes 1 & 2 emissions fell by 42% and its Scope 3 emissions by 62% compared with 2019. Building on this progress, and having already exceeded its 2030 target on Scope 3 emissions, the Group will continue its decarbonization efforts with the new, more ambitious, target of a 67% reduction in Scope 3 greenhouse gas emissions by 2030 with respect to 2019. A third indicator measures net energy purchases (Energy EFPI compared with 2012), the intensity of which reflects the consumption of energy whose production generates greenhouse gas emissions. To optimize its energy consumption, Arkema has set itself the goal of reducing its net energy purchases by 25% by 2030 (for further details, see section 4.2.2.1.4 of this chapter). In 2024, the Energy EFPI was 0.88, down on 2023 due to higher production levels and ongoing energy optimization measures. The Group remains confident of achieving its 2030 target of 0.75, thanks to ongoing investments in energy efficiency as part of the Arkema Energy program.

4.3.3.3.2 Environment

As regards environmental protection, the main risk of serious damage to the environment is the pollution of air, water and soil, which is described in section 2.1.1 of this document. The management system for environmental risks is described in detail in sections 4.2.2 (under “HSSEQ Policy” and “Management and audit scheme”) and 4.2.2.2 of this chapter. It includes measures to mitigate risks, prevent serious violations, and mitigate impacts in the event of incident, accident or legacy pollution. The effectiveness of the measures undertaken is monitored via numerous indicators, including two strategic intensive Environmental Footprint Performance Indicators (EFPIs compared with 2012) for which targets have been set for 2030. The first relates to the amount of volatile organic compounds (VOCs) released into the air (VOC EFPI). In 2024, the figure is 0.46, down on 2023 and in line with the 2030 target of a 65% reduction on 2012. This improvement is the outcome of continued action on filtration performance and process efficiency. The second relates to chemical oxygen demand (COD) in effluent discharges (COD EFPI). In 2024, the Group reached its initial target of 0.35 with a COD EFPI of 0.31. Arkema has therefore set itself a new, more ambitious reduction target of 70% (instead of 65%) by 2030 compared to 2012. For further details, see section 4.2.2.2 of this chapter. The results confirm the validity of the Group’s programs and initiatives on reducing pollution risks.

In addition, to strengthen its commitment to promoting responsible resource management, Arkema set a new target for water withdrawals. In 2024, the metric reached the target set by the Group at 82 million cu.m., down 4 million cu.m on 2023, thanks to successful efforts to reduce water at the Group's industrial sites. Arkema has therefore set itself a new, more ambitious target of 80 million cu.m in 2030. For further details, see section 4.3.3.3.2 of this chapter.

4.3.4 Risks related to the activities of suppliers and subcontractors with which Arkema has an established business relationship: appropriate actions to mitigate risks or prevent serious violations, and system for monitoring the measures implemented and evaluating their effectiveness

Arkema’s suppliers carry out various activities related to the supply of raw materials, energy, goods and services, and transportation. These activities have the potential to cause serious violations of human rights and fundamental freedoms, human health and safety, and the environment.

To mitigate risks and prevent serious violations by its suppliers, Arkema systematically communicates its CSR requirements *via* its Supplier Code of Conduct and includes specific CSR clauses in its general purchasing conditions, particularly in relation to ethics and compliance (respect for human rights, combating trafficking in conflict minerals, combating forced labor, environmental protection) and measures to combat concealed employment.

Arkema also implements a supplier selection and assessment process based notably on the following two programs (see section 4.2.4.4 of this chapter for further details):

- the roll-out of the Together for Sustainability (TfS) program, with a 2025 target of covering with a TfS assessment 80% of the Group’s purchasing spend with relevant suppliers (see details in section 4.2.4.4.5 of this chapter); and
- the Pragati program for responsible castor farming (see section 4.2.4.4.6 of this chapter for details).

The effectiveness of the measures undertaken is monitored in terms of the number of TfS suppliers assessed and the scores obtained. At the end of 2024, over 2,400 suppliers had been assessed, and CSR scores had risen for 62% of suppliers whose assessments had been updated. The Group has reached its target for the percentage of purchases made from relevant suppliers, with a rate of 81% , and will work to consolidate this performance in 2025.

Some of the Group's products use plant-based raw materials. If raw material producers are farmers, the assessment system outlined above is not always applicable. For supplies of castor oil, the main bio-based raw material used by the Group, an initiative is in progress under the Pragati program, launched in 2016, on environmentally friendly and socially responsible sourcing. This initiative is described in section 4.2.4.4.6 of this chapter.

With regard to its purchases of bio-based raw materials, Arkema is working with its suppliers to ensure that its supply chain complies with the European Deforestation Regulation (EUDR), set to come into force on 30 December 2025.

4.3.5 Remediation process

In the event of a major accident involving health, safety or the environment, a crisis unit is set up in accordance with the Group procedure described in section 4.2.2.2.2 (sub-section "Crisis management") of this chapter.

For non-accidental incidents liable to affect human rights and fundamental freedoms, human health and safety and the environment, the remediation process is organized on a case-by-case basis with representatives from the departments involved and a management team adapted to the specific situation.

4.3.6 Report on the implementation of the duty of care plan

For risks related to the Group's activities, the following conclusions were drawn from the implementation of the duty of care plan:

- significant change is not considered necessary for the health, safety and environment management system (see sections 4.2.2, under "Management and audit scheme", 4.2.2.2.8, 4.2.2.2.9 and 4.2.3.1.8 of this chapter), which is considered to meet duty of care requirements;
- judging from the main indicators, continuous progress initiatives (described in sections 4.2.2.1, 4.2.2.2, 4.2.2.3 and 4.2.3.1.8 of this chapter) appear to be effective, and should be continued in order to at least achieve the strategic goals the Group has set for 2030:
  - in terms of total recordable injury rate (TRIR of 0.7) and process safety event rate (PSER of 2.0), and
  - in terms of environmental impact: two climate metrics (Scopes 1 + 2 GHG emissions -48.5%, Scope 3 GHG emissions -67% in absolute terms with respect to 2019) and three intensive emission metrics (VOC EFPI -65%, COD EFPI -70% and Energy EFPI -25% compared with 2012) and a water metric (reduce water withdrawals to 80 million cu.m in 2030);
- no risks were identified of serious violations to human rights or fundamental freedoms, or in labor or business relations. However, Arkema is attentive to these issues and is rolling out prevention and monitoring initiatives, as described in section 4.3.3.1 of this chapter.

Concerning risks relating to the activities of suppliers and subcontractors, the programs under way meet duty of care expectations, including:

- the roll-out of the Together for Sustainability (TfS) program, with a 2025 target of covering with a TfS assessment 80% of the Group's purchasing spend with relevant suppliers (see details in section 4.2.4.4.5 of this chapter); and
- the Pragati program for responsible castor farming (see section 4.2.4.4.6 of this chapter for details).

4.3.7 Whistleblowing system and reports

The Group has a whistleblowing system that complies with both the requirements of the law on duty of care and the French Sapin II Law.

The system was accordingly presented to the employee representative bodies for inclusion in the internal regulations of the Group's various French sites. It is open to employees and other stakeholders of the Group, such as former employees and people applying for employment within a Group entity; shareholders, associates and holders of voting rights at the general meeting of a Group entity; members of the administrative, management or supervisory body of a Group entity; external and casual Group employees; as well as co-contractors of a Group entity and their subcontractors.

The whistleblowing system was widely distributed, both internally and externally, in a manner appropriate to each potential whistleblower, notably through:

- the electronic distribution of the compliance program, including the whistleblowing system, to all Group employees once each year;
- a presentation of the system in various training materials as well as e-learning compliance courses offered to Group employees;
- publication on the Group's intranet and internet sites. A specific insert is also available on the home page of Intranet sites for easier access to information.

For further details, see section 4.2.4.2.5 of this chapter.

4.3.8 Cross-reference table for the duty of care plan

Duty of care plan	Sections in this document
Mapping of serious risks and assessment procedure	2.2, 2.1.1, 4.2.1.5
Risks related to the Group's activities: appropriate actions to mitigate risks or prevent serious violations	
• Human rights and fundamental freedoms	4.3.3.1
• Health and safety • Industrial accidents • Exposure to chemicals • Occupational illness	2.1.1
• Climate change and environmental protection	2.1.1, 2.1.3, 4.2.2.1.2
Risks related to the activities of suppliers and subcontractors with which Arkema has an established business relationship: appropriate actions to mitigate risks or prevent serious violations	**2.1.3, 4.2.4.4**
System for monitoring the measures implemented and evaluating their effectiveness	
• Human rights and fundamental freedoms	4.3.3.1, 4.2.4.4
• Health and safety	
• Industrial accidents	4.2.2, 4.2.3.1.8
• Exposure to chemicals	4.2.2, 4.2.3.1.8
• Occupational illness	4.2.3.1.8
• Climate change and environmental protection	4.2.2.1, 4.2.2.2, 4.2.2.3
• Activities of suppliers and subcontractors	4.2.4.4
Remediation process: crisis management	4.2.2 (sub-section Crisis management)
Report on the implementation of the duty of care plan	4.2.2.1, 4.2.2.2, 4.2.2.3, 4.2.3.1.8, 4.2.4.4, 4.3.3.1
Whistleblowing system and reports	4.2.4.2.5

FINANCIAL AND ACCOUNTING INFORMATION

5

The different parts constituting the annual financial report are identified in the table of contents by the pictogram AFR

5.1 Comments and analysis on the consolidated financial statements

This section should be read jointly with the notes to the consolidated financial statements at 31 December 2024 in section 5.3.3 of this chapter, and in particular with the accounting policies described in the various notes.

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

5.1.1 Indicators used in management analysis

The main alternative performance indicators used by the Group are defined in note 4 to the consolidated financial statements at 31 December 2024 in section 5.3.3 of this chapter.

For the purpose of tracking changes in its results, and particularly its sales figures, the Group analyzes the following effects (unaudited analyses):

- **scope effect:** the scope effect corresponds to the impact of changes in the Group's scope of consolidation, which arise from acquisitions and divestments of entire businesses, or as a result of the first-time consolidation or deconsolidation of entities. Increases or reductions in capacity are not included in the scope effect. For a given aggregate, this corresponds to the amount of this aggregate over the period under review for acquired activities, less the amount of this aggregate over the prior period for divested activities, relative to the amount of this aggregate for all Group activities over the prior period;
- **currency effect:** the currency effect corresponds to the mechanical impact of consolidating accounts denominated in currencies other than the euro at different exchange rates from one period to another. The currency effect is calculated by applying the foreign exchange rates of the prior period to the figures for the period under review;
- **price effect:** the impact of changes in average selling prices is estimated by comparing the weighted average net unit selling price of a range of related products in the period under review with their weighted average net unit selling price in the prior period, multiplied, in both cases, by the volumes sold in the period under review;
- **volume effect:** the impact of changes in volumes is estimated by comparing the quantities delivered in the period under review with the quantities delivered in the prior period, multiplied, in both cases, by the weighted average net unit selling price in the prior period; and
- **organic growth:** the organic growth for a given aggregate corresponds to comparable growth for that item, *i.e.*, at constant scope and currency. It represents the variation, restated for exchange rate and consolidation scope effects, between the amounts of the item for the period under analysis and for the previous period, relative to the amount of the item for the prior period.

5.1.2 Impact of seasonality

Due to the standard pattern of its business, the Group is exposed to seasonal effects. For example:

- demand for products manufactured by the Group is generally weaker around February in China due to Chinese New Year, as well as in the summer months and in December, notably as a result of the slowdown in industrial activity during these months, particularly in France and Europe;
- in some of the Group's businesses, particularly those serving the paint and coatings as well as the refrigeration and air-conditioning markets, sales are generally higher in the first half of the year than in the second half. By contrast, in adhesives, both halves of the year are more balanced; and
- major multi-annual maintenance turnarounds at the Group's production plants, which are generally carried out in the second half of the year, also have an impact on seasonality.

These seasonal effects observed in the past are not necessarily representative of future trends, but can have a material effect on changes in results and working capital from one quarter of the year to the next. They can also be impacted by very specific contexts such as during the Covid-19 crisis or any other exceptional changes in geopolitical or macroeconomic situations.

5.1.3 Impact of changes to accounting standards

Changes to accounting standards and any related impacts are disclosed in note 2 "Accounting policies and new standards" to the consolidated financial statements at 31 December 2024 in section 5.3.3 of this chapter.

5.1.4 Description of the main factors which affected sales and results in the period

Following a decline in demand in 2023 in all parts of the world and most end markets, amplified by significant destocking, macroeconomic conditions remained volatile and challenging throughout 2024. Dynamics were contrasted depending on regions and markets, with demand remaining weak overall and tensions in geopolitical and trade balances, the evolution of which remains still uncertain.

In this context, Arkema delivered a solid financial performance, with slight improvement in EBITDA to €1.53 billion and a good EBITDA margin of 16.1%, while net debt and hybrid bonds remained under control at 2.1x 2024 EBITDA. This performance was attributable in varying degrees to a number of factors, in particular:

- contrasting trends in each region, with strong EBITDA growth in Asia, stability in North America and a decline in Europe, with the Group benefiting from its balanced geographical footprint across the world's three major regions;
- the sharp rise in EBITDA in Adhesive Solutions, reaching a record EBITDA margin of 15.1% for the year. This result confirms this segment’s full potential and includes the contribution of the latest bolt-on acquisitions and related synergies, the improvement in the product mix, the dynamic management of selling prices reflecting the high added-value of our high performance solutions, and operational excellence initiatives;
- the contribution of around €50 million in EBITDA from major organic projects following the start-up of the majority of them in 2024, mainly benefiting High Performance Polymers. These new production facilities, located in Asia and North America to serve attractive markets such as bio-based consumer products, new energies, electrification, 3D printing and sports will continue to ramp up over the coming years;
- the integration of PI Advanced Materials, whose 54% majority stake acquisition was finalized in December 2023, and whose results were significantly up on the previous year, which has been impacted by the downturn in the electronics market. This acquisition presents significant synergies with the rest of the Group's activities evaluated at €30 million in EBITDA within five years;
- EBITDA growth in High Performance Polymers, which benefited in particular from the contribution of major organic projects and the integration of PIAM, as well as EBITDA growth in Coating Additives, while Performance Additives were down relative to last year's high comparison base;
- the evolution of market conditions in upstream acrylics, now at low cycle conditions;
- the reduction in existing quotas in refrigerant gases in Europe and the United States, impacting the performance of the Intermediates segment;
- a volume environment that remained generally weak throughout the year;
- a slight decrease in the cost of raw materials, which stabilized overall in the second half of the year, and dynamic management of selling prices in line with this trend;
- the strong depreciation of Latin American currencies against the euro and the less significant one of the Chinese yuan, reflected by a negative currency effect of 1.1% on Group sales; and
- the expected increase in capital expenditure related to the completion of the vast majority of major organic projects, and control of working capital in a low volume environment, resulting in recurring cash flow of €419 million. Taking account of cash outflow from portfolio management operations of €177 million, reflecting primarily the acquisition of Dow’s laminating adhesives business, net debt and hybrid bonds remained under control at 2.1x full-year EBITDA.

2024 also marked the end of the 2020-24 period for which the Group's long-term targets were set at the Capital Markets Day in April 2020.

At that time, the Group’s aim was to achieve sales of around €10 to €11 billion by 2024, with EBITDA margin of around 17%, an EBITDA to cash conversion rate greater than 40% and a net debt and hybrid bonds to EBITDA ratio of less than 2.

A number of factors need to be taken into account when analyzing the results, including:

- the April 2020 Capital Markets Day took place at the very start of period that proved to be extremely volatile and that no one had ever experienced;
- the world was successively impacted by Covid and the associated lockdowns, the very sharp rebound that followed accompanied by very high inflation, and then by a lengthy period of destocking over the last two years;
- this very high level of volatility makes year-by-year analysis of little relevance, with some years well ahead of the target, particularly 2022, and others falling behind, such as 2024, which was impacted by the challenging macroeconomic context with weak demand, and by low cycle market conditions in upstream acrylics; and
- over the full period from 2020-24, the Group's average performance was nevertheless on a par with its 2024 target, with average annual sales of €9.6 billion, average EBITDA margin of 16.7%, an average EBITDA to cash conversion rate of 46%, and an average net debt and hybrid bonds to EBITDA ratio of 1.5x.

Cash allocation for the 2020-24 period was fully in line with the targets set by the Group at the 2020 CMD:

- 42% of available cash was returned to shareholders (target of 40-45%), or €1.55 billion (€1.4 to €1.6 billion announced), mainly in the form of dividends but also by means of a €300 million share buyback plan following the divestment of the PMMA business;
- acquisitions, net of proceeds from disposals, accounted for 43% of available cash (target of 40-45%), or €1.6 billion

(€1.4 to €1.6 billion announced), with a number of acquisitions in Adhesive Solutions, in particular Ashland's performance adhesives and Dow's laminating adhesives, the acquisition of a 54% majority stake in PI Advanced Materials, and the successful divestment of the PMMA business, with the plan to deconsolidate the fluorogases business still under way; and

- 15% of available cash was used to finance exceptional capital expenditure (target of 15%), *i.e.* €0.55 billion (€0.5 billion announced), in particular the bio-based polyamide 11 plant in Singapore, which began production in 2024.

5.1.5 Group income statement analysis

(In millions of euros)	2024	2023	Change
Sales	**9,544**	**9,514**	**+0.3%**
Operating expenses	(7,605)	(7,554)	+0.7%
Research and development expenses	(278)	(275)	+1.1%
Selling and administrative expenses	(920)	(874)	+5.3%
Other income and expenses	(155)	(130)	+19.2%
Operating income	**586**	**681**	**-14.0%**
Equity in income of affiliates	(6)	(9)	
Financial result	(73)	(70)	+4.3%
Income taxes	(150)	(177)	-15.3%
Net income	**357**	**425**	**-16.0%**
Net income attributable to non-controlling interests	3	7	
Net income – Group share	**354**	**418**	**-15.3%**
EBITDA [a]	**1,532**	**1,501**	**+2.1%**
Recurring operating income (REBIT) [a]	**895**	**939**	**-4.7%**
Adjusted net income [a]	**616**	**653**	**-5.7%**

(a) *Alternative performance indicator: please refer to note 4 to the consolidated financial statements at 31 December 2024 in section 5.3.3 of this document for concordance tables and definitions.*

Sales

Group sales were stable compared with 2023, at €9,544 million (+0.3%) in a macroeconomic context marked by a globally weak demand. Group volumes were nevertheless up 2.4% on the previous year, led by Specialty Materials (+3.1%), up in each segment. They benefited in particular from a sustained growth in Asia and improved momentum in certain markets such as sports, packaging, batteries and energy. On the other hand, the construction and automotive sectors operated in a more difficult environment. Intermediates volumes were down by 4.8%, impacted mechanically by the reduction in existing quotas of refrigerant gases. The negative 3.0% price effect reflected the slight decrease in raw materials prices, that stabilized in the second half, as well as the unfavorable market conditions in upstream acrylics. The 2.0% positive scope effect corresponded essentially to the acquisition of PIAM in Advanced Materials and Arc Building Products in Adhesive Solutions. The currency effect was a negative 1.1%, mainly due to the depreciation of the Latin American currencies and Chinese yuan against the euro, while the US dollar appreciated towards the year-end.

In 2024, the share of Specialty Materials was stable compared with 2023, and represented 92% of Group's sales.

In addition, the geographic breakdown of sales reflected observed market trends in the various regions, with Asia and the rest of the world accounting now for 32% of the Group's sales (29% in 2023), North America 35% (37% in 2023) and Europe 33% (34% in 2023).

EBITDA, recurring operating income and operating income

At €1,532 million (€1,501 million in 2023), EBITDA was up 2.1% on the previous year, led by very strong growth in Asia, partly offset by a marked downturn in Europe while North America remained stable. Specialty Materials EBITDA was up 3.4% on 2023, benefiting from a strong increase in Adhesive Solutions and High Performance Polymers, while Performance Additives were down on the previous year's high basis of comparison, and Coating Solutions were affected by low cycle market conditions in upstream acrylics. This performance included the contribution of around €50 million from major organic growth projects that will continue to ramp up over the coming years. Intermediates were down, reflecting the effect of existing quota mechanisms in refrigerant gases in Europe and North America.

In a lackluster market environment, the Group achieved a good level of EBITDA margin at 16.1% (15.8% in 2023), benefiting from its balanced geographical footprint and reflecting the quality of its portfolio of technologies, the improved product mix, the strict control of its operations and the dynamic price management.

At €637 million, recurring depreciation and amortization were up compared to previous year (€562 million in 2023), mainly due to the consolidation of PIAM and the start-up of new production units in Advanced Materials. Recurring operating income (REBIT) therefore amounted to €895 million (€939 million in 2023) and REBIT margin came in at 9.4% (9.9% in 2023).

Operating income totaled €586 million (€681 million in 2023) and integrated:

- operating expenses of €7,605 million, more or less stable compared with 2023 (€7,554 million), as the limited rise in volumes in an environment of continuing weak demand over the year and the impact of acquisitions – mainly the integration of PI Advanced Materials – were offset overall by lower raw material costs. Fixed costs increase was limited, reflecting the impact of measures to strictly control costs and operations, and this increase was offset by the impact of exchange rates, which was also low. Operating expenses included €154 million in depreciation and amortization resulting from the revaluation of property, plant and equipment and intangible assets as part of the allocation of the purchase price of businesses. This figure was up €26 million on 2023, reflecting mainly the integration of PI Advanced Materials over the full year;
- research and development expenses, virtually stable at €278 million (€275 million in 2023), representing 2.9% of Group sales; and
- selling and administrative expenses of €920 million (€874 million in 2023), reflecting the integration of PI Advanced Materials, increased digitalization and related developments, the impact of inflation, as well as a favorable but limited currency effect.

Lastly, operating income included other income and expenses representing a net expense of €155 million. This includes in particular net restructuring and environmental costs of €44 million, acquisition-related expenses of €30 million related primarily to the acquisition of Dow's laminating adhesives business, start-up costs for the Singapore platform, expenses related to the capital increase reserved for employees in the second half of 2024, costs of restoring the Günzburg plant affected by flooding, and legal costs related to ongoing proceedings in the United States.

Financial result

The financial result was stable compared to 2023, representing a net expense of €73 million (net expense of €70 million in 2023).

Income taxes

The income tax expense was €150 million, down €27 million compared with 2023, in line with the change in the Group's operating performance. Excluding exceptional items, the tax rate stood at 22% of recurring operating income (21% in 2023).

At end-2024, unrecognized deferred tax assets related to tax loss carryforwards amounted to €387 million.

Net income - Group share and adjusted net income

Consequently, net income - Group share totaled €354 million in 2024 (€418 million in 2023).

Excluding the post-tax impact of non-recurring items, adjusted net income amounted to €616 million versus €653 million in 2023, and represented €8.23 per share (€8.75 per share in 2023).

5.1.6 Analysis of results by business segment

5.1.6.1 Adhesives Solutions

(In millions of euros)	2024	2023	Change
Sales	**2,722**	**2,714**	**+0.3%**
EBITDA [(a)]	**412**	**380**	**+8.4%**
EBITDA margin [(a)]	***15.1%***	***14.0%***	
Recurring operating income (REBIT) [(a)]	**323**	**293**	**+10.2%**
REBIT margin [(a)]	*11.9%*	*10.8%*	
Other income and expenses	(43)	(32)	
Depreciation and amortization related to the revaluation of assets as part of the allocation of the purchase price of businesses	(108)	(102)	
Operating income	**172**	**159**	**+8.2%**

(a) Alternative performance indicator: please refer to note 4 to the consolidated financial statements at 31 December 2024 in section 5.3.3 of this document for concordance tables and definitions.

Sales in the Adhesive Solutions segment were stable compared with 2023 at €2,722 million. Volumes rose 2.4%, supported by industrial adhesives, notably in the packaging and labeling markets, as well as in durable goods in the first part of the year, while the construction market stabilized at a low level. The price effect was a negative 2.0%, primarily reflecting the decrease of certain raw materials prices, and the currency effect was a negative 1.2%. The 1.1% positive scope effect corresponded to the consolidation of Arc Building Products over the whole year, while the contribution of Dow's flexible packaging laminating adhesives business, acquired on 2 December 2024, was very limited.

Up sharply by 8.4% compared to last year, EBITDA stood at €412 million and the EBITDA margin improved significantly by 110 bps, reaching a record level of 15.1% over the year (14.0% in 2023), which confirms the segment's full potential. Including the contribution of the latest bolt-on acquisitions and related synergies, this good performance also reflected the improvement in the product mix, the dynamic management of selling prices reflecting the high added-value of our high performance solutions, and operational excellence initiatives.

In line with the development of EBITDA, recurring operating income (REBIT) increased by 10.2% to €323 million (€293 million in 2023), including €89 million in recurring depreciation and amortization expense, more or less stable compared with €87 million in 2023.

Operating income increased by 8.2% and reached €172 million (€159 million in 2023). This includes other income and expenses representing a €43 million expense corresponding primarily to restructuring costs and to costs linked to the acquisition of Dow's laminating adhesives business in December 2024. Operating income also includes €108 million in depreciation and amortization related to the revaluation of assets carried out as part of the allocation of the purchase price of businesses (€102 million in 2023).

5.1.6.2 Advanced Materials

(In millions of euros)	2024	2023	Change
Sales	**3,562**	**3,562**	**—**
EBITDA [(a)]	**707**	**666**	**+6.2%**
EBITDA margin [(a)]	***19.8%***	***18.7%***	
Recurring operating income (REBIT) [(a)]	**336**	**366**	**-8.2%**
REBIT margin [(a)]	*9.4%*	*10.3%*	
Other income and expenses	(89)	(81)	
Depreciation and amortization related to the revaluation of assets as part of the allocation of the purchase price of businesses	(40)	(19)	
Operating income	**207**	**266**	**-22.2%**

(a) Alternative performance indicator: please refer to note 4 to the consolidated financial statements at 31 December 2024 in section 5.3.3 of this document for concordance tables and definitions.

Advanced Materials sales were stable compared with 2023 at €3,562 million. Volumes grew 1.2%, supported by a positive dynamic in Asia, partially offset by the marked decline in Europe. High Performance Polymers volumes showed good growth, supported notably by the battery, sports, energy and medical markets, but impacted by the slowdown in the automotive market in the second-half, notably in Europe. Performance Additives volumes were stable over the year, despite the impact of the temporary shutdown of our German organic peroxides site following the exceptional flooding of the Danube at the beginning of June. The price effect was a negative 4.4%, mainly reflecting the evolution of raw material prices. The segment's sales benefited also from a 4.7% positive scope effect corresponding to the contribution of PIAM and the currency effect was a negative 1.5%.

EBITDA of €707 million was up by 6.2% compared to last year, driven by the growth in High Performance Polymers, which benefited from a strong geographical footprint in Asia, the contribution of new applicative developments, for example in sports, PIAM consolidation and the development of fluorospecialties with low emissive impact. Performance Additives were down on last year's high comparison base and were impacted by the temporary shutdown of our German organic peroxides site. The EBITDA margin increased significantly by 110 bps and reached 19.8% compared to 18.7% in 2023.

Recurring operating income (REBIT) was down to €336 million (€366 million euros in 2023), impacted by a €71 million increase in recurring depreciation and amortization to €371 million, mainly reflecting the consolidation of PI Advanced Materials and the start-up of new production units in relation to the Group's major organic growth projects.

Operating income came to €207 million (€266 million in 2023), including an expense of €89 million in other income and expenses, mainly corresponding to start-up costs for the Singapore platform, impairment of specific assets in the Hydrogen Peroxide business, as well as expenses related to claims and litigation, in particular restoring costs for the Günzburg site. This also includes €40 million in depreciation and amortization related to the revaluation of assets carried out as part of the allocation of the purchase price of businesses (€19 million in 2023), including an increase in relation to the consolidation of PI Advanced Materials.

5.1.6.3 Coating Solutions

(In millions of euros)	2024	2023	Change
Sales	**2,455**	**2,402**	**+2.2%**
EBITDA [(a)]	**301**	**327**	**-8.0%**
EBITDA margin [(a)]	***12.3%***	***13.6%***	
Recurring operating income (REBIT) [(a)]	**174**	**201**	**-13.4%**
REBIT margin [(a)]	*7.1%*	*8.4%*	
Other income and expenses	2	(3)	
Depreciation and amortization related to the revaluation of assets as part of the allocation of the purchase price of businesses	(6)	(7)	
Operating income	**170**	**191**	**-11.0%**

(a) Alternative performance indicator: please refer to note 4 to the consolidated financial statements at 31 December 2024 in section 5.3.3 of this document for concordance tables and definitions.

Coating Solutions sales were 2.2% higher compared to last year, and stood at €2,455 million, around 30% of which were in acrylic monomers. Volumes increased by 6.8%, driven by the segment's downstream activities, in particular in the industrial coatings and electronics markets, and benefited also from the ramp-up of Sartomer's UV curing resins capacity expansion in China. Volumes were also higher in upstream acrylics in Europe compared to a low comparison base last year, notably supported by the hygiene and water treatment markets. The negative 4.1% price effect reflected the decrease of certain raw material prices compared to last year and unfavorable market conditions in upstream acrylics. The currency effect was limited to a negative 0.5%.

At €301 million (€327 million in 2023), EBITDA was impacted by low cycle market conditions in upstream acrylics while the EBITDA of downstream activities grew, supported by the increase in volumes and the development of high value-added solutions focused notably on sustainability. In this context, the EBITDA margin benefited from the integration in the acrylic chain and stood at 12.3% (13.6% in 2023).

At €174 million (€201 million in 2023), recurring operating income (REBIT) was in line with the development of EBITDA, and includes a recurring depreciation and amortization expense of €127 million (€126 million in 2023).

Operating income came in at €170 million (€191 million in 2023) and included a €6 million expense related to the revaluation of assets as part of the allocation of the purchase price of businesses.

5.1.6.4 Intermediates

(In millions of euros)	2024	2023	Change
Sales	**768**	**797**	**-3.6%**
EBITDA [(a)]	**198**	**213**	**-7.0%**
EBITDA margin [(a)]	***25.8%***	***26.7%***	
Recurring operating income (REBIT) [(a)]	**157**	**170**	**-7.6%**
REBIT margin [(a)]	*20.4%*	*21.3%*	
Other income and expenses	4	–	
Depreciation and amortization related to the revaluation of assets as part of the allocation of the purchase price of businesses	–	–	
Operating income	**161**	**170**	**-5.3%**

(a) Alternative performance indicator: please refer to note 4 to the consolidated financial statements at 31 December 2024 in section 5.3.3 of this document for concordance tables and definitions.

Sales in the Intermediates segment were down 3.6% compared to last year at €768 million. Volumes decreased by 4.8% reflecting the reduction in existing quotas in refrigerant gases in Europe and the United States, partially offset by an increase in volumes in acrylics in China. Up 3.1%, prices mainly reflected the increase in refrigerant gases. At a negative 1.2%, the scope effect corresponded to the disposal of non-strategic assets in sebacic acid in China in the fourth quarter and the currency effect was a negative 0.7%.

The segment's EBITDA remained at the very solid level of €198 million, although down 7.0% compared to last year, the decline in volumes linked to the quota mechanisms in refrigerant gases being largely offset by the increase in prices. Moreover, market conditions stayed at a low point in acrylics in China. In this context, the EBITDA margin stood at 25.8% (26.7% in 2023).

In line with the evolution of the EBITDA EBITDA, recurring operating income (REBIT) totaled €157 million (€170 million in 2023), including a recurring amortization expense of €41 million, stable relative to €43 million in 2023, and operating income amounted to €161 million.

5.1.7 Group cash flow analysis

(In millions of euros)	2024	2023
Cash flow from operating activities	1,121	1,272
Cash flow from investing activities	(940)	(1,355)
Net cash flow [(a)]	**181**	**(83)**
Of which net cash flow from portfolio management operations[(a)]	(177)	(708)
Free cash flow [(a)]	**358**	**625**
Of which exceptional capital expenditure [(a)]	—	(26)
Of which non-recurring cash flow [(a)]	(61)	(110)
Recurring cash flow [(a)]	**419**	**761**
Of which recurring capital expenditure [(a)]	(761)	(608)
Operating cash flow [(a)]	**1,180**	**1,369**

(a) Alternative performance indicator: please refer to note 4 to the consolidated financial statements at 31 December 2024 in section 5.3.3 of this document for concordance tables and definitions.

EBITDA can be reconciled to free cash flow as follows:

(In millions of euros)	2024	2023
EBITDA [a]	**1,532**	**1,501**
Taxes	(199)	(184)
Cash items included in the financial result	(58)	(53)
Change in working capital [1]	(87)	170
Change in fixed asset payables [2]	27	(43)
Other items	(35)	(22)
Operating cash flow [a]	**1,180**	**1,369**
Recurring capital expenditure	(761)	(608)
Recurring cash flow [a]	**419**	**761**
Exceptional capital expenditure [a]	—	(26)
Non-recurring cash flow [a]	(61)	(110)
Free cash flow [a]	**358**	**625**

(1) Excluding cash flows related to non-recurring items and portfolio management operations. These items represented a net cash outflow of €1 million in 2024 compared to a net cash outflow of €12 million in 2023.

(2) Excluding cash flows related to non-recurring items and portfolio management operations. These items represented a nil amount in 2024 (compared with an outflow of €2 million in 2023).

(a) Alternative performance indicator: please refer to note 4 to the consolidated financial statements at 31 December 2024 in section 5.3.3 of this document for concordance tables and definitions.

In 2024, Group's net cash flow represented a net inflow of €181 million (compared with a net outflow of €83 million in 2023), including a net outflow of €177 million from portfolio management operations, corresponding primarily to the acquisitions of Dow's flexible packaging laminating adhesives business and Arc Building Products. In 2023, the net cash outflow from portfolio management operations totaled €708 million, reflecting primarily the acquisition of a 54% majority stake in PIAM.

Consequently, free cash flow, corresponding to net cash flow excluding the impact of portfolio management operations, totaled €358 million for the year (€625 million in 2023). This includes a non-recurring cash outflow of €61 million, corresponding mainly to start-up costs for the Singapore platform and restructuring costs.

Recurring cash flow therefore amounted to €419 million (€761 million in 2023), including an increase in recurring capital expenditure to €761 million (€608 million in 2023), in line with the guidance and reflecting the progress of several major projects. After fine-tuning its analysis of potential future capital expenditure and taking into account a projected slower ramp-up of the electric vehicle market, the Group adjusted the capital expenditure envelop that was announced at the September 2023 Capital Markets Day, and now plans to spend between €650 million and €700 million a year over the 2025-28 period, and the amount for 2025 should be in the middle of this range.

As a result, operating cash flow totaled €1,180 million in 2024 (€1,369 million in 2023), reflecting:

- the resilience of the Group's operating performance in a challenging macroeconomic context;
- an €87 million outflow related to the change in working capital (inflow of €170 million in 2023, which benefited from a favorable price effect);
- a favorable movement in "Change in fixed asset payable" of €27 million (deterioration of €43 million in 2023), mainly due to timing effects of expenditures; and
- an increase in taxes paid, in line with the evolution of the Group's operating performance compared to 2023;

The EBITDA to operating cash conversion rate stood at 77%, in line with the 70% target announced by the Group at the Capital Markets Day in September 2023.

CAPITAL EXPENDITURE OVER THE PAST THREE YEARS

(In millions of euros)	2024	2023	2022
Total intangible assets and property, plant and equipment additions	**761**	**634**	**707**
Of which recurring capital expenditure [a]	*761*	*608*	*584*
Recurring capital expenditure as a % of Group sales	*8.0%*	*6.4%*	*5.1%*
Of which exceptional capital expenditure [a]	*—*	*26*	*123*

(a) Alternative performance indicator: please refer to note 4 to the consolidated financial statements at 31 December 2024 in section 5.3.3 of this document for concordance tables and definitions.

Capital expenditure in 2024

Recurring capital expenditure totaled €761 million over the year (€634 million in 2023), corresponding mainly to:

- growth projects, in particular the major projects announced at the Capital Markets Day in September 2023, such as investment in DMDS production at the Beaumont plant in Texas and expansion of the organic peroxides site in Changshu, China, and the construction of a new 1233zd production line in the United States;
- decarbonization projects representing €82 million over the year and including notably expenses on the new purification technology project at the Carling site in France; and
- investments in plant maintenance, safety and the environment totaling €418 million and representing 55% of recurring capital expenditure.

Capital expenditure over the period from 2022 to 2024

Over the past three years, Arkema's recurring capital expenditure has averaged €651 million per year, focused on (i) facility maintenance, safety and environmental protection, accounting for approximately 54% of the total, and (ii) industrial development and R&D projects, including productivity improvements of existing facilities, accounting for approximately 46%.

Over the period, 62% of total capital expenditure in intangible and property, plant and equipment assets was made in the Advanced Materials segment, 18% in the Coating Solutions segment, 12% in the Adhesive Solutions segment, 3% in the Intermediates segment, and 4% on corporate projects. The breakdown of capital expenditure by region was 46% in Europe, 32% in North America, 21% in Asia and 1% in the rest of the world.

Arkema's main capital expenditure for development projects started over the past three years were:

2022	Coating resins	Doubling of polyester resin production capacity at the Navi Mumbai site in India, which came on stream at end-2022.
2023	High Performance Polymers	50% production capacity increase for PVDF at the Changshu site in China and at the Pierre-Bénite site in France
	Coating Additives	Doubling of Sartomer® UV/LED photocure specialty resins capacity at the Nansha site in China
2024	High Performance Polymers	Hydrofluoric acid production unit at Nutrien's Aurora facility in the United States to supply the Calvert City fluorinated gases and polymers production site.
		New PA11 unit at the Jurong site in Singapore, increasing global amino 11 production capacity by 50%, and units in China to develop the specialty polyamide range.
		40% global production capacity increase for Pebax® elastomers at its Serquigny plant in France

Capital expenditure financing

The Group's capital expenditure is primarily funded by the cash resources that Arkema generates during the year. The Group may also use the credit resources detailed in notes 12.3 and 13.2 to the consolidated financial statements at 31 December 2024 in section 5.3.3 of this chapter.

5.1.8 Financing sources

5.1.8.1 Borrowing terms and conditions and the Group's financing structure

The Group has diversified financing resources including bond issues, multi-currency credit facilities and a negotiable commercial paper program, as detailed below. At 31 December 2024, and without taking into account the issues of perpetual hybrid bonds completed in 2020 and 2024 and classified as equity, these resources amounted to €5,100 million. Arkema's long-term debt has been rated BBB+ with a positive outlook by *Standard & Poor's* since 6 July 2023 and Baa1 with a stable outlook by *Moody's* since 13 November 2019.

Bond issues

As part of the Group's long-term financing policy aimed at diversifying its financing resources as well as extending the maturity of its debt, the Company regularly carries out bond issues, seven of which are outstanding at 31 December 2024, including:

- a €700 million bond issued in January 2015 that matured on 20 January 2025, with a fixed coupon of 1.5%;
- a bond issued in April 2017 that will mature on 20 April 2027, with a fixed coupon of 1.5%, and the tap issue undertaken in June 2017 bringing its total amount to €900 million;

- a €500 million bond issued in December 2019 that will mature on 3 December 2029, with a fixed coupon of 0.75%;
- a €300 million green bond issued in October 2020 that will mature on 14 October 2026, with a fixed coupon of 0.125%;
- a €400 million bond issued in January 2023 that will mature on 23 January 2031, with a fixed coupon of 3.5%;
- a €700 million bond issued in November 2023 that will mature on 20 May 2030, with a fixed coupon of 4.25%; and
- A €500 million bond issued in September 2024 that will mature on 12 September 2034, with a fixed coupon of 3.5%;

Since 2013, bond issues have been part of the Euro Medium Term Notes ("EMTN") program put in place by the Group in 2013 in order to gain easier access to the bond markets and renewed each year since, most recently in March 2024. The prospectus for this program and for its renewal was filed with the AMF under no. 13-535 on 9 October 2013, and under no. 24-064 on 8 March 2024, respectively.

The prospectus includes the usual bond default cases, in particular non-payment, early repayment subsequent to non-payment, insolvency proceedings, or cessation of activity of the issuer or a major subsidiary. These default cases may be conditional upon thresholds being exceeded or grace periods expiring.

Furthermore, the bond issues are accompanied by an early repayment option at the bondholders' request in the event of a change of control of Arkema also involving a downgrading of its credit rating to non-investment grade, or a simple downgrading thereof if it was non-investment grade prior to the change of control.

The Company has also issued perpetual hybrid bonds, of which two tranches remained outstanding at 31 December 2024:

- €300 million of perpetual hybrid bonds issued in January 2020. These bonds have a first call option that can be exercised by Arkema between 21 October 2025 and 21 January 2026 and carry an annual coupon of 1.5% until 21 January 2026 (provided they are not redeemed before that date). The coupon will then be reset every five years. The prospectus for this issue was filed with the AMF on 17 January 2020 under no. 20-015; and
- €400 million of undated hybrid bonds issued in March 2024, with an annual coupon of 4.8% and a first call date after five years. This issue was carried out as part of the EMTN program.

All of these bonds are subordinated to any senior debt and are accounted for as equity in accordance with IFRS rules. They are treated as equity for 50% of their amount by rating agencies Standard & Poor's and Moody's.

Further details may be found in the EMTN program base prospectus and in the above-mentioned prospectuses, all of which are available on the Company’s website www.arkema.com/global/en/investor-relations/ in the “Debt and ratings” section.

Revolving multi-currency credit facility for €1.1 billion

On 28 July 2022, the Company and Arkema France (the "Borrowers") and a syndicate of banks signed an amendment to the revolving multi-currency credit facility in the maximum amount of €1.1 billion, which can be used in renewable drawings. This credit facility was signed for an initial period of five years with two one-year extension options exercisable, subject to the lenders' approval, at the end of the first year and the second year (the "Facility"). The two one-year extension options were exercised, extending the maturity date to 28 July 2029. The purpose of the Facility is to finance, in the form of drawings and bank guarantees, the Group's general corporate purposes, and serves as a back-up facility for the commercial paper program. The cost of the credit line is linked to three key CSR criteria for the Group: greenhouse gas emissions (Scopes 1 and 2), volatile organic compound emissions and the total recordable injury rate (TRIR). The Facility had not been drawn down at 31 December 2024.

Other Group companies have the possibility to become borrowers under the Facility, in the same capacity as the Company and Arkema France.

The Facility provides for early repayment in certain cases, including a change of control over the Company (defined as any person, acting alone or in concert, holding, directly or indirectly, more than one-third of the voting rights of the Company). Should this clause be triggered by a lender, it could lead to early repayment and the cancellation of the commitments to such lender.

The Facility contains representations to be made by each Borrower relating, among other things, to its financial statements, legal proceedings, or the absence of default events. Some of these representations have to be reiterated at the time of each utilization request.

The Facility also contains the standard undertakings for this type of agreement, including:

- information undertakings (notably accounting and financial information); and
- undertakings relating, among other things, to certain restrictions in connection with (but not limited to) the granting of securities, the completion of merger or restructuring transactions, the sale of assets, and the Group's debt. Depending on the case, such restrictions will not apply to ordinary operations or to transactions involving amounts below certain thresholds.

The Facility also provides for default cases similar to those described in the prospectus of the above-mentioned bond issues.

Lastly, Arkema guarantees on a joint and several basis the obligations of Arkema France under the terms of the Facility to the banks, as well as those of the other borrowers, where applicable. The Facility is not subject to any other personal guarantee or security.

Negotiable commercial paper program

In April 2013, the Group introduced a negotiable commercial paper program with a ceiling of €1 billion. This ceiling was raised to €2 billion on 19 October 2022. At 31 December 2024, the amount of securities issued under this program was nil.

5.1.8.2 Information on restrictions on the use of capital that have significantly influenced or may significantly influence, directly or indirectly, the Group's business

Subject to the stipulations of the syndicated facility described above, the Group is not subject to any restrictions on the use of capital that may significantly influence, either directly or indirectly, its business.

5.1.9 Balance sheet analysis

(In millions of euros)	31/12/2024	31/12/2023	Change
Non-current assets*	10,059	9,502	+5.9%
Working capital [(a)]	1,370	1,275	+7.5%
Capital employed [(a)]	**11,429**	**10,777**	**+6.0%**
Deferred tax assets	155	157	-1.3%
Provisions for pensions and other employee benefits	391	397	-1.5%
Other provisions	443	402	+10.2%
Total provisions	**834**	**799**	**+4.4%**
Long-term assets covering some provisions	177	122	+45.1%
Total provisions net of non-current assets	**657**	**677**	**-3.0%**
Deferred tax liabilities	435	436	-0.2%
Net debt [(a)]	**2,541**	**2,230**	**+13.9%**
Shareholders' equity	**7,761**	**7,455**	**+4.1%**

* *Excluding deferred tax and including pension assets.*

(a) Alternative performance indicator: please refer to note 4 to the consolidated financial statements at 31 December 2024 in section 5.3.3 of this document for concordance tables and definitions.

Between 31 December 2023 and 31 December 2024, non-current assets increased by €557 million, primarily due to:

- the impact of acquisitions representing a total of €112 million, corresponding mainly to the integration of Dow's flexible packaging laminating adhesives business and, to a lesser extent, Arc Building Products and Proionic, which led to the recognition of goodwill of €18 million. For more details, see note 3.2 "Business combinations" to the consolidated financial statements at 31 December 2024 in section 5.3.3 of this chapter;
- intangible assets and property, plant, and equipment additions of €761 million, as detailed in paragraph 5.1.7 of this chapter;
- an increase of €243 million in right-of-use assets recognized for lease commitments, including in particular the renewal in 2024 of the 10-year lease commitments of the French and American head offices;
- total net depreciation and amortization of €802 million, including in particular (i) €89 million of depreciation of right-of-use assets in respect of the Group's lease commitments, (ii) €154 million of depreciation related to the revaluation of property, plant and equipment and intangible assets as part of the allocation of the purchase price of businesses, and (iii) €11 million of non-recurring impairment of property, plant and equipment and intangible assets; and
- a positive translation effect of €194 million, primarily due to the appreciation of the US dollar against the euro at 31 December 2024 compared with 31 December 2023.

Arkema has a policy of owning its industrial facilities. However, in rare cases, Arkema sometimes leases offices and warehouses from third-party lessors. The Group's lease commitments are recognized in accordance with IFRS 16 (for further details, see note 9.4 to the consolidated financial statements at 31 December 2024 in section 5.3.3 of this chapter). Excluding right-of-use assets recognized in application of IFRS 16, the net book value of Arkema's property, plant and equipment was €3,856 million at 31 December 2024, compared with €3,513 million at 31 December 2023. At 31 December 2024, the net book value of intangible assets was €2,373 million, and the net book value of goodwill was €3,071 million. For further details, see note 9 to the consolidated financial statements at 31 December 2024 in section 5.3.3 of this chapter.

At 31 December 2024, working capital stood at €1,370 million (€1,275 million at 31 December 2023), including in particular an increase of €49 million relating to the scope effect. Working capital therefore remained well controlled and represented 13.8% of the Group's annual sales at 31 December 2024, excluding the working capital of Dow's laminating adhesives business consolidated at the very end of the year (13.1% at 31 December 2023 excluding PIAM).

Consequently, between 31 December 2023 and 31 December 2024, the Group's capital employed increased by €652 million to €11,429 million. At the end of 2024, the breakdown of capital employed by segment remained more or less unchanged, with the Adhesive Solutions segment stable at 40% of Group capital employed (excluding Corporate), the Advanced Materials segment up slightly at 44% (43% in 2023), the Coating Solutions segment stable at 14% and the Intermediates segment down slightly at 2% (3% in 2023). Capital employed increased slightly in North America to 36% (34% in 2023), remained stable in Europe at 39%, and decreased slightly to 25% in Asia and the rest of the world (27% in 2023).

Deferred tax assets remained stable overall at €155 million at 31 December 2024 (€157 million at 31 December 2023).

Gross provisions amounted to €834 million at 31 December 2024. Some of these provisions, accounting for a total of €173 million, are covered by long-term assets, notably by the guarantee facility granted by TotalEnergies SE and described in notes 11.2 and 11.3 to the consolidated financial statements at 31 December 2024 (in section 5.3.3 of this chapter). A pension asset of €4 million was also recognized in the balance sheet in 2024. Accordingly, at 31 December 2024, provisions net of these non-current assets scarcely changed and amounted to €657 million against €677 million at 31 December 2023.

The breakdown of net provisions by type was as follows: pension liabilities of €258 million (€265 million in 2023), other employee benefit obligations of €129 million (€130 million in 2023), environmental contingencies of €134 million (€133 million in 2023), restructuring provisions of €20 million (€30 million in 2023), and other provisions of €116 million (€119 million in 2023). The decrease in net provisions for pension liabilities of €7 million between 31 December 2023 and 31 December 2024 reflects the rise in discount rates in the United States and the United Kingdom.

Long-term deferred tax liabilities remained stable at €435 million at 31 December 2024 (€436 million at 31 December 2023).

Net debt and hybrid bonds totaled €3,241 million at end-December 2024 compared with €2,930 million at 31 December 2023. The year on year evolution was primarily attributable to the cash flows detailed in section 5.1.7 of this chapter, and also includes the payment of a €3.50 dividend per share for 2023 representing a total payout of €261 million, the €35 million cost of share buybacks carried out by the Group and €16 million in interest paid on hybrid bonds. The debt also included the renewal in 2024 of the 10-year lease commitments of the French and American head offices. At end-2024, net debt and hybrid bonds represented 2.1x last twelve months EBITDA.

Shareholders' equity amounted to €7,761 million versus €7,455 million at 31 December 2023. The €306 million increase primarily included (i) €357 million in net income for the period, (ii) the payment of a €3.50 dividend per share representing a total amount of €261 million, (iii) €61 million for the issuance of shares in connection with the capital increase reserved for Group’s employees and (iv) a positive €153 million translation adjustment mainly due to the appreciation of the US dollar against the euro at end-December 2024 versus end-December 2023.

5.2 Trends and outlook

5.2.1 Trends

5.2.1.1 Main trends

As of the date of this document, the macroeconomic environment in which the Group operates is marked by a lack of visibility and soft demand with contrasting regional dynamics. Geopolitical and trade tensions remain high, and the impact of the measures announced, in particular the introduction of customs barriers, on trade balances, raw material costs and supply chains is still hard to assess at this stage. Furthermore, although raw material prices stabilized in the second half of the year, energy costs in Europe remained volatile and inflationary pressures continued to affect certain other operating costs, particularly in the United States.

Fluctuations in exchange rates can also have an impact on the Group's financial performance. The translation effect on Arkema's income statement and balance sheet resulting from a +/-10% change in the euro/US dollar exchange rate is detailed in note 12.6.1 to the consolidated financial statements at 31 December 2024 in section 5.3.3 of this chapter.

Arkema's performance in 2025 is likely to reflect all of the above factors.

Over the longer term, the global economic environment will notably be characterized by continuing regulatory and legislative changes concerning the chemical industry in many countries where the Group operates and an ever-increasing focus on environmental topics and risks. However, the major underlying trends that are shaping sustainable development in response to the challenges of urbanization and social change, climate change, electrification, scarcity of resources and technological transformation all represent development opportunities for the Group that will drive its growth in the mid to long term in areas such as bio-based and recyclable materials, more environmentally friendly solutions, batteries, hydrogen, green energies and advanced electronics.

At the date of this document, there is nothing to indicate that the long-term trends of the Group's main markets as described in chapter 1 and in the section "Profile, ambition and strategy" of this document might be significantly and durably affected. However, given the uncertainties surrounding the economic environment, the markets in which the Group operates, the cost of raw materials and energy, the variation in exchange rates as well as in geopolitical and commercial balances, and the continuous developments in the regulatory environment, there is no guarantee that these trends will endure.

5.2.1.2 Factors likely to affect the Group's outlook

Some of the statements regarding the Group's outlook contained in this document are based on the current opinions and assumptions of the Group's executive management. Those opinions and assumptions could be influenced by certain risks, both known and unknown, as well as by uncertainties, which could lead to actual results, performance or events differing substantially from such outlook. The main risk factors that may influence the Group's future results are described in section 2.1 of this document.

5.2.2 Outlook

In a macroeconomic environment that remains uncertain and marked by weak demand at the start of the year, the Group will continue to rely on its balanced geographical footprint and the diversity of its end markets to benefit from the different regional dynamics and will continue its cost control actions, as well as the strict management of its operations.

Arkema has also strong development potential thanks to the major growth projects, in which it has recently invested. These include acquisitions in the polyimides sector with PIAM, and in the adhesives sector with Ashland and Dow, as well as the new production capacities in Advanced Materials to serve attractive markets such as bio-based consumer products, new energies, electrification, 3D printing or sports. Building on these projects and the respective dynamics of each region, the Group's sales breakdown should continue to evolve and could reach in the long-term around 40% in North America, 35% in Asia and the rest of the world and 25% in Europe.

Based on these factors, the Group aims for its EBITDA to grow in 2025 and reach between €1.53 billion and €1.67 billion depending on the evolution of macroeconomic conditions, with a first quarter slightly below last year [(1)]. The Group will benefit from the progressive ramp up during the year of its major projects in Specialty Materials, with a significant additional contribution of around €100 million EBITDA compared to 2024, while Intermediates are expected to decrease. The Group also plans to strongly increase its recurring cash flow to around €600 million in 2025.

Arkema will also continue to implement its strategic roadmap unveiled at the Capital Markets Day in September 2023, notably its innovation efforts and the development of high-performance solutions for a less carbon-intensive and more sustainable world, in partnership with its customers.

The Group's long-term ambition is detailed in the "Profile, ambition and strategy" section in the introduction of this document.

5.2.3 Subsequent events after the accounts approval date

On 21 January 2025, Arkema presented to the Central Works Council a project to reorganize the activities of its Jarrie site in order to ensure its future by refocusing on hydrogen peroxide, chlorate and perchlorate activities, sectors in which Arkema is one of the world leaders. The Jarrie site has been impacted since 23 October 2024, by the abrupt cessation of its salt supply by its historical supplier Vencorex, which has been placed in receivership by its Thai shareholder PTT GC. This project, which will allow the consolidation and development of Jarrie's major product lines, would result in the shutdown of the chlorine, soda, methyl chloride and technical fluids production activities and the loss of 154 jobs.

On 26 February 2025, Arkema announced a 15% capacity expansion of its PVDF production site in Calvert City, Kentucky, representing an investment of around US$20 million, aligned with the strategy of the Group to increase its global PVDF footprint at a pace and with capabilities that match market development. This expansion, whose start-up is planned for mid-2026, will support the increasing demand for locally manufactured high-performance resins for lithium-ion batteries, as well as the growing semiconductor and cable markets.

(1) These estimates have been established and developed on a basis comparable to historical financial information and consistent with the Group's accounting methods.

5.3 Consolidated financial statements

5.3.1 Statutory auditors' report on the consolidated financial statements

KPMG S.A.
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92066 Paris-La Défense cedex
S.A. au capital de € 5 497 100
775 726 417 R.C.S. Nanterre

Commissaire aux Comptes
Membre de la compagnie
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Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles et du Centre

Arkema

Year ended December 31, 2024

Statutory auditors' report on the consolidated financial statements

To the Annual General Meeting of Arkema,

Opinion

In compliance with the engagement entrusted to us by your annual general meetings, we have audited the accompanying consolidated financial statements of Arkema for the year ended December 31, 2024.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2024 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

Independence

We conducted our audit engagement in compliance with the independence requirements of the French Commercial Code (*Code de commerce*) and the French Code of Ethics for Statutory Auditors (*Code de déontologie de la profession de commissaire aux comptes*) for the period from January 1, 2024 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No. 537/2014.

Justification of Assessments - Key Audit Matters

In accordance with the requirements of Articles L. 821-53 and R. 821-180 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

Valuation of intangible assets and property, plant and equipment

Risk identified	Our response
Your Group subjects the recoverable value of its intangible assets and property, plant and equipment to impairment tests, the terms of which are described in Note 9.5 to the consolidated financial statements. As at December 31, 2024, these fixed assets, including goodwill, amounted to M€ 9,671 in net value, *i.e.* 63.6% of your Group's total assets. The valuation of these fixed assets is a key audit matter given their particularly significant value in your Group's consolidated financial statements, and because determining their recoverable value – based on future discounted cash flow projections – relies on the use of assumptions made by General Management, as stated in Note 9.5 to the consolidated financial statements.	We examined the compliance of the method applied by your Group with IAS 36, particularly with regards to the identification of groups of assets for which the impairment tests are performed. We appraised the implementation terms of these impairment tests as well as the data and assumptions used. In particular, we: • analyzed the process for developing the cash flow projections used in the plan prepared by your Group for the purpose of impairment testing. We assessed whether these projections had been approved by General Management; • compared the main assumptions used for these tests with those of the five-year plan validated by the Executive Committee; • assessed the consistency of the assumptions used to estimate the impacts related to the Group's climate challenges and expected or probable regulatory changes in environmental matters; • compared the estimates used for previous periods with the actual figures; • compared, against external references, the discount rates, • verified the arithmetical accuracy of the calculations, including that of the sensitivity analyses following the methods described in Note 9.5 to the consolidated financial statements; • reconciled the book value of assets for each CGU tested with the corresponding accounting balances and allocations; • analyzed the consistency of the information and of the parameters used in these tests, with regards to (i) our understanding of the sectors in which your Group operates, (ii) our assessment of the five-year plan, (iii) our interviews with your Group's Management and (iv) considering the elements that could affect certain assets; • analyzed the compliance of the information provided in the notes to the consolidated financial statements with IAS 36.

Environmental risks

Risk identified	Our response
The areas of activity in which your Group operates present a risk of incurring its environmental liability. Your Group assesses its exposure to these risks and presents, in its consolidated financial statements, an estimate of its liabilities and contingent liabilities relating to costs arising from commitments or from legal, regulatory or contractual obligations, or those arising from your Group's practices or public commitments, as described in Note 11 to the consolidated financial statements. As at December 31, 2024, these provisions amounted to M€ 260. The liabilities and contingent liabilities are listed in Note 11.2 to the consolidated financial statements. We considered the valuation and the presentation in the notes of these liabilities and contingent liabilities to be a key audit matter, given that they are estimates, and given their sensitivity to regulatory developments, the uncertainties as to the technical solutions to be implemented, and their materiality in the consolidated financial statements.	Our work, with the help of our environmental risk assessment specialists, consisted in: • examining the procedures for identifying and recording the risks of incurring your Group's liability in environmental matters; • obtaining an understanding of the risk analysis carried out by Management, and examining the corresponding documentation; • analyzing the assumptions used by your Group to estimate exposure and the amount of the provisions or their nature of contingent liabilities; • comparing the information provided in the notes to the consolidated financial statements with that required by IFRS.

Specific Verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations of the information relating to the Group given in the Board of Directors'management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Report on Other Legal and Regulatory Requirements

Format of preparation of the consolidated financial statements intended to be included in the annual financial report

We have also verified, in accordance with the professional standard applicable in France relating to the procedures performed by statutory auditors regarding the annual and consolidated financial statements prepared in the European single electronic format, that the preparation of the consolidated financial statements intended to be included in the annual financial report mentioned in Article L. 451-1-2, I of the French Monetary and Financial Code (*Code monétaire et financier*), prepared under the Chairman and Chief Executive Officer's responsibility, complies with the single electronic format defined in Commission Delegated Regulation (EU) No. 2019/815 of 17 December 2018. Regarding consolidated financial statements, our work includes verifying that the tagging thereof complies with the format defined in the above-mentioned regulation.

On the basis of our work, we conclude that the preparation of the consolidated financial statements intended to be included in the annual financial report complies, in all material respects, with the European single electronic format.

We have no responsibility to verify that the consolidated financial statements that will ultimately be included by your Company in the annual financial report filed with the AMF (*Autorité des marchés financiers*) agree with those on which we have performed our work.

Appointment of the Statutory Auditors

We were appointed as statutory auditors of Arkema by your annual general meeting held on June 23, 2005 for KPMG S.A. and on May 10, 2006 for ERNST & YOUNG Audit.

As at December 31, 2024, KPMG S.A. was in the twentieth year of total uninterrupted engagement, including nineteen years since the securities of the Company were admitted to trading on a regulated market, and ERNST & YOUNG Audit was in the nineteenth year.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Objectives and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these consolidated financial statements.

As specified in Article L. 82155 of the French Commercial Code (*Code de commerce*), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management in the consolidated financial statements.
- Assesses the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Report to the Audit Committee

We submit to the Audit Committee a report which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report significant deficiencies, if any, in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France as set out in particular in Articles L. 82127 to L. 82134 of the French Commercial Code (*Code de commerce*) and in the French Code of Ethics for Statutory Auditors (*Code de déontologie de la profession de commissaire aux comptes*). Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris-La Défense, February 27, 2025

The Statutory Auditors

French original signed by

KPMG S.A.

Eric Dupré

François Quédiniac

ERNST & YOUNG Audit

Laurent Vitse

5.3.2 Consolidated financial statements at 31 December 2024

Consolidated income statement

(In millions of euros)	Notes	2024	2023
Sales	***(4.10 & 4.11)***	**9,544**	**9,514**
Operating expenses	*(6.1.2)*	(7,605)	(7,554)
Research and development expenses	*(6.1.3)*	(278)	(275)
Selling and administrative expenses		(920)	(874)
Other income and expenses	*(6.1.5)*	(155)	(130)
Operating income	***(6.1.4)***	**586**	**681**
Equity in income of affiliates	*(10.1 & 10.2)*	(6)	(9)
Financial result	*(12.1)*	(73)	(70)
Income taxes	*(8.1)*	(150)	(177)
Net income		**357**	**425**
Attributable to non-controlling interests		3	7
Net income – Group share		**354**	**418**
Earnings per share (in euros)	*(13.7)*	*4.51*	*5.39*
Diluted earnings per share (in euros)	*(13.7)*	*4.49*	*5.36*

Consolidated statement of comprehensive income

(In millions of euros)	Notes	2024	2023
Net income		**357**	**425**
Hedging adjustments		(3)	(45)
Other items		—	—
Deferred taxes on hedging adjustments and other items		(1)	3
Change in translation adjustments	*(13.6)*	153	(189)
Other recyclable comprehensive income		**149**	**(231)**
Impact of remeasuring unconsolidated investments		(3)	—
Actuarial gains and losses	*(7.3)*	8	(22)
Deferred taxes on actuarial gains and losses		(2)	4
Other non-recyclable comprehensive income		**3**	**(18)**
TOTAL OTHER COMPREHENSIVE INCOME		**152**	**(249)**
Total comprehensive income		**509**	**176**
Attributable to non-controlling interests		(22)	0
Total comprehensive income – Group share		531	176

Consolidated balance sheet

(In millions of euros)	Notes	31 December 2024	31 December 2023
Assets			
Goodwill	*(9.1)*	3,071	3,040
Other intangible assets, net	*(9.2)*	2,373	2,416
Property, plant and equipment, net	*(9.3)*	4,227	3,730
Investments in equity affiliates	*(10.1 & 10.2)*	11	13
Other investments	*(10.3)*	50	52
Deferred tax assets	*(8.2)*	155	157
Other non-current assets	*(10.4)*	327	251
Total non-current assets		**10,214**	**9,659**
Inventories	*(6.2)*	1,348	1,208
Accounts receivable	*(6.2)*	1,312	1,261
Other receivables and prepaid expenses	*(6.2)*	201	170
Income taxes recoverable	*(8)*	101	142
Current financial derivative assets	*(12.2)*	20	32
Cash and cash equivalents	*(12.4)*	2,013	2,045
Assets held for sale		—	—
Total current assets		**4,995**	**4,858**
TOTAL ASSETS		**15,209**	**14,517**
Liabilities and shareholders' equity			
Share capital	*(13.1)*	761	750
Paid-in surplus and retained earnings		6,439	6,304
Treasury shares	*(13.3)*	(22)	(21)
Translation adjustments	*(13.6)*	348	170
Shareholders' equity – Group share		**7,526**	**7,203**
Non-controlling interests		235	252
Total shareholders' equity		**7,761**	**7,455**
Deferred tax liabilities	*(8.2)*	435	436
Provisions for pensions and other employee benefits	*(7.3)*	391	397
Other provisions and non-current liabilities	*(11.1)*	456	416
Non-current debt	*(12.3)*	3,680	3,734
Total non-current liabilities		**4,962**	**4,983**
Accounts payable	*(6.2)*	1,074	1,036
Other creditors and accrued liabilities	*(6.2)*	424	392
Income taxes payable	*(8)*	82	83
Current financial derivative liabilities	*(12.2)*	32	27
Current debt	*(12.3)*	874	541
Liabilities associated with assets held for sale		—	—
Total current liabilities		**2,486**	**2,079**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**15,209**	**14,517**

Consolidated cash flow statement

(In millions of euros)	Notes	2024	2023
Net income		357	425
Depreciation, amortization and impairment of assets		802	718
Other provisions and deferred taxes		2	(30)
(Gains)/Losses on sales of long-term assets	*(3.3)*	(1)	(34)
Undistributed affiliate equity earnings		7	10
Change in working capital	*(6.2)*	(87)	158
Other changes		41	25
Cash flow from operating activities		**1,121**	**1,272**
Intangible assets and property, plant and equipment additions	*(4.3)*	(761)	(634)
Change in fixed asset payables	*(6.2)*	34	(44)
Acquisitions of operations, net of cash acquired	*(3.2)*	(150)	(714)
Increase in long-term loans		(132)	(71)
Total expenditures		**(1,009)**	**(1,463)**
Proceeds from sale of operations, net of cash transferred	*(3.3)*	3	32
Change in fixed asset receivables		(7)	(1)
Proceeds from sale of intangible assets and property, plant and equipment		10	14
Repayment of long-term loans		63	63
Total divestitures		**69**	**108**
Cash flow from investing activities		**(940)**	**(1,355)**
Issuance/(Repayment) of shares and paid-in surplus	*(13.1)*	63	—
Acquisition/sale of treasury shares	*(13.3)*	(35)	(32)
Issuance of hybrid bonds	*(13.2)*	399	—
Redemption of hybrid bonds	*(13.2)*	(400)	—
Dividends paid to parent company shareholders	*(13.4)*	(261)	(253)
Interest paid to bearers of subordinated perpetual notes	*(13.2)*	(16)	(16)
Dividends paid to non-controlling interests and buyout of minority interests		(2)	(3)
Increase in long-term debt	*(12.3)*	502	1,096
Decrease in long-term debt	*(12.3)*	(791)	(85)
Increase/(Decrease) in short-term debt	*(12.3)*	334	(191)
Cash flow from financing activities		**(207)**	**516**
Net increase/(decrease) in cash and cash equivalents		(26)	433
Effect of exchange rates and changes in scope		(6)	20
Cash and cash equivalents at beginning of period		2,045	1,592
Cash and cash equivalents at end of period	***(12.4)***	**2,013**	**2,045**

Consolidated statement of changes in shareholders' equity

(In millions of euros)	Share capital	Paid-in surplus	Hybrid bonds	Retained earnings	Translation adjust-ments	Treasury shares	Share-holders' equity – Group share	Non-controlling interests	Share-holders' equity
At 1 January 2024	**750**	**1,067**	**700**	**4,537**	**170**	**(21)**	**7,203**	**252**	**7,455**
Cash dividend	—	—	—	(277)	—	—	(277)	(2)	(279)
Issuance of share capital	11	50	—	—	—	—	61	—	61
Capital reduction by cancellation of treasury shares	—	—	—	—	—	—	—	—	—
Acquisition/sale of treasury shares	—	—	—	—	—	(35)	(35)	—	(35)
Grants of treasury shares to employees	—	—	—	(34)	—	34	0	—	0
Share-based payments	—	—	—	40	—	—	40	—	40
Issuance of hybrid bonds	—	—	400	(1)	—	—	399	—	399
Redemption of hybrid bonds	—	—	(400)	—	—	—	(400)	—	(400)
Other	—	—	—	4	—	—	4	7	11
Transactions with shareholders	**11**	**50**	**0**	**(268)**	**—**	**(1)**	**(208)**	**5**	**(203)**
Net income	—	—	—	354	—	—	354	3	357
Total income and expenses recognized directly through equity	—	—	—	(1)	178	—	177	(25)	152
Total comprehensive income	**—**	**—**	**—**	**353**	**178**	**—**	**531**	**(22)**	**509**
At 31 December 2024	**761**	**1,117**	**700**	**4,622**	**348**	**(22)**	**7,526**	**235**	**7,761**

(In millions of euros)	Share capital	Paid-in surplus	Hybrid bonds	Retained earnings	Translation adjust-ments	Treasury shares	Share-holders' equity – Group share	Non-controlling interests*	Share-holders' equity
At 1 January 2023	**750**	**1,067**	**700**	**4,451**	**352**	**(20)**	**7,300**	**39**	**7,339**
Cash dividend	—	—	—	(269)	—	—	(269)	(3)	(272)
Issuance of share capital	—	—	—	—	—	—	—	—	—
Capital reduction by cancellation of treasury shares	—	—	—	—	—	—	—	—	—
Acquisition/sale of treasury shares	—	—	—	—	—	(32)	(32)	—	(32)
Grants of treasury shares to employees	—	—	—	(31)	—	31	—	—	—
Share-based payments	—	—	—	25	—	—	25	—	25
Issuance of hybrid bonds	—	—	—	—	—	—	—	—	—
Redemption of hybrid bonds	—	—	—	—	—	—	—	—	—
Other	—	—	—	3	—	—	3	216	219
Transactions with shareholders	**—**	**—**	**—**	**(272)**	**—**	**(1)**	**(273)**	**213**	**(60)**
Net income	—	—	—	418	—	—	418	7	425
Total income and expenses recognized directly through equity	—	—	—	(60)	(182)	—	(242)	(7)	(249)
Total comprehensive income	**—**	**—**	**—**	**358**	**(182)**	**—**	**176**	**—**	**176**
At 31 December 2023	**750**	**1,067**	**700**	**4,537**	**170**	**(21)**	**7,203**	**252**	**7,455**

* *“Other” refers to the share of the PI Advanced Materials acquisition (see note 3.2 “Business combinations”).*

5.3.3 Notes to the consolidated financial statements at 31 December 2024

Note 1 Highlights

1.1 Portfolio management

On 2 December 2024, the Group finalized the acquisition of Dow's flexible packaging laminating adhesives business, announced on 2 May 2024. The acquisition of this business, which generates annual sales of around US$250 million, will significantly expand Arkema's portfolio of solutions for flexible packaging, particularly in food and medical applications, as well as for industrial lamination (window films, photovoltaic panel backsheets, etc.). Combined with Bostik's existing commercial presence, product offering and technological breadth for flexible packaging, this operation will enable the Group to ideally complement its existing business and deliver a high and balanced level of cost and development synergies, which should represent around US$30 million in EBITDA within five years. This acquisition is based on an enterprise value of US$150 million and will trigger around US$50 million in implementation costs or capex over the next three years.

On 2 January 2024, Arkema finalized the acquisition of Irish manufacturer Arc Building Products (FDM Arc Manufacturing Limited), specialized in construction adhesives and sealants and which generates around €15 million in annual sales. This acquisition strengthens the Group's position in this growing market, through a broader range of solutions and a local industrial footprint.

Finally, the Group has strengthened its range of solutions for new-generation batteries through the acquisition of a majority stake of nearly 78% in Proionic, a leading start-up in the production and development of ionic liquids, with sales of around €2.5 million in 2023. This transaction was finalized on 3 June 2024.

The impacts of these operations are described in note 3.2 “Business combinations”.

1.2 Other highlights

In March 2024, Arkema successfully issued €400 million of perpetual hybrid bonds with a 4.8% coupon and a first call option that can be exercised by the Group after 5 years. The operation enabled the Group to refinance one of its two hybrid bond issues, for the same amount. It was reimbursed on 17 September 2024.

In September 2024, Arkema also issued a €500 million senior bond with a 10-year maturity and an annual coupon of 3.50%, enabling it to continue refinancing its upcoming bond maturities and extend the average maturity of its debt.

In addition, on 1 October 2024, Arkema appointed Natixis Oddo BHF to implement a liquidity and market surveillance agreement for its ordinary shares, for a period of one year, tacitly renewable. The contract aims to foster the liquidity of transactions and the regularity of quotations of Arkema shares on the Euronext Paris regulated market. The resources allocated to its implementation amount to €15 million.

Lastly, on 30 October 2024, Arkema carried out a capital increase reserved for employees. The operation was another resounding success, with 8,694 subscriptions representing a total amount of €61.8 million, and an average employee participation rate of 41% across the Group (see note 7.4 “Share-based payments” and note 13 “Shareholders’ equity and earnings per share”).

Note 2 Accounting policies and new standards

Arkema, a major player in Specialty Chemicals and Advanced Materials, is a French limited liability company (société anonyme) with a Board of Directors, subject to the provisions of book II of the French Commercial Code and all other legal provisions applicable to French commercial companies. The Arkema Group's LEI is 9695000EHMS84KKP2785.

The Company's head office is currently at 420 rue d'Estienne d'Orves, 92700 Colombes (France). Its transfer to the La Défense business district is scheduled for March 2025. The Company was incorporated on 31 January 2003 and the shares of Arkema have been listed on the Paris stock exchange (Euronext) since 18 May 2006. The Group's parent company is Arkema S.A.

The Group’s consolidated financial statements at 31 December 2024 were prepared under the responsibility of the Chairman and CEO of Arkema and were approved for publication by the Board of Directors of Arkema on 26 February 2025. They will be submitted to the approval of the shareholders' general meeting of 22 May 2025.

The consolidated financial statements at 31 December 2024 were prepared in accordance with the IFRS (International financial reporting Standards) issued by the IASB (International Accounting Standards Board) as released at 31 December 2024 and the IFRS endorsed by the European Union at 31 December 2024.

The accounting framework and standards adopted by the European Commission can be accessed from the following website:

https://ec.europa.eu/info/law/international-accounting-standards-regulation-ec-no-1606-2002.

The accounting policies applied in preparing the consolidated financial statements at 31 December 2024 are identical to those used in the consolidated financial statements at 31 December 2023, except for IFRS standards, amendments and interpretations, as adopted by the European Union and the IASB, that are mandatory for accounting periods commencing on or after 1 January 2024 (and which had not been applied early by the Group), namely:

Amendments to IAS 1	Classification of liabilities as current or non-current	Adopted by the European Union on 20 December 2023
Amendments to IAS 7 and IFRS 7	Supplier financing arrangements	Adopted by the European Union on 16 May 2024
Amendments to IFRS 16	Lease liability in a sale and leaseback	Adopted by the European Union on 21 November 2023

Application of these amendments had no significant impact on the financial statements at 31 December 2024.

The standards, amendments and interpretations published by the IASB and the IFRS IC (IFRS Interpretations Committee) which are not yet mandatory for accounting periods commencing on or after 1 January 2024 (and which have not been applied early by the Group) are:

Amendments to IAS 21	Lack of exchangeability	Not adopted by the European Union at 31 December 2024
Amendments to IFRS 7 and IFRS 9	Classification and Measurement of Financial Instruments	Not adopted by the European Union at 31 December 2024
IFRS 18	Presentation and Disclosure in Financial Statements	Not adopted by the European Union at 31 December 2024
IFRS 19	Subsidiaries without Public Accountability: Disclosures	Not adopted by the European Union at 31 December 2024

The Group does not expect application of the amendments to IAS 21, IFRS 7 and IFRS 9, and IFRS 19 to have a significant impact. An impact analysis of IFRS 18 is currently underway.

Preparation of the consolidated financial statements in accordance with IFRS requires Group management to make estimates and determine assumptions that can have an impact on the amounts recognized in assets and liabilities at the balance sheet date, and have a corresponding impact on the income statement. Management made its estimates and determined its assumptions on the basis of past experience and taking into account different factors considered to be reasonable for the valuation of assets and liabilities. These financial statements are based on information available at the closing date. Use of different assumptions could have a material effect on these valuations. The main assumptions made by management in preparing the financial statements are those used for measuring the recoverable value of property, plant and equipment and intangible assets, pension benefit obligations, deferred taxes and provisions. The disclosures provided concerning contingent assets and liabilities and off-balance sheet commitments at the date of preparation of the consolidated financial statements also involve the use of estimates.

The estimates and judgments incorporating the impacts of climate change in particular are presented in note 5.

The consolidated financial statements are prepared in accordance with the historical cost convention, except for certain financial assets and liabilities which are recognized at fair value.

The consolidated financial statements are presented in millions of euros, rounded to the nearest million, unless otherwise indicated.

The functional operating currency of foreign companies in the scope of consolidation is their local currency, in which most of their transactions are denominated. Their balance sheets are translated into euros on the basis of exchange rates at the end of the period. The statements of income and of cash flows are translated using the average exchange rates during the period. Foreign exchange differences resulting from translation of the financial statements of these subsidiaries are recorded either in “Translation adjustments” in shareholders' equity in the consolidated financial statements for the Group share, or in “Non-controlling interests” for the share not directly or indirectly attributable to the Group. In exceptional cases, a company's functional currency may differ from the local currency.

In application of IAS 21 “The effects of changes in foreign exchange rates”, transactions denominated in foreign currencies are translated by the entity carrying out the transaction into its functional currency at the exchange rate applicable on the transaction date. Monetary balance sheet items are restated at the closing exchange rate at the balance sheet date. Gains and losses resulting from translation are recognized in recurring operating income, unless they result from unhedged financing, in which case they are included in the financial result.

In the notes to the financial statements, the main accounting methods are shown with a blue background.

Note 3 Scope of consolidation

3.1 Consolidation principles

All material transactions between consolidated companies, and all intercompany profits, are eliminated.

Control

The Group controls an entity when all of the three following conditions are fulfilled:

(i) the Group holds power over the entity (has effective rights conferring a current ability to direct the entity's relevant activities);

(ii) the Group is exposed or entitled to variable returns; and

(iii) the Group has the ability to use its power over the investee to influence the amount of the returns received.

Companies controlled directly or indirectly by the Group are fully consolidated, except for certain entities considered non-significant for the consolidated financial statements.

Joint arrangements

A joint arrangement is an operation over which two or more parties have joint control. Joint control is the contractually agreed sharing of control over an arrangement. It exists only when the decisions about the relevant activities require the unanimous consent of the parties sharing control.

There are two categories of joint arrangements:

- a joint operation is a joint arrangement in which the parties have rights to the assets and obligations for the liabilities. The Group recognizes the assets, liabilities, income and expenses in proportion to its percentage of interest in the capital of the joint operation; and
- a joint venture is a joint arrangement in which the parties have rights to the net assets of the arrangement. The Group applies the equity method to this type of joint arrangement.

To determine the type of joint arrangement, the Group must take the following factors into consideration:

- the structure of the joint arrangement (identifying whether it takes the form of a separate vehicle); and
- when the joint arrangement takes the form of a separate vehicle: the legal form, the terms of the contractual arrangements and other facts and circumstances.

Assessment of other facts and circumstances has led the Group to classify a certain number of joint arrangements as joint operations.

Associates

An associate is an entity over which the Group exercises significant influence. If the Group directly or indirectly holds 20% or more of the voting rights in the issuing entity, it is presumed to exercise significant influence. If it holds less than 20%, significant influence must be demonstrated.

Investments in associates are accounted for under the equity method.

Other investments

Shares owned in companies which do not meet the criteria set out above are included in “Other investments” and recognized in accordance with IFRS 9 (see note 10.3 “Other investments”).

3.2 Business combinations

The Group uses the acquisition method for the recognition of business combinations, in accordance with IFRS 3 (Revised).

The identifiable assets acquired and liabilities assumed are stated at fair value at the acquisition date.

Where the business combination agreement provides for a purchase price adjustment, the Group includes the fair value of this adjustment at the acquisition date in the cost of the business combination, even if the adjustment is optional.

Non-controlling interests are measured at the acquisition date, either at fair value (the full goodwill method) or the NCI's proportionate share of net assets of the entity acquired (the partial goodwill method). The decision of which option to use is made for each business combination. Subsequent acquisitions of investments are always recorded in equity, regardless of the choice made at the time of the acquisition.

At the acquisition date, goodwill is measured as the difference between:

- the acquisition price plus the amount of any non-controlling interests in the acquired entity and the fair value of the acquirer's previously held equity interest in that acquired entity; and
- the fair value of identifiable assets and liabilities.

Goodwill is recognized in the balance sheet assets. Contingent liabilities are recognized in the balance sheet when the obligation concerned is current at the acquisition date and their fair value can be reliably measured.

Any negative goodwill arising on an acquisition on favorable terms, and direct acquisition expenses, are recognized immediately in the income statement under “Other income and expenses” (see note 6.1.5 “Other income and expenses”).

The Group has a maximum of 12 months to finalize determination of the acquisition price and goodwill.

3.2.1 Finalization of the POLYTEC PT GmbH Polymere Technologien and the PI Advanced Materials (PIAM) purchase price allocations

The Group has finalized the purchase price allocations for POLYTEC PT GmbH Polymere Technologien and PI Advanced Materials (PIAM).

For POLYTEC PT GmbH Polymere Technologien, intangible assets stated at fair value primarily comprise customer relations and technologies. They amount to €38 million.

Final goodwill totals €32 million and mainly corresponds to the value of future technologies and expected business development. The base amount amortizable for tax purposes represents €12 million.

PI Advanced Materials, intangible assets stated at fair value primarily comprise customer relations, technologies and brands. Intangible assets and property, plant and equipment amounted to €328 million and €265 million respectively.

Final goodwill calculated using the partial goodwill method amounts to €426 million and mainly corresponds to the value of expected commercial development.

3.2.2 Acquisitions in 2024

Business combinations in 2024 correspond to the acquisitions described in note 1 “Highlights”, namely:

- FDM Arc Manufacturing Limited;
- Proionic GmbH; and
- Dow’s flexible packaging laminating adhesives business.

The Group used the acquisition method for the accounting treatment of these operations.

Acquisition of FDM Arc Manufacturing Limited

Final goodwill on the acquisition of FDM Arc Manufacturing Limited amounts to €5 million. This goodwill is not amortizable for tax purposes and mainly corresponds to the value of expected commercial development. The amount recognized in the financial statements at 31 December 2024 for the identifiable assets acquired and liabilities assumed at the acquisition date is €11 million, of which €9 million in intangible assets and €2 million in property, plant and equipment.

Acquisition of Proionic GmbH

Provisional goodwill on the acquisition of Proionic GmbH amounts to €11 million. This goodwill is not amortizable for tax purposes. The amount recognized in the financial statements at 31 December 2024 for the identifiable assets acquired and liabilities assumed at the acquisition date is €5 million, of which €0.5 million in property, plant and equipment.

Acquisition of Dow’s flexible packaging laminating adhesives business

Provisional goodwill on the acquisition of Dow’s flexible packaging laminating adhesives business amounts to €2 million. This goodwill is not amortizable for tax purposes. The amount recognized in the financial statements at 31 December 2024 for the identifiable assets acquired and liabilities assumed at the acquisition date is €119 million, of which €65 million in property, plant and equipment.

3.3 Business divestments

In October 2024, the Group finalized the divestment of non-strategic assets in the Fluorogases business in China, representing €35 million of Group sales in 2024 (see note 16 “List of consolidated companies”).

3.4 Warranties related to sales of businesses

When selling businesses, the Arkema Group has sometimes granted the purchaser warranties in respect of unrecorded liabilities. In most cases, these warranties are capped and granted for a limited period of time. They are also limited in terms of their coverage to certain types of expenses or litigation. In the majority of cases, they cover risks of occurrence of environmentally related expenses or litigation.

The cumulative residual amount of capped warranties in respect of unrecorded liabilities granted by the Group amounts to €37 million at 31 December 2024 (€55 million at 31 December 2023). These amounts are stated net of provisions recognized in the balance sheet in respect of such warranties.

Note 4 Alternative performance indicators and information by segment

The Group uses performance indicators that are not directly defined in the consolidated financial statements under IFRS and which are used as monitoring and analysis tools. The purpose of these indicators is to provide additional information to illustrate the Group's financial performance and its various activities, notably by eliminating exceptional or non-recurring items in certain cases, to ensure period-on-period comparability. In some cases, the indicators may also provide a consistent basis for comparison with the financial performance of our peers.

The alternative performance indicators used are as follows:

- Recurring depreciation and amortization of property, plant and equipment and intangible assets;
- Working capital;
- Capital employed;
- Adjusted capital employed;
- Net debt;
- Net debt and hybrid bonds;
- Net debt and hybrid bonds to EBITDA ratio;
- Earnings before interest, tax, depreciation and amortization (EBITDA);
- Recurring cash flow;
- Free cash flow;
- Net cash flow;
- Net cash flow from portfolio management operations;
- Non-recurring cash flow;
- Operating cash flow;
- Recurring capital expenditure;
- Exceptional capital expenditure;
- REBIT margin;
- EBITDA margin;
- Recurring operating income (REBIT);
- Adjusted net income;
- Adjusted net income per share;
- Diluted adjusted earnings per share;
- Return on capital employed (ROCE);
- Return on adjusted capital employed;
- EBITDA to cash conversion rate;
- EBITDA to operating cash conversion rate.

These indicators are defined in note 4.12, and notes 4.1 to 4.9 indicate the correspondence of these indicators with their equivalent items in the consolidated financial statements under IFRS.

4.1 Recurring operating income (REBIT) and EBITDA

(In millions of euros)	Notes	2024	2023
OPERATING INCOME		**586**	**681**
- Depreciation and amortization related to the revaluation of property, plant and equipment and intangible assets as part of the allocation of the purchase price of businesses		(154)	(128)
- Other income and expenses	*(6.1.5)*	(155)	(130)
RECURRING OPERATING INCOME (REBIT)		**895**	**939**
- Recurring depreciation and amortization of property, plant and equipment and intangible assets		(637)	(562)
EBITDA		**1,532**	**1,501**

Details of depreciation and amortization of property, plant and equipment and intangible assets:

(In millions of euros)	Notes	2024	2023
Depreciation and amortization of property, plant and equipment and intangible assets	***(9.1 to 9.4)***	**(802)**	**(718)**
Of which: Recurring depreciation and amortization of property, plant and equipment and intangible assets		(637)	(562)
Of which: Depreciation and amortization related to the revaluation of property, plant and equipment and intangible assets as part of the allocation of the purchase price of businesses		(154)	(128)
Of which: Impairment included in other income and expenses	*(6.1.5)*	(11)	(28)

4.2 Adjusted net income and adjusted earnings per share

(In millions of euros)	Notes	2024	2023
NET INCOME – GROUP SHARE		**354**	**418**
- Depreciation and amortization related to the revaluation of property, plant and equipment and intangible assets as part of the allocation of the purchase price of businesses		(154)	(128)
- Other income and expenses	*(6.1.5)*	(155)	(130)
- Other income and expenses attributable to non-controlling interests		—	—
- Taxes on depreciation and amortization related to the revaluation of property, plant and equipment and intangible assets as part of the allocation of the purchase price of businesses		34	30
- Taxes on other income and expenses		21	14
- One-time tax effects		(8)	(21)
ADJUSTED NET INCOME		**616**	**653**
Weighted average number of ordinary shares		74,869,439	74,647,205
Weighted average number of potential ordinary shares	*(13.7)*	75,204,737	75,043,514
ADJUSTED EARNINGS PER SHARE *(in euros)*		**8.23**	**8.75**
DILUTED ADJUSTED EARNINGS PER SHARE *(in euros)*		**8.19**	**8.70**

4.3 Recurring capital expenditure

(In millions of euros)	2024	2023
INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT ADDITIONS	**761**	**634**
- Exceptional capital expenditure	—	26
- Investments relating to portfolio management operations	—	—
- Capital expenditure with no impact on net debt	—	0
RECURRING CAPITAL EXPENDITURE	**761**	**608**

In 2023, exceptional capital expenditure corresponded to investments in Specialty Polyamides in Asia and the partnership with Nutrien in the United States for the supply of anhydrous hydrogen fluoride.

4.4 Cash flows

(In millions of euros)	2024	2023
Cash flow from operating activities	1,121	1,272
+ Cash flow from investing activities	(940)	(1,355)
NET CASH FLOW	**181**	**(83)**
- Net cash flow from portfolio management operations	(177)	(708)
FREE CASH FLOW	**358**	**625**
- Exceptional capital expenditure	—	(26)
- Non-recurring cash flow	(61)	(110)
RECURRING CASH FLOW	**419**	**761**
- Recurring capital expenditure	(761)	(608)
OPERATING CASH FLOW	**1,180**	**1,369**

4.5 Conversion rate

(In millions of euros)	2024	2023
RECURRING CASH FLOW	**419**	**761**
EBITDA	1,532	1,501
EBITDA TO CASH CONVERSION RATE	**27.3%**	**50.7%**

(In millions of euros)	2024	2023
OPERATING CASH FLOW	**1,180**	**1,369**
EBITDA	1,532	1,501
EBITDA TO OPERATING CASH CONVERSION RATE	**77.0%**	**91.2%**

4.6 Net debt

	(In millions of euros)	Notes	2024	2023
	Non-current debt	*(12.3)*	3,680	3,734
+	Current debt	*(12.3)*	874	541
-	Cash and cash equivalents	*(12.4)*	2,013	2,045
	NET DEBT		**2,541**	**2,230**
+	Hybrid bonds	*(13.2)*	700	700
	NET DEBT AND HYBRID BONDS		**3,241**	**2,930**
	EBITDA		**1,532**	1,501
	NET DEBT AND HYBRID BONDS TO EBITDA RATIO		**2.12**	**1.95**

4.7 Working capital

	(In millions of euros)	Notes	2024	2023
	Inventories	*(6.2)*	1,348	1,208
+	Accounts receivable	*(6.2)*	1,312	1,261
+	Other receivables including income taxes recoverable	*(6.2)*	302	312
+	Current financial derivative assets	*(12.2)*	20	32
-	Accounts payable (operating suppliers)	*(6.2)*	1,074	1,036
-	Other liabilities including income taxes	*(6.2)*	506	475
-	Current financial derivative liabilities	*(12.2)*	32	27
	WORKING CAPITAL		**1,370**	**1,275**

4.8 Capital employed

	(In millions of euros)	Notes	2024	2023
	Goodwill, net	*(9.1)*	3,071	3,040
+	Intangible assets excluding goodwill and property, plant and equipment, net	*(9.2 & 9.3)*	6,600	6,146
+	Investments in equity affiliates	*(10.1 & 10.2)*	11	13
+	Other investments and other non-current assets	*(10.3 & 10.4)*	377	303
+	Working capital		1,370	1,275
	CAPITAL EMPLOYED		**11,429**	**10,777**
	Adjustment*		—	(1,038)
	ADJUSTED CAPITAL EMPLOYED		**11,429**	**9,739**

** In 2023, capital employed relating to PIAM, consolidated at the end of the year and with no material contribution to income for the year. No adjustment in 2024 for the acquisition of Dow's flexible packaging laminating adhesives, as the capital employed relating to this business is not material for the Group.*

4.9 Return on capital employed and return on adjusted capital employed

(In millions of euros)	2024	2023
Recurring operating income (REBIT)	895	939
Capital employed	11,429	10,777
RETURN ON CAPITAL EMPLOYED (ROCE)	**7.8%**	**8.7%**

(In millions of euros)	2024	2023
Recurring operating income (REBIT)	895	939
Adjusted capital employed	11,429	9,739
RETURN ON ADJUSTED CAPITAL EMPLOYED	**7.8%**	**9.6%**

4.10 Information by segment

As required by IFRS 8 "Operating segments", segment information for the Group is presented in accordance with the internal reporting structure that is used by executive management in order to assess financial performance and allocate resources.

Operating income and assets are allocated between segments prior to inter-segment adjustments. Sales between segments take place at market prices.

Arkema is organized around three complementary, coherent segments dedicated to Specialty Materials, namely Adhesive Solutions, Advanced Materials and Coating Solutions, and an Intermediates segment consisting of activities with more volatile results.

The Adhesive Solutions segment is headed by a member of the Executive Committee, and the Advanced Materials, Coating Solutions and Intermediates segments are directed by a *Chief Operating Officer* who is also a member of the Executive Committee. Both of these segment heads report to the Chairman and CEO, Arkema's chief operating decision-maker as defined by IFRS 8, and are in regular contact with him for the purpose of discussing their segments' operating activities, financial results, forecasts and plans.

The Chief Operating Officer is supported by three other Executive Committee members, who report to him and are respectively in charge of the Coating Solutions segment and each of the two Business Lines [(1)] making up the Advanced Materials segment: High Performance Polymers and Performance Additives.

The content of the segments is as follows:

- Adhesive Solutions comprises the following Business Lines:
  - Construction and Consumer, providing solutions for construction, renovation of buildings, and DIY; and
  - Industrial Assembly, comprising high performance adhesives for durable goods, and adhesive solutions for packaging and non-woven.

The Adhesive Solutions segment supplies technologies used in building activities for businesses and individuals, including sealants, tile and flooring adhesives and waterproofing systems, and technologies used in industry, including state-of-the-art know-how in the automotive, textiles, glazing, flexible and rigid packaging, and hygiene markets.

- Advanced Materials comprises the following Business Lines:
  - High Performance Polymers, consisting of specialty polyamides, PVDF, polyimides, fluorospecialties and PEKK, and
  - Performance Additives, covering interface agents combining specialty surfactants and molecular sieves, organic peroxides, thiochemicals and hydrogen peroxide.

The Advanced Materials segment offers innovative solutions with high added value to meet the major challenges of sustainable development, including lightweighting, new energies, access to water, bio-based products and recycling. These solutions are used in a wide variety of sectors such as the automotive and transportation sectors, oil and gas, renewable energies (photovoltaics, lithium-ion batteries, wind power), consumer goods (sports equipment, packaging, beauty and health products, etc.), electronics, construction, coatings, animal nutrition and water treatment.

- Coating Solutions comprises the following Business Lines:
  - Coating Resins, combining the EU/US acrylics activities and coating resins; and
  - Coating Additives, combining Sartomer photocure resins and Coatex rheology additives and specialties.

This segment offers a broad range of innovative products for decorative paints, industrial coatings and adhesives, and also provides solutions for applications in the paper industry, superabsorbents, water treatment and oil and gas extraction, and in cutting-edge high-growth markets such as 3D printing and electronics.

- The Intermediates segment comprises the following activities:
  - Fluorogases, and
  - Asia Acrylics.

These industrial intermediate chemicals activities, in which Arkema holds leading positions, concern competitive global product lines used in several industrial sectors such as construction, production of cold (refrigeration and air conditioning), the automotive industry, coatings and water treatment.

Functional and financial activities which cannot be directly allocated to operational activities (notably certain research costs and central costs) are brought together in a *Corporate* segment.

(1) Business Lines are activities or groups of activities.

2024 *(In millions of euros)*	Adhesive Solutions	Advanced Materials	Coating Solutions	Intermediates	Corporate	Total
Sales	**2,722**	**3,562**	**2,455**	**768**	**37**	**9,544**
EBITDA	**412**	**707**	**301**	**198**	**(86)**	**1,532**
Recurring depreciation and amortization of property, plant and equipment and intangible assets	(89)	(371)	(127)	(41)	(9)	(637)
Recurring operating income (REBIT)	**323**	**336**	**174**	**157**	**(95)**	**895**
Depreciation and amortization related to the revaluation of property, plant and equipment and intangible assets as part of the allocation of the purchase price of businesses	(108)	(40)	(6)	—	—	(154)
Other income and expenses	(43)	(89)	2	4	(29)	(155)
Operating income	**172**	**207**	**170**	**161**	**(124)**	**586**
Equity in income of affiliates	—	(6)	—	—	—	(6)
Intangible assets and property, plant and equipment additions	89	459	141	21	51	761
Of which: recurring capital expenditure	89	459	141	21	51	761
Goodwill, net	1,743	899	385	44	—	3,071
Intangible assets other than goodwill and property, plant and equipment, net	2,232	3,268	854	170	76	6,600
Investments in equity affiliates	—	11	—	—	—	11
Other investments and other non-current assets	12	109	21	—	235	377
Working capital	463	566	273	4	64	1,370
Capital employed	**4,450**	**4,853**	**1,533**	**218**	**375**	**11,429**
Provisions and other non-current liabilities	(94)	(369)	(70)	(13)	(728)	(1,274)

2023 *(In millions of euros)*	Adhesive Solutions	Advanced Materials	Coating Solutions	Intermediates	Corporate	Total
Sales	**2,714**	**3,562**	**2,402**	**797**	**39**	**9,514**
EBITDA	**380**	**666**	**327**	**213**	**(85)**	**1,501**
Recurring depreciation and amortization of property, plant and equipment and intangible assets	(87)	(300)	(126)	(43)	(6)	(562)
Recurring operating income (REBIT)	**293**	**366**	**201**	**170**	**(91)**	**939**
Depreciation and amortization related to the revaluation of property, plant and equipment and intangible assets as part of the allocation of the purchase price of businesses	(102)	(19)	(7)	—	—	(128)
Other income and expenses	(32)	(81)	(3)	—	(14)	(130)
Operating income	**159**	**266**	**191**	**170**	**(105)**	**681**
Equity in income of affiliates	—	(10)	—	1	—	(9)
Intangible assets and property, plant and equipment additions	82	389	115	28	20	634
Of which: recurring capital expenditure	82	363	115	28	20	608
Goodwill, net	1,715	902	379	44	—	3,040
Intangible assets excluding goodwill and property, plant and equipment, net	2,148	3,015	752	185	46	6,146
Investments in equity affiliates	—	13	—	—	—	13
Other investments and other non-current assets	10	103	38	—	152	303
Working capital	374	505	279	37	80	1,275
Capital employed	**4,247**	**4,538**	**1,448**	**266**	**278**	**10,777**
Provisions and other non-current liabilities	(103)	(351)	(73)	(25)	(697)	(1,249)

Sales of Specialty Materials, by Business Line:

	2024	2023
Adhesive Solutions	**2,722**	**2,714**
of which Construction and Consumer	*1,250*	*1,250*
of which Industrial Assembly	*1,472*	*1,464*
Advanced Materials	**3,562**	**3,562**
of which High Performance Polymers	*1,571*	*1,457*
of which Performance Additives	*1,991*	*2,105*
Coating Solutions	**2,455**	**2,402**
of which Coating Resins	*1,770*	*1,743*
of which Coating Additives	*685*	*659*

4.11 Information by geographical area

Sales are presented on the basis of the geographical location of customers. Capital employed and gross intangible assets and property, plant and equipment additions are presented on the basis of the location of the assets.

2024 *(In millions of euros)*	Non-Group sales	Capital employed	Intangible assets and property, plant and equipment additions
Europe	3,123	4,427	360
of which France	*704*	*2,849*	*310*
NAFTA*	3,367	4,101	278
of which United States	*2,993*	*3,871*	*266*
Asia	2,554	2,736	117
*of which China***	*1,244*	*744*	*72*
Rest of the world	500	165	6
TOTAL	**9,544**	**11,429**	**761**

* *USA, Canada, Mexico.*
** *China, Hong Kong and Taiwan.*

2023 *(In millions of euros)*	Non-Group sales	Capital employed	Intangible assets and property, plant and equipment additions
Europe	3,272	4,205	312
of which France	*743*	*2,724*	*273*
NAFTA*	3,477	3,614	214
of which United States	*3,106*	*3,414*	*204*
Asia	2,244	2,801	101
*of which China***	*1,045*	*770*	*74*
Rest of the world	521	157	7
TOTAL	**9,514**	**10,777**	**634**

* *USA, Canada, Mexico.*
** *China, Hong Kong and Taiwan.*

4.12 Definitions of alternative performance indicators

Recurring depreciation and amortization of property, plant and equipment and intangible assets

This alternative performance indicator corresponds to depreciation, amortization and impairment of property, plant and equipment and intangible assets before taking into account:

(i) depreciation and amortization related to the revaluation of property, plant and equipment and intangible assets as part of the allocation of the purchase price of businesses, and

(ii) impairment included in other income and expenses.

The indicator facilitates period-to-period comparisons by eliminating non-recurring items.

Working capital

This alternative performance indicator corresponds to the net amount of current assets and liabilities relating to operating activities, capital expenditure and financing activities. It reflects the Group's short-term financing requirements resulting from cash flow timing differences between outflows and inflows relating to operating activities.

Capital employed

This alternative performance indicator corresponds to the sum of the following:

(i) the net book value of goodwill,

(ii) the net book value of intangible assets (excluding goodwill) and property, plant and equipment,

(iii) the amount of investments in equity affiliates,

(iv) the amount of other investments and other non-current assets, and

(v) working capital.

Capital employed is used to analyze the amount of capital invested by the Group to conduct its business.

Adjusted capital employed

This alternative performance indicator corresponds to capital employed adjusted for divestments and acquisitions, to ensure consistency between the numerator and denominator items used to calculate ROCE.

In the case of an announced divestment of a business announced and not finalized by 31 December, the operating income of this business remains consolidated in the income statement, and is therefore included in the calculation of REBIT, whereas items relating to capital employed are classified as assets/liabilities held for sale and are therefore excluded from the calculation of capital employed. To ensure consistency between the numerator and denominator items used to calculate ROCE, capital employed at 31 December is increased by the capital employed relating to the business being sold.

When an acquisition is finalized during the year, operating results are only consolidated in the income statement from the date of acquisition, and not for the full year, while capital employed is recognized in full at 31 December. When the acquisition has not generated a material contribution to the year's earnings, in order to ensure consistency between the numerator and denominator items used to calculate ROCE, capital employed at 31 December is reduced by the capital employed relating to the acquired business, unless they are considered as not material.

Net debt

This alternative performance indicator corresponds to the sum of current and non-current debt less cash and cash equivalents.

Net debt and hybrid bonds

This alternative performance indicator corresponds to the amount of net debt and hybrid bonds.

Net debt and hybrid bonds to EBITDA ratio

This alternative performance indicator corresponds to the ratio of net debt and hybrid bonds to EBITDA. The indicator measures the level of debt in relation to the Group's operating performance, and provides a consistent basis for comparison with our peers.

Earnings before interest, tax, depreciation and amortization (EBITDA)

The IFRS item most similar to this alternative performance indicator is operating income.

The indicator corresponds to operating income before taking into account:

(i) recurring depreciation and amortization of property, plant and equipment and intangible assets,

(ii) other income and expenses, and

(iii) depreciation and amortization related to the revaluation of property, plant and equipment and intangible assets as part of the allocation of the purchase price of businesses.

This indicator is used to assess the Group's operating profitability and its ability to generate operating cash flow before changes in working capital, capital expenditure and cash flow from financing and tax expenses. It also facilitates period-to-period comparisons by eliminating non-recurring items, and provides a consistent basis for comparison with our peers.

Recurring cash flow

This alternative performance indicator corresponds to free cash flow excluding non-recurring or exceptional items, i.e., non-recurring cash flow and exceptional capital expenditure. The indicator enables period-to-period comparisons by eliminating the impact of exceptional or non-recurring items and portfolio management, and provides a consistent basis for comparison with our peers. It is used to assess the Group's ability to generate cash to finance its shareholder returns, non-recurring or exceptional items and acquisitions.

Free cash flow

This alternative performance indicator corresponds to net cash flow before taking into account net cash flow from portfolio management operations. It enables period-to-period comparisons by eliminating portfolio management, and provides a consistent basis for comparison with our peers.

Net cash flow

This alternative performance indicator corresponds to the sum of two IFRS items, cash flow from operations and cash flow from net investments. It provides an estimate of Group cash flow before changes in cash flow from financing activities.

Net cash flow from portfolio management operations

This alternative performance indicator corresponds to cash flows from acquisitions and divestments as described in notes 3.2.2 “Acquisitions during the year” and 3.3 “Business divestments”.

Non-recurring cash flow

This alternative performance indicator corresponds to cash flow from other income and expenses, as described in note 6.1.5 “Other income and expenses”.

Operating cash flow

This alternative performance indicator corresponds to free cash flow before taking into account intangible assets and property, plant and equipment additions, adjusted for non-recurring cash flows. It is used to assess the Group's ability to generate cash to finance its intangible assets and property, plant and equipment additions, shareholder returns and acquisitions. It corresponds to and replaces the "Operating cash flow" indicator defined at the Capital Markets Day on 27 September 2023.

Recurring capital expenditure

The IFRS item most similar to this alternative performance indicator is intangible assets and property, plant and equipment additions. Recurring capital expenditure includes all intangible assets and property, plant and equipment additions, adjusted for exceptional capital expenditure, investments linked to portfolio management operations and investments with no impact on net debt (financed by third parties). This indicator enables period-to-period comparisons by eliminating exceptional items, and provides a consistent basis for comparison with our peers.

Exceptional capital expenditure

Alternative performance indicator corresponding to a very limited number of capital expenditure items for major development projects that the Group presents separately in its financial communication due to their size and nature.

REBIT margin

This alternative performance indicator corresponds to the recurring operating income (REBIT) to sales ratio. It facilitates period-to-period comparisons by eliminating non-recurring items, and provides a consistent basis for comparison with our peers.

EBITDA margin

This alternative performance indicator corresponds to the EBITDA to sales ratio. It facilitates period-to-period comparisons by eliminating non-recurring items, and provides a consistent basis for comparison with our peers. It is also one of the financial performance criteria linked to performance share plans.

Recurring operating income (REBIT)

The IFRS item most similar to this alternative performance indicator is operating income. The indicator corresponds to operating income before taking into account:

(i) depreciation and amortization related to the revaluation of property, plant and equipment and intangible assets as part of the allocation of the purchase price of businesses, and

(ii) other income and expenses.

The indicator assesses the Group's operating profitability before tax and excluding non-recurring items, whatever the financing structure, since it does not take into account financial result. It facilitates period-to-period comparisons by eliminating non-recurring items, and provides a consistent basis for comparison with our peers.

Adjusted net income

The IFRS item most similar to this alternative performance indicator is net income – Group share. This indicator corresponds to net income – Group share before non-recurring items. Exceptional or non-recurring items correspond to:

(i) other income and expenses, net of applicable taxes,

(ii) depreciation and amortization related to the revaluation of property, plant and equipment and intangible assets as part of the allocation of the purchase price of businesses, net of applicable taxes, and

(iii) one-time tax effects unrelated to other income and expenses and relating to events that are exceptional in terms of frequency and amount, such as the recognition or impairment of deferred tax assets, or the impact of a change in tax rates on deferred taxes.

This indicator enables us to assess the Group's profitability by taking account of not only operating items, but also the Group's financing structure and income taxes. It facilitates period-to-period comparisons by eliminating non-recurring items, and provides a consistent basis for comparison with our peers.

Adjusted earnings per share

This alternative performance indicator is calculated by dividing adjusted net income for the period by the weighted average number of ordinary shares outstanding during the period.

Diluted adjusted earnings per share

This alternative performance indicator corresponds to earnings per share adjusted for the dilutive effect of all potential ordinary shares. It is calculated by dividing adjusted net income for the period by the weighted average number of potential ordinary shares outstanding during the period.

Return on capital employed (ROCE)

This alternative performance indicator corresponds to the ratio of recurring operating income (REBIT) for the period to capital employed at the end of the period. It is used to assess the profitability of capital expenditure over time.

Return on adjusted capital employed

This alternative performance indicator corresponds to the ratio of recurring operating income (REBIT) for the period to the adjusted capital employed at the end of the period. It is used to assess the profitability of capital expenditure over time, by adjusting items relating to capital employed acquired during the period or in the course of disposal to bring them into line with the items used in REBIT.

EBITDA to cash conversion rate

This alternative performance indicator corresponds to the ratio of recurring cash flow to EBITDA. The indicator is used to assess the Group's ability to generate cash to finance, in particular, returns to shareholders, exceptional capital expenditure and acquisitions.

EBITDA to operating cash conversion rate

This alternative performance indicator corresponds to the ratio of operating cash flow to EBITDA. The indicator provides a consistent basis for comparison between periods and with our peers, whatever the growth strategy adopted, whether external growth through acquisitions or internal growth through capital expenditure. It is also one of the financial performance criteria linked to performance share plans. It corresponds to and replaces the "Operating cash conversion rate" indicator defined at the Capital Markets Day on 27 September 2023.

Note 5 Climate issues

Committed to the fight against global warming for many years, Arkema has strengthened its climate plan, aligned with the objectives of the Paris Agreement, and, in 2023, defined new, more ambitious targets for 2030 with a 1.5°C trajectory, approved by the Science Based Targets initiative (SBTi), an independent global body. Its goal is to reduce its Scopes 1 and 2 emissions by 48.5% and its Scope 3 emissions by 54% by 2030 compared with 2019.

In this regard, the Group is also targeting a 25% reduction in its net energy purchases by 2030 versus 2012 (EFPI intensive indicator).

To meet these Scope 1 and 2 targets, the Group is constantly improving its production processes and looking to improve energy efficiency at its sites by leveraging innovation, particularly through its Arkema Energy program. It is also pursuing its efforts to purchase energy from low-carbon sources. For Scope 3, Arkema takes action on the most significant categories upstream, notably through supplier commitment initiatives to reduce the carbon footprint of their products, or by increasing the proportion of bio-based or recycled raw materials; and downstream, by reducing its most emissions-intensive activities, upgrading its products to sustainable solutions, or developing recycling channels.

In addition, its climate plan is supported by investments aimed at furthering decarbonization, which could represent a cumulative amount of €400 million over the 2022-2030 period (see note 9.5 “Asset value monitoring”)

In line with Arkema's 2030 climate targets, climate issues are taken into account in its capital expenditure decisions, its raw materials and energy supply contracts, and its analyses of potential acquisition projects. In operational terms, capital expenditure decisions factor in an internal carbon price which is validated by the Group Executive Committee and is in line with the assumptions used in impairment testing.

In preparing the consolidated financial statements, management has identified estimates and judgments that may be impacted by the effects of climate change. They are listed below and are boxed in green in each of the notes:

Subject	Notes	Content
Sustainable capital expenditure	9.3. Property, plant and equipment	• Capital expenditure undertaken to date and aimed at furthering the Group's decarbonization goals include the projects at Carling and Lacq, as well as the Arkema Energy program.
Measurement of non-financial assets	9.3. Property, plant and equipment	• The Group takes climate issues into account when determining the useful lives of its fixed assets, and considers that such issues do not materially impact the value of its fixed assets at 31 December 2024.
	9.5. Asset value monitoring	• Assumptions used in impairment testing (cash flow projections and sensitivity analyses).
Provisions	11.1.2. Other provisions	• Environmental provisions cover, in particular, expenses related to physical risks associated with climate change.
Sustainable financing	12.3.1. Analysis of net debt by category	• A €300 million green bond issue was completed in 2020 to finance a plant manufacturing 100% bio-based Rilsan® polyamide 11 in Singapore. • The syndicated credit line is linked to three CSR criteria (greenhouse gas emissions, volatile organic compound emissions and the total recordable injury rate).
Share-based payments	7.4.2. Free share grants	• Performance share grants partly depend on achieving environmental targets, such as the reduction of greenhouse gas emissions. This target determines 15% of the total grant in 2024 (15% in 2023).
Compliance with laws and regulations	6.2.3. Greenhouse gas emissions allowances (EUAs)	• Greenhouse gas emissions allowances (EUAs) held by the Group at the reporting date cover the operational needs of the Group's European units, with no foreseeable shortfall until the end of phase 4. The Group does not have any trading activity in respect of CO_2 emissions allowances.
Low-carbon energy contracts	6.3 Off-balance sheet commitments related to the Group's operating activities	• Arkema has signed multi-year contracts to purchase renewable energy certificates (RECs). When material, these contracts are included within off-balance sheet commitments at the time they are entered into, and later recognized within intangible assets when the certificates are acquired. They give rise to the recognition of an expense when they are used.
	9.3 Property, plant and equipment	• Arkema has signed multi-year low-carbon power purchase agreements (PPA). These PPAs are analyzed on a case-by-case basis to determine whether they meet the criteria for recognition as property, plant and equipment or as a lease, which depends on the characteristics of the assets and the applicable contractual provisions.

Note 6 Other information relating to operating activities

6.1 Income statement

6.1.1 Sales

Sales consist of sales of chemicals produced or marketed by the Group. They are measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Sales are recognized when control of the goods is transferred to the customer. The transfer of control is determined mainly on the basis of the terms and conditions of the sales contracts.

6.1.2 Operating expenses

Operating expenses correspond to the full cost of sales excluding research and development expenses and selling and administrative expenses which are reported on specific lines.

6.1.3 Research and development expenses

Research and development expenses include salaries, purchases, external services and amortization, and are recognized as incurred. Grants received are recognized as a deduction from research expenses.

The Group recognizes France's research tax credit (CIR) as a deduction from operating expenses.

6.1.4 Operating income

Operating income is calculated as all income and expenses not relating to the financial result, equity affiliates or income taxes.

6.1.5 Other income and expenses

Other income and expenses concern a limited number of well-identified non-recurring items of income and expense of a particularly material nature that the Group presents separately in its income statement in order to facilitate understanding of its recurring operational performance. These items of income and expense notably include:

- impairment losses in respect of property, plant and equipment, intangible assets and financial assets;
- gains or losses on sale of assets, acquisition costs, negative goodwill on acquisitions on favorable terms and the valuation difference on inventories between their fair value at the acquisition date and their production cost;
- expenses related to capital increases reserved for employees;
- start-up costs related to capital expenditure that is considered exceptional;
- large restructuring and environmental expenses which would hamper the interpretation of recurring operating income (including substantial modifications to employee benefit plans and the effect of onerous contracts); and
- material expenses related to litigation and claims whose nature is not directly related to ordinary operations.

	2024			2023		
(In millions of euros)	Expenses	Income	Net	Expenses	Income	Net
Restructuring and environment	(46)	2	(44)	(56)	4	(52)
Goodwill impairment	—	—	—	—	—	—
Asset impairment (excluding goodwill)	(11)	—	(11)	(28)	—	(28)
Litigation and claims	(28)	9	(19)	(1)	7	6
Gains (losses) on sales and purchases of assets	(30)	—	(30)	(12)	23	11
Other	(51)	—	(51)	(67)	—	(67)
TOTAL OTHER INCOME AND EXPENSES	**(166)**	**11**	**(155)**	**(164)**	**34**	**(130)**

In 2024, restructuring and environmental expenses mainly concern the Corporate segment in the United States (see note 11.1.2 “Other provisions”), as well as Adhesive Solutions and Advanced Materials. Specific asset impairments have mainly been recognized in the Hydrogen Peroxide activities for the Jarrie site in France (see note 9.3 “Property, plant and equipment”). Expenses relating to litigation and claims mainly concern the Advanced Materials segment, with, in particular, the cost of restoring the Günzburg site affected by a flood which reached millennial flood levels, and in the Corporate segment, legal costs relating to ongoing proceedings in the United States. The income and expenses relating to sales and purchases of assets were mainly attributable to the acquisition of Dow's flexible packaging laminating adhesives business. The item “Other” primarily includes start-up costs for the Singapore platform and expenses related to the capital increase reserved for employees in the second half of 2024.

In 2023, restructuring expenses mainly concerned the Adhesives segment, while *environment expenses* related to the Corporate segment, and in particular to an additional charge to the environmental provision concerning the St-Fons site (see note 11.2.1 “Environment”). Specific asset impairments have primarily been recognized in the Hydrogen Peroxide activities for the Jarrie site in France (see note 9.3 “Property, plant and equipment”). The income and expenses relating to sales and purchases of assets were mainly attributable to the capital gain recognized on the divestment of Febex and to costs arising on the acquisition of the 54% stake in PIAM. The item “Other” primarily includes start-up costs for the Singapore site in Specialty Polyamides (see note 4.3 “Recurring capital expenditure”).

The total impairment (including goodwill impairment) included in other income and expenses amounts to a net expense of €11 million at 31 December 2024 compared with a net expense of €28 million at 31 December 2023.

6.2 Working capital

6.2.1 Cash flows

Cash flows in foreign currencies are translated into euros using the average exchange rates of each period. Cash flow statements exclude foreign exchange differences arising from the translation into euros of assets and liabilities recognized in balance sheets denominated in foreign currencies at the end of the period (except for cash and cash equivalents).

The change in working capital reported in the cash flow statement amounts to €87 million in cash flow from operating activities and a negative €27 million in cash flow from investing activities.

(In millions of euros)	31 December 2023	Changes in scope	Monetary flows in the cash flow statement (operating and investing activities)	Translation adjustments	Other non-monetary flows	**31 December 2024**
Inventories	1,208	52	72	16	—	1,348
+ Accounts receivable, excluding fixed asset receivables	1,260	1	28	15	—	1,304
+ Other receivables, including income taxes recoverable	312	—	15	(4)	(21)	302
- Accounts payable, excluding fixed asset payables	864	3	(16)	15	(4)	862
- Other liabilities, including income taxes	475	2	44	—	(15)	506
TOTAL OPERATING CATEGORIES	**1,441**	**48**	**87**	**12**	**(2)**	**1,586**
+ Fixed asset receivables	1	—	7	—	—	8
- Other creditors and fixed asset payables	172	(1)	34	4	3	212
TOTAL INVESTING CATEGORIES	**(171)**	**1**	**(27)**	**(4)**	**(3)**	**(204)**
+ Current financial derivative assets and liabilities	5	—	—	(13)	(4)	(12)
TOTAL WORKING CAPITAL [(a)]	**1,275**	**49**	**60**	**(5)**	**(9)**	**1,370**

(a) Alternative performance indicator: see note 4 for cross-reference tables and definitions.

6.2.2 Inventories

Inventories are valued in the consolidated financial statements at the lower of cost and net realizable value, in accordance with IAS 2 “Inventories”. Cost of inventories is generally determined using the weighted average cost (WAC) method.

Cost of manufactured product inventories includes raw material and direct labor costs, and an allocation of production overheads and depreciation based on normal production capacity. Start-up costs and general and administrative costs are excluded from the cost of manufactured product inventories.

The net realizable value is the sale price as estimated for the normal course of business, less estimated costs for completion and sale.

(In millions of euros)	31 December 2024	31 December 2023
Inventories (cost)	**1,465**	**1,333**
Valuation allowances	(117)	(125)
Inventories (net)	**1,348**	**1,208**
Of which:		
Raw materials and supplies	*462*	*413*
Finished products	*886*	*795*

6.2.3 Greenhouse gas emissions allowances (EUAs)

In the absence of an IFRS standard or interpretation relating to accounting for CO_2 emissions allowances, the following treatment has been adopted:

- allowances allocated without payment of consideration are recognized for nil value; and
- transactions carried out in the market are recognized at the transaction amount.

For the management of its combustion installations and process emissions, the Group is exposed to the risks arising from the European Union Emissions Trading Scheme (EU ETS) for greenhouse gases, which was introduced by the European Union in 2005. In phase 4, which began in 2021 and will continue until the end of 2030, the number of EU allowances (EUAs) for greenhouse gas emissions held in inventory at year-end covers the operational needs of the Group's European units, with no foreseeable shortfall until the end of phase 4. The Group does not have any trading activity in respect of CO_2 emissions allowances. However, in the normal course of its operations, the Group may carry out transactions on the market.

6.2.4 Accounts receivable, other receivables and prepaid expenses

Accounts receivable amount to €1,312 million net at 31 December 2024 (€1,261 million at 31 December 2023) and include a bad debt provision of €21 million at 31 December 2024 (€25 million at 31 December 2023). The maturities of accounts receivable net of provisions are presented in note 12.6.4 “Credit risk”. Other receivables and prepaid expenses notably include receivables from governments in an amount of €129 million at 31 December 2024 (€114 million at 31 December 2023), including €109 million of VAT (€97 million at 31 December 2023).

6.2.5 Accounts payable, other creditors and accrued liabilities

Accounts payable amount to €1,074 million at 31 December 2024 (€1,036 million at 31 December 2023).

Other creditors and accrued liabilities mainly comprise employee-related liabilities for €285 million at 31 December 2024 (€261 million at 31 December 2023) and amounts owing to governments for €77 million at 31 December 2024 (€65 million at 31 December 2023), including €43 million of VAT (€35 million at 31 December 2023).

6.3 Off-balance sheet commitments related to operating activities

6.3.1 Off-balance sheet commitments related to the Group's operating activities

The main commitments given are summarized in the table below:

(In millions of euros)	31 December 2024	31 December 2023
Guarantees granted	150	136
Comfort letters	—	—
Contractual guarantees	11	1
Customs and excise guarantees	34	27
TOTAL	**195**	**164**

Guarantees granted are mainly bank guarantees in favor of local authorities and public bodies (state agencies, environmental agencies) in respect of environmental obligations or concerning classified sites, as well as rent guarantees for the Group's future headquarters.

6.3.2 Contractual commitments related to the Group's operating activities

In the normal course of business, the Arkema Group has signed multi-year purchase agreements for raw materials and energy for the operational requirements of its factories, in order to guarantee the security and continuity of supply. Signature of such contracts over initial periods generally comprised between one and ten years is a normal practice for companies in the Group's business sector in order to cover their needs.

These purchase commitments were valued taking into account, on a case-by-case basis, Arkema's financial commitment to its suppliers, as certain of these contracts include clauses which oblige the Group to take delivery of the minimum volumes as set out in the contract or, otherwise, to pay financial compensation to the supplier. Depending on the case, these commitments are reflected in the purchase contracts in the form of notice periods, indemnification to be paid to the supplier in case of early termination of the contract or “take or pay” clauses. The value of these agreements thus corresponds to the minimum amount payable to suppliers as indemnification in the event of termination of the contracts or failure to take delivery of the minimum contractual quantities, less any quantities that can be resold on the market when the Group is able to do so (even though this may not be its intention upon entering into the agreements).

Some lease or purchase commitments do not fall within the scope of IFRS 16. Many of them are irrevocable purchase commitments described above, and service contracts or asset provision contracts that are not identified or controlled by Arkema at 31 December 2024. Only the irrevocable portion of outstanding future purchases has been valued,

The corresponding amounts are included in the table below at 31 December 2024.

The total amount of the Group's financial commitments is €1,129 million at 31 December 2024 (year Y) maturing as follows:

(In millions of euros)	**31 December 2024**	31 December 2023
Y	—	259
Y+1	293	135
Y+2	148	113
Y+3	96	96
Y+4	85	88
Y+5 until expiry of the contracts	507	528
TOTAL	**1,129**	**1,219**

These commitments include the Group’s multi-year low-carbon power purchase agreements and contracts to purchase renewable energy certificates.

At 31 December 2024, all of these low-carbon power purchase agreements and contracts to purchase renewable energy certificates are for the Group's own use, and benefit from the own-use exemption.

The main contracts at 31 December 2024 are shown in the table below:

Region	Number of contracts	Start dates	End dates	Contract duration *(years)*	Volume *(GWh per year)*
Europe	1	2026	2046	20	20
NAFTA*	9	2021-2025	2030-2044	6-21	349
TOTAL	**10**				**369**

* ** USA, Canada, Mexico.*

Note 7 Workforce, personnel expenses and employee benefits

7.1 Workforce

	Adhesive Solutions	Advanced Materials	Coating Solutions	Intermediates	Corporate	Total
Employees at 31 December 2024	7,268	9,333	3,809	521	151	21,082
Employees at 31 December 2023	6,885	9,245	3,795	886	135	20,946

	France	Rest of Europe	NAFTA*	Asia	Rest of the world	Total
Employees at 31 December 2024	7,199	3,733	4,140	4,937	1,073	21,082
Employees at 31 December 2023	7,178	3,458	4,017	5,180	1,113	20,946

* ** USA, Canada, Mexico.*

7.2 Personnel expenses

Personnel expenses, including free share grants (see note 7.4 "Share-based payments"), amount to €1,717 million in 2024 (€1,644 million in 2023).

They comprise €1,304 million of wages and salaries and IFRS 2 expenses (€1,238 million in 2023) and €413 million of social security charges (€406 million in 2023).

7.3 Provisions for pensions and other employee benefits

In accordance with IAS 19 (Revised) "Employee benefits":

- payments made in the context of defined contribution plans are recognized in expenses of the period; and
- obligations in respect of defined benefit plans are recognized and valued using the actuarial projected unit credit method.

Post-employment benefits

For defined benefit plans, the valuation of obligations under the projected unit credit method principally takes into account:

- an assumption concerning the date of retirement;
- a discount rate which depends on the geographical region and the duration of the obligations;
- an inflation rate;
- assumptions in respect of future increases in salaries, rates of employee turnover and increases in health costs; and
- the most recent mortality statistics for the countries concerned.

Returns on plan assets are in line with discount rates.

Differences which arise between the valuation of obligations and forecasts of such obligations (on the basis of new projections or assumptions) and between forecasts and outcomes of returns on plan assets are termed actuarial gains and losses, and are recorded in other non-recyclable comprehensive income.

When a plan is amended or created, the entire past service cost is immediately recognized in the income statement.

A pension asset may be generated where a defined benefit plan is overfunded. The amount at which such an asset is recognized in the balance sheet may be subject to a ceiling, in application of IAS 19.64 and IFRIC 14.

Other long-term benefits

In respect of other long-term benefits, and in accordance with applicable laws and regulations, provisions are recognized using a simplified method. Thus, if an actuarial valuation using the projected unit credit method is required, actuarial gains and losses and all past service costs are recognized immediately in the provision, with a corresponding entry being recognized in the income statement.

The net expense related to pension obligations and other employee benefit obligations is recognized in recurring operating income, with the exception of:

- the effect of curtailments or settlements of plans, which are presented under the "Other income and expenses" caption in the case of substantial modifications to such plans; and
- the net interest expense and the actuarial gains and losses related to changes in the discount rate on other long-term benefits, which are classified within the financial result caption.

IFRIC decision on attributing benefit to periods of service (IAS 19 "Employee benefits")

From 2021 onward, IFRIC (IFRS Interpretations Committee), in agreement with the IASB, will adopt a new approach for attributing benefit to periods of service.

The following plans are concerned:

- plans with payments on retirement, where benefits are capped in terms of months after a specified number of years of service in the company;
- supplementary defined benefit pension plans other than those affected by the French order of July 2019, which froze any further rights accruals as of the end of 2019; and
- early retirement schemes, where benefits are only paid if the employment contract is terminated.

At 31 December 2024, provisions for pensions and other employee benefits break down as follows:

(In millions of euros)	2024	2023
Pension obligations	262	267
Healthcare and similar coverage	42	45
Dispensation from work	13	14
Post-employment benefits	**317**	**326**
Long service awards	74	71
Other long-term benefits	**74**	**71**
Provisions for pensions and other employee benefits	**391**	**397**

(In millions of euros)	2024	2023
Provision recognized in liabilities	391	397
Amount recognized in assets	(4)	(2)
Net provisions for pensions and other employee benefits	**387**	**395**

Characteristics of the principal plans

In accordance with the laws and practices of each country, the Group participates in employee benefit plans offering retirement, healthcare and similar coverage, and special termination benefits. These plans provide benefits based on various factors including length of service, salaries, and contributions made to the national bodies responsible for the payment of benefits.

These plans are either defined contribution plans or defined benefit plans. In certain cases they can be either partly or totally funded by investments in dedicated plan assets, mutual funds, general funds of insurance companies or other assets.

The main features of the principal defined benefit plans are as follows:

- in the United States, the largest defined benefit plan is the "Employee Pension Plan". This plan has been frozen for several years and no new rights can be earned except in the case of a few employees. Under this plan, beneficiaries receive a lump sum or an annuity when they retire. The plan is pre-funded, and the assets funding it are subject to the minimum funding rules laid down in the federal *Pension Protection Act*. A complementary healthcare plan covering certain medical expenses or insurance premiums for retired employees and their dependents is still open to new members; this plan is not pre-funded. In 2020, to reduce exposure to financial risk and volatility, some of the *Employee Pension Plan* obligations were outsourced to an insurance company together with the corresponding assets. This resulted in a US$31 million decrease in assets and a US$29.5 million decrease in obligations, with the difference recorded in the 2020 income statement. An additional transfer was carried out in 2021, resulting in a US$42.9 million decrease in assets and a US$44.6 million decrease in obligations, with the difference recorded in the 2021 income statement;
- in France, the top hat pension plans are closed to new members. One of these plans is managed by an insurance company and pre-funded by plan assets. The other plan has been terminated insofar as it concerns the Chairman and Chief Executive Officer, following the resolution adopted at the annual general meeting of 7 June 2016. The portion of the plan related to other beneficiaries was closed and transferred to external management in 2016.

The retiree top-up healthcare plan is also closed and is not pre-funded. Other benefit plans (bonuses, long service awards and retirement gratuities) pay out lump sums; they are open to all employees and are partly pre-funded;

- in Germany, all defined benefit plans are closed to new members. Plan participants receive a monthly payment once they retire (the normal retirement age is set at 65). Only certain plans are pre-funded, involving non-significant amounts;
- in the Netherlands, the defined benefit plans for Arkema and Bostik were open until 31 December 2015 and were then replaced by defined contribution plans from 1 January 2016. Rights vested at 31 December 2015 were transferred to external management; and
- in the United Kingdom, no further rights have been able to be earned under any existing plan for several years now. The UK plans are pre-funded through a pension fund.

7.3.1 Expense in the income statement

The expense related to defined-benefit plans breaks down as follows:

(In millions of euros)	2024				2023			
	Total	Pension obligations	Healthcare and similar coverage	Dispensation from work	Total	Pension obligations	Healthcare and similar coverage	Dispensation from work
Current service cost	14	12	1	1	13	11	1	1
Past service cost	—	—	—	—	—	—	—	—
Settlements	—	—	—	—	—	—	—	—
Interest expense	22	20	2	—	22	20	2	—
Expected return on plan assets	(10)	(10)	—	—	(10)	(10)	—	—
Other	—	—	—	—	—	—	—	—
(INCOME)/EXPENSE	**26**	**22**	**3**	**1**	**25**	**21**	**3**	**1**

7.3.2 Change in net provisions over the period

(In millions of euros)	Pension obligations		Healthcare coverage		Dispensation from work		Total post-benefits	
	2024	2023	2024	2023	2024	2023	2024	2023
Net liability (asset) at beginning of period	**265**	**254**	**45**	**46**	**14**	**15**	**324**	**315**
Provision recognized in liabilities	*267*	*255*	*45*	*46*	*14*	*15*	*326*	*316*
Amount recognized in assets	*(2)*	*(1)*	—	—	—	—	*(2)*	*(1)*
(Income)/Expense for the period	22	21	3	3	1	1	26	25
Contributions paid to plan assets	(16)	(10)	—	—	—	—	(16)	(10)
Net benefits paid by the employer	(13)	(12)	(4)	(7)	(2)	(2)	(19)	(21)
Changes in scope	2	—	—	2	—	—	2	2
Reclassification as assets held for sale under IFRS 5	—	—	—	—	—	—	—	—
Actuarial gains and losses recognized in shareholders' equity	(5)	17	(3)	2	—	—	(8)	19
Translation adjustments	3	(5)	1	(1)	—	—	4	(6)
Net liability (asset) at end of period	**258**	**265**	**42**	**45**	**13**	**14**	**313**	**324**
Provision recognized in liabilities	*262*	*267*	*42*	*45*	*13*	*14*	*317*	*326*
Amount recognized in assets	*(4)*	*(2)*	—	—	—	—	*(4)*	*(2)*

7.3.3 Benefit obligations and provisions at 31 December

a) Present value of benefit obligations

	Pension obligations		Healthcare and similar coverage		Dispensation from work	
(In millions of euros)	2024	2023	2024	2023	2024	2023
Present value of benefit obligations at beginning of period	**457**	**457**	**45**	**46**	**14**	**15**
Current service cost	12	11	1	1	1	1
Net interest expense	20	20	2	2	—	—
Past service cost (including curtailments)	—	—	—	—	—	—
Settlements	—	—	—	—	—	—
Plan participants' contributions	—	—	—	—	—	—
Benefits paid	(32)	(43)	(4)	(7)	(2)	(2)
Changes in scope	2	—	—	2	—	—
Reclassification as assets held for sale under IFRS 5	—	—	—	—	—	—
Actuarial gains and losses recognized in shareholders' equity	(11)	20	(3)	2	—	—
IFRIC decision recognized in shareholders' equity	—	—	—	—	—	—
Reclassifications	18	—	—	—	—	—
Translation adjustments	12	(8)	1	(1)	—	—
Present value of benefit obligations at end of period	**478**	**457**	**42**	**45**	**13**	**14**

b) Change in fair value of plan assets

Plan assets are mainly located in the United States, France and the United Kingdom.

	Pension obligations	
(In millions of euros)	2024	2023
Fair value of plan assets at beginning of period	**(192)**	**(203)**
Interest income	(10)	(10)
Settlements	—	—
Plan participants' contributions	—	—
Employer contributions	(16)	(10)
Benefits paid from plan assets	19	30
Changes in scope	—	—
Reclassification as assets held for sale under IFRS 5	—	—
Actuarial gains and losses recognized in shareholders' equity	6	(3)
Reclassifications	(18)	—
Translation adjustments	(9)	4
Fair value of plan assets at end of period	**(220)**	**(192)**

c) Obligations in the balance sheet

	Pension obligations		Healthcare and similar coverage		Dispensation from work	
(In millions of euros)	2024	2023	2024	2023	2024	2023
Present value of unfunded obligations	91	88	42	45	13	14
Present value of funded obligations	387	369	—	—	—	—
Fair value of plan assets	(220)	(192)	—	—	—	—
(Surplus)/Deficit of assets relative to benefit obligations	**258**	**265**	**42**	**45**	**13**	**14**
Asset ceiling	—	—	—	—	—	—
Net balance sheet provision	**258**	**265**	**42**	**45**	**13**	**14**
Provision recognized in liabilities	*262*	*267*	*42*	*45*	*13*	*14*
Amount recognized in assets	*(4)*	*(2)*	—	—	—	—

Changes in recent years in the obligation (excluding the dispensation from work mechanism), the value of the plan assets and actuarial gains and losses are as follows:

(In millions of euros)	2024	2023	2022	2021
Obligations for pensions, healthcare and similar coverage	520	502	503	707
Plan assets	(220)	(192)	(203)	(324)
Net obligations	**300**	**310**	**300**	**383**
Actuarial (gains) and losses on accumulated rights				
• experience adjustments	3	11	6	(6)
• effects of changes in financial assumptions	(11)	13	(171)	(43)
• effects of changes in demographic assumptions	—	(5)	1	(6)

d) Pre-tax amount recognized through equity during the valuation period

	Pension obligations		Healthcare and similar coverage		Dispensation from work	
(In millions of euros)	2024	2023	2024	2023	2024	2023
Actuarial (gains) and losses generated in the period (A)	(5)	17	(3)	2	—	—
Effect of the surplus cap and the asset ceiling (B)	—	—	—	—	—	—
Total amount recognized in equity (A+B)	**(5)**	**17**	**(3)**	**2**	**—**	**—**
Cumulative actuarial (gains) and losses recognized in equity	**111**	**116**	**(96)**	**(93)**	**(3)**	**(3)**

e) Composition of the investment portfolio

	Pension obligations							
	At 31 December 2024				At 31 December 2023			
	France	UK	Rest of Europe	USA	France	UK	Rest of Europe	USA
Shares	14%	26%	14%	50%	13%	20%	14%	37%
Bonds	11%	37%	46%	38%	15%	38%	43%	40%
Property	2%	—%	—%	9%	2%	—%	—%	10%
Monetary/Cash assets	—%	2%	2%	3%	—%	10%	2%	—%
Investment funds	—%	35%	—%	—%	—%	32%	—%	—%
Funds held by an insurance company	73%	—%	29%	—%	70%	—%	31%	—%
Other	—%	—%	9%	—%	—%	—%	10%	13%

Pension assets are mainly invested in listed financial instruments. Funds are managed in the interests of beneficiaries and of the Group in a manner suited to the liability profile and in compliance with applicable regulations.

f) Actuarial assumptions

The main assumptions for pension obligations and healthcare and similar coverage are as follows:

	2024					2023				
	France	Germany	UK	Rest of Europe	USA	France	Germany	UK	Rest of Europe	USA
Discount rate	3.50	3.60	5.50	3.26	5.50	3.55	3.60	4.50	3.51	4.95
Rate of increase in salaries	2.9-3.5	3.00	N/A	2.10-3.50	3.80	2.9-3.5	3.00	N/A	2.30-3.75	4.14

The discount rate is determined based on indexes covering bonds by issuers with an AA credit rating, for maturities consistent with the duration of the above obligations.

The rate of increase in healthcare costs has a negligible impact in the United States as a ceiling has been applied since mid-2006, and in Europe since 2008. The impact has been limited to the rate of inflation during the period over which rights vest.

A change of plus or minus 0.50 points in the discount rate has the following effects on the present value of accumulated benefit obligations at 31 December 2024:

Pension obligations, healthcare and similar coverage	**2024**	
(In millions of euros)	**Europe**	**USA**
Increase of 0.50	(16)	(10)
Decrease of 0.50	17	11

A change of plus or minus 0.50 points in the rate of increase in salaries has the following effects on the present value of accumulated benefit obligations at 31 December 2024:

Pension obligations, healthcare and similar coverage	**2024**	
(In millions of euros)	**Europe**	**USA**
Increase of 0.50	8	1
Decrease of 0.50	(7)	(1)

g) Provisions by geographical area

2024	France	Germany	Rest of Europe	USA	Rest of the world	**Total**
Pension obligations	113	72	13	56	4	258
Healthcare and similar coverage	19	—	—	22	1	42
Dispensation from work	13	0	0	0	0	13

2023	France	Germany	Rest of Europe	USA	Rest of the world	Total
Pension obligations	110	71	10	63	11	265
Healthcare and similar coverage	20	—	—	25	—	45
Dispensation from work	14	—	—	—	—	14

h) Cash flows

The contributions to be paid by the Group in 2025 for funded benefits are estimated at €19 million.

The benefits to be paid by the Group in 2025 in application of defined benefit plans are valued at €13 million for pension obligations, and €9 million for healthcare and similar coverage.

7.4 Share-based payments

In application of IFRS 2 “Share-based payments”, the free shares granted to management and certain Group employees are measured at their fair value at the date of grant, which generally corresponds to the date of the Board of Directors' meeting that granted the free shares.

The fair value of rights under free share grants corresponds to the opening market price of the shares on the day of the Board of Directors' meeting that decides on the grant, adjusted for dividends not received during the period. The expense recognized also reflects the probability that the presence condition will be fulfilled. This expense is included in personnel expenses on a straight-line basis over the vesting period of the rights.

7.4.1 Stock options

The Board of Directors decided several years ago not to introduce any further stock option plans, and there are no remaining stock option plans outstanding.

7.4.2 Free share grants

On 5 November 2024, the Board of Directors decided to introduce two free performance share plans for employees, particularly people in positions of responsibility whose work has an influence on the Group’s results.

Performance shares are generally granted on the condition of continued presence within the Group and achievement of financial and CSR objectives.

These include a greenhouse gas emissions reduction target (climate indicator determining 15% of the total grant in 2024 (15% in 2023)).

Movements in the free share grant plans existing at 31 December 2024 are as follows:

Plan	Grant date	Vesting period	Holding period	Total number of free shares granted	Number of shares subject to performance conditions	Fair value *(euros per share)*	Number of shares vested in 2024	Number of shares canceled in 2024	Total number of shares still to be granted at 31 Dec. 2024
2020-1, 2	5 May 2020	3-4 years	0-3 years	9,129	-	10.09-20.94	6,601	1,338	-
2020-4	4 Nov. 2020	4 years	-	128,245 (1)	111,365	54.33	120,178	380	-
2021-1	9 Nov. 2021	3 years	2 years	239,575 (2)	227,387	81.91	249,447	40	-
2021-2	9 Nov. 2021	4 years	-	124,713 (3)	105,293	83.92	—	2,519	113,634
2022-1, 2	9 Nov. 2022	3-4 years (10)	0-3 years (10)	52,255	-	63.45-70.51	-	-	52,244
2022-3	9 Nov. 2022	3 years	2 years	234,715 (4)	219,835	68.26	—	1,550	226,205
2022-4	9 Nov. 2022	4 years	-	128,540 (5)	106,515	66.15	-	3,060	121,855
2023-1	8 Nov. 2023	3 years	2 years	247,665 (6)	232,980	69.45	—	1,710	241,755
2023-2	8 Nov. 2023	4 years	-	126,995 (7)	102,800	67.68	—	3,310	123,370
2024-1, 2	5 Nov. 2024	3-4 years	0-3 years	64,093	-	61.90-63.65	-	-	64,093
2024-4	5 Nov. 2024	3 years	2 years	243,330 (8)	229,545	64.48	-	120	243,210
2024-5	5 Nov. 2024	4 years	-	126,595 (9)	102,790	61.90	-	250	126,345

(1) May be raised to 150,518 in the event of outperformance.
(2) May be raised to 285,052 in the event of outperformance.
(3) May be raised to 145,772 in the event of outperformance.
(4) May be raised to 278,682 in the event of outperformance.
(5) May be raised to 149,843 in the event of outperformance.
(6) May be raised to 294,261 in the event of outperformance.
(7) May be raised to 147,555 in the event of outperformance.
(8) May be raised to 289,239 in the event of outperformance.
(9) May be raised to 147,153 in the event of outperformance.
(10) Correction related to the characteristics of the share capital increase reserved for employees.

The amount of the IFRS 2 expense recognized in respect of free shares at 31 December 2024 is €27 million (€25 million at 31 December 2023).

7.4.3 Capital increase reserved for employees

In application of its employee share ownership policy, the Arkema Group offered its employees the opportunity to subscribe for a reserved capital increase between 16 September 2024 and 30 September 2024, at a subscription price of €60.74. This price corresponds to the average opening price of the Arkema share quoted on the Paris stock exchange in the 20 trading days prior to the Chairman and Chief Executive Officer's decision of 11 September 2024 setting the terms of the capital increase, to which a 25% discount was applied.

Shares subscribed for under this operation cannot be sold for five years, except in the United States, where the minimum holding period is three years.

Employees subscribed for 1,017,317 shares for a total amount of €61 million, net of expenses.

The capital increase was completed and formally recorded on 30 October 2024.

Arkema shares were also granted via a free share plan for Group employees based outside France, with one free share granted for every four shares subscribed, up to a maximum of 25 free shares per person.

On 5 November 2024, the Board of Directors formally recorded the granting of 62,593 free shares to employees based outside France. These shares are subject to a vesting period of three or four years, depending on the country.

Lastly, on 5 November 2024, the Board of Directors decided to put in place a plan to grant 1,500 free shares for the benefit of Group employees who had not been able to participate in the capital increase reserved for employees. These shares are subject to a vesting period of four years from the date of the Board's decision to grant them, and are conditional only on continued presence within the Group.

The IFRS 2 expense, measuring the benefits provided to employees, is equal to the difference between the fair value of the shares and the price paid by the employees, multiplied by the number of shares.

The IFRS 2 expense recognized in other income and expenses (see note 6.1.5 "Other income and expenses") amounts to €13 million for subscribed shares and €4 million for free shares. The IFRS 2 expense relating to the free shares will be recognized over the vesting period (see note 7.4.2 "Free share grants").

7.5 Compensation of key management personnel

Key management personnel of a group, as defined in IAS 24, are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

The key management personnel of the Group are the directors and the members of its Executive Committee.

The compensation and benefits of any kind recognized in expenses by the Group are as follows:

(In millions of euros)	2024	2023
Salaries and other short-term benefits	11	10
Pensions, other post-employment benefits and contract termination benefits	—	—
Other long-term benefits	—	—
Share-based payments	8	7

Salaries and other short-term benefits comprise all types of compensation recorded, including variable amounts, bonuses, attendance fees and benefits in kind.

The Chairman and Chief Executive Officer is entitled to a contractual indemnity in the event of non-voluntary departure, up to a maximum of twice his total gross annual compensation (fixed and variable), subject to achievement of performance criteria.

Note 8 Income taxes

Current income taxes

Current taxes are the amount of income taxes that the Group expects to pay in respect of taxable profits of consolidated companies in the period. They also include adjustments to current taxes in respect of prior periods.

The French tax consolidation regime enables certain French companies in the Group to offset their taxable income when determining the tax expense for the entire French tax group. The overall tax expense is payable by Arkema, as the parent company of the tax group. Tax consolidation regimes also exist in countries outside France.

Deferred taxes

The Group uses the liability method whereby deferred taxes are recognized based upon the temporary differences between the financial statement and tax basis of assets and liabilities, as well as on tax loss carryforwards and other tax credits, in accordance with IAS 12 “Income taxes”.

Deferred tax assets and liabilities are valued at the tax rates that are expected to apply in the year in which the asset will be realized or the liability settled, on the basis of tax rates (and tax legislation) that have been enacted or virtually enacted at the balance sheet date. The effect of any changes in tax rates is recognized in income for the period, unless it relates to items that were previously debited or credited through equity. Deferred tax assets and liabilities are not discounted.

Deferred tax assets are recognized to the extent that their recovery is probable. In order to assess the likelihood of recovery of such assets, account is notably taken of the profitability outlook at the end of each period, determined by the Group, and historical taxable profits or losses, particularly for the scope of the French tax consolidation group.

A deferred tax liability is recognized for all taxable temporary differences related to investments in subsidiaries, associates and joint ventures, unless:

- the Group controls the timing of the reversal of the temporary difference; and
- it is probable that this difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset if a legally enforceable right to offset current tax assets and liabilities exists and if they relate to income taxes levied by the same tax authority.

8.1 Income tax expense

The income tax expense breaks down as follows:

(In millions of euros)	2024	2023
Current income taxes	(164)	(170)
Deferred income taxes	14	(7)
TOTAL INCOME TAXES	**(150)**	**(177)**

The income tax expense amounts to €150 million in 2024 compared with €177 million in 2023.

Pillar Two provisions are applicable to the Group in 2024. The Group applies the temporary relief from deferred tax accounting. The amount of current tax relating to Pillar Two has been recognized for €2 million.

8.2 Analysis by source of net deferred tax assets (liabilities)

The analysis by source of the net deferred tax assets (liabilities) is as follows, before offset of assets and liabilities at fiscal entity level:

(In millions of euros)	31 December 2023	Changes in scope	Reclassifications and IFRS 16	Changes recognized in share-holders' equity	Changes recognized in the income statement	Translation adjustments	31 December 2024
Tax loss and tax credit carryforwards	54	—	0	—	0	(2)	52
Provisions for pensions and similar benefits	74	0	(2)	(2)	0	2	72
Other temporarily non-deductible provisions	347	(4)	13	(2)	(9)	6	351
Deferred tax assets	**475**	**(4)**	**11**	**(4)**	**(9)**	**6**	**475**
Valuation allowance on deferred tax assets	**(113)**	**8**	**0**	**(3)**	**(9)**	**1**	**(116)**
Excess tax over book depreciation	180	0	10	—	(5)	6	191
Other temporary tax deductions	461	16	1	(3)	(27)	0	448
Deferred tax liabilities	**641**	**16**	**11**	**(3)**	**(32)**	**6**	**639**
NET DEFERRED TAX ASSETS (LIABILITIES)	**(279)**	**(12)**	**0**	**(4)**	**14**	**1**	**(280)**

After offsetting assets and liabilities at fiscal entity level, deferred taxes are presented as follows in the balance sheet:

(In millions of euros)	31 December 2024	31 December 2023
Deferred tax assets	155	157
Deferred tax liabilities	435	436
NET DEFERRED TAX ASSETS (LIABILITIES)	**(280)**	**(279)**

As the Group is able to control the timing of the reversal of temporary differences related to investments in subsidiaries and joint ventures, it is not necessary to recognize deferred taxes in respect of these differences.

8.3 Reconciliation between income tax expense and pre-tax income

(In millions of euros)	2024	2023
Net income	357	425
Income taxes	(150)	(177)
Pre-tax income	507	602
French corporate income tax rate	25.83%	25.83%
Theoretical tax expense	(131)	(156)
Difference between French and foreign income tax rates	1	(1)
Tax effect of equity in income of affiliates	(1)	(2)
Permanent differences	17	12
Change in valuation allowance against deferred tax asset ceiling	(9)	(7)
Deferred tax assets not recognized (losses)	(27)	(23)
INCOME TAX EXPENSE	**(150)**	**(177)**

The French corporate income tax rate includes the standard tax rate (25.00% in 2024) and the additional social security contribution. The overall income tax rate therefore stands at 25.83% in 2024.

8.4 Expiry of tax loss carryforwards and tax credits

The Group's unrecognized tax loss carryforwards and tax credits can be used up to their year of expiry, indicated in the table below:

	31 December 2024		31 December 2023	
(In millions of euros)	Base	Income taxes	Base	Income taxes
2024	—	—	16	4
2025	1	0	17	4
2026	4	1	8	2
2027	14	3	26	6
2028*	63	16	77	19
2029 and beyond	113	28	—	—
Tax losses that can be carried forward indefinitely**	1,366	339	1,313	332
TOTAL	**1,561**	**387**	**1,457**	**367**

* *In 2023, the figures are for "2028 and beyond"*
** *Essentially in France.*

The Group's unrecognized tax loss carryforwards and tax credits take into account the changes in the tax rate.

8.5 Income taxes paid

Income taxes paid amount to €133 million.

(In millions of euros)	31 December 2024	31 December 2023
Income taxes paid	133	191

Note 9 Intangible assets and property, plant and equipment

9.1 Goodwill

Goodwill is initially recognized when a business combination takes place, as described in note 3.1 "Consolidation principles".

Goodwill is not amortized after initial recognition. It is included in the cash-generating units (CGUs) that are subject to impairment tests as soon as any indicators of potential impairment are identified. Impairment tests are performed at least annually, following the methodology described in note 9.5 "Asset value monitoring".

	31 December 2024			31 December 2023
(In millions of euros)	Gross book value	Accumulated depreciation and impairment	Net book value	Net book value
Goodwill	3,627	(556)	3,071	3,040

The breakdown by segment is as follows:

Goodwill by segment	31 December 2024 Net book value	31 December 2023 Net book value
Adhesive Solutions	1,743	1,715
Advanced Materials	899	902
Coating Solutions	385	379
Intermediates	44	44
Corporate	—	—
TOTAL	**3,071**	**3,040**

Changes in the net book value of goodwill are as follows:

(In millions of euros)	2024	2023
At 1 January	**3,040**	**2,655**
Acquisitions	(21)	481
Impairment	(1)	—
Translation adjustments	53	(49)
Reclassifications	—	(47)
At 31 December	**3,071**	**3,040**

In 2024, the "acquisitions" line corresponds to goodwill on FDM Arc Manufacturing Limited, Proionic GmbH and Dow's laminating adhesives business, offset by the reduction in goodwill following the purchase price allocation for POLYTEC PT GmbH Polymere Technologien and PI Advanced Materials (see note 3.2 "Business combinations").

In 2023, the "Acquisitions" line corresponds to goodwill arising on the acquisition of a 54% controlling interest in PI Advanced Materials Co., Ltd. and on the acquisition of Polytec PT Gmbh Polymere Technologien, partly offset by the reduction in goodwill following completion of the purchase price allocation for Bostik South Africa (PTY) Ltd. (formerly Permoseal), Shanghai Zhiguan Polymer Materials (PMP) and Polimeros Especiales. The "Reclassifications" line corresponds to a reclassification to intangible assets (see note 9.2 "Other intangible assets").

9.2 Other intangible assets

Other intangible assets mainly include patents and technologies, trademarks, software and IT licenses, capitalized contracts, customer relations, and capitalized research expenses. These intangible assets are recognized in the balance sheet at their acquisition or production cost, less any accumulated amortization and impairment losses recognized following impairment tests as described in note 9.5 "Asset value monitoring".

Intangible assets other than goodwill and trademarks with indefinite useful lives are amortized on a straight-line basis over 3 to 20 years depending on the pattern in which the asset's future economic benefits are expected to be consumed by the entity.

The main categories of intangible assets and the amortization periods applied by the Group are as follows:

- trademarks other than those with indefinite useful lives: useful life of up to 30 years;
- patents: residual period until expiry of patent protection;
- technologies: average useful life;
- software: 3-10 years;
- licenses: term of the contract;
- capitalized contracts: term of the contract;
- customer relations: average useful life;
- capitalized research expenses: useful life of the project; and
- REACH registration fees: protection period of study data.

Trademarks

Acquired trademarks are valued by the relief-from-royalty method.

Software and IT licenses

Software development expenses for the design, programming and test phases are capitalized.

Training costs, expenses related to change management, data transfer and subsequent maintenance costs are recorded as expenses.

Capitalized research and development costs

Under IAS 38 "Intangible assets", development costs are capitalized as soon as the Group can demonstrate, in particular:

- its intention and its financial and technical ability to complete the development project;
- that it is probable that future economic benefits attributable to the development costs will flow to the enterprise, which also implies having successfully completed the main non-toxicity studies relating to the new product; and
- that the cost of the asset can be measured reliably.

Grants received in respect of development activities are recognized as a deduction from capitalized development costs if they have been definitively earned by the Group. The Group also receives public financing in the form of repayable advances for the development of certain projects. Repayment of these advances is generally related to the future revenues generated by the development. The Group recognizes these advances in balance sheet liabilities (in the "Other non-current liabilities" caption) taking account of the probability of their repayment.

REACH *(Registration, Evaluation and Authorization of Chemicals)*

As no specific IFRS IC interpretations exist on the subject, the Group applies the following methods based on IAS 38:

- when most of the tests required for preparing the registration file have been acquired from a third party, the Group records an operating right in the intangible assets; and
- when most of the expenses involved in preparing the registration file have been carried out internally or outsourced, the Group capitalizes the development costs that meet the requirements for capitalization defined by IAS 38 (see "Capitalized research and development costs" above).

At 31 December 2024, the net book value of intangible assets excluding Goodwill amounts to €2,373 million.

	31 December 2024			31 December 2023
(In millions of euros)	Gross book value	Accumulated depreciation and impairment	Net book value	Net book value
Patents and technologies	711	(349)	362	330
Trademarks	707	(14)	693	664
Software and IT licenses	502	(418)	84	85
Capitalized REACH costs	97	(66)	31	33
Other capitalized research expenses	28	(28)	0	0
Capitalized contracts	272	(91)	181	13
Asset rights	101	(45)	56	51
Customer relations	1,132	(265)	867	709
Other intangible assets	111	(74)	37	319
Intangible assets in progress	87	(25)	62	212
TOTAL	**3,748**	**(1,375)**	**2,373**	**2,416**

Trademarks essentially comprise the Bostik® and Den Braven® trademarks, which are part of the Adhesive Solutions segment.

At 31 December 2024, the "capitalized contracts" line mainly concerns the partnership with Nutrien for the supply of hydrofluoric acid in the United States, which was included in the "intangible assets in progress" line in 2023.

At 31 December 2023, “other intangible assets” includes the provisional allocation of the purchase price for the 54% controlling interest acquired in PI Advanced Materials Co., Ltd. This mainly concerns technologies and customer relations.

Changes in the net book value of intangible assets are as follows:

(In millions of euros)	2024	2023
At 1 January	**2,416**	**2,178**
Acquisitions	58	65
Depreciation	(202)	(179)
Impairment	—	—
Disposals	(1)	—
Changes in scope	60	337
Translation adjustments	34	(36)
Reclassifications (including reclassifications as assets held for sale)	8	51
At 31 December	**2,373**	**2,416**

At 31 December 2024, the “Changes in scope” item includes the intangible assets described in note 3.2.2 “Business combinations”.

At 31 December 2023, “Changes in scope” includes intangible assets for PI Advanced Materials Co., Ltd and POLYTEC PT Gmbh Polymere Technologien. The "Reclassifications" line includes €47 million reclassified from goodwill to intangible assets.

9.3 Property, plant and equipment

Gross value

The gross value of items of property, plant and equipment other than rights of use corresponds to their acquisition or production cost in accordance with IAS 16 "Property, plant and equipment". Gross value is not subject to revaluation.

Equipment subsidies are deducted directly from the cost of the assets which they financed. With effect from 1 January 2009 and in accordance with the revised version of IAS 23, borrowing costs that are directly attributable to financing property, plant and equipment that necessarily take a substantial period of time to get ready for their intended use or sale are eligible for capitalization as part of the cost of the assets for the portion of the cost incurred over the construction period.

Routine maintenance and repairs are charged to income in the period in which they are incurred. Costs related to major maintenance turnarounds of industrial facilities which take place at intervals greater than 12 months are capitalized at the time they are incurred and depreciated over the period between two such turnarounds.

Depreciation and impairment

Depreciation is calculated on a straight-line basis on the basis of the acquisition or production cost. Assets are depreciated over their estimated useful lives by category of asset. The principal categories and useful lives are as follows:

- machinery and tools: 5-10 years
- transportation equipment: 5-20 years
- specialized complex installations: 10-20 years
- buildings: 10-40 years

These useful lives are reviewed annually and modified if expectations change from the previous estimates. Such changes in accounting estimates are accounted for on a prospective basis.

Additional impairment is recognized when a loss of value is observed from impairment tests conducted as described in note 9.5 "Asset value monitoring".

The Group has identified certain assets, such as gas boilers, whose useful lives could be affected by climate-related issues linked to transition risk. However, if these assets were to be replaced by carbon-free solutions, they would be kept until the end of their useful lives as a replacement solution for safety and business continuity reasons.

The remaining useful lives of the Group's other complex installations are fairly short compared with their depreciation periods, ranging from 10 to 20 years. This period is generally shorter for installations with high emissive power, such as those used to produce certain types of fluorogases.

The Group therefore believes that transition risk has no material impact on the useful lives of assets and that no additional impairment is required.

CHANGES IN PROPERTY, PLANT AND EQUIPMENT

	31 December 2024			31 December 2023
(In millions of euros)	Gross book value	Accumulated depreciation and impairment	Net book value	Net book value
Land and buildings	2,510	(1,594)	916	860
Complex industrial facilities	3,814	(3,263)	551	540
Other property, plant and equipment	4,990	(3,308)	1,682	1,598
Construction in progress	735	(28)	707	515
TOTAL PROPERTY, PLANT AND EQUIPMENT EXCLUDING RIGHTS OF USE	**12,049**	**(8,193)**	**3,856**	**3,513**
Rights of use	652	(281)	371	217
TOTAL PROPERTY, PLANT AND EQUIPMENT	**12,701**	**(8,474)**	**4,227**	**3,730**

Other property, plant and equipment at 31 December 2024 mainly comprises machinery and tools with a gross value of €3,785 million (€3,672 million at 31 December 2023), and accumulated depreciation and provisions for impairment of €2,533 million (€2,438 million at 31 December 2023).

CHANGES IN PROPERTY, PLANT AND EQUIPMENT EXCLUDING RIGHTS OF USE

Changes in the net book value of property, plant and equipment excluding rights of use are as follows:

(In millions of euros)	2024	2023
At 1 January	**3,513**	**3,232**
Acquisitions	703	569
Depreciation	(478)	(430)
Impairment	(32)	(30)
Disposals	(3)	(4)
Changes in scope	73	268
Translation adjustments	88	(89)
Other	—	—
Reclassifications (including reclassifications as assets held for sale)	(8)	(3)
At 31 December	**3,856**	**3,513**

Impairment at 31 December 2024 mainly concerns specific property, plant and equipment for Hydrogen Peroxide activities at the Jarrie site in France.

Acquisitions include capital expenditure intended to further the Group's decarbonization goals, representing €82 million in 2024 (€36 million in 2023*). These include a new purification process for the acrylic monomer plant at its Carling site in France, the Arkema Energy program, and the installation of an innovative catalyst at its Lacq site in France.

* *Correction made to 2023 data for which a project had been omitted.*

Changes in scope are described in further detail in note 3.2 "Business combinations".

Impairment at 31 December 2023 mainly concerned specific property, plant and equipment for Hydrogen Peroxide activities at the Jarrie site in France.

9.4 IFRS 16 Leases: Rights of use and IFRS 16 debt

From 1 January 2019, the Group's lease obligations are recorded in application of IFRS 16 "Leases". In the balance sheet, the Group recognizes an asset corresponding to the right to use the leased asset, and an equivalent financial liability. In the balance sheet, the Group recognizes an asset corresponding to the right to use the leased asset, and an equivalent financial liability. In the income statement, the lease payment expense is replaced by depreciation of the right to use the asset, recorded in "Depreciation, amortization and impairment", and a financial interest expense, recorded in "Financial result". The cash flow statement is also impacted. The Group records repayments of the financial liability, presented in "Cash flow from financing activities", and a financial interest expense, presented in "Cash flow from operating activities".

The Group first applied this standard at 1 January 2019 under the modified retrospective approach, and opted to use the two exemptions from capitalization allowed for leases of less than twelve months and leases of assets with an individual value of less than US$5,000 when new. For purposes of simplification, the Group excludes a certain number of subsidiaries from the scope of application of IFRS 16. The combined impact of the excluded lease contracts is not material for the Group.

The right of use is recognized at an amount corresponding to the initial debt, adjusted for prepaid and accrued payments on the original lease, and any estimated repair costs. The right of use is depreciated on a straight-line basis over the term of the lease.

In application of the decision of November 2019 by the IFRS IC, the lease term is the irrevocable period, extended where relevant by any renewal options the Group is reasonably certain to use; in particular, the Group applies the recommendation of 3 July 2020 issued by France's Accounting Standards Authority, ANC, to real estate property leases in France.

The lease obligation at 1 January 2019 was calculated under IFRS 16, applying the discount rates in force at that date over the residual term of the lease.

As the implicit interest rate of the leases is not easily determined, the Group applies a discount rate based on the subsidiaries' estimated incremental borrowing rate.

The principal leases affected by IFRS 16 concern real estate property and logistics equipment, excluding servicing obligations associated with the lease.

At 31 December 2024, the net book value of rights of use related to leases is €371 million.

	31 December 2024			31 December 2023
(In millions of euros)	Gross book value	Accumulated depreciation and impairment	Net book value	Net book value
Rights of use: real estate assets (head offices, offices)	238	(79)	159	28
Rights of use: industrial assets (factories, land, warehouses)	70	(29)	41	46
Rights of use: logistics assets (trucks, containers, trolleys)	273	(149)	124	120
Rights of use: other assets (cars, etc.)	71	(24)	47	23
TOTAL RIGHTS OF USE	**652**	**(281)**	**371**	**217**

Changes in the net book value of rights of use are as follows:

(In millions of euros)	2024	2023
At 1 January	**217**	**197**
Acquisitions	243	105
Depreciation	(89)	(79)
Disposals	(11)	(4)
Changes in scope	—	5
Translation adjustments	9	(4)
Reclassifications (including reclassifications as assets held for sale)	2	(3)
At 31 December	**371**	**217**

Acquisitions in 2024 include leases on new head offices in France and the United States.

The IFRS 16 debt amounts to €377 million at 31 December 2024 (see note 12.3 “Debt”). The total non-discounted value of the Group's future lease payments amounts to €433 million at 31 December 2024, maturing as follows:

(In millions of euros)	31 December 2024
Within one year	85
1-5 years	209
After 5 years	139
TOTAL	**433**

At 31 December 2024, the cash outflows associated with leases amount to €86 million for the year. The financial expenses related to the IFRS 16 debt amount to €10 million.

The application of exemptions for short-term leases and leases of low-value assets concerns amounts that are not material at Group level.

9.5 Asset value monitoring

The recoverable amount of property, plant and equipment and intangible assets is tested as soon as any indication of impairment is identified. A review to identify if any such indication exists is performed at each year-end, based on a five-year plan validated by the Executive Committee. This impairment test is performed at least once a year and includes goodwill and trademarks with indefinite useful lives.

An asset's recoverable amount corresponds to the greater of its value in use and its fair value less costs to sell.

Tests are performed for each autonomous group of assets, termed Cash Generating Units (CGUs). A CGU is a group of assets whose continued use generates cash flows that are substantially independent of cash flows generated by other groups of assets. They are worldwide business operations, which bring together groups of similar products in strategic, commercial and industrial terms. The value in use of a CGU is determined on the basis of the discounted future cash flows that are expected to be generated by the assets in question, based upon Group executive management's expectation of future economic and operating conditions over the next five years or, when the asset is to be sold, by comparison with its market value. Impairment is calculated as the difference between the recoverable amount and the carrying amount of the CGU. Because of its unusual nature, any such impairment is presented separately in the income statement under the “Other income and expenses” caption. Impairment may be reversed, up to the maximum carrying amount that would have been recognized for the asset had the asset not been impaired. Impairment losses on goodwill are irreversible (in application of IFRIC 10, impairment losses on goodwill recognized in previous interim accounting periods cannot be written back).

In 2024, the terminal value was calculated based on a perpetuity growth rate of 2% for all these CGUs except Fluorogases and Adhesive Solutions, for which the rates used were 0% and 2.5%, respectively (unchanged from 2023), and mid-cycle cash flows. The after-tax rate used to discount future cash flows and the terminal value is the Group's weighted average cost of capital, estimated at 8.5% in 2024 (8.5% in 2023), except for the Asia Acrylics CGU, for which the rate was 9.0% in 2024 (9.5% in 2023).

Cash flow projections take into account the expected or probable impacts of climate-related issues for the Group, in terms of:

- opportunities for innovation and sustainable growth by reducing the environmental footprint of its products, particularly in the strategic markets of green energy, electric mobility, sustainable lifestyle and construction;
- decarbonization mechanisms, multi-year contracts to purchase low-carbon energy (PPAs) and renewable energy certificates (RECs), and investments by CGUs intended to move closer to the Group's greenhouse gas emissions reduction targets;
- regulatory developments, with the increase in the cost of direct GHG emissions for CGUs (emissions trading schemes such as the ETS, carbon taxes, taxes on energy purchases) and new regulations affecting the fluorogases market. The emissions allowance prices used in the projections range from €75 per metric ton in 2025 to €130 per metric ton from 2029.

Sensitivity analyses carried out at 31 December 2024, evaluating the impact of reasonable changes in the basic assumptions – in particular the impact of a 1-point increase in the discount rate, or of a change of minus 0.5 of a point in the perpetuity growth rate, or minus 10% in EBITDA, or plus 20% in capital expenditure – confirmed the net carrying amounts of the different CGUs, excluding the Hydrogen Peroxide CGU, for which the maximum exposure in terms of the CGU net carrying amount is approximately €70 million.

In addition, these EBITDA and capital expenditure sensitivity analyses include any climate-related impacts in terms of increases in the price per tonne of CO_2 relating to direct greenhouse gas (GHG) emissions in Europe and additional investments enabling the Group to meet its target to reduce its Scopes 1 and 2 greenhouse gas emissions by 48.5% and its Scope 3 emissions by 54% by 2030 compared with 2019. This target is supported by an increase in investments contributing to decarbonization, which could reach €400 million between 2022 and 2030.

Lastly, impairment losses were recognized on other specific assets at 31 December 2024 (see note 9.3 “Property, plant and equipment”).

Note 10 Equity accounted companies and other non-current assets

The accounting methods for associates, joint ventures and other investments are described in note 3.1 “Consolidation principles”.

The amounts of the Group's commitments to joint ventures and associates are non-significant.

In addition, in the normal course of business, the Group has business relationships with certain non-consolidated companies or with companies which are accounted for under the equity method. The values involved are not significant.

10.1 Associates

The equity value and equity in income (loss) of associates stood at €7 million and a negative €6 million respectively in 2024 (€8 million and a negative €8 million in 2023).

	2024		2023	
(In millions of euros)	% ownership	Sales	% owner-ship	Sales
Arkema Yoshitomi Ltd.	49%	17	49%	20
CJ Bio Malaysia Sdn. Bhd.	14%	182	14%	163
ERPRO 3D FACTORY	10%	2	10%	1
Ihsedu Agrochem Private Ltd.	25%	230	25%	198
TOTAL		**431**		**382**

10.2 Joint ventures

The Barrflex TU LLC joint venture was sold in 2024.

	2024		2023	
(In millions of euros)	% ownership	Sales	% owner-ship	Sales
Barrflex TU LLC	0%	0	49%	0
TOTAL		**0**		**0**

10.3 Other investments

The main movements in 2023 and 2024 are as follows:

(In millions of euros)	2024	2023
At 1 January	**52**	**52**
Acquisitions	2	—
Disposals	—	(3)
(Increases)/Reversals of impairment	—	3
Change in scope of consolidation	—	—
Translation adjustment	—	—
Change in fair value	(4)	—
At 31 December	**50**	**52**

10.4 Other non-current assets

	31 December 2024			31 December 2023		
(In millions of euros)	Gross value	Impairment	Net value	Gross value	Impairment	Net value
Pension assets	4	—	4	2	—	2
Loans and advances	264	(13)	251	199	(11)	188
Security deposits paid	72	—	72	61	—	61
TOTAL	**340**	**(13)**	**327**	**262**	**(11)**	**251**

Loans and advances include amounts receivable from the French tax authorities in respect of France's research tax credit (CIR). Loans and advances also include €97 million of receivables on TotalEnergies SE via its subsidiary Legacy Site Services LLC (LSS) related to the remediation costs in respect of closed industrial sites in the United States (see note 11.1.2 “Other provisions/Environmental provisions”).

The CIR for 2020, amounting to €28 million, was reimbursed in July 2024. The CIR for 2021, amounting to €20 million, will be reimbursed in 2025.

Note 11 Other provisions and other non-current liabilities, contingent liabilities and litigation

11.1 Other provisions and other non-current liabilities

A provision is recognized when:

- the Group has a legal, regulatory or contractual obligation to a third party resulting from past events. An obligation can also result from Group practices or public commitments that create a reasonable expectation among the third parties in question that the Group will assume certain responsibilities;
- it is certain or probable that the obligation will lead to an outflow of resources to the benefit of the third party; and
- its amount can be estimated reliably and corresponds to the best possible estimate of the commitment. In exceptional cases where the amount of the obligation cannot be measured with sufficient reliability, disclosure is made in the notes to the financial statements in respect of the obligation (see note 11.2 “Liabilities and contingent liabilities”).

Environmental provisions which are established or reviewed when a business is closed down, or upon a formal request from the authorities, are the subject of an internal review every two years. These provisions are recognized or updated by a dedicated team which calls in specialized external assistance as and when required by the matters identified.

When it is expected that the Group will obtain partial or total reimbursement of the cost that was provided against, the expected reimbursement is recognized in receivables if, and only if, the Group is virtually certain of the receipt.

Long-term provisions, other than provisions for pensions and post-employment benefit obligations, are not inflation-indexed or discounted as the Group considers that the impact of such adjustments would not be significant.

The current (less than one year) portion of provisions is maintained within the “Other provisions and non-current liabilities” caption.

11.1.1 Other non-current liabilities

Other non-current liabilities amount to €13 million at 31 December 2024 versus €14 million at 31 December 2023.

11.1.2 Other provisions

(In millions of euros)	Environmental contingencies	Restructuring	Other	Total
At 1 January 2024	**216**	**30**	**156**	**402**
Increases in provisions	78	5	35	118
Reversals of provisions on use	(37)	(8)	(32)	(78)
Reversals of unused provisions	(5)	(7)	(8)	(20)
Changes in scope	—	—	—	(1)
Translation adjustments	8	—	4	13
Other	—	—	8	8
At 31 December 2024	**260**	**20**	**163**	**443**
Of which: less than one year	74	6	25	105
Of which: more than one year	186	14	138	338

Furthermore, certain provisions are covered by non-current assets (receivables and deposits):

(In millions of euros)	Environmental contingencies	Restructuring	Other	Total
Total provisions at 31 December 2024	**260**	**20**	**163**	**443**
Portion of provisions covered by receivables or deposits	97		47	144
Deferred tax asset related to amounts covered by the TotalEnergies SE indemnity	29			29
Provisions at 31 December 2024 net of non-current assets	**134**	**20**	**116**	**270**

(In millions of euros)	Environmental contingencies	Restructuring	Other	Total
At 1 January 2023	**217**	**38**	**189**	**444**
Increases in provisions	39	7	22	68
Reversals of provisions on use	(34)	(18)	(14)	(66)
Reversals of unused provisions	(2)	(2)	(32)	(36)
Changes in scope	—	—	—	—
Translation adjustments	(4)	—	(3)	(7)
Other	—	5	(6)	(1)
At 31 December 2023	**216**	**30**	**156**	**402**
Of which: less than one year	35	13	26	74
Of which: more than one year	181	17	130	328

Furthermore, certain provisions were covered by non-current assets (receivables and deposits):

(In millions of euros)	Environmental contingencies	Restructuring	Other	Total
Total provisions at 31 December 2023	**216**	**30**	**156**	**402**
Portion of provisions covered by receivables or deposits	64	—	37	101
Deferred tax asset related to amounts covered by the TotalEnergies SE indemnity	19	—	—	19
Provisions at 31 December 2023 net of non-current assets	**133**	**30**	**119**	**282**

Environmental provisions

Environmental provisions are recognized mainly to cover expenses related to soil and water table clean-up, as well as, to a lesser extent, expenses related to the reinforcement of certain structures to address physical climate risks such as flooding. Environmental provisions are mainly for:

- France for €98 million (€100 million at 31 December 2023);
- the United States for €150 million (€105 million at 31 December 2023), of which €126 million in respect of former industrial sites covered 100% by the TotalEnergies SE group indemnity (receivable recognized in "Other non-current assets" for an amount of €97 million and €29 million recognized in deferred tax assets) (see note 11.1.2 "Other provisions" b) "Fluorinated substances")

Restructuring provisions

Restructuring provisions are mainly in respect of restructuring measures in France for €15 million (€20 million at 31 December 2023), in Europe excluding France for €4 million (€5 million at 31 December 2023) and in the United States for €2 million (€3 million at 31 December 2023).

Increases in such provisions in the period mainly correspond to the restructuring plans described in note 6.1.5 "Other income and expenses".

Other provisions

Other provisions amount to €163 million and mainly comprise:

- provisions for labor litigation for €83 million (€75 million at 31 December 2023);
- provisions for commercial litigation and warranties for €32 million (€32 million at 31 December 2023);
- provisions for tax litigation for €26 million (€30 million at 31 December 2023); and
- provisions for other risks for €22 million (€19 million at 31 December 2023).

11.2 Liabilities and contingent liabilities

Contingent liabilities arising from changes in the scope of consolidation are presented in note 3.4 “Warranties related to sales of businesses”.

IAS 37 defines a contingent liability as:

a) a possible obligation that arises from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the Group’s control; or

b) a present obligation that arises from past events but is not recognized because (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or (ii) the amount of the obligation cannot be measured with sufficient reliability.

11.2.1 Environment

The Group's business activities are subject to constantly changing local, national and international regulations on the environment and industrial safety, which entail meeting increasingly complex and restrictive requirements. In this regard, these activities can involve a risk of the Group's liability being called upon, particularly in respect of clean-up of sites and industrial safety.

Taking account of the information available, agreements signed with TotalEnergies SE, and the provisions for environmental contingencies recognized, the Group's executive management considers that the environmental liabilities identified at this point are valued and recognized to the best of their knowledge in the financial statements. However if laws, regulations or government policy in respect of environmental matters were to change, the Group's obligations could change, which could lead to additional costs.

The competent authorities have made, are making or may in the future make specific demands that the Group rehabilitate or control emissions at certain sites that it is currently operating, or that it operated or disposed of in the past, at neighboring sites or at sites where the Group stored or disposed of waste.

Sites currently in operation

The Group has many sites of which a certain number may be polluted in view of their age and the range of activities that are carried out on them, or that were carried out on them in the past. As regards these sites, certain situations have been identified and the Group has already carried out certain clean-up work, or otherwise developed action plans and recognized provisions in order to cover future clean-up work.

However, in the light of (i) the uncertainties over the technical means to be implemented, (ii) potential issues that are unknown, (iii) uncertainties over the actual time required for remediation compared with the estimated time (e.g., “pump and treat”), and (iv) potential changes in regulations, the possibility that the expenses the Group will incur will be higher than the amounts covered by provisions cannot be excluded. These potential excess costs relate mainly to the sites in Antwerp (Belgium), Calvert City (United States), Carling (France), Günzburg (Germany), Jarrie (France), Lannemezan (France), Leicester (United Kingdom), Lesgor (France), Loison (France), Mont (France), Pierre-Bénite (France), Ribecourt (France), Rion-des-Landes (France), Riverview (United States), Rotterdam (Netherlands), Saint-Auban (France), and Vlissingen (Netherlands) and could adversely affect the Group's business, results and financial situation.

Pursuant to a prefectural decision issued on 14 June 2023, Arkema is required to perform additional analyses for certain PFAS in the area around the Pierre Bénite site, as well as an environmental assessment (interprétation de l’état des milieux) and a health risk assessment. The provisions set aside at 31 December 2024 are sufficient to cover the cost of these studies. Given that (i) the results of these studies are pending, and (ii) regulations may change, it cannot be ruled out that the Group's exposure will be greater than the provisioned amounts.

Closed industrial sites (former industrial sites)

TotalEnergies SE directly or indirectly took over some closed industrial sites at the date of the Spin-Off of Arkema's Businesses on 10 May 2006.

Since the Spin-Off, the businesses exercised on the former sites of Dorlyl SNC (France), Ibos (France), Colmar (France), Bernouville (France), Bonn (Germany) and Wetteren (Belgium) have been closed and the land sold. The businesses carried on at the Zaramillo site in Spain have been closed and the real estate assets have been sold. The businesses carried on at the Chauny (France), Miranda (Spain) and Pierrefitte Nestalas (France) sites have also been closed, without selling the land, and where relevant are covered by provisions for amounts that the Group considers adequate.

Furthermore, the Prefect of the Haute-Savoie region issued a prefectural decision on 6 April 2018 ordering Arkema France to carry out investigations on the Chedde site (France), with regard to the perchlorate production operations. Arkema France has met all requirements.

On 15 October 2021, the Republic and Canton of Geneva filed a petition for summary proceedings with the Administrative Court of Grenoble, notably challenging Arkema France in its capacity as beneficiary of the perchlorate production operations on the Chedde site, and requesting the appointment of an expert to determine the causes, origins and consequences of the perchlorate pollution in the groundwater around Geneva. On 19 November 2021, Arkema France filed a petition with the Grenoble Administrative Court seeking to establish the potential liability of the French Ministry of Armed Forces. By order of 26 January 2022, the Administrative Court of Grenoble granted the Swiss authorities' request for an expert assessment of this matter. The assessment is currently underway.

Sites in operation that have been sold

a) Saint-Fons (Arkema France)

In the sale of the Group's vinyls activities to the Klesch Group in early July 2012, all industrial installations on the Saint-Fons site were transferred to Kem One, apart from the land, which is held under a long-term lease. The agreements for the sale stipulated that Arkema France remains liable for legacy pollution at the site.

The Prefect of the Rhône region issued decisions on 14 May 2007, 19 and 27 June 2012, ordering Arkema France to carry out quality monitoring on underground water and propose a plan to manage the legacy pollution affecting the site (T112 and other pollutants). Following issuance of the most recent prefectural decision on 22 December 2020, Arkema France submitted a new management plan in April 2023 and adjusted its provisions accordingly in 2023. However, in the light of (i) potential issues that are unknown, (ii) uncertainties over the actual time required for remediation compared with the estimated time, and (iii) potential changes in regulations, the possibility that the expenses the Group will incur on the Saint-Fons site will be higher than the amounts covered by provisions cannot be excluded.

b) Parrapon mining concession

Under a prior commitment made by the Arkema Group to the French authorities in connection with the transfer of the Parrapon mining concession to Kem One SAS, which was authorized by a ministerial decision of 13 January 2016, the Group will bear the costs that may be payable by Kem One SAS, as concession operator, as a result of surveillance and safety measures for the 31 salt mines which were permanently closed down on 12 February 2014.

To meet the requirements of the authorities, Kem One sent a proposal to the DREAL in a letter dated 21 August 2017 setting out a program of work. At 31 December 2024, the balance of the provision corresponds to an amount considered adequate by the Group to cover the cost of the work.

11.2.2 Litigation, claims and proceedings in progress

Labor litigation

a) Occupational illness (France)

In the manufacture of its products, the Group uses and has used toxic or hazardous substances. Despite the safety and monitoring procedures that have been instituted at Group level and for each production site, Group employees may have been exposed to such substances and may develop specific pathologies as a result of such exposure.

In this respect, like most industrial companies, in the past, the Group has used a variety of insulating or heat-proofing materials containing asbestos in its production facilities. Consequently, certain employees may have been exposed to such materials before they were gradually eliminated and replaced with substitute products.

At its French sites, the Group anticipated the regulatory provisions applicable to asbestos (Decrees no. 96-97 and 96-98 of 7 February 1996 and Decree no. 96-1133 of 24 December 1996). The Group made an inventory of building materials within its premises that contained asbestos, notified employees of the results of these investigations and took the collective and individual protective measures required by the applicable laws. However, claims for occupational illness related to past asbestos exposure have been filed against the Group, mostly for periods before 1980. Given the latency period of asbestos-related pathologies, additional claims for occupational illness are likely to be filed in the years ahead.

The Group has recognized provisions to cover the risks of employer liability claims related to notified cases of occupational illness, which are reversed as appropriate depending on case outcomes.

b) Anxiety suffered as a result of exposure to asbestos or a harmful or toxic substance (Arkema France)

In a ruling of 11 May 2010, the labor chamber of the French Supreme Court (Cour de Cassation) recognized the existence of a prejudice of anxiety, eligible for compensation, for employees who in the past worked on sites included in the list of establishments whose workers were eligible for the early retirement system for asbestos workers.

Two decisions by the French Supreme Court (Cour de Cassation, on 5 April 2019 and 11 September 2019) extended the right to compensation for the prejudice of anxiety to employees who have not worked in an establishment classified as exposing workers to asbestos, but can prove they have been exposed to asbestos, and employees who can prove they have been exposed to a harmful or toxic substance entailing a high risk of developing a serious medical condition.

To date, 52 former employees of the Carling plant have appealed to the employee claims court seeking damages for anxiety suffered as a result of alleged past exposure to trichloroethylene during their working lives.

It is possible that other current or former employees of Arkema France who were effectively exposed to asbestos, who worked on sites that are added by ministerial decision to the official list of eligible sites, or who may have been exposed to carcinogenic or other toxic substances during their working lives, could bring action in the future before an employee claims court to claim compensation for the prejudice of anxiety.

Tax litigation

a) Arkema Quimica Ltda

Arkema's Brazilian subsidiary Arkema Quimica Ltda, which merged with Arkema Coatex Brasil Indústria e Comércio Ltda. on 1 January 2021, started offsetting certain tax assets and liabilities in 2000 following a declaration as to the unconstitutional nature of certain taxes. The Brazilian government contested the justification for this offset and in 2009 claimed repayment of 19.5 million reais (around €6 million). In mid-2017, Arkema Quimica Ltda reassessed its risk and decided to opt into an amnesty program that reduced the amount payable to 6 million reais, to be paid in installments until September 2029.

b) Arkema Srl

In 2013, the Lombardy Regional Tax office (Italy) conducted a tax inspection of Arkema Srl for the 2008, 2009 and 2010 financial years, subsequently extended to 2011, 2012, 2013 and 2014, after which, among other observations, it contested the purchase prices of products for resale and the level of commission paid to the Company in intragroup transactions, and applied a withholding tax on interest on intragroup financing. The tax reassessments notified for 2008, 2009, 2010, 2011, 2012, 2013 and 2014 amount to €14.7 million including interest and penalties. All of these reassessments were contested and no provisions recognized in this respect. Arkema Srl won all of its disputes in every year except 2011. On 19 October 2021, the Supreme Court overturned the court's decision on the grounds of mistake of law (burden of proof) and remanded the matter back to the court. In 2023, the Company opted to apply a moratorium proposed by Italian regulations, enabling it to put an end to litigation still in progress in exchange for payment of an amount lower than the costs of pursuing the litigation, except for 2011. On 14 July 2023, the Lombardy Court of Appeal ruled against the Company in the last outstanding dispute concerning 2011 (€2 million). As no grounds were given for the ruling, the Company challenged the decision before the French Supreme Court in January 2024.

Other litigation

a) Harvey (Arkema Inc.)

Since September 2017, Arkema Inc. has been defending, and continues to defend, multiple civil lawsuits that were filed against it by private individuals and governmental entities following flooding as a result of Hurricane Harvey in Crosby, Texas.

One of those cases was certified in May 2022 as a class action for certain claims asserted under federal statutes. A class action settlement was reached in 2023, and in June 2024, the federal court entered a Final Order for that settlement dismissing the case.

All but one of the remaining lawsuits were consolidated in 2020 for pre-trial purposes into a state multi-district litigation pending in Texas court. The matters involving the largest number of private individuals has been settled, and negotiations are ongoing to settle the other cases concerning private individuals. Another larger group of individuals filed lawsuits in April 2024, which the court dismissed in December 2024 on legal grounds, a decision that the plaintiffs have appealed. Arkema Inc. has settled one matter brought by governmental entities and continues to vigorously defend the remaining civil matters brought by governmental entities. Most of these claims are covered by environmental liability insurance. When claims are not covered by insurance policies, provisions have been made for such claims in an amount which the Group considers sufficient.

b) Fluorinated substances

Arkema Inc., and in some instances Arkema France, along with numerous other users and multiple fluorochemical manufacturers, have been sued, and continue to be sued, in the United States in a substantial number of cases involving per- and poly-fluoroalkyl substances.

The majority of these concern fluorinated substances used in firefighting foams. These cases are either filed directly in or transferred to a single multi-district litigation action pending in federal court in South Carolina (the “AFFF MDL”). In October 2022, the Court appointed a mediator for the AFFF MDL and ordered in April 2024 all remaining water provider defendants to engage in mediation, which is ongoing. The Court had scheduled a trial in early 2025 for one of two selected property damage (so-called “water-provider”) bellwether cases, both of which have since been dismissed. A substantial number of other cases in the AFFF MDL, including other property damage and personal injury matters, remain pending. The court has also scheduled a trial in October 2025 for bellwether personal injury cases.

A class action previously filed in federal court in Ohio, on behalf of all persons in the United States who have been exposed to such substance has been finally dismissed.

There are also cases involving a former operating site in New Jersey for which Arkema Inc. is indemnified by Legacy Site Services, LLC (“LSS”) as more fully described in note 11.3 “Commitments received”. LSS acting as exclusive agent for Arkema Inc. reached a proposed settlement with the New Jersey Department of Environmental Protection for certain historical contamination liabilities associated with a former site. The settlement consists of a payment totaling $33.95 million, as well as a contingent reserve fund in the initial amount of $75 million in the form of a letter of credit and/or a self-guarantee to provide additional financial assurance that the remediation activities associated with the West Deptford Property will be completed. This contingent reserve fund is intended to provide backup remediation monies to the state only if the party to the other settlement with NJDEP fails to perform under the terms of its own settlement. This settlement requires court approval before becoming final. Objections were filed within the public comment period, and must be either resolved by the parties or ruled on by the Court, prior to final approval. The Group has recorded provisions and receivables reflecting this settlement (see note 9.1.2) in its financial statements. LSS has also reached other smaller settlements with respect to other pending matters and continues to vigorously defend the rest. As indicated in note 11.3 “Commitments received”, Arkema Participation is indemnified by LSS for the entirety of these liabilities.

The Group is not, as at the date of these financial statements, in a position, having regard to the information available to it, to estimate the amount of the claims that might finally be upheld against it by the various competent courts after the exhaustion of any avenues of appeal. The Group has taken provisions net of insurance reimbursements for the expected costs of defense associated with these contingent liabilities.

c) Asbestos risk (Arkema Inc.)

In the United States, Arkema Inc. is involved in a number of asbestos-related proceedings in various state courts. The proceedings typically involve claims by third parties (other than employees) relating to (i) alleged exposure to asbestos on the Group's sites, or (ii) exposure to products containing asbestos and sold by former subsidiaries of the Group in the United States and elsewhere. The mix of claims has shifted in recent years away from premises claims and to include product claims alleging exposure to dental tape and cosmetic talcum products. Most claims against Arkema Inc. are made by third party contractors or product users and are covered by legacy liability insurance, while claims by Arkema Inc. employees are typically processed under the workers’ compensation statutes in each state and covered by workers’ compensation insurance policies. When claims are not covered by insurance policies, provisions have been made for such claims in an amount which the Group considers sufficient. However, due to the continuing uncertainties as to the outcome of these proceedings, the Group is not, as at the date of these financial statements, in a position, having regard to the information available to it, to estimate the total amount of the claims that might finally be upheld against it by the various competent courts after the exhaustion of any avenues of appeal.

d) Coem (Arkema France)

As there were no product supplies by Kem One SAS to the Italian company Coem, Coem in August 2012, and subsequently its shareholder Industrie Generali in March 2016, issued written complaints to Arkema France and Kem One that they had suffered losses through breach of commercial relations. On 27 June 2017, Industrie Generali brought a tort action before the Nanterre commercial court claiming €8.9 million from Arkema France in compensation for the banks' activation of the guarantees it had provided when Coem was placed in receivership. Arkema considers that these claims have no legal foundation, and no provision has been recognized in the financial statements. The case was heard in court on 29 January 2020. In a ruling of 6 May 2020, the Nanterre commercial court rejected the claim brought by Industrie Generali and ordered it to pay Arkema France the sum of €30,000 in costs (under article 700 of the Code of Criminal Procedure). Industrie Generali filed an appeal against this decision on 25 August 2020. In a decision handed down on 19 May 2022, the Versailles court of appeal upheld the 6 May 2020 ruling dismissing Industrie Generali's claims and its appeal was rejected on 6 November 2024.

e) Pierre-Bénite (Arkema France)

In France, an environmental summary proceedings procedure (référé pénal environnemental) was initiated against Arkema France by several associations on 30 May 2023. The judge dismissed the request on 16 November 2023, upholding the arguments put forward by the Group. The appeal lodged by the associations was deemed inadmissible by the Lyon Court of Appeal. The matter has been appealed before the Cour de Cassation, where proceedings are underway. On 2 August 2024, as a result of a request issued by the Lyon Metropole against the industrial operators of the Pierre-Bénite platform, the Lyon court appointed a panel of experts and ordered an expert report on the presence of PFAS in the environment around the platform and their various sources. In the context of a judicial information opened in 2023 following a complaint from the mayor of Pierre-Benite, law enforcement officers visited our sites in Pierre-Benite, Cetia, and Colombes HQ on 9 April. Arkema provided all requested information to the investigators. Lastly, on 2 August 2024, the "Bien vivre à Pierre-Bénite" association and several local residents filed requests for suspended summary proceedings and an annulment before the Lyon administrative court against the Rhône Prefect's order of 14 May 2024 imposing additional requirements on Arkema France at its Pierre-Bénite site, and authorizing in particular the operation of a third PFAS fluorosurfactant-free PVDF production site (eLynx). In an order dated 13 September 2024, the judge dismissed the request for suspension and confirmed that Arkema had complied with all the rules applicable to the development of its activity. On 30 September 2024, the "Bien Vivre à Pierre-Bénite" association lodged an appeal with the French Supreme Court (Cour de Cassation, before the Conseil d'Etat) against the order of 13 September. Arkema France is vigorously defending itself in these proceedings.

f) Salt supply disruption at the Jarrie site

With Vencorex France, Arkema's sole supplier of salt to the Jarrie site (France), being placed in receivership in September 2024, discussions were held with Vencorex France's shareholder, the Thai group PTT Global Chemical (PTTGC), on the potential continuity scenarios proposed by Arkema. On 29 November, PTTGC rejected all the continuity scenarios proposed by Arkema (including a transition period to maintain salt supplies). Since the end of October 2024, activities in the south of the Jarrie site (chlorine, soda and chlorine derivatives (methyl chloride and technical fluids)) have been shut down due to a lack of salt. In this context, and in the absence of a viable alternative salt supply solution in terms of cost and quantity specifications, Arkema is studying a scenario for refocusing its activities on the chlorate, perchlorate and hydrogen peroxide activities. This would mean shutting down part of the Jarrie site's activities (chlorine, soda and chlorine derivatives (methyl chloride and technical fluids)). On 21 January 2025, the members of the Central Works Council received preliminary information on the project and were invited to an extraordinary meeting (see Note 15 "Subsequent events") held on 29 January 2025 to initiate the legal information and consultation process on the proposed reorganization of the Jarrie facility.

As a result, the Company has identified contingent liabilities related to this situation, including (i) potential compensation costs for employees affected by any reorganization of the Jarrie site, (ii) potential compensation claims from customers due to the supply disruption for the relevant activities, (iii) additional operating costs associated with the reorganization of production flows or the implementation of alternative supply solutions, (iv) expenditure to secure the affected site and facilities, and (v) costs of dismantling and restoring infrastructure, including any environmental remediation obligations in the event of definitive ceasing of activity.

No provision has been made for these contingent liabilities at 31 December 2024, as the outcome and impact of this situation remain uncertain. The Company is closely monitoring developments and will continue its efforts to mitigate potential impacts. On the other hand, receivables from Vencorex France have been fully written down by €3 million (see Note 10.4 "Other non-current assets"). In addition, the assets of the Jarrie site were written down in 2021 as part of the annual asset value monitoring tests (see Note 9.5 "Asset value monitoring").

11.3 Commitments received

Commitments received from TotalEnergies SE in 2006

In connection with the Spin-Off of Arkema's Businesses, TotalEnergies SE and certain TotalEnergies companies extended certain indemnities, or assumed certain obligations, for the benefit of the Arkema Group. Some are still in application while others terminated during 2017. The indemnities and obligations concerned are described below, and relate to actual or potential environmental liabilities of the Group arising from certain sites in France, Belgium and the United States, the operations of which in the majority of cases have ceased.

Obligations and indemnities given in respect of Former Industrial Sites

In order to cover certain risks relating to certain industrial sites situated in France, Belgium and the United States in respect of which the Group is or could be held liable, and where, for the most part, operations have ceased (the Former Industrial Sites), TotalEnergies SE companies have entered into indemnity and service agreements with Arkema or its subsidiaries.

Pursuant to these agreements, the obligations and environmental responsibilities associated with these former industrial sites in France and at Rieme in Belgium were transferred to TotalEnergies SE group companies.

Agreement relating to certain former industrial sites located in the United States

In March 2006, Arkema Participations (which absorbed Arkema Amériques SAS in 2023) completed the acquisition from Elf Aquitaine Inc. and Arkema France of Arkema Delaware Inc., a holding company for most of the Group's operations in the United States. The negotiated terms of the stock purchase agreement among Elf Aquitaine Inc., Legacy Site Services and Arkema Participations (which absorbed Arkema Amériques SAS in 2023), dated 7 March 2006 (the Arkema Delaware Main SPA) required Elf Aquitaine Inc. to use US$270 million to capitalize a new subsidiary, Legacy Site Services LLC, to perform remediation services and indemnify the Group against the cost of environmental contamination liabilities incurred by the Group entities covered by this indemnity, and related personal injury and property damage claims associated with contamination at 35 of the Group's closed and formerly operated facilities and 24 third party sites where the Group's liability arises solely out of waste shipments from the sites other than currently operated sites. In exchange for this indemnification, Arkema Participations (which absorbed Arkema Amériques SAS in 2023) agreed to grant to Legacy Site Services LLC control over remediation activities and the defense of claims relating to contamination liabilities at these facilities and sites.

The sites currently operated by the Group are excluded from this indemnity, as are sites that received waste associated with current operations of the Group, certain sites where no significant restoration work is currently underway or anticipated, and other sites where the Group could be held liable for environmental pollution. These other sites include, for example, sites where remediation has been conducted in the past or where future remediation costs or liability are believed to be insignificant or non-existent based upon information available at the time when the indemnity was entered into. Arkema Participations (which absorbed Arkema Amériques SAS in 2023) has waived any claims against Legacy Site Services LLC, TotalEnergies SE or their respective subsidiaries in respect of the sites not covered by the indemnity.

The Legacy Site Services LLC indemnity covers the costs of restoration and clean-up of the soil and groundwater, the costs of related defense and settlement costs and personal injury, property and natural resource damages. The indemnity does not cover liabilities unrelated to site remediation, in particular liabilities in respect of products manufactured on the said sites, liability arising from certain dangerous and potentially dangerous substances, particularly asbestos exposure, and criminal liability.

The indemnity described above is capped at US$270 million. The amount received by Arkema under this indemnity amounts to US$184 million. At the same time as the stock purchase agreement and the indemnity described above, Legacy Site Services LLC and Arkema Inc. entered into a supplemental contamination indemnity agreement pursuant to which Legacy Site Services LLC will indemnify the liabilities of the Group in excess of US$270 million, on the same terms, for the same sites and subject to the same exceptions as the indemnity described in the preceding paragraph.

Note 12 Financing, financial instruments and risk management

12.1 Financial result

Financial result includes the cost of debt adjusted for capitalized financial expenses, and as regards provisions for pensions and employee benefits, the interest cost, the expected return on plan assets and the actuarial gains and losses related to changes in the discount rate on other long-term benefits. It also includes the portion of foreign exchange gains and losses corresponding to the interest income/expense reflected by the difference between the spot exchange rate and the forward exchange rate, and the foreign exchange gain/loss on unhedged financing.

(In millions of euros)	2024	2023
Cost of debt	(29)	(23)
Spot/forward exchange rate difference and foreign exchange gain/loss on unhedged financing	(28)	(27)
Financial income/expenses on provisions for pensions and employee benefits	(15)	(18)
Capitalized interest	9	5
Interest expenses on leases	(10)	(7)
Other	0	0
FINANCIAL RESULT	**(73)**	**(70)**

In 2024, the change in the cost of debt is linked to the additional cost of new bonds issued during the year offset by investment income.

12.2 Financial assets and liabilities

Financial assets and liabilities principally comprise:

- other investments;
- loans and financial receivables, included in other non-current assets;
- accounts receivable;
- cash and cash equivalents;
- debt and other financial liabilities (including accounts payable); and
- derivatives, reported in other current assets and liabilities.

Other investments

These securities are recognized at fair value in accordance with IFRS 9. In cases where fair value cannot be reliably determined, they are recognized at their historical cost. At the date of application of IFRS 9, the Group opted to record changes in the fair value of unconsolidated investments in "Other comprehensive income", except for investments in the process of liquidation at that date.

In general, other investments acquired by the Group are strategic investments to prepare the Group's long-term development, and are therefore classified as assets/liabilities measured at fair value through other comprehensive income. Nonetheless, in application of IFRS 9 criteria for classification of investments, for investments due to be sold the Group can opt to recognize changes in fair value in profit and loss.

Loans and financial receivables

These financial assets are recognized at amortized cost. They are subject to impairment tests involving a comparison of their carrying amount to the present value of estimated recoverable future cash flows. These tests are carried out as soon as any indicator inferring that the present value of these assets is lower than their carrying amount is identified. As a minimum such tests are performed at each balance sheet date. Any impairment loss is recognized in recurring operating income.

Accounts receivable

Accounts receivable are initially recognized at their fair value. Subsequent to initial recognition, they are recognized at amortized cost. If required, a bad debt provision is recognized on the basis of the risk of non-recovery of the receivables.

Cash and cash equivalents

Cash and cash equivalents are liquid assets and assets which can be converted into cash within less than three months that are subject to a negligible risk of change in value.

Non-current and current debt (including accounts payable)

Non-current and current debt (other than derivatives) is recognized at amortized cost.

Derivatives

The Group may use derivatives to manage its exposure to foreign currency risks and risks of changes in the prices of raw materials and energy. Derivatives used by the Group are recognized at their fair value in the balance sheet, in accordance with IFRS 9. The fair value of these unlisted derivatives is determined by reference to current prices for contracts with similar maturity. They therefore correspond to the "Level 2" category defined in IFRS 7.

Changes in the fair value of these derivatives are recognized within operating income and, for foreign currency instruments, in financial result for the portion of foreign exchange gains and losses corresponding to the interest income/expense reflected by the differences between the spot exchange rate and the forward exchange rate, except for those on instruments which are considered to meet the criteria for cash flow hedge accounting or hedge accounting of a net investment in a foreign operation under IFRS 9.

For items that qualify for cash flow hedge accounting, the effective portion of the change in fair value is recognized in shareholders' equity under the "Total income and expenses recognized directly through equity" caption until such time as the underlying hedged item is recognized through the income statement. Any ineffective portion is recognized in operating income.

A hedge of a net investment in a foreign operation hedges the exposure to foreign exchange risk of the net assets of the foreign operation (IAS 21 "The effects of changes in foreign exchange rates"). The effects of this hedge are recorded directly in shareholders' equity under the "Total income and expenses recognized directly through equity" caption.

12.2.1 Financial assets and liabilities by accounting category

2024

IFRS 9 category: Class of instrument *(In millions of euros)*	Notes	Assets/ liabilities measured at fair value through profit or loss	Assets/liabilities measured at fair value through other comprehensive income	Assets/ liabilities measured at amortized cost	Total net carrying amount	Fair value level**
Other investments	*(10.3)*	—	50	—	50	3
Other non-current assets (loans and advances, security deposits paid)	*(10.4)*	—	4	223	227	1 and 2
Accounts receivable	*(6.2)*	—	—	1,312	1,312	N/A
Cash and cash equivalents	*(12.4)*	2,013	—	—	2,013	1
Derivatives *	*(12.2.2)*	8	12	—	20	2
FINANCIAL ASSETS		**2,021**	**66**	**1,535**	**3,622**	
Current and non-current debt	*(12.3)*	—	—	4,554	4,554	N/A
Accounts payable	*(6.2)*	—	—	1,074	1,074	N/A
Derivatives *	*(12.2.2)*	11	21	—	32	2
FINANCIAL LIABILITIES		**11**	**21**	**5,628**	**5,660**	

* *Derivatives are carried in the balance sheet in the lines "Current financial derivative assets" and "Current financial derivative liabilities".*
** *The fair value hierarchy is as follows:*
- *Level 1: assumptions based on quoted prices in active markets for identical assets or liabilities;*
- *Level 2: assumptions based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability;*
- *Level 3: assumptions based on unobservable inputs for the asset or liability.*

2023

IFRS 9 category: Class of instrument *(In millions of euros)*	Notes	Assets/ liabilities measured at fair value through profit or loss	Assets/liabilities measured at fair value through other comprehensive income	Assets/ liabilities measured at amortized cost	Total net carrying amount	Fair value level**
Other investments	*(10.3)*	—	52	—	52	3
Other non-current assets (loans and advances, security deposits paid)	*(10.4)*	—	2	154	156	1 and 2
Accounts receivable	*(6.2)*	—	—	1,261	1,261	N/A
Cash and cash equivalents	*(12.4)*	2,045	—	—	2,045	1
Derivatives*	*(12.2.2)*	16	16	—	32	2
FINANCIAL ASSETS		**2,061**	**70**	**1,415**	**3,546**	
Current and non-current debt	*(12.3)*	—	—	4,275	4,275	N/A
Accounts payable	*(6.2)*	—	—	1,036	1,036	N/A
Derivatives*	*(12.2.2)*	5	22	—	27	2
FINANCIAL LIABILITIES		**5**	**22**	**5,311**	**5,338**	

* *Derivatives are carried in the balance sheet in the lines "Current financial derivative assets" and "Current financial derivative liabilities".*
** *The fair value hierarchy is as follows:*
- *Level 1: assumptions based on quoted prices in active markets for identical assets or liabilities;*
- *Level 2: assumptions based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability;*
- *Level 3: assumptions based on unobservable inputs for the asset or liability.*

At 31 December 2024, as at 31 December 2023, the fair value of financial assets and liabilities is approximately equal to the net carrying amount, except in the case of bonds.

12.2.2 Derivatives

The main derivatives used by the Group are as follows:

(In millions of euros)	Notional amount of contracts at 31 December 2024			Notional amount of contracts at 31 December 2023			Fair value of contracts	
	< 1 year	< 5 years and > 1 year	> 5 years	< 1 year	< 5 years and > 1 year	> 5 years	31 December 2024	31 December 2023
Forward foreign currency contracts	2,029	0	—	2,018	3	—	17	26
Commodities and energy swaps	45	67	8	46	34	11	(5)	(21)
TOTAL	**2,074**	**67**	**8**	**2,064**	**37**	**11**	**12**	**5**

12.2.3 Impact of financial instruments on the income statement

The income statement includes the following items related to financial assets (liabilities):

(In millions of euros)	2024	2023
Total interest income (expenses) on financial assets and liabilities*	(20)	(18)
Impact on the income statement of valuation of derivatives at fair value	(14)	6
Impact on the income statement of operations on other investments	11	7

* *Excluding interest costs on pension obligations and the expected return on related plan assets.*

The amount of foreign exchange gains and losses recognized in recurring operating income in 2024 is a positive €7 million (positive €24 million in 2023).

12.2.4 Impact of financial instruments on shareholders' equity

At 31 December 2024, the impact of financial instruments net of deferred taxes on the Group's shareholders' equity is a negative €4 million (negative €42 million at 31 December 2023), essentially reflecting the net-of-tax fair value of foreign currency and commodity hedges.

12.3 Debt

Group net debt amounted to €2,541 million at 31 December 2024, taking account of cash and cash equivalents of €2,013 million.

12.3.1 Analysis of net debt by category

(In millions of euros)	31 December 2024	31 December 2023
Bonds	3,280	3,486
Bank loans	71	70
Other non-current debt	21	22
Non-current debt excluding IFRS 16 debt	**3,372**	**3,578**
Bonds	700	—
Syndicated credit facility	—	—
Negotiable European Commercial Paper	—	389
Other bank loans	47	45
Other current debt	58	40
Current debt excluding IFRS 16 debt	**805**	**474**
Debt excluding IFRS 16 debt	**4,177**	**4,052**
Non-current IFRS 16 debt	308	156
Current IFRS 16 debt	69	67
Debt	**4,554**	**4,275**
Cash and cash equivalents	2,013	2,045
NET DEBT (1)	**2,541**	**2,230**

(1) *Alternative performance indicator: please refer to note 4 to the consolidated financial statements at 31 December 2024 in section 5.3.3 of this document.*

Bonds

- In January 2015, the Group issued a €700 million bond that will mature on 20 January 2025, with a fixed coupon of 1.50%.

  At 31 December 2024, the fair value of this bond is €699 million.
- In April 2017, the Group issued a €700 million bond that will mature on 20 April 2027, with a fixed coupon of 1.50%. A further €200 million tap issue was undertaken in June 2017, bringing the total amount of this bond issue to €900 million.

  At 31 December 2024, the fair value of this bond is €875 million.
- In December 2019, the Group issued a €500 million bond that will mature on 3 December 2029, with a fixed coupon of 0.75%.

  At 31 December 2024, the fair value of this bond is €448 million.

In October 2020, the Group issued a €300 million green bond that will mature on 14 October 2026, with a fixed coupon of 0.125%. This bond is entirely dedicated to the financing of Arkema's new, world-scale plant in Singapore to manufacture 100% bio-based Rilsan® polyamide 11.

At 31 December 2024, the fair value of this bond is €287 million.

- In January 2023, the Group issued a €400 million bond that will mature on 23 January 2031, with a fixed coupon of 3.50%.

  At 31 December 2024, the fair value of this bond is €403 million.
- In November 2023, the Group issued a €700 million bond that will mature on 20 May 2030, with a fixed coupon of 4.25%.

  At 31 December 2024, the fair value of this bond is €733 million.
- In September 2024, the Group issued a €500 million bond that will mature on 12 September 2034, with a fixed coupon of 3.50%.

  At 31 December 2024, the fair value of this bond is €496 million.

These issues are part of the Group's Euro Medium Term Notes (EMTN) program introduced in October 2013.

Negotiable European Commercial Paper

In April 2013, the Group introduced an annually renewed Negotiable European Commercial Paper program. The maximum amount of this debt program is €2 billion.

No issues are outstanding as part of this program at 31 December 2024.

Syndicated line of credit

On 28 July 2022, the Group amended and extended its syndicated line of credit maturing on 29 July 2024. The amount was increased to €1.1 billion and the maturity extended to 28 July 2027 with two one-year extension options subject to lender approval. The second option was exercised in July 2024, extending maturity to 28 July 2029.

The cost of the credit line is linked to three key CSR criteria for the Group: greenhouse gas emissions, volatile organic compound emissions and the total recordable injury rate (TRIR). These indicators are calculated each year.

This line is intended to finance the general needs of the Group and serves as a back-up facility for the short-term negotiable securities program.

IFRS 16 debt

The maturities of the Group's future lease payments, at non-discounted value, are presented in note 9.4 “IFRS 16 leases: rights of use and IFRS 16 debt”.

12.3.2 Analysis of debt excluding IFRS 16 debt by currency

The Arkema Group's debt excluding IFRS 16 debt is mainly denominated in euros.

(In millions of euros)	31 December 2024	31 December 2023
Euros	4,047	3,922
South Korean won	88	105
US Dollars	11	12
Other	31	13
TOTAL DEBT EXCLUDING IFRS 16 DEBT	**4,177**	**4,052**

Part of the debt in euros is converted through swaps to the accounting currency of internally financed subsidiaries, in line with the Group's policy. At 31 December 2024, the swapped portion, mainly in US dollars, represented approximately 20% of gross debt excluding IFRS 16 debt.

12.3.3 Analysis of debt excluding IFRS 16 debt by maturity

The breakdown of debt by maturity, excluding IFRS 16 debt and including interest costs, is as follows:

(In millions of euros)	31 December 2024	31 December 2023
Less than 1 year	846	517
Between 1 and 2 years	382	778
Between 2 and 3 years	989	365
Between 3 and 4 years	68	965
Between 4 and 5 years	631	51
More than 5 years	1,749	1,673
TOTAL DEBT EXCLUDING IFRS 16 DEBT	**4,665**	**4,349**

12.3.4 Changes in liabilities from financing activities

(In millions of euros)	31 December 2023	Changes in scope	Monetary flows in the cash flow statement (financing activities)	Translation adjustments	Non-current/ current reclassifications	Other non-monetary flows	31 December 2024
Non-current debt excluding IFRS 16 debt	3,578	—	502	(7)	(701)	—	3,372
Current debt excluding IFRS 16 debt	474	—	(360)	(10)	701	—	805
IFRS 16 debt	223	—	(97)	10	—	241	377
Cash and cash equivalents	2,045	6	(26)	(12)	—	—	2,013
NET DEBT [(a)]	**2,230**	**(6)**	**71**	**5**	**0**	**241**	**2,541**

(a) Alternative performance indicator: see note 4 for concordance tables and definitions.

12.4 Cash and cash equivalents

(In millions of euros)	31 December 2024	31 December 2023
Short-term cash advances	6	5
Money market funds	1,124	1,373
Available cash	883	667
CASH AND CASH EQUIVALENTS	**2,013**	**2,045**

12.5 Interest paid and received

Additional information on the amounts of interest received and paid included in cash flow from operating activities is shown below:

(In millions of euros)	31 December 2024	31 December 2023
Interest paid	71	48
Interest received	(19)	(11)

12.6 Management of risks related to financial assets and liabilities

The Arkema Group's businesses expose it to various risks, including market risks (risk of changes in exchange rates, interest rates and the prices of raw materials, energy and equities), credit risk and liquidity risk.

12.6.1 Foreign currency risk

The Group is exposed to transaction risks and translation risks related to foreign currencies.

The Group hedges the transaction risk mainly through spot foreign currency transactions or through forward transactions over short maturities generally not exceeding two years.

The fair value of the Group's forward foreign currency contracts is a negative €16 million.

In 2024, the euro/US dollar exchange rate changed from 1.1050 at 31 December 2023 to 1.0389 at 31 December 2024.

The amount of foreign exchange gains and losses recognized in recurring operating income excluding other income and expenses in 2024 is a net gain of €7 million (net gain of €24 million in 2023).

The portion of foreign exchange gains and losses corresponding to the interest income/expense reflected by the difference between the spot exchange rate and the forward exchange rate recorded in financial result amounts to a net loss of €28 million in 2024 (net loss of €27 million in 2023).

The translation effect of a 10% change in the euro/US dollar exchange rate would have an estimated impact on 2024 recurring operating income excluding other income and expenses of around €40 million (around €45 million in 2023).

At 31 December 2024, the Group's balance sheet exposure in transaction currencies other than the euro is as follows:

Group exposure to operating foreign currency risk *(In millions of euros)*	USD	KRW	CNY	Other currencies
Accounts receivable	415	12	123	126
Accounts payable	(97)	(12)	(72)	(54)
Bank balances and loans/borrowings	(135)	(104)	75	64
Off-balance sheet commitments (forward currency hedging)	(1,217)	0	109	(292)
NET EXPOSURE	**(1,034)**	**(104)**	**235**	**(156)**

This net exposure comprises all Group companies' outstanding amounts stated in any of the above currencies, whether their accounting currency is one of those currencies or a different currency.

12.6.2 Interest rate risk

Exposure to interest rate risk is managed by the Group's Central Treasury department and simple derivatives are used as hedging instruments. The Group has not entered into any interest rate hedges at 31 December 2024.

An increase (decrease) of 1% (100 basis points) in interest rates would have the effect of increasing (decreasing) the interest on net debt by €8 million.

At 31 December 2024, debt excluding IFRS 16 debt is distributed between variable and fixed rates as follows:

	Variable rates	**Fixed rates**		
(In millions of euros)	Overnight-1 year	1-5 years	Over 5 years	**Total**
Current and non-current debt (excluding IFRS 16 debt)	(799)	(1,770)	(1,608)	(4,177)
Cash and cash equivalents	2,013	—	—	2,013
Net exposure before hedging	1,214	(1,770)	(1,608)	(2,164)
Hedging instruments	—	—	—	—
Off-balance sheet items	—	—	—	—
NET EXPOSURE AFTER HEDGING	**1,214**	**(1,770)**	**(1,608)**	**(2,164)**

12.6.3 Liquidity risk

The Group's Central Treasury department manages the liquidity risk associated with the Group's debt.

Liquidity risk is managed with the main objective of providing the Group with sufficient financial resources to honor its commitments, and, in the context of meeting this objective, optimizing the annual cost of the debt.

In almost all cases, Group companies obtain their financing from, and manage their cash with, Arkema France or other Group entities that manage cash pooling mechanisms.

The Group reduces the liquidity risk by spreading maturities, favoring long maturities and diversifying its sources of financing. At 31 December 2024, the Group thus has:

- a €700 million bond maturing on 20 January 2025;
- a €300 million bond maturing on 14 October 2026;
- a €900 million bond maturing on 20 April 2027;
- a €500 million bond maturing on 3 December 2029;
- a €700 million bond maturing on 20 May 2030;
- a €400 million bond maturing on 23 January 2031;
- a €500 million bond maturing on 12 September 2034; and
- a €1.1 billion syndicated credit facility maturing on 28 July 2029. This credit facility is used particularly as a substitute line for the Negotiable European Commercial Paper program (see note 12.3 “Debt”).

At 31 December 2024, the Group's debt maturing in more than one year is rated BBB+/positive outlook by Standard & Poor's and Baa1/stable outlook by Moody's.

Negotiable European Commercial Paper issues are rated A-2 by Standard & Poor's.

The Group's net debt at 31 December 2024 amounts to €2,541 million and represents 1.7 times the consolidated EBITDA for the year 2024.

At 31 December 2024, the amount of the unused syndicated credit facility is €1.1 billion and the amount of cash and cash equivalents is €2,013 million.

Note 12.3 "Debt" provides details of the maturities of debt.

12.6.4 Credit risk

The Group is potentially exposed to credit risk on its accounts receivable and as regards its banking counterparties.

Credit risk on accounts receivable is limited because of the large number of its customers and their geographical dispersion. No customer represented more than 4% of Group sales in 2024. The Group's general policy for managing credit risk involves assessing the solvency of each new customer before entering into business relations: each customer is allocated a credit limit, which constitutes the maximum level of outstandings (receivables plus orders) accepted by the Group, on the basis of the financial information obtained on the customer and the analysis of solvency carried out by the Group. These credit limits are revised regularly and, in any case, every time that a material change occurs in the customer's financial position. Customers who cannot obtain a credit limit because their financial position is not compatible with the Group's requirements in terms of solvency only receive deliveries when they have paid for their order.

For several years, the Group has covered its accounts receivable credit risk through a global credit insurance program. Given the statistically low bad debt rate experienced by the Group, the rate of cover is significant. Customers with whom the Group wishes to continue commercial relations but which are not covered by this insurance are subject to specific centralized monitoring.

In addition, the Group's policy for recognizing bad debt provisions in respect of receivables not covered by credit insurance, or the portion of receivables that are not so covered, has three components: receivables are individually provided against as soon as a specific risk of loss (economic and financial difficulties of the customer in question, entry into receivership, etc.) is clearly identified. The Group may also recognize general provisions for receivables that are overdue for such a period that the Group considers that a statistical risk of loss exists. These periods are adapted depending on the Business Lines and the geographical regions in question. Finally, the Group makes sure that the provisions determined in this way are not lower than expected credit losses, which are estimated based on individual credit scores for customers, multiplied by coefficients for the probability of default.

At 31 December 2024, the maturity status of accounts receivable net of provisions is as follows:

Accounts receivable net of provisions *(In millions of euros)*	**31 December 2024**	31 December 2023
Receivables not yet due	1,224	1,141
Receivables overdue by 1-15 days	58	75
Receivables overdue by 16-30 days	12	14
Receivables overdue by more than 30 days	18	31
TOTAL NET RECEIVABLES	**1,312**	**1,261**

Banking credit risk is related to financial investments, derivatives and credit facilities granted by banks. The Group limits its exposure to credit risk by only investing in liquid securities with first-class commercial banks.

The net carrying amount of financial assets indicated in note 12.2.1 "Financial assets and liabilities by accounting category" represents the maximum exposure to credit risk.

12.6.5 Risk related to raw materials and energy

The prices of certain raw materials used by the Group can be highly volatile, with fluctuations leading to significant variations in the cost price of the Group's products; in addition, because certain of its manufacturing processes have significant requirements in terms of energy resources, the Group is also sensitive to changes in the price of energy.

In order to limit the impact of the price volatility of the principal raw materials it uses, the Group may decide to use derivatives matched with existing contracts, or negotiate fixed price contracts for limited periods.

Recognition of these derivatives resulted in an expense of €8 million in the income statement at 31 December 2024 (expense of €12 million at 31 December 2023).

12.6.6 Equity risk

At 31 December 2024, the Company holds 257,160 of its own shares in treasury. These shares are used either to cover its free share grant plans or are held as part of the liquidity agreement.

In compliance with IAS 32, changes in share price have no impact on the Group's consolidated net assets.

The equity risk is not material for the Company.

Note 13 Shareholders' equity and earnings per share

At 31 December 2024, Arkema's share capital amounted to €761 million, divided into 76,060,831 shares with a par value of €10.

13.1 Changes in share capital and paid-in surplus

	2024	2023
Number of shares at 1 January	**75,043,514**	**75,043,514**
Issuance of shares following the capital increase reserved for employees	1,017,317	—
Issuance of shares following the exercise of subscription options	—	—
Share capital reduction	—	—
Number of shares at 31 December	**76,060,831**	**75,043,514**

13.2 Hybrid bonds

At 31 December 2024, the total nominal value of Arkema's perpetual hybrid bonds is €700 million. The breakdown is as follows:

Issue date	Nominal value *(in millions)*	Currency	Redemption option	Annual coupon rate
21 January 2020	300	EUR	6 years	1.50%
25 March 2024	400	EUR	5 years	4.80%

Arkema has an option to defer payment of coupons for the above bonds.

In accordance with IAS 32, when there is an unconditional right to avoid delivering cash or another financial asset in the form of repayment of principal or interest, an instrument is recognized in shareholders' equity. In application of this principle, the hybrid bonds are recorded in shareholders' equity, and the coupons paid are recorded as dividends in the Group's consolidated financial statements.

13.3 Treasury shares

The Company bought back 330,266 treasury shares in 2024 (excluding the liquidity agreement). In addition, 376,226 free shares vested to Arkema Group employees (see note 7.4 "Share-based payments").

On 1 October 2024, Arkema appointed Natixis Oddo BHF to implement a liquidity and market surveillance agreement for its ordinary shares, for a period of one year, tacitly renewable.

As part of the liquidity agreement, the Company bought back 688,232 shares and sold 614,013 shares during the year.

	2024	2023
Number of treasury shares at 1 January	228,901	231,087
Purchase of treasury shares (excluding liquidity agreement)	330,266	357,726
Liquidity agreement*	74,219	—
Grants of treasury shares	(376,226)	(359,912)
Share capital reduction	—	—
Number of treasury shares at 31 December	257,160	228,901

* *Position at 27 December 2024 to take account of the settlement-delivery deadline of 2 working days.*

13.4 Dividends

The combined annual general meeting of 15 May 2024 approved the distribution of a €3.50 dividend per share in respect of the 2023 financial year, or a total amount of €261 million. This dividend was paid out on 21 May 2024.

The Board of Directors has decided to propose a dividend of €3.60 per share to the annual general meeting to be held on 22 May 2025.

13.5 Non-controlling interests

Non-controlling interests mainly correspond to minority interests in PI Advanced Materials for an amount of €217 million at 31 December 2024.

13.6 Translation adjustments

The change in translation adjustments recognized in other recyclable comprehensive income mainly comprises the impacts of movements in the USD-EUR exchange rate.

13.7 Earnings per share

In accordance with IAS 33, the earnings per share and diluted earnings per share are calculated based on net income (Group share) less the net-of-tax interest paid to bearers of subordinated perpetual notes (hybrid bonds).

After this adjustment, the net income (Group share) is divided by the weighted average number of ordinary shares outstanding since the start of the year to calculate the earnings per share.

Diluted earnings per share corresponds to earnings per share adjusted for the dilutive effect of all potential ordinary shares.

	2024	2023
Weighted average number of ordinary shares	74,869,439	74,647,205
Dilutive effect of stock options	0	0
Dilutive effect of free share grants	335,298	396,309
Weighted average number of potential ordinary shares	75,204,737	75,043,514

(In millions of euros)	2024	2023
Net income – Group share	354	418
Interest on subordinated perpetual notes, net of tax	(16)	(16)
Net income used in calculating earnings per share	338	402

	2024	2023
Earnings per share *(in euros)*	4.51	5.39
Diluted earnings per share *(in euros)*	4.49	5.36

Note 14 Statutory auditors' fees

	KPMG		Ernst & Young	
(In millions of euros)	2024	2023	2024	2023
Statutory audit, review of the individual and consolidated financial statements	**2.4**	**2.5**	**2.6**	**2.6**
Issuer	0.7	0.7	0.7	0.6
Fully consolidated subsidiaries	1.7	1.8	1.9	2.0
Other non-audit services*	**0.2**	**0.2**	**0.2**	**0.1**
Issuer	0.1	0.1	0.1	0.1
Fully consolidated subsidiaries	0.1	0.1	0.1	—
Fees for the audit of sustainability information**	**0.3**	**—**	**—**	**—**
SUBTOTAL	**2.9**	**2.7**	**2.8**	**2.7**
Other services provided by the networks to fully consolidated subsidiaries	**—**	**—**	**—**	**—**
TOTAL	**2.9**	**2.7**	**2.8**	**2.7**

* *In application of an internal rule validated by the Audit Committee, the amount of fees for other due diligence work and services directly related to the auditors' engagement cannot exceed 30% of fees for the audit of the individual and consolidated financial statements.*

** *The fees for Forvis Mazars in its capacity as joint statutory auditor responsible for certifying sustainability information amounted to €0.2 million in 2024.*

Note 15 Subsequent events

On 21 January 2025, Arkema France presented to the Central Works Council a project to reorganize the activities of its Jarrie site in order to ensure its future by refocusing on the hydrogen peroxide, chlorate and perchlorate activities, sectors in which Arkema is one of the world leaders. The Jarrie site has been impacted since 23 October 2024, by the abrupt cessation of its salt supply by its historical supplier Vencorex, which has been placed in receivership by its Thai shareholder PTT GC. This project, which will allow the consolidation and development of Jarrie's major product lines, would result in the shutdown of the chlorine, soda, methyl chloride and technical fluids production activities and the loss of 154 jobs.

Note 16 List of consolidated companies

The percentage of control indicated below also corresponds to the Group's ownership interest.

AEC Polymers		France	100.00	FC
Afinitica Technologies, S.L.		Spain	100.00	FC
Agiplast Italia S.r.l.		Italy	100.00	FC
American Acryl LP		United States	50.00	JO
American Acryl NA, LLC		United States	50.00	JO
Arkema Co., Ltd.		South Korea	100.00	FC
Arkema		France		FC
Arkema Adesivi Srl	(d)	Italy	100.00	FC
Arkema Antwerp		Belgium	100.00	FC
Arkema Argentina S.A.U.		Argentina	100.00	FC
Arkema B.V.		Netherlands	100.00	FC
Arkema Canada Inc.		Canada	100.00	FC
Arkema (Changshu) Chemicals Co., Ltd.	(b)	China	100.00	FC
Arkema (Changshu) Specialty Materials Co., Ltd	(a)	China	100.00	FC
Arkema Chemicals India Private Limited		India	100.00	FC
Arkema (Changshu) Polyamides Co., Ltd.	(b)	China	100.00	FC
Arkema (China) Investment Co., Ltd.		China	100.00	FC
Arkema Coatex Brasil Indústria e Comércio Ltda.		Brazil	100.00	FC
Arkema Coating Resins Malaysia Sdn. Bhd.		Malaysia	100.00	FC
ARKEMA UK LIMITED		United Kingdom	100.00	FC
Arkema Company Limited		Hong Kong	100.00	FC
Arkema Delaware Inc.		United States	100.00	FC
Arkema France		France	100.00	FC
Arkema GmbH		Germany	100.00	FC
Arkema Hydrogen Peroxide Co., Ltd. Shanghai		China	66.67	FC
Arkema Inc.		United States	100.00	FC
Arkema Insurance Designated Activity Company		Ireland	100.00	FC
Arkema K.K.		Japan	100.00	FC
Arkema Kimya Sanayi ve Ticaret AS		Turkey	100.00	FC
Arkema Korea Holding Co., Ltd.		South Korea	100.00	FC
ARKEMA Holding Limited		United Kingdom	100.00	FC
ARKEMA Magyarorszag Kereskedelmi korlatolt	(d)	Hungary	100.00	FC
Arkema Mexico S.A. de C.V.		Mexico	100.00	FC
Arkema Participations		France	100.00	FC
Arkema Peroxides India Private Limited		India	100.00	FC
Arkema Pte. Ltd.		Singapore	100.00	FC
Arkema Pty Ltd.		Australia	100.00	FC
Arkema Quimica SAU		Spain	100.00	FC
Arkema Chemicals Saudi Arabia		Saudi Arabia	65.00	FC
Arkema (Shanghai) Distribution Co., Ltd.		China	100.00	FC
Arkema Sp. z.o.o		Poland	100.00	FC
Arkema S.r.l.		Italy	100.00	FC
ARKEMA S.r.o	(d)	Czech Republic	100.00	FC
Arkema (Suzhou) Polyamides Co., Ltd.		China	100.00	FC
Arkema Taixing Chemicals Co., Ltd.		China	100.00	FC
Arkema Thiochemicals Sdn Bhd		Malaysia	86.00	FC
Arkema Yoshitomi Ltd.		Japan	49.00	SI
AMP Trucking, Inc.		United States	100.00	FC
ARR MAZ GLOBAL HOLDINGS, S.L.		Spain	100.00	FC
ARR-MAZ Brazil LLC		United States	100.00	FC

ArrMaz Chemicals (Yunnan) Co., Ltd.		China	100.00	FC
ArrMaz China, LLC		United States	100.00	FC
ARR-MAZ DO BRASIL LTDA.		Brazil	99.99	FC
ArrMaz Gulf Chemicals Ltd.		Saudi Arabia	100.00	FC
ARRMAZ MOROCCO SARLAU		Morocco	100.00	FC
ArrMaz Morocco, LLC		United States	100.00	FC
ArrMaz Products Inc.		United States	100.00	FC
ArrMaz Speciality Chemicals, Inc.		United States	100.00	FC
ARRMAZ TECHNOLOGY AFRICA, SARL		Morocco	100.00	FC
A/S LIP Bygningsartikler. Nørre Aaby		Denmark	100.00	FC
Barrflex TU LL	(g)	United States	49.00	JV
Bostik Aktiebolag		Sweden	100.00	FC
Bostik Adhesives Limited		United Kingdom	100.00	FC
Bostik Argentina S. A.		Argentina	100.00	FC
Bostik A/S		Denmark	100.00	FC
Bostik AS		Norway	100.00	FC
Bostik Australia Pty Ltd.		Australia	100.00	FC
Bostik Belux S.A. – N.V.	(b)	Belgium	100.00	FC
Bostik Benelux B.V.		Netherlands	100.00	FC
Bostik B.V.		Netherlands	100.00	FC
Bostik Canada Ltd.		Canada	100.00	FC
Bostik Egypt for the production of adhesive materials (Bostik Egypt) S.A.E.		Egypt	100.00	FC
Bostik Findley (China) Co., Ltd		China	100.00	FC
Bostik Malaysia SdN Bhd		Malaysia	100.00	FC
Bostik GmbH		Germany	100.00	FC
Bostik Hellas S.A.		Greece	100.00	FC
Bostik Holding Hong Kong Ltd.	(c)	Hong Kong	100.00	FC
Bostik Holding		France	100.00	FC
Bostik, Inc.		United States	100.00	FC
Bostik India Private Limited		India	100.00	FC
Bostik Industries Limited		Ireland	100.00	FC
Bostik Kimya Sanayi Ve Ticaret A.S		Turkey	100.00	FC
Bostik Korea Limited		South Korea	100.00	FC
Bostik Limited		United Kingdom	100.00	FC
Bostik Mexicana S.A. de C.V.		Mexico	100.00	FC
Bostik Nederland B.V.		Netherlands	100.00	FC
Bostik New Zealand Limited		New Zealand	100.00	FC
Bostik-Nitta Co., Ltd.		Japan	80.00	FC
Bostik L.L.C.		Russia	100.00	FC
Bostik OY		Finland	100.00	FC
Bostik Philippines Inc.		Philippines	100.00	FC
Bostik Portugal Unipessoal Lda		Portugal	100.00	FC
Bostik Romania S.r.l		Romania	100.00	FC
Bostik SA		France	100.00	FC
Bostik Schweiz AG	(b)	Switzerland	100.00	FC
Bostik S.A.		Spain	100.00	FC
Bostik (Shanghai) Management Co., Ltd.		China	100.00	FC
BOSTIK SOUTH AFRICA (PTY) LTD		South Africa	100.00	FC
Bostik Sp. z.o.o.		Poland	100.00	FC
Bostik (Thailand) Co., Ltd		Thailand	100.00	FC
Bostik Vietnam Company Limited		Vietnam	100.00	FC
Casda Biomaterials Co., Ltd	(g)	China	100.00	FC
Changshu Coatex Additives Co., Ltd.	(b)	China	100.00	FC
CJ Bio Malaysia Sdn. Bhd.		Malaysia	14.00	SI

Coatex Asia- Pacific, Inc.	(g)	South Korea	100.00	FC
Coatex CEE s.r.o	(c)	Slovakia	100.00	FC
Coatex Inc.		United States	100.00	FC
Coatex Netherlands B.V.		Netherlands	100.00	FC
Coatex		France	100.00	FC
CRACKLESS MONOMER Co Ltd		Taiwan	51.00	FC
Den Braven SA (Pty) Ltd.		South Africa	100.00	FC
Delaware Chemicals Corporation		United States	100.00	FC
DIFI 13		France	100.00	FC
DIFI 14		France	100.00	FC
DIFI 16		France	100.00	FC
ERPRO 3D FACTORY		France	10.00	SI
FDM ARC Manufacturing Limited	(d)	Ireland	100.00	FC
FIXATTI		Belgium	100.00	FC
FIXATTI (CHINA) POLYMER SPECIALTIES Co LTD		China	100.00	FC
Fixatti Holding AG		Switzerland	100.00	FC
IDEAL WORK Srl		Italy	100.00	FC
Ishedu Agrochem Private Limited		India	24.90	SI
Jiangsu Bostik Adhesive Co., Ltd		China	100.00	FC
Lambson Limited		United Kingdom	100.00	FC
Lip Norge AS		Norway	100.00	FC
Lip Sverige AB		Sweden	100.00	FC
Michelet Finance, Inc.		United States	100.00	FC
MLPC International		France	100.00	FC
Ozark- Mahoning Company		United States	100.00	FC
PI Advanced Materials Co., Ltd		South Korea	54.07	FC
Polimeros Especiales, S.A. de C.V.		Mexico	100.00	FC
POLYTEC PT GmbH Polymere Technologien		Germany	100.00	FC
Prochimir		France	100.00	FC
Proionic GmbH	(d)	Austria	77.75	FC
PT.Bostik Indonesia		Indonesia	100.00	FC
Sartomer (Guangzhou) Chemicals Ltd.		China	100.00	FC
SDP Holding		Belgium	100.00	FC
Seki Arkema Co., Ltd.		South Korea	51.00	FC
Shanghai Zhiguan Polymer Materials Co. Ltd		China	100.00	FC
Siroflex Limited		United Kingdom	100.00	FC
Société Marocaine des Colles		Morocco	97.01	FC
Sovereign Chemicals Limited		United Kingdom	100.00	FC
Taixing Sunke Chemicals Co., Ltd.		China	100.00	FC
The LightLock Company Limited		Hong Kong	55.00	FC
Thermoplastic Powder Holding AG		Switzerland	100.00	FC
Turkish Products, Inc.		United States	100.00	FC
Usina Fortaleza Indústria E Comércio de Massa Fina Ltda.		Brazil	100.00	FC
Viking Chemical Company		United States	100.00	FC

(a) Companies that changed their name in the period.
(b) Companies merged in the period.
(c) Companies liquidated in the period.
(d) Companies consolidated for the first time in the period.
(e) Companies for which the percentage ownership changed in the period, with no change in control.
(f) Companies for which the percentage ownership changed in the period, with change in control.
(g) Companies deconsolidated in the period.
NB: FC: full consolidation.
JO: joint operation – consolidated based on shares of assets, liabilities, income and expenses.
JV: joint venture – consolidation by the equity method.
SI: significant influence – consolidation by the equity method.

5.4 Company's annual financial statements

5.4.1 Statutory auditors' report on the financial statements

KPMG S.A.

Tour Eqho
2, avenue Gambetta
CS 60055
92066 Paris-La Défense cedex
S.A. au capital de € 5 497 100
775 726 417 R.C.S. Nanterre

Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles et du Centre

ERNST & YOUNG Audit

Tour First
TSA 14444
92037 Paris-La Défense cedex
S.A.S. à capital variable
344 366 315 R.C.S. Nanterre

Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles et du Centre

This is a translation into English of the statutory auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English-speaking users. This statutory auditors' report includes information required by European regulations and French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to the shareholders. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Arkema

Year ended December 31, 2024

Statutory auditors' report on the financial statements

To the Annual General Meeting of Arkema,

Opinion

In compliance with the engagement entrusted to us by your Annual General Meetings, we have audited the accompanying financial statements of Arkema for the year ended December 31, 2024.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at December 31, 2024 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Statutory Auditors' Responsibilities for the Audit of the Financial Statements* section of our report.

Independence

We conducted our audit engagement in compliance with the independence requirements of the French Commercial Code (*Code de commerce*) and the French Code of Ethics for Statutory Auditors (*Code de déontologie de la profession de commissaire aux comptes*) for the period from January 1, 2024 to the date of our report, and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No. 537/2014.

Justification of Assessments - Key Audit Matters

In accordance with the requirements of Articles L. 821-53 and R. 821-180 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

Valuation of investments (Note D1 to the financial statements)

Risk identified	As at December 31, 2024, the investments recorded in the balance sheet at an amount of M€ 4,044 represent 44% of total assets. They are recognized in the balance sheet at the lower of their acquisition cost or value in use. Estimating the value in use of these investments requires Management's judgement in choosing the information to consider, which, depending on the case, can be historical elements (equity) or forecast elements (multiple, future cashflows). Given the weight of investments in the balance sheet and the importance of Management's judgement in determining the assumptions on which the estimates of the value in use are based, we considered the valuation of investments to be a key audit matter.
Our response	In order to assess the reasonableness of the estimates used to determine the value in use of the investments, our work consisted primarily in: a) For valuations based on historical elements: • assessing whether the equity used correspond to the annual financial statements of the entities that were audited. b) For valuations based on forecast elements: • examining that the estimates of the value in use that are used by Management are supported by an appropriate justification of the valuation method and of the figures used; • examining the continuation of the valuation method used; • examining the reconciliation of the data used in valuing the investments with the data from the accounting records, and verifying that the adjustments made, if applicable, to this data are based on appropriate documentation; • verifying the arithmetical accuracy of the calculations. Our work also consisted in comparing the information provided in the notes to the financial statements with that required by French accounting principles.

Specific Verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations.

Information given in the management report and in the other documents with respect to the financial position and the financial statements provided to the shareholders

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the Board of Directors' management report and in the other documents with respect to the financial position and the financial statements provided to the shareholders.

We attest the fair presentation and the consistency with the financial statements of the information relating to payment deadlines mentioned in Article D. 441-6 of the French Commercial Code (*Code de commerce*).

Report on Corporate Governance

We attest that the Board of Directors' Report on Corporate Governance sets out the information required by Articles L. 225-37-4 and L. 22-10-10 and L. 22-10-9 of the French Commercial Code (*Code de commerce*).

Concerning the information given in accordance with the requirements of Article L. 22-10-9 of the French Commercial Code (*Code de commerce*) relating to the remuneration and benefits received by, or allocated to the directors and any other commitments made in their favor, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from companies controlled thereby, included in the consolidation scope. Based on these procedures, we attest the accuracy and fair presentation of this information.

With respect to the information relating to items that your Company considered likely to have an impact in the event of a takeover bid or exchange offer, provided pursuant to Article L. 22-10-11 of the French Commercial Code (*Code de commerce*), we have agreed this information to the source documents communicated to us. Based on these procedures, we have no observations to make on this information.

Other information

In accordance with French law, we have verified that the required information concerning the identity of the shareholders and holders of voting rights has been properly disclosed in the management report.

Report on Other Legal and Regulatory Requirements

Format of preparation of the financial statements intended to be included in the annual financial report

We have also verified, in accordance with the professional standard applicable in France relating to the procedures performed by statutory auditors regarding the annual and consolidated financial statements prepared in the European single electronic format, that the preparation of the financial statements intended to be included in the annual financial report mentioned in Article L. 451-1-2, I of the French Monetary and Financial Code (*Code monétaire et financier*), prepared under the Chairman and Chief Executive Officer's responsibility, complies with the single electronic format defined in Commission Delegated Regulation (EU) No. 2019/815 of 17 December 2018.

On the basis of our work, we conclude that the preparation of the financial statements intended to be included in the annual financial report complies, in all material respects, with the European single electronic format.

We have no responsibility to verify that the financial statements that will ultimately be included by your Company in the annual financial report filed with the AMF (*Autorité des marchés financiers*) agree with those on which we have performed our work.

Appointment of the Statutory Auditors

We were appointed as statutory auditors of Arkema by your annual general meeting held on June 23, 2005 for KPMG S.A. and on May 10, 2006 for ERNST & YOUNG Audit.

As at December 31, 2024, KPMG S.A. was in the twentieth year of total uninterrupted engagement, including nineteen years since the securities of the Company were admitted to trading on a regulated market, and ERNST & YOUNG Audit was in the nineteenth year.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Financial Statements

Objectives and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

As specified in Article L. 821-55 of the French Commercial Code (*Code de commerce*), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management in the financial statements.

- Assesses the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit Committee

We submit to the Audit Committee a report which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report significant deficiencies, if any, in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France as set out in particular in Articles L. 821-27 to L. 821-34 of the French Commercial Code (*Code de commerce*) and in the French Code of Ethics for Statutory Auditors (*Code de déontologie de la profession de commissaire aux comptes*). Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris-La Défense, February 27, 2025

The Statutory Auditors

French original signed by

KPMG S.A.		ERNST & YOUNG Audit
Eric Dupré	François Quédiniac	Laurent Vitse

5.4.2 Parent company financial statements at 31 December 2024

BALANCE SHEET

ASSETS *(In millions of euros)*	Notes	31.12.2024 Gross	31.12.2024 Depreciation and impairment	31.12.2024 Net	31.12.2023 Net
Investments	*D1*	4,044	—	4,044	4,044
Other financial assets	*D1*	4,794	—	4,794	4,247
Total fixed assets		**8,838**	**—**	**8,838**	**8,291**
Advances		—	—	—	—
Trade receivables	*D2*	11	—	11	10
Other amounts receivable	*D2*	171	—	171	186
Subsidiary current accounts	*D2*	54	—	54	401
Treasury shares	*D2*	14	—	14	20
Cash and cash equivalents		—	—	—	—
Total current assets		**250**	**—**	**250**	**616**
Bond premium and issuing costs	*D2*	21	—	21	15
TOTAL ASSETS		**9,110**	**0**	**9,110**	**8,922**

LIABILITIES AND SHAREHOLDERS' EQUITY *(In millions of euros)*	Notes	31.12.2024 Net	31.12.2023 Net
Share capital		761	750
Paid-in surplus		1,117	1,067
Legal reserve		77	77
Retained earnings		1,809	1,721
Net income for the year		244	350
Total shareholders' equity	***D3***	**4,008**	**3,964**
Additional equity	***D4***	**700**	**700**
Provisions	***D5***	**49**	**62**
Bonds and other financial debt	*D 6-8*	4,076	3,934
Subsidiary current accounts	*D8*	138	119
Trade payables	*D8*	7	5
Tax and employee-related liabilities	*D8*	10	8
Other payables	*D8*	122	129
Total liabilities		**4,353**	**4,195**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**9,110**	**8,922**

Income statement

(In millions of euros)	Notes	2024	2023
Services billed to related companies	*D9*	148	124
Other purchases and external expenses		(129)	(106)
Taxes other than income taxes		(1)	(1)
Personnel expenses		(29)	(22)
Other operating income and expenses		0	0
Depreciation and amortization		(1)	(1)
Increases and reversals of provisions	*D5*	1	0
Operating income		**(11)**	**(6)**
Dividends from investments		250	100
Interest income		115	85
Interest expenses		(122)	(80)
Net foreign exchange gains (losses)		0	0
Impairment of investments	*D1*	0	248
Depreciation and amortization		(3)	(3)
Increases and reversals of provisions for financial risks	*D5*	0	0
Financial result	***D10***	**240**	**350**
Income before tax and exceptional items		**230**	**344**
Increases and reversals of exceptional provisions	*D5*	13	(10)
Other exceptional income		9	8
Income and expenses on capital transactions		(20)	(4)
Exceptional items		**2**	**(5)**
Income taxes	*D11*	12	11
NET INCOME		**244**	**350**

CASH FLOW STATEMENT

(In millions of euros)	2024	2023
Net income	244	350
Changes in provisions	(10)	13
Changes in impairment	0	(248)
Gains and losses on sales of assets	0	0
Gross operating cash flow	234	115
Change in working capital	**6**	**(85)**
Cash flow from operating activities	**240**	**30**
Cost of acquisition of investments	(5)	(624)
Change in loans	(542)	(967)
Sale of investments	0	0
Cash flow from (used in) investing activities	**(547)**	**(1591)**
Increase (decrease) in bonds	532	966
Increase in additional equity	0	0
Change in share capital and other equity	61	0
Dividends paid to shareholders	**(261)**	**(254)**
Cash flow from (used in) financing activities	**331**	**712**
Change in net cash	**24**	**(849)**
Net cash at beginning of period (1)	(107)	742
Net cash at end of period (1)	(85)	(107)

(1) *including current accounts with Arkema France and Arkema Insurance, and commercial paper net of accrued interest.*

TABLE OF SUBSIDIARIES AND INVESTMENTS AT 31 DECEMBER 2024

Subsidiaries and investments *(In millions of euros)*	Share capital	Shareholders' equity other than share capital, excluding net income	Gross value of shares owned	Net carrying amount of shares owned	Number of shares owned	Owner-ship interest *(%)*	Loans, advances & current accounts - gross value	Guarantees given by the Company	Sales (excl taxes) for 2024 (1) (in €m)	Net income for 2024 (1) (in €m)	Dividends received by the Company
French subsidiaries											
Arkema France 420, rue d'Estienne d'Orves 92705 Colombes Cedex - France	894	448	1,159	1,159	5,244,920	100%	4,754	1,239	2,856	72	3
Arkema Participations SAS 420, rue d'Estienne d'Orves 92705 Colombes Cedex - France	188	3,644	2,885	2,885	488,178	100%	0.00	0.00	0.00	602	563
TOTAL INVESTMENTS			**4,044**	**4,044**			**4,754**	**1,239**	**2,856**	**674**	**566**

(1) *Financial statements not yet approved by the shareholders at the annual general meeting*

5.4.3 Notes to the parent company financial statements

A. Highlights

- On 15 May 2024, the combined annual general meeting of Arkema's shareholders approved the distribution of a €3.50 dividend per share in respect of the 2023 financial year.
- In March 2024, Arkema successfully issued €400 million of perpetual hybrid bonds with a 4.8% coupon and a first call option that can be exercised by the Group after 5 years. The operation enabled the Group to refinance one of its two hybrid bond issues, for the same amount. It was reimbursed on 17 September 2024.
- In September 2024, Arkema also issued a €500 million senior bond with a 10-year maturity and an annual coupon of 3.50%, enabling it to continue refinancing its upcoming bond maturities and extend the average maturity of its debt.
- In addition, on 1 October 2024, Arkema appointed Natixis Oddo BHF to implement a liquidity and market surveillance agreement for its ordinary shares, for a period of one year, tacitly renewable. The contract aims to foster the liquidity of transactions and the regularity of quotations of Arkema shares on the Euronext Paris regulated market. The resources allocated to its implementation amount to €15 million.
- Lastly, on 30 October 2024, Arkema carried out a capital increase reserved for employees. The operation was another resounding success, with 8,694 subscriptions representing a total amount of €61.8 million, and an average employee participation rate of 41% across the Group.

B. Accounting policies

The annual financial statements of Arkema S.A. were prepared under the responsibility of the Chairman and Chief Executive Officer of Arkema S.A. and approved for publication by the Board of Directors on 26 February 2025.

The annual financial statements of Arkema S.A. were prepared in accordance with French laws and regulations. It is specified that the presentation of the balance sheet and the income statement has been adapted to the Company's activity as a holding company.

The usual French accounting conventions have been applied, in compliance with the conservatism principle, under the following basic assumptions:

- going concern basis;
- consistency of accounting policies from one financial year to the next; and
- accruals basis of accounting and cut-off.

The basic method used to value items recorded in the accounting records is the historical cost method.

The main accounting policies used by the Company are presented below.

1. Investments

Investments are stated at the lower of acquisition cost and value in use. Investment acquisition expenses are recognized in the income statement as incurred.

The value in use of the investments held by Arkema SA is assessed by reference to the share held in the investee's net assets. However, value in use may also be assessed:

- by reference to an external valuation; or
- by standard valuation methods (multiples, discounted future cash flows) when these methods provide more relevant information than the share held in the investee's net assets.

2. Costs of capital increases

In accordance with opinion 2000D of the urgent issues committee of the French National Accounting Board *(Conseil national de la comptabilité* – CNC), issued on 21 December 2000, the Company has opted to recognize the costs of capital increases as a deduction from issue premiums.

3. Receivables

Receivables are recognized at their nominal value. A bad debt provision is recognized when the net realizable value is lower than the book value. Receivables denominated in foreign currencies are translated at the exchange rate at 31 December.

4. Treasury shares

The treasury shares held by Arkema S.A. and allocated to cover share grant plans, are recognized at acquisition cost in current assets; those held under the liquidity agreement are recognized at acquisition cost in investments and other financial assets. The shares held by Arkema S.A. are valued in accordance with the FIFO (first-in first-out) method. They are normally written down, if necessary, on the basis of the average market price on the Paris stock exchange for the last month preceding the balance sheet date. By exception, and in accordance with regulation no. 2014-03 of the French Accounting Standards Authority *(Autorité des normes comptables* – ANC), the shares are not written down on the basis of their market value when they have been allocated to a plan, because of the commitment to make grants to employees and the provision recognized in this respect in liabilities.

Treasury shares initially allocated to cover share grants to employees are reclassified as other financial assets in a "Treasury shares for cancellation" sub-account when a decision is made to cancel the shares. They are then recorded at their net carrying amount at the date on which their allocation is changed.

When the annual general meeting authorizes the Board of Directors to implement a share buyback program with a view to canceling the purchased shares, these shares are recognized directly in financial assets in accordance with article 942-27 of the French Chart of Accounts (*plan comptable général* – PCG).

5. Bonds

Bonds are recognized at nominal value in the balance sheet liabilities.

Bond issuing costs and bond premiums (arising when the bond is issued at a price below its nominal value) are recognized in the balance sheet as a separate asset. However, if the bond is issued at a price higher than the nominal value, the difference between the issue price and the nominal value minus issuing costs is recognized as a liability under "Bonds".

Issuing costs comprise bank charges for setting up the bond, and legal fees. They are spread over the duration of the bond under the effective interest rate method, with the corresponding expense recognized in operating income.

The bond premium is also spread over the duration of the bond under the effective interest rate method, with the corresponding expense recognized in financial result. If the bond is issued at a price higher than the nominal value, the same method is applied to the difference between the issue price and the nominal value, with the corresponding income recognized in financial result.

The effective interest rate corresponds to the interest rate which, when used to determine the discounted value of expected cash outflows until maturity date, leads to the initial book value of the bond.

6. Perpetual hybrid bonds

Perpetual bonds whose redemption remains under the exclusive control of the issuer are recorded as "Additional equity".

Costs and the premium related to the issue of such instruments are recorded in the balance sheet assets as prepaid expenses, and spread over the duration of the relevant tranche.

The expense resulting from spreading issuing costs is recognized in operating income by a direct credit to the bond issuing costs account (only the net amount is shown in the balance sheet).

The expense resulting from spreading issue premiums is recognized in financial expenses by a direct credit to the bond issue premium account (only the net amount of the premiums is shown in the balance sheet).

Accrued interest not yet due is included in other financial debt.

The annual interest expense on these instruments is included in financial expenses in the income statement.

7. Stock options and free share grants

7.1 Stock options

Stock options are accounted for, at the date of exercise, as a capital increase for an amount corresponding to the subscription price paid by the stock option holders. Any difference between the subscription price and the par value of the shares created represents an issue premium.

7.2 Free share grants

Arkema S.A. shares vest to beneficiaries at the end of a vesting period subject to the beneficiary remaining with the Company and fulfilling any performance conditions set by the Board of Directors.

7.2.1 Issue of new shares

When a free share grant is carried out by issuing new shares, a capital increase by means of a capitalization of reserves in the aggregate par value of the shares created is recognized in the financial statements at the end of the set vesting period.

7.2.2 Buyback of existing shares

When a free share grant is carried out through buybacks of existing shares (following a decision by the Board of Directors in relation to the plan in question), a provision representing the obligation to deliver the shares is recognized at year-end. The amount of this provision is equal to the probable purchase price, valued on the basis of the closing share price if the shares have not yet been purchased, or the net carrying amount of the treasury shares if they have already been purchased. On delivery at the end of the vesting period, the purchase price paid by the company for the shares granted is recognized in exceptional expenses and the provision previously recorded is reversed. However, the expense related to delivery of vested shares to Arkema S.A. personnel under performance share plans is reclassified from exceptional items to operating income.

The provision is recognized on a time-proportion basis over the vesting period and takes into account, where relevant, the probability of the beneficiaries' remaining with the Company and fulfilling the performance conditions set by the Board of Directors.

7.3 Social security contributions on stock options and free share grants

The 2008 French social security financing act (law no. 2007-1786 of 19 December 2007) created a new employer contribution on stock options and free share grants. This contribution is payable to the mandatory health insurance schemes to which the beneficiaries are affiliated.

This contribution is payable to the mandatory health insurance schemes to which the beneficiaries are affiliated. For free share grants, starting from the 2016 plan, the 20% contribution is calculated on the basis of the value of the shares granted at their vesting date, and is payable the month after the shares vest to the beneficiary. The provision for expenses corresponding to the contribution payable for Arkema S.A. personnel is established progressively over the vesting period.

8. Pension and similar benefit obligations

The complementary "top hat" defined benefit pension plan was terminated in 2016 following a decision by the Board of Directors on 9 March 2016. Other non-pension benefits (lump sum payments on retirement, long service awards, death and disability benefits, contributions to healthcare bodies) remained unchanged, and provisions are recognized in respect of these obligations in the financial statements.

The amount of the provision corresponds to the actuarial value of employees' vested rights at the balance sheet date.

The valuation of obligations under the projected unit credit method principally takes into account:

- a discount rate, which depends on the duration of the obligations (3.50% at 31 December 2024 versus 3.55% at 31 December 2023);
- an assumption concerning the date of retirement;
- an inflation rate;
- assumptions in respect of future increases in salaries, rates of employee turnover and increases in health costs.

Actuarial gains and losses are fully recognized in the income statement.

ANC decision on attributing benefit to periods of service:

- the French Accounting Standards Authority, ANC, has amended its recommendation no. 2013-02 to allow for a choice between two accounting methods when calculating obligations for certain defined benefit plans.
- for the French statutory financial statements, the Arkema Group has chosen to apply the option that aligns with the new method applicable to the consolidated financial statements;
- this method has led to a review of how benefit costs are spread over periods of service and, by extension, to a change in how obligations are valued for plans capped at a specified number of years of service.

The following plans are concerned:

- Plans with lump-sum payments on retirement, where benefits are calculated in terms of months and capped at a specified number of years of service in the company.

9. Tax consolidation

The tax consolidation agreements signed between Arkema S.A. and the other companies in the tax consolidation group refer to a neutrality principle in accordance with which each tax consolidated subsidiary must recognize in its own financial statements, during the entire period of its inclusion in the tax consolidation group, a tax expense (or income) corresponding to income tax and additional levies, identical to that which it would have recognized had it not formed part of the tax consolidation group.

In its accounting records, Arkema S.A. recognizes:

- in "other receivables", with an offsetting entry to income taxes, the amount of income taxes due by profitable companies in the tax consolidation group;
- in "other payables", with an offsetting entry to income taxes, the amount of taxes due by the tax consolidation group.

The tax consolidation agreements also state that Arkema S.A. will benefit from the tax savings generated by the use of its subsidiaries' tax losses without any obligation to refund them (even if the said subsidiaries leave the tax consolidation group). On this basis, in accordance with opinion 2005-G of the CNC urgent issues committee, Arkema S.A. does not recognize any provision for taxes.

C. Subsequent events

None.

D. Notes to the parent company financial statements

The figures presented in the notes to the parent company financial statements are expressed in millions of euros (unless otherwise indicated).

Note 1 Investments and other financial assets

1.1 Investments

(In millions of euros)	31.12.2023	Increase	Decrease	31.12.2024
Gross value	4,044	-	-	4,044
Impairment	-	-	-	-
NET VALUE	**4,044**	**-**	**-**	**4,044**

1.2 Other financial assets

Arkema S.A. transferred to its subsidiary Arkema France the cash received from the various bond issues (see notes D4 and D6), in the form of loans with the same maturity.

The corresponding loans total €4,700 million (excluding accrued interest) at 31 December 2024.

On 1 October 2024, Arkema S.A. appointed Natixis Oddo BHF to implement a liquidity and market surveillance agreement for its ordinary shares, for a period of one year, tacitly renewable.

As part of this agreement, the Company bought back 688,232 shares and sold 614,013 shares during the year. At 31 December 2024, the Company held 74,219 shares.

(In millions of euros)	31.12.2023	Increase	Decrease	31.12.2024
Fixed debts - liquidity agreement	-	15.0	5.8	9.1
Treasury shares - liquidity agreement	-	54.0	48.1	5.4
NET VALUE	**-**	**69.0**	**53.9**	**14.5**

Note 2 Current assets

2.1 Breakdown of receivables

The breakdown by maturity of the Company's receivables at 31 December 2024 is as follows:

(In millions of euros)	Gross amount	Maturing within one year	of which: more than one year
Operating receivables and taxes (1)	11	11	-
Cash advances to the subsidiary (2)	54	54	-
Other receivables(3)	186	97	89
TOTAL	**251**	**162**	**89**

(1) Since 2018, Arkema S.A. has invoiced support functions to all Arkema Group entities.
(2) Arkema France current account.
(3) Mainly income tax receivables, intragroup receivables and treasury shares.

2.2 Treasury shares

As at 31 December 2024, Arkema S.A. holds 182,941 treasury shares, which are recorded at a total value of €14.7 million. These shares are used to cover its free share grant plans (see note D13).

No impairment was recognized in the financial statements at 31 December 2024.

The Company bought back 330,266 treasury shares during 2024. The Arkema Group definitively granted 376,226 free shares to its employees in November 2024, mainly in application of the 2020 and 2021 plans.

	2024	2023
Number of treasury shares at 1 January	228,901	231,087
Purchase of treasury shares (excluding liquidity agreement)	330,266	357,726
Grants of treasury shares	(376,226)	(359,912)
Number of treasury shares at 31 December (excluding liquidity agreement)	182,941	228,901

2.3 Bond premium and issuing costs

The following amounts are recognized in this item:

(In millions of euros)	31/12/2023	Increase	Decrease	**31/12/2024**
Bonds				
Issue premiums	11.1	9.2	3.1 (1)	17.2
Issuing costs	3.3	0.9	0.7 (1)	3.5
Subtotal	**14.4**	**10.1**	**3.8**	**20.7**
Perpetual hybrid bonds				
Issue premiums	—	—	—	—
Issuing costs	0.3	0.7	0.3 (1)	0.7
Subtotal	**0.3**	**0.7**	**0.3**	**0.7**
TOTAL	**14.7**	**10.8**	**4.1**	**21.4**

(1) Amount charged to expenses for the period.

Note 3 Shareholders' equity

At 31 December 2024, Arkema's share capital comprises 76,060,831 shares with a par value of €10.

Changes in shareholders' equity are as follows:

(In millions of euros)	Opening balance at 01/01/2024	Appropriation of 2023 net income	Distribution of dividends (1)	2024 net income	Capital reduction	Capital increase reserved for employees	31 December 2024 before appropriation
Share capital	750.4					10.2	760.6
Issue premium	316					50.8	366.8
Paid-in surplus	625.8						625.8
Merger surplus	124.8						124.8
Legal reserve	76.7						76.7
Other reserves	—						—
Retained earnings	1,720.7	349.9	(261.4)				1,809.2
2023 net income	—	(349.9)					—
2024 net income	349.9			243.7			243.7
TOTAL SHAREHOLDERS' EQUITY	**3,964**	**—**	**(261)**	**244**	**—**	**61**	**4,008**

(1) On 15 May 2024, the annual general meeting of shareholders adopted a resolution to distribute a dividend of €3.50 per share, or a total amount of €261.4 million, in respect of the 2023 financial year.

Note 4 Additional Equity

(In millions of euros)	Gross amount	Maturing within one year	of which: more than one year
Issuance of perpetual hybrid bonds	700	-	700

At 31 December 2024, the total nominal value of Arkema's perpetual hybrid bonds is €700 million. The breakdown is as follows:

Issue date	Nominal value *(in millions)*	Currency	Redemption option	Annual coupon rate
21 January 2020	300	EUR	6 years	1.50%
14 March 2024	400	EUR	5 years	4.80%

Arkema has an option to defer payment of coupons for the above bonds.

Note 5 Provisions

Changes in provisions recognized in the Company's balance sheet are set out in the table below:

(In millions of euros)	01/01/2024	Increase	Decrease	31/12/2024
Provisions for pensions and similar benefits (1)	2.3	0.2	0.8	1.7
Provisions for long service awards	0.4	—	0.1	0.3
Provisions for free share grants (2)	58.4	17.8	30.6(3)	45.6
Provisions for risks related to subsidiaries	—	—	—	—
Provisions for other risks	1.3	—	—	1.3
TOTAL	**62.4**	**18.0**	**31.5**	**48.9**

(1) The increase mainly corresponds to entitlements earned over the year.
(2) Increases and reversals of these provisions are recorded in exceptional items.
(3) The decrease corresponds to a reversal following delivery of shares under plans 2020-2 and 2021-1.

These movements break down as follows:

(In millions of euros)	Increases in provisions	Reversals
Recognized in operating income	0.2	(0.9)
Recognized in financial result	0.0	0.0
Recognized in exceptional items	17.8	(30.6)
TOTAL	**18.0**	**(31.5)**

Note 6 Bonds and other financial debt

- the €700 million bond issued in January 2015 that will mature on 20 January 2025, with a fixed coupon of 1.5%;
- the bond issued in April 2017 that will mature on 20 April 2027, with a fixed coupon of 1.5%, and the tap issue undertaken in June 2017 bringing its total amount to €900 million;
- the €500 million bond issued in December 2019 that will mature on 3 December 2029, with a fixed coupon of 0.75%;

The €300 million green bond issued in October 2020 that will mature on 14 October 2026, with a fixed coupon of 0.125%. This bond is entirely dedicated to the financing of Arkema's new, world-scale plant in Singapore to manufacture 100% bio-based Rilsan® polyamide 11.

- the €400 million bond issued in January 2023 that will mature on 23 January 2031, with a fixed coupon of 3.50%;
- the €700 million bond issued in November 2023 that will mature on 20 May 2030, with a fixed coupon of 4.25%.
- the €500 million bond issued in September 2024 that will mature on 12 September 2034, with a fixed coupon of 3.5%;

These issues are part of the Group's Euro Medium Term Notes (EMTN) program introduced in October 2013.

- the difference between the issue price and the nominal value of the 2017 bond, recorded in liabilities in the amount of €2.2 million (net of issuing costs); after a €0.2 million charge to the period, the balance of this difference amounts to €0.6 million at 31 December 2024;
- the accrued interest on bonds, amounting to €56.7 million;
- the accrued interest on the perpetual hybrid bonds, amounting to €19.1 million;

Note 7 Negotiable European Commercial Paper

The Group has had a Negotiable European Commercial Paper program in place since April 2013, with a limit of €1.2 billion.

No issues are outstanding as part of this program at 31 December 2024.

Note 8 Liabilities

The breakdown by maturity of the Company's liabilities at 31 December 2024 is as follows:

(In millions of euros)	Gross amount	Maturing within one year	Maturing in 1 to 5 years	Maturing after 5 years
Debt	4,076	776 (1)	1,700.(2)	1,600 (2)
Subsidiary current accounts	138	138		
Trade payables	7	7	-	-
Tax and employee-related liabilities	11	11	-	-
Other payables	120 (3)	64	56	-
TOTAL	**4,352**	**996**	**1,756**	**1,600**

(1) 2015 bond (€700 million); Accrued interest (€76 million).
(2) Long-term bonds issued by Arkema S.A. (see note D6).
(3) Income tax payables owed to the tax authorities and to companies in the tax consolidation group.

Note 9 Details of items concerning related companies

(In millions of euros)	
Investments	
Investments in other companies[(1)]	4,044
Receivables related to subsidiaries	4,773
Receivables	
Accounts receivable	10
Other receivables (current account)	54
Other amounts receivable	64
Liabilities	
Financial debt	138
Trade payables	4
Other payables	117
Sales	
Services billed to related companies [(2)]	148
Operating expenses	
Services billed by related companies[(2)]	124
Financial income and expenses	
Dividends from investments	250
Income on loans and current accounts	108

(1) *Net book value.*

(2) *Mainly* management fees.

Note 10 Financial result

Interest income corresponds mainly to the remuneration of the amounts made available to Arkema France in the context of the Group's cash pooling system.

Note 11 Income taxes

In 2024, application of the French tax consolidation system resulted in an income tax benefit of €13.9 million for Arkema S.A.

This amount breaks down as:

- income of €19.4 million corresponding to the income tax paid by subsidiaries included in the tax consolidation group as if they were taxed separately;
- an income tax expense of €5.5 million relating to the tax consolidation group.
- in addition, in application of article 33 of Law no. 2023-1322 of 29 December 2023, transposing into French law Directive (EU) 2022/2523 on ensuring a global minimum level of taxation set at 15% for multinational enterprise groups and large-scale domestic groups in the Union, the Company recognized a tax expense of €1.9 million in respect of the "Top-up Tax" or global tax for 2024.

Note 12 Deferred tax position

Temporarily non-deductible expenses relating to provisions for pensions and similar benefits at 31 December 2024 amount to €1.7 million.

After integration of €21 million corresponding to the 2024 taxable income under the French tax consolidation system, the tax loss carryforwards of the Company's tax consolidation group at 31 December 2024 amount to €1,146 million, and can be used indefinitely.

Note 13 Stock option plans and free share grants

13.1 Stock options

The Board of Directors has decided not to introduce any further stock option plans.

13.2 Free share grants

On 5 November 2024, the Board of Directors decided to introduce two free performance share plans for employees, particularly people in positions of responsibility whose work has an influence on the Group's results.

Movements in the free share grant plans existing at 31 December 2024 are as follows:

Plan	Grant date	Vesting period	Holding period	Total number of free shares granted	Number of shares subject to performance conditions	Fair value *(euros per share)*	Number of shares vested in 2024	Number of shares canceled in 2024	Total number of shares still to be granted at 31/12/2024
2020-1.2	43956	3-4 years	0-3 years	9,129	0	10.09-20.94	6,601	1338	0
2020-4	4 Nov. 2020	4 years	0	128,245 (1)	111365	54.33	120178	380	0
2021-1	9 Nov. 2021	3 years	2 years	239,575 (2)	227387	81.91	249447	40	0
2021-2	9 Nov. 2021	4 years	0	124,713 (3)	105293	83.92	0	2,519	113634
2022-1.2	9 Nov. 2022	3-4 years	0-3 years	52,255	0	63.45-70.51	0		52,244
2022-3	9 Nov. 2022	3 years	2 years	234,715 (4)	219835	68.26	0	1,550	226205
2022-4	9 Nov. 2022	4 years	-	128,540 (5)	106,515	66.15	0	3,060	121855
2023-1	8 Nov. 2023	3 years	2 years	247,665 (6)	232,980	69.45	0	1,710	241755
2023-2	8 Nov. 2023	4 years	-	126,995 (7)	102,800	67.68	0	3,310	123370
2024-1.2	5 Nov. 2024	3-4 years	0-3 years	64,093	0	61.90-63.65	0	0	64,093
2024-4	5 Nov. 2024	3 years	2 years	243,330 (8)	229,545	64.48	0	120	243210
2024-5	5 Nov. 2024	4 years	0	126,595 (9)	102,790	61.90	0	250	126345

(1) May be raised to 150,518 in the event of outperformance
(2) May be raised to 285,052 in the event of outperformance.
(3) May be raised to 145,772 in the event of outperformance.
(4) May be raised to 278,682 in the event of outperformance.
(5) May be raised to 149,843 in the event of outperformance.
(6) May be raised to 294,261 in the event of outperformance.
(7) May be raised to 147,555 in the event of outperformance.
(8) May be raised to 289,239 in the event of outperformance
(9) May be raised to 147,153 in the event of outperformance

13.3 Income and expenses in the financial year in respect of delivered plans

The delivery of shares in respect of plans 2020-5 and 2021-1 led to recognition of a net exceptional expense of €3.8 million in the 2024 financial statements (exceptional expense of €34.5 million partly offset by a €30.7 million provision reversal).

The provision for free share grants was increased in 2024 by €17.8 million (of which €1.9 million in respect of the 2024 plans).

The total amount of provisions in respect of all plans is €45.6 million at 31 December 2024.

Note 14 Off-balance sheet commitments

The information set out below concerns Arkema S.A. or certain of its subsidiaries, and is disclosed on account of Arkema S.A.'s holding company status.

On 28 July 2022, the Group amended and extended its syndicated line of credit maturing on 29 July 2024. The amount was increased to €1.1 billion and the maturity extended to 28 July 2027 with two one-year extension options subject to lender approval. The second option was exercised in July 2024, extending maturity to 28 July 2029. The cost of the credit line is linked to three key CSR metrics for the Group.

Arkema S.A. has given rent guarantees under the lease signed on 1 January 2015 for the Group's current headquarters and under the lease signed on 18 May 2022 for a building being constructed for the Group's future headquarters.

Note 15 Liabilities and contingent liabilities

Harvey (Arkema Inc.)

Since September 2017, Arkema Inc. has been defending, and continues to defend, multiple civil lawsuits that were filed against it by private individuals and governmental entities following flooding in Crosby, Texas as a result of Hurricane Harvey.

One of those cases was certified in May 2022 as a class action for certain claims asserted under federal statutes. A class action settlement was reached in 2023. In June 2024, the federal court issued a Final Order approving the settlement, thereby putting an end to the case.

All but one of the remaining lawsuits were consolidated in 2020 for pre-trial purposes into a state multi-district litigation pending in Texas court. The matters involving the largest number of private individuals has been settled, and negotiations are ongoing to settle the other cases concerning private individuals. In April 2024, another larger group of private individuals filed suits that the court threw out in December 2024 on legal grounds. The plaintiffs have appealed this decision. Arkema Inc. settled a case brought by a governmental entity and continues to vigorously defend remaining civil matters brought by governmental entities. Most of these remaining claims are covered by environmental liability insurance. When claims are not covered by insurance policies, provisions have been made for such claims in an amount which the Group considers sufficient.

Note 16 Employees

The average number of employees by category of personnel is as follows:

Engineers and managers	12
Supervisors and technicians	0
TOTAL	**12**

Note 17 Transactions with related parties

The compensation and benefits of any kind awarded to directors and Executive Committee members are recognized as expenses in the Arkema S.A. financial statements as follows:

(In millions of euros)	2024	2023
Salaries and other short-term benefits	11	10
Pensions, other post-employment benefits and contract termination benefits	-	-
Other long-term benefits	-	-
Share-based payments	8	7

Salaries and other short-term benefits comprise all types of compensation recorded, including variable amounts, bonuses, attendance fees and benefits in kind.

The Chairman and Chief Executive Officer is entitled to a contractual indemnity in the event of non-voluntary departure, up to a maximum of twice his total gross annual compensation (fixed and variable), subject to achievement of performance criteria.

Other transactions with related parties involve subsidiaries directly or indirectly wholly owned by Arkema S.A. and do not fall within the scope of article 831-3 of ANC regulation no. 2014-03 of 5 June 2014.

5.4.4 Information on Company payment terms (articles L.441-14 and D.441-6 of the French Commercial Code)

The following table shows the number and total amount of supplier invoices received and overdue at 31 December 2024:

(In thousands of euros)	Article D. 441-6 I-1°: invoices received and overdue at the year-end					
	by 0 days (indicative)	by 1-30 days	by 31-60 days	by 61-90 days	by 91 days and more	Total (1 day and more)
(A) Period overdue						
Number of invoices concerned	-	6	-	-	2	8
Total amount of invoices concerned	-	6	-	-	-29	-23
Percentage of annual purchases, excluding taxes	-	-	-	-	-0.02%	-0.02%
(B) Invoices excluded from (A) relating to disputed or unrecognized liabilities and payables						
Number of invoices excluded	-	-	-	-	-	-
Total amount of invoices excluded	-	-	-	-	-	-
(C) Standard payment terms used (contractual or defined by law)						
Payment terms used to calculate overdue payments	Contractual payment terms					

The following table shows the number and total amount of customer invoices issued and overdue at 31 December 2024:

(In thousands of euros)	Article D. 441-6 I-2°: invoices issued and overdue at the year-end					
	by 0 days (indicative)	by 1-30 days	by 31-60 days	by 61-90 days	by 91 days and more	Total (1 day and more)
(A) Period overdue						
Number of invoices concerned						84
Total amount of invoices concerned		(730)	661	125	706	762
Percentage of annual sales		- 0,49 %	0.45 %	0.08 %	0.48 %	0.51 %
(B) Invoices excluded from (A) relating to disputed or unrecognized liabilities and payables						
Number of invoices excluded	0	0	0	0	0	—
Total amount of invoices excluded	0	0	0	0	0	0
(C) Standard payment terms used (contractual or defined by law)						
Payment terms used to calculate overdue payments	Contractual payment terms defined in the invoice					

5.4.5 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)

(In millions of euros, unless otherwise indicated)	2020	2021	2022	2023	2024
Type of disclosures					
I - Financial position at year-end					
a) Share capital	767	767	750	750	761
b) Number of shares issued	76,736,476	76,736,476	75,043,514	75,043,514	76,060,831
II - Operations and results					
Sales (excluding taxes)	99	114	121	124	148
a) Income before tax, depreciation, impairment and provisions	103	2	80	104	224
b) Income taxes	11	22	8	11	12
d) Employee profit-sharing					
e) Income after tax, depreciation, impairment and provisions	103	282	101	350	244
f) Amount of dividends distributed	191	222	254	261	274
III - Earnings per share (in euros)					
a) Income after tax but before depreciation, impairment and provisions	1.48	0.31	1.17	1.53	3.10
b) Income after tax, depreciation, impairment and provisions	1.34	3.68	1.35	4.66	3.20
c) Net dividend per share	2.50	3.00	3.40	3.50	3.60[1]
IV - Employee data					
a) Number of employees	10	9	10	10	12
b) Total payroll	9	10	10	10	11
c) Amounts paid for employee benefits in the year	7	4	9	7	8

(1) Subject to approval by the 2025 annual general meeting.

5.5 Information on Arkema's Green Bond issue

Fully in line with its CSR policy, Arkema issued its first green bond on 14 October 2020 for a total of €300 million, with a maturity of six years and an annual coupon of 0.125%. This bond is entirely dedicated to the financing of Arkema's new, world-scale plant in Singapore (the "Eligible Project"), a major, innovative and sustainable project at the heart of its organic growth strategy.

Information on the issue can be found on the Group's website: https://www.arkema.com/global/en/investor-relations/regulated-information/

The commitments made by Arkema under its Green Bond Framework are aligned with the four components of the International Capital Market Association's Green Bond Principles. They are outlined below.

Use of proceeds

The proceeds of the green bond issue will be used to finance or refinance, in whole or in part, investments made by Arkema in the Eligible Project, which meet the three eligibility criteria described in the Green Bond Framework. This world-scale plant based in Singapore, whose initial start-up phase began at the end of 2022, is designed with state-of-the-art technology to maximize its efficiency and minimize its environmental impact. The facility will produce 100% bio-based amino 11 monomer and Rilsan® polyamide 11 from castor oil, a renewable and sustainable feedstock.

Project evaluation and selection process

The Eligible Project was selected by the Group Executive Committee given:

- the unique contribution of Arkema's bio-based polyamide 11 to the development of sustainable solutions in fast-growing areas such as mobility, and in particular new energy vehicles, 3D printing and consumer goods; and
- the project's importance in ensuring this product's worldwide development and growth.

A Green Bond Committee was set up at the time of the issue's structuring. It is comprised of members from the Financing and Treasury, Sustainable Development and Investor Relations departments, as well as the High Performance Polymers Business Line. The committee meets at least once a year until the bond matures to ensure that the project is compliant with the eligibility criteria described in the Green Bond Framework and to validate the allocation and impact reports.

Management of proceeds

The proceeds are managed by the Finance and Treasury department, which makes sure they are allocated solely to the Eligible Project and do not exceed the total investment amount. All capital expenditure related to the Eligible Project is monitored locally and reported to the Accounting and Consolidation department on a monthly basis. The balance of the proceeds is invested in cash or cash equivalent products or in liquid marketable instruments, as per the Group's financial policy.

Reporting

In accordance with the Green Bond Framework, Arkema will publish:

- an annual report on the allocation of the proceeds until they have been fully allocated; and
- an impact report on the progress of the Eligible Project, each year during the construction phase of the plant. After the start-up of operations, and at least once during the green bond's lifetime, Arkema will publish an impact indicator assessing the number of tons of CO_2 avoided by the Eligible Project.

Every year, an independent auditor will express a limited assurance conclusion on the conformity of the proceeds allocation process and the validity of the impact indicator.

Allocation report

The funds raised under the green bond were fully allocated to the plant construction project in Singapore, with all remaining funds allocated in 2022.

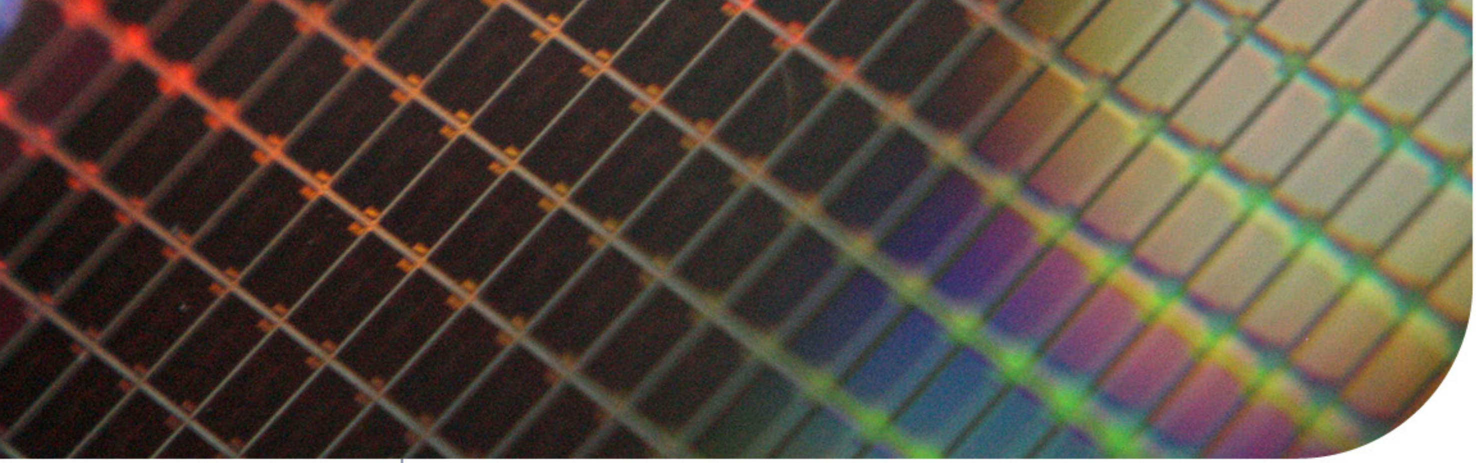
(In millions of euros)	Amount	%
Aggregate nominal amount of the 14 October 2020 issue	300	100%
Aggregate amount allocated to the project on 31 December 2020	89	30%
Aggregate amount allocated to the project on 31 December 2021	271	90%
Aggregate amount allocated to the project on 31 December 2022	300	100%
• *of which refinancing share (from 1 January 2019 to 14 October 2020)*	*68*	*23%*
• *of which financing share (from 15 October 2020 to 31 December 2021)*	*203*	*67%*
• *of which financing share (from 1 January 2022 to 31 December 2022)*	*29*	*10%*
Non-allocated amount on 31 December 2022	0	0%

Impact report

Plant construction work started in the first half of 2020. Construction was completed in the second part of 2022, a few months behind the initial project schedule due to the impact of Covid.

Production start-up operations for the Eligible Project began at the end of 2022 and continued in 2023. 2024 was a year of significant growth in the plant's production levels.

Arkema has undertaken to provide an assessment of the Eligible Project's impact on climate change, at least once during the lifetime of the green bond from the moment the project is commissioned. This impact assessment, expressed in tonnes of CO_2 avoided, will be based on data provided by Arkema's High Performance Polymers Business Line and the Analysis, Environment and Process Evaluation department's life-cycle assessment team. As a reminder, a critical review of the Rilsan® polyamide 11 life cycle assessment was performed by a third party. The findings, published in February 2021, confirm that the study was carried out in accordance with ISO 14040/44 and ISO 14067, thus giving all the necessary credibility to the impact indicator that the Group will publish.



INFORMATION ABOUT THE COMPANY AND ITS SHARE CAPITAL

6

The different parts constituting the annual financial report are identified in the table of contents by the pictogram AFR

6.1 Legal presentation of the Group

6.1.1 Information about the Company

Arkema was established in October 2004 within Total's Chemical business, which subsequently became TotalEnergies, to bring together the Vinyl Products, Industrial Chemicals and Performance Products businesses. On 18 May 2006, the Company's stock market listing marked the Group's independence.

Since 2006, a number of significant operations, as mentioned below, have enabled the Group to strengthen its portfolio of businesses and to refocus on Specialty Materials.

Date	Nature of operation	Company	Product	Segment
October 2007	Acquisition	Coatex	Rheology additives	Coating Solutions
January 2010	Acquisition	Certain assets of The Dow Chemical Company in North America	Acrylics and emulsions	Coating Solutions
July 2011	Acquisition	Cray Valley, Cook Composites & Polymers	Coating resins	Coating Solutions
		Sartomer	Photocure resins	Coating Solutions
February 2012	Acquisition	Suzhou Hipro Polymers Co. Ltd.	Specialty polyamides	Advanced Materials
July 2012	Divestment	Vinyl Products division	Vinyls	Vinyl Products
October 2014	Joint venture	Taixing Sunke Chemicals	Acrylics	Intermediates
February 2015	Acquisition	Bostik	Adhesive solutions and sealants	Adhesive Solutions
December 2016	Acquisition	Den Braven	High performance sealants	Adhesive Solutions
January 2018	Acquisition	XL Brands	Flooring adhesives	Adhesive Solutions
July 2019	Acquisition	ArrMaz	Specialty surfactants	Advanced Materials
September 2019	Acquisition	Sunke (buyback of 45% interest held by Taixing Jurong Chemical)	Acrylics	Intermediates
June 2020	Divestment	Functional polyolefins	Ethylene polymers	Intermediates
May 2021	Divestment	Altuglas (PMMA business)	Polymethyl methacrylate	Intermediates
February 2022	Acquisition	Ashland's performance adhesives	Performance adhesives	Adhesive Solutions
December 2023	Acquisition	PI Advanced Materials (PIAM) (acquisition of a 54% controlling stake)	Polyimides	Advanced Materials
December 2024	Acquisition	Dow's flexible packaging laminating adhesives	Laminating adhesives	Adhesive Solutions

Arkema is a French joint stock corporation (*société anonyme*) with a share capital of €760,608,310, and its registered office is located at 51 Esplanade du Général de Gaulle, 92800 Puteaux – La Défense (telephone: +33 (0)1 49 00 80 80). It is governed by French law and, as a result, is subject to the legislative and regulatory provisions of the French Commercial Code (*Code de commerce*).

The Company is registered with the Nanterre Trade and Companies Registry (*Registre du commerce et des sociétés*) under number 445 074 685. Its SIRET number is 445 074 685 00030. Its NAF code is 6420 Z. Its legal entity identifier ("LEI") is 9695000EHMS84KKP2785.

It is specified that the information displayed on the Company's website is not part of this document, except that expressly incorporated by reference. Therefore, such information has not been reviewed or approved by the French financial markets authority (*Autorité des marchés financiers* – AMF).

The Company was incorporated on 31 January 2003 for a fixed period of 99 years from its date of registration at the Trade and Companies Registry, until 31 January 2102, unless the term is extended or the Company is wound up earlier.

The Company's corporate purpose (article 3 of its Articles of Association), directly or indirectly, in any country, is:

- to carry out all operations directly or indirectly relating to research, production, processing, distribution and marketing of all chemical and plastic products and their derivatives, by-products thereof and of all parachemical products;
- to acquire, hold and manage all securities, negotiable or otherwise, in French and foreign companies, through newly created companies, contributions, limited partnerships, or by subscribing for or purchasing securities or corporate rights, or through mergers, combinations, joint venture companies, or by obtaining the use of or providing any property or rights under a lease or lease management agreement or otherwise; and
- more generally, to enter into all financial, commercial, industrial, real estate or securities transactions that may be directly or indirectly related to any of the purposes referred to above or to any other similar or connected purposes, and designed to promote the Company's purpose, expansion or development.

The Company's Articles of Association, minutes of annual general meetings, statutory auditors' reports and other Company documents may be consulted at the Group's Legal department at the registered office located at 51 Esplanade du Général de Gaulle, 92800 Puteaux – La Défense, France.

Furthermore, historical financial information, regulated information, reference documents, Universal Registration Documents, annual and sustainable development reports and other documents are available on the Company's website: www.arkema.com.

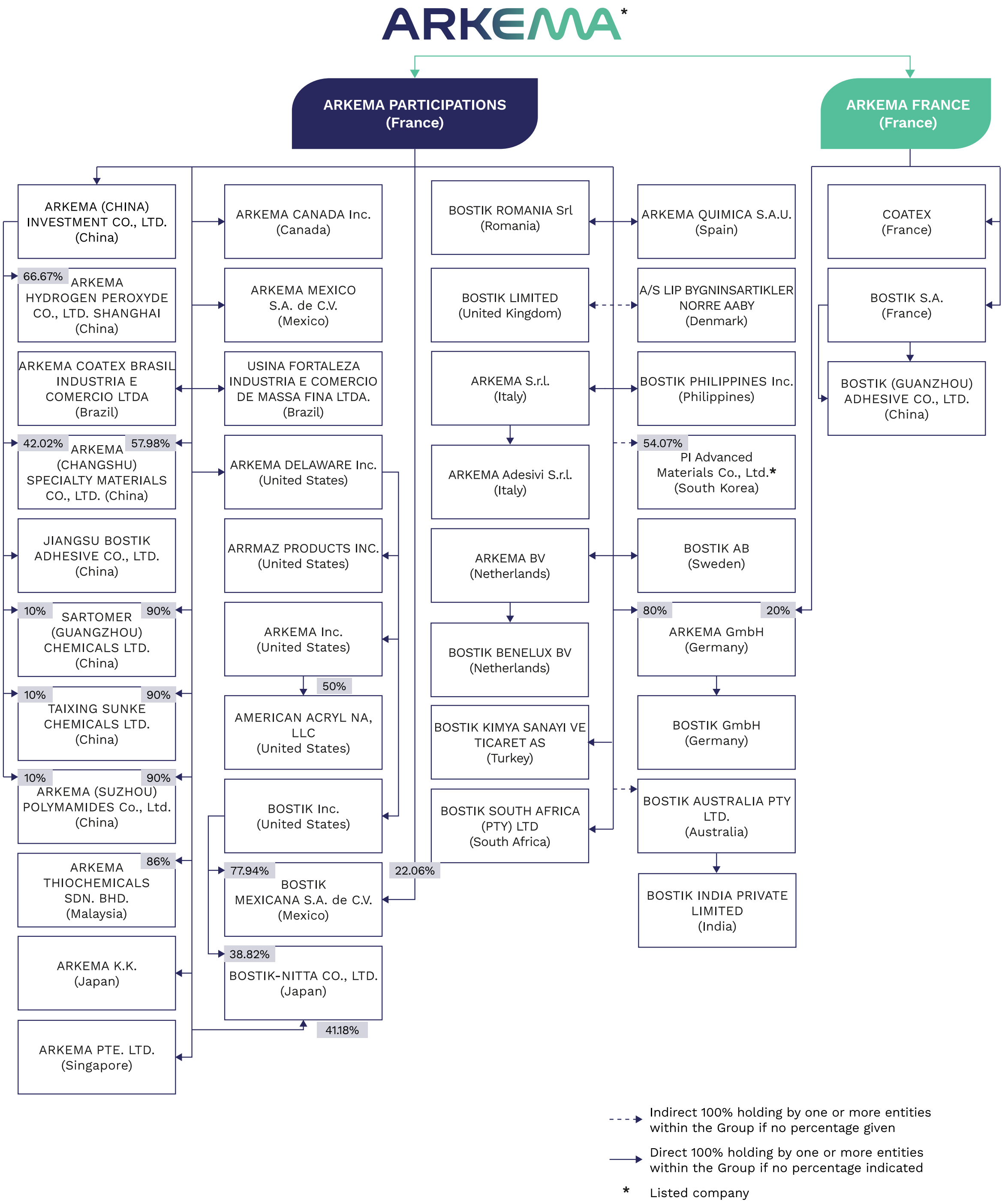
6.1.2 Subsidiaries and shareholdings of the Company

The Company is the Group's ultimate parent company, a holding company that does not have its own operational or industrial activity.

It is also the head of the French tax group put in place among companies subject to French corporation tax.

The Company indirectly holds, *via* Arkema Participations and Arkema France companies, all the Group’s French and foreign subsidiaries.

The Company’s main direct and indirect subsidiaries at the date of this document are shown in the simplified organizational chart below.



A comprehensive list of all of the Group’s consolidated subsidiaries and their geographical location is given in the notes to the consolidated financial statements at 31 December 2024 in section 5.3.3 of this document.

Detailed information on the Company’s main subsidiaries is also given in section 5.4.2 of this document.

Information on the Group’s structure and the results of each segment are presented respectively in section 1.2 and chapter 5 of this document.

6.1.3 Related-party transactions

Arkema, the Group's ultimate parent company, is a holding company and provides administrative services to Group companies. The related service agreements are not material and are entered into under normal conditions comparable to those applicable to similar transactions with third parties.

Some of the Group's non-consolidated companies sell products or provide services to consolidated Group companies and vice versa.

These transactions, taken separately or together, are not material. They are carried out under normal conditions comparable to those applicable to similar transactions with third parties.

A description of related-party transactions is provided in notes 7.5 and 10 to the consolidated financial statements at 31 December 2024 in section 5.3.3 of this document and in the statutory auditors' special report on related-party agreements and commitments, which is included in section 7.3.1 of this document.

6.2 Share capital

6.2.1 Amount of share capital

At 31 December 2024, the Company's share capital was €760,608,310 divided into 76,060,831 fully paid-up ordinary shares of the same class, with a par value of €10 per share.

At 1 January 2024, the Company's share capital was comprised of 75,043,514 shares. In 2024, the number of shares therefore increased by 1,017,317 shares following the share capital increase reserved for employees on 30 October 2024.

6.2.2 History of the Company's share capital over the past three years

Date	Amount of capital	Total number of shares	Nature of operation	Number of shares issued/canceled	Capital increase/ reduction	Share premium
24 January 2022	€742,860,410	74,286,041	Share capital reduction by cancellation of shares	(2,450,435)	€(24,504,350)	€(245,495,513.71)
27 October 2022	€750,435,140	75,043,514	Share capital increase reserved for employees	757,473	€7,574,730	€41,168,657.55
30 October 2024	€760,608,310	76,060,831	Share capital increase reserved for employees	1,017,317	€10,173,170	€51,618,664.58

6.2.3 Pledges, guarantees, securities

At 31 December 2024, existing pledges on the Company's direct registered shares and administered registered shares respectively concerned 147 shares held by two shareholders, and 17,287 shares held by three shareholders, representing 0.02% of the share capital.

The Company has no knowledge of pledges concerning other shares of its share capital.

The shares held by the Company in its subsidiaries have not been pledged.

6.2.4 Treasury shares

At 31 December 2024, the Company directly held 257,160 treasury shares.

This section includes (i) a review of the share buyback program authorized in 2024, and (ii) the information that must be given in the description of the share buyback program in accordance with article 241-2 of the general regulations of the French financial markets authority (*Autorité des marchés financiers* – AMF) as well as information required under article L. 225-211 of the French Commercial Code.

Review of the share buyback program authorized on 15 May 2024 (2024 share buyback program)

The combined annual general meeting of 15 May 2024 authorized the Board of Directors to implement a share buyback program capped at 10% of the total number of shares comprising the share capital and subject to a maximum purchase price per share of €140. This authorization, which supersedes the unused portion of the authorization granted by the annual general meeting of 11 May 2023, was granted for an 18-month period from the annual general meeting of 15 May 2024, *i.e.*, until 14 November 2025. It is therefore still in force at the date of this document.

By way of illustration, based on the share capital at 31 December 2024, the theoretical maximum amount of funds to be allocated to the implementation of the share buyback program may not exceed €1,064,851,634.

Transactions carried out as part of the 2024 share buyback program

At 15 May 2024, when the annual general meeting approved the 2024 share buyback program, the Company held, directly or indirectly, 366,370 treasury shares.

The following tables give a summary of the transactions carried out as part of the 2024 share buyback program.

Summary statement at 31 January 2025	
Number of shares comprising the Company's capital at 15 May 2024	75,043,514
Treasury shares held directly or indirectly at 15 May 2024	366,370
Number of shares canceled in the last 24 months	0
Number of treasury shares at 31 January 2025	316,383
Par value of treasury shares	3,163,830
Book value of portfolio *(in euros)*	24,692,568
Market value of portfolio *(in euros)* based on closing price at 31 January 2025, *i.e.*, €77	24,361,491

Summary of transactions carried out through the program between 15 May 2024 and 31 January 2025	**Aggregate gross movements**				**Open positions at 31 January 2025**	
	Coverage of free share plans		**Liquidity contract**			
	Purchases	Sales/ transfers	Purchases	Sales	Open buying positions	Open selling positions
Number of shares	257,196	363,625	909,163	852,500	-	-
Average price of transaction *(in euros)*	78.02	-	77.42	77.26	-	-
Amounts *(in euros)*	20,067,217	-	70,390,115	65,862,623	-	-

As a reminder, on 31 July 2024, the Board of Directors, having confirmed its decision to implement the share buyback program authorized by the combined annual general meeting of 15 May 2024, has authorized the conclusion of a liquidity and market surveillance contract with Natixis Oddo BHF to foster the liquidity of transactions and the regularity of quotation of Arkema shares on the Euronext Paris regulated market. This contract, drawn up in accordance with the regulations in force, in particular AMF decision no. 2021-01 of 22 June 2021, came into force on 1 October 2024, and the resources allocated to its implementation amount to €15 million.

Breakdown of treasury shares by objective

At 31 January 2025, the Company's 316,383 treasury shares were allocated as follows:

- 259,941 shares allocated for the purpose of covering the Company's plans to grant free shares to its employees and executive officers and those of its affiliated companies; and
- 56,442 shares held under the liquidity agreement.

Share buyback program submitted to the annual general meeting of 22 May 2025 (2025 share buyback program)

The Board of Directors would like the Company to continue to have a share buyback program.

To this end, the Board of Directors will propose to the combined annual general meeting of 22 May 2025 the cancellation of the thirteenth resolution voted by the combined annual general meeting of 15 May 2024, for its unused portion, and to authorize the implementation of a new share buyback program in accordance with the provisions of regulation (EU) no. 596/2014 of the European Parliament and of the Council of 16 April 2014 and Title IV of Book II of the general regulations of the French financial markets authority (*Autorité des marchés financiers* – AMF).

In accordance with articles 241-2 and 241-3 of the AMF's general regulations, the following sections give a description of the share buyback program subject to the authorization of the Company's next annual general meeting.

Objectives of the 2025 share buyback program

As part of the 2025 share buyback program that will be submitted to the combined annual general meeting of 22 May 2025, the Company is considering purchasing its own shares for any purpose permitted by law either now or in the future, and notably for the following purposes (unchanged compared to the previous program):

- implementing market practices allowed by the AMF such as 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 any market practice subsequently permitted by the AMF or by law;
- purchasing shares in the Company in order to hold them and subsequently tender them in exchange or as payment for any potential external growth operations, it being specified that the number of shares acquired for this purpose may not exceed 5% of the share capital at the time of the acquisition;
- 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;
- covering stock option plans granted to employees or executive officers of the Company or its group;
- granting free shares in the Company to the employees or executive officers of the Company or its group, particularly under the conditions provided for in articles L. 225-197-1 to L. 225-197-3, L. 22-10-59 and L. 22-10-60 of the French Commercial Code;
- offering employees the opportunity to acquire shares, whether directly or *via* a company savings plan (*Plan d'Épargne d'Entreprise*), under the terms defined by law, and notably articles L. 3332-1 *et seq*. of the French Labor Code (*Code du travail*); and
- canceling all or some of the purchased shares in order to reduce the Company's share capital.

Maximum portion of share capital to be bought back and maximum number of shares that may be acquired under the 2025 share buyback program

The maximum portion of the share capital that may be bought back under the 2025 share buyback program shall be 10% of the total number of shares making up the Company's share capital (*i.e.*, 76,060,831 shares at 31 December 2024).

In accordance with article L. 225-210 of the French Commercial Code, the number of shares held by the Company at any given date may not be greater than 10% of the shares constituting the Company's share capital on that date.

The securities that the Company is considering acquiring are shares.

Maximum unit purchase price authorized

The maximum purchase price would be €130 per share, it being specified that this purchase price may be adjusted to account for the impact on the share price resulting from 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 to the issuance and distribution of free shares as well as a stock split or reverse stock split or any other transaction affecting equity.

Based on the share capital at 31 December 2024, the theoretical amount that may be dedicated to this share buyback program may not exceed €988,790,803.

Terms and conditions for the 2025 share buyback program

The shares may be purchased or transferred at any time, except during a takeover bid for the Company's shares, under the conditions and within the limits, particularly as regards volume and price, permitted by law at the date of the transaction concerned, on one or more occasions, by any and all means, including on the market or over the counter, by way of block trades or by way of derivatives traded on a regulated or over-the-counter market, or through an investment services provider or a member of a regulated market referred to in article L. 225-206 of the French Commercial Code, under the conditions permitted by the market authorities and at the times that the Board of Directors or its delegated representative deems appropriate.

Duration of the 2025 share buyback program

In accordance with the resolution to be submitted for the approval of the combined annual general meeting of 22 May 2025, the 2025 share buyback program would be authorized for a period of 18 months from the date of its approval, *i.e.*, until 21 November 2026.

6.2.5 Summary of authorizations and their application

At 31 December 2024, there were no securities, other than the Company's shares, giving access to the Company's share capital.

The following table summarizes the outstanding delegations of authority and authorizations granted by the annual general meeting to the Board of Directors, in particular to increase the share capital, as well as their use.

Type of authorization	Description	Date of annual general meeting	Duration of authorization	Maximum authorized nominal amount or percentage	Use at 31 December 2024 *(unless otherwise specified)*
Capital increase	Issue shares in the Company and/or securities giving access to shares in the Company **with** preferential subscription rights (A)	15 May 2024	26 months	50% of the Company's share capital at 15 May 2024 €1.5 billion (debt securities)	None
Capital increase	Issue shares in the Company and/or securities giving access to shares in the Company by means of a public offering other than that referred to in article L. 411-2 1° of the French Monetary and Financial Code (*Code monétaire et financier*), **without** preferential subscription rights but with a priority period of at least three days (B)	15 May 2024	26 months	10% of the Company's share capital at 15 May 2024 €1.5 billion (debt securities)	None
Capital increase	Increase the Company's share capital, **without** preferential subscription rights, through the issue of shares and/ or securities giving access to shares in the Company, by means of a public offering referred to in article L. 411-2 1° of the French Monetary and Financial Code (C)	15 May 2024	26 months	10% of the Company's share capital at 15 May 2024 €1.5 billion (debt securities)	None
Capital increase	In the event of the issue of shares **without** preferential subscription rights, set the issue price in accordance with the terms set forth by the annual general meeting up to a maximum of 10% of the share capital over a 12-month period (D)	15 May 2024	26 months	10% of the Company's share capital over a 12-month period (amount included in the (B) or (C) limit, as appropriate)	None
Capital increase	Increase the Company's share capital, within the limit of 10% of the share capital, as compensation for contributions in kind (E)	15 May 2024	26 months	10% of the Company's share capital at 15 May 2024 (amount included in the (C) limit)	None
Capital increase	In the event of a share capital increase with or without preferential subscription rights, increase the number of shares to be issued (F)	15 May 2024	26 months	15% of the initial issue, subject to the limit stated in the resolution authorizing the issue	None
Capital increase	Place an overall limit on authorizations to increase the Company's share capital immediately and/or in the future	15 May 2024	26 months	50% of the Company's share capital at 15 May 2024: maximum overall nominal amount of the capital increases set out in (A) to (F); 10% of the Company's share capital at 15 May 2024: overall amount of the capital increases set out in (B), (C) and (E)	None

Type of authorization	Description	Date of annual general meeting	Duration of authorization	Maximum authorized nominal amount or percentage	Use at 31 December 2024 *(unless otherwise specified)*
Capital increase	Carry out capital increases reserved for members of a company savings plan	15 May 2024	26 months	€13.5 million	See section 6.3.4 of this chapter
Share buyback (1)	Carry out a share buyback program	15 May 2024	18 months	€140 per share 10% of the total number of shares comprising the Company's share capital	Use at 31 January 2025: see section 6.2.4 of this chapter
Performance share grant (1)	Grant free shares in the Company subject to performance conditions	19 May 2022	38 months	1,500,000 shares (*i.e.*, 2.02% of the share capital at 19 May 2022)	Grant of 363,255 shares (2) (9 November 2022) Grant of 374,660 shares (2) (8 November 2023) Grant of 369,925 shares (2) (5 November 2024)
Capital reduction (1)	Reduce the share capital by canceling shares	11 May 2023	24 months	10% of the share capital over a 24-month period	None

(1) A new authorization is detailed in chapter 7 of this document and will be submitted to the vote of the combined annual general meeting of 22 May 2025.
(2) This number could be increased to 428,525 for 2022, 441,816 for 2023 and 436,392 for 2024 in case of outperformance.

There are no other securities giving access to the Company's capital either immediately or in the future (see section 6.2.6 of this chapter for a description of these options).

6.2.6 Stock options and performance share plans

In order to retain executives and certain employees and to involve them more closely in the Group's future growth as well as its stock market performance, the Board of Directors puts in place free performance share plans subject to performance conditions.

In accordance with the applicable stock-based compensation policy, there are currently no stock option plans nor stock options outstanding.

Additional information on the performance share plans put in place by the Group is given in section 3.5 of this document, as well as in note 7.4 to the consolidated financial statements at 31 December 2024 in section 5.3.3 of this document.

6.2.7 Stock transactions by the Company's executives

Pursuant to article 223-26 of the AMF general regulations, the following table details the transactions disclosed by the individuals concerned by article L. 621-18-2 of the French Monetary and Financial Code in 2024:

2024		Vesting [(1)]	Subscription (including dividend conversion)	Disposal
Thierry Le Hénaff	Arkema shares	-	-	-
Chairman and Chief Executive Officer	FCPE units	-	-	-
Luc Benoit-Cattin	Arkema shares	-	-	-
member of the Executive Committee of the Arkema Group	FCPE units	-	750	-
Bernard Boyer	Arkema shares	-	-	-
member of the Executive Committee of the Arkema Group	FCPE units	-	-	-
Marie-José Donsion	Arkema shares	-	-	-
member of the Executive Committee of the Arkema Group	FCPE units	-	750	-
Sophie Fouillat	Arkema shares	-	-	-
member of the Executive Committee of the Arkema Group	FCPE units	-	400	-
Richard Jenkins	Arkema shares	-	-	6,360
member of the Executive Committee of the Arkema Group	FCPE units	-	750	-
Vincent Legros	Arkema shares	-	-	-
member of the Executive Committee of the Arkema Group	FCPE units	-	750	-
Thierry Parmentier	Arkema shares	-	-	-
member of the Executive Committee of the Arkema Group	FCPE units	-	750	-
Erwoan Pezron	Arkema shares	-	-	1,000
member of the Executive Committee of the Arkema Group	FCPE units	-	750	-
Tilo Quink	Arkema shares	-	-	-
member of the Executive Committee of the Arkema Group	FCPE units	-	750	-
Marc Schuller	Arkema shares	-	-	-
member of the Executive Committee of the Arkema Group	FCPE units	-	750	-
Laurent Tellier	Arkema shares	-	-	-
member of the Executive Committee of the Arkema Group	FCPE units	-	750	-
Florence Lambert	Arkema shares	450	-	-
director	FCPE units	-	-	-

(1) Performance shares vested to Thierry Le Hénaff, Thierry Parmentier, Luc Benoit-Cattin, Erwoan Pezron, Marc Schuller, Vincent Legros, Marie-José Donsion, Sophie Fouillat and Susan Rimmer under the 9 November 2021 plan and were disclosed to the AMF on 13 November 2024. Performance shares vested to Richard Jenkins under the 4 November 2020 plan and were disclosed to the AMF on 5 November 2024.

6.3 Share ownership

6.3.1 Breakdown of share ownership and voting rights at 31 December 2024

At 31 December 2024, the share capital of the Company was made up of a total of 76,060,831 shares (of which 19,076,440 shares with double voting rights), carrying 94,880,111 voting rights (including double voting rights and after deduction of treasury shares). The breakdown of share ownership at 31 December 2024 was established on this basis, drawing on an analysis by the Company using data from the SRD II analysis (previously performed using identifiable bearer shares – *titres au porteur identifiable* – and known as the TPI procedure) and taking into account threshold disclosures made to the AMF or the Company. TPI procedures and SRD II analyses were carried out at the end of 2021, 2022 and 2023.

To the best of the Company's knowledge, the breakdown of Arkema's share ownership and voting rights at 31 December 2024 was as follows:

Main shareholders owning at least 5% of the share capital and/or voting rights	% of share capital	% of voting rights	% of theoretical voting rights*
Employee share ownership** (1)	9.1	13.1	13.1
Fonds Stratégique de Participations	7.8	12.5	12.5
Lac I SLP	7.1	11.3	11.3
BlackRock Inc.	5.1	4.1	4.0
Treasury shares	0.3	0.0	0.3
Public	70.6	59.0	58.8
TOTAL	**100**	**100**	**100**

* *Pursuant to article 223-11 of the AMF's general regulations, the number of theoretical voting rights is calculated on the basis of all shares.*

** *See details presented in section 6.3.4 of this chapter.*

(1) *To the Company's knowledge, the Arkema Actionnariat France and Arkema Actionnariat International company mutual funds (*Fonds Commun de Placement d'Entreprise *– FCPE) held 6.7% of the Company's share capital at 31 December 2024, representing 9.9% of the Company's voting rights. These funds include the shareholdings of employees and former employees of the Arkema Group (see section 6.3.4 of this chapter) and employees of TotalEnergies.*

To the Company's knowledge, based on its register and except for the pledges described in section 6.2.3 of this chapter, no share of the Company has been pledged, or used as a guarantee or a surety.

The Company has also put in place an American Depositary Receipt (ADR) program in the United States. For this purpose, it entered into a deposit agreement with Bank of New York Mellon on 18 May 2006. At 31 December 2024, 859,538 shares were held by Bank of New York Mellon on behalf of ADR bearers.

6.3.2 Control of the Company

At the date of this document:

- the Company is not controlled, either directly or indirectly, by any single shareholder; and
- to the Company's knowledge, there is no agreement or pact between shareholders, the implementation of which would result in the takeover of the Company.

6.3.3 Clauses likely to have an effect on the control of the Company

No provision of the Articles of Association can delay, defer or prevent a change of control over the Company. However, there are provisions pertaining to double voting rights and limitations on voting rights in articles 17.3 and 17.4 of the Articles of Association, which are presented in section 6.5.2 of this chapter.

6.3.4 Employee share ownership

Share capital increase reserved for employees

In addition to free performance shares granted to certain employees, the Board of Directors regularly reaffirms its intention to pursue a dynamic employee share ownership policy by offering Group employees the opportunity to purchase Arkema shares on preferential terms every two years.

In accordance with the delegation of authority granted by the annual general meeting on 15 May 2024, by delegation of the Board of Directors on 15 May 2024, the Chairman and Chief Executive Officer decided on 11 September 2024 to carry out the ninth share capital increase reserved for employees. This operation took place from 16 to 30 September 2024 in 31 countries in which the Group is present. The subscription conditions were notably as follows:

- subscription price of €60.74, corresponding to the average opening price of Arkema shares on the Euronext Paris market quoted in the 20 trading days preceding 11 September 2024, to which a 25% discount was applied;
- for employees of Group companies outside France, allocation of one free share for every four subscribed, up to a maximum of 25 free shares, with a vesting period of four years, with no holding period required, except in Italy and Spain (vesting period of three years and holding period of three years);
- for employees of French companies, possibility of subscribing to the capital increase using sums from the incentive scheme or the profit-sharing scheme, supplemented, as the case may be, by the employer; and
- possibility of spreading payment for the shares over 24 months.

This operation resulted in the issue of 1,017,317 new shares on 30 October 2024, representing 1.3% of the Company's share capital at the end of the operation. A total of 8,694 subscriptions were recorded in 31 countries, for an aggregate amount of €61.8 million.

The amounts invested and the rate of employee participation reached a record level compared to prior operations, with a participation rate of 66% in France and 28% internationally, *i.e.* 41% across the Group.

Subscriptions by employees based outside France resulted in the allocation of 62,593 free share rights, subject to a specific plan, the provisions and beneficiaries of which were approved by the Company's Board of Directors at its meeting of 5 November 2024. At this same meeting, the Board also allocated 1,500 free share rights to employees based in countries where the operation could not be offered, on the basis of three free shares per employee, with a vesting period of four years.

Further details on the 2024 share capital increase reserved for employees are available in sections 7.2.2 and 7.3.2 of this document.

Employee share ownership

According to the definition of employee share ownership under the terms of article L. 225-102 of the French Commercial Code, the number of Arkema shares held by employees at 31 December 2024 was 6,953,452, representing 9.1% of the share capital and, taking into account double voting rights, 13.1% of the voting rights. These shares, held by over 50% of the Group's employees, may be broken down as follows:

Shares held by Group employees within the Arkema Actionnariat France FCPE	3,587,868
Shares held by Group employees within the Arkema Actionnariat International FCPE	670,919
Direct registered shares held within a Group savings plan (*Plan d'Épargne Groupe*)	516,516
Shares arising from the exercise of stock options and held as direct registered shares within a Group savings plan	197,107
Free shares	1,981,042
TOTAL EMPLOYEE SHARE OWNERSHIP	**6,953,452**

6.3.5 Legal threshold disclosures

The following legal threshold disclosures were made to the AMF in 2024 and up to 14th March 2025:

Company	Date threshold crossed	Threshold crossed
BlackRock Inc.	5 March 2024	exceeded the 5% share capital threshold
BlackRock Inc.	6 March 2024	dropped below the 5% share capital threshold
BlackRock Inc.	14 March 2024	exceeded the 5% share capital threshold
BlackRock Inc.	15 March 2024	dropped below the 5% share capital threshold
BlackRock Inc.	18 March 2024	exceeded the 5% share capital threshold
BlackRock Inc.	25 March 2024	dropped below the 5% share capital threshold
BlackRock Inc.	26 March 2024	exceeded the 5% share capital threshold
BlackRock Inc.	28 March 2024	dropped below the 5% share capital threshold
BlackRock Inc.	29 March 2024	exceeded the 5% share capital threshold
BlackRock Inc.	3 April 2024	dropped below the 5% share capital threshold
BlackRock Inc.	5 April 2024	exceeded the 5% share capital threshold
BlackRock Inc.	8 April 2024	dropped below the 5% share capital threshold
BlackRock Inc.	9 April 2024	exceeded the 5% share capital threshold
BlackRock Inc.	24 April 2024	dropped below the 5% share capital threshold
BlackRock Inc.	25 April 2024	exceeded the 5% share capital threshold
BlackRock Inc.	26 April 2024	dropped below the 5% share capital threshold
BlackRock Inc.	30 April 2024	exceeded the 5% share capital threshold
BlackRock Inc.	1 May 2024	dropped below the 5% share capital threshold
Amundi AM – Arkema Actionnariat France FCPE	17 May 2024	exceeded the 5% share capital threshold
Amundi AM – Arkema Actionnariat France FCPE	9 September 2024	dropped below the 5% share capital threshold
BlackRock Inc.	30 September 2024	exceeded the 5% share capital threshold
BlackRock Inc.	1 October 2024	dropped below the 5% share capital threshold
BlackRock Inc.	9 October 2024	exceeded the 5% share capital threshold
BlackRock Inc.	11 October 2024	dropped below the 5% share capital threshold
Norges Bank	23 October 2024	dropped below the 5% voting rights threshold
BlackRock Inc.	24 October 2024	exceeded the 5% share capital threshold
BlackRock Inc.	28 October 2024	dropped below the 5% share capital threshold
BlackRock Inc.	30 October 2024	exceeded the 5% share capital threshold
BlackRock Inc.	31 October 2024	dropped below the 5% share capital threshold
BlackRock Inc.	1 November 2024	exceeded the 5% share capital threshold
BlackRock Inc.	12 November 2024	dropped below the 5% share capital threshold
BlackRock Inc.	18 November 2024	exceeded the 5% share capital threshold
BlackRock Inc.	20 November 2024	dropped below the 5% share capital threshold
Norges Bank	26 November 2024	dropped below the 5% share capital threshold
BlackRock Inc.	5 December 2024	exceeded the 5% share capital threshold
BlackRock Inc.	6 December 2024	dropped below the 5% share capital threshold
Amundi AM – Arkema Actionnariat France FCPE	10 December 2024	exceeded the 5% share capital threshold
BlackRock Inc.	16 December 2024	exceeded the 5% share capital threshold
BlackRock Inc.	19 December 2024	dropped below the 5% share capital threshold
BlackRock Inc.	23 December 2024	exceeded the 5% share capital threshold
BlackRock Inc.	24 December 2024	dropped below the 5% share capital threshold
BlackRock Inc.	30 December 2024	exceeded the 5% share capital threshold
BlackRock Inc.	7 January 2025	dropped below the 5% share capital threshold
BlackRock Inc.	8 January 2025	exceeded the 5% share capital threshold

Company	Date threshold crossed	Threshold crossed
BlackRock Inc.	9 January 2025	dropped below the 5% share capital threshold
BlackRock Inc.	10 January 2025	exceeded the 5% share capital threshold
BlackRock Inc.	20 January 2025	dropped below the 5% share capital threshold
BlackRock Inc.	22 January 2025	exceeded the 5% share capital threshold
BlackRock Inc.	30 January 2025	dropped below the 5% share capital threshold
BlackRock Inc.	3 February 2025	exceeded the 5% share capital threshold
BlackRock Inc.	4 February 2025	dropped below the 5% share capital threshold
BlackRock Inc.	5 February 2025	exceeded the 5% share capital threshold
BlackRock Inc.	7 February 2025	dropped below the 5% share capital threshold
BlackRock Inc.	12 February 2025	exceeded the 5% share capital threshold
BlackRock Inc.	17 February 2025	dropped below the 5% share capital threshold
BlackRock Inc.	18 February 2025	exceeded the 5% share capital threshold
BlackRock Inc.	26 February 2025	dropped below the 5% share capital threshold
BlackRock Inc.	27 February 2025	exceeded the 5% share capital threshold
BlackRock Inc.	13 March 2025	dropped below the 5% share capital threshold
BlackRock Inc.	14 March 2025	exceeded the 5% share capital threshold

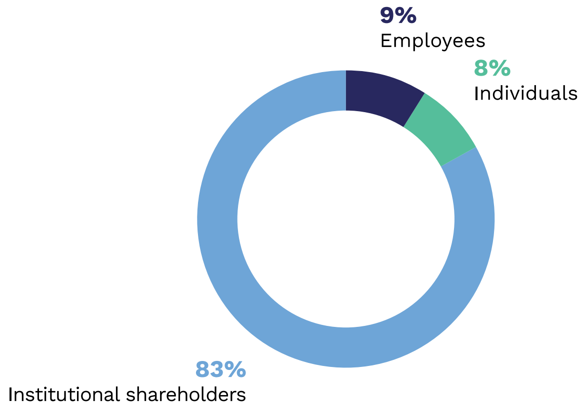
6.3.6 Historical breakdown of share ownership and voting rights

To the best of the Company's knowledge, Arkema's estimated share ownership at 31 December 2024, 2023 and 2022 was as follows [(1)]:

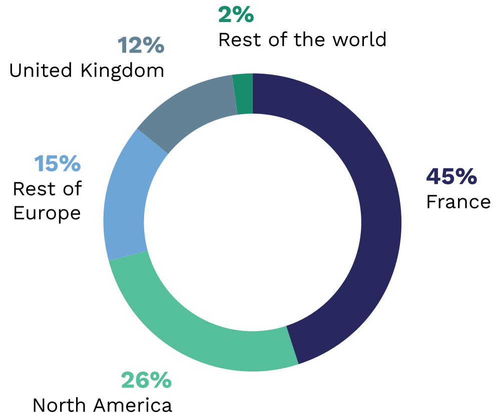
	31 December 2024		31 December 2023		31 December 2022	
	% of share capital	% of voting rights	% of share capital	% of voting rights	% of share capital	% of voting rights
Fonds Stratégique de Participations	7.8	12.5	7.9	12.8	7.9	13.0
Lac I SLP	7.1	11.3	7.2	11.6	7.2	10.4
Norges Bank	n.a.	n.a.	6.4	5.2	6.4	5.2
BlackRock Inc.	5.1	4.1	n.a.	n.a.	5.0	4.1
Other institutional shareholders	62.3	50.0	62.1	50.1	57.4	47.2
Individual shareholders	8.3	9.0	8.4	9.1	8.2	9.0
Employee share ownership	9.1	13.1	7.7	11.2	7.6	11.1
Treasury shares	0.3	0.0	0.3	0.0	0.3	0.0
TOTAL	**100**	**100**	**100**	**100**	**100**	**100**
Number of shares/voting rights	76,060,831	94,880,111	75,043,514	92,795,424	75,043,514	91,429,125

(1) Only shareholdings in excess of 5% of the share capital threshold are shown in the table above.

BREAKDOWN OF SHARE OWNERSHIP BY SHAREHOLDER TYPE (AT 31 DECEMBER 2024)



BREAKDOWN OF SHARE OWNERSHIP BY REGION (AT 31 DECEMBER 2024)



6.4 Stock market

6.4.1 Stock market information

The Arkema share is listed on Euronext Paris, compartment A. It is eligible for the Deferred Settlement Service (*Système de Règlement Différé* – SRD) as well as the Personal Equity Savings Plan (*Plan d'Épargne en Actions* – PEA).

An American Depositary Receipt (ADR) program has been in place in the United States since 18 May 2006. Each ADR represents one American Depositary Share (ADS), and each ADS in turn represents one Arkema share.

Codes

ISIN	FR0010313833
Ticker	AKE
Reuters	AKE.PA
Bloomberg	AKE FP

Indexes

The Arkema share is included in the following indexes:

- CAC Next 20;
- CAC Large 60;
- CAC 40 ESG and CAC SBT 1.5°;
- SBF 120;
- Euronext FAS IAS;
- Euro Stoxx Chemicals; and
- MSCI.

Arkema share performance

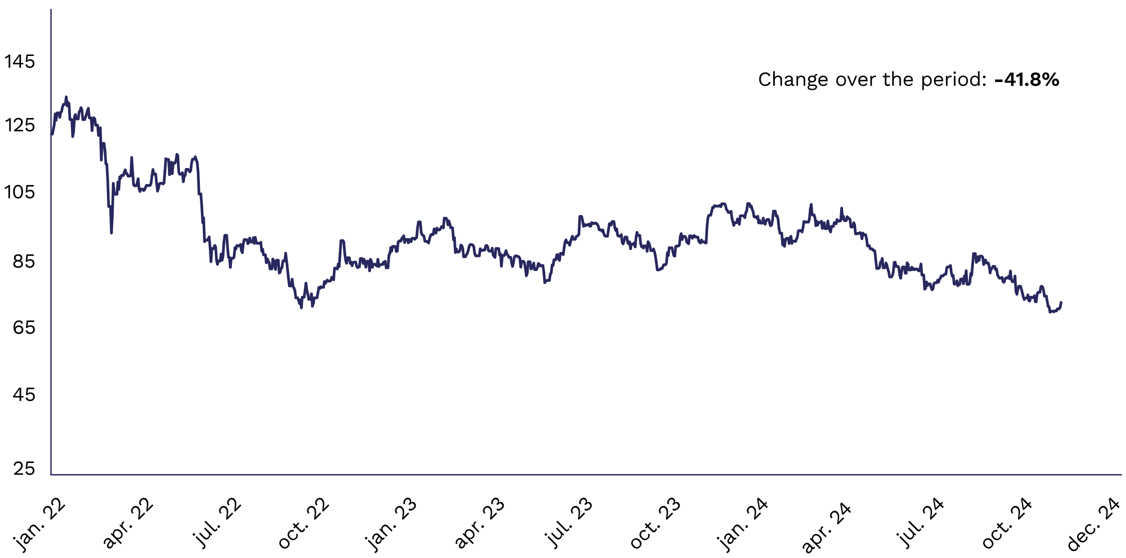
	2024	2023	2022
Market capitalization at year-end *(in billions of euros)*	5.6	7.7	6.3
Performance since 1 January *(situation at 31 December)*	-28.6%	+22.8%	-32.3%
Last closing price of the year *(in euros)*	73.55	103.00	83.88
Average of last 30 closing prices *(in euros)*	74.44	95.48	85.07
Highest closing price of the year *(in euros)*	103.05	103.00	134.95
Lowest closing price of the year *(in euros)*	70.60	79.42	71.90

Arkema share historical data since 1 January 2024

Month	Number of shares traded *(Euronext volumes)* [1]	Trading volume on Euronext *(in millions of euros)* [1]	Highest price *(in euros)* [1]	Lowest price *(in euros)* [1]
January 2024	2,885,923	287.59	103.90	95.88
February 2024	2,552,586	250.06	101.55	94.38
March 2024	3,057,575	284.68	98.36	89.60
April 2024	2,979,573	291.67	103.20	94.60
May 2024	3,005,150	291.34	104.40	92.05
June 2024	3,595,720	309.68	94.75	79.85
July 2024	3,100,481	258.61	86.35	80.60
August 2024	2,691,294	217.08	87.00	76.70
September 2024	3,404,927	278.16	88.40	77.90
October 2024	3,402,434	283.90	88.20	78.90
November 2024	4,399,267	342.59	83.85	73.30
December 2024	3,548,864	263.35	79.00	69.15
January 2025	4,096,418	304.49	78.45	69.45
February 2025	5,623,945	452.36	84.85	73.15

(1) Source – Euronext monthly statistics.

Arkema share price changes



6.4.2 Financial communication

The Group regularly provides information on its activities, results and outlook to its shareholders, investors and analysts, and to the financial community at large. Group press releases, financial reports, presentations and minutes of annual general meetings are available in the "Investors" section on the Group's website: https://www.arkema.com/global/en/investor-relations/. Every year, the Group files a Universal Registration Document with the AMF. This document is available on the AMF website (www.amf-france.org) and on the Group's website (www.arkema.com/global/fr/investor-relations/). A free translation into English of this Universal Registration Document is also available on the Group's website.

6.4.3 Relations with institutional investors and financial analysts

The Group is committed to maintaining an active and permanent dialogue with institutional investors and financial analysts, in particular through roadshows and conferences that may be held in person or virtually. Representatives from the Group's executive management, primarily the Chairman and Chief Executive Officer and the Chief Financial Officer, regularly meet with portfolio managers and financial analysts of the main financial hubs in Europe, North America and Asia. The Investor Relations team also regularly meets with the financial community. The purpose of these various meetings is to inform the market of the Group's results and main operations as well as to improve investors' and analysts' understanding of its activities, strategy and outlook.

On the publication of its quarterly, half-yearly and annual results, a conference call and a webcast are hosted by the Chairman and Chief Executive Officer and the Chief Financial Officer for the financial community.

In 2024, the Group held approximately 430 meetings as part of roadshows and conferences. As a reminder, Arkema also organized a Capital Markets Day in Paris on 27 September 2023, which brought together nearly 60 investors and analysts in person.

6.4.4 Relations with individual shareholders

The Group aims to inform its individual shareholders about its strategy, results and activities, with an emphasis on open dialogue, discussion and meetings.

Arkema meets with its individual shareholders on a regular basis, in particular at the annual general meeting, which is a special opportunity for information and dialogue about the Group's strategy and development. Last year, the annual general meeting of 15 May 2024 was held at the Théâtre des Sablons in Neuilly-sur-Seine, with shareholders attending in person and a live webcast and replay available in the Investors section of the Group's website (www.arkema.com/global/fr/investor-relations/).

As usual, the Group also organized a meeting with individual shareholders, held this year in Toulouse on 2 December 2024.

Lastly Arkema continued to use digital technology to supplement its interactions with individual shareholders, and carried out nine email campaigns to share news about the Group throughout the year.

Additionally, through its shareholders' club, the Group organizes various activities throughout the year that give its members the opportunity to discover the world of chemistry, innovations and their applications in everyday life. It ran several visits in 2024.

Presentations, shareholder newsletters and other documents intended for individual shareholders are available in the dedicated Investors section of the Group's website (www.arkema.com/global/fr/investor-relations/individual-shareholder/).

6.4.5 Investor relations contacts

Institutional investor relations department

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

Email address: investor-relations@arkema.com

Individual shareholder relations department

Telephone:

0 800 01 00 01 (free call within France)

+33 (0)1 86 86 05 87 (outside France)

Email address: actionnaires-individuels@arkema.com

6.4.6 Registered shares

Arkema shares can be registered in the name of the holders. In this case, shareholders are identified by Arkema in its capacity as issuer, or by its agent Uptevia, which is responsible for the shareholders' register.

Advantages of registered shares include:

- double voting rights if shares are held for two years continuously (see section 6.5.2 of this chapter); and
- the possibility of directly receiving the notice of the annual general meeting.

Contact details for registered shares:

Uptevia

90-110 Esplanade du Général de Gaulle

92931 Paris La Défense Cedex – France

Telephone:

0 800 115 153 (within France)

+33 (0)1 49 37 82 40 (outside France)

Website: https://www.uptevia.com

6.4.7 Dividend policy

Dividend is a key element of the shareholder return policy of the Group, which reiterated during the Capital Markets Day of 27 September 2023 its willingness to progressively increase the dividend, aiming for a 40% payout ratio for the 2024-28 period.

The Board of Directors decided at its meeting on 26 February 2025 that, at the annual general meeting of 22 May 2025, it will recommend a dividend payment of €3.60 per share in respect of 2024 (*vs.* €3.50 per share in respect of 2023), to be paid entirely in cash. Ex-dividend date is fixed on 26 May 2025 and the dividend will be paid as from 28 May 2025.

	2024 (1)	2023	2022	2021	2020
Dividend per share *(in euros)* (2)	3.60	3.50	3.40	3.00	2.50
Payout ratio (dividend per share/adjusted net income per share)	44%	40%	22%	25%	49%

(1) Dividend proposed to the annual general meeting of 22 May 2025.
(2) Dividend eligible for the 40% deduction under article 158,3.,2° of the French Tax Code (Code général des impôts).

Since 2007, the first year during which the Group distributed a dividend, the dividend has increased by nearly 10% per year.

6.5 Extracts from the Articles of Association

6.5.1 General meetings (articles 16, 17.1 and 17.2)

Convening notice – place of meeting – admission

General meetings are called under the conditions provided for by applicable laws and regulations.

Meetings are held at the registered office or at any other place indicated in the notice of meeting.

In compliance with current regulatory requirements, all shareholders have the right to attend general meetings and to participate in the deliberations or to be represented, regardless of the number of shares they own, provided that it can be proven in accordance with legal and regulatory provisions that the shares have been registered in their name or in that of an intermediary duly authorized on their behalf under the terms of paragraph 7 of article L. 228-1 of the French Commercial Code, within the regulatory period, either in the registered share accounts held by the Company or in the bearer securities accounts held by the authorized intermediary.

The registration or accounting entry of the shares in bearer securities accounts held by the authorized intermediary shall be evidenced by a shareholding certificate issued by the intermediary of the account holder under applicable legal and regulatory conditions.

Exercise of voting rights

As from the time the meeting is called, any shareholder may request from the Company in writing a paper absentee ballot, or, if the Board of Directors provides for this option in both the announcement and notice of meeting, an electronic absentee ballot. Such requests must be delivered to or received at the registered office of the Company no later than six days before the date of the meeting. The Board of Directors has the power to reduce or waive this period.

Paper absentee ballots must be delivered to or received by the Company at least three days before the date of the general meeting. Electronic absentee ballots may be delivered to or received by the Company until 3.00pm (CET) on the eve of the general meeting. The Board of Directors or Chairman, if so authorized by delegation, has the power to reduce or waive this period.

Representation

A shareholder may be represented at general meetings by another shareholder, his or her spouse, civil union partner, or by any other person or legal entity under the terms provided for in articles L. 225-106 *et seq*. and L. 22-10-39 *et seq*. of the French Commercial Code.

Shareholders that are legal entities attend meetings through their legal representatives or any proxy appointed for this purpose.

Any member of the meeting who wishes to be represented by proxy must send a proxy form to the Company, either on paper, or, if the Board of Directors provides for this option in both the announcement and notice of meeting, in electronic format, at least three days before the meeting. However, the Board of Directors, or by delegation, the Chairman, has the power to reduce or waive such notice periods and to accept proxy forms that do not fall within this limit.

Proxies in electronic format may be delivered or received by the Company until 3.00pm (CET) on the eve of the general meeting. The Board of Directors, or by delegation, the Chairman, has the power to reduce or waive this period.

Chairman of the general meeting

General meetings are chaired by the Chairman of the Board of Directors or, in his or her absence, by a director who is appointed specifically for this purpose by the Board of Directors. Failing this, the meeting elects its own Chairman.

Quorum and majority

General meetings, whether they are ordinary, extraordinary, combined or special, are duly constituted when they meet the quorum and majority conditions provided for by applicable laws and regulations governing such meetings, and exercise the powers ascribed to them by the law.

6.5.2 Voting rights (articles 17.3 and 17.4)

Voting rights, double voting rights

Subject to the provisions set forth below, each member of the meeting is entitled to as many voting rights and votes as the number of shares he owns or represents, providing that all payments due for such shares have been met.

However, double voting rights are conferred on all fully paid up shares in registered form that have been registered in the name of the same shareholder for at least two years, under the conditions applicable by law and by regulations.

Furthermore, in the event of a capital increase by capitalization of reserves, profits or share premiums, double voting rights are conferred, as of their issue, to shares in registered form allocated to shareholders on the basis of existing shares held by such shareholders and conferring such entitlement.

The merger or spin-off of the Company has no effect on double voting rights, which may be exercised within the beneficiary company or companies if the Articles of Association of such company provide for such rights.

Any share converted to a bearer share or the ownership of which is transferred loses the double voting rights gained under the three provisions above. However, a transfer resulting from inheritance, the separation of assets between spouses or an inter vivos gift to a spouse or close relative does not result in the loss of rights acquired or interrupt the qualifying period indicated above.

Limitation on voting rights

In a general meeting, no shareholder may, directly or through a proxy, express more than 10% of the total voting rights attached to the Company's shares, taking into account single voting rights attached to shares that he directly or indirectly holds and to the powers conferred to him. However, if such a shareholder also holds double voting rights personally or as a proxy, the 10% limit may be exceeded, taking into account only the additional voting rights resulting therefrom, and the combined voting rights expressed shall not exceed 20% of the total voting rights attached to the Company's shares.

In application of the foregoing provisions:

- the total number of voting rights attached to the Company's shares that is taken into consideration is calculated as of the date of the general meeting and the shareholders are notified thereof at the beginning of such general meeting;
- the number of voting rights held directly or indirectly means those that are attached to shares held by an individual, either personally or jointly, or by a company, group, association or foundation, and those that are attached to shares held by a company that is controlled within the meaning of article L. 233-3 of the French Commercial Code, by another company or by an individual, association, group or foundation; and

- a shareholder's proxy returned to the Company without stating the name of the proxy is subject to the foregoing limitations. However, such limitations do not apply to the chairman of a general meeting who is voting by virtue of all such proxies combined.

The limitations provided in the foregoing paragraphs have no impact on the calculation of the total number of voting rights, including double voting rights, which are attached to the Company's shares and which must be taken into account when applying the legal, regulatory or statutory provisions providing for specific obligations by reference to the number of voting rights existing in the Company or the number of shares having voting rights.

The limitations set forth above shall lapse, without any need for a new resolution by an extraordinary general meeting, whenever an individual or a legal entity, acting separately or in concert with one or more individuals or legal entities, should come to hold at least two-thirds of the total number of shares in the Company following a takeover bid for all of the Company's shares. The Board of Directors then recognizes that the limitations have lapsed, and carries out the related formalities to amend the Articles of Association.

6.5.3 Rights and obligations attached to the shares (article 9)

In addition to the right to vote, each share gives the holder the right of ownership of a portion of the Company's assets, profits and winding-up dividends (*boni de liquidation*), determined proportionately to the shareholding it represents.

Ownership of a share entails compliance with the Articles of Association of the Company and with all resolutions approved by the Company's shareholders at general meetings.

Any changes to the rights attached to the shares are subject to legal provisions.

6.5.4 Thresholds (article 8)

In addition to the legal obligation to inform the Company of any shareholdings or voting rights that they may hold, any individual or legal entity acting alone or in concert that has come into possession, within the meaning of Articles L. 233-9 and L. 233-10 of the French Commercial Code, either directly or indirectly, of a percentage of the share capital or voting rights equal to or greater than 1%, is required to inform the Company, by registered mail with return receipt, of the total number of shares, voting rights and securities giving future access to the Company's capital, as well as the voting rights attached thereto, whether they are held alone or in concert, directly or indirectly, within five stock market trading days starting on the date on which it crossed this threshold.

Above this 1% threshold and up to 30%, this disclosure requirement must be fulfilled under the conditions set forth above, each time the shareholder crosses a multiple of 0.5% of the share capital or voting rights.

Failure to make the threshold disclosures as set forth in the first two paragraphs above shall result in those shares that should have been disclosed being disqualified for voting purposes at general meetings, if such failure is acknowledged and if so requested at a meeting by one or more shareholders together holding at least 3% of the Company's share capital or voting rights.

All shareholders, whether natural or legal persons, must also notify the Company in the manner and within the time limits indicated in the first two paragraphs above, whenever their direct, indirect or joint holdings fall below any of the thresholds mentioned in the said paragraphs.

ANNUAL GENERAL MEETING

7

The different parts constituting the annual financial report are identified in the table of contents by the pictogram AFR

7.1 Proposed agenda and proposed resolutions submitted to the combined annual general meeting

7.1.1 Proposed agenda for the combined annual general meeting of 22 May 2025

Resolutions submitted to the ordinary general meeting

1. Approval of the Company's financial statements for the year ended 31 December 2024.
2. Approval of the consolidated financial statements for the year ended 31 December 2024.
3. Allocation of profit for the year ended 31 December 2024 and setting of the dividend.
4. Reappointment of Ilse Henne as a member of the Board of Directors.
5. Reappointment of Thierry Pilenko as a member of the Board of Directors.
6. Reappointment of Bpifrance Investissement as a member of the Board of Directors.
7. Approval of the compensation policy for directors, other than the Chairman and Chief Executive Officer.
8. Approval of the compensation policy for the Chairman and Chief Executive Officer.
9. Approval of the information on the compensation of directors referred to in article L. 22-10-9 I of the French Commercial Code (*Code de commerce*).
10. Approval of the components of compensation paid or awarded to the Chairman and Chief Executive Officer for the year ended 31 December 2024.
11. Ratification of the transfer of the registered office.
12. Authorization granted to the Board of Directors to carry out a share buyback program.

Resolutions submitted to the extraordinary general meeting

13. Authorization granted to the Board of Directors to reduce the share capital by canceling shares.
14. Delegation of authority granted to the Board of Directors to award free shares in the Company subject to performance conditions.
15. Ratification of the amendments to article 12 and the deletion of article 16.6 of the Company's Articles of Association.
16. Amendment of article 12 of the Company's Articles of Association.
17. Amendment of article 10.1.3 of the Company's Articles of Association.
18. Amendment of paragraph 3 of article 11.1 of the Company's Articles of Association.
19. Powers to carry out formalities.

7.1.2 Proposed resolutions submitted to the combined annual general meeting of 22 May 2025

Resolutions submitted to the ordinary general meeting

First resolution

(Approval of the Company's financial statements for the year ended 31 December 2024)

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 2024, 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 approves the expenses and charges mentioned in article 39-4 of said Code, which amounted to €106,843 for the year ended 31 December 2024, and given the Company's tax position in 2024, the non-deductibility of these expenses resulted in an additional current tax charge of €26,711.

Second resolution

(Approval of the consolidated financial statements for the year ended 31 December 2024)

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 2024, 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.

Third resolution

(Allocation of profit for the year ended 31 December 2024 and setting of the dividend)

The annual general meeting, voting in accordance with the quorum and majority requirements for ordinary general meetings, having considered the Board of Directors' report and the statutory auditors' report and having noted that the Company's financial statements for the year ended 31 December 2024 show a profit of €243,687,787.89, plus prior retained earnings of €1,809,191,606.22, decides, as recommended by the Board of Directors, to allocate the distributable profit for the financial year as follows:

Source	
Profit for the period	€243,687,787.89
Prior retained earnings	€1,809,191,606.22
Distributable profit	€2,052,879,394.11

Allocation	
Legal reserve	€-
Dividend distribution (1)	€273,818,991.60
Retained earnings	€1,779,060,402.51

(1) *The total dividend distribution is calculated on the basis of the number of shares existing at 31 December 2024 and 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 (which do not carry dividend rights) held by the Company. The abovementioned dividend distribution is the gross amount, calculated before any taxes or social security contribution that may apply to shareholders depending on their particular situation. Dividends paid to individual shareholders domiciled for tax purposes in France are in principle subject either to a 12.8% flat tax (prélèvement forfaitaire unique – PFU), calculated on the gross amount of the dividend (article 200 A of the French Tax Code), or, if the beneficiary expressly and irrevocably so elects, to taxation on the progressive income tax scale, after application of 40% tax relief (article 158,3.,2° of the French Tax Code). This option is applicable to all income subject to the PFU flat tax, with no possibility of a partial option. It must be exercised by beneficiaries each year when filing their income tax return and no later than the filing deadline. In addition, the dividend is subject to social security contributions at a rate of 17.2%, a percentage of which may be deductible in the event of election of taxation on the progressive income tax scale. Beneficiaries whose reference taxable income exceeds certain thresholds are also subject to an exceptional surtax on high incomes (contribution exceptionnelle sur les hauts revenus – CEHR), provided for in article 223 sexies of the French Tax Code, on a scale adjusted for family status (single persons or equivalent, couples with joint taxation). Shareholders are invited to contact their tax advisor.*

Accordingly, the annual general meeting decides to pay a dividend of €273,818,991.60 with regard to the 76,060,831 existing shares at 31 December 2024 corresponding to a distribution of three euros and sixty cents (€3.60) per share, it being specified that full powers are granted to the Board of Directors to set the definitive total amount of the dividend (on the basis of the change in the number of shares carrying dividend rights between 1 January 2025 and the ex-dividend date), the balance of distributable income and consequently the amount to be allocated to retained earnings.

The shares will be traded ex-dividend as of 26 May 2025 and the dividend for the 2024 financial year will be paid as of 28 May 2025.

This dividend will be eligible in full 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 aforementioned Tax Code, under certain conditions and only if the beneficiary has elected for taxation on the progressive income tax scale (see above).

In accordance with the provisions of article 243 *bis* of the French Tax Code, it is recalled that the dividend paid for the last three financial years was as follows:

	2023	2022	2021
Dividend distribution *(in euros)*	261,370,004.00	253,830,012.40	221,907,138.00
Net dividend per share *(in euros)*	3.50 (1)	3.40 (1)	3.00 (1)

(1) *Eligible in full 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 applicable, only under certain conditions, in the event of election of taxation on the progressive income tax scale.*

Fourth resolution

(Reappointment of Ilse Henne 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, having considered the Board of Directors' report and noting that the term of office of Ilse Henne expires at the close of this annual general meeting, decides to reappoint her for a term of four (4) years expiring at the close of the ordinary general meeting to be held in 2029 to approve the financial statements for the year ending 31 December 2028.

Fifth resolution

(Reappointment of Thierry Pilenko 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, having considered the Board of Directors' report and noting that the term of office of Thierry Pilenko expires at the close of this annual general meeting, decides to reappoint him for a term of four (4) years expiring at the close of the ordinary general meeting to be held in 2029 to approve the financial statements for the year ending 31 December 2028.

Sixth resolution

(Reappointment of Bpifrance Investissement 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, having considered the Board of Directors' report and noting that the term of office of Bpifrance Investissement expires at the close of this annual general meeting, decides to renew it for a term of four (4) years expiring at the close of the ordinary general meeting to be held in 2029 to approve the financial statements for the year ending 31 December 2028.

Seventh resolution

(Approval of the compensation policy for directors, other than the Chairman and Chief Executive Officer)

The annual general meeting, voting in accordance with the quorum and majority requirements for ordinary general meetings, and having considered the corporate governance report referred to in article L. 225-37 of the French Commercial Code describing the compensation policy for directors, other than the Chairman and Chief Executive Officer, approves said policy as presented in section 3.4.1.1 of this document, in compliance with article L. 22-10-8 II of the French Commercial Code.

Eighth resolution

(Approval of the compensation policy for the Chairman and Chief Executive Officer)

The annual general meeting, voting in accordance with the quorum and majority requirements for ordinary general meetings, and having considered the corporate governance report referred to in article L. 225-37 of the French Commercial Code describing the compensation policy for the Chairman and Chief Executive Officer, approves said policy as presented in section 3.4.2.1 of this document, in compliance with article L. 22-10-8 II of the French Commercial Code.

Ninth resolution

(Approval of the information on the compensation of directors referred to in article L. 22-10-9 I 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 corporate governance report referred to in article L. 225-37 of the French Commercial Code, approves the information provided for in article L. 22-10-9 I of said Code and presented in sections 3.4.1.2 and 3.4.2.2 of this document, in compliance with article L. 22-10-34 I of the French Commercial Code.

Tenth resolution

(Approval of the components of compensation paid or awarded to the Chairman and Chief Executive Officer for the year ended 31 December 2024)

The annual general meeting, voting in accordance with the quorum and majority requirements for ordinary general meetings, and having considered the corporate governance report referred to in article L. 225-37 of the French Commercial Code, approves the fixed, variable and exceptional components of the total compensation and benefits of any kind paid in or awarded for the year ended 31 December 2024 to Thierry Le Hénaff, as presented in section 3.4.2.2 of this document, in compliance with article L. 22-10-34 II of the French Commercial Code.

Eleventh resolution

(Ratification of the transfer of the registered office)

The annual general meeting, voting in accordance with the quorum and majority conditions for ordinary general meetings, and having considered the Board of Directors' report, ratifies, in accordance with the first paragraph of article L. 225-36 of the French Commercial Code, the transfer of the Company's registered office to 51 Esplanade du Général de Gaulle, 92800, Puteaux – La Défense, effective 17 March 2025, as decided by the Board of Directors on 26 February 2025.

Twelfth resolution

(Authorization granted to the Board of Directors to carry out a share buyback program)

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 to have purchased shares in the Company in accordance with articles L. 22-10-62 *et seq.* of the French Commercial Code, regulation (EU) no. 596/2014 of the European Parliament and of the Council of 16 April 2014 and Title IV of Book II of the general regulations 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 number of shares held by the Company may be adjusted as necessary to take into account transactions that affect the share capital occurring after this annual general meeting. The authorization is granted under the following conditions:

(i) the maximum purchase price is €130 per share. However, the Board of Directors may adjust the aforementioned purchase price to take into account 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) based on the share capital at 31 December 2024, the theoretical amount that may be dedicated to this share buyback program may not exceed €988,790,803;

(iii) under no circumstances may 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 bought back and held by the Company shall have no voting or dividend rights; and

(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, on one or more occasions, by any and all means, including on the market or over the counter, by way of block trades or derivative financial instruments or warrants traded on a regulated market or over the counter, or through an investment services provider or a member of a regulated market referred to in article L. 225-206 of the French Commercial Code, 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 French financial markets authority (AMF) such as 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 any market practice subsequently permitted by the AMF or by law;

(ii) purchasing shares in the Company in order to hold them and subsequently tender them in exchange or as payment for any potential external growth operations, it being specified that the number of shares acquired for this purpose may not exceed 5% of the Company's share capital at the time of the acquisition;

(iii) 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;

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

(v) 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 to L. 225-197-3, L. 22-10-59 and L. 22-10-60 of the French Commercial Code;

(vi) offering employees the opportunity to acquire shares, whether directly or via a company savings plan *(Plan d'Épargne d'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

(vii) canceling all or some 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 to the Board of Directors 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 combined annual general meeting of 15 May 2024 in its 13th resolution.

Resolutions submitted to the extraordinary general meeting

Thirteenth resolution

(Authorization granted to the Board of Directors to reduce the share capital by canceling shares)

The annual general meeting, voting in accordance with the quorum and majority requirements for extraordinary general meetings, and having considered the Board of Directors' report and the statutory auditors' special report, in accordance with the provisions of articles L. 22-10-62 *et seq.* of the French Commercial Code:

(i) authorizes the Board of Directors to reduce the share capital, on one or more occasions, in the proportions and at the times it deems appropriate, by the cancellation of any number of treasury shares (including all or part of the shares acquired under the authorization granted in the 12th resolution of this annual general meeting) up to a maximum of 10% of the Company's share capital per twenty-four (24) month period. The number of the Company's shares may be adjusted as necessary to take into account transactions that affect the share capital occurring after this annual general meeting;

(ii) decides that the difference between the book value 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 share capital reduction; and

(iii) 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 share capital reduction resulting from the cancellation of shares and the abovementioned allocation, and accordingly amend the Company's Articles of Association and carry out any necessary formalities.

The annual general meeting decides that this authorization is granted to the Board of Directors for a period of twenty-four (24) months from the date of this annual general meeting. It renders ineffective any prior authorization granted for the same purpose and in particular that given by the combined annual general meeting of 11 May 2023 in its 15th resolution.

Fourteenth resolution

(Delegation of authority granted to the Board of Directors to award free shares in the Company subject to performance conditions)

The annual general meeting, voting in accordance with the quorum and majority requirements for extraordinary general meetings, and having considered the Board of Directors' report and the statutory auditors' special report, in accordance with the provisions of articles L. 225-197-1 *et seq.*, L. 22-10-59 and L. 22-10-60 of the French Commercial Code:

(i) authorizes the Board of Directors to award existing shares or shares to be issued in the Company free of consideration, on one or more occasions, to grantees or categories of grantees determined by the Board of Directors among the employees and/or eligible executive officers (within the meaning of articles L. 225-197-1. II and L. 22-10-59 III of the French Commercial Code) of the Company or of related companies or groups within the meaning of articles L. 225-197-2 and L. 22-10-60 of said Code;

(ii) decides that the free shares granted to the aforementioned eligible executive officers of the Company and Executive Committee members shall be subject to at least two performance criteria (one external criterion and one internal criterion) decided by the Board of Directors, on the basis of which the number of vested shares shall be determined. These criteria shall be assessed over a minimum period of three financial years;

(iii) decides that, pursuant to this authorization, the total grant of the Company's existing shares or shares to be issued may not exceed 1,650,000 shares (*i.e.*, 2.2% of the share capital at the date of this annual general meeting). This limit is fixed without taking into account the adjustments that may be made to preserve the rights of holders of securities giving access to shares in the Company, in accordance with the applicable legal and regulatory provisions or any contractual provisions;

(iv) decides that the Board of Directors shall determine, under the conditions required by law, at the time of each grant:

- the vesting period of the granted shares, which shall last at least one year, and
- the holding period for grantees following the vesting of the shares, which for all or some of the shares shall be a minimum of one year, with the exception of shares with a vesting period of at least two years, for which the holding period can be eliminated or shortened;

(v) decides that the shares awarded to grantees will vest before the end of the aforementioned vesting period in the event of second or third category disability within the meaning of article L. 341-4 of the French Social Security Code (*Code de la sécurité sociale*), and that in the event of the grantee's death, his or her heirs may request the vesting of the shares within six months of the date of death; these shares will be freely transferable;

(vi) decides that the existing shares that can be granted pursuant to this resolution may be acquired by the Company through the share buyback program authorized by the annual general meeting pursuant to article L. 22-10-62 of the French Commercial Code;

(vii) acknowledges that in the event of an issue of free shares, this authorization shall entail a capital increase at the end of the vesting period through incorporation of reserves, profits or premiums in favor of the grantees and a waiver by the shareholders of (i) their preferential subscription rights to the shares that will be issued in the course of the vesting of the shares, (ii) any right to the free shares granted on the basis of this delegation of authority, and (iii) any right to the amount of the reserves and premiums against which, if applicable, the issuance of the new shares shall be charged; and

(viii) grants full powers to the Board of Directors, or any person duly authorized under the conditions set by law to act on its behalf within the abovementioned limits, to implement this authorization and in particular to:

- determine whether the free shares being granted exist or must be issued,
- determine the identity of the grantees or the category or categories of grantees, the grant criteria, the number of shares granted to each of them, the terms and conditions for the share grant and, in particular, the vesting and holding periods,
- define the performance criteria, in particular for the shares granted to eligible executive officers of the Company and Executive Committee members,
- for the free shares granted to eligible officers of the Company, decide either that they cannot be sold by the interested parties before they cease to hold office, or stipulate the quantity of free shares that they are required to hold in registered form until they cease to hold office,
- determine, under the conditions defined by law and within legal limits, the dates on which the free shares shall be granted,
- decide on the newly issued shares' dividend entitlement date, even if retroactive,
- decide on the conditions under which the number of free shares granted shall be adjusted,
- more generally, with the possibility to sub-delegate such powers under the conditions set by law, enter into all agreements, draw up all documents, record capital increases following the vesting of shares, make any necessary amendments to the Articles of Association, perform all formalities, make all required declarations and do whatever is otherwise necessary.

Each year, the Board of Directors shall inform the ordinary general meeting of each grant made pursuant to this resolution, in accordance with article L. 225-197-4 of the French Commercial Code.

The annual general meeting decides that this authorization is granted for a period of thirty-eight (38) months from the date of this annual general meeting. It renders ineffective the unused portion of any prior delegation of authority granted for the same purpose and in particular that given by the combined annual general meeting of 19 May 2022 in its 24th resolution.

Fifteenth resolution

(Ratification of the amendments to article 12 and the deletion of article 16.6 of the Company's Articles of Association)

The annual general meeting, voting in accordance with the quorum and majority requirements for extraordinary general meetings, and having considered the Board of Directors' report, ratifies the amendments to the Articles of Association decided by the Board of Directors on 26 February 2025 to bring them into line with paragraph 3 of article L. 225-37 and paragraph 2 of article L. 225-103-1 of the French Commercial Code, relating to the procedures for Board of Directors' meetings and annual general meetings, as amended by French Law no. 2024-537 of 13 June 2024 aimed at increasing the financing of businesses and making France more attractive, as follows:

- amendments to paragraph 5 of article 12, which now reads as follows:

"The validity of the Board of Directors' decisions requires at least half of directors to be present, or deemed to be present. Decisions are taken by a majority of votes of the directors present, deemed to be present or represented. In the event of a tie vote, the Chairman of the meeting holds a casting vote."

- insertion of a paragraph 6 worded as follows:

"Directors attending the board meeting by means of telecommunication under the conditions set by applicable regulations are deemed present for the calculation of the quorum and the majority."

- deletion of article 16.6 of the Company's Articles of Association.

Sixteenth resolution

(Amendment of article 12 of the Company's Articles of Association)

The annual general meeting, voting in accordance with the quorum and majority requirements for extraordinary general meetings, and having considered the Board of Directors' report, decides, in accordance with the provisions of paragraph 3 of article L. 225-37 of the French Commercial Code, as amended by French Law no. 2024-537 of 13 June 2024 aimed at increasing the financing of businesses and making France more attractive, to amend article 12 of the Articles of Association "Meetings of the Board of Directors" in order to define the process for the Board of Directors to make decisions by written consultation, and to word it as follows:

*"**ARTICLE 12. MEETINGS OF THE BOARD OF DIRECTORS***

12.1 Convening notice and confidentiality

Board of Directors meetings are called as often as required to serve the Company's interest, at the registered office or at any other location indicated in the convening notice.

The convening notice may be delivered without a notice period and by any means, even verbally in urgent cases. The Board of Directors may take valid decisions, even if not convened by a notice, if all of its members are present or represented.

Board of Directors meetings are chaired by the Chairman of the Board or, in his absence, by the oldest director in attendance.

The directors and all persons called to attend Board meetings are under a duty of confidentiality with respect to all information relating to matters discussed at Board meetings and any information acquired before or during such meetings.

12.2 Quorum and majority

The validity of the Board of Directors' decisions requires at least half of directors to be present, or deemed to be present. Decisions are taken by a majority of votes of the directors present, deemed to be present or represented. In the event of a tie vote, the Chairman of the meeting holds a casting vote.

Directors attending the board meeting by means of telecommunication under the conditions set by applicable regulations are deemed present for the calculation of the quorum and the majority.

12.3 Written consultation

At the Chairman's initiative, the Board of Directors may make decisions by electronic written consultation of the directors, unless one of the members of the Board objects to the use of this method within the time limit set by the consultation.

The consultation is sent electronically by the Board secretary to each director, together with the draft resolution(s) proposed, the reasons for the resolution(s), the procedure for adopting the resolution(s), and the deadline for responding, as determined by the Chairman based on the resolution to be adopted. Directors reply electronically, indicating their vote.

The majority and quorum rules are those set out in 12.2 above. The quorum is calculated by taking into account the number of directors who responded to the consultation within the notice period.

The Board secretary consolidates the directors' votes and informs the Board of the outcome.

Decisions are recorded in minutes.

12.4 Certification of minutes

Copies or extracts of minutes of the Board of Directors may be validly certified by the Chairman, the Chief Executive Officer, a deputy Chief Executive Officer, a director temporarily performing the office of Chairman, a manager with specific signing authority, or any other person permitted by applicable law and regulations."

Seventeenth resolution

(Amendment of article 10.1.3 of the Company's Articles of Association)

The annual general meeting, voting in accordance with the quorum and majority requirements for extraordinary general meetings, and having considered the Board of Directors' Report, resolves to amend Article 10.1.3 (Age limit) of the Company's Articles of Association as follows:

*"**10.1.3 Age limit***

Directors may be appointed or reappointed up to and including the age of 70 for a term of four (4) years.

In accordance with the limit set in paragraph 2 of Article L. 225-19 of the French Commercial Code (Code de commerce), if one-third of the directors are over 70 years of age, in the absence of a voluntary resignation by one of them prior to the date on which this limit is exceeded, the oldest director is deemed to have resigned automatically on this date."

Eighteenth resolution

(Amendment of paragraph 3 of article 11.1 of the Company's Articles of Association)

The annual general meeting, voting in accordance with the quorum and majority requirements for extraordinary general meetings, having considered the Board of Directors' Report, resolves to amend paragraph 3 of Article 11.1 (Chairman of the Board of Directors) of the Company's Articles of Association as follows:

*"**1.1 Chairman of the Board of Directors***

(Paragraphs 1 and 2 unchanged)

The Chairman's term of office automatically ends no later than the end of the first Board of Directors meeting following the date of his seventy-second birthday. "

Nineteenth 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.

7.2 Board of Directors' reports

7.2.1 Board of Directors' report on the resolutions submitted to the combined annual general meeting of 22 May 2025

The Board of Directors proposes to submit the resolutions described below to the vote of the shareholders at the combined annual general meeting of 22 May 2025.

Resolutions submitted to the ordinary general meeting

Approval of the annual financial statements (1st and 2nd resolutions)

The purpose of the **1st and 2nd resolutions** is to approve the Company's financial statements and the Arkema Group's consolidated financial statements, respectively, for the year ended 31 December 2024.

In the **1st resolution,** the Board recommends that you approve the Company's financial statements for the year ended 31 December 2024 as presented in the Board of Directors' management report, as well as all the transactions reflected or described therein. In accordance with article 223 *quater* of the French Tax Code (*Code général des impôts*), you are also asked to approve the amount of the expenses and charges referred to in article 39-4 of said Code, which amounted to €106,843 in the past year. Given the Company's tax position in 2024, the non-deductibility of these expenses resulted in an additional current tax charge of €26,711.

In the **2nd resolution**, in accordance with the provisions of article L. 225-100 of the French Commercial Code (*Code de commerce*), it is recommended that you approve the consolidated financial statements for the year ended 31 December 2024, as well as all the transactions reflected or described therein.

Allocation of profit and setting of the dividend (3rd resolution)

The purpose of the **3rd resolution** is to decide the allocation of the Company's profit for the year ended 31 December 2024 of €243,687,787.89, as presented in the Company's financial statements, plus prior retained earnings of €1,809,191,606.22. The Board of Directors recommends consequently that the distributable profit be allocated as follows:

Source	
Profit for the period	€243,687,787.89
Prior retained earnings	€1,809,191,606.22
Distributable profit	€2,052,879,394.11

Allocation	
Legal reserve	€-
Dividend distribution (1)	€273,818,991.60
Retained earnings	€1,779,060,402.51

(1) *The total dividend distribution is calculated on the basis of the number of shares existing at 31 December 2024 and 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 (which do not carry dividend rights) held by the Company. The abovementioned dividend distribution is the gross amount, calculated before any taxes or social security contribution that may apply to shareholders depending on their particular situation. Dividends paid to individual shareholders domiciled for tax purposes in France are in principle subject either to a 12.8% flat tax (prélèvement forfaitaire unique – PFU), calculated on the gross amount of the dividend (article 200 A of the French Tax Code), or, if the beneficiary expressly and irrevocably so elects, to taxation on the progressive income tax scale, after application of 40% tax relief (article 158.3., 2° of the French Tax Code). This option is applicable to all income subject to the PFU flat tax, with no possibility of a partial option. It must be exercised by beneficiaries each year when filing their income tax return and no later than the filing deadline. In addition, the dividend is subject to social security contributions at a rate of 17.2%, a percentage of which may be deductible in the event of election of taxation on the progressive income tax scale. Beneficiaries whose reference taxable income exceeds certain thresholds are also subject to an exceptional surtax on high incomes (contribution exceptionnelle sur les hauts revenus – CEHR), provided for in article 223 sexies of the French Tax Code, on a scale adjusted for family status (single persons or equivalent, couples with joint taxation). Shareholders are invited to contact their tax advisor.*

The payment of the dividend of €273,818,991.60 with regard to the 76,060,831 shares carrying dividend rights and existing on 31 December 2024, would correspond to a distribution of three euros and sixty cents (€3.60) per share.

The shares would be traded ex-dividend as of 26 May 2025 and the dividend for the 2024 financial year would be paid as of 28 May 2025.

This dividend would be 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 aforementioned Tax Code, provided notably that the beneficiary has elected for taxation on the progressive income tax scale.

In accordance with article 243 *bis* of the French Tax Code, it is recalled that the dividend paid for the last three financial years was as follows:

Financial year	2023	2022	2021
Dividend distribution *(in euros)*	261,370,004.00	253,830,012.40	221,907,138.00
Net dividend per share *(in euros)*	3.50 (1)	3.40 (1)	3.00 (1)

(1) Eligible in full 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 applicable, under certain conditions, in the event of election of taxation on the progressive income tax scale.

The distribution of a dividend of three euros and sixty cents (€3.60) per share for the year ended 31 December 2024 would represent an increase of 2.9% compared with the previous year.

Reappointment of Ilse Henne, Thierry Pilenko and Bpifrance Investissement, represented by Sébastien Moynot, as directors (4th to 6th resolutions)

At its meeting on 26 February 2025, the Board of Directors noted that the terms of office of Ilse Henne, Thierry Pilenko and Bpifrance Investissement are due to expire at the close of the annual general meeting of 22 May 2025. Accordingly, in the **4th** to **6th resolutions**, the Board of Directors, on the recommendation of the Nominating, Compensation and Corporate Governance Committee, recommends that you reappoint Ilse Henne, Thierry Pilenko and Bpifrance Investissement as directors for a term of four (4) years expiring at the close of the annual general meeting to be held in 2029 to approve the financial statements for the year ending 31 December 2028. Bpifrance Investissement will continue to be represented by Sébastien Moynot.

Information concerning Ilse Henne, Thierry Pilenko and Bpifrance Investissement and its permanent representative, Sébastien Moynot, is provided in sections 3.2.1.2 and 3.2.1.3 of this document.

The Board of Directors has decided that, at the close of the annual general meeting, and subject to approval of said resolutions:

- Ilse Henne will remain a member of the Audit and Accounts Committee;
- Thierry Pilenko will remain chairman of the Nominating, Compensation and Corporate Governance Committee; and
- Sébastien Moynot, permanent representative of Bpifrance Investissement, will remain a member of the Innovation and Sustainable Growth Committee.

Approval of the compensation policy for directors and the Chairman and Chief Executive Officer (7th and 8th resolutions)

In the **7th resolution**, in accordance with article L. 22-10-8 II of the French Commercial Code, the Board of Directors recommends that you approve the compensation policy for directors, other than the Chairman and Chief Executive Officer, as defined by the Board of Directors on the recommendation of the Nominating, Compensation and Corporate Governance Committee and approved by the annual general meeting of 15 May 2024. This compensation policy is presented in the corporate governance report provided for in article L. 225-37 of the French Commercial Code, which is set out in section 3.4.1.1 of this document.

Furthermore, in the **8th resolution**, the Board of Directors recommends that you approve the compensation policy for the Chairman and Chief Executive Officer, as defined by the Board of Directors and approved by the annual general meeting of 15 May 2024 for the duration of the Chairman and Chief Executive Officer's term of office. This compensation policy is presented in the corporate governance report provided for in article L. 225-37 of the French Commercial Code, and is set out in section 3.4.2.1 of this document.

Approval of the information on the compensation of directors referred to in article L. 22-10-9 I of the French Commercial Code (9th resolution)

Pursuant to article L. 22-10-34 I of the French Commercial Code, the purpose of the **9th resolution** is to submit to the approval of shareholders the information about the compensation of directors and the Chairman and Chief Executive Officer referred to in article L. 22-10-9 I of the French Commercial Code, presented in the corporate governance report provided for in article L. 225-37 of said Code. This information is provided in sections 3.4.1.2 and 3.4.2.2 of this document.

Approval of the components of compensation paid or awarded to each of the Company's executive directors for the year ended 31 December 2024 (10th resolution)

Pursuant to article L. 22-10-34 II of the French Commercial Code, the purpose of the **10th resolution** is to submit to the approval of shareholders the fixed, variable and exceptional components of the total compensation and benefits of any kind paid in or awarded for the year ended 31 December 2024 to Thierry Le Hénaff, Chairman and Chief Executive Officer and the only executive director of the Company. Payment of the variable compensation due for the financial year is subject to the approval of this resolution. These components are set out in detail in section 3.4.2.2 of this document.

Ratification of the transfer of the registered office (11th resolution)

In accordance with article 4 of the Company's Articles of Association, the Board of Directors decided the transfer of the Company's registered office to 51 Esplanade du Général de Gaulle, 92800 Puteaux – La Défense, effective 17 March 2025. The article 4 of the Company's Articles of Association concerning the address of the registered office was accordingly amended and the publicity formalities required by law have been completed. In the **11th resolution** and in accordance with paragraph 1 of article L. 225-36 of the French Commercial Code, the Board of Directors recommends that you ratify said decision.

Share buyback (12th resolution)

Until 31 January 2025, under the authorization to trade in the Company's shares granted by the 13th resolution of the annual general meeting of 15 May 2024, the Company has:

- acquired 257,196 shares in the Company to cover free share grant plans, and ensure that performance shares could be awarded without a dilutive effect; and
- acquired 909,163 shares and sold 852,500 shares as part of the liquidity agreement in place since 1 October 2024.

As the authorization granted to the Board of Directors by the annual general meeting of 15 May 2024 is due to expire shortly, in the **12th resolution**, it is proposed that you renew the authorization granted to the Board of Directors to purchase or arrange to have purchased shares in the Company at any **time for a period of eighteen (18) months,** except during a takeover bid in respect of the Company's shares, at a maximum price of €130 per share.

This authorization would enable the Board of Directors to acquire a number of shares in the Company **that would under no circumstances represent more than 10% of the Company's share capital**. By way of illustration, based on the share capital at 31 December 2024, the theoretical amount that might be dedicated to this share buyback program would not exceed €988,790,803.

These share purchases could be made for any purpose permitted by law and the resolution submitted to the annual general meeting and would be used, in particular, to cover performance share plans and to acquire or sell shares within the scope of the liquidity agreement entered into by the Company.

This new authorization would render ineffective, from the date of this annual general meeting, the unused portion of the 13th resolution of the combined annual general meeting of 15 May 2024. Details of share buyback programs in progress or planned can be found in section 6.2.4 of this document.

Resolutions submitted to the extraordinary general meeting

Authorization granted to the Board of Directors to reduce the share capital by canceling shares (13th resolution)

The Board of Directors recommends, in the **13th resolution**, that you renew the authorization granted by the annual general meeting of 11 May 2023, in accordance with the provisions of articles L. 22-10-62 *et seq*. of the French Commercial Code, to reduce the Company's share capital, on one or more occasions, by canceling all or some of the shares acquired notably under the share buyback authorization granted in the 12th resolution, up to a maximum of 10% of the Company's share capital for a period of 24 months.

The Board of Directors recommends that you grant it full powers, or to any person duly authorized under the conditions set by law to act on its behalf, to carry out the share capital reduction resulting from the cancellation of shares and the abovementioned allocation, and accordingly amend the Company's Articles of Association and carry out any necessary formalities.

This authorization would be granted for a period of **twenty-four (24) months** from the date of this annual general meeting. This new authorization would render ineffective, from the date of this annual general meeting, the prior authorization granted for the same purpose.

Authorization granted to the Board of Directors to award free shares in the Company (14th resolution)

The Board of Directors recommends, in the **14th resolution**, that you authorize it, in accordance with the provisions of articles L. 225-197-1 *et seq.*, L. 22-10-59 and L. 22-10-60 of the French Commercial Code, to grant existing shares or shares to be issued in the Company free of consideration, on one or more occasions. The grantees would be employees and eligible executive officers of the Company or of related companies or groups within the meaning of articles L. 225-197-2 and L. 22-10-60 of the French Commercial Code.

The Board of Directors proposes that you decide that:

(i) the free shares granted to the eligible executive officers of the Company and Executive Committee members would be subject to at least two performance criteria (one internal criterion and one external criterion) decided by the Board of Directors, on the basis of which the number of vested shares would be determined. These criteria would be assessed over a minimum period of three financial years;

(ii) the total number of the Company's existing shares or shares to be issued granted free of consideration pursuant to this authorization **may not exceed 1,650,000 shares (*i.e.*, nearly 2.2% of the Company's share capital).** This limit would be fixed without taking into account the adjustments that may be made to preserve the rights of holders of securities giving access to shares in the Company, in accordance with the applicable legal and regulatory provisions or any contractual provisions;

(iii) the Board of Directors would determine, under the conditions required by law, at the time of each grant (i) the vesting period of the granted shares, which shall last at least one year and (ii) the holding period, which for all or some of the shares shall be a minimum of one year, with the exception of shares with a vesting period of at least two years, for which the holding period can be eliminated or shortened;

(iv) the shares awarded to grantees would vest before the end of the aforementioned vesting period in the event of second or third category disability within the meaning of article L. 341-4 of the French Social Security Code (*Code de la sécurité sociale*), and in the event of the grantee's death, his or her heirs may request the vesting of the shares within six months of the date of death; these shares will be freely transferable; and

(v) the existing shares that can be granted pursuant to this resolution would be acquired by the Company through the share buyback program authorized by the annual general meeting pursuant to article L. 22-10-62 of said Code.

The Board of Directors invites you to acknowledge that in the event of an issue of free shares, at the end of the vesting period this authorization shall entail a capital increase through incorporation of reserves, profits or premiums in favor of the grantees and a waiver by the shareholders of (i) their preferential subscription rights to the shares that will be issued in the course of the vesting of the shares, (ii) any right to the free shares granted on the basis of this delegation of authority, and (iii) any right to the amount of the reserves and premiums against which, if applicable, the issuance of the new shares shall be charged.

The Board of Directors proposes that you grant it, or any person duly authorized under the conditions set by law to act on its behalf, full powers within the abovementioned limits, to implement this authorization and in particular to:

- determine whether the free shares being granted exist or must be issued,
- determine the identity of the grantees or the category or categories of grantees, the grant criteria, the number of shares granted to each of them, the terms and conditions for the share grant and, in particular, the vesting and holding periods,
- define the performance criteria, in particular for the shares granted to eligible executive officers of the Company and Executive Committee members,
- for the free shares granted to eligible officers of the Company, decide either that they cannot be sold by the interested parties before they cease to hold office, or stipulate the quantity of free shares that they are required to hold in registered form until they cease to hold office,
- determine, under the conditions defined by law and within legal limits, the dates on which the free shares shall be granted,
- decide on the newly issued shares' dividend entitlement date, even if retroactive,
- decide on the conditions under which the number of free shares granted shall be adjusted; and
- more generally, with the possibility to sub-delegate such powers under the conditions set by law, enter into all agreements, draw up all documents, record capital increases following the vesting of shares, make any necessary amendments to the Articles of Association, perform all formalities, make all required declarations and do whatever is otherwise necessary.

Each year, the Board of Directors shall inform the ordinary general meeting of each grant made pursuant to this resolution, in accordance with article L. 225-197-4 of the French Commercial Code.

The Board of Directors recommends that this authorization be granted **for a period of thirty-eight (38) months** from the date of the annual general meeting. This new authorization would render ineffective, from the date of this annual general meeting, the prior authorization granted for the same purpose. Details of the performance share plans put in place by the Board of Directors pursuant to the authorization granted to it at the annual general meeting of 19 May 2022 are provided in section 3.5 of this document.

Ratification of, and amendments to, the Articles of Association (15th, 16th, 17th and 18th resolutions)

French Law no. 2024-537 of 13 June 2024, aimed at increasing the financing of businesses and making France more attractive, notably amended articles L. 225-37 and L. 225-103-1 of the French Commercial Code governing the procedures for Board of Directors' meetings and annual general meetings.

In order to bring the Company's Articles of Association into line with these articles, the Board of Directors decided on 26 February 2025 to:

1. **modify paragraph 5 and add paragraph 6 to article 12. "Meetings of the Board of Directors", as follows:**

Former wording

"(…)

The validity of the Board of Directors' decisions requires at least half of the directors to be present, or, when allowed by law, deemed to be present, under the conditions defined by the Internal Regulations drawn up by the Board of Directors, through videoconferencing or means of telecommunication that comply with the technical attributes specified by the laws and regulations in force.

Decisions are taken by a majority of votes of the directors present, deemed to be present or represented. In the event of a tie vote, the Chairman of the meeting holds a casting vote.

(…)"

Current wording

"(…)

The validity of the Board of Directors' decisions requires at least half of the directors to be present, or deemed to be present. Decisions are taken by a majority of votes of the directors present, deemed to be present or represented. In the event of a tie vote, the Chairman of the meeting holds a casting vote.

Directors attending the board meeting by means of telecommunication under the conditions set by applicable regulations are deemed present for the calculation of the quorum and the majority.

(…)"

2. **delete article 16.6 "Videoconference and other means of telecommunication".**

Accordingly, in the **15th resolution**, the Board of Directors recommends that you ratify the aforementioned amendments to the Articles of Association, in accordance with paragraph 2 of article L. 225-36 of the French Commercial Code.

In the **16th resolution**, the Board of Directors also recommends amending article 12 of the Articles of Association, "Meetings of the Board of Directors", by dividing it into four sub-articles 12.1 to 12.4, and defining the procedures for decision-making by written consultation within the Board of Directors in article 12.3.

Current wording with amendments set out in the 15th resolution integrated

*"**ARTICLE 12. MEETINGS OF THE BOARD OF DIRECTORS***

Board of Directors meetings are called as often as required to serve the Company's interest, at the registered office or at any other location indicated in the convening notice.

The convening notice may be delivered without a notice period and by any means, even verbally in urgent cases. The Board of Directors may take valid decisions, even if not convened by a notice, if all of its members are present or represented.

Board of Directors meetings are chaired by the Chairman of the Board or, in his absence, by the oldest director in attendance.

The directors and all persons called to attend Board meetings are under a duty of confidentiality with respect to all information relating to matters discussed at Board meetings and any information acquired before or during such meetings.

The validity of the Board of Directors' decisions requires at least half of the directors to be present, or deemed to be present. Decisions are taken by a majority of votes of the directors present, deemed to be present or represented. In the event of a tie vote, the Chairman of the meeting holds a casting vote.

Directors attending the board meeting by means of telecommunication under the conditions set by applicable regulations are deemed present for the calculation of the quorum and the majority.

The Board of Directors may also take decisions that come under its authority, as defined in the third paragraph of article L. 225-37 of the French Commercial Code, by written consultation.

Copies or extracts of minutes of the Board of Directors may be validly certified by the Chairman, the Chief Executive Officer, a deputy Chief Executive Officer, a director temporarily performing the office of Chairman, a manager with specific signing authority, or any other person permitted by applicable law and regulations."

Proposed wording

*"**ARTICLE 12. MEETINGS OF THE BOARD OF DIRECTORS***

12.1 Convening notice and confidentiality

Board of Directors meetings are called as often as required to serve the Company's interest, at the registered office or at any other location indicated in the convening notice.

The convening notice may be delivered without a notice period and by any means, even verbally in urgent cases. The Board of Directors may take valid decisions, even if not convened by a notice, if all of its members are present or represented.

Board of Directors meetings are chaired by the Chairman of the Board or, in his absence, by the oldest director in attendance.

The directors and all persons called to attend Board meetings are under a duty of confidentiality with respect to all information relating to matters discussed at Board meetings and any information acquired before or during such meetings.

12.2 Quorum and majority

The validity of the Board of Directors' decisions requires at least half of the directors to be present, or deemed to be present. Decisions are taken by a majority of votes of the directors present, deemed to be present or represented. In the event of a tie vote, the Chairman of the meeting holds a casting vote.

Directors attending the board meeting by means of telecommunication under the conditions set by applicable regulations are deemed present for the calculation of the quorum and the majority.

<u>12.3 Written consultation</u>

At the Chairman's initiative, the Board of Directors may make decisions by electronic written consultation of the directors, unless one of the members of the Board objects to the use of this method within the time limit set by the consultation.

The consultation is sent electronically by the Board secretary to each director, together with the draft resolution(s) proposed, the reasons for the resolution(s), the procedure for adopting the resolution(s), and the deadline for responding, as determined by the Chairman based on the resolution to be adopted. Directors reply electronically, indicating their vote.

The majority and quorum rules are those set out in 12.2 above. The quorum is calculated by taking into account the number of directors who responded to the consultation within the notice period.

The Board secretary consolidates the directors' votes and informs the Board of the outcome.

Decisions are recorded in minutes.

<u>12.4 Certification of minutes</u>

Copies or extracts of minutes of the Board of Directors may be validly certified by the Chairman, the Chief Executive Officer, a deputy Chief Executive Officer, a director temporarily performing the office of Chairman, a manager with specific signing authority, or any other person permitted by applicable law and regulations."

Furthermore, on the recommendation of the Nominating, Compensation and Corporate Governance Committee, the Board of Directors proposes in the **17th resolution** to amend Article 10.1.3 of the Articles of Association, relating to the age limit for Directors, so that Directors may be appointed or reappointed up to and including the age of 70 for a term of four (4) years. However, if one-third of the Directors are over 70 years of age, in the absence of a voluntary resignation by one of them prior to the date on which this limit is exceeded, the oldest Director is deemed to have resigned automatically on this date. This change, in line with market practice, would ensure the continuity and effectiveness of the Company's corporate governance by enabling it to continue to benefit from the skills and expertise of the experienced directors in place, and thus maintain the stable and diversified composition of the Board of Directors.

Current wording

"***10.1.3 Age limit***

The age limit for directors is 70. When a director has reached this age during his term of office, such term shall automatically come to an end except if the Board of Directors decides that the director may finish its term of office."

Proposed wording

"***10.1.3 Age limit***

Directors may be appointed or reappointed up to and including the age of 70 for a term of four (4) years.

In accordance with the limit set in paragraph 2 of Article L. 225-19 of the French Commercial Code (Code de commerce), if one-third of the directors are over 70 years of age, in the absence of a voluntary resignation by one of them prior to the date on which this limit is exceeded, the oldest Director is deemed to have resigned automatically on this date."

On the recommendation of the Nominating, Compensation and Corporate Governance Committee, the Board of Directors also proposes in the **18th resolution** to amend paragraph 3 of Article 11.1 of the Articles of Association, relating to the age limit for the Chairman of the Board of Directors, to raise it from 67 to 72. This change, which is also in line with market practice, would ensure the continuity and effectiveness of the Company's corporate governance by benefiting from the skills and experience, particularly within the Company, of any person appointed to this position for a longer period.

Current wording

<u>"11.1 Chairman of the Board of Directors</u>

(Paragraphs 1 and 2)

The term of office of the Chairman automatically ends upon the Chairman's sixty-seventh birthday, at the latest. However, the Chairman shall remain in office until the Board of Directors meeting called to appoint his successor."

Proposed wording

<u>"11.1 Chairman of the Board of Directors</u>

(Paragraphs 1 and 2 unchanged)

The Chairman's term of office automatically ends no later than the end of the first Board of Directors meeting following the date of his seventy-second birthday."

Powers to carry out formalities (19th resolution)

In the **19th resolution**, the Board of Directors recommends that you grant full powers to the bearer of a copy or an excerpt of the minutes of this annual general meeting for the purpose of performing all formalities that may be required.

This report contains the main provisions of the proposed resolutions. We ask that you consider issuing a favorable vote on these proposed resolutions.

The Board of Directors

7.2.2 Supplementary report by the Board of Directors on the use made of the delegation of authority granted pursuant to the 21st resolution of the combined annual general meeting of 15 May 2024

We remind you that the combined annual general meeting of 15 May 2024, in its 21st resolution, delegated its authority to the Board of Directors, in accordance with article L. 225-138-1 of the French Commercial Code, to carry out capital increases by issuing shares or securities giving access to shares in the Company, reserved for employees and former employees of the Company or related companies or groups within the meaning of article L. 225-180 of the French Commercial Code and article L. 3344-1 of the French Labor Code, who are members of a savings plan.

In accordance with the provisions of article R. 225-116 of the French Commercial Code, it is the Board of Directors' responsibility to prepare an additional report describing the final conditions of the transaction, the impact of the capital increase on a shareholder's situation and the theoretical impact on the current market price of the share.

1) Use by the Board of Directors of the delegation of authority granted by the combined annual general meeting of 15 May 2024 to carry out a capital increase reserved for employees who are members of a savings plan

In accordance with the aforementioned delegation of authority, and as part of the Board of Directors' objective to pursue a dynamic employee share ownership policy, at its meeting of 15 May 2024, the Board:

- approved the principle of a capital increase reserved for employees;
- set the maximum amount of the capital increase at €13.5 million; and
- delegated to the Chairman and Chief Executive Officer all powers necessary in particular to set the subscription price of the shares, the dates of the subscription period and to report the completion of the capital increase at the end of the subscription period.

By a decision of 11 September 2024, the Chairman and Chief Executive Officer used the aforementioned delegation of authority from the Board of Directors to set:

- the subscription price of the shares at €60.74. This price corresponds to the average of the opening prices for the 20 trading days prior to 11 September 2024, *i.e.*, €80.99 per share, reduced by a 25% discount and rounded up to the nearest hundredth of a euro; and
- the subscription period from 16 to 30 September 2024 inclusive.

Following the subscriptions, the Chairman and Chief Executive Officer, by a decision of 30 October 2024, reported the completion of a capital increase for a nominal amount of €10,173,170 through the issue of 1,017,317 new shares with a par value of €10 each with effect from 30 October 2024. This share capital increase raised the Company's share capital from €750,435,140 to €760,608,310, divided into 76,060,831 fully paid-up shares. The share premium related to this share capital increase amounted to €51,618,664.58.

2) Impact of the capital increase on a shareholder's situation

For a shareholder with a 1% stake in the Company's share capital prior to the issue (750,435 shares with a par value of €10) who did not subscribe to the issue, the impact on the shareholding was as follows on the completion of the capital increase on 30 October 2024:

	Stake held by the shareholder as a % of share capital (undiluted basis)	Stake held by the shareholder as a % of share capital (diluted basis) (1)	Total number of shares (undiluted basis)	Total number of shares (diluted basis) (1)
Before the issue of the new shares resulting from the share capital increase	1%	0.98%	75,043,514	76,275,238
After the issue of the new shares resulting from the share capital increase	0.99%	0.97%	76,060,831	77,292,555

(1) Calculations are based on the assumption that all issued securities give access to the share capital (stock options and free share awards, etc.).

3) Impact on the share of consolidated shareholders' equity and shareholders' equity of the Company for the holder of a share

The shareholding of a shareholder with a 1% stake in the Company's share capital prior to the issue and with a share of consolidated shareholders' equity of €79,037,881.56 (undiluted basis), *i.e.*, €105.32 per share, would decrease to €77,761,545.25 or €103.62 per share as a result of the impact of the capital increase on consolidated shareholders' equity (based on accounting data at 30 June 2024).

	Share of consolidated shareholders' equity *(in euros)* at 30 June 2024 (undiluted basis)	Share of shareholders' equity of the Company *(in euros)* at 30 June 2024 (undiluted basis)	Share of consolidated shareholders' equity *(in euros)* at 30 June 2024 (diluted basis) (1)	Share of shareholders' equity of the Company *(in euros)* at 30 June 2024 (diluted basis) (1)
Before the issue of the new shares resulting from the share capital increase	105.32	49.26	103.62	48.47
After the issue of the new shares resulting from the share capital increase	104.73	49.42	103.06	48.63

(1) *Calculations are based on the assumption that all issued securities give access to the share capital (stock options and free share awards, etc.).*

4) Theoretical impact of the capital increase on the market price of the share

The theoretical impact of the capital increase on the current market price of the share, based on the average of the opening trading prices for the 20 previous trading days and the subscription price, is as follows:

	Undiluted basis *(in euros)*	Undiluted basis (1) *(in euros)*
After the issue of 1,017,317 new shares	(0.27)	(0.27)

(1) *Calculations are based on the assumption that all issued securities give access to the share capital (stock options and free share awards, etc.).*

Colombes, 5 November 2024

The Board of Directors

7.3 Statutory auditors' reports

7.3.1 Statutory auditors' report on related party agreements

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775 726 417 R.C.S. Nanterre

Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles et du Centre

ERNST & YOUNG Audit

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Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles et du Centre

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Arkema

Annual General Meeting held to approve the financial statements for the year ended December 31, 2024

Statutory auditors' report on related party agreements

To the Arkema Annual General Meeting of Arkema,

In our capacity as statutory auditors of your Company, we hereby present to you our report on related party agreements.

We are required to inform you, on the basis of the information provided to us, of the terms and conditions of those agreements indicated to us, or that we may have identified in the performance of our engagement, as well as the reasons justifying why they benefit the Company. We are not required to give our opinion as to whether they are beneficial or appropriate or to ascertain the existence of other agreements. It is your responsibility, in accordance with Article R. 225-31 of the French Commercial Code *(Code de commerce)*, to assess the relevance of these agreements prior to their approval.

We are also required, where applicable, to inform you in accordance with Article R. 225-31 of the French Commercial Code *(Code de commerce)* of the continuation of the implementation, during the year ended December 31, 2024, of the agreements previously approved by the Annual General Meeting.

We performed those procedures which we deemed necessary in compliance with professional guidance issued by the French Institute of Statutory Auditors (*Compagnie nationale des commissaires aux comptes*) relating to this type of engagement.

Agreements submitted for approval to the Annual General Meeting

We hereby inform you that we have not been notified of any agreements authorized and concluded during the year ended December 31, 2024 to be submitted to the Annual General Meeting for approval in accordance with Article L. 225-38 of the French Commercial Code *(Code de commerce)*.

Agreements previously approved by the Annual General Meeting

We hereby inform you that we have not been notified of any agreements previously approved by the Annual General Meeting, whose implementation continued during the year ended December 31, 2024.

Paris-La Défense, February 27, 2025

The Statutory Auditors

French original signed by

KPMG S.A.

Eric Dupré François Quédiniac

ERNST & YOUNG Audit

Laurent Vitse

7.3.2 Statutory auditors' supplementary report on the capital increase reserved for members of a Company savings plan without preferential subscription rights

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Arkema

420, rue d'Estienne d'Orves
92700 Colombes

Statutory auditors' supplementary report on the increase in capital reserved for members of a Company savings plan with cancellation of preferential subscription rights

Board of Directors' meeting dated November 5, 2024

To the Shareholders of Arkema,

In our capacity as statutory auditors of your Company and in compliance with Article R. 225-116 of the French Commercial Code (*Code de commerce*), and further to our report dated March 7, 2024, we hereby present our supplementary report on the increase in capital with cancellation of preferential subscription rights, reserved for employees who are members of a Company savings plan, authorized by your combined annual general meeting dated May 15, 2024.

This increase in capital had been submitted to your approval in accordance with Articles L. 225-129-6 of the French Commercial Code (*Code de commerce*) and L. 3332-18 *et seq*. of the French Labor Code (*Code du travail*).

This annual general meeting had authorized your Board of Directors to decide whether to proceed with such an operation for a period of twenty-six months and a maximum amount of €13,500,000.

Exercising this authorization, at its meeting dated May 15, 2024, your Board of Directors approved the principle of an increase in capital reserved for employees in a maximum amount of €13,500,000 and delegated to the Chairman and Chief Executive Officer all necessary powers to set the subscription price of the shares and the subscription period dates, and to record the completion of the increase in capital at the end of the subscription period.

At the meeting dated September 11, 2024, the Chairman and Chief Executive Officer, exercising the aforementioned authorization, set the subscription price of the shares at €60.74. Following the subscription period, the Chairman and Chief Executive Officer recorded the completion of the increase in capital by the decision dated October 30, 2024, for an amount of €10,173,170 by issuing 1,017,317 ordinary shares with a par value of €10 per share and a share premium of €51,618,664.58.

It is the Board of Directors' responsibility to prepare a supplementary report in accordance with Articles R. 225-115 and R. 225-116 as well as Article R. 22-10-31 of the French Commercial Code (*Code de commerce*). Our role is to report on the fairness of the financial information taken from the interim financial information, on the cancellation of preferential subscription rights and on other information relating to the share issue contained in this report.

We have performed the procedures which we considered necessary to comply with the professional guidance issued by the French Institute of Statutory Auditors (*Compagnie nationale des commissaires aux comptes*) for this type of engagement. These procedures consisted, inter alia, in verifying:

- the fairness of the financial information taken from the Company's interim financial information and the consolidated interim financial information prepared under the Board of Directors' responsibility as at July 31, 2024, using the same methods and following the same presentation as the previous annual and consolidated financial statements. We have performed procedures consisting in making inquiries of persons responsible for financial and accounting matters, verifying that this interim financial information has been prepared using the same methods and the same presentation as those used for the previous annual and consolidated financial statements, and applying analytical procedures;
- the compliance with the terms of the operation as authorized by the general meeting;
- the information provided in the Board of Directors' supplementary report on the choice of constituent elements used to determine the issue price and on its final amount.

We have no matters to report as to:

- the fairness of the financial information taken from the interim financial information and included in the Board of Directors' supplementary report;
- the compliance with the terms of the operation as authorized by your combined annual general meeting dated May 15, 2024 and the information provided to the shareholders;
- the choice of constituent elements used to determine the issue price and its final amount;
- the presentation of the impact of the issuance on the financial position of the share and capital security holders as expressed in relation to shareholders' equity and on the market value of the shares;
- the cancellation of the preferential subscription rights, upon which you have previously voted.

Paris-La Défense, November 15, 2024

The Statutory Auditors

French original signed by

KPMG S.A.		**ERNST & YOUNG Audit**
Eric Dupré	François Quédiniac	Laurent Vitse

7.3.3 Statutory auditors' report on the reduction in capital

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Commissaire aux Comptes
Membre de la compagnie
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Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles et du Centre

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Arkema

Annual General Meeting dated May 22, 2025

Thirteenth resolution

Statutory auditors' report on the reduction in capital

To the Annual General Meeting of Arkema,

In our capacity as statutory auditors of your Company and in compliance with Article L. 22-10-62 of the French Commercial Code *(Code de commerce)* in the event of the reduction in capital by cancellation of repurchased shares, we hereby report on our assessment of the terms and conditions of the proposed reduction in capital.

Your Board of Directors requests that it be authorized, for a period of twenty-four months starting on the date of the present shareholders' meeting, to proceed with the cancellation of shares the Company was authorized to repurchase, representing an amount not exceeding 10% of its total share capital, by periods of twenty-four months, in compliance with the aforementioned Article.

We have performed those procedures which we considered necessary in accordance with the professional guidance issued by the French Institute of Statutory Auditors *(Compagnie nationale des commissaires aux comptes)* for this type of engagement. These procedures consisted in verifying that the terms and conditions of the proposed reduction in capital, which should not compromise equality among the shareholders, are fair.

We have no matters to report as to the terms and conditions of the proposed reduction in capital.

Paris-La Défense, February 27, 2025

The Statutory Auditors

French original signed by

KPMG S.A.

Eric Dupré François Quédiniac

ERNST & YOUNG Audit

Laurent Vitse

7.3.4 Statutory auditors' report on the authorization to allot free existing shares or shares to be issued

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Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles et du Centre

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Arkema

Annual General Meeting dated May 22, 2025

Fourteenth resolution

Statutory auditors' report on the free allocation of existing shares or shares to be issued

To the Arkema Annual General Meeting of Arkema,

In our capacity as statutory auditors of your Company and in compliance with Article L. 225-197-1 of the French Commercial Code *(Code de commerce)*, we hereby report on the proposed free allocation of existing shares or shares to be issued, reserved for employees and/or directors of your Company and/or group companies, an operation upon which you are called to vote. The total number of shares likely to be allocated under this authorization cannot represent more than 1,650,000, being 2,20% of the share capital of the Company at the date of this annual general meeting.

Your Board of Directors proposes that, on the basis of its report, it be authorized for a period of thirty-eight months to allocate, for free, existing shares or shares to be issued.

It is the responsibility of the Board of Directors to prepare a report on the proposed operation. Our role is to report on any matters relating to the information regarding the proposed operation.

We have performed those procedures which we considered necessary to comply with the professional guidance issued by the French Institute of Statutory Auditors *(Compagnie nationale des commissaires aux comptes)* for this type of engagement. These procedures consisted mainly in verifying that the proposed methods described in the Board of Directors' report comply with the legal provisions governing such operations.

We have no matters to report as to the information provided in the Board of Directors' report relating to the proposed free allocation of shares.

Paris-La Défense, February 27, 2025

The Statutory Auditors

French original signed by

KPMG S.A.

Eric Dupré François Quédiniac

ERNST & YOUNG Audit

Laurent Vitse

INFORMATION ABOUT THE UNIVERSAL REGISTRATION DOCUMENT

8

The different parts constituting the annual financial report are identified in the table of contents by the pictogram AFR

8.1 Person responsible for the Universal Registration Document and persons responsible for auditing the financial statements

8.1.1 Person responsible for the Universal Registration Document

Thierry Le Hénaff, Chairman and Chief Executive Officer of Arkema.

8.1.2 Declaration by the person responsible for the Universal Registration Document

"I hereby declare that, to the best of my knowledge, the information contained in this Universal Registration Document is in accordance with the facts and that this Universal Registration Document makes no omission likely to affect its import.

I further declare that, to the best of my knowledge, the accounts and the consolidated accounts have been prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets and liabilities, financial position and profits or losses of the Company and all of the companies included in the consolidation, and the management report, consisting of the sections of this Universal Registration Document listed in the cross-reference table on pages 432 et 433 of this Universal Registration Document, includes a fair review of the development and performance of the business, the results of the Company and the financial position of the Company and all of the companies included in the consolidation and the description of the main risks and uncertainties that they face, and that it has been prepared in accordance with the applicable sustainability reporting standards."

Puteaux - La Défense, 26 March 2025.

Thierry Le Hénaff

Chairman and Chief Executive Officer

8.1.3 Persons responsible for auditing the financial statements

Statutory auditor	Statutory auditor
KPMG Audit Department of KPMG S.A.	**Ernst & Young Audit**
Represented by François Quédiniac and Eric Dupré	Represented by Laurent Vitse
Tour EQHO, 2, avenue Gambetta, CS 60055 92066 Paris-La Défense Cedex – France	Tour First, TSA 14444 92037 Paris-La Défense Cedex – France
Appointed at the annual general meeting of 19 May 2020. Current term expires following the annual general meeting to be held to approve the financial statements for the year ended 31 December 2025.	Appointed at the annual general meeting of 15 May 2024. Current term expires following the annual general meeting to be held to approve the financial statements for the year ending 31 December 2029.

Substitute statutory auditor	Substitute statutory auditor
None	None

8.2 Person responsible for the information

Questions concerning Arkema and its activities should be addressed to:

Béatrice Zilm, Vice-President, Investor Relations

Arkema

51 Esplanade du Général de Gaulle

92800 Puteaux – La Défense

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

8.3 Concordance and cross-reference tables

8.3.1 Incorporation by reference

Pursuant to article 19 of regulation (EU) 2017/1129 of the European Parliament and of the Council, this Universal Registration Document incorporates by reference the following information:

- the consolidated financial statements and the statutory auditors' report related thereto, the annual financial statements and the statutory auditors' report related thereto, as well as the financial information included in the management report appearing respectively on page 293 *et seq.*, 354 *et seq.*, and 426 of the Universal Registration Document for the year ended 31 December 2023 granted visa number D. 24-0207 by the *Autorité des marchés financiers* on 28 March 2024; and
- the consolidated financial statements and the statutory auditors' report related thereto, the annual financial statements and the statutory auditors' report related thereto, as well as the financial information included in the management report appearing respectively on page 283 *et seq.*, 346 *et seq.*, and 418 of the Universal Registration Document for the year ended 31 December 2022 granted visa number D. 23-0171 by the *Autorité des marchés financiers* on 28 March 2023.

8.3.2 Concordance table

Commission Delegated regulation (EU) 2019/980 of 14 March 2019 supplementing regulation (EU) 2017/1129 – Annex 1		Universal Registration Document	
No.	Heading	Reference	Page(s)
1	**Persons responsible, third party information, experts' reports and competent authority approval**	**Chapter 8**	**426**
1.1	Persons responsible for the information given in the Universal Registration Document	8.1.1	426
1.2	Declaration by those responsible for the Universal Registration Document	8.1.2	426
1.3	Person acting as an expert	None	
1.4	Confirmation regarding information sourced from a third party	None	
1.5	Statement concerning approval of the Universal Registration Document by the competent authority	None	
2	**Statutory auditors**	**8.1.3**	**426**
2.1	Names and addresses of the Company's statutory auditors	8.1.3	426
2.2	Statutory auditors having resigned, having been removed, or having not been reappointed during the period covered by the historical financial information	None	
3	**Risk factors**	**2.1**	**70-86**
4	**Information about the Company**	**6.1.1**	**386**
4.1	The Company's legal and commercial name	6.1.1	386
4.2	The Company's place of registration, registration number and legal entity identifier ("LEI")	6.1.1	386
4.3	Date of incorporation and length of life of the Company	6.1.1	386
4.4	Domicile and legal form of the Company, the legislation under which the Company operates, its country of incorporation, the address, telephone number of its registered office and website	6.1.1	386
5	**Business overview**	**Chapter 1**	**44-66**
5.1	Principal activities	1.2	55-66
5.1.1	Nature of the Company's operations and principal activities	1.2	55-66
5.1.2	Significant new products or services introduced	1.1 and 1.2	44 and 55
5.2	Principal markets	1.2	55-66
5.3	Important events in the development of the Company's business	6.1.1	386
5.4	Strategy and objectives	Profile, ambition and strategy	14-35
5.5	Dependence on patents or licenses, industrial, commercial or financial contracts or new manufacturing processes	1.1.3, 2.1.3 and 2.1.5	52, 77 and 84

Commission Delegated regulation (EU) 2019/980 of 14 March 2019 supplementing regulation (EU) 2017/1129 – Annex 1		Universal Registration Document	
No.	Heading	Reference	Page(s)
5.6	Basis for any statements made by the Company regarding its competitive position	1.2	55-66
5.7	Investments	5.1.7	293-294
5.7.1	Material investments for each financial year for the period covered by the historical financial information up to the date of the Universal Registration Document	5.1.7	294
5.7.2	Material investments of the Company that are in progress or for which firm commitments have already been made	Profile, ambition and strategy	28-29
5.7.3	Information relating to the joint ventures and companies in which the Company holds a share of the capital likely to have a significant effect on the assessment of its own assets and liabilities, financial position or profits and losses	Notes 10 and 16 to the consolidated financial statements and 6.1.2	340, 359 and 387
5.7.4	Environmental issues that may affect the Company's utilization of property, plant and equipment	4.2.2.1 and 4.2.2.5	180-209
6	**Organizational structure**	**6.1.2**	**387**
6.1	Description of the Group and the Company's position within the Group	6.1.2	387
6.2	List of the Company's significant subsidiaries	Note 16 to the consolidated financial statements and 6.1.2	359 and 387
7	**Operating and financial review**	**5.1**	**286-297**
7.1	Financial position	5.1	286
7.1.1	A fair review of the development and performance of the Company's business and of its position for each year and interim period for which historical financial information is required	5.1	286
7.1.2	Indications of the Company's likely future development and activities in the field of research and development	1.1, 5.2.1 and 5.2.2	44, 297 and 298
7.2	Operating results	5.1.5	288-289
7.2.1	Significant factors, including unusual or infrequent events or new developments, materially affecting the Company's income from operations	5.1.1, 5.1.2, 5.1.3 and 5.1.4	286-288
7.2.2	Reasons for material changes in net sales or revenue	5.1.4, 5.1.5 and 5.1.6	281, 282 and 283
8	**Capital resources**	**5.1.8**	**288-289**
8.1	Information on the Company's capital resources (both short and long term)	5.1.8 and 5.1.9	288 and 289
8.2	Sources, amounts and description of the Company's cash flows	5.1.7	286
8.3	Information on the financing requirements and structure of the Company	5.1.8.1	288
8.4	Information regarding any restrictions on the use of capital resources that have materially affected, or could materially affect, directly or indirectly, the Company's operations	5.1.8.2	289
8.5	Information regarding the anticipated sources of funds needed to cover the material investments of the Company that are in progress or for which firm commitments have already been made	2.1.6	86
9	**Regulatory environment**	**Chapter 2**	**72-94**
10	**Trend information**	**5.2.1 and 5.2.2**	**291-292**
10.1	Description of (i) the most significant recent trends in production, sales and inventory, and costs and selling prices since the end of the last financial year to the date of the Universal Registration Document, and (ii) any significant change in the financial performance of the Group since the end of the last financial period for which financial information has been published to the date of the Universal Registration Document, or appropriate negative statement	5.2.1	291
10.2	Trends, uncertainties, demands, commitments or events that the Company is aware of and are reasonably likely to have a material effect on the Company's prospects for at least the current financial year	5.2.1 and 5.2.2	297 and 298

Commission Delegated regulation (EU) 2019/980 of 14 March 2019 supplementing regulation (EU) 2017/1129 – Annex 1		Universal Registration Document	
No.	Heading	Reference	Page(s)
11	**Profit forecasts or estimates**	**5.2.2**	**298**
11.1	Published profit forecasts or estimates	5.2.2	298
11.2	Statement of main assumptions	5.2.2	298
11.3	Statement confirming that the profit forecast or estimate is based on information comparable to historical financial information and in accordance with the issuer's accounting policies	5.2.2	298
12	**Administrative, management and supervisory bodies and executive management**	**3.2**	**97-115**
12.1	Names, business addresses and functions within the Company of the following persons and an indication of the principal activities performed by them outside of the Company: (a) members of the administrative, management or supervisory bodies; (b) partners with unlimited liability, in the case of a limited partnership with a share capital; (c) founders, if the Company has been established for fewer than five years; (d) any senior manager who is relevant to establishing that the Company has the appropriate expertise and experience for the management of its business. The nature of any family relationship between any of those persons. In the case of each member of the administrative, management or supervisory bodies of the Company and of each person referred to in points (b) and (d) of the first subparagraph, details of that person's relevant management expertise and experience and the following information: (a) the names of all companies and partnerships where those persons have been a member of the administrative, management or supervisory bodies or partner at any time in the previous five years; (b) details of any convictions in relation to fraudulent offenses for at least the previous five years; (c) details of any bankruptcies, receiverships, liquidations or companies put into administration for at least the previous five years; (d) details of any official public incrimination and/or sanctions involving such persons by statutory or regulatory authorities (including designated professional bodies) and whether they have ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer for at least the previous five years.	3.2.1.2, 3.2.1.3 and 3.2.3	102, 104 and 114
12.2	Conflicts of interests, commitments related to appointments, restrictions on the transfer of the Company's securities	3.2.1.1, 3.2.1.2 and 3.2.3	97, 102 and 114
13	**Compensation and benefits**	**3.4**	**128-145**
13.1	Compensation paid and benefits in kind granted by the Company and its subsidiaries	3.4	128
13.2	Total amounts set aside or accrued by the Company or its subsidiaries to provide pension, retirement or similar benefits	3.4.1, 3.4.2, 3.4.3 and note 7.3 to the consolidated financial statements	128, 130, 144 and 325
14	**Board practices**	**3.2 and 3.3**	**97 and 115**
14.1	Expiration date of the current term of office and the period during which the person has served in that office	3.2.1.2	102
14.2	Information about members of the administrative, management or supervisory bodies' service contracts with the Company or any of its subsidiaries providing for benefits upon termination of employment, or an appropriate statement to the effect that no such benefits exist	3.2.3.4	114
14.3	Information about the Company's Audit committee and Compensation committee	3.3.4.1 and 3.3.4.2	123 and 125
14.4	Statement as to whether or not the Company complies with the corporate governance regime(s) applicable to the Company	3.1	96
14.5	Potential material impacts on corporate governance, including future changes in the Board and committees composition	3.2 and 3.3	97 and 115
15	**Employees**	**4.2.3.1**	**223-234**
15.1	Number of employees at the end of the period covered by the historical financial information and breakdown of persons employed by main category of activity and geographic location	4.2.3.1.5	226
15.2	Shareholdings and stock-options	4.2.3.1.6.3 and 6.2.6	230 and 392
15.3	Arrangements for involving employees in the capital of the Company	4.2.3.1.6.3 and 6.3.4	229 and 395

Commission Delegated regulation (EU) 2019/980 of 14 March 2019 supplementing regulation (EU) 2017/1129 – Annex 1		Universal Registration Document	
No.	Heading	Reference	Page(s)
16	**Major shareholders**	**6.3**	**394-388**
16.1	The name of any person other than a member of the administrative, management or supervisory bodies who, directly or indirectly, has an interest in the Company's capital or voting rights which is notifiable under the Company's national law, together with the amount of each such person's interest, or, if there are no such persons, an appropriate statement to that effect that no such person exists	6.3.1	394
16.2	Different voting rights or an appropriate statement to the effect that no such voting rights exist	6.3.3	394
16.3	Direct or indirect ownership or control over the Company	6.3.2	394
16.4	Any arrangements, known to the Company, the operation of which may at a subsequent date result in a change in control of the Company	6.3.2	394
17	**Related party transactions**	**6.1.3**	**388**
18	**Financial information concerning the Company's assets and liabilities, financial position and profits and losses**	**5.3 and 5.4**	**299 and 362**
18.1	Historical financial information	Profile, ambition and strategy and 8.3.1	8 and 427
18.1.1	Audited historical financial information covering the latest three financial years and the audit report in respect of each year	5.3, 5.4 and 8.3.1	299, 362 and 427
18.1.2	Change of accounting reference date	None	
18.1.3	Accounting standards	5.3.3 and 5.4.3	307 and 369
18.1.4	Change of accounting framework	None	
18.1.5	Audited financial information including the balance sheet, the income statement, a statement showing changes in equity, the cash flow statement, the accounting policies and explanatory notes	5.4.2 and 5.4.3	366 and 369
18.1.6	Consolidated financial statements	5.3.2	303
18.1.7	Date of latest financial information	5.3.2 and 5.4.2	303 and 366
18.2	Interim and other financial information	None	
18.3	Audit of historical annual financial information	5.3.1 and 5.4.1	299 and 362
18.3.1	Independent audit of historical annual financial information	5.3.1 and 5.4.1	299 and 362
18.3.2	Other information in the Universal Registration Document audited by the statutory auditors	None	
18.3.3	State the source and state that financial information in the Universal Registration Document not extracted from the Company's audited financial statements is not audited	None	
18.4	Pro forma financial information	None	
18.5	Dividend policy	6.4.7	401
18.5.1	Policy on dividend distributions or an appropriate negative statement	6.4.7	401
18.5.2	Dividend per share	6.4.7	401
18.6	Legal and arbitration proceedings	2.1.2 and note 11.2.2 to the consolidated financial statements	75 and 345
18.7	Significant change in the Company's financial position	None	
19	**Additional information**	**Chapter 6**	**386-403**
19.1	Share capital	6.2	388
19.1.1	The amount of issued capital, the total of the Company's authorized share capital, the number of shares issued and fully paid and issued but not fully paid, the par value per share and a reconciliation of the number of shares outstanding at the beginning and end of the year	6.2.1	388
19.1.2	The number and main characteristics of any shares not representing capital	None	
19.1.3	The number, book value and par value of shares held by the Company, on behalf of the Company or by subsidiaries of the Company	6.2.4	389
19.1.4	Convertible securities, exchangeable securities or securities with warrants	6.2.6	392

Commission Delegated regulation (EU) 2019/980 of 14 March 2019 supplementing regulation (EU) 2017/1129 – Annex 1		Universal Registration Document	
No.	Heading	Reference	Page(s)
19.1.5	Information about and terms of any acquisition rights or obligations over authorized but unissued capital or an undertaking to increase the capital	None	
19.1.6	Information about the capital of any member of the Group which is under option or agreed conditionally or unconditionally to be put under option	None	
19.1.7	History of share capital for the period covered by the historical financial information	6.2.2	388
19.2	Memorandum and Articles of Association	6.1.1 and 6.5	386 and 401
19.2.1	Register and entry number therein; Company's objects and purposes	6.1.1	386
19.2.2	Rights, preferential rights and restrictions attaching to each class of existing shares	6.5.3	403
19.2.3	Any provision of the Company's Articles of Association, statutes, charter or bylaws that would have an effect of delaying, deferring or preventing a change in control of the Company	6.5.2	402
20	**Material contracts**	**1.4**	**68**
21	**Documents available**	**6.1.1**	**386**

Commission Delegated regulation (EU) 2019/980 of 14 March 2019 supplementing regulation (EU) 2017/1129 – Annex 2

No.	Heading	Reference	Page(s)
1	**Information to be disclosed about the Company**		
1.1	Information in accordance with the disclosure requirements for the registration document for equity securities laid down in Annex 1	8.3.2	427-431
1.2	Statement that the Universal Registration Document may be used for the purposes of an offer to the public of securities or admission of securities to trading on a regulated market if completed by amendments, if applicable, and an approved securities note and summary and stating, if applicable, that the Universal Registration Document has been filed with the competent authority without prior approval	-	1

8.3.3 Cross-reference table

This Universal Registration Document includes all the items of the Company and Group management report as required by articles L. 225-100, L. 225-102, L. 22-10-35, L. 232-1 II, L. 233-16, L. 233-26, L. 233-28-4 and R. 225-102 as well as L. 225-102-1 providing for the creation and implementation of a duty of care plan (I). It also contains all the information in the annual financial report referred to in article L. 451-1-2 of the French Monetary and Financial Code (*Code monétaire et financier)* and article 222-3 of the AMF general regulations (II).

In order to facilitate the reading of the management report and the annual financial report mentioned above, the following cross-reference table has been prepared to identify the sections constituting these reports.

The cross-reference table also helps to identify the information that must be included in the Board of Directors' report on corporate governance pursuant to articles L. 225-37, L. 22-10-8 and L. 22-10-9, L. 225-37-4, L. 22-10-10, L. 22-10-11, L. 225-197-1 and L. 22-10-59 of the French Commercial Code (III).

Finally, the cross-reference table lists the other reports prepared by the Board of Directors and the statutory auditors (IV and V).

No.	Information	Reference
I	**Management report**	
1	Position and activity of the Company and, where applicable, its subsidiaries and companies under its control, over the past financial year	1.2
2	Results of operations of the Company, its subsidiaries and companies under its control	5.1.5
3	Key financial and non-financial performance indicators relating to the Company's and the Group's specific businesses	Profile, ambition and strategy
4	Review of the business, results of operations and financial position (notably debt)	5.1, 5.2.1 and 5.2.2
5	Description of main risks and uncertainties (including the Company's exposure to financial and market risks)	2.1
6	Notes on the use of financial instruments and the Company's financial and market risk management policies and objectives	2.1.4
7	Statements on essential intangible resources pursuant to article L. 232-1 II 7° of the French Commercial Code	Business model and value creation
8	Significant events that have occurred since the end of the reporting period	Note 15 to the consolidated financial statements
9	Foreseeable developments	5.2.1 and 5.2.2
10	Research and development activities	1.1
11	Existing branches	Not applicable
12	Review of employee shareholding, share issues reserved for employees and of stock options and free shares granted to employees	6.3.4
13	Transactions by executives and related parties in the Company's securities	6.2.7
14	Sustainability information drawn up pursuant to article L. 233-28-4 of the French Commercial Code	4.2
15	Shareholdings in companies with registered offices in France and representing over 1/20, 1/10, 1/5, 1/3, 1/2 or 2/3 of these companies' capital or voting rights	6.1.2, note 16 to the consolidated financial statements and note 1 (1.1) to the parent company financial statements
16	Transfer or disposal of shares undertaken to regularize cross shareholdings	Not applicable
17	Individual persons or corporate bodies holding directly or indirectly over 1/20, 1/10, 3/20, 1/5, 1/4, 1/3, 1/2, 2/3, 18/20 or 19/20 of the Company's share capital or voting rights at general shareholders' meetings/legal threshold disclosures	6.3.1, 6.3.2, 6.3.5 and 6.3.6
18	Injunctions or fines for antitrust practices	2.1 and note 11.2.2 to the consolidated financial statements
19	Calculation and results of adjustment of conversion bases or of exercising of securities giving access to capital and stock subscription or purchase options	3.5.2 and 6.2.6
20	Information on share buyback programs	6.2.4
21	Five-year financial summary	5.4.5

No.	Information	Reference
22	Dividends paid during the last three financial years and dividends eligible for the 40% tax rebate	6.4.7
23	Loans of less than three years granted by the Company, outside the scope of its main business activities, to micro-enterprises, SMEs or intermediate-sized enterprises and justified by the economic relations it has with the entities	Not applicable
24	Information on non-tax-deductible sumptuary expenses (article 223 *quater* of the French General Tax Code [*Code général des impôts*])	7.1.2
25	Information on supplier and customer payment terms (article D. 441-6 of the French Commercial Code)	5.4.4
26	Information on financial risks linked to climate change and measures taken by the Company to reduce them	2.1.3
27	Internal control and risk management procedures put in place by the Company, in particular those relating to the preparation and processing of accounting and financial information	2.2
28	Information on the Company's technological accident risk prevention policy, its ability to insure its civil liability in terms of property and people due to its operations in classified facilities, and resources provided to oversee the processing of victim compensation in the event of a technological accident for which the Company can be held liable	2.1.1 and 2.2.6
29	The fight against corruption and tax evasion	4.2.4.2
30	*Plan de vigilance* (duty of care plan) pursuant to article L. 225-102-4 of the French Commercial Code	4.3
31	Actions to promote the nation-army bond and support engagement in the National Guard reserves	Arkema applies the regulations in force in France.
II	**Annual financial report**	
1	Company financial statements	5.4.2 and 5.4.3
2	Consolidated financial statements	5.3.2 and 5.3.3
3	Statutory auditors' report on the parent Company financial statements	5.4.1
4	Statutory auditors' report on the consolidated financial statements	5.3.1
5	Management report	See I of this cross-reference table, and in particular sections 4, 5, 6, 7, 13, 16, 17 and III, 13 of this table
6	Board of Directors' report on corporate governance prepared in accordance with article L. 225-37, last paragraph of the French Commercial Code	See III of this cross-reference table
7	Declarations by the persons responsible for the annual financial report	8.1.2
8	Statutory auditors' fees	Note 14 to the consolidated financial statements
9	Statutory auditors' report on corporate governance prepared in accordance with article L. 225-235 of the French Commercial Code	5.4.1
III	**Board of Directors' report on corporate governance**	
1	Composition of the Board of Directors and diversity policy implemented including the principle of gender balance	3.2.1.1, 3.2.1.2 and 3.2.2.3
2	Conditions for the preparation and organization of the work of the Board of Directors	3.3.2 to 3.3.4
3	List of positions held and duties performed by each executive Director in all companies during the reporting period	3.2.1.3
4	Potential limitations imposed by the Board on the powers of the CEO	3.3.1
5	Agreements entered into between an executive Director or a significant shareholder and a Company subsidiary	Not applicable
6	Description and implementation of the procedure provided for in the second paragraph of article L. 22-10-12 of the French Commercial Code on assessing, on a regular basis, whether the agreements relating to ordinary operations entered into under arm's length conditions meet such conditions	3.2.3.5
7	Summary table showing the authorizations to increase the share capital currently in force	6.2.5
8	Company's management structure (only in the event of changes)	Not applicable

No.	Information	Reference
9	Where a Company voluntarily refers to a corporate governance code drawn up by business organizations: provisions that were disregarded and the reasons, as well as how the code may be consulted	3.1
10	Where applicable, the reasons for the Company disregarding all the provisions of a corporate governance code and rules respected in addition to legal requirements	Not applicable
11	Specific conditions for shareholder participation in general shareholders' meetings or referral to the provisions of the Articles of Association that provide for these conditions	6.5.1 and 6.5.2
12	Compensation policy for executive Directors as provided for in article R. 22-10-14 of the French Commercial Code	3.4.1.1 and 3.4.2.1
13	Information, as provided for in article L. 22-10-9 of the French Commercial Code, about each executive Director, including those whose term of office has expired and those who have been appointed during the last financial year	3.4.1.2 and 3.4.2.2
14	Factors likely to have an impact in the event of a public offering	
	Structure of the Company's capital	6.2.1 and 6.3.1
	Restrictions under the Articles of Association on the exercise of voting rights and share transfers, clauses of agreements brought to the Company's attention pursuant to article L. 233-11 of the French Commercial Code	6.5.2
	Direct or indirect interests in the Company's share capital, of which it is aware pursuant to articles L. 233-7 and L. 233-12 of the French Commercial Code	6.3.1, 6.3.2 and 6.3.4
	List and description of bearers of securities with special controlling rights	Not applicable
	Control mechanisms in place for an employee shareholding scheme where controlling rights are not exercised by the employees	Not applicable
	Agreements between shareholders of which the Company is aware and which can entail restrictions on the exercise of voting rights and share transfers	Not applicable
	Rules applicable to the appointment and replacement of members of the Board of Directors, and to amendments to the Company's Articles of Association	3.2.1.1, 3.2.3 and 3.3.2.2
	Powers of the Board of Directors, in particular regarding share issues and buybacks	3.3.1, 3.3.2.1, 6.2.4 and 6.2.5
	Company agreements which are amended or lapse in the event of a change of control (1)	1.4 and note 6.3 to the consolidated financial statements
	Compensation agreements for members of the Board of Directors or employees who resign or are made redundant without just cause or who are terminated as a result of a public offering	3.4.2.1 and 3.4.2.2
15	Free share allocation and holding requirements for executive directors	3.4.2
16	Stock option allocation and holding requirements for executive directors (none)	3.5.2
IV	**Sustainability information drawn up pursuant to Article L. 233-28-4 of the French Commercial Code (Sustainability report)**	**4.2**
V	**Other documents**	
1	Proposed agenda for the annual general meeting of 22 May 2025	7.1.1
2	Proposed resolutions submitted to the annual general meeting of 22 May 2025	7.1.2
3	Board of Directors' report to the combined annual general meeting of 22 May 2025	7.2.1
4	Supplementary report by the Board of Directors on the use made of the delegation of authority granted pursuant to the 21st resolution of the annual general meeting of 15 May 2024	7.2.2
5	Statutory auditors' special report on related-party agreements	7.3.1
6	Statutory auditors' supplementary report on the capital increase reserved for members of a Company savings plan with cancellation of preferential subscription rights	7.3.2
7	Statutory auditors' report on the authorization to reduce the share capital	7.3.3
8	Statutory auditors' report on the authorization to allot free existing shares or shares to be issued	7.3.4
9	Statutory Auditors' Certification Report on the sustainability information	4.2.5.7

(1) Except if this disclosure, other than where required by law, would have a significant negative impact on the Company's interests.

Glossary

Term	Definition
Absolute indicator	An indicator expressed in absolute value (in tonnes of emissions, in millions of cubic meters or terawatt hours of consumption).
Acrylic acid	An acid derived from propylene and mainly used as an intermediate in the preparation of superabsorbents and derivatives used in the manufacture of paints, inks or adhesives.
AIMS	Arkema Integrated Management System, an audit system that includes the Group's own requirements as well as those featured in standards endorsed by the Group, such as ISO 9001, ISO 14001 and OHSAS 18001. In order to obtain external certifications, AIMS audits are conducted by mixed teams made up of Group auditors and auditors from a third-party accreditation body.
Average annual growth or compound annual growth rate (CAGR) organic	The organic CAGR of a given item corresponds to the average annual organic growth rate of this item over a period of several years. It is estimated using the following calculation: $\left(\frac{\text{aggregate amount for prior year}}{\text{aggregate amount for first year}}\right)^{\frac{1}{\text{number of years between first and last year}}} - 1$
CEFIC	The European Chemical Industry Council.
CO_2	Carbon dioxide.
COD	Chemical oxygen demand, a parameter for measuring water pollution by organic materials, the decomposition of which consumes oxygen.
CoRAP	The European Union's Community Rolling Action Plan, part of REACH.
Crosslinking	The process by which transverse bonds are created to change a linear polymer into a tridimensional polymer.
Debottlenecking	A modification made to an industrial facility in order to increase production capacity.
ECHA	The European Chemicals Agency, which is responsible for overseeing the REACH system.
EFPI (Environmental Footprint Performance Indicator)	The intensive indicator used by the Group to offset the impact of changes in production scope or volume and to monitor changes in its environmental performance with respect to the Group's 2030 targets compared with 2012.
Emulsions	Binders for paints, adhesives and varnishes produced by polymerization of monomers (acrylic, vinyl and other) and forming a stable dispersion in water of polymer particles which, coated and dried, form a continuous film.
GHG	Greenhouse gas.
GHS	The Globally Harmonized System of Classification and Labeling of Chemicals, a major United Nations initiative designed to harmonize the various chemical classification and labeling standards used in different countries.
HCFCs	Hydrochlorofluorocarbons.
HF	Hydrofluoric acid.
HFCs	Hydrofluorocarbons; hydrogen-, carbon- and fluorine-based products that are mainly used in refrigeration as substitutes to chlorofluorocarbons (CFCs), following the introduction of the Montreal Protocol.
HFOs	Hydrofluorolefins, refrigerants with lower global warming potential. They are distinguished from HFCs by the presence of at least one carbon-carbon double bond and constitute the new generation of fluorogases.
Hydrazine hydrate	A nitrogen-, hydrogen- and water-based product used as an intermediate in agrochemicals, pharmaceuticals, chemical synthesis, water treatment and blowing agents for plastics and elastomers.
ICCA	The International Council of Chemical Associations.
Impact modifiers	Additives introduced into certain products, in particular PVC, to make them more impact-resistant.
Incentive scheme in France	A scheme set up to complement the profit-sharing plans required under French law in all of the Group's companies in France. It gives all employees a share of Group profits and provides incentives to meet certain performance objectives that promote the Group's growth. Schemes vary from subsidiary to subsidiary but most are based on the same principles. Incentives consist of (i) a bonus based on economic results, and (ii) a performance bonus defined by each facility in line with its specific objectives.
Initiators	Products used to initiate chemical reactions.
Intensive indicator	An indicator of intensity relative to production volumes.
IRT	*Institut de recherche technologique*, a French technological research institute.

Term	Definition
ISO 14001	An international standard that defines the criteria for introducing an environmental management system in companies.
Kyoto Protocol	An international agreement, entered into by 84 countries on 11 December 1997 in Kyoto (Japan), which was intended to supplement the May 1992 United Nations Framework Convention on Climate Change (UNFCCC). The Kyoto Protocol entered into effect on 16 February 2005.
Mercaptans	Thio-alcohols and phenols.
Methyl methacrylate	An essential raw material in the manufacture of polymethyl methacrylate (PMMA) sheets and pellets. Methyl methacrylate is also used in the fields of acrylic emulsions and plastic additives.
Molecular sieves	Synthesized mineral products used to purify liquids and gases due to their ability to selectively retain molecules of a gas or of a substance in solution or suspension.
Non-woven	Textiles whose fibers are aligned in a random fashion.
NOx	Nitrogen oxides.
OECD	Organization for Economic Co-operation and Development.
ODP (Ozone Depletion Potential)	An index measuring the impact of a given mass of gas in terms of contribution to the depletion of the ozone layer, expressed in relation to the impact of a chlorofluorocarbon.
Organic growth	Organic growth for a given item corresponds to comparable growth for that item, *i.e.*, on a like-for-like basis. It represents the variation, restated for exchange rate and consolidation scope effects, between the amounts of the item for the period under analysis and for the previous period, relative to the amount of the item for the previous period.
Organic peroxides	Oxidizing organic products used as initiators for polymerization and as crosslinking agents.
Payout ratio	Dividend per share over adjusted net income per share.
Photocure resins	Synthetic resins that harden under the effect of ultraviolet light.
PMMA	The ISO code for polymethyl methacrylate.
Polyamide	A polymer obtained by the reaction of a diacid on a diamine, or from the polymerization of a monomer with both an acid and an amine function.
Polyamide 11 (PA 11) and polyamide 12 (PA 12)	Thermoplastic polyamides, whose monomers have 11 and 12 carbon atoms, respectively.
Polyethylene	A plastic obtained by the polymerization of ethylene.
Polymers	Products made by polymerization.
Polymerization	The union of several molecules of one or more compounds (monomers) to form a large molecule.
Polyphthalamide (PPA)	A thermoplastic material from the polyamide family, obtained by polymerization of aromatic diacids and aliphatic diamines, and characterized by a high melting point and high mechanical rigidity.
PPRT	Technological Risk Prevention Plan (*plan de prévention des risques technologiques*), a government designed and implemented plan introduced by French Law no. 2003-699 of 30 July 2003 and the relevant implementing decrees, which strengthened the obligations imposed on companies operating Seveso sites in France. PPRTs aim to control urban development around potentially dangerous sites and to limit the impact of potential accidents.
PSE	Process safety event.
PVC	The ISO code for vinyl polychloride or polyvinyl chloride.
PVDF	The ISO code for polyvinylidene fluoride.
RCMS	The Responsible Care® Management System.
REACH (Registration, Evaluation and Authorization of Chemicals)	Regulation (EC) no. 1907/2006 of the European Parliament and of the Council of 18 December 2006 concerning the registration, evaluation, authorization and restriction of chemicals.
REBIT margin	Recurring operating income as a percentage of sales.
Responsible Care®	A voluntary initiative by the world chemical industry to achieve continuous progress in safety, health and environment, managed in France by the UIC under the name *Engagement de progrès*® (Commitment to progress).
Return on average capital employed (ROACE)	Alternative performance indicator corresponding to the ratio of recurring operating income (REBIT) for the period to average capital employed at the beginning and end of the period. It enables us to assess the profitability of our investments over time. It is also one of the financial performance criteria for performance share plans.
SDGs	The Sustainable Development Goals, also known as the Global Goals, a United Nations worldwide initiative to end poverty, protect the planet and ensure peace and prosperity for all (UN definition).
SDS	Safety Data Sheet.

Term	Definition
Seveso III Directive	European directive no. 2012/18/EU of 4 July 2012 on the control of major-accident hazards involving dangerous substances.
SO_2	Sulfur dioxide.
SOx	Sulfur oxides.
Spin-Off of Arkema's Businesses	The transaction that is the subject of the prospectus received from the French financial markets authority (*Autorité des marchés financiers* – AMF), visa no. 06-106 on 5 April 2006.
SPOM	Suspended particulate organic matter present in water that can be recovered by physical or mechanical means, such as filtration and sedimentation.
Surfactants	Compounds that increase the spreading and wetting properties of a liquid by lowering its surface tension.
SVHC	Substance of Very High Concern, a chemical substance that has been placed on the candidate list for authorization under REACH.
TSR	Total shareholder return is the overall rate of return to the shareholder, including both capital gains and dividend income. It is expressed as a percentage and is calculated using the following formula: $\frac{\text{Sale price of the share at the end of the period - Purchase price of the share at the beginning of the period + Dividends received during the period}}{\text{Purchase price of the share at the beginning of the period}}$
UIC	*Union des industries chimiques* (Union of Chemical Industries). The professional body of the chemical industry in France.
VOC	Volatile organic compound.

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