



DECISIONS OF THE BOARD OF DIRECTORS' MEETING OF 26 FEBRUARY 2025 REGARDING THE COMPENSATION COMPONENTS OF THIERRY LE HÉNAFF, CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Arkema's Board of Directors, at its meeting held on 26 February 2025, set as follows the components of the compensation of Thierry Le Hénaff, Arkema's Chairman and Chief Executive Officer, based on the recommendations of the Nominating, Compensation and Corporate Governance Committee.

COMPONENTS OF COMPENSATION DUE FOR 2024

For 2024, the annual variable compensation was determined taking into account the achievement of specific, precise and ambitious quantitative and qualitative targets approved by the Board of Directors at its meeting of 28 February 2024.

In accordance with the Chairman and Chief Executive Officer's compensation policy approved by the annual general meeting of 15 May 2024 for the term of his office as a member of the Board, *i.e.*: four years, the maximum weighting of each criterion for 2024 was equal-weighted at 45% each, up to a maximum global award rate of 180%.

Consequently, after having acknowledged among the most notable achievements of Arkema and its Chairman and Chief Executive Officer in 2024, that beyond the good resilience of the financial performance of the Group in a challenging macroeconomic and geopolitical environment, the year 2024 had :

- underlined the capacity of Arkema to adapt, its commitment and reactivity with regard to a certain number of key and sometimes new issues, and
- enabled to pursue the ramp-up of the Group's main organic projects, to make the acquisition of Dow's flexible packaging adhesives, and make further progress in the field of CSR in particular on safety performance, carbon trajectory and talent management, as well as on other indicators, ahead of the 2030 objectives,

and taking into account more globally all of the achievements of last year as of 31 December 2024, the Board of Directors set the amount of the variable compensation due in respect of 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 developments 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 euros, *i.e.*: 2.1x 2024 EBITDA, remains broadly in line with the financial discipline that the Group has set for itself; and

- ✓ 82.33% for the new business developments criterion, for which the average maximum weighting represents 45%. The Board of Directors took into account in its calculation, 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.

The variable compensation due in respect of the quantitative criteria thus amounts to 104.07% of the 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, most 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 recognised 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 elements, the Board of Directors has set the achievement rate of these criteria at 100%. As a result, the amount of the variable compensation due in respect of qualitative criteria has been set at 45% of fixed annual compensation.

In total, the 2024 variable compensation amounts to €1,631,387, i.e., 82.82% of the maximum. It represents 149.07% of the 2024 annual fixed compensation (*versus* 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 under article L. 22-10-34, II of the French Commercial Code (*Code de commerce*) in the 10th resolution. This compensation shall only be paid after this date.

Thierry Le Hénaff's total annual gross compensation for 2024 would therefore comprise of €1,094,363 in fixed compensation¹ and €1,631,387 in variable compensation, *i.e.*, a total amount of €2,725,750.

Given the variable compensation for 2024, the component enabling the constitution of a retirement fund, in place since the supplementary defined benefit pension scheme to which the Chairman and Chief Executive Officer was entitled was terminated, and due in respect of 2024, amounts to €545,150.

COMPENSATION POLICY FOR 2025

In accordance with the compensation policy of the Chairman and Chief Executive Officer approved by the annual general meeting of 15 May 2024, with a favorable vote of 94.91%, in the context of the renewal of Thierry Le Hénaff's term of office as director, for the duration of the term of office, the Board of Directors, at its meeting of 26 February 2025 did not modify the compensation components for 2025, the main elements of which are recalled hereafter:

- the annual gross fixed compensation of Thierry Le Hénaff of 1,150,000 euros for 2025;
- the structure of the annual variable compensation of the Chairman and Chief Executive Officer for 2025 which may reach a maximum of 180% of the annual fixed compensation. It will remain based on quantitative criteria of the same nature as previous years and related to the Group's financial performance, consistent with the objectives communicated externally: EBITDA, recurring cash flow and contribution of new developments, representing a maximum of weighting of 135% of the annual fixed compensation. The weighting of each criterion remains unchanged at a maximum of 45% each. Along with the quantitative criteria, qualitative criteria representing also a maximum weighting of 45% of the fixed compensation are, as in past years, related to the priority areas of the Group, including the implementation of the long-term strategy and its main priorities by the Chairman and Chief Executive Officer for one half and to the operational and financial management of the Group for the other half and for which precise quantified targets have been integrated as every year for the majority of the elements which make it up.

For 2025, the Board of Directors will focus in particular on:

- ✓ 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.
- all of the other components comprising Thierry Le Hénaff's compensation's structure, and in particular the allocation of 33,000 performance shares as part of the future 2025 performance share plan, which could result in an overall vesting of up to 120% of the initial allocation, in the event that targets are significantly exceeded, pension benefits, severance pay as well as the non-compete clause.

Moreover, like every year, for 2025, the Board of Directors 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,

¹ 1,150,000 euros per year from 15 May 2024 and for the duration of the term of office. This fixed portion was amounting previously to 1,000,000 euros per year and continued to apply between 1 January 2024 and 14 May 14 2024.

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 other 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 modify 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.

Lastly, the Board of Directors approved the terms of the draft resolutions on these components of the Chairman and Chief Executive Officer's compensation, which will be submitted to shareholders' approval at the annual general meeting to be held on 22 May 2025. All of the reports, summary tables and draft resolutions thus approved will appear in Arkema's 2024 Universal Registration Document.
