



DECISIONS OF THE BOARD OF DIRECTORS' MEETING OF 22 FEBRUARY 2023 REGARDING THE COMPONENTS OF THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER'S COMPENSATION

Arkema's Board of Directors, at its meeting held on 22 February 2023, set the components of the compensation of M. 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 2022

For 2022, 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 23 February 2022.

In accordance with the Chairman and Chief Executive Officer's compensation policy approved by the annual general meeting of 19 May 2020 for the term of his office as a member of the Board, and as confirmed by the annual general meeting of 19 May 2022, the maximum weighting of each criterion for 2022 was equal-weighted at 45% each, up to a maximum global award rate of 180%.

Consequently, based on the achievements for the year ended 31 December 2022, and in particular on the excellent financial performance of the Group with an EBITDA reaching a historic high of €2.1 billion, driven in particular by a significant increase in the performance of Specialty Materials, a particularly high EBITDA margin of 18.3%, an excellent recurring cash flow in excess of €900 million and 40% of EBITDA, the strengthening of Arkema's profile towards Specialty Materials with, in particular, the successful integration of Ashland's performance adhesives within the Group, the bolt-on acquisitions of Permoseal and Polimeros Especiales, as well as the disposal of Febex under good conditions, the acceleration of opportunities in major innovation platforms and the progress in high-potential industrial projects, notably the polyamide 11 plant in Singapore, as well as the strengthening of the climate plan and new progress made in CSR, the Board of Directors set the amount of the variable compensation due in respect of 2022, 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:
 - 100% for the EBITDA criterion, for which the average maximum weighting represents 45%, and which reached €2,110 million in 2022, its historic high, in a complex and demanding operating environment marked during the first half of the year by supply chain disruptions, high inflation and the beginning of the war in Ukraine, and during the second half of the year, by a slowdown in demand and destocking. This performance, significantly above the guidance communicated to the market at the start of the year, reflects in particular the Group's ability to adjust its selling prices to offset high inflation in raw materials and energy costs, the ongoing improvement in the product mix towards higher value-added solutions, significant tightness in some product lines during the first half of the year, in particular in upstream acrylics and PVDF for batteries, and more generally Arkema's agility faced with a volatile environment. Specialty Materials, at the heart of the Group's strategy, achieved a strong improvement with an EBITDA of €1,900 million, up 25.5% compared with last year;
 - 100% for the recurring cash flow criterion, for which the average maximum weighting represents 45%. Recurring cash flow in 2022 reached the particularly high level of €933 million (free cash flow adjusted for exceptional capex and non-recurring items), leading to an EBITDA to cash conversion rate of 44.2%, in line with the long-term target of at least 40%. This achievement reflects the Group's excellent operating performance and strict management of working capital, in an environment of significant raw materials inflation and marked slowdown in activity at the end of the year, particularly in Europe. At 12.6% of 2022 sales, working capital was below the normative level of 14%. Net debt, which includes notably the payment for the acquisition of Ashland's adhesives, remains well controlled at €2,366 million (including hybrid bonds), representing 1.1 x 2022 EBITDA;
 - 100% for the new 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 Units and

segments, the evolution of the margin on variable costs of various pre-defined products, applications or markets, the development of new customers also pre-defined, and the growth in emerging geographies. For 2022, the Board noted in particular the following examples of more significant developments: products for batteries, for which sales rose sharply, developments in bio-sourced polyamide for sports, polymers for 3D printing, high performance sealants and adhesives, additives for the solar industry and for bio-refineries, low VOC resins for paints and specialties for electronics.

The variable compensation due in respect of the quantitative criteria thus amounts to 135% 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, the following achievements were noted:
 - regarding the **implementation of the Group's strategy and main operational priorities**: 2022 was marked by the continuation of the transformation of the Group's profile in line with the 2024 strategy, focusing on medium-term innovation in the major areas of sustainable development, with significant successes and progress such as the increase in sales achieved in batteries, in line with sales target of €1 billion by 2030, and the discussions and work to expand the range, or the new developments of bio-sourced polymers, the progress of key industrial projects such as PA11 in Singapore, Pebax in France, hydrofluoric acid with Nutrien in the United States, new PVDF reactors in France and in China and polyamide powders also in China, the continuation of M&A operations with the finalization and integration of the acquisition of Ashland's performance adhesives, the continuation of small bolt-on acquisitions (Permoséal in South Africa and Polimeros Especiales in Mexico) and the divestment of Febex in Switzerland, and the launch of the planned divestment of the fluorochemicals activity. At the end of 2022, the Specialty Materials platform continued to progress and reached 91% of Group's sales;
 - regarding the **operational management components**, one-third of which were quantifiable: the Board recognized the consolidation of workstation safety performance with an excellent TRIR level of 0.9 accident per million hours worked, down 10% compared with last year, a particular focus on process safety with a significant drop in the PSER and in line with the target of 2.8 accidents per million hours worked, as well as continued progress in cybersecurity with no notable incidents. The Board also acknowledged the Group's strengthened commitment to decarbonization with a new climate plan aligned with a 1.5°C SBT trajectory across the entire value chain, the further reduction at constant perimeter in the Group's GHG emissions in 2022 compared with 2021, by 16% for Scopes 1 and 2, and by 15% for Scope 3, in line with medium-term objectives, Arkema's continued ranking in the DJSI in third place in the "Chemicals" category with an improvement in its score to 83 out of 100 in Standard and Poor's CSA assessment, as well as in the CAC40® ESG index, the sharp increase of 10 points compared with 2021 in the proportion of the portfolio covered by a life cycle assessment, as well as the progress in water linked indicators for emissions and withdrawal, and finally the progress made in the circular economy with the ramp-up of Agiplast and the ABC approach, which is strongly recognized by PA 11's BtoC customers. Regarding the social aspect, the Board also noted the progress made in diversity policy, illustrated by the increase in the share of women in senior management positions to 26%, in line with the 2030 target, and the introduction of the Arkema Diversity and Inclusion Charter, as well as the significant strengthening of talent management internal processes.

In light of all of these very high level achievements, and also the manner in which the Group was able to adapt to the demanding and volatile operating environment of 2022, marked by very high inflation in raw materials, energy and logistics costs, as well as by disruptions of supply chains, the ongoing health crisis in China and the Russian-Ukrainian conflict, the Board of Directors has set the achievement rate of these criteria at 98%. As a result, the average amount of the variable compensation due in respect of qualitative criteria has been set at 44,1% of fixed annual compensation.

In total, the 2022 variable compensation amounts to €1,791,000, i.e., 99.5% of the maximum. It represents 179.1% of the 2022 annual fixed compensation.

The payment of this annual variable compensation is subject to shareholders' approval at the annual general meeting to be held on 11 May 2023 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*). This compensation shall only be paid after this date.

Thierry Le Hénaff's total annual gross compensation for 2022 would therefore comprise of €1,000,000 in fixed compensation and €1,791,000 in variable compensation, i.e., a total amount of €2,791,000, compared to €2,800,000 due in respect of 2021.

After taking into account the variable compensation for 2022, the component enabling the constitution of a retirement fund, in place since 2016 (date on which the supplementary defined benefit pension scheme to which the Chairman and Chief Executive Officer was entitled, was terminated) and approved by the annual general meeting in 2020, and due in respect of 2022, would amount to €558,200.

COMPENSATION POLICY FOR 2023

In accordance with the Chairman and Chief Executive Officer's compensation policy, approved at the annual general meeting of 19 May 2020, as part of the renewal of Thierry Le Hénaff's term of office as a director, for the duration of his term of office, the Board of Directors has not modified the components of his compensation (listed on pages 119 to 124 of the 2019 Universal Registration Document), the principal items of which are as follows:

- the annual gross fixed compensation of Thierry Le Hénaff of €1,000,000, unchanged for 2023;
- the Chairman and Chief Executive Officer's variable compensation structure for 2023 which may reach a maximum of 180% of the annual fixed compensation. It will continue to be based on quantitative criteria of the same type 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 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 Group's priority areas, including the implementation of the Group's long-term strategy and its main priorities by the Chairman and Chief Executive Officer for one half and the operational management of the Group for the other half, for which precise numerical targets have been included as every year for approximately a third of them.

Thus, for 2023, 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 2024 strategy published in April 2020 with a focus on medium-term innovation in major areas of sustainable development (batteries, bio-sourced polymers, additives and specialties integrated into solutions that contribute to the energy transition, high performance adhesives and sealants, 3D printing, HF integration in the United States, etc.), with the start-up of major industrial projects, in particular PA11 in Singapore and its downstream operations, hydrofluoric acid with Nutrien and the new PVDF reactors, the progress of the battery strategy in its various dimensions, including regulatory ones, the ramp-up of Ashland's adhesives and synergies of support, technical and commercial functions with the Group, the progress of the strategic review concerning fluorogases, and lastly the finalization of the strategic plan for 2027 and its presentation at a CMD;
 - in terms of **operational management of the company**: the consolidation of workstation safety and environmental performance in line with the 2030 objectives and the continued implementation of the carbon trajectory, the short and medium term management of raw materials and energy pricing in a volatile environment, the effective increase of new developments in the 5 major innovation platforms, the continued deployment of the CSR roadmap in terms of circular economy (product portfolio assessment and life cycle assessment) and of sustainable product management, the strengthening of talent management processes on a global level and progress in the feminization of senior management positions, as well as the tight control of costs, capex and working capital in the allocated budgets.
- all of the other components comprising Thierry Le Hénaff's compensation's structure, in particular the allocation of 30,000 performance shares as part of the future 2023 performance share plan, which could result in an overall vesting of up to 120% of the initial allocation, *i.e.*, 36,000 shares, in the event that targets are significantly exceeded, pension benefits, severance pay, as well as the non-compete clause.

Moreover, for 2023, as last year, 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, 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 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.

Lastly, the Board of Directors approved the terms of the draft resolutions on the 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 11 May 2023. All of the reports, the summary tables and the draft resolutions thus approved will appear in Arkema's 2022 Universal Registration Document.