ARKEMA

DECISION BY THE BOARD OF DIRECTORS REGARDING THE 2024 PERFORMANCE SHARE PLANS

Based on the authorization granted by the annual general meeting of 19 May 2022, and upon recommendation by the Nominating, Compensation and Corporate Governance Committee, the Board of Directors decided on 5 November 2024 to award 369,925 existing or to be issued performance shares to 1,705 beneficiaries.

In France, the vesting period will be three years, followed by a two-year holding period. Outside France, the vesting period will be four years, with no holding period.

The final vesting of the shares is, for all beneficiaries, subject to a condition of employment within the Group. In addition, awards of more than 70 shares are subject to five demanding financial and non-financial performance criteria for the full vesting.

In accordance with the compensation policy and principles for the Chairman and Chief Executive Officer, the Board of Directors awarded him 33,000 of these shares.

In accordance with the share compensation policy as approved by the annual general meeting of 19 May 2022 in the context of the authorization mentioned above, and with the Board of Directors' decision in 2023 to adapt the performance criteria in order to take into account the 2028 long-term objectives of the Group, as announced during the Capital Markets Day (CMD) held on 27 September 2023, performance criteria, which are assessed over a 3-year period, remain the same as in 2023:

- EBITDA margin of the Group (20% of the global allocation);
- Operating cash conversion rate (20% of the global allocation);
- Comparative TSR (15% of the global allocation);
- Return on average capital employed of the Group (15% of the global allocation); and
- CSR performance assessed in the areas of climate, process safety, circular economy and diversity (30% of the global allocation).

The thresholds of the financial criteria are consistent with the 2028 long-term objectives of the Group.

For each criterion, the vesting scale goes from 0% to 120%, the rate of 120% being awarded if the long-term objectives are exceeded, and the overall vesting rate is capped at 120%. Moreover, if the vesting rate of two of the criteria is strictly below 50%, the maximum vesting rate for each of the other criteria is capped at 100%.

Hence, the maximum number of shares which may theoretically be awarded currently amounts to 436,392, *i.e.* 29.1% of the total authorization granted by the annual general meeting of 19 May 2022.

FINANCIAL CRITERIA

- **EBITDA margin**

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**

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 of 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% attainment of this criterion.

- **Comparative TSR (Total Shareholder Return)**

Arkema's TSR over a 3-year period is compared with the average of the 3 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)**

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:

- the impact of major acquisitions, the year of the acquisition and the two following years; and
- 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 consistent with the Group's financial discipline of around 10% as defined during the 2023 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%	0%
8.0% ≤ Indicator ≤ 10.0%	Linear scale between 0% and 100%
10.0% ≤ Indicator ≤ 10.5%	Linear scale between 100% and 120%
Indicator ≥ 10.5%	120%

CSR CRITERION

The 2024 CSR criterion is structured as follows:

<table>
<tr><td rowspan="4">CSR</td><td colspan="2">50%</td><td>Carbon trajectory– Scopes 1 and 2</td></tr>
<tr><td rowspan="3">50%</td><td>1/3</td><td>Diversity</td></tr>
<tr><td>1/3</td><td>Process Safety Event Rate (PSER)</td></tr>
<tr><td>1/3</td><td>Circular economy</td></tr>
</table>

Within the circular economy criterion, the indicator enabling the follow up of the non-recovered waste has been replaced by an indicator enabling to follow up water withdrawals, in consistency with the 2030 target.

- **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 eq. CO_2 (100%) corresponds to a linear decrease of an updated trajectory based on the real 2023 value, more ambitious than the SBTi 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 to the objectives of the 2023 plan, values of the 2024 plan are more ambitious, taking into account the 2023 results with a faster progression curve and remain consistent with 2030 targets.

- **PSER (Process Safety Event Rate)**

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:

- Life Cycle Assessment of Arkema's products - relative weighting = 40%;
- Water withdrawals - relative weighting = 30%; and
- 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 develop the circular economy, in terms of products, water withdrawals and energy consumption.

1. **Life Cycle Assessment (LCA) of Arkema's products**

Percentage of sales covered by a 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%

The values are consistent with the 2030 target of 90% and reflects 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%

End of 2023, the Group has strengthened its action on water and defined a new indicator relative to water withdrawals, in absolute value, excluding water sales to third parties. The target is to decrease by 25% these withdrawals in 2030 compared to 2019, same reference year as 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 is 0.75 in 2030 (i.e. 25% decrease compared to 2012). Targets of this criterion are more ambitious than in the 2023 plan and remain consistent with 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.

In line with past practice and in accordance with the recommendations of the AFEP-MEDEF Code, Thierry Le Hénaff formally undertook not to use financial instruments to hedge the risk of losses on the performance shares that he has been, or will be, granted by the Company during his term of office, and for as long as he holds an office as an executive director of the Company. Members of the Executive Committee undertook a similar commitment.
It is moreover reminded that 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 shares awarded to them.