

**BOARD OF DIRECTORS' DECISIONS DATED 3 MARCH 2014 IN RELATION TO THE  
COMPENSATION OF THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER**

In accordance with the legal and regulatory provisions, and with the AFEP-MEDEF Code, the decisions taken by the Arkema Board of Directors at the meeting held on 3<sup>rd</sup> March 2014, upon a recommendation from the Nominating, Compensation and Corporate Governance Committee, and relating to the components of the compensation of Mr Thierry Le Hénaff in his capacity as Chairman and Chief Executive Officer of Arkema, are set out below:

**Regarding 2013**, the variable compensation could reach a maximum of 150% of the annual fixed compensation and was determined based on the achievement of specific quantitative and qualitative targets:

- three quantitative targets for a maximum weight of 110% of the annual fixed compensation (representing 73% of the criteria used to determine the variable compensation):
  - the EBITDA level, for a maximum weight of 55% of the annual fixed compensation, which enables to align the compensation of the Chairman and Chief Executive Officer with the annual financial performance of the Group and to reward the actions achieved by the Group, its capacity to adapt to market conditions and the good day-to-day management of the Group by the Chairman and Chief Executive Officer;
  - the recurring cash flow, for a maximum weight of 27.5% of the annual fixed compensation, which rewards the ability of the Group to generate the cash necessary to finance ARKEMA's strategic ambitions and in particular its capex plans, acquisition program and dividend policy while maintaining a solid balance sheet; and
  - the margin on variable costs of new developments for a maximum weight of 27.5% of the annual fixed compensation, which promotes innovation and the development of new customers, the launch of new applications as well as the completion of major investment projects in line with the Group's focused growth strategy.
- qualitative targets, specifically defined every year, through around fifteen items, for a maximum weight of 40% of the annual fixed compensation (representing 27% of the criteria used to determine the variable compensation), which are mainly linked to (i) the implementation of the Group's long-term strategy by the Chairman and Chief Executive Officer, and in particular the Group's profile evolution with the strengthening of a balanced geographical presence, the management of acquisitions, the development of innovation platforms and secured access to strategic raw materials, (ii) the day-to-day management of the company with quantified operational criteria (safety, fixed costs, working capital, capex and balance sheet structure) and (iii) the implementation of major industrial projects for the Group.

Based on the results as at 31 December 2013, the Board of Directors fixed the amount of the variable compensation due for 2013 as follows:

- in respect of the three quantitative criteria linked to the financial performance of the Group (EBITDA, recurring cash flow, and margin on variable costs of new developments), the 2013 results are below the objectives set for each of the criterion. As a result, the variable compensation allocated according to the quantitative criteria amounts to 69.4% of the annual fixed compensation; and
- in respect of the qualitative criteria which are mainly linked to the implementation of the Group strategy, the performance was assessed as being very good with, in particular, the completion or the progress of several significant industrial projects (construction of the thiochemical platform in Malaysia, finalization of the investment program of Lacq in order to secure sulfur raw material access for the next 30 years, the acrylic investment program in North America), the project of an acrylic joint-venture with Jurong in China, the strict



management of fixed costs and working capital and the improvement of safety results. As a result, the variable compensation allocated according to the qualitative criteria amounts to 37.3% of the annual fixed compensation.

In total, the 2013 variable compensation as fixed by the Board of Directors amounts to 800,250 euros, 23% less than the 2012 variable compensation. It represents 106.7% of the 2013 annual fixed compensation, representing a global achievement rate of 71% (63% in respect of the quantitative criteria and 93% in respect of the qualitative criteria).

The 2013 total gross compensation of M.Thierry Le Hénaff amounts thus as follows:

Fixed compensation 750,000 euros (unchanged since 23 May 2012)  
Variable compensation 800,250 euros

**Regarding 2014**, the Board set up the annual fixed compensation and the principles applicable to the variable compensation as follows:

- The gross annual fixed compensation remains unchanged in 2014 to 750,000 euros.
- The 2014 variable compensation may reach as for 2013 a maximum of 150% of the annual fixed compensation and will remain determined on the basis of quantitative targets, identical to those of the previous years, linked to the financial performance of the Arkema Group: EBITDA, recurring cash flow and margin on variable costs of new developments, with unchanged weighting of each criterion. To these quantitative criteria, qualitative criteria relating again to the three components identified for 2013 will be added: the implementation of the Group's long-term strategy by the Chairman and Chief Executive Officer, the day-to-day management of the company with quantified operational criteria (safety, fixed costs, working capital, capex and balance sheet structure) and the implementation of major industrial projects for the Group.

The weighting of the various criteria used to determine the variable compensation remains unchanged.

Other components of the compensation of the Chairman and Chief Executive Officer as fixed by the Board of Directors dated 7 March 2012 remain unchanged.

### **Say-on-Pay**

In addition, the Board of Directors set out the draft resolutions as well as the summary table of all elements of compensation due or allocated to Mr Thierry Le Hénaff in 2013 which are submitted to the consultative vote of the shareholders during the shareholders Annual General Meeting to be held on 15 May 2014.

For information, all data relating to the compensation of the Chairman and Chief Executive Officer is set out every year in the Board of Director's report to the Annual General Meeting included in the 2013 Reference Document, which will be available end of March on the Company's website: [www.finance.arkema.com](http://www.finance.arkema.com).