

The incentive agreement of Arkema France was renegotiated by a collective agreement signed on 28 April 2011 by the CFDT, CFE-CGC, CFTC and CGT-FO trade unions. It is valid for three years, and covers the 2011, 2012 and 2013 financial years. Total incentive compensation that can be paid out for a given year represents a maximum of 5.7% of total payroll.

In accordance with the provisions of social security amending finance law n° 2011-894 of 28 July 2011 for 2011, management and trade unions met at the Group level in order to negotiate the terms of the profit-sharing bonus for employees. The parties were unable to reach an agreement, and so a €300 profit-sharing bonus for every Group employee in France was put in place by unilateral decision.

17.5.2 Employee savings schemes

A Group Savings Plan (*Plan d'Épargne Groupe* - PEG) allows employees of member companies to make voluntary contributions and invest their profit-sharing and incentive income.

They enjoy matching funding of up to €800/year from the employer, covering profit-sharing and incentive income as well as voluntary contributions.

The investment structures available are the "Arkema Actionariat France" company investment collective fund (*Fonds Commun de Placement d'Entreprise* - FCPE) entirely invested in the Company's shares, and a range of multi-company FCPE funds offering the choice of investment in different asset classes (equities, bonds, money market) and thus allowing employees to diversify their savings.

17.5.3 Employee share ownership

ARKEMA is keen to pursue an active policy of encouraging employee share ownership and intends, from time to time, to carry out capital issues reserved for employees in order to involve them closely with the future growth of the Group.

Accordingly, two share capital increase operations were implemented, one in 2008 and the other in 2010. Each of these operations enabled some 4,000 employees from 17 countries to subscribe for Arkema shares under special terms, thereby increasing employee shareholding by approximately 2.5 points.

At 31 December 2011, Group employees within the meaning of article L. 225-102 of the French Commercial Code (*Code de commerce*) held 4.75% of the share capital of Arkema S.A.

Using the delegation of powers renewed by the extraordinary general meeting on 1 June 2010, and in line with its commitment to conduct on a regular basis shared capital increase operations reserved for employees, the Board of Directors, meeting on 7 March 2012, agreed the launch of a worldwide operation enabling employees in the main countries where the Group operates to acquire shares under special terms. The subscription period spanned 12 March to 25 March 2012 inclusive. The subscription price was set at €54.51 per share, and corresponds to the average opening price quoted in the last 20 trading days prior to the date of the Board of Directors' meeting minus a 20% discount.

17.5.4 Stock options and free share allocations

The combined annual general meeting of 15 June 2009 renewed the authorization given to the Board of Directors of Arkema S.A. to put in place a stock option plan and a free share allocation plan for employees of the Group in order to involve them closely in the Group's future growth as well as its stock market performance.

In implementing this authorization, in accordance with the provisions of French law of 3 December 2008 on labor income and on recommendation from the Nominating, Compensation and Corporate Governance Committee, the Board of Directors put in place various stock option plans and free share allocation plans.

Furthermore, the share retention requirements applicable to the members of the Group's Executive Committee put in place in 2007 were amended in 2010 and 2011.

Accordingly, the Board of Directors decided from the 2010 plans, the following share retention requirements for the Chairman and Chief Executive Officer and for the members of the Group's Executive Committee, until termination of their duties:

- at least 30% of the shares definitively awarded to the Chairman and Chief Executive Officer;
- at least 20% of the shares definitively awarded to the members of the Executive Committee, excluding the Chairman and Chief Executive Officer;
- a number of shares resulting from the subscription options exercised corresponding to at least 40% of the net gain on acquisition for all members of the Executive Committee.

These obligations shall be suspended once the number of Arkema shares held, whatever their origin, represents a global amount equivalent to:

- 200% of gross annual fixed compensation for the Chairman and Chief Executive Officer,
- 150% of fixed gross annual compensation for members of the Group's Executive Committee, excluding the Chairman and Chief Executive Officer.

However, when the Chairman and Chief Executive Officer owns a quota of shares, whatever their origin, representing twice the fixed part share of his current gross annual compensation, the share retention requirements shall apply under the following terms:

- at least 10% of the shares definitively awarded, after this threshold has been reached,
- a number of shares resulting from the subscription options exercised corresponding to at least 10% of the net gain on acquisition.

Stock option plans

Options to subscribe for shares are granted for an eight-year period. The exercise price of the option is the average listed price for the shares during the twenty trading days prior to the date of allocation of the options, with no discount applied.

PREVIOUS STOCK OPTION PLANS

The plans implemented in 2006, 2007 and 2008 stipulate that these options may only be exercised after an initial two-year period, provided the bearer is still employed by the Group, and that shares acquired by the exercise of options may not be sold for a further two-year period.

In 2009, given the exceptional economic environment, it was decided not to award any stock options.

The plan implemented in 2010 provides for half of the options awarded to be exercised after two years, subject to employment and performance conditions, followed by a two-year lock-up period. The remaining half of the stock options may be exercised after a five-year period, subject to attendance and performance conditions, with no lock-up period.

The performance conditions concern the Group's EBITDA margin and the progress of ARKEMA's EBITDA margin compared to a panel of other chemicals manufacturers.

STOCK OPTION PLANS 2011

In 2011, on a proposal by the Nominating, Compensation and Corporate Governance Committee, the Board of Directors meeting on 4 May 2011 decided to award stock options to members of the Executive Committee by implementing two plans.

The rules of Plan 1 stipulate that options may be exercised after an initial two-year period, provided the bearer is still employed by the Group, and subject to ROCE performance criteria. Shares acquired by the exercise of options may not be sold for a further two-year period.

The rules of Plan 2 stipulate that options may be exercised after a four-year period, provided the bearer is still employed by the Group, and subject to performance criteria based on the average EBITDA

margin for the 2011 to 2014 period. Shares acquired by the exercise of options may be exercised after this exercise deferral period.

Tables for Arkema S.A. stock option plans at 31 December 2011 are featured in note 28.1 to the consolidated financial statements at 31 December 2011 in chapter 20 of this reference document.

Free share allocation plans

PREVIOUS FREE SHARE ALLOCATION PLANS

The plans implemented in 2006, 2007, 2008 and 2009 feature common characteristics.

The free allocation of shares is not definitive until the end of a two-year period (the acquisition period).

Following this acquisition period, and subject to the conditions set by the plan (performance and employment in the Group), shares are definitively acquired by the beneficiaries, who must then hold them for a further two-year period (the holding period) before they can sell them.

In 2010, a plan was implemented for employees of the Group's French companies based on the same provisions as previous plans: two-year acquisition period, two-year holding period, and employment and performance conditions.

A plan was also implemented for employees of the Group's subsidiaries outside France based on a four-year acquisition period, with no lock-up period, and under the same employment and performance conditions as the plan intended for employees of the Group's French companies.

The performance conditions generally concerned the Group's EBITDA margin and its progress compared to a panel of other chemicals producers.

PERFORMANCE SHARE PLAN 2011

In 2011, on a proposal by the Nominating, Compensation and Corporate Governance Committee, the Board of Directors meeting on 4 May 2011 agreed the terms of three performance share allocation plans.

Plans 1 and 2 are intended for employees of the Group's French companies.

The rules of Plan 1 stipulate that rights to performance shares may only be definitively awarded at the end of a two-year period from the award date, provided the bearer is still employed by the Group, and subject to performance conditions. Shares definitively awarded may not be sold for a further two-year period (holding requirement). The rules of Plan 2 stipulate a three-year rights acquisition period in order to increase the loyalty component, a two-year holding period, and employment and performance conditions. When they exceed 200, the beneficiary's rights are split evenly between Plan 1 and Plan 2. When they are below 200, the beneficiary is awarded his rights under Plan 1.

Plan 3 is intended for employees of the Group's subsidiaries outside France; its rules stipulate that rights to performance shares may only be definitively awarded at the end of a four-year period from the award date, provided the bearer is still employed by the Group, and subject to performance conditions. Shares that have been definitively awarded may be sold freely at the end of this period.

Note that the performance conditions concerning ARKEMA's 2011 EBITDA and the progress of ARKEMA's EBITDA margin compared to a panel of other chemicals producers, common to all three plans, only apply to the quota of a beneficiary's rights in excess of 80 rights, for all plans, except for members of the executive committee for whom the performance criteria apply to all rights.

These three plans comprise some 700 beneficiaries and 200,000 rights to performance shares, *i.e.* 88,305 under Plan 1, 59,380 under Plan 2, and 52,315 under Plan 3.

Tables for Arkema S.A. free share allocation plans at 31 December 2011 are featured in note 28.2 to the consolidated financial statements at 31 December 2011 in chapter 20 of this reference document.

17.6 CORPORATE CITIZENSHIP

Common Ground® is a long-term community relations initiative designed to acquaint all of the Group's stakeholders, in particular the communities living in the vicinity of our industrial sites, with ARKEMA's activities and products. This initiative is based on listening, discussing, explaining, informing on the way our plants operate, the management of risks regarding health, safety and environment, ARKEMA's innovation, and the everyday application of the products manufactured.

Launched in France in 2002, the Common Ground® initiative has been gradually rolled out in every country in which ARKEMA operates through many types of actions: open days, plant tours, public information meetings, exhibitions, safety promotion days, events in schools, support to local organizations, etc. As part of this initiative, in the United States the Arkema Inc. Foundation strives to improve the quality of life in the communities based near the Group's plants in North America, by providing backing to various social, cultural and educational organizations.

Actively involved in the 2011 International Year of Chemistry

The 2011 International Year of Chemistry (IYC) was a unique opportunity to promote, celebrate and publicise the key role played by chemistry in meeting the needs of society while providing solutions to sustainable development. The address by the Chairman and Chief Executive Officer of ARKEMA at the IYC official launch ceremony at the Unesco headquarters in January 2011, the Group's active participation in events organised in France, including the IYC inaugural event "*L'art en la matière*", and the road show "*Vous avez dit chimie?*" organised by the French *Union des Industries Chimiques*, the partnership established with *Palais de la découverte* in Paris, and the many Common Ground® initiatives demonstrated ARKEMA's commitment to improving the image of chemistry and of the chemical industry.

An ARKEMA laboratory at Palais de la découverte

In 2011, the partnership between ARKEMA and *Palais de la découverte* was exemplified by two major operations aimed at celebrating the IYC with a series of events throughout the year.

A high-tech chemistry laboratory adapted to public experiments was set up in the *Palais* for a program of presentations and talks entitled "*Étonnante chimie*" (Amazing chemistry). Inspired from ARKEMA innovations in four areas, "*les liaisons secrètes des molécules*" (The

secret bonds of molecules), "*le plastique qui se cultive*" (Cultivating plastics), "*une peinture verte quelle que soit sa couleur*" (Green paint whatever its colour), and "*du fluor high tech pour apprivoiser l'énergie*" (high tech fluorine to harness energy), these events run by the *Palais* teams of science mediators enabled over 10,000 visitors including 50 school parties to discover chemistry and its contribution to everyday life in an entertaining and interactive mode.

Moreover, during school holidays, the group set up at *Palais de la découverte* "*Mission à Carbone City*" (Mission to carbon city), an educational role-play designed by the Axelera chemistry-environment competitiveness cluster, of which ARKEMA is a founding member. Over a period of four months overall, 3,000 visitors participated in this game, thereby taking up "the challenges of chemistry and the environment".

Stepping up communication with people living near industrial sites

In China, France and the United States, ARKEMA is actively involved with schools in the vicinity of its facilities, the aim being to publicise the modernity of chemistry, draw students towards the profession, and anchor our plants in their environment.

In this International Year of Chemistry, ARKEMA particularly bolstered its community relations drive. In France, over 180 Common Ground® operations took place on 22 sites (plants, R&D centers, subsidiaries, etc.), reaching out to some 6,000 people.

ARKEMA was also heavily involved in the 20th edition of *Fête de la science*, which this year focused on chemistry. This nationwide event in France is organised every year across the country on the initiative of the French Ministry for Higher Education and Research. The Group has taken part in this event since 2003. Over a period of five days, this celebration of science and chemistry involved more than fifteen sites, with ARKEMA employees rallying round to talk about the Group's chemistry, present its latest innovations, hold discussions, and share their know-how with the general public.

Supporting generous initiatives in line with ARKEMA's values

As part of a partnership launched with the French Red Cross in 2006, schools in the vicinity of the Group's sites in France continued to turn to ARKEMA in 2011 for first-aid training for both their students and their teachers. Since its signature, this partnership has helped provide first-aid training to some 6,000 people (employees, people