



DECISION BY THE BOARD OF DIRECTORS REGARDING THE 2023 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 8 November 2023 to award 374,660 existing or to be issued performance shares to 1,703 beneficiaries.

In accordance with the compensation policy and principles for the Chairman and Chief Executive Officer, the Board of Directors awarded him 30,000 of these shares.

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 line with the 2028 long-term objectives of the Group, as announced on the Capital Markets Day (CMD) held on 27 September 2023, the Board of Directors decided, for the 2023 plan, to adapt the performance criteria, as follows:

- the weighting of the CSR criteria has been increased from 25% to 30% of the global allocation, while keeping unchanged the weighting of each of its indicators, in order to take into account the reinforcement of Arkema's CSR initiatives;
- the weighting of the financial criteria consequently represents 70% of the global allocation, with the weighing of the ROACE criterion lowered to 15% (similar to TSR) and the weighting of the two other financial criteria remaining unchanged at 20% each of the global allocation;
- EBITDA margin and ROACE criteria are, as from this plan, calculated at the Group level, as the transformation towards Specialty Materials is at a very advanced stage and the 2028 targets for sales and EBITDA growth have been set for the whole Group; and
- the EBITDA to cash conversion rate criterion is replaced by the operating cash conversion rate, in line with the elements presented at the CMD.

As a result of the above, and 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, the Board of Directors thus decided that, for the 2023 plan, the performance criteria, which are assessed over a 3-year period, shall be as follows:

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

The thresholds and definitions of the financial criteria have been adapted and aligned with the elements presented at the CMD.

For each criterion, the vesting scale goes from 0% to 120%, the rate of 120% being awarded if the target values are exceeded, and the overall award rate is capped at 120%. Moreover, if the achievement rate of two of the criteria is strictly below 50%, the maximum award 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 441,816, *i.e.* 29.5% of the total authorization granted by the annual general meeting of 19 May 2022.

FINANCIAL CRITERIA

- **EBITDA margin (for up to 20% of the global allocation)**

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 2023, 2024 and 2025.

The vesting rates, based on the value of the indicator, are as follows:

Value of the indicator	Vesting rate
Indicator \leq 14%	0%
14% \leq Indicator \leq 15.5%	Linear scale between 0% and 50%
Indicator = 15.5%	50%
15.5% \leq Indicator \leq 16.5%	Linear scale between 50% and 100%
Indicator = 16.5%	100%
16.5% \leq Indicator \leq 17.25%	Linear scale between 100% and 120%
Indicator \geq 17.25%	120%

- **Operating cash conversion rate (for up to 20% of the global allocation)**

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 2023, 2024 and 2025.

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 \leq 62%	0%
62% \leq Indicator \leq 70%	Linear scale between 0% and 100%
70% \leq Indicator \leq 73%	Linear scale between 100% and 120%
Indicator \geq 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) (for up to 15% of the global allocation)**

Arkema's TSR is compared with the average of the 3 following aggregates:

- the median of its competitors' TSR: BASF, Solvay/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 2023-2025 period.

The vesting rates, based on the value of the indicator, are as follows:

Value of the indicator	Vesting rate
Indicator < 100%	0%
Indicator = 100%	50%
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 2023 and the average of the share prices during the third quarter of 2026 will be used to determine the prices at the beginning and at the end of the period respectively.

- **Return on average capital employed (ROACE) (for up to 15% of the global allocation)**

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 2023, 2024 and 2025.

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 CRITERIA

The 2023 CSR criterion is structured as follows:

CSR	50%		Carbon trajectory– Scopes 1 and 2
	50%	1/3	Diversity
		1/3	Process Safety Event Rate (PSER)
		1/3	Circular economy

The weighting of the CSR criterion now amounts to 30% of the global allocation.

- **Carbon trajectory: GHG**

GHG (Scopes 1 and 2) in kt eq. CO₂ in 2025	Vesting rate
Indicator \geq 2,800	0%
2,800 \geq Indicator \geq 2,500	Linear scale between 0% and 100%
2,500 \geq Indicator \geq 2,400	Linear scale between 100% and 120%
Indicator \leq 2,400	120%

The value of 2,500 kt eq. CO₂ (100%) corresponds to a linear decrease of an updated trajectory based on the real 2022 value, more ambitious than the SBTi (Science Based Target initiative) 1.5°C trajectory.

- **Diversity: Percentage of women holding senior management and executive positions**

Percentage of women holding senior management and executive positions in 2025	Vesting rate
Indicator \leq 25%	0%
25% \leq Indicator \leq 28%	Linear scale between 0% and 100%
28% \leq Indicator \leq 29%	Linear scale between 100% and 120%
Indicator \geq 29%	120%

Compared to the 2022 plan, values of the 2023 plan are much more ambitious with a faster progression curve.

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

PSER 2025	Vesting rate
Indicator \geq 3.0	0%
3.0 \geq Indicator \geq 2.5	Linear scale between 0% and 100%
2.5 \geq Indicator \geq 2.4	Linear scale between 100% and 120%
Indicator \leq 2.4	120%

The minimum value of 3.0 is more demanding than the 2021 performance, year during which the Group showed significant progress compared to 2020.

- **Circular economy**

The circular economy is measured through an indicator composed of the following elements:

1. Life Cycle Assessment of Arkema's products (relative weighting = 40%);
2. Non-recovered waste (relative weighting = 30%); and
3. 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 developing the circular economy, in terms of products, waste recovery and energy consumption.

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

Percentage of sales covered by a LCA in 2025	Vesting rate
Indicator \leq 50%	0%
$50\% \leq$ Indicator \leq 60%	Linear scale between 0% and 100%
$60\% \leq$ Indicator \leq 65%	Linear scale between 100% and 120%
Indicator \geq 65%	120%

The values are consistent with the 2024 target of 50% and the 2030 target of 90%.

The value of 60% corresponds to a linear growth of an updated trajectory based on the 2022 real value.

The minimum value of 50%, is consistent with the 2024 target and reflects the Group's ambition to accelerate the implementation of LCA of its products to meet its customers' demand.

2. Non-recovered waste

Non-recovered waste for the 2023-2025 period	Vesting rate
Indicator \geq 48.5 kg/t	0%
$48.5 \text{ kg/t} \geq$ Indicator \geq 47.0 kg/t	Linear scale between 0% and 100%
$47.0 \text{ kg/t} \geq$ Indicator \geq 46.7 kg/t	Linear scale between 100% and 120%
Indicator \leq 46.7 kg/t	120%

The indicator used is the average of non-recovered waste for 2023, 2024 et 2025 in kg per ton of production.

The plan defined applies a reduction of 2% compared to the reference and the targets of the 2022 performance share plan.

3. EFPI Energy

EFPI Energy Worldwide in 2025	Vesting rate
Indicator \geq 0.91	0%
$0.91 \geq$ Indicator \geq 0.84	Linear scale between 0% and 100%
$0.84 \geq$ Indicator \geq 0.82	Linear scale between 100% and 120%
Indicator \leq 0.82	120%

In July 2022, the target for this EFPI was revised when Arkema published its new climate plan and is now fixed at 0.75 in 2030 (i.e. a 25% decrease compared with 2012).

Targets of the 2022 performance share plan have been extended to the 2023 performance share plan and remain consistent with the 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.