

ARKEMA GROUP EMPLOYEE SHARE OFFERING 2024

COUNTRY SUPPLEMENT FOR CANADA



You have been invited to invest in shares of Arkema S.A. under the umbrella of the Arkema Group employee share offering (the “offering”). You will find below a brief summary of the terms of the offering, the local offering information and principal tax consequences relating to the offering.

Important Note: The acceptance of subscriptions by Arkema S.A. under the offering is subject to approval by Canadian securities regulators, which Arkema S.A. has received. Employees will be provided with further information and will be notified of any changes in the offering, as appropriate.

→ SUMMARY OF THE OFFERING

To be read in conjunction with the employee brochure and other materials distributed to you

■ A share capital increase reserved for employees

Arkema S.A. shares will be offered to all the eligible employees of the participating Arkema Group companies, pursuant to a capital increase of Arkema S.A. reserved for such employees. The Arkema Group employee share offering is being offered as a “Classic” plan.

If the total number of requested shares exceeds the offered shares (1 350 000 shares), the number of shares requested by certain employees may be reduced, so as to allow as many employees as possible to participate in the offering. In the event that the number of shares requested are reduced, each affected participant will be notified personally.

■ Eligibility

All current employees of Arkema S.A. and the employees of its participating direct and indirect majority-owned subsidiaries worldwide are eligible to participate in this offering, in each case subject to a minimum employment condition of three months measured at the close of the subscription period. In addition, such employee must be employed as of the day he or she returns the subscription form during the subscription period.

■ Subscription period

The subscription period starts on September 16, 2024 and lasts until September 30, 2024 (inclusive).

If you decide to participate in the offering, you need to log on the website, www.ake2024.arkema.com, between September 16, 2024 and September 30, 2024, and click on the “Subscribe” button once you have completed your subscription request. You will be asked to enter the user ID and password that have already been sent to you by email on your professional email address.

If you have no professional address or if you have not received the user ID and password, you can participate in the offering by returning the paper subscription form at the latest by September 30, 2024 to Isabelle Allard.

■ Subscription price

The subscription price for the Arkema S.A. shares will be set at a discount of 25% from the “reference price”.

The reference price is based on the average of the opening price of the Arkema S.A. shares on the 20 trading days preceding September 11, 2024.

Payment will be requested in Canadian dollars at an exchange rate to be set before the subscription period begins. Such exchange rate will be valid for the payment of the purchase price throughout the subscription period.

During the life of your investment, the value of the Arkema S.A. shares will be affected by fluctuations in the currency exchange rate between the euro and the Canadian dollar. As a result, if the value of the euro strengthens relative to the Canadian dollar, the value of the shares expressed in Canadian dollars will increase. On the other hand, if the value of the euro weakens relative to the Canadian dollar, the value of the shares expressed in Canadian dollars will decrease.

■ Your investment is capped

The maximum subscription amount you can invest will be equal to the lesser of (i) the subscription price of 750 Arkema shares, (ii) 25% of your gross annual compensation for the 2023 calendar year and (iii) 25% of your estimated gross annual compensation for 2024.

The minimum amount of investment will be the Canadian dollar equivalent of €15.

■ Method of payment

Full or partial payment of the purchase price may be made by personal cheque payable to Arkema Canada Inc. and/or by payroll deduction.

For the portion of the purchase price that you opt to pay for through payroll deduction, bi-weekly deductions will be made over a 24-month period.

■ Custody of your shares

Your shares will be subscribed and held on your behalf by a collective shareholding vehicle, known as a *Fonds Commun de Placement d'Entreprise*, or an FCPE, which is commonly used in France for the conservation of shares held by employee-investors. Your investment will initially be made via a "temporary" FCPE, the "Arkema Actionnariat International Relais 2024", which will be merged shortly after the capital increase into the "Arkema Actionnariat International" FCPE (subject to the approval of the Autorité des marchés financiers in France and the supervisory board of the FCPEs) (such FCPE, both prior to and following the merger, being the "**Classic FCPE**"). You will be issued units of the Classic FCPE corresponding to the shares you will have subscribed for, which are held on your behalf by the Classic FCPE. For each share subscribed, you will receive one unit of the Classic FCPE.

■ Your investment will be subject to a five-year lock-up period

In consideration of the benefits granted under this offering, your investment is subject to a lock-up period of five years (ending on October 30, 2029), during which you will not be able to redeem your investment unless you qualify for a specified early exit event listed below under "*Early exit events*".

■ Early exit events

You may request a redemption of your investment during the above-mentioned lock-up period in the following circumstances only:

1. You suffer a long-term disability;
2. You die;
3. Your employment is terminated by your employer; and
4. You retire from your employment at an age whereby you are entitled to receive pension benefits pursuant to your employee benefits plan, provided that in such circumstance the request for redemption may only be made following the second anniversary of the delivery of the Arkema S.A. shares.

The above-noted early exit events are to be interpreted and applied in a manner consistent with French law. Before relying or attempting to rely on any of these early exit events, you should consult with your employer to make sure that your case meets all the necessary requirements.

■ Dividends

Any dividends paid with respect to shares, while such shares remain in the Classic FCPE, will not be paid out directly to you, but will instead be automatically reinvested by the Classic FCPE in additional Arkema S.A. shares. These reinvested dividends will result in the issuance of additional Classic FCPE units to you. Other property received in respect of the shares by the Classic FCPE (e.g., preferential subscription rights) will, to the extent possible, be sold under conditions determined by the Classic FCPE manager and the proceeds reinvested by the Classic FCPE in additional Arkema S.A. shares. This reinvestment will also result in the issuance of additional Classic FCPE units to you.

■ Voting rights

As long as your shares are held by the Classic FCPE, the voting rights pertaining to such shares will be exercised by the elected members representing the unitholders of the supervisory board of the Classic FCPE on your behalf.

■ Redemption

Your investment will become available for redemption upon the expiry of the lock-up period of five years, or earlier, if you qualify for an early exit event. At that time, you (or your legal representative, as applicable) may request the redemption of your investment for the underlying shares of Arkema S.A. or a cash payment equal to the then market value of your shares (expressed in euros). Alternatively, you may continue to hold your shares through the Classic FCPE.

■ Notices

Securities Laws Rights of Action. In accordance with an exemption from certain requirements of Canadian provincial securities laws for which Arkema S.A. has received, this offering is being made without filing a prospectus with the applicable Canadian securities regulatory authorities or using a registered securities dealer. As a result, purchasers of securities pursuant to this offering will not have the benefit of certain protections, rights, and remedies afforded under Canadian securities legislation, such as statutory rights of withdrawal and statutory rights of action for rescission or damages against the company in the event of a misrepresentation in any materials furnished in connection with the offering. Purchasers will have to rely on common law (in all provinces except Québec, as applicable) or civil law (in Québec) rights of action that may be available in this regard.

Resale Restrictions. In addition to the restrictions on resale and transfer noted in this country supplement or other documentation relating to the offering, shares purchased under the offering will be subject to certain restrictions on resale imposed by certain Canadian provincial securities laws. Purchasers of shares under the offering are encouraged to seek legal advice prior to any such resale. Arkema S.A. has applied to (and received approval from) the securities regulatory authorities to allow employees to resell shares acquired in the offering without the need to file a prospectus, provided the sale is concluded outside of Canada with a purchaser that is not a Canadian-resident (this includes sales made through a foreign stock exchange).

→ FREE SHARES

■ Grant of Free Shares

It is expected that the board of directors of Arkema S.A. will grant to all participants in the offering the right to receive free shares of Arkema S.A., subject to the conditions contained in the Free Share Plan Rules. It is expected that this grant will be made on November 5, 2024 (the “**Grant Date**”). A summary of the terms of the Free Share Plan Rules is provided below. You may access the Free Share Plan rules (in French or in English) upon request to your HR manager.

■ Eligibility

In order to be eligible to receive a grant of shares for free under the Free Shares Plan, an employee must satisfy the following conditions:

- (a) such employee must have submitted a valid subscription form to participate in the offering and complied in full with all of the terms and conditions of the offering; and
- (b) such employee must be employed by a company of the Arkema Group on the Grant Date unless one of the events listed under section "Exceptions to the Continued Employment Condition" below occurs between the date of subscription and the Grant Date.

■ Number of Free Shares and Limit of the Grant of Free Shares

All eligible employees that satisfy the above conditions of the Free Share Plan will be granted a right to receive additional units of the Classic FCPE representing free shares of Arkema S.A. (“**matching units**”). Each eligible employee will be granted one matching unit representing one free Arkema S.A. share for every four shares he or she subscribes for through the offering, up to a maximum of 25 matching units.

For the avoidance of doubt, subscribed shares shall be based on the number of shares actually delivered, taking into account any reductions that may be made due to individual or total orders in the offering exceeding the permitted or available amounts.

■ Information on the Grant of Free Shares

Within a few weeks following the grant, each eligible employee will receive a letter or statement confirming that he or she is an eligible employee and setting forth the number of matching units representing free shares granted to him or her.

■ Vesting and Delivery of Free Shares

Free shares will be issued to the Classic FCPE, and the corresponding matching units will be delivered to all eligible employees on or about November 6, 2028 (the “**Date of Delivery**”), provided that the conditions of the Free Share Plan rules (in particular the Continued Employment Condition) have been satisfied during that period. The period between the Date

of Grant and the Date of Delivery is referred to as the “**Vesting Period**”. Prior to the Date of Delivery, eligible employees will not own the matching units or the free shares, and consequently will have no right to any dividends paid whose record date is prior to such date, and will have no right to vote at shareholders’ meetings.

■ **Non-transferability of the Rights of Free Shares**

The rights resulting from the grant of free shares are personal to each eligible employee. An eligible employee cannot sell, transfer or pledge his or her right to receive the free shares under the Free Share Plan. The only exception to this restriction is for transfers that occur through succession to legal beneficiaries, in the event of the death of the eligible employee.

■ **Continued Employment Condition**

In order to receive matching units, the eligible employee must have remained an employee of the Arkema Group (Arkema S.A. and its majority-owned subsidiaries) for the full duration of the Vesting Period. Such employment must be continuous and without interruption.

For the sake of clarity, if at any time during the Vesting Period, an eligible employee ceases to be an employee of the Arkema Group, such employee will lose all rights to receive matching units. These rights will not be restored even in the event such person subsequently becomes re employed within the Arkema Group.

■ **Exceptions to the Continued Employment Condition**

An eligible employee will be deemed to satisfy the Continued Employment Condition if, at any time during the relevant Vesting Period, the eligible employee ceases to be employed for any of the following reasons:

(i) Death

In the event of the eligible employee’s death, his or her heir or heirs may request delivery of matching units representing free shares within a period of six months following the date of death. In this case, any matching units representing free shares granted shall be delivered to such heir or heirs promptly following such request and the Vesting Period requirement will no longer apply.

In the absence of such a request, the matching units representing free shares granted to the deceased eligible employee shall be delivered to such heir or heirs on the Date of Delivery.

(ii) Disability

In the event of a disability of an eligible employee qualifying under the second or third categories provided for in Article L. 341-4 of the French Social Security Code (or its equivalent in foreign law), the matching units representing free shares granted shall be delivered to the eligible employee at the Date of Delivery.

(iii) Retirement

In case of retirement at the age provided for retirement under relevant local law or employer practice, the matching units representing the free shares granted shall be delivered to the eligible employee at the Date of Delivery. This exception will only be allowed where legally permissible.

(iv) Redundancy or termination without cause

In case of redundancy or termination without cause, the matching units representing the free shares granted shall be delivered to the eligible employee at the Date of Delivery. For the avoidance of doubt, a termination for cause related to the employee’s conduct or performance will result in a loss of the right to the free shares.

(v) Loss of Participating Company status or divestiture of business or operating unit

In the event of a change in control of one of its affiliates or a member of the Arkema Group in case of a divestiture of a business or operating unit (including outsourcing), an employee of the relevant company, business or operating unit shall not lose his or her right to the matching units representing free shares as a result of such change or divestiture. In such circumstances, the free shares granted shall be delivered to the eligible employee at the Date of Delivery.

■ **Ownership of the Free Shares and Selling Restrictions**

At the Date of Delivery, any matching units representing the free shares delivered will not be subject to the lock-up period. Following the issuance of matching units, a Canadian Participant may (i) request the redemption of the matching units in consideration for the underlying free shares or a cash payment equal to the then market value of the free shares, or (ii) hold the matching units in the Classic FCPE and request their redemption at a later date in consideration for the underlying free shares or a cash payment equal to the then market value of the free shares. In the event that the eligible employee requests the redemption of the matching units and elects to receive the free shares directly, such employee will benefit from all the rights of ownership relating to the free shares, notably the right to vote at meetings of the shareholders of Arkema S.A. and the right to receive any dividends.

Following the receipt of the free shares the recipient will be free to sell them, subject to insider trading restrictions and restrictions under local law (see “Resale Restrictions” under the heading “Notices” above).

In the event that Arkema S.A. or one of its affiliates or a member of the Arkema Group is required to pay taxes, social charges or any other governmental charges on behalf of any eligible employee as a result of the grant to such employee or delivery of the free shares, Arkema S.A. or such affiliate, as the case may be, reserves the right to delay the transfer of the free shares to such person until such person has paid all such amounts, or made arrangements for payment that are satisfactory to Arkema S.A. or the affiliate, or to cause the sale of the shares and withhold the required amounts from the proceeds.

■ **Changes to the Free Share Plan**

In the event of a restructuring of Arkema S.A. that results in a split of the company or a transfer of all or substantially all of its assets to another entity prior to the Date of Delivery, the Free Share Plan may be modified by the board of directors of Arkema S.A. or by law in order to substitute shares in the surviving or successor entities for the Arkema S.A. shares originally provided for under the Free Share Plan.

TAX INFORMATION FOR EMPLOYEES

RESIDENT IN CANADA

The following summary sets forth general principles that are expected to apply to employees who are: (i) resident in Canada for the purposes of the federal income tax laws of Canada and the tax treaty concluded between the French Republic and Canada for the avoidance of double taxation dated May 2, 1975, as amended from time to time (the “**Treaty**”); and (ii) entitled to the benefits of the Treaty, but may not apply in all specific cases. The tax consequences listed below are described in accordance with Canadian federal income tax law and tax practices as well as the Treaty, all of which are applicable at the time of the offering. These laws and practices and the Treaty may change over time.

This summary is given for informational purposes only and should not be relied upon as being either complete or conclusive. This summary is based on the current provisions of the **Income Tax Act** (Canada) (the “**Tax Act**”) and the regulations thereunder (the “**Regulations**”), all specific proposals to amend the Tax Act and the Regulations announced prior to the date hereof, and the published administrative practices of the Canada Revenue Agency (formerly Revenue Canada) (the “**CRA**”). This summary does not take into account provincial, territorial or, except as contained herein, foreign income tax considerations, which may vary from the Canadian federal income tax considerations described herein. For definitive advice, employees should consult their own tax advisors regarding the tax consequences to them of participating in the Arkema S.A. employee share offering.

A. Taxation in France

You will not be subject to taxation in France upon subscription. Provided your investment is held through an FCPE and such FCPE reinvests any dividends that may be distributed by Arkema S.A., you will not be subject to tax or social charges in France with respect to such dividends. Any gains realized upon the sale of your investment will not be subject to taxation or social charges in France.

B. Taxation in Canada

■ General Rules

For Canadian federal income tax purposes, the units received by you in the Classic FCPE (the “**Units**”) should represent an ownership interest in the underlying Arkema S.A. shares (the “**Shares**”) and other assets held by the Classic FCPE, if any, on your behalf. Accordingly, amounts paid by the Classic FCPE (for example, to acquire Shares) or received by the Classic FCPE (for example, dividends) will generally be treated as having been paid or received by you, as the case may be, based on your pro rata interest in the Classic FCPE’s assets (as evidenced by your Units).

All amounts relating to the acquisition, holding or disposition of Shares which are computed, paid or received in a currency other than Canadian dollars must be converted into Canadian dollars for the purposes of the applicable Canadian federal income tax laws.

Amounts included in your income as a result of your participation in the Classic FCPE, specifically by virtue of the holding of Shares (dividends), the receipt of free Shares (employment income) or the disposition of Shares (taxable capital gains), will be taxable to you at your applicable marginal tax rate. This rate will vary depending upon, among other things, your total income for the particular taxation year and your province of residence. All taxable amounts in respect of a particular taxation year must be reported in your T1 tax return (and the Quebec equivalent return if applicable) for that year and filed (along with a remittance of any required tax amounts) by April 30th of the following year.

■ Upon subscription

You will be required to include in your income for the year in which Shares are acquired by the Classic FCPE on your behalf, as a benefit from employment, the amount, if any, by which the “fair market value” of the Shares at the time of their acquisition exceeds the amount paid for the Shares. The fair market value of the Shares could exceed the amount paid for the Shares if, for example, the subscription price for the Shares was less than the publicly traded price of the Shares on the acquisition date.

However, in recognition of the lock-in period applicable to the Shares, the Arkema Group intends to take the position that the fair market value of Shares acquired by the Classic FCPE on your behalf will not exceed the amount paid for such Shares. On this basis, you would not be required to include any amount in income as a result of having acquired Shares through the Classic FCPE. It should be noted, however, that the CRA is not bound by this position.

■ Payroll Deductions

If you opt to finance all or a portion of your investment by way of any interest-free advance that is made available from your employer, you will be required to include in your income, for the year of the purchase and any subsequent year in which all or a portion of the advance is outstanding, an amount equal to interest at the rate prescribed by the Canadian tax laws (the rate is determined quarterly and is currently 5%) on the portion of the advance outstanding in respect of such periods. You will, however, generally be entitled to claim a deduction from your income for these periods equal to the amount of the income inclusion and accordingly, you should not have a net income inclusion as a result of having received an interest-free advance from your employer.

■ Dividends

Any dividends received by the Classic FCPE on your behalf must be included in your income in the year of receipt. The applicable tax rates will vary depending upon your income level and the province in which you reside (for example, the top marginal tax rate in Ontario on foreign source dividend income is approximately 53.5%, and it is approximately 53.3% in Quebec).

Since dividends paid to the Classic FCPE will be reinvested on your behalf, you will be required to use other cash resources to fund the tax liability associated with the dividends.

It should also be noted that dividends will not be eligible for the gross-up and dividend tax credit normally applicable to dividends received by an individual from taxable Canadian corporations.

■ Upon redemption

At the end of the lock-in period, you will have the choice of keeping your Units or redeeming them for the underlying Shares or a cash payment equal to the then market value of the Shares.

- If you decide to keep your Units or redeem your Units for Shares, you will not be subject to tax or social charges in Canada, until the subsequent redemption of your Units or sale of your Shares (as the case may be) for cash.
- If you decide to redeem your Units for cash:

On the redemption of Units for cash, you will be deemed to have disposed of the underlying Shares for cash. You will, in such circumstances, realize a capital gain (or capital loss) equal to the amount by which the proceeds received from the Shares exceed (are less than) the aggregate of the “adjusted cost base” of the Shares and any reasonable disposition costs incurred by you. For this purpose, your “adjusted cost base” of a Share at the time of its disposition will generally be equal to the aggregate cost of all Shares held by the Classic FCPE on your behalf (with such cost generally being equal to the amount paid for the Shares at the time of subscription, the amount of any dividends which are reinvested by the Classic FCPE on your behalf to acquire additional Shares and the amount included in your income in respect of any free Shares) along with any other Shares acquired and held by you outside the Classic FCPE, divided by the number of Shares held at that time.

Under currently applicable law, one-half of any capital gain (or loss) realized by you will be included in your income as a taxable capital gain (or deducted from your taxable capital gains, if any), in accordance with the applicable Canadian tax rules. However, it should be noted that the recent Canadian federal budget proposes to increase the capital gains inclusion rate to two thirds in respect of annual capital gains realized by individuals in excess of CAD250,000.

Tax will be levied at your applicable marginal tax rate. The marginal tax rate applicable to you will vary depending upon your income level and the province in which you reside (for example, the top marginal tax rate in Ontario on taxable capital gains is approximately 53.5%, and it is approximately 53.3% in Québec).

■ Free Shares

As the delivery of the additional Units representing newly-issued Shares at the end of the vesting period is conditional upon your continued employment, taxation under the Tax Act, as a benefit from employment, should not occur until the year in which such Units are delivered.

The amount of the employment benefit will be based on the fair market value of the Shares on the delivery date, and applicable tax and social security obligations will be withheld by your employer within the month of delivery (or as required by applicable laws).

For a description of the tax consequences associated with a disposition of free Shares, please refer to the comparable considerations outlined in the section above entitled “**Upon redemption**”.