

## ARKEMA GROUP EMPLOYEE SHARE OFFERING 2024

# COUNTRY SUPPLEMENT FOR JAPAN



You have been invited to invest in shares of Arkema under the umbrella of the Arkema Group employee share offering 2024. 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.

## → 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 shares will be offered to all eligible employees of participating Arkema Group companies, pursuant to Arkema's capital increase reserved to 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 may be reduced. In this event, each participant will be notified personally. In addition, if the total subscription amount for this year's offering in Japan, together with the subscription amount for any offerings within the last 12 months in Japan, is 100,000,000 yen or more<sup>1</sup>, the number of shares requested may be reduced proportionally for each employee. If the reduced number of the shares is not a whole number, your investment will be rounded down to the nearest whole number of shares and the payment corresponding to the cut-off amounts of the shares will be paid back to you. In this event, each participant will be notified personally.

### ■ Eligibility

All current employees of Arkema and the employees of its participating direct and indirect majority-owned subsidiaries, 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, we invite you to log in to the website, [www.ake2024.arkema.com](http://www.ake2024.arkema.com), between September 16, 2024 and September 30, 2024, and click on the "Subscribe" button. 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.

<sup>1</sup> Please note that when calculating the aggregate subscription amount, (i) the aggregate amount of the issue price of the shares to be issued under the employee share plan and (ii) the fair value (i.e., aggregate market value) of the shares to be matched as free shares must be aggregated. In 2021, the Financial Services Agency of Japan announced its view that the issue amount of free shares and nil-cost stock options granted to employees is their fair value. Based on this view, the subscription amount of the shares to be matched as free shares should be the market value of such shares.

If you have no professional email address or if you have not received these ID and password, you can participate in the offering by returning the paper subscription form at the latest by September 30, 2024 to the HR, Communications and General Affairs Department of Arkema K.K. (Fukoku Seimei Bldg., 15F 2-2-2, Uchisaiwaicho Chiyoda-ku, Tokyo 100-0011, Japan) or the Human Resources Department of Bostik-Nitta Co., Ltd. (Futamata 2-chome 22, Yao Osaka 581-0024, Japan). The contact person is as follows:

**(Arkema K.K.)**

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## ■ Subscription price

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

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

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

During the life of your investment, the value of the Arkema shares will be affected by fluctuations in the currency exchange rate between the euro and the Japanese yen. As a result, if the value of the euro strengthens relative to the Japanese yen, the value of the shares expressed in the Japanese yen will increase. On the other hand, if the value of the euro weakens relative to your Japanese yen, the value of the shares expressed in Japanese yen 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 and (ii) 25% of your gross annual compensation for 2023 or 25% of your estimated gross annual compensation for 2024.

The minimum amount of investment will be the price of one share.

## ■ Method of payment

You may choose one of the three methods of payments below:

*1. Immediate Payment*

If you choose immediate payment, you will remit the payment amount of your contribution to the account below by bank transfer (the transfer charge to be borne by your employer) no later than September 30, 2024.

**Remittance must be made to the following account :**

**(Arkema K.K.)**

Arkema Kabushiki Kaisha

Sumitomo Mitsui Banking Corporation, Head Office Sales Department

Current Account

No. 2051935

**(Bostik-Nitta Co., Ltd.)**

Bostik-Nitta Kabushiki Kaisha

Sumitomo Mitsui Banking Corporation, Osaka Chuo Branch

Current Account

No. 5084808

*2. Payment by Payroll Deduction from Monthly Salary (Loan from Your Employer)*

If you choose payment by payroll deduction, your employer is offering you an interest-free loan for the subscription price you indicate in the subscription form, to be repaid in substantially equal installments through payroll deductions, starting in November 2024, over a 24-month period. Payroll deductions in any given month cannot exceed 10% of your net monthly salary.

### 3. Combination of Payment Methods 1 and 2 above

You may choose a combination of payment methods 1 and 2 above.

#### ■ Currency exchange control

If your initial investment is more than 100 million yen, you must submit a report to the Minister of Finance, through the Bank of Japan, within 20 days after the subscription.

If the subscription amount paid by you from Japan to abroad is more than 30 million yen, you must submit a report to the Minister of Finance, through the Bank of Japan, by the 20th day of the month following the payment date.

#### ■ Custody of your shares

The shares will be held in your name in custody by a bank. During the five year lock-up period, Arkema reserves the right to change the custody method, at its own expense, provided that any such change does not have an adverse effect on your taxation. This may include transferring holding of the shares to a fund ("*Fonds commun de placement d'entreprise*") subject to the applicable laws.

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

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

#### ■ Early exit events

You may request to terminate the above-mentioned lock-up period in the following circumstances only:

1. Marriage or civil partnership of the employee;
2. Where a child is born or a child arrives at the home in view of being adopted, provided the employee's household is already financially responsible for at least two children;
3. In the event of divorce or separation, when this event is accompanied by a court decision specifying that the sole or shared ordinary place of residence of at least one child is at the domicile of the employee concerned;
4. Where the employee, his or her spouse or children, suffers from a disability as defined by French law;
5. Death of the employee or his/her spouse or civil partner;
6. Termination of the employment contract;
7. An early redemption is permitted in case of domestic violence committed against the beneficiary by his or her spouse, civil partner or partner or his or her former spouse, civil partner or partner;
8. Where the employee, his or her children, or spouse, allocates the amounts saved to create certain businesses as provided for by French law;
9. Where the employee allocates the amounts saved to the acquisition or enlargement of his or her principal residence entailing the creation of a new living area, or for repairing damages caused on your main residence by a natural disaster defined as such by local authorities.

The above is a summary of the current early exit provisions permitted under French law. The 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 requirements of French law.

Employees (your executor) must present a request for termination of the lock-up period within a period of six months after the occurrence of such event, except in the event of death, disability, domestic violence or termination of the employment contract, in which cases your request may be made at any time. For further information, please contact your contact person.

#### ■ Dividends

Any dividends paid with respect to shares you have subscribed will be paid to you.

#### ■ Voting rights

You may vote your shares at meetings of Arkema's shareholders.

#### ■ End of lock-up period

Your investment will become available upon the expiry of the lock-up period of five years, or earlier, if you qualify for an early exit. Prior to the end of the lock-up period, you will be informed of the availability of your investment.

## ■ Important Notice regarding this Offering

This offering is exempted from the requirement under Article 4, Paragraph 1 of the Financial Instruments and Exchange Act of Japan and therefore no securities registration statement has been or will be filed thereunder with respect to such offering.

## ■ Important Notice regarding the Investment Advice

Arkema and its subsidiaries (“Arkema Group”) do not give investment advice with respect to this offering. Investing is a personal decision that you must make yourself, taking into account your financial resources, your investment goals and other investment alternatives available to you. Participation in this offering is entirely voluntary.

## ■ Risks

The value of your investment may fall below the subscription price due to changes in the market value of the Arkema shares and/or changes in euro/Japanese yen exchange rate. Such changes may occur as a result of changes in general market conditions, financial condition or prospects of Arkema, or other conditions, and, therefore, the value of your investment may be materially affected.

## → FREE SHARES

### ■ Grant of Free Shares

It is expected that the Board of Arkema will grant to all participants in the “Classic” plan the right to receive free shares, 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 can access the Free Share Plan Rules (in French or in English) upon request to your HR, Communications and General Affairs Department.

Companies of the Arkema Group participating in the Free Share Plan are referred to as the “Participating Companies”.

### ■ Eligibility

In order to be eligible to receive a grant of shares under the Free Share Plan, an employee must satisfy the following conditions: such employee must have submitted a valid subscription form to participate in the “Classic” plan and complied in full with all of the terms and conditions of such offer;

and

such employee must have been employed by a company of the Arkema Group on the Grant Date, unless one of the events listed under section «Exception to the Continued Employment Condition» below occurs between the date of subscription and the Grant Date.

In order to receive the free shares, the employee must satisfy the Continued Employment Condition described below.

### ■ 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 free shares from Arkema. The eligible employee will be granted one matching shares for every four whole shares he or she subscribes to, up to a maximum of 25 matching shares.

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

### ■ Information on the Grant of Free Shares

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

### ■ Vesting and Delivery of Free Shares

The free shares will be delivered to all eligible employees four years after the grant, 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 Grant Date and the Date of Delivery is referred to as the “Vesting Period”. Prior to the Date of Delivery, eligible employees will not own the free shares, and consequently will have no right to any dividends paid in respect of the free shares and will have no right to vote at shareholders’ meetings.

For the avoidance of doubt, even if any dividends are actually paid or shareholders’ meetings are actually held on or after the Date of Delivery, eligible employees will have no right to any such dividends paid in respect of the free shares and have no right to vote at such shareholders’ meetings unless the relevant record dates come after the Date of Delivery.

## ■ 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 Shares 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 the free shares, the eligible employee must have remained an employee of the Arkema Group (Arkema and its majority-owned subsidiaries) for the full duration of the Vesting Period. Such employment must be continuous and without interruption.

For 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 the free shares. These rights will not be restored even in the event such person subsequently becomes re employed within the Arkema Group.

## ■ Exception 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, the legal heir or heirs of the deceased beneficiary may request delivery of the free shares within a period of six months following the date of death. In this case, any free shares granted shall be delivered to such heir or heirs promptly following such request and the Vesting Period will not apply.

In the absence of such a request, the 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 corresponding to a classification in 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 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 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 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 a Participating Company or in case of a divestiture of business or operating unit (including outsourcing), an eligible employee of the relevant company, business or operating unit shall not lose his or her right to the free shares as a result of such change or divestiture. 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 free shares delivered will become the full property of the eligible employee. The eligible employee will, as of such date, benefit from all the rights of ownership relating to these free shares, notably the right to vote at meetings of the shareholders of Arkema or to be represented, and the right to receive any dividends.

Following the receipt of the free shares the recipient will be free to sell them, without selling restrictions other than insider trading restrictions. At Arkema's discretion, the free shares may be delivered as from the Date of Delivery in one or several shareholding funds (FCPE) and by subscribing to the Free Shares Plan the employee is deemed to accept such method of delivery. Employees will be informed of the method of delivery prior to the Date of Delivery.

In the event that a company of 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 reserves the right to delay the transfer of the free shares to such employee until such employee has paid all such amounts, or made arrangements for payment that are satisfactory to Arkema, or to cause the sale of the shares and withhold from the proceeds the relevant amounts.

## ■ Changes to the Free Share Plan

In the event of a restructuring of Arkema 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 Arkema or by law in order to substitute shares in the surviving or successor entities for the Arkema shares originally provided for under the Free Share Plan.

## TAX INFORMATION FOR EMPLOYEES

# RESIDENT IN JAPAN

The following summary sets forth general principles that are expected to apply to employees who are (i) permanent resident in Japan for the purposes of the tax laws of Japan and the Convention between Japan and the French Republic for the avoidance of double taxation dated (as amended) (the “Treaty”) and (ii) entitled to the benefits of the Treaty, but may not apply in all specific cases. This summary is given for informational purposes only and should not be relied upon as being either complete or conclusive. For definitive advice, employees should consult their own tax advisors regarding the tax consequences of participating in the Arkema Employee Offering.

The tax consequences listed below are described in accordance with Japanese 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.

### A. Taxation in France

You will not be subject to taxation in France upon subscription.

Under French domestic law, dividends paid by a French company to non-residents of France are generally subject to a 12.8% withholding tax in France, unless they are paid to a bank account opened in a Non Cooperative State or Territory (NCST)<sup>2</sup> which would trigger a 75% withholding tax in France.

Any gains realized upon your investment are not subject to taxation or social charges in France.

### B. Taxation in Japan

#### ■ Upon subscription

Under the Personal Income Tax Law of Japan, the price discount will be taxable at the time of subscription of the Arkema shares. It is current practice that the amount of the price discount will, in general, be taxed as salary income.

The amount of the price discount will be considered to be the excess of (i) the market price of the Arkema shares as of the issue date converted into yen at the median of the telegraphic transfer selling and buying exchange rates vis à vis customers for euro against yen as of such date, over (ii) the price in yen that you have paid to acquire such shares. It should be noted that this price discount, which is calculated for Japanese taxation purposes, may be a greater or lesser amount than the actual discount in this offering. The amount of the taxable price discount will be aggregated to your salary income (usual salary deductions are available) and combined with other types of income earned during the calendar year. Such combined amount will be taxed at normal progressive income tax rates.

The amount of the taxable price discount will not be subject to Japanese withholding tax, but rather, will be reported on your annual tax return. You will be responsible for filing your annual tax return no later than March 15 of the year following the subscription of the Arkema shares. Even if your total salary income, including the price discount, is 20 million yen or less, your employer is not allowed to complete the taxation by the year-end tax adjustment, and therefore you must report the price discount in your annual tax return. For your information, your employer is required to submit a report to the competent tax office with respect to the economic benefit you will receive from Arkema (i.e., the amount of the price discount and free shares).

#### ■ Dividends

Dividends from the Arkema shares will be taxed as dividend income under the Personal Income Tax Law of Japan. Basically, you will have to report these dividends in your annual income tax return, and your worldwide income (including these dividends) will be subject to income tax at the normal progressive tax rates under the Personal Income Tax Law<sup>3</sup>. You will have to file your annual tax return and pay the corresponding tax by March 15 of the year following the receipt of the dividends.

Please note, however, that if (i) your salary income is equal to 20 million yen or less and (ii) your total income other than your salary income is equal to 200,000 yen or less, you will generally not be required to file an annual income tax return<sup>4</sup>. In such case, the dividends from the Arkema shares will not be subject to income tax in Japan.

Regardless of whether you pay income tax in Japan on the dividends, your income (including dividends from the Arkema shares<sup>5</sup>) will be subject to local inhabitant tax of 10% (fixed rate) under the Local Tax Law of Japan.

<sup>2</sup> The list of NCSTs can be modified each year. The states and territories qualifying as NCSTs are currently the following: Anguilla, Bahamas, Turks and Caicos Islands, Seychelles and Vanuatu.

<sup>3</sup> Where the Arkema Shares are listed at the time of the distribution of dividends, and subject to certain other requirements, dividends from the Arkema Shares paid to you may be taxable separately from other incomes if you select to do so in a tax return, at the rate of 20.315% in principle (including local taxes and additional tax for the recovery from the earthquake).

<sup>4</sup> However as stated in “Upon subscription” above, in the case of the subscription of the Arkema shares, although the price discount is treated as salary income, you must file a tax return even if your total salary income, including such price discount, is 20 million yen or less.

<sup>5</sup> Where the Arkema shares are listed at the time of the distribution of dividends, and subject to certain other requirements, dividends from the Arkema shares paid to you may be subject to local tax of 5% separately from other incomes if you select to do so in a tax return.

## ■ Upon the end of the lock-up period and/or the sale of your shares

Unless you sell your Arkema shares, no tax is payable at the end of the 5 year lock-up period.

Selling the Arkema shares, any capital gains incurred by you from the sale of Arkema shares will be taxed separately from non-capital gains income, and the amount of capital gains tax payable (including local tax) will, in general, be equal to 20.315% of the net balance of the proceeds from the sale of such Arkema shares (plus, where there is reinvestment of dividends, the shares acquired by such reinvestment) after the deduction of their constructive acquisition costs.

If you do not hold any Arkema shares other than those subscribed to under this offering, for tax purposes, the constructive acquisition costs of each Arkema share held by you will, in principle, be calculated by dividing the aggregate market price of the Arkema shares as at the issue date of all the Arkema shares by the total number of the Arkema shares.

Capital losses incurred by you upon the sale of the Arkema shares can, in general, be deducted only against capital gains from sales of other equity securities in that year. However, if the Arkema shares are listed on a stock exchange at the time of their sale, and subject to certain other requirements being met, the capital losses incurred by the sale of the Arkema shares will be carried forward for deduction against capital gains from sales of other listed equity securities and certain kinds of bonds for the following three years<sup>6</sup>.

It should be noted that for Japanese taxation purposes, the amount of the sale proceeds on which the calculation of the capital gains is based will be converted into a yen amount at the exchange rate as of the time of sale. Therefore, any fluctuation in the foreign exchange rate will be reflected in the capital gains.

## OTHER

### ■ Taxation resulting from the loan granted to you by your employer, to be repaid through payroll deductions

The amount of your contribution will be paid by your Japanese employer to Arkema before deduction of the amount of your contribution from your monthly salary. Such advance constitutes a loan.

If the interest rate of the loan extended to you by your employer is lower than (i) the rate announced by the Minister of Finance that was calculated based on the average rate of short-term loans plus 1% or (ii) the rate at which your employer borrows money in the case that your employer does so in order to lend such money to you, the benefit from such low interest rate (i.e. the difference between the interest rate of the loan extended to you and the lower of the rates mentioned in (i) and (ii) above) will generally be taxed as salary income. This income is combined with other types of income, and such combined amount will be taxed at normal progressive income tax rates.

However, the above income is not taxable under certain circumstances, including cases where (i) the rate is reasonable (for instance, in the case that the rate is an average of the rates at which your employer borrowed money in a previous year) and (ii) such income is equal to or less than 5,000 yen per year.

## FREE SHARES

### ■ Tax that may be applicable at the date of grant of the right to acquire free shares

Under the Personal Income Tax Law of Japan, no tax will be payable at the date of grant of the right to acquire free shares.

### ■ Tax that may be applicable if the right to receive free shares vests prior to the end of the vesting period and such shares are not delivered before the date of delivery of the shares

Under the Personal Income Tax Law of Japan, your income will be recognized and become taxable only when you acquire legal rights over free shares. Therefore, no tax will be payable before the date of delivery of free shares.

### ■ Tax that may be applicable at the date of delivery of the shares

At the date of delivery of free shares, you will be deemed to receive a benefit calculated as the difference between : (i) the fair market value of free shares on the date of delivery; and (ii) the costs borne by you to receive free shares, if any. It is current practice that the taxable amount arising with respect to free shares will, in general, be taxed as salary income. The amount of such taxable benefit will be aggregated to your salary income (usual salary deductions are available) and combined with other types of income earned during the calendar year. Such combined amount will be taxed at normal progressive income tax rates.

The amount of such taxable benefit will not be subject to Japanese withholding tax, but rather, will be reported on your annual tax return. You will be responsible for filing your annual tax return no later than March 15 of the year following the delivery of free shares. Even if your total salary income, including such taxable benefit, is 20 million yen or less, your employer is not allowed to complete the taxation by the year-end tax adjustment, and therefore you must report such taxable benefit in your annual tax return.

### ■ Tax that may be applicable at the date of sale of the shares

With respect to the sale of free shares, tax information contained in “Upon the end of the lock-up period and/or the sale of your shares” above is applicable as well.

### ■ Social security charges

Any gains realized upon your investment will not be subject to social security charges in Japan.

<sup>6</sup> If any dividend income from other listed equity securities or interest income from certain kinds of bonds arises in the same year the capital losses are incurred, then subject to certain other requirements (including that you file a tax return containing certain items of information together with certain attachments), such capital losses can be offset against any such dividend income or interest income.