

## ARKEMA GROUP EMPLOYEE SHARE OFFERING 2024

# COUNTRY SUPPLEMENT FOR SOUTH AFRICA



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.

### ■ 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 to the 2024 Offer, you need to log on 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 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 these ID and password, you can participate to the 2024 Offer by returning the paper subscription form at the latest by September 30, 2024 to your HR Department.

### ■ 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 purchase 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 South African Rand. As a result, if the value of the euro strengthens relative to the South African Rand, the value of the shares expressed in local currency will increase. On the other hand, if the value of the euro weakens relative to the South African Rand, the value of the shares expressed in South African Rand 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 €15.

## ■ Method of payment

Payment of the purchase price may be made by wire transfer or by payroll deduction on or before October 14, 2024.

If the payment of the shares is made by wire transfer, please state your name and Company ID.

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 over the term you indicate in the subscription form, which in no event shall be longer than 24 calendar months.

The amount of financing granted under the interest-free loan is not to exceed 10% of your net monthly compensation for 2024.

In case you are the beneficiary of an interest-free loan (as per the above), and in the event that your employment contract is suspended or terminated before October 31, 2026, you are obligated to pay the remaining amount due before your departure. In the event of any default on your payment, your employer may implement any appropriate measures to recover its claim.

Employees whose employment contracts are scheduled to expire before the end of October 2024, as well as employees whose employment contracts are suspended on the last day of the subscription period may not benefit from the interest-free loan offered by their employer to finance their subscription.

## ■ 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 be held 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. You will be issued units in the FCPE corresponding to the shares you will have subscribed for.

## ■ 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 an early exit (see "Early exit events" below).

## ■ Early exit events

You may request redemption of your investment during 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. 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;
7. Termination of the employment contract;
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 (or their executors) must present a request for redemption within a period of six months after the occurrence of such event, except in the event of the death, domestic violence, disability or termination of the employment contract, in which case your redemption request may be made at any time. For further information, please contact your human resources office.

## ■ Dividends

Any dividends paid with respect to shares, while such shares remain in the FCPE, will be reinvested by the FCPE in additional Arkema shares. The dividends will not be paid out directly to employees. These reinvested dividends will result in the issuance of additional units to employees.

## ■ Voting rights

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

## ■ Redemption

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. At that time, you may request the redemption of your investment or you may continue to hold your shares through the FCPE.

# → FREE SHARES

## ■ Grant of Free Shares:

It is expected that the Board of Arkema will grant to all participants in the Classic Offer 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) on ‘On-line’ (Arkema intranet) or, upon request, from your HR.

The Arkema employers participating in the 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 Offer and complied in full with all of the terms and conditions of such offer;

and

- such person 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 share for every four whole shares he or she subscribes for, 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 Offer exceeding the permitted or available amounts.

## ■ Information on the Grant of Free Shares:

Within a few weeks following the grant 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 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 free shares, and consequently will have no right to any dividends paid in respect of the free shares (or for which the 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 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.

In such case, 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

The eligible employee will, as of such date, benefit from the rights of ownership relating to these free shares through representation by the supervisory board of the FCPE, notably the right to be represented by the supervisory board at meetings of the Shareholders of Arkema, and the right to receive any dividends. Any dividends received will be automatically reinvested in the FCPE.

Following the receipt of the free shares the recipient will be free to sell them outside South Africa, without selling restrictions other than insider trading restrictions. The free shares will be delivered as from the Date of Delivery in one

or several shareholding funds (FCPE) and by subscribing to such Plan the employee is deemed to accept such method of delivery.

In the event that an Arkema Company 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 person until such person 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.

### ■ **Currency Exchange Control**

Private individuals (South African exchange control residents) are allowed to participate in offshore share incentive or share option schemes, provided that such participation is financed in terms of the employee's single discretionary allowance (limited to R1 million per annum) or the foreign investment allowance dispensation (the annual limit per individual is currently R10 000 000) and/or from the proceeds of authorised foreign assets.

If you use your single discretionary allowance, you will not require a tax compliance status pin from the South African Revenue Service («SARS») but the authorised dealer (local bank) will require a form confirming that you have not made use of, or will not exceed, the annual R 1 million during the year in question. The authorised dealer will provide such a form. If you will use your foreign investment allowance, you will need to obtain an Approval for International Transfer tax compliance status pin (previously a tax clearance certificate) from SARS (via eFiling), and provide this to your employer. This pin allows third parties to log into the SARS eFiling system and view your tax compliance status.

Your local employer must contact its local bank's authorised dealer division to place the plan on record (and obtain approval) before any foreign remittances. The authorised dealer will advise of any further requirements it may have or whether further forms are required.

## TAX INFORMATION FOR EMPLOYEES

# RESIDENT IN SOUTH AFRICA

The following summary sets forth general principles that are expected to apply to employees who are resident in South Africa for the purposes of the tax laws of South Africa, 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 South Africa and French tax law and tax practices, all of which are applicable at the time of the offering. These laws and practices may change over time.

### A. Taxation in France

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

### B. Taxation in South Africa

#### ■ Upon subscription

No tax is payable upon subscription.

#### ■ Dividends

No tax will be payable on the dividends in South Africa.

You will receive further units, which are «restricted equity instruments», and these will form part of the total basket of restricted equity instruments held, and be taxed as a whole, when the FCPE units are redeemed or can be redeemed freely by you at market value (whichever is earlier).

#### ■ At the end of the lock up period or upon early redemption

South African tax rules seek to tax the gain on an employment-related equity instrument at income tax rates when the equity instrument (FCPE units) vests. Vesting will be deemed to occur when the FCPE units are redeemed or can be redeemed freely by you at market value (whichever is earlier).

The date on which the lock-up period ends or the date of early redemption, whichever occurs first will be the date the FCPE units vest for tax purposes as it is the date when all restrictions attaching to the units are removed. On the vesting date, you will be taxed at your income tax rate (maximum 45%) on the difference between the market value of the equity instrument (the FCPE unit linked to the shares in Arkema) on that date, and the consideration given by you for the equity instrument (ie the subscription price paid).

The matching contribution (free shares) is not taken into account for purposes of calculating the consideration you paid for the equity instrument. In other words, as you paid no consideration for the FCPE units received under the employer's matching contribution, you will be taxed on the full market value of those units at the delivery of the free shares.

This gain will be included in your monthly earnings which is subject to UIF, being an employee and employer contribution of 1% each (to a maximum of R177.12).

Your employer will obtain a directive from SARS advising the rate and amount of tax to be withheld via the payroll. Your employer will include the gain made and tax withheld on your annual employee tax certificate (IRP5).

If you choose to hold your units after the end of the lock-up period and redeem your units at a later date the sale proceeds will also be subject to either Capital Gains Tax ("CGT", at a maximum rate of 18%) or income tax, depending on your intention. However, the market value of the shares, that was used to calculate your tax liability upon redemption, will then be used as a new base cost (if you hold the shares as capital assets) or acquisition cost (if you acquire the shares with a revenue intention), so that only the growth in the market value of the Arkema shares after the redemption date will be subject to further taxation (whether CGT or income tax) upon the date of disposal.

## **OTHER**

### **■ Reporting obligations with respect to the subscription, holding and sale of the FCPE units, as well as with respect to the receipt of dividends, if any.**

As regards the gain upon redemption, your employer will obtain a directive from SARS as to the employees' tax to be withheld, pay the tax over via the payroll and issue you, at year-end, with an employees' tax certificate (IRP5) which will include, amongst other remuneration items, the gain and tax withheld. You will disclose this item in your annual tax return as well. If you choose to continue to hold the units or shares after the end of the lock-up period, any capital gain realised on the eventual disposal of the shares must be accounted for in your in personal income tax return.

## **FREE SHARES**

### **■ Tax and/or social security charges that may be applicable at the date of grant of the right to acquire free shares.**

The matching shares will not be taxed on issuance, rather they will form part of the restricted equity instruments and be taxed upon vesting (see discussion above). As these shares are received for no consideration the full value will be added to the taxable amount on vesting.

The matching contribution takes the form of additional shares issued for free by Arkema to the employee participant. Such matching share will follow the same custody as the shares paid for by the participant, i.e. issued via the FCPE. Therefore, these shares are, for tax purposes, merely additional restricted equity instruments.

### **■ Tax and/or social security charges that may be applicable if the right to receive free shares vests prior to the end of the vesting period and are not delivered before the date of delivery of the shares.**

Vesting occurs for tax purposes when the shares can be freely disposed of at market value. If you cannot dispose of the shares before the date of delivery, they will only vest for tax purposes on the date of delivery. At that point, the full market value of the shares will be included in your remuneration and taxed at your personal marginal income tax rate (maximum 45%), because you received the shares for no consideration.

### **■ Tax and/or social security charges that may be applicable at the date of delivery of the shares.**

See above.

### **■ Tax and/or social security charges that may be applicable at the date of sale of the shares.**

The tax payable on the date of vesting (the end of the lock-up period assuming there has been no early redemption) as set out above will be payable regardless of whether you redeem your units at the end of the lock-up period or choose to continue holding them.

If you choose to continue holding the FCPE units after the end of the lock-up period (i.e. after the date of vesting for tax purposes), the growth in value of the FCPE units from the date of vesting to the date of redemption will be taxed at your personal capital gains tax rate (currently a maximum effective rate of 18%).