Solvay is an advanced materials and specialty chemicals company, committed to developing chemistry that addresses key societal challenges. Solvay innovates and partners with customers worldwide in many diverse end markets. Its products are used in planes, cars, batteries, smart and medical devices, as well as in mineral and oil and gas extraction, enhancing efficiency and sustainability. Its lightweighting materials promote cleaner mobility, its formulations optimize the use of resources and its performance chemicals improve air and water quality.

Solvay is headquartered in Brussels with around 24,500 employees in 61 countries. Net sales were €10.1 billion in 2017, with 90% from activities where Solvay ranks among the world’s top 3 leaders, resulting in an EBITDA margin of 22%. Solvay SA (SOLB.BE) is listed on Euronext Brussels and Paris (Bloomberg: SOLB.BB - Reuters: SOLB.BR) and in the United States its shares (SOLVY) are traded through a level-1 ADR program.

This report is also available online with expanded content, including interactive GRI Content Index: annualreports.solvay.com/2017/en

For greater insight into the Group, visit our corporate website: www.solvay.com
ABOUT THIS REPORT

GOING FURTHER IN OUR INTEGRATED MANAGEMENT JOURNEY

Solvay’s 2017 Annual Integrated Report gives an account of the progress we made last year in transforming ourselves into an advanced materials and specialty chemicals company. We are committed to sustainable and long-term value creation. Our Annual Integrated Report is based on the framework established by the International Integrated Reporting Council (IIRC) and reflects how we integrate sustainability into the management of our businesses, creating value for our customers and many other stakeholders.

“ Our journey towards integrated reporting continues to evolve deliberately yet cautiously. With over 150 years of history, we are deeply aware of the importance of value that stands the test of time. Sustainability without strong profits is not sustainable, while strong profits to the detriment of sustainability undermine the longevity of a business. ”

Karim Hajjar,
Member of the Executive Committee and Chief Financial Officer

The 2017 Annual Integrated Report builds on last year’s report, and integrates feedback from several authoritative bodies, including the Global Reporting Initiative (GRI) and World Business Council for Sustainable Development (WBCSD). It is also aligned with GRI Standards and takes into account the Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). The information provided also serves as a progress report on the implementation of the ten principles of the UN Global Compact and the Sustainable Development Goals (SDGs).

HOW TO APPROACH THIS REPORT

The "Understanding Solvay" section of this Report follows an integrated thinking approach, putting selected contents into the perspective of our vision and strategy, linking material information, and providing an outlook on the future. It focuses on priority topics for Solvay, telling the story of the Group’s transformation, and presenting the objectives it has pursued over the last few years and its recent key achievements.

Links proposed in the Understanding Solvay section point to more detailed analyses in the Management Report. The latter also includes a focus on high materiality issues and a more detailed description of our business model.

Sections with this icon have been audited

Sections with the Sustainable Development Goals (SDGs) icon show how the individual goals are implemented

Further Reading & Features

Solvay’s strategic objectives

Accounting policies

2017 highlights

Further reading in the report

Further content online
2017 KEY FIGURES

2017 and 2016 underlying and restated* information (except for environment and social data). 2015 pro forma figures.

**NET SALES** by zone

- €10.1 bn
- 30% Europe
- 29% Asia and Rest of the world
- 11% Latin America
- 30% North America

**EMPLOYEES** by zone

- 24,500
- 26% Europe
- 8% Asia and Rest of the world
- 19% Latin America
- 47% North America

**NUMBER OF COUNTRIES**

- 61

**UNDERLYING EBITDA** in € million

- 2015: 1,938
- 2016: 2,075
- 2017: 2,230

**UNDERLYING PROFIT** attributable to Solvay share in € million

- 2015: 768
- 2016: 846
- 2017: 939

**FREE CASH FLOW** from continuing operations in € million

- 2015: 309
- 2016: 658
- 2017: 782

**GREENHOUSE GAS INTENSITY** Kg CO₂ eq. per € EBITDA

- 2015: 7.26
- 2016: 5.86
- 2017: 5.53

**SUSTAINABLE SOLUTIONS** (SPM) as percentage of Group sales

- 2015: 33%
- 2016: 43%
- 2017: 49%

**OCCUPATIONAL ACCIDENTS** at group sites1 per million hours worked

- 2015: 0.77
- 2016: 0.77
- 2017: 0.65

*reflecting the reclassification in discontinued operations of the polyamide activities to be sold to BASF
1Rate of accidents with medical treatment, with or without work stoppage
A BALANCED GEOGRAPHICAL FOOTPRINT

<table>
<thead>
<tr>
<th>Region</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>NORTH AMERICA</td>
<td>7</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>EUROPE</td>
<td>38</td>
<td>38</td>
<td>38</td>
</tr>
<tr>
<td>ASIA AND REST OF THE WORLD</td>
<td>40</td>
<td>40</td>
<td>40</td>
</tr>
<tr>
<td>LATIN AMERICA</td>
<td>10</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>GLOBAL</td>
<td>124</td>
<td>124</td>
<td>124</td>
</tr>
</tbody>
</table>

- Industrial sites
- Major Research & Innovation centers

CFROI\(^1\) as percentage

- 2015: 6.1
- 2016: 6.3
- 2017: 6.9

DIVIDEND in € per share

- 2015: 3.30
- 2016: 3.45
- 2017: 3.60\(^2\)

- \(^1\) 2016 not restated
- \(^2\) Recommended to the Shareholders meeting on May 8, 2018

EMPLOYEE ENGAGEMENT INDEX as percentage of employees

- 2015: 75
- 2016: 77
- 2017: 75

EMPLOYEES INVOLVED IN SOCIETAL ACTIONS as percentage of employees

- 2015: 20
- 2016: 23
- 2017: 33
10 HIGHLIGHTS OF 2017

Polyamides business divestiture
We have entered into a binding agreement for the sale of our Polyamides business, a crucial step in transforming Solvay into an advanced materials and specialty chemicals company.

Launch of Solvay Cares
True to our tradition of social protection, we have unveiled a bold initiative: a minimum level of company social benefits extending to all our employees, wherever they are in the world.

Acquisition of Energain™
We have acquired a battery-related technology which strengthens our capabilities in the development of high-voltage solutions for Li-ion batteries.

Partnership with the Ellen MacArthur Foundation
We joined the Ellen MacArthur Foundation as a Global Partner, raising the Group’s opportunity to significantly contribute to accelerating the transition towards a circular economy.

2017 Chemistry for the Future Solvay Prize
The 3rd Solvay Prize was awarded to Professor Susumu Kitagawa of Kyoto University, for his outstanding research in molecular architecture: gas-capturing cages that could help fight climate change.
**New SolvaLite™ composites**

Our new SolvaLite™ composites harden much faster than traditional composites and are up to 40% lighter than metal, allowing lighter and more fuel-efficient vehicles.

**A new Solef® PVDF site in China**

We have inaugurated a Solef® PVDF plant in China to meet booming demand for this thermoplastic polymer, a favored material for the lithium-ion batteries used in electric vehicles.

**Solvay Dental 360™**

Solvay has entered into medical devices, building on its world-leading portfolio of high-performance polymers with Solvay Dental 360™, a new dental care business line.

**AgRho® N-Protect eco-friendly formulations**

This family of products allows a better absorption of fertilizers by plants and thus reduces their use, increasing crop yields.

**My H₂O₂ comes to market**

We have brought the breakthrough myH₂O₂ concept to market: small, safe and robust satellite hydrogen peroxide production units intended for installation at customer sites.
SHAPING OUR FUTURE THROUGH INNOVATION

Throughout our 155-year history, we have always been driven by the strong belief that our role as a responsible chemist is to contribute to Creating More Future for our customers, for our people, and for society through innovative solutions and technologies. At Solvay, we believe that new technologies only count as progress if they are useful to each and every one of us.

Our people are the drivers of our transformation; their understanding of our environment allows us to anticipate and address our customers’ needs. We recognize their talent, we empower them, and we help them thrive and develop. We pioneered employee welfare 155 years ago and are still perpetuating this heritage today, giving industrial relations a strategic role and implementing innovative social policies.

The ambition that defines Solvay is Creating More Future. Not only does this encapsulate what we strive to provide for our employees and our customers, it also expresses our humanist vision of science. Chemistry is the core of all industries and technologies, and we use innovation in chemistry to provide society with solutions for the future, addressing the issues of tomorrow.

Solvay is characterized by a passion for innovation, which we have inherited directly from our founder, Ernest Solvay. We believe in constantly pushing the boundaries of science and technology so we can contribute to shaping the future. Our commitment to innovation goes further still, shaping our approach to processes, business models, industrial relations, and much more.

More Future workshops
To spread our ambition and sustainability commitments among employees and make them a more important part of people’s work practices, an internal onboarding campaign ran throughout 2017 in all countries. More than 16,000 employees participated in workshops designed to explain the Group’s sustainable development objectives and to embark everyone. Teams at every site were asked to make concrete suggestions for improvements that would help their facilities contribute to meeting the Group’s targets for safety at work, carbon intensity, providing sustainable solutions for our customers, employee engagement, and their involvement in societal actions.

Employees trained worldwide
16,000+

Fostering human progress
The third Chemistry for the Future Solvay Prize was awarded to Professor Susumu Kitagawa of Kyoto University in November 2017 for his outstanding research in molecular architecture: gas-capturing cages which could help fight climate change.

The award of the Solvay Prize to Professor Kitagawa fits perfectly with its vocation of “fostering human progress”, as established when it was created in 2013 to perpetuate the strong support for scientific research given by the founder of the Group, Ernest Solvay. Since then, every two years, a €300,000 prize aims to distinguish a major scientific discovery that “lays the foundation for the Chemistry for the Future”. The previous laureate, Professor Ben Feringa, subsequently won the Nobel Prize for Chemistry in 2016 for his groundbreaking work on molecular motors.

Professor Susumu Kitagawa,
Laureate 2017 “Chemistry for the future Solvay Prize”
Innovating to help our customers grow

Our Research & Innovation organization is geared to favor breakthrough innovation, which our customers require to maintain the pace of their own technological progress. 85% of the Group’s R&I investments are directly managed by the GBU’s while Corporate R&I is leading Solvay into new growth territories, incubating emerging competencies, and enhancing innovation excellence.

When it comes to innovation, speed is a keyword. The teams’ ability to collaborate and to pull together as a Group allows us to react quickly. This year, for instance, corporate and business teams worked together on the strategic acquisition of Energain™, a battery-related technology, strengthening Solvay’s capabilities in the development of high-voltage solutions for Li-ion batteries. As a result, our solutions portfolio now includes a key battery component of electrolyte, ensuring higher performance and greater safety. Our flexibility, agility, and capacity to make rapid choice was decisive in the success of the operation.

Innovation in figures

<table>
<thead>
<tr>
<th>R&amp;I employees</th>
<th>Patent applications</th>
<th>R&amp;I effort</th>
<th>Allocated to funds and start-ups</th>
</tr>
</thead>
<tbody>
<tr>
<td>2,100</td>
<td>284</td>
<td>€ 325 million</td>
<td>€ 80 million</td>
</tr>
</tbody>
</table>

Open innovation is all about accelerating innovation. We make smart investments in promising start-ups such as Multimechanics, an American software company whose virtual testing software allows us to innovate in new complex materials.

Nicolas Cudré-Mauroux,
Group General Manager Research & Innovation
In 2017, the Group signed four key collective agreements at global level with employee representatives from the major countries where we operate. With Solvay Cares, Solvay is one of the few companies to guarantee minimum social benefits for employees in all countries.

I received 100% paid maternity leave for 14 full weeks under the Solvay Cares policy, which is unheard of in the US!

Solvay Cares covers four areas

- Maternity, co-parent and adoption leave: 14 weeks for mothers
- Life insurance: up to 2 years of salary for the family
- Medical care: 75% coverage of expenses
- Disability insurance: 2 years of income protection

Keri Williams, Manager, Alpharetta site, Georgia, United States

One of the things that I love most about working for Solvay is the value placed on the employee as a whole person, not just in relation to his or her work performance. I feel that employees’ outside lives are respected and appreciated. The Solvay Cares program allowed me to enjoy an extended time with my new baby. This has meant so much to me and my family, and I am really grateful!

I have worked for other companies, but nowhere has been quite like Solvay. It’s great to have management that promotes my professional development, which is a priority for the Group. I am proud to work for an organization with a rich legacy of innovation in so many different domains.
We are the only chemical company to run annual audits of local sites with IndustriALL, enabling social dialog at grassroots level and encouraging employees to speak up if they need to."

**ALBERT KRUFT**

In 2017, we took our decade-long collaboration with IndustriALL, the global union for the chemicals industry, one step further. We believe good industrial relations helps us to reach solutions. At Solvay we have clear rules: employees are informed about strategic decisions and encouraged to give feedback. Understanding the Group’s intentions helps instill trust and increases motivation.

We are proud of the Solvay Global Forum, which we formally created this year. This is an innovative and very efficient body that meets to discuss and propose improvements at Group level.

One of the most significant measures signed by the Global Forum is the Solvay Cares program, a pioneering initiative as it is the first time in the international chemicals industry that a program of this type has been signed with the unions.

We also fully support the Global Performance Sharing Plan, which was renewed this year. It makes all our employees feel they are recognized as part of the Solvay family.

Of course, there is room for improvement: for instance, offering employees the chance of becoming shareholders in the Group. That’s what we are aiming for next!

**Albert Kruft,**
Coordinator of the Solvay Global Forum of union representatives

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**100%**
of employees covered by collective agreement

**4**
US sites visited by IndustriALL

**Solvay Global Forum**
1 week meeting + Quarterly calls / year

**Global Performance Sharing Plan**
€ 12 million in 2017
CHAIRMEN’S MESSAGE

In 2017, Solvay continued to make progress. Our solid results, supported by significant growth in volumes, put us on track to fully realizing the mid-term objectives set in 2016. This allows us to continue including our shareholders in the Group’s growth, once again recommending an increase of more than 4% in the dividend.

Our good financial performance confirms once more the relevance of the portfolio transformation we have been undergoing since 2012. Today, Solvay is an advanced materials and specialty chemicals company, with a balanced presence on all continents. Some 70% of our portfolio consists of products from activities that constitute our growth engines, and our revamped customer profile includes, first and foremost, major names in automotive, aerospace and electronics.

This is a success of which we can rightly be proud. It also opens the door to other opportunities, as we operate in a world that is going through a profound transformation further accelerated by the massive introduction of digital.

TRANSFORMING OUR ORGANIZATION

Our priority today is Growth. We need to bolster our capacity to innovate and to serve our customers more effectively so as to generate strong, sustainable growth. This is the essence of the organizational transformation that we have just launched. It aims to simplify and lighten the organization to better adapt to the rapidly evolving demands of our customers and to the new challenges created by the digital revolution.

To be successful, we need to transform our culture fundamentally, to encourage the spirit of initiative and to foster collaboration – both within the Group and with our external partners - in order to better serve our customers.

2018, A YEAR OF TRANSITION

“Having taken up our posts at the same time, Jean-Pierre and I have shared six years of intensive transformation of the Group together. On behalf of the Board of Directors of Solvay and also in my own name, I would like to thank him for his remarkable contribution to changing the face of Solvay.

The Board of Directors, determined to pursue the strategy that has been implemented successfully over the last few years, is now speeding up the process of finding a successor to Jean-Pierre, which will consider candidates both from within the Group and from outside. Our goal is to complete the transition between now and the end of 2018. Until then, the Board will be able to count on the total commitment of its CEO to carry out the organizational transformation of the Group.”

Nicolas Boël, Chairman of the Board of Directors
"After 15 years as CEO of Rhodia and then of Solvay, I have decided to accept an offer from the Engie group to become the chairman of its Board of Directors in May 2018. I will, however, continue to fulfill my role as CEO of Solvay while at the same time commencing my new duties, so as to allow an efficient transition at the helm of our Group. I will remain fully mobilized on our priorities, as we carry out a key stage in our transformation in 2018.

I have led the reorganization of the Group since 2012 with determination and enthusiasm, alongside the Board of Directors and its President to whom I give my warmest thanks for their trust and the quality of our relations. I would like also to thank the Solvay teams and my colleagues on the Executive Committee, without whom this transformation would not have been possible."

Jean-Pierre Clamadieu
A CUSTOMER-CENTRIC STRATEGY

2017 marked the opening of a new chapter in our history as we reached a key milestone in our transformation. With our portfolio upgrade largely completed, we are now focusing on the next step in our journey: fostering cultural change throughout the organization and speeding up our transformation thanks to digital, seeking to make Solvay more agile and customer-focused, with the capacity to innovate faster.

OUR NEW PROFILE

More global
Solvay has strengthened its geographic footprint. Each of the three key regions – the Americas, Europe, and Asia – generates around one third of the Group’s net sales. Such balanced geographic distribution reduces the impact of adverse regulatory, economic, and political developments.

~1/3rd Net sales in each main region

More sustainable
49% of our product portfolio consists of sustainable solutions for our customers, well on the way to exceeding our target of 50% by 2025, according to our Sustainable Portfolio Management (SPM) methodology. SPM is a tool that helps Solvay identify opportunities which will have a positive impact on our performance. It has enabled us to reorient our activities toward more sustainable and expanding markets.

~49% Net sales with sustainable solutions

More balanced
More than one half of the Group’s activities take place in markets expanding faster than growth in GDP. The portfolio transformation reached a key milestone in 2017, with the Group scaling back cyclical and low-growth businesses and divesting the polyamides business. By addressing a more diverse range of market segments, we are able to reduce our exposure to negative evolutions on our markets.

>50% Net sales in GDP+ markets

More specialty
The breakdown in our activities today is approximately 40% Advanced Materials, 30% Advanced Formulations, and 30% Performance Chemicals. Roughly 70% of our net sales are generated by our growth engines.

Our activities are complementary: we operate a business model based on two growth engines (Advanced Materials and Advanced Formulations), backed up by a resilient cash contributor (Performance Chemicals) which enables us to generate capital to finance innovation.

~70% Net sales from growth engines
With the portfolio transformation largely behind us, we are now driving cultural change within our company, getting rid of complexity and bureaucracy to free energies so that employees can really focus on what matters: our customers.

Pascal Juéry, Member of the Executive Committee

OUR PRIORITIES FOR THE FUTURE

Delivering on our objectives
We are on track to deliver on our financial and extra-financial objectives; the growth and return on investment which we generate will ensure that we create sustainable value for our stakeholders. We will continue to deliver superior profit growth, allocate capital attentively, and maintain strong working capital discipline to grow cash generation and returns.

Generating organic and sustainable growth
The transformation of the organization will strengthen our business model, supporting the rapid growth and the innovation capabilities of our GBUs (Global Business Units). It will not only provide us with the ability and agility to develop market-oriented competitive solutions for our customers, it will also enable disruptive innovation and the creation of significant synergies at Group level. We are focusing primarily on our growth engines – Advanced Materials and Advanced Formulations – and targeting organic EBITDA growth. Growth in these sectors is underpinned by innovation, our technological leadership, and our presence across diversified markets.

Strengthening our management model
After focusing on upgrading our business portfolio, our next challenge consists in adapting our organization to make it simpler, more agile, and more outward-looking, and thus better meet our customers’ expectations. We are transforming the way we work, adapting our behaviors, driving a deep cultural change throughout the organization. Our digital transformation is under way, and there are already clear benefits. We are instilling a cultural change, based on customer focus, collaboration and entrepreneurship. Digital technologies will be an enabler for our transformation, boosting excellence in human resources, marketing and sales, supply chain, and industrial.
Renner Sayerlack, a Brazilian-based multinational, is leader in the Latin American market for paints and varnishes for wood. One of our key customers in this market, it relies on Solvay for innovative solutions from renewable sources with low environmental impact.

Fabrizio Marini, Purchasing Manager, Renner Sayerlack

Delivering differential value in our markets is a challenge. We are convinced that sustainability and respect for the environment will generate the greatest value for business.

Fabrizio Marini

Like all companies that are benchmarks in their markets, Solvay applies the best and most innovative practices. We know that we can expect excellent service, strict quality control, and competitive costs.

Communication is key in our relationship with Solvay. There is great trust and transparency between our two companies’ teams, whether in sales and purchasing or between our laboratories and technical staff – all the way up to senior management level.

What Renner Sayerlack and Solvay have in common is that we both make sustainable development a priority in all areas, developing sustainable technologies and safer and more eco-friendly systems, and taking care of our employees’ well-being. This is key as we believe that the path of sustainability and respect for the environment will generate the greatest value for business.

New technologies and the amount of information available are speeding up the dynamics of business. This speed must be maintained and constantly improved in our relations and developments with Solvay.
We particularly appreciate Solvay’s ability to really understand what we are trying to convey, and to transform it into solutions that meet our needs. This is the result of building trust and transparency between us.

RISTO VARTIA

UPM is a leading Finnish company in the forest-based bio-industry sector that is strongly committed to sustainable business. Solvay enjoys more than 40 years of history in supplying bleaching chemicals like hydrogen peroxide (H₂O₂) to UPM.

We hope Solvay will keep daring innovation projects on the agenda – if we stop exploring, we stop developing!

Risto Vartia,
Category Manager, Pulping Chemicals, UPM

Solvay has a long track record in supplying our industry and we have had a long business relationship. Consequently, Solvay understands our business and our needs very well and is a reliable supplier of one of our key raw materials.

We also work together on development projects, for example, in the areas of sustainability, safety, costs, and new products. The aim is to create new value for both companies.

We continuously pursue improvements in everything we do and expect the same from our business partners: achieving significant progress together requires open minds and the open collaboration of every player in the supply chain.
KEEPING PACE WITH CHANGING GLOBAL TRENDS

Our business environment is changing at an unprecedented pace. Powerful global trends are redefining our behaviors, needs, and expectations. These changes played a part in triggering our own far-reaching transformation.

The technological progress that our customers seek in order to address the new and emerging needs of their own customers relies heavily on the innovative capabilities of the chemical industry. We work in close collaboration with our customers, gaining a thorough understanding of their businesses that enables us to provide them with sophisticated and customized solutions that are often critical to their own product development programs.

“Solvay continuously strives to become a strategic and agile partner for its clients, providing innovative and tailor-made solutions through a seamless customer experience. That is our priority for 2018.”

Augusto Di Donfrancesco, Member of the Executive Committee
Global population growth is accompanied by greater urbanization, which leads to increasing demand for access to basic services and technological advancement. The balance of economic power is shifting, with an expansion of the middle classes in Asia and Africa which is supporting demand for premium goods and services that enhance the individual’s personal sense of well-being. These trends are transforming how we all interact, communicate, and travel.

**Evolving Demography and Consumer Behavior**

Challenge for customers

Whether in the consumer electronics, food, or personal hygiene sector, end-users today expect manufacturers to offer them easy-to-use, multifunctional products that are unquestionably safe and sustainable. They increasingly want products not only to perform the functions for which they were designed, but also to contribute to their health and well-being. When it comes to sectors such as the automotive, construction, and aeronautics sectors, consumers expect the solutions used to be robust and sustainable, not only enhancing their quality of life but also helping reduce energy consumption.

Our response

Understanding our customers’ needs is key. We seek to constantly improve our knowledge of their environments and we meet with key players in our markets (e.g., aeronautics, automotive, agri-foods, etc.) all around the world. During meetings like Tech Days, specialists in R&I, marketing and business experts from all relevant Group activities take part, demonstrating to our customers the added value and potential they can derive from Solvay as a multi-specialist, operating along the entire value chain. This allows us to develop innovative and competitive solutions precisely tailored to the present and future demands of our customers’ end-users.

Our solutions

**High temperature performance for batteries**

To improve the storage capacity of renewable energies, LiTFSI is the best lithium salt for electrolytes. It can easily operate at high temperatures, allowing the development of energy-efficient hybrid vehicles with higher performance than combustion engine-powered cars.
INNOVATION ACCELERATION

Transforming how we live, work, and consume, the digital revolution has reshaped most of our industries and sped up innovation cycles to keep pace with the unheard-of rate of evolution in consumer expectations. Smart production systems both optimize the use of resources and reduce carbon emissions. Through the constant introduction of smarter technologies, industries will continue to develop, and in this context, competitiveness and sustainability rely on innovating to meet ever more challenging demands.

60% annual growth rate in 3D printed products, the industry’s fastest-growing segment.

2030
125 bn connected devices worldwide, jumping 12% on average annually from 27 bn in 2017 to 125 bn.

2024
89% of new cars will have embedded connectivity (vs. 15% in 2014).

Challenge for customers

To remain competitive in their own markets, manufacturers need to constantly improve the performance of their products while making their processes more efficient, enabling them to operate more responsibly and more sustainably. Achieving these goals frequently requires bold and disruptive innovations that take account not only of leading-edge scientific and technological research, but also of specific market realities.

Our response

Our scientists and engineers are focused on the specific needs of our customers. Thanks to our broad multi-specialty portfolio of technologies and our process of innovation excellence, we can provide the fastest response with best efficiency. Shortening time to market in all aspects of the innovation process from ideation and market validation all the way to scale-up and intellectual property protection.

Our solutions

Corporate R&I goes digital

We have decided to make a step change in Corporate R&I using digital technologies. Among them are Simulation & Modeling, in order to speed up time to market and focus on the most promising solutions, and Artificial Intelligence & Machine Learning, to boost selected business projects.

“The customers have increasing expectations of the partnership to drive customized innovation together. Our ability to understand their needs, our expertise in materials and chemistry, and our will to develop long-term collaboration and innovate with them will help them turn their challenges into solutions for more growth and a more sustainable planet.”

Du Hua,
Member of the Executive Committee
RESOURCES CONSTRAINTS AND DEMAND FOR SUSTAINABILITY

As demands rise, the finite resources we rely on are growing ever scarcer, the planet is under increased threat from climate change, and economic pressure is limiting the availability of land for food production. The need for sustainable solutions in all areas of industry to prevent and fight these changes has never been greater.

Challenge for customers

All our customers are focused on offering their own consumers increasingly energy-efficient and environmentally-friendly products and services. In the transport sector, manufacturers seek to comply with ever more stringent regulations on CO₂ and particulate emissions while meeting demands for safer and more fuel-efficient travel. In agri-foods, farmers and food processors urgently require greater agricultural yields and improved management of resources. The chemical industry is a key stakeholder in these developments: technological breakthroughs in industry often rely on groundbreaking innovations in chemicals.

Our response

Our solutions contribute to meeting tomorrow’s sustainability challenges, whether by providing cleaner forms of energy to a growing number of consumers, satisfying the increasing demand for food, or creating cost-effective and urban-focused mobility solutions. Every solution we develop is assessed according to our Sustainable Portfolio Management (SPM) methodology. Applied to all our key processes, to our pipeline of innovations, and to our portfolio of existing products, it allows us to assess the alignment of each product in each market with sustainability imperatives.

Our solutions

Improvement in mineral refining

For the growing market of mining industries, Interox® hydrogen peroxide solution is a reagent offering attractive environmental characteristics which can enhance the recovery of metals, detoxify water effluents after metal extraction, and improve operational sustainability in water management.

Solvay supports open innovation

Solvay has joined the World Alliance for Efficient Solutions founded by Bertrand Piccard, the initiator of the zero-emission plane Solar Impulse, which is based on the belief that through open innovation, clean technologies can bring a fully sustainable society closer. As a member of the Alliance, Solvay will interact with start-ups and inventors, helping transform their mobility and energy projects into reality through its experience, capacity and industrial know-how.
INNOVATIVE SOLUTIONS FOR OUR MARKETS

Thanks to our core technologies, expertise, and skills we have developed solid positions on seven distinct markets with high growth potential: consumer goods and healthcare; automotive and aerospace; resources and environment; agro, feed and food; electrical and electronics; building and construction; and industrial applications. Some 70% of our portfolio consists of products from activities that constitute our growth engines, and our revamped customer profile includes major names in automotive, aerospace, electronics and agrochemicals among others.

CONSUMER GOODS & HEALTHCARE

Improving the quality of life

Consumer behavior is changing as populations in mature economies age and the middle classes in Africa, Asia, and Latin America grow in size. Consumers want easy-to-use and multifunctional solutions that are tailor-made, safe, sustainable... and that benefit their health and well-being.

Consumer Goods

From smart textiles to personal care, our broad portfolio offers innovative, sustainable and competitive solutions. The world’s first biodegradable yarn, Amni Soul Eco®, is one of our smart and sustainable products. Polycare® Split Therapy is a new formulation to repair split ends. Made from natural guar polymers, this technology is optimized to deliver perceivable and durable repair of split ends from the first use without compromising on sensorial performance. The bio-based solvent line Augeo® provides active and efficient solvency power for heavy cleaner formulations and homecare fragrances.

Healthcare

The industry’s broadest selection of high-performance thermoplastics for implantable and non-implantable medical devices, our advanced medical-grade polymers include Radel® PPSU, with excellent impact strength, and Veradel® HC PESU, resistant to high temperatures. RhodaPhos® is a reagent providing high-purity, safely scalable phosphoramidite chemistry to enable the manufacture of oligonucleotides essential to the development of antisense drugs, which address severe genetic disorders such as Huntingdon’s disease.

An innovative material for dentistry

Building on its high-performance polymers, Solvay has developed a new dental business line with an innovative material that replaces metal in removable partial denture frames. Solvay Dental 360™ brings two key advantages: it enables a digital workflow that accelerates the work of dental laboratories and dentists while offering patients more comfortable and natural-looking dentures than traditional metal frames.
**AUTOMOTIVE & AEROSPACE**

**Cleaner mobility**

Growing concerns about sustainability and stringent regulations on CO₂ and particulate emissions are driving the automotive and aerospace industries to develop more sustainable mobility systems. We help make transportation cleaner, safer, and more energy-efficient.

**Lightweighting**

Solvay’s materials allow manufacturers to build the lightest vehicles possible. Specialty polymers such as KetaSpire® PEEK, which has excellent mechanical properties at high temperatures, can replace metal. Among our aerospace solutions, Cycom® is a structural composite with excellent fire retardant and anti-corrosion properties.

**Electrification**

Batteries with higher energy density, greater power, and lower cost are vital for the future of electromobility. Meeting the highest requirements in terms of safety, temperature and chemical resistance, our solutions address the needs of the entire battery system. Our newly acquired Energain™ technologies, including electrolyte additives, salts, binders and separators, improve lithium-ion battery performance. Fluorinated materials offer higher stability, allowing batteries to work at higher voltages, to increasing range and reducing costs.

**Powertrain efficiency**

In all types of powertrains, the engine and transmission system are potential areas for significant energy efficiency improvements. Our solutions for air loop management and heating and cooling technologies, as well as those aiming at enhancing new drivetrain systems boost powertrain performance. We provide effective thermal control solutions, optimized acoustic systems and corrosion protection for automobile powertrains. Nocolok® Flux, a high-quality fluxing agent used for brazing aluminum components, is an industry standard for aluminum heat exchangers.

**Green technologies**

Our silica products allow tire manufacturers to decrease rolling resistance by up to 25%, which equates to 7% less fuel consumption. The performance of the catalytic converters that minimize pollutant emissions from gasoline combustion is boosted by several of our chemical products, including Optalys®, which fits modern engines like hybrids or GDIs.

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**New composites that make cars more fuel-efficient**

Replacing metal and solid plastic structures by composite materials in car manufacture makes vehicles lighter, reducing their fuel consumption and thus their emissions. SolvaLite™ composites are up to 40% lighter than metal and cure much faster than traditional composites. As such, they increase composite manufacturing efficiencies, making them cost-effective for high-volume production runs.
RESOURCES & ENVIRONMENT
Affordable resources and environmental protection

Solva's sustainable solutions for the oil & gas, mining, energy generation, and energy storage sectors help its customers offer energy-efficient and environmentally-friendly products and services to their consumers.

Oil & Gas
Solva offers the industry's widest range of oilfield additives including high-performance polymers such as friction reducers and Tiguar® guar derivatives that allow customers to stimulate wells with recycled water and under extreme conditions. Our Rhodibloc® cement additives provide superior fluid loss and gas migration control to ensure well integrity.

Mining
Fulfilling or exceeding the most stringent technical and environmental specifications, our specialty mining reagents help customers in the mining industry improve their productivity and reduce their operating costs for the recovery of many metals and minerals, especially copper, alumina, gold, silver, uranium, nickel, cobalt, and polymetallic ores. To enhance the recovery of metals and detoxify water elements after metal extraction, we supply Interox® hydrogen peroxide.

Energy solutions
Our solutions are used to produce and store renewable energies and to improve energy efficiency. We manufacture highly resistant films such as Halar® ECTFE that provide excellent UV protection for photovoltaic panels while enabling them to achieve high performance in solar energy capture. We are also focusing our attention on developing technologies that meet the specific needs of battery manufacturers, with a number of R&I projects underway.

Environmental protection
To make the planet a cleaner, healthier and safer place to live, our solutions support air and water treatment and soil remediation using filtration, gas separation, absorption, and chemical reactions. To meet the demands of waste-to-energy incineration, industrial boilers, cement manufacturing, etc., we provide Solvair® Solutions, a range of products and systems for air emission control and associated waste management. Our systems are used in particular for processing gaseous waste.

Capturing heavy metals from wastewater
Tighter regulations and more frequent controls in Europe, North America and Asia put increased pressure on industrial sites to reduce the level of heavy metals in wastewater. With Capterall™, we offer a unique and complete solution – product, process and services – to capture a wide range of heavy metals from wastewater. The solution also reduces plants' freshwater consumption by recycling the water and reusing it in the process. Capterall™ is a highly efficient, cost-effective, pollution peak control and easy-to-deploy solution.
The growing global population requires greater agricultural yields and better resource management. Solvay’s unique portfolio of innovative solutions supports customers from farmers to food processors, helping them operate responsibly and sustainably.

**Agriculture**

We offer safe, eco-friendly solutions for agriculture that maximize efficiency and competitiveness while boosting quality and productivity across the value chain. The AgRho® N-Protect product family are advanced and eco-friendly formulations of nitrogen stabilizers. Applied to fertilizers, our solution increases crop yield by up to 20%, while reducing greenhouse gas emissions and improving water quality. We actively participate to the agriculture transformation by supporting new farming practices such as tailor made agrochemicals formulations for drone applications, combining benefits and value creation for farmers and consumers.

**Feed**

Solvay offers a range of highly efficient feed supplements for livestock used for the prevention and control of diseases. They also optimize the flow of nutrients that are essential for animal health. Making powdered content easier to process and transport, Tixosil® 38A is a silica product that helps powders flow. In the aquaculture industry, where parasitic diseases can seriously affect production, we have developed a solution made of oxygenated water, Paramove®, that removes sea lice from salmon, leaving only oxygen and water in the environment.

**Food**

Helping the food industry endeavor to provide consumers with the healthier and more convenient food they increasingly demand, we offer manufacturers a wide range of products for food preparation, food preservation, healthier living, improved food quality, food safety, and taste enhancement. We have developed a range of Vanifolia® products, including one specifically designed to mask whey and pea protein off-notes, often employed by manufacturers to supply high protein content to nutrition, health, and wellness product lines.

**Seed and grain care**

With increasing demand and a limited potential of cultivated area, safe and cost-effective yield increase is crucial for future developments in agriculture. AgRho® S-Boost is a breakthrough seed-applied technology based on naturally-derived macromolecules. It offers a root booster effect compatible with seeds, based on a biodegradable formulation and the related intake of nutrients. The formulation then acts as a vitamin booster to ensure rapid growth, healthy plants, and ultimately better yield.
**ELECTRICAL & ELECTRONICS**

*Connectivity and energy efficiency*

We work closely with manufacturers of electrical and electronic equipment to ensure that our advanced materials are fully geared to their needs, enabling them to develop new miniaturization technologies and offering them new perspectives in design, safety and energy performance.

**Design & Connectivity**

The increased miniaturization, conductivity and complexity of electrical components means greater demands on materials, especially for high temperature operation and dimensional stability. For structural components used in smart mobile devices, the Kalix® HPPA range provides high strength, rigidity, and a high-quality surface finish along with improved processing. In structural mobile electronic components such as housings, covers, chassis, and frames, where strength, rigidity, and aesthetics are important, our compounds with high glass content can replace metal.

**Safety**

Higher temperature resistance, more efficient fire protection and safety of use, the key requirements of modern electrical equipment, are provided by our wide range of polyamide solutions. In high-temperature automotive applications, our specialty polyamide AmoDel® PPA can replace metals, offering particularly good resistance to continuous heat.

**Process efficiency**

Electronics markets require very pure, highly technical components. We provide chemicals and materials to meet the demanding technical requirements of this industry. With increasingly small device geometries, the need for advanced cleaning solutions to manufacture the future generation of semiconductors is growing very significantly. Interox® PICO hydrogen peroxide is the reference for semiconductor manufacturers.

**BUILDING AND CONSTRUCTION**

*Sustainability and energy efficiency*

Demand is growing for longer-lasting buildings that consume less energy and enhance their users’ well-being. Our solutions focus on increasingly stringent environmental performance certification systems in passive residential and commercial buildings.

**Energy savings**

Buildings represent 40% of the world’s energy consumption and CO₂ emissions. We help develop solutions for energy-saving triple-glazed windows with Soda Solvay® soda ash, and for foam wall coverings to maintain comfortable temperatures in near-zero-energy housing. We also offer easy-to-use and very long-lasting products for cooling and heating systems. Our Alve-One™ sustainable foaming solutions help producers of thermoplastics and elastomers achieve the specific properties they are seeking for their plastics, including insulation, strength, and lightweight.

*A high-performance material for Li-ion batteries*

Solef® PVDF – our partially fluorinated semi-crystalline polymer with excellent thermo-mechanical and chemical properties – is a favored material for the lithium-ion batteries used in electric vehicles: it brings many advantages to the industry when used as a binder in the formulation of electrodes as well as in the design of the separator.
INDUSTRIAL APPLICATIONS

Efficiency and value

With ever stricter regulations to conform to, manufacturers rely on innovations for more efficient processes and more competitive products. Our materials and solutions help them operate more responsibly and give their products longer lifetimes, creating more sustainable value.

Industrial & protective coatings

Solvay offers a wide range of binders, solvents, pigments and additives and it is constantly developing formulations to provide benefits based on surface modifications: enhanced surface wetting, improved adhesion to substrates, enhanced color development, strong corrosion protection, and resistance to aggressive fluids. For industrial cleaning, resin clean-up, foundry resins, paint stripping, and paints and coatings, we have an eco-friendly biodegradable solvent, Rhodiasolv® IRIS.

Resource efficiency

Drinking water is becoming increasingly scarce in many countries, so the watering of plants, trees, and green facades in cities often relies on reused rainwater, creating a growing need for our plastic piping and fittings for water and drainage. Prolonging the life of construction materials, our Cyasorb Cynergy Solutions® B series UV stabilizers deliver exceptional UV and long-term thermal protection to polyolefins used in outdoor building and construction applications.

Protection & Safety

Solvay is a global leader in emulsion polymerization, enabling the conversion to water-based systems with specialty surfactants and monomers. APE³ and VOC²-free products including Rhodasurf® and Aerosol® surfactant solutions help solve our customers’ unmet needs.

A combination of properties for highly demanding industries

Our solutions offer excellent resistance to UV irradiation, chemicals, fire and abrasion, and have applications in many industries. They are widely used in anti-corrosion applications as a lining or in self-supporting constructions (piping). Its excellent fire resistance properties and chemical resistance make Halar® ECTFE a product of first choice in wire and cable applications, in communication cable or specialty cable.

Metal & surface treatment

We create ingredients and formulated products that modify and clean the surface of several metallic and organic substrates, improving the performance of finished products and enhancing their shelf life. The Supersol® lubricant for steel cord for more fuel-efficient tires exemplifies our environmentally responsible solutions.

Industrial equipment protection

The high demands of industrial equipment entail combining resistance to corrosion, temperature, and aggressive chemicals. Solvay has created and formulated specific polymer products that can even replace certain metals under particularly harsh conditions of use.

Enhanced adhesion on difficult surfaces

Sipomer® PAM and WAM series specialty monomers provide exceptional adhesion onto difficult substrates, such as aluminum, cold steel, glass, concrete, aged alkyd, wood, and plastic in waterborne systems. This range of products can boost binder performances in terms of adhesion and corrosion resistance. They also offer a viable solution for direct-to-metal applications.

PRINTING, INKS & ADHESIVES

We develop additives and solvents for the formulation of inks and adhesives, both waterborne and solvent-based, as well as solvents for thinners, in full compliance with recently adopted HSE regulations.

¹ APE: Alkyl Phenol Ethoxylates
² VOC: Volatile Organic Compounds
³ APE: Alkyl Phenol Ethoxylates
The Sustainable Development Goals (SDGs) represent the principal agenda for the governments and NGOs that constitute Solvay’s “Planet” stakeholder. Of the 17 SDGs set by the United Nations, Solvay has chosen to focus on those on which it can potentially make the highest impact and which are the most closely in line with its sustainability objectives.

“Private-sector companies such as Solvay can be agents and accelerators of change as we implement the SDGs, building a better future for the planet.”

Solvay focuses on:

**CAROLINE PETIT**

We are pleased to see groups like Solvay, who have decided to make sustainability a priority. Private-sector companies can play a leading role, spreading ideas about sustainability in a creative way.
We are delighted to welcome Solvay as a Global Partner of the Ellen MacArthur Foundation. The chemicals industry lies at the heart of the global economy, so holds great potential to spark system-level change in the move towards a restorative and regenerative circular economy.

Dame Ellen MacArthur, Former record-breaking yachtswoman, Founder of the Ellen MacArthur Foundation

The success story of the zero-emission plane Solar Impulse played a positive role in engaging worldwide media on the issues of sustainable development.

Solvay joined the Ellen MacArthur Foundation as a Global Partner, the only one for the chemical sector, in early 2018. The Foundation works with its partners – all influential businesses across key sectors of the economy, to demonstrate circular innovation at scale.

We are delighted to welcome Solvay as a Global Partner of the Ellen MacArthur Foundation. The chemicals industry lies at the heart of the global economy, so holds great potential to spark system-level change in the move towards a restorative and regenerative circular economy.
HOW WE CREATE SUSTAINABLE VALUE

The value created by Solvay is based on more than financial performance alone. We are developing an agile, customer-centric organization and a stronger business model to create sustainable value for our stakeholders. Our approach is to optimize the use of our resources to create financial, environmental, social, and economic wealth.

RESOURCES WE USE

**ECONOMIC INPUT**
- Equity attributable to Solvay share: €7.5 billion
- Underlying net debt: €5.3 billion
- Capex from continuing operations: €716 million
- R&I effort: €325 million

**ENVIRONMENTAL INPUT**
- Energy consumption: 130 PJ
- Total water intake: 412 million m³
- Groundwater: 82 million m³

**SOCIAL INPUT**
- 24,500 employees
- 8% of R&I staff

OUR MARKETS

With a balanced portfolio – both in terms of markets and geography – we work in close partnership with our customers to develop innovative solutions that create sustainable value today and tomorrow.

Percentage of net sales per market:
- 21% Industrial applications
- 14% Resources and Environment
- 11% Agro, Feed and Food
- 23% Automotive and Aerospace
- 6% Electrical and Electronics
- 8% Building and Construction
- 17% Consumer goods and Healthcare

HOW WE DO BUSINESS
AN ADVANCED MATERIALS AND SPECIALTY CHEMICALS COMPANY

We have leading positions on fast-growing markets where we provide innovative tailor-made solutions to our customers.

Advanced materials
Innovation-driven businesses in composites and Specialty polymers, providing solutions for sustainable mobility, lightweighting, CO₂, and energy efficiency.

Advanced formulations
Customized Specialty formulations for surface chemistry and liquid behavior, maximizing yield and efficiency, and minimizing eco-impact.

Performance chemicals
Leading positions in chemical intermediates through scale and technology, developing applications and industrial innovation for optimized costs.

49% of Group Ebitda
21% of Group Ebitda
30% of Group Ebitda

HOW WE DO BUSINESS

Three key behaviors
We focus on three key behaviors that give impulse to a new mindset and increase customer-centricity and our capacity to innovate faster: I trust, I take smart risks, I focus on customer needs.

Solvay Way
This defines the Group’s approach to sustainability, governs all our operations, and ensures that we act responsibly at all times.

Code of Conduct
This lays down a series of principles that define the standards of ethics and integrity in the workplace, in doing business, and as a corporate citizen.

VALUE WE CREATE

ECONOMIC OUTPUT

- Underlying EBITDA: €2,230 million
- Underlying profit attributable to Solvay share: €939 million
- Free cash flow from continuing operations: €782 million
- CFROI: 6.9%
- Dividend related to 2017: €372 million

Cash conversion: 68%
Patent applications: 284
Sales of products released in < 5 years: 18%
Group net promoter score: 36%

ENVIRONMENTAL OUTPUT

- Greenhouse gas intensity: 5.53 Kg CO₂ eq. per € EBITDA
- Sustainable solutions (SPM): 49% of Group sales
- Air emissions:
  - Nitrogen oxides: 9.5 thousand tons
  - Sulfur oxides: 4.9 thousand tons
- Industrial hazardous waste not treated in a sustainable way: 41.8 thousand tons

SOCIAL OUTPUT

- Occupational accidents at Group sites: 0.65 per million hours worked
- Employee engagement index: 75%
- Employees involved in societal actions: 33%
- Income taxes paid: €223 million

1 2017 underlying figures
2 Excluding perpetual hybrid bonds
3 Including perpetual hybrid bonds
4 Estimate based on recommended dividend
5 Rate of accidents with medical treatment, with or without work stoppage

Strategic objective
OUR APPROACH TO RISK MANAGEMENT

Facing global economic and political uncertainty, evolving power balances, changing growth dynamics, shorter market cycles, greater sensitivity to climate change and energy transition issues, and rapid technological evolution, Solvay reviews all its risks annually to ensure it can achieve its strategic objectives while fully complying with laws, regulations, and the Solvay Code of Conduct. Solvay’s risk management approach is always considered in the context of sustainability and enriched by stakeholder dialog. It enables us to anticipate and adapt to opportunities and risks in a volatile global marketplace.

As 2017 represented a milestone in our transformation, we paid attention specifically to assessing major projects linked to our portfolio upgrade – whether acquisitions, major capital investments, or transversal projects – with an appropriate risk assessment methodology, while carefully monitoring evolutions in our markets and our global environment. Along with risks linked to Solvay’s industrial operations, the Group focuses on ethics and compliance, as well as climate-related risks.

EVOLUTION OF SOLVAY’S MAIN RISKS

We have designed a dynamic, highly-decentralized process where key players assess the risks in their areas of responsibility or expertise, at all levels of the Group. A dedicated dashboard is updated twice a year both for progress on mitigation actions and for new developments in the risk environment.

<table>
<thead>
<tr>
<th>Criticality level</th>
<th>Risk</th>
<th>Trend in criticality level</th>
<th>Corresponding materiality aspects</th>
</tr>
</thead>
<tbody>
<tr>
<td>High</td>
<td>Security</td>
<td></td>
<td>No significant link</td>
</tr>
<tr>
<td></td>
<td>Climate related physical risks</td>
<td></td>
<td>Greenhouse gas emissions, Water and wastewater management</td>
</tr>
<tr>
<td></td>
<td>Industrial safety</td>
<td></td>
<td>Accident and safety management, Employee health and safety</td>
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<tr>
<td></td>
<td>Transport accidents</td>
<td></td>
<td>Waste and hazardous materials management</td>
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<tr>
<td></td>
<td>Ethics and Compliance</td>
<td></td>
<td>Management of legal, ethics &amp; regulatory framework</td>
</tr>
<tr>
<td></td>
<td>Climate transition risks*</td>
<td>N/A</td>
<td>Greenhouse gas emissions, Energy management, Sustainable business solutions</td>
</tr>
<tr>
<td></td>
<td>Cyber-risk</td>
<td></td>
<td>Data security and customer privacy</td>
</tr>
<tr>
<td>Moderate</td>
<td>Chemical product usage</td>
<td></td>
<td>Hazardous materials management, Sustainable business solutions</td>
</tr>
</tbody>
</table>

*emerging risk - newly developing or changing risk that may have a significant impact over the long term, which will need to be assessed in the future.
Concerns over climate change are higher than ever today and companies must adapt to growing regulatory, environmental, and consumer pressures. Solvay focuses on two specific risks in this regard: climate transition risk and climate-related physical risks.

We develop concrete actions to contribute to the transition to a climate-friendly economy, among them:

- We align the transformation of our business portfolio with our climate commitments.
- We have appointed a Climate Supervisor at Executive Committee level, in charge of ensuring that climate related aspects are well considered in the Group's strategy and operations.
- Through our Sustainable Portfolio Management (SPM) tool, we are deeply committed to developing climate-positive solutions which will help our customers address climate issues. SPM criteria include climate-related criteria aligned to 2°C scenarios.
- We apply an internal price of €25 per ton of CO₂ equivalent to greenhouse gas emissions in all our investment decisions, so climate-related impacts form part of our strategic choices.

Solvay endeavors to identify, assess, and manage climate transition-related risks, as recommended by the Task Force on Climate-related Financial Disclosures (TCFD).

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"Beyond taking the necessary steps to anticipate and tackle climate-related risks, we believe that taking effective action will allow us to turn such risks into opportunities and a significant competitive advantage."

Vincent De Cuyper,
Member of the Executive Committee and Climate Supervisor

-24%
Reduction of Greenhouse Gas emission over two years

49%
Net sales generated by sustainable Solutions

26%
Solutions linked to climate change mitigation (lower greenhouse gas emissions and/or improved energy efficiency)
STAKEHOLDERS SPEAK

Suppliers

Greif is one of Solvay’s principal suppliers of industrial packaging. The American-based company recently received a Gold rating from EcoVadis for its sustainability performance. Solvay selected Greif for a Key Supplier Management program now being piloted.

I appreciate the quality of the dialog and relationship between Solvay and Greif. We have put together cross-functional teams to solve problems, create value, and better understand each other’s strategic needs. We are one of Solvay’s key suppliers, which points to a collaborative relationship in planning and setting goals. I appreciate the fact that Solvay allows us to assist it in achieving its sustainability goals. Being strongly challenged in this area has helped us progress, and we are now a gold-level performer in CSR ratings.

“Working in collaboration, we can create packaging solutions to help Solvay become more valuable to its customers.”

PETE WATSON, CEO, Greif

In the future, I hope we can further improve our dialog outside the sourcing/selling relationship and become more involved in Solvay’s strategic thinking. This will allow us to collaboratively create more value for Solvay throughout its supply chain.

“Solvay challenges us strongly in order to meet its needs. We’re focused on what is important to Solvay. This will allow us to collaboratively create more value for Solvay throughout their supply chain.”
FRÉDÉRIC COLIN,
Wood Purchasing Manager France,
Egger Rambervillers

For the Egger Group, which manufactures decorative wood-based panels for the furniture industry, sustainable development is a fundamental principle. All our sites are integrated to create a closed circuit, from the tree to the finished product. This “win-win” partnership enables us to commercialize by-products of our activity (sawdust pellets) and to help Solvay reduce its environmental footprint, by using this biomass as fuel at its neighboring site in Dombasle.

“Our partnership with Solvay meets all our expectations: we share the same conviction and the same commitment with regard to the environment. We appreciate the spirit of collaboration and the good relations established with the Group, which are necessary to ensure that this is an enduring collaboration.”

Frédéric Colin

“We stand for the responsible use of the raw material wood” - Egger Group (Austria)
TWO COMPLEMENTARY GOVERNANCE BODIES

Our commitment to sustainable value creation is embedded at the very core of our organization and governance structure. Acting in concert, our two governance bodies – Board of Directors and Executive Committee – are responsible for the Group’s long-term strategic approach, pursuing the vision of Solvay’s founder and implementing our transformation strategy. The Board of Directors is entrusted with steering Solvay’s development strategy while advising the Executive Committee, which oversees its business operations.

Nicolas Boël, Chairman of the Board of Directors, and Jean-Pierre Clamadieu, Chairman of the Executive Committee and CEO, maintain regular and constructive dialog, sharing information and embodying Solvay’s collaborative spirit at the highest level.

THE BOARD OF DIRECTORS STEERS SOLVAY’S STRATEGY

Solvay’s Board of Directors promotes good governance practices that create a transparent dialog with the Group’s stakeholders. It decides on general strategies and policies and supervises their implementation.

The 16 members of the Board of Directors come from a variety of backgrounds, and bring their experience, skills, and expertise in areas relevant to Solvay’s strategy, its key markets, and the crucial challenges of its business environment.

Four specialized committees (Audit Committee, Finance Committee, Compensation Committee, and Nomination Committee) provide the Board with advisory opinions in their individual areas of competence. For such issues as Innovation, Strategy and Sustainability, the complete Board is involved and receives training through dedicated sessions and workshops. The Board thus devotes at least one meeting per year to an update on trends in global sustainable development issues, including climate change risks and opportunities.

During the period of transformation of Solvay, the Board has made sure that its governance has been agile enough to allow the Group to undertake its portfolio upgrade effectively, with meetings and frequent discussions to support the Group’s decisions. In 2017, the Board also guided and supported Solvay’s strategic transformation relating to the alignment of the organization with the Group’s strategy, major capital expenditure projects, and the divestment of the Polyamides business.
The Board visits Asian teams

To improve Board members’ knowledge of the Group’s operations in the field, site visits are regularly organized. In 2017, the Board visited the Group’s R&I center in Seoul, South Korea, as well as two plants in China and South Korea. This trip gave Board members the opportunity to meet with local operational teams and to be confronted with the business and industrial reality of these Asian operations. In South Korea, for instance, the R&I center visit demonstrated the level of ambition of Korean industrial players and the importance of the partnerships Solvay has developed with them. This trip also demonstrated to Board members the potential impact of digital technologies on the Group’s manufacturing activities.

“I particularly appreciated our visit to a major customer – and I was very impressed by how much quality time our entire Board devoted to interacting with one of our customers’ executives and top staff, almost half a day. You could hardly imagine a stronger message about customer orientation, which is critical to the future success of Solvay, and transparency, which is a core value of the Group.”

Gilles Michel, Board member

“The Board trip to South Korea and China – my first visit to Asia with Solvay – was a wonderful experience. I was particularly impressed with the dedication, loyalty, and enthusiasm of the staff and their understanding of and belief in the company’s strategy, businesses, Solvay Way, and sustainable innovation. These extremely competent and industrious local teams will no doubt help us achieve our future growth plans for the region.”

Rosemary Thorne, Board member
THE EXECUTIVE COMMITTEE OVERSEES BUSINESS OPERATIONS

As Solvay’s principal executive organ of governance, the Executive Committee plays an entrepreneurial role and fosters operational agility.

An expanded, more diverse Executive Committee

In early 2018, Solvay announced that it has expanded its Executive Committee with three new members, in line with the Group’s commitment to improve its customer focus to support its growth strategy. This new, more diverse team reflects the profoundly transformed Group, and offers a good mix of operational, international and customer experiences while bringing a focus on talent management.

The Executive Committee is collectively responsible for Solvay’s overall performance and for protecting the Group’s interests, ensuring that the Group is looking to the long term. It gives shape to the strategy, steers the Group’s business portfolio, and ensures that value creation targets are met. Each member is responsible for overseeing a number of Global Business Units (GBUs), Functions, or Zones. Although Solvay’s GBUs enjoy a high level of autonomy, the Executive Committee is responsible for optimizing the allocation of human, financial, and material resources to achieve the highest possible level of performance and value creation on a sustainable basis.

Main achievements in 2017

In 2017, the Executive Committee focused on key milestones in the Group’s transformation strategy, including completion of the sale of Acetow; divestment of Emerging Biochemicals and of the Polyamides business; and the definition and implementation of the transformation program aiming to make Solvay faster, simpler, and more customer-focused. It supported several strategic initiatives, such as the implementation of Salesforce, the CRM system, throughout the Group, and the development of major partnerships with customers at the highest level.
Solvay Way, our approach to sustainability

Solvay Way encompasses all aspects of the Group’s sustainability approach to doing business. It ensures that social and environmental implications are integrated into the company’s strategy, operations and decision-making, by translating our ambitions for more sustainable development into concrete actions and clear responsibilities.

One of our most exciting challenges is to embark all our employees in the sustainability journey. Solvay Way was designed to make everyone understand, from managers to operators, how they can contribute to the Group’s ambition: creating a sustainable value shared with our stakeholders. Solvay Way makes the connection between our stakeholders’ rising expectations, the engagement of our employees, and the financial and extra-financial value we create.

Pascal Chalvon-Demersay,
Group Chief Sustainability Officer
ENGAGING WITH OUR STAKEHOLDERS

“Solvay supports the United Nations Global Compact principles. We are committed to continuing to advance these principles within our sphere of influence by incorporating them into our strategy, culture, and day-to-day operations.”

Jean-Pierre Clamadieu,
Chairman of the Executive Committee and CEO

In a fast-changing world, the Group’s close relations with its stakeholders enable it to understand the present and future challenges that its customers face, as well as the trends that are shaping consumers’ demands.

Solvay has identified six categories of stakeholders: customers, employees, investors, suppliers, local communities, and the planet (which includes governments and NGOs). Engaging with them – and first and foremost with our employees – forms the basis of our strategy and actions and defines the frame in which we operate.

We take our roles as a chemicals producer, an employer, and a corporate citizen very seriously, and we want to promote this commitment worldwide.

Solvay is committed to the Responsible Care® World Charter, which aims to achieve excellence in health, safety, and environmental performance through continuous improvement in the safe handling of chemical substances.

In 2017, the Group renewed a Corporate Social and Environmental Agreement with IndustriALL, the global union for the chemical, extractive, and manufacturing industries, ensuring that basic labor rights and the Group’s standards are respected for all its employees on all its sites.

True to its tradition of social protection, Solvay unveiled a bold initiative in 2017: Solvay Cares, a minimum level of company social benefits extending to all its employees, wherever they live.

As a signatory member of the UN Global Compact, Solvay commits fully to upholding its ten principles, which guarantee that companies meet fundamental responsibilities in the areas of human rights, labor, the environment, and anti-corruption.

Solvay has an impact and contributes to the UN Sustainable Development Goals (SDGs) through its daily business. We have chosen to focus on seven of these: SDGs 3, 4, 7, 8, 12, 13, and 17.

The voluntary international standard ISO 26000 on social responsibility is our point of reference. Its stipulations, enshrined in Solvay Way, ensure that we act responsibly in every part of our business.
A BALANCED REMUNERATION POLICY

At all levels of the company, starting with the members of the Board of Directors and the Executive Committee, Solvay’s balanced remuneration policy is closely linked to the successful implementation of its strategy and to meeting both financial and extra-financial goals. It reflects a balance between long term and short term.

A VARIABLE REMUNERATION COVERING 100% OF SOLVAY’S WORKFORCE

Covering both economic and sustainability objectives, Solvay’s remuneration policy encourages the creation of sustainable value that stands the test of time while ensuring the achievement of short-term imperatives, which reflect the Group’s global performance. 100% of our workforce have variable remuneration packages. Managers’ short-term incentives are based on tailored targets, both financial and extra-financial. For the third year, all other categories of employees benefit from the Global Performance Sharing Plan, which incorporates economic and sustainable development targets. This program was negotiated with the Solvay Global Forum of union representatives.

COMPENSATION OF THE CHAIRMAN OF THE EXECUTIVE COMMITTEE

In line with market practices, the compensation package of Jean-Pierre Clamadieu, Chairman of the Executive Committee, is balanced between a fixed base salary and both short-term incentives (STIs) and long-term incentives (LTIs). For the first time this year, in order to align LTIs with Solvay’s broader definition of sustainable value creation, it included a metric on greenhouse gas intensity.

CEO remuneration

CEO total compensation at target for 2017

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<thead>
<tr>
<th>Component</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Base salary</td>
<td>28.5%</td>
</tr>
<tr>
<td>STI (Short-term incentives)</td>
<td>28.5%</td>
</tr>
<tr>
<td>LTI (Long-term incentives)</td>
<td>43%</td>
</tr>
</tbody>
</table>

*New criteria applicable with effects from LTIs granted in 2017*
Investors

Marco Miserez, Fund Manager, Candriam Investment Group

Candriam Investment Group, an asset management firm which is a pioneer in Socially Responsible Investment (SRI), analyzes not only Solvay’s financial performance, but also its innovation strategy and its sustainability targets.

When we analyze a company, we are particularly vigilant about its quality and competitive positioning, whether it is experiencing growth, its innovation policy, and its sustainability targets – all the factors that make it competitive and sustainable. Solvay meets these criteria, and that’s why we include the Group in both our SRI and Innovation funds.

At Solvay, you realize that innovation is everywhere! If I had to pick just one innovation, it would be the solutions introduced by composite materials in the automotive sector, particularly in lightweighting. Although they are currently reserved for racing cars, they point to a genuine future trend.”
MARCO MISEREZ

Solvay’s management have a very clear strategy focused on specialty chemicals. Its family roots give it a great advantage because its support is assured on a long-term basis, and this allows it to take on such long-term investments as the Cytec acquisition.

We pay attention to the level of indebtedness of the Group. Solvay is clearly going in the right direction, particularly because of the transformation of its portfolio, which allows the creation of value over the economic cycle.

At Candriam we believe in innovation as a driver of growth and profitability, but more importantly in innovation that allows a company to have a sustainable competitive advantage.

€ 5.3
bn underlying net debt

“Solvay’s wide and diversified portfolio of activities in polymers and composite materials facilitates synergies and solutions offered to customers.”

TANGUY DU MONCEAU

With Solvay Way, the Group has put sustainability at the core of its innovation-driven business, creating value for shareholders and for all stakeholders. The fact that employees benefit from a bonus linked to sustainability is very innovative. Taking the carbon footprint into account in the acquisition process as well as in product development is a great innovation, one that will be reinforced in the coming years. Governance, ethics, and transparency are key for us. It is important that the Group communicates what it is doing and how well it is doing accurately.
OUR SCORECARD
Des objectifs stratégiques pour stimuler la création de valeur durable

2017 and 2016 underlying and restated\(^1\) information (except for environment and social data). 2015 pro forma figures.

UNDERLYING EBITDA

Our 2017 performance
- Underlying EBITDA grew on average by 8.6% in the last two years\(^1\) on a basis comparable with our mid-term objectives.
- Adverse forex conversion effects of -1.5% and scope effects of -0.7% related to small divestments meant that reported underlying EBITDA growth was 7.5%.
- This earnings growth is at the top end of our strategic objectives and a clear indicator of the progress driven by our enhanced portfolio.

Key levers to achieve our objectives
- Volume growth driven by innovation and increased demand in key end-markets, including aerospace, automotive, electronics, batteries and healthcare as well as increased metal prices should stimulate higher demand in mining and modest peroxides growth.
- Excellence initiatives will support pricing power and offset inflation of fixed costs.

FREE CASH FLOW

Our 2017 performance
- Delivery on free cash flow is expected to exceed €2.4 billion cumulatively for 2016 - 2018 mid-term target, despite significant divestments. With €1.75 billion generated in the first two years, and more than €0.78 billion expected in 2018, Solvay is on track to materially exceed its free cash flow target on an equivalent portfolio basis.

Key levers to achieve our objectives
- Stronger EBITDA underpinned by sustained organic growth
- Reduced capital expenditure
- Disciplined working capital management

CFROI

Our 2017 performance
- CFROI improved to 6.9%, bringing it to the same level as prior to the Cytec acquisition in 2015. This 0.8 percentage point improvement demonstrates the strong focus on improving returns.

Key levers to achieve our objectives
- Focusing on growth in higher margin and less capital-intensive businesses.
- Disciplined capital allocation.

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\(^1\) at constant scope & forex
\(^2\) Underlying EBITDA growth at constant scope and forex relative to 2016 conversion was 9.9%. As the scope and forex were already largely known at the time the mid-term objectives were set in the third quarter of 2016, the reported growth is taken for the calculation
\(^3\) reflecting the reclassification in discontinued operations of the polyamide activities to be sold to BASF

Strategic objectives: \(\text{Economic} \quad \text{Environmental} \quad \text{Social}\)
GREENHOUSE GAS INTENSITY

Our 2017 performance
- In 2017, our GHG intensity fell 4.4%, thanks to:
  - Ebitda improvement of activities for a significant part
  - New lasting emission reductions (150,000t CO₂) relating to our Solwatt energy and CO₂ efficiency program (deployed in 70 sites worldwide), new biomass-based heat production, and process improvement projects.
  - Over the last two last years, we have achieved a 24% reduction, exceeding our target for 2018.

Our challenge
- We remain more GHG-intensive than the average for the chemical industry.
- Climate change and energy transition risks are high on the business and political agenda. It is imperative that businesses improve their environmental performance. While the 24% reduction in greenhouse gas intensity surpasses its objectives, Solvay remains vigilant and committed to improving over time.

Key levers to achieve our objectives
- Continuously improve energy efficiency.
- Improve the CO₂ footprint of our energy mix through initiatives such as conversion to biomass firing or renewable electricity sourcing.
- Reduce GHG emissions released from our chemical processing operations.
- Apply an internal carbon price (€25 /metric ton of CO₂ eq.) to GHG emissions in all our investment decisions.
- Include a metric on GHG intensity in senior management remuneration.

SUSTAINABLE SOLUTIONS*

Our 2017 performance
- At the end of 2017, 49% of our net sales were classified as “Sustainable Solutions”, significantly exceeding the objective, which reflects higher growth in this part of the portfolio.
- Changes in the scope of the portfolio (positive impact of the Cytec acquisition and divestment of less aligned businesses) explain most of the progress; innovation programs aimed at developing more sustainable solutions also contributed.

Our challenge
- Circular Economy principles bring new challenges. Solvay’s use of renewable raw materials and renewable energy is still low.

Key levers to achieve our objectives
- The Sustainable Portfolio Management (SPM) analysis forms part of key business processes at Group and GBU level. It helps analyze the portfolio and allocate resources to upgrade its sustainability.
- All innovation and acquisition projects and Capex investments above €10 million are evaluated using the SPM tool to enhance their contribution to more sustainable and higher growth.

New sources of renewable energy
In 2017, Solvay was involved in two new projects that reduce emissions by 100,000t CO₂ per year:
- biomass-based heat production at a French plant, in addition to projects already initiated in Germany and Brazil.
- the Solvay Jasper solar farm in South Carolina, United States, which is planned to start in 2018.

- An area equivalent to 500 football fields
- Enough power for 15,000 households

Training our managers in sustainability
In 2017, to better leverage sustainability as a key lever of differentiation on our markets, we designed a specific training module for the Group’s marketing and sales managers. Intended to help managers integrate sustainability into their mindset and everyday marketing practices, this program will be completed in 2018 by a module designed to help our salesforce engage our key customers and partners in sustainability topics, such as climate change, energy transition, and recycling; the objective is to identify and co-develop new business opportunities in these areas.

More than 50 key customers are committed in this journey with Solvay.

* To be considered a sustainable solution, a product must serve in an application that demonstrates a lower environmental impact during its production phase together with a better social and environmental contribution along the value chain.
**EMPLOYEE ENGAGEMENT INDEX**

**Our 2017 performance**
- A “pulse survey” was carried out to ask all Solvay employees about their satisfaction at work. The participation rate was 81% (vs. 79% in 2016). Satisfaction and pride remain high. Key areas for improvement include greater recognition for work done, and sharing of best practices among entities.
- Stress prevention and management: four practices are in place at over 50% of sites, including access to an employee assistance program.
- Diversity & Inclusion initiatives focus on 3 areas: fostering awareness through numerous Diversity & Inclusion workshops and specific local actions; trainings and development programs focusing on inclusive behaviors and leadership by women; challenging HR processes, i.e. the hiring process, succession planning.

**Our challenge**
- Pursue our effort to improve inclusion and increase diversity (of gender and geographies) in our teams.
- Drive cultural change across the Group to increase customer focus and collaboration.
- Improve our ways of recognizing employees’ performance.

**Key levers to achieve our objectives**
- Stress prevention and management: more extensive practical tools and support will be available on sites.
- Diversity & Inclusion: we keep on implementing various initiatives.

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**Creating a new employee experience**

"We have a robust annual process to assess the level of engagement of our teams. Over the years, it has become a tool that managers use to develop actions for improvement. Employee engagement is key to making our transformation a success, as we are driving a cultural change to foster a trusting, collaborative, and entrepreneurial mindset throughout the Group. The launch of the Solvay Cares initiative created a lot of pride among our teams. We believe that, combining such innovative initiatives with digital tools, we will create an exciting employee experience and foster engagement. There is room for improvement, however: increasing cultural and gender diversity in our teams remains a priority for Solvay."

Cécile Tandeau de Marsac, Member of the Executive Committee, Group General Manager Human Resources, French

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* Measures employee engagement according to Group’s initiatives set to improve their well-being, including personal development, reward and recognition, inclusive culture, and work-life balance.
OCCUPATIONAL ACCIDENTS AT GROUP SITES

Our 2017 performance

- In 2017, one fatal accident occurred at our facility in Devnya, Bulgaria.
- After a steady safety performance for two years, the number of medical treatment accidents fell 24% in 2017. However, the fatal accident in Bulgaria reminds us of the challenges we face.
- We focus on engagement as a way of reducing the number of people injured at our sites. Engagement activities we have pursued this year include Leadership Safety Visits (over 1,350 in 2017); Safety Days to stimulate interactions relating to HSE; and Safety Climate diagnostics, in which we discuss the onsite safety culture with employees.

Our challenge

- Eliminate all fatal and life-altering accidents.

Key levers to achieve our objectives

- Safety Leadership: spending less time reacting to accidents and more time encouraging and supporting our employees and contractors to make safety a normal part of how they perform their work.
- Develop a shared understanding of the risks and mitigation measures for the Solvay Life Saving Rules.

Using drones for industrial maintenance

A new use of digital technology is enabling the Aroma Performance GBU to reduce the cost of its routine maintenance inspections. The Saint-Fons plant, near Lyon in south-eastern France, has decided to trial the use of a drone to survey the roofs. This initiative eliminates safety risks, and avoids the costly and time-consuming erection of scaffolding. Using a drone, an inspection takes minutes instead of weeks to complete, and at a fraction of the cost.

EMPLOYEES INVOLVED IN SOCIETAL ACTIONS

Our 2017 performance

- 70% of Solvay industrial sites have a Guidance Committee for societal actions.

Our challenge

- Measure the real impact of Solvay’s local societal approach without excessive reporting burden.
- Embark and focus Solvay’s employees on the four key topics defined.

Key levers to achieve our objectives

- As part of the Solvay Way practices, all the sites self-assess their progress in their approach to societal actions each year.

Education for disadvantaged children in China

The Solvay Adream Center, a standardized classroom sponsored by Solvay, was officially opened in 2017 at Sanhewan Primary School, Yunnan Province, China. As part of our social responsibility actions, we are helping the school provide quality education and help children grow confidently and with self-esteem, in association with the Shanghai Adream Charitable Foundation. This project is supported by eleven of our plants and R&I (Research & Innovation) centers in China. All employees are encouraged to volunteer to teach in the Center, following a training program provided by an NGO.

* Medical treatment accident rate, with or without work stoppage. Non-restated figures.
RECOGNITION FROM RATINGS AGENCIES

Solvay endeavors to perform strongly on both financial and extra-financial indexes, striving at all times to earn and retain the confidence and support of all its stakeholders. We use feedback from ratings agencies as a benchmark and an indicator of our stakeholders’ main concerns. This directly impacts on our own priorities.

OUR MAIN INDEXES

**BEL 20**

Solvay is a long-time component of the Brussels-based BEL 20 index.

**CAC 40**

Solvay has been listed on the CAC 40 index, based in Paris, since September 2012, following the company’s merger with Rhodia.

**CDP (Carbon Disclosure Project)**

An international organization, CDP analyzes how companies integrate climate change in their strategies. Solvay is in the middle range in its sector, scoring “B” in climate, water and forests.

- internal carbon price, climate change risk process
- targets not verified by SBTi

**Ethibel Sustainability index**

Solvay has been reconfirmed as a constituent of the Ethibel Sustainability Index (ESI) Excellence Europe since September 20, 2017.

**Euronext 100 index**

This pan-European index is made up of the one hundred largest and most liquid stocks traded on Euronext. Solvay is currently one of eleven Belgian constituents of the index.

**FTSE4Good index**

Solvay has an absolute score on FTSE’s ethical investment index of 3.8/5, and its score relative to its peers is 98%.

- top 10% of “super-sector” companies
- governance, climate change, health and safety, labor standards

**EcoVadis supplier sustainability ratings**

Solvay ranks Gold, with a score of 77/100.

- labor practices, fair business practices, environment, sustainable procurement

**Oekom Research**

Solvay is rated as a “Prime” company – with a score of B -- by the German ethical ratings agency, ranking among the leaders in chemicals.

- eco-efficiency, governance criteria
- water management, use of alternative raw materials, product stewardship, staff and supplier management
Understanding Solvay

Performance & Outlook

RobecoSAM Dow Jones Sustainability Index (DJSI)
Solvay has joined the DJSI World Index and is ranked 11th.
- Materiality analysis, human rights policy, impact measurement and valuation.
- Operational eco-efficiency, water-related risks, product stewardship management.

Vigeo Eiris
Solvay is a constituent of the Euronext Vigeo World Index. Its performance is considered to be robust and stable.
- Environmental strategy and eco-design, promotion of labor relations, non-discrimination.
- Environmental impact of transport, waste management, development of green products & services, executive remuneration.

Other indexes
Solvay shares are incorporated in numerous other weighted stock market indexes, including the STOXX family (DJ Stoxx and DJ Euro Stoxx), the FTSE 300, and the MSCI index.

Our Outlook for 2018

At constant scope and relative to average 2017 forex levels, Solvay expects full year underlying EBITDA to grow 5% to 7% organically, mainly driven by Advanced Materials and Advanced Formulations.

Advanced Materials
- Advanced Materials to grow by double-digits, driven by broad-based demand expansion in its key end-markets, including aerospace, automotive, electronics, batteries and healthcare, and supported by operational excellence.

Advanced Formulations
- Advanced Formulations to grow at a high-single-digit, driven by an increased demand in mining, some further improvement in oil and gas, and positive net pricing.

Performance Chemicals
- Profitability will be impacted by current higher energy prices that will weigh on soda ash margins, despite operational excellence and growth in Peroxides.

Free cash flow from continued operations is expected to exceed the 2017 level of €782 million.

An integral part of our sustainable value creation is the targeted improvement in extra-financial objectives. After the strong delivery in 2017, we expect to continue to improve our greenhouse gas intensity, and to further enhance the prominence of sustainable solutions in our portfolio.

Watch Jean-Pierre Clamadieu’s video
annualreports.solvay.com/2017/en
I teach chemistry in a public school in the state of São Paulo, Brazil. Because most teachers spend all their time in the classroom, they have little contact with recent advances. I had the idea of workshops for teachers in a chemical company. I suggested this to the community relations coordinator of a Solvay plant in my city, Paulínia, two years ago. He agreed and assembled a team of volunteer trainers at the unit. Now around twenty chemistry teachers from two technical schools attend monthly training sessions in the Solvay laboratories and production areas. We address topics related to the new techniques used in production, analysis and environmental control such as effluent treatment and waste disposal. We had high expectations, and the EducAção program has enabled us to keep up-to-date on advances in chemistry and improve our classes.

Alongside this, Solvay organizes annual visits to the plant for our students, and the guides are usually alumni of our schools. This is a very positive experience for the young people, who can dream: “One day I could work at Solvay, too”.

EducAção is a training program for chemistry teachers run by volunteers at the Solvay Paulínia unit in Brazil. It transforms Solvay’s plants and laboratories into classrooms, and has reached out to more than 2,000 students.

HELENA ONAGA

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“Solvay employees pass on a lot of knowledge to us, helping us deepen the knowledge we pass on to students.”
Quite a lot of Solvay’s trainees in chemistry come from the schools taking part in the program, meaning it’s valuable for both the young people and Solvay.

19 teachers from two schools trained in 2017
25 site employees involved
14 training modules
2,000 + students impacted

WANDERSON LELIS
Participating in the program and sharing a little knowledge was extremely gratifying. Through practical examples from the industry, teachers could see correlations between the courses they teach and applications in high-performance industries, such as automotive and aerospace. This helps them make their courses more concrete for the students, raising their interest and discouraging them from dropping out of school.

I am proud to work in a company that helps young people understand how studying at school can help them get on in life.