In a context of global economic and political uncertainty, evolving power balances, changing growth dynamics, shortening market cycles, rapid technological evolution, and increased sensitivity and expectations related to climate change and energy transition, Solvay believes that effectively monitoring and managing risks is key to achieving its strategic objectives.

The risk assessment process – endorsed by Solvay’s Board – helps the Group achieve its business objectives, both financial and extra-financial, while respecting laws, regulations, and the Solvay Code of Conduct.

Solvay’s business is diverse, entrepreneurial, and international. Operations face a number of significant risks. Accordingly, Solvay has designed a dynamic process in which key players assess the risks in their area of responsibility and/or expertise.

Solvay’s systematic risk management approach is integrated within its strategy, business decisions, and operations. It ensures that Group leaders proactively identify, assess, and manage all potentially significant risks. Risk assessment helps create value in the short, medium, and long term, and always takes sustainability into consideration. Two of the four main impact types used to assess risks reflect our growing sensitivity to extra-financial issues, namely impacts on people and on the environment. The other two – economic and reputational impacts – directly affect the Group’s operational and financial performance. In line with Solvay’s strategic objectives, risks are then categorized as follows: “main risks” (rated as the most critical), “emerging risks”, and “other risks”.

Risk analysis
Solvay’s systematic risk management approach is integrated within its strategy, business decisions, and operations. It ensures that Group leaders proactively identify, assess, and manage all potentially significant risks. Risk assessment helps create value in the short, medium, and long term, and always takes sustainability into consideration. Two of the four main impact types used to assess risks reflect our growing sensitivity to extra-financial issues, namely impacts on people and on the environment. The other two – economic and reputational impacts – directly affect the Group’s operational and financial performance. In line with Solvay’s strategic objectives, risks are then categorized as follows: “main risks” (rated as the most critical), “emerging risks”, and “other risks”.

Deciding how to manage critical risks
Both day-to-day and strategic decision-making take all key risks and opportunities fully into account using financial and extra-financial criteria.

Implementation of risk management actions
Risk management is a key success factor for Solvay because it allows us to mitigate risks associated with the solutions we provide. Improvements to Solvay’s Enterprise Risk Management methodology are allowing individual GBUs and Functions – and the Group as a whole – to more effectively prioritize risks and focus their risk response. A dedicated dashboard is updated twice a year to reflect both progress on mitigating actions and new developments in the risk environment.

Monitoring of risk management actions
Critical risks for the Group are closely monitored by the Group Risk Committee – members of the Executive Committee are appointed as Risk Sponsors – to ensure that these risks are adequately addressed. Particular attention is paid to cross-checking the analysis with the materiality analysis performed by the Sustainable Development Function.
**A sound risk management system embedded at all levels of the Group**

GBUs and Function leaders are accountable for the identification, monitoring and management of the key risks in their domain. Risk management is therefore strongly embedded in the day-to-day running of each entity and operational managers can react rapidly in the event of changing circumstances. The risk management process is a valuable mechanism for GBU and Functions to guide priorities and to raise the likelihood of achieving their business goals.

<table>
<thead>
<tr>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>GLOBAL BUSINESS UNITS</strong></td>
<td><strong>FUNCTIONS</strong></td>
<td><strong>LEADERSHIP COUNCIL</strong></td>
<td><strong>GROUP RISK COMMITTEE</strong></td>
<td><strong>EXECUTIVE COMMITTEE</strong></td>
</tr>
<tr>
<td>1 Executive Committee, GBU Presidents, Function General Managers, Zone Presidents, and Solvay Business Services General Manager</td>
<td>2 Executive Committee and General Managers of the Human Resources, Industrial, Legal, and Sustainable Development functions</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Reviews and updates its own risk matrix</td>
<td>Identifies a list of Group risks – the most relevant ones – to be submitted to an assessment phase</td>
<td>Assesses, decides on and closely monitors these Group risks</td>
<td>Each of these Group risks is sponsored by an Executive Committee member</td>
<td>Oversees and endorses</td>
</tr>
<tr>
<td>- Defines risk owners to lead mitigation of most critical risks</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**CORPORATE RISK DEPARTMENT**

Supports and coordinates risk management throughout Solvay

As to the Group level risks, they are managed with the contribution of the Leadership Council for identification, the Group Risk Committee for assessment, and the Executive Committee members for sponsorship for treatment and risk response. The Audit Committee meets, once a year, with the Chairman of the Executive Committee and the CEO and other members of the Board to discuss the major risks facing the Group. During the year, the Audit Committee benefits from Risk Owners’ presentations on Group risks, for example on industrial safety, security, cyber risk, ethics, and compliance.

**Assessing major projects linked to Solvay’s transformation**

An appropriate risk assessment methodology is applied to significant projects, whether acquisitions, major capital investments, or transversal projects.

**Internal control** is one aspect of risk management. Please refer to the Corporate Governance section of this Annual Report for a detailed description of Solvay’s risk management and internal control system.

**Crisis Preparedness** operates a structured network within the Group. Assigned members perform tasks and implement programs to ensure the readiness of their business units and functions. These programs include crisis simulations, media training for potential spokespersons, maintenance of key databases, and analysis of relevant internal and external events. The risks identified through the Enterprise Risk Management approach influence the scenarios used in the simulations.
3. SOLVAY’S MAIN RISKS

The Group Risk Committee has assessed the impact and level of control of the Group risks, using a four-level scale for each criterion.

Four main types of impact were considered: economic impact, impact on people, impact on the environment, and impact on reputation.

Criticality level is determined by the combination of the risk’s two ratings (impact and level of control) at the time of the assessment.

<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>
</tr>
<tr>
<td></td>
<td>Transport accident</td>
<td>🔻</td>
<td>Waste and hazardous materials management</td>
</tr>
<tr>
<td></td>
<td>Ethics and Compliance</td>
<td>🔻</td>
<td>Management of the legal, ethics &amp; regulatory framework</td>
</tr>
<tr>
<td></td>
<td>Climate transition risk*</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></td>
<td>Chemical product usage</td>
<td>🔻</td>
<td>Hazardous materials management Data security and customer privacy</td>
</tr>
</tbody>
</table>

* Emerging risk: newly developing or changing risk that may, over the long term, have a significant impact which will need to be assessed in the future.

The level of control was assessed by considering the following questions:

- Are the mitigating/controlling actions defined?
- Are the actions implemented, fully or partially?
- Is the effectiveness of those actions monitored?

The description of the risks relevant to Solvay and the risk-reduction actions the Group takes are listed below. The mitigation efforts described do not guarantee that risks will not materialize or impact the Group, but they show how Solvay proactively manages risk exposures.

Security

Risk description
Intentional attacks on Solvay sites, information and people with the intent to cause harm, damage, or negative consequences.

Prevention and mitigation actions
- Solvay has a threat-based and compliance-based security approach to protecting sites, information, and people.
- A Group Security Director coordinates all security activities globally in order to ensure efficient security risk mitigation.
- The Executive Committee has endorsed the creation of two governance bodies:
  - a Security Board, chaired by the CFO and another Executive Committee member, and
  - a Security Coordination Working Group, chaired by the Group Security Director, which aims to run a continuous security threat monitoring program and an optimized security program for the Group.

2017 main actions
- Continuation of the Group’s cyber-security initiatives in Solvay Business Services (SBS).
- Launch of a Group-wide physical security program, focusing initially on the Group’s high-risk industrial sites. Vulnerabilities have been identified and will be mitigated in 2018.
- Adoption of a Group Security Policy, embedding security in the Group’s governance rules.
Climate related physical risk

Risk description
Climate change increases the severity of extreme natural events, generates chronic deviations in mean temperatures and precipitation patterns, and causes sea levels to rise. This could impact Solvay’s sites and supply chain. These impacts could manifest themselves as one or more of the following consequences:

- Inability to operate plants,
- Damage to assets,
- Difficulty in supplying customers,
- Disruption in the supply of raw materials, energy or utilities.

Prevention and mitigation actions
This risk has a long-term horizon; nevertheless, Solvay is creating a consistent mitigation plan, the details of which are as follows:

- Build a methodology (type of impacts to be taken into account – major events, permanent changes, environmental, socio-economic impacts – level of impact, location, etc.).
- Consider the following impacts:
  - More frequent and more extreme natural events such as floods and storms
  - Regulatory impact (intake water temperature, return water temperature)
  - Sea level rise
  - Drought/Hydric stress => update previous study
  - Deploy the methodology on the industrial footprint and supply chain flows.

2017 main actions
Regulations impact (intake water temperature, return water temperature) => assessment concluded that this item is not a high impact issue

Industrial safety

Risk description
A major accident such as a fire, explosion, or loss of containment may result in fatalities, life-altering injuries, harm to the environment, or harm to local communities,

- Any fatality or life-altering injury not related to a major accident.

Prevention and mitigation actions
Occupational safety and process safety are priorities. The Group has a long record of good safety performance and has made significant progress by actively sharing good practices.

Occupational safety:
All fatal and life-altering accidents are preventable. Despite the continuous decrease of the number of medical treatment accidents (MTA) on its sites, Solvay has reached a plateau in terms of the number of high severity incidents (fatalities and life-altering accidents).

The focus is now on the engagement level as a means of keeping people safe and save lives. The main Solvay engagement activities are the following: Safety Days, Safety Leadership Visits, Behavior Based Safety, Best Practice Sharing, and Personal Safety Objectives.

Solvay implements the “Solvay Life Saving Rules” (SLSR) which cover the activities which, when not performed safely, can and have resulted in fatalities and life-altering injuries within the Group.

Moving off the plateau requires an enhanced approach to Safety Leadership. In 2017, Solvay developed a “Safety Climate Assessment”, based on the Dov Zohar methodology, to determine the maturity level of the safety culture at site level.

Solvay initiated a collaborative process to develop a shared perception of life-threatening activities covered by the “Solvay Life Saving Rules”, with the goal of developing a common risk mitigation approach across all Solvay sites.

Safety results are reviewed monthly by GBU’s and at the Executive Committee level.

Process safety management:
Solvay applies a preventative risk-based approach founded on systematic process safety risk analyses and management of change processes.
RISK MANAGEMENT

2017 main actions
Process Safety:
• 78% of all sites have had a process hazard assessment in line with Group requirements within the last five years (2017 target – 70%; 2020 target – 100%),
• No high-risk situations (Level 1 risk sheets) older than one (1) year

Occupational safety:
• Progressive implementation of the “Safety Climate Assessment” in the sites,
• Common mitigation measures (minimum requirements) for Solvay Life Saving Rules defined. Refinement and roll-out during the first half of 2018 at all Solvay sites,
• Evaluated different approaches to Safety Leadership. The selected approach will be introduced in 2018, beginning with senior leadership in the Industrial Family.

Transport accident

Risk description
An accident in connection with hazardous chemical transportation poses the risk of injury to neighbors or the public.

Prevention and mitigation actions
• Solvay follows the transport safety recommendations of associations such as CTEF (Comité Technique Européen du Fluor), and programs such as Responsible Care®
• Optimization of transport routes,
• Global selection process for dangerous goods transporters, relying on selected and audited haulers,
• Assessment of transporters handling Solvay’s “high concern dangerous goods”,
• Dangerous goods safety advisors network,
• Corrective actions, and
• Worldwide emergency assistance from the Carechem (external emergency chemical helpline service) in the event of an accident.

2017 main actions
Pursuing Solvay transport safety program to reinforce preventive actions.

Ethics and compliance

Risk description
Risk arises from a potential failure to comply with:
• Solvay’s Code of Conduct,
• Supporting policies and procedures,
• Laws and regulations in the jurisdictions in which Solvay operates.

Examples:
• Failure to implement good governance in a joint venture,
• Direct or indirect involvement in human rights violations,
• Intentional misstatement of financial reporting, corruption and by-passing of internal controls.

Prevention and mitigation actions
Solvay’s Code of Conduct, policies and procedures:
• Applicable to employees, critical suppliers, and majority-owned joint venture partners,
• Several training courses & communication actions to address behavioral risks,

Special training courses to mitigate specific risks:
• Anti-bribery and anti-corruption,
• Anti-competition,
• Human Rights in Business Policy: implementation, governance and training.

Group-wide Speak Up program for reporting non-compliance, either directly to management or to third-party Helpline.

2017 main actions
• Almost 80% of employees trained on Solvay’s Code of Conduct,
• More languages/dialects added to web-based training catalog for Code of Conduct,
• New Human Rights Policy adopted and published; internal steering Committee appointed to oversee implementation and compliance, and Human Rights training for sensitive populations,
• Anti-bribery and anti-corruption (ABAC) training of more than 1,000 leaders and employees in sensitive positions.
The lack of a Group strategy to address climate-related transition risks (as defined by TCFD\(^3\)), wider environmental challenges, and future resource scarcity could cause damage to Solvay reputation, business losses, undervaluation and difficulty attracting long-term investors.

Apart from greenhouse gas emissions (GHG), Solvay activities’ environmental impacts come from:

- Use of raw materials from fossil or non-renewable resources,
- Energy consumption,
- Water use,
- Waste production (solid or liquid, hazardous or safe),
- NO\(_x\), SO\(_x\), Volatile Organic Compound (VOC) or dust emissions.

Prevention and mitigation actions

Solvay’s strategy focuses on businesses with higher added value and less environmental exposure,

- Every year, the Sustainable Portfolio Management (SPM) tool assesses the environmental exposure of our sales and our innovation projects portfolio. SPM includes climate-related criteria aligned on 2°C scenarios,
- The Carbon Intensity action plan has a 40% reduction target for 2025 (reference year 2014).

2017 main actions

- Appointment of an Executive Committee Supervisor for climate and the start of work on a comprehensive climate strategy roadmap,
- A new plan and 2020 targets for air emissions (SO\(_x\), NO\(_x\), VOC), water usage, and hazardous waste.

Cyber risk

Information and cyber risk includes the theft, manipulation, or destruction of information, and the inability to ensure service continuity or to protect confidential, critical, or sensitive information.

Prevention and mitigation actions

Cyber security program

Solvay’s cyber security and confidential information loss-prevention program:

- Independent assessments, including penetration tests are conducted by external experts
- Solvay Business Services (SBS) has renewed its ISO 9001: 2015 quality management program for all its activities, and obtained its ISO 27001: 2013 certification – which encompasses cybersecurity for the majority of its information systems activities
- Training on information systems security policies and best practices has been completed for all SBS information systems professionals
- End-user security training remains mandatory for all employees. Cybersecurity tips are published regularly to increase employee awareness.

A significant cyberattack could result in the loss of critical business information and/or could negatively impact the company’s operations and results. Therefore the Company will continue to solidify its cyber defenses to manage the evolving cyber threat landscape.

Insurance

Solvay is insured against the potential financial impact of a cyber event with respect to assets, business interruptions, and cases of fraud.

2017 main actions

- Solvay continues to enhance its overarching cyber security strategy and governance, develop the corporate information security program, and explore other functions/capabilities to enrich the company’s security posture and ability to respond to a cyber-related threat,
- Certification for all Solvay Business Services (SBS).

---

(3) Task Force on Climate-related Financial Disclosure
Chemical product usage

Risk description
- Solvay's exposure stems from the possibility of injury to or health impact on third parties or damage to their property caused by the use of a Solvay product, as well as from the resulting litigation.
- Inappropriate use of one of Solvay products in a customer's plant, or use in applications or markets for which the product is not designed (inappropriate use), or use by the customer that is not endorsed by Solvay.
- The possible consequences of a faulty product include exposure to liability for injury or health impairment and damage, and to product recalls. Product liability risk is generally higher for products used in healthcare and food & feed applications.
- The possibility of an authorization for the use of a marketed product being refused due to its SVHC (substance of very high concern) character.

Prevention and mitigations actions
- Solvay Safety Data Sheets (SDS) ensure harmonized content by implementing a common worldwide SAP system for the Group.
- SDS are constantly maintained and distributed worldwide for all products to all customers in the appropriate languages. Global Business Units ensure that SDS are revised at least every three years, for all products they put on the market.
- Recall procedures are developed and deployed as prescribed by the product stewardship programs.
- Insurance reduces the financial impact of a product liability risk, including for first-party and third-party product recalls.

2017 main actions
- The Solvay "Product Safety Management Process" (PSMP) identifying risks relating to products marketed by Solvay has been updated to integrate new regulatory requirements and additional potential risk causes (legal, supply chain, etc.). All GBUs are implementing this process with a specific focus on prioritizing the required risk assessments in the products portfolio and on regularly deploying risk assessments for the most sensitive product applications.

4. OTHER RISKS

Market and growth – strategic risk
Description
Solvay's exposure to developments in its markets or its competitive environment, and the risk of making erroneous strategic decisions.

Prevention and mitigation actions
- Systematic and formal analysis of markets and marketing challenges with respect to investments and innovation project ramp-ups,
- Development of GDP+ growth markets: Automotive & Aerospace, Resources & Environment, Electrical & Electronics, and Agro, Feed & Food,
- Development of customized, mission-critical solutions with Solvay key accounts. Adaptation of operations to new energy and CO₂ markets,
- Stronger focus on cash conversion and generation,
- Initiate cessions of Vinythai, Acetow and Polyamide businesses which were under sustainability and cyclicity radar screen.

Supply chain and manufacturing reliability risk
Description
Risks related to raw materials, energy, suppliers, production, storage units, and inbound/outbound transportation.

Prevention and mitigation actions
For manufacturing reliability:
- Insurance,
- Geographic distribution of production units around the world,
- Group property loss prevention program focusing on the prevention and mitigation of damage to assets and loss of profit due to fire, explosion, accidental chemical release, and other adverse events.

For supply chain:
- Third-party CSR assessment and adherence to the Solvay Supplier Code,
- Ownership of mines and quarries of trona, limestone, and salt,
- Programs to reduce energy consumption.
**Project selection and management**

**Description**
- Allocation of resources to projects (capital expenditure, mergers and acquisitions) misaligned with Solvay's growth strategy.
- Major project facing difficulties with the risk of not reaching its objectives.

**Prevention and mitigation actions**
- Governance for medium-sized projects (extension of the methodology used for major capital projects to GBUs).
- Investment Committee providing the Executive Committee with an analytical view of capex allocation efficiency and capex plan.
- Capex Excellence methodology for project portfolio on smaller projects.
- Performance analysis after implementation.

The combination of these actions has led to much better control over EBITDA conversion into cash and a conversion level comparable to similar companies in the industry.

**Regulatory, political and legal risk**

**Description**
- Changes in legislation and regulations.
- Solvay’s exposure to circumstances where the normal exercise of public authority is disrupted.
- Exposure to actual and potential judicial and administrative proceedings. (Important Litigation section).

**Prevention and mitigation actions**
- Balanced global presence to reduce the impact of adverse regulatory and political developments.
- A Government and Public Affairs department working continuously with public national and European authorities, as well as through the local Belgian embassy.
- Financial provisions are made based on Solvay's awareness of legal risk.

**Financial risk**

**Description**
- Liquidity risk (see note F32 Financial instruments and financial risk management to the consolidated financial statements).
- Foreign exchange risk (see note F32 Financial instruments and financial risk management to the consolidated financial statements).
- Interest-rate risk (see note F32 Financial instruments and financial risk management to the consolidated financial statements).
- Counterparty risk (see note F32 Financial instruments and financial risk management to the consolidated financial statements).
- Pension obligation risk (see note F32 Financial instruments and financial risk management to the consolidated financial statements).
- Tax litigation risk (see note F32 Financial instruments and financial risk management to the consolidated financial statements).

**Prevention and mitigation actions**

A prudent financial profile and conservative financial discipline:

- Solvay promotes transparent and regular discussions with leading rating agencies.

**Strong liquidity reserves:**

- As of the end of 2017, the Group has €1.1 billion in cash and equivalents (namely, other current financial instruments), as well as €3.0 billion of committed credit facilities (a multilateral revolving credit facility of €2.0 billion, and an additional €1.0 billion from bilateral revolving credit facilities with key international banking partners).
- The Group has access to a Belgian Treasury Bill program for €1 billion, and alternatively, to a US commercial paper program for US$500 million.

**Currency hedging policy:**

- Solvay monitors the foreign exchange market closely and takes hedging measures, principally for terms shorter than one year and generally not exceeding 18 months.

**Interest rate hedging policy:**

- The Group locks in the majority of its net indebtedness at fixed interest rates. Solvay monitors the interest rate market closely and enters into interest rate swaps whenever they are deemed appropriate.

**Monitoring of Group counterparties’ ratings:**

- For its treasury activities, Solvay works with banking institutions of the highest creditworthiness (selection based on major rating systems) and minimizes the concentration of risk by limiting its exposure to each of these banks to a certain threshold.
For its commercial activities, Solvay's external customer risk and cash collection are monitored by a strong network of credit managers and cash collectors located in the Group's various operating regions and countries. Their controls are supported by a set of detailed procedures and managed through Corporate and GBU Credit Committees. These loss mitigation measures have led, over the past few years, to a record low rate of customer defaults.

Pension governance and pension plan optimization:

- Pension governance: Solvay has set guidelines for maximizing its influence over local pension fund decisions within the limits provided by domestic laws,
- Pension plan optimization: reducing the Group's exposure to defined-benefit plans by either converting existing plans into pension plans with a lower risk profile for future services or closing them to new entrants,
- A global ALM (Asset Liability Management) analysis of the Group's pension plans, representing about 90% of the Group's gross or net pension obligations, is performed every three years to identify and manage corresponding risks on a global basis.

Control processes for tax regulation compliance and transfer pricing policies:

- Control processes for tax regulation compliance include monitoring procedures and systems, thorough internal reviews, and audits performed by reputable external consultants,
- Transfer pricing policies, procedures and controls are aimed at meeting the requirements of the authorities,
- Solvay's Tax department pays close attention to the correct interpretation and application of new tax rules to avoid future litigation.

2017 main actions:

- Early repayment of ~€360 m of expensive bonds maturing in the next years and of €1.1 billion bonds maturing in 2017,
- Refinancing of the multilateral credit facility of €2 bn,
- Refinancing of the shareholders loans of the 50/50 Saudi joint venture with Sadara for €265 m (100%),
- Issuance of a new global statement of investment principles addressed to our Pension Trustees worldwide and applicable to the Group's Pension related assets,
- Deployment of a Guarantee management tool group-wide allowing for a comprehensive inventory of outstanding guarantees across entities, enhancing visibility and control as well as facilitating appropriate management.

Occupational diseases and pandemic risk
Description

Work-related diseases recognized as resulting from exposure to occupational hazards, with generally repeated exposure.

Prevention and mitigation actions

- A strong worldwide program monitors occupational disease and performs a comprehensive assessment of compliance with occupational hygiene standards,
- Definition of conservative exposure limits, with a specific focus on nano-materials, and SVHCs and health-related applications of Solvay products,
- Advanced risk-based medical surveillance,
- Global pandemic preparedness plan covering all plants and businesses.

Environmental risk
Description

Managing or remediating historical soil contamination at a number of sites and complying with future changes in environmental legislation.

Prevention and mitigation actions

- ISO 14001 or equivalent integrated HSE management systems implemented at all manufacturing sites,
- Policies and risk control programs applied in all production units,
- Sites with a history of soil contamination carefully monitored and managed,
- Risk characterization approach rolled out at every affected site,
- Local regulatory monitoring.

IT risk
Description

Inability to ensure continuity of services or to provide information services adapted to the needs of the business.

Prevention and mitigation actions

- Dedicated data network and regional internet gateways managed by trusted service providers,
- Annual IT audit program to ensure compliance with the information system security policies.
IMPORTANT LITIGATION

With its variety of activities and its geographic distribution, the Solvay Group is exposed to legal risks, particularly in the areas of product liability, contractual relations, antitrust laws, patent disputes, tax assessments, and HSE matters. In this context, litigation cannot be avoided and is sometimes necessary so as to defend the rights and interests of the Group.

The outcome of proceedings cannot be predicted with certainty. It is therefore possible that adverse final court decisions or arbitration awards could lead to liabilities (and expenses) that are not covered or not fully covered by provisions or insurance, and that could have a material impact on the revenues and earnings of the Group.

Ongoing legal proceedings involving the Solvay Group that are currently considered to involve significant risks are outlined below. The legal proceedings described below do not constitute an exhaustive list.

The fact that litigation proceedings are reported below is unrelated to the merits of the cases. In all the cases cited below, Solvay is defending itself vigorously and believes in the merits of its defenses.

For certain cases, Solvay has created reserves/provisions in accordance with the accounting rules to cover financial risk and defense costs (see “Provisions for litigation to the consolidated financial statements” of the present document).

Antitrust proceedings

In 2006, the European Commission imposed fines against Solvay (including Ausimont SpA, acquired by Solvay in 2002) for alleged breaches of competition rules in the peroxygens market for which Solvay was fined.

Joint civil lawsuits were filed before the Court of Dortmund (Germany) in 2009 against Solvay and other manufacturers based on an alleged antitrust violation, claiming damages from the manufacturers on a joint and several basis. The value of the claims reduced after several settlements is worth €63 million (excluding interest) after settlements were reached between the plaintiff and most of the defendants. Several questions on the jurisdiction of the Court of Dortmund have been submitted to the European Court of Justice, and proceedings before the Court of Dortmund are pending.

In Brazil, Solvay is facing administrative claims related to alleged cartel activities in various markets. CADE (the Brazilian antitrust authority) issued fines against Solvay and others in May 2012 relating to Hydrogen Peroxide activity and in February 2016 related to perborate activity (Solvay’s shares of these fines amount to €29.6 million and €3.99 million respectively). Solvay has filed a claim contesting these administrative fines before the Brazilian Federal Court.

HSE-related proceedings

In October 2009, the public prosecutor of the Criminal Court of Alessandria (Italy) charged several individuals (including employees and former employees of Solvay and Ausimont SpA, now Solvay Specialty Polymers Italy) in relation to alleged criminal violations of environmental laws and public health legislation. The provisional claims of civil parties admitted to the trial amounted to about €105 million.

In December 2015 the Assize Court of Alessandria sentenced three local Solvay managers to imprisonment and awarded civil damages of around €400k. This judgment was appealed and is currently pending.

As of the end of 2016, 17 civil proceedings have been brought before the Civil Court of Livorno (Italy) by past workers and relatives of deceased workers at the Rosignano site seeking damages (provisionally quantified at €9 million) in relation to diseases allegedly caused by exposure to asbestos. Three of the 17 proceedings have been dismissed so far.

Pharmaceutical activities (discontinued)

In the context of the sale of the pharmaceutical activities in February 2010, the contractual arrangements have defined terms and conditions for the allocation and sharing of liability arising out of the activities before the sale.

Subject to limited exceptions, Solvay’s exposure for indemnifications to Abbott for liabilities arising out of sold activities is limited to an aggregate amount representing €500 million and is limited in duration.

This includes indemnification against certain potential liabilities for the US Qui Tam litigation focusing on promotional and marketing practices that allegedly influenced sales of the drugs ACEON®, LUVOX®, and ANDROGEL®, and more recently filed testosterone replacement therapy (TRT) litigation also focusing on the drug ANDROGEL®. These claims are proceeding at varying rates of resolution.