Corporate Governance Statement

1. Introduction

Solvay SA – headquartered in Belgium – is committed to the highest governance principles and seeks to consistently enhance corporate governance performance, emphasizing transparency and promoting a sustainable culture of long-term value creation.

Solvay’s governance bodies are responsible for the Group’s long-term approach, pursuing the vision of Solvay’s founder, and implementing the Group’s strategy. The Board of Directors is entrusted with steering Solvay’s development strategy while advising the Executive Committee, which oversees its business operations.

This Corporate Governance Statement applies the recommendations of the 2009 Belgian Corporate Governance Code’s “comply or explain” principle. It includes information on Solvay’s share capital, shareholders and investor relations, governance bodies, Compensation report, risk and internal control, and external auditor.

The Board of Directors of Solvay adopted a Corporate Governance Charter (the “Charter”) on December 13, 2016. The Charter is available on Solvay’s website and describes the main aspects of the Solvay Group’s corporate governance, including its governance structure and the internal rules of the Board of Directors, the Executive Committee, and other committees set up by the Board of Directors.

In accordance with this principle, none of the rules described in this Corporate Governance Statement depart from the 2009 Belgian Corporate Governance Code.

2. Capital, Shares and Shareholders

2.1. Capital

Solvay’s capital amounts to €1,588,146,240 and comprises 105,876,416 issued shares. No changes were made to the Company’s capital in 2018.

2.2. Solvay Shares

Solvay (SOLB.BE) is listed on Euronext Brussels, its primary listing stock exchange. Solvay has a secondary listing on Euronext Paris. Solvay shares are also traded over the counter (OTC) as a Level 1 sponsored American Depository Receipt (ADR) through Citibank, as of October 1, 2016.

Solvay’s stock is a constituent of the BEL20, the main Belgian index. In September 14, 2018 it became part of the Next20 index following the exit from the CAC40 index. The Group is still considered to be the largest (specialty) chemicals company on the Paris stock exchange. Solvay shares are part of other major indexes including the BEL Chemicals, STOXX family (DJ STOXX and DJ Euro STOXX), MSCI index, Euronext 100, Dow Jones Sustainability TM World Index, and FTSE4Good Index.

During 2018, the average share price was €110.07 while the 52-week range was €85.44 – €120.65 per share. Average daily trading volume as reported by Euronext was 277,313 shares in 2018, compared to 245,621 shares in 2017.
2.3. Shareholders

2.3.1. Shareholder Structure

The chart below represents Solvay's shareholder structure as of December 31, 2018, based on the notifications made by its shareholders. These transparency notifications are required by Belgian law or pursuant to Solvay's bylaws, when the shareholding crosses the thresholds of 3%, 7.5% or any multiple of 5%.

![Shareholder structure chart](chart)

Solvay received the following declarations in 2018:

- Solvac SA gave notice that it held 30.71% of Solvay's share capital on December 31, 2018;
- Solvay Stock Option Management SPRL notified Solvay, through Solvac SA, that its shareholding amounted to 2.72% on December 31, 2018;
- Blackrock Inc., an institutional investor, gave notice on October 2, 2018, that it holds a 3.40% interest.

The remaining shares for approximately 63% are thereby held by institutional and retail shareholders, with an individual shareholding not exceeding 3%.

At the Ordinary Shareholders’ Meeting held on Tuesday, May 8, 2018, shares were deposited and votes casted in respect of 63.94% of Solvac SA’s capital.

Solvay's major shareholder is Solvac SA, which holds more than 30% of Solvay's share capital. Solvac SA is a public limited liability company established under Belgian law, founded in 1983. Its assets consist exclusively of the Solvac shares, thereby contributing to the anchorage of Solvay.

Solvac’s CEO, Bernard de Llaguiche, is a non-independent and non-executive director on Solvay's Board of Directors.

Solvac’s shares are traded on Euronext Brussels. It has approximately 14,000 shareholders. Among them, more than 2,300 persons are related to the founding families of Solvay, which combined hold approximately 77% of the Solvac shares.

**Solvay Stock Option Management**

Solvay Stock Option Management SPRL, is an indirect subsidiary of Solvay, and hold 2.72% of Solvay's capital through shares and purchase options combined. These are held as part of the Group's strategy to hedge the risk linked to stock options granted by Solvac to senior executives of the Group.

2.4. Relations with investors and analysts

Solvay facilitates an open dialog with the investment community to build long-term relationships. Following the guidelines issued by the FSMA (Belgian Financial Services and Markets Authority) it complies with disclosure obligations defined by Belgian law and contained in the Market Abuse Regulation (MAR).

Solvay provides accurate information in a transparent, timely, and meaningful manner to help the investment community understand Solvay’s business and strategy, leading to a fair valuation by the market. Extensive information about Solvay’s business operations, strategy, and financial performance may be found in a wide variety of regulatory and other publications, such as the Annual Integrated report, financial reports and press releases, as well as on the company's website (www.solvay.com). The website was fully revamped in 2018.

The investor relations team is readily accessible by the investment community via email or phone throughout the year. Executive Committee members and the investor relations team also directly interact with various members of the investment community throughout the year via roadshows and investor conferences.

During our last Investor Update in September, the Executive Committee members communicated the updated Solvay portfolio and illustrated the key markets and main levers that will enable the Group to deliver superior and sustainable value growth.

2.4.1. Interactions with Solvac and Solvay founding families

Solvay has regular meetings with its major shareholder Solvac. It presents to the Solvac Board and participates to events organized by the founding family shareholders. All these interactions are based on public information and new presentation material is shared on Solvay’s website.

In 2018 Solvac management representatives participated at three Solvac board meetings and participated to five events organized by Solvay’s founding families.
2.4.2. Interactions with institutional investors

Solvay undertakes specific actions to interact with institutional investors. Roadshows are organized with Executive Committee members and investor relations representatives. They attend investor conferences around the world. The resulting face-to-face interactions enable dialog with the investment community on Solvay’s strategy and business performance.

In 2018, Solvay participated in 59 events (among which 26 interactions with Executive Committee members), including roadshows and conferences in 18 countries across Europe, America and Asia, as well as reverse roadshows at Solvay’s offices. This resulted in 80 individual meetings. Solvay also hosted a site visit to its research center in Shanghai, China.

2.4.3. Interactions with sell-side analysts

Solvay is covered by 20 sell-side analysts who publish active research on the stock. The up-to-date list of covering analysts can be found on Solvay’s website. The sell-side analysts are an essential tool in communicating the information on Solvay to the investor community.

Besides the regular individual meetings, emails, phone contacts, Solvay organizes quarterly conference calls between Executive Committee members and the sell-side analysts base following the Group’s results publication. Although specifically geared to analysts, these conference calls are accessible live to all investors and available through replay or transcript on Solvay’s website afterwards. Twice a year, following full and half year results, Solvay also sets up face-to-face meetings in London and Brussels.

2.4.4. Interactions with individual investors

Every shareholder has access to clear, comprehensive, transparent information tailored to his or her individual needs through Solvay’s Investors’ Club, or through direct contacts with the investor relations team. In addition, Solvay’s Registered Share Management Service (shareholders@solvay.com) responds to all queries and requests for information and services. In 2018 Solvay participated in two investor events in Belgium (in Brussels and Antwerp).

Solvay also engages with private banks, regularly interacting with their analysts and occasionally participates in their events.
3. Board of Directors and Board Committees

The Charter defines the role and mission, functioning, size, composition, training, and evaluation of the Board of Directors. The internal rules of the Board of Directors are attached to the Charter.

3.1. Board of Directors

3.1.1. Structure and composition

As at December 31, 2018, the Board was composed of 16 Directors:

- 15 of the 16 directors on the Board are non-executive;
- 12 of the 16 directors have been recognized as independent by the Ordinary Shareholders’ Meeting, according to the criteria defined by the Belgian law and further refined by the Board of Directors;
- Directors represent seven different nationalities; and
- 37.5% are women.

Board meeting attendance is high: 96.87%

- The mandates of Ms. Rosemary Thorne and Mr. Gilles Michel were renewed for a four-year term at the Ordinary Shareholders’ Meeting of May 8, 2018. These mandates will expire at the end of the Ordinary Shareholders’ Meeting to be held in May 2022;
- Mr. Denis Solvay and Mr. Bernhard Scheuble left the Board at the Ordinary Shareholders’ Meeting of May 8, 2018, and have been replaced by respectively Mr. Philippe Tournay and Mr. Matti Lievonen, who were appointed as Board members for a four-year term;
- Their mandate will expire at the end of the Ordinary Shareholders’ Meeting to be held in May 2022;
- The Board of Directors has appointed Ms. Ilham Kadri as Board member in replacement of Mr. Jean-Pierre Clamadieu, who has announced he will step down on March 1, 2019. Ms. Ilham Kadri will complete the mandate of Mr. Jean-Pierre Clamadieu according to article 16 of the Solvay By Law until the Ordinary Shareholders’ Meeting of 2021.

At the end of the Ordinary Shareholders’ Meeting of Tuesday, May 14, 2019, the following mandates will expire:

- Mr. Yves-Thibault de Silguy will leave the Board, as he has reached the age limit;
- Mr. Charles Casimir-Lambert; and
- Ms. Marjan Oudeman.

At the same Ordinary Shareholders’ Meeting of Tuesday May 14, 2019, it will be proposed:

- To renew the mandates of Mr. Charles Casimir-Lambert and Ms. Marjan Oudeman for a new term of four years;
- Not to replace Mr. Yves-Thibault de Silguy and to change the composition of the Board from 16 to 15 members; and
- To confirm the appointment of Ms. Ilham Kadri as Director in replacement of Mr. Jean-Pierre Clamadieu. She will complete Jean-Pierre Clamadieu’s mandate according to article 16 of the Solvay Bylaws. Her mandate will end at the Shareholders’ Meeting of May 2021.

### Year of first appointment

<table>
<thead>
<tr>
<th>Nicolas Boël</th>
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<tbody>
<tr>
<td>Belgian</td>
</tr>
<tr>
<td>Non Independent Director</td>
</tr>
<tr>
<td>1998</td>
</tr>
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</table>

### Presence at Board meetings in 2018

- 10/10

### Born in: 1962

**Solvay SA mandates:** Chairman of the Board of Directors, Chairman of the Finance Committee and Chairman of the Compensation Committee, Member of the Nomination Committee

**Directorship expiry date:** 2021

**Diplomas:** MA in Economics (Université catholique de Louvain, Belgium), Master of Business Administration (College of William and Mary, Virginia, US)

**Activities outside Solvay:** Director of Sofina
Jean-Pierre Clamadieu
French
Non independent Director

- **Year of first appointment**: 2012
- **Presence at Board meetings in 2018**: 9/10

**Born in:** 1958

**Solvay SA mandates:** Chairman of the Executive Committee and CEO, Director and Member of the Finance Committee

**Directorship expiry date:** 2019

**Diplomas:** Engineering degree from the École des Mines (Paris, France).

**Activities outside Solvay:** Director of Axa, Airbus. Chairman of Cytec Industries Inc., Chairman of Engie SA, Chairman of the Opéra de Paris

Bernard de Laguiche
French/Brazilian
Non independent Director

- **Year of first appointment**: 2006
- **Presence at Board meetings in 2018**: 10/10

**Born in:** 1959

**Solvay SA mandates:** Member of the Executive Committee until September 30, 2013, Director, Member of the Finance Committee and Member of the Audit Committee since May 13, 2014

**Directorship expiry date:** 2021

**Diplomas:** MA in Economics and Business Administration, HSG (Universität St. Gallen, Switzerland). MBA in Agribusiness, University of São Paulo (USP ESALQ)

**Activities outside Solvay:** Managing Director of Solvac SA, Chairman of the Board of Peroxidos do Brazil Ltda, Curitiba (Brazil), Board member of Le Pain Quotidien Brasil Ltda, Sao Paulo and Luxembourg, Founder and President of Grupo Ortus SA, Curitiba (Brazil), President of Agro Mercantil Vila Rica Ltda, Parana (Brazil).

Jean-Marie Solvay
Belgian
Non independent Director

- **Year of first appointment**: 1991
- **Presence at Board meetings in 2018**: 10/10

**Born in:** 1956

**Solvay SA mandates:** Director, Member of the Innovation Board, Member of the Compensation and Nomination Committees since March 2018

**Directorship expiry date:** 2020

**Diplomas:** Advanced Management Programme – Insead.

**Activities outside Solvay:** Chairman of the Board of the International Solvay Institutes. Member of the Board of the Innovation Fund, Brussels. CEO of Albrecht RE Immobilien GmbH & Co. KG., Berlin (Germany)

(1) Employed full time by the Solvay Group.
Denis Solvay
Belgian
Non independent Director
➢ 1997
 ☐ 3/4
Left the Board at the AGM of May 8, 2018

Born in: 1957
Solvay SA mandates: Director, Member of the Compensation and Nomination Committees
Directorship expiry date: 2018

Prof. Dr. Bernhard Scheuble
German
Independent Director
➢ 2006
 ☐ 4/4
Left the Board at the AGM of May 8, 2018

Born in: 1953
Solvay SA mandates: Independent Director, Chairman of the Audit Committee
Directorship expiry date: 2018

Diplomas: Business engineering – Solvay Business School (Université Libre de Bruxelles, Belgium).
Activities outside Solvay: Abelag Holding, SA. Voluntary Director of the Healthcare Institute ANBCT and Queen Elisabeth Music Chapel

Charles Casimir-Lambert
Belgian
Independent Director
➢ 2007 ☐ 10/10

Born in: 1967
Solvay SA mandates: Independent Director, Member of the Audit Committee
Directorship expiry date: 2019

Diplomas: MBA Columbia Business School (New York, USA)/London Business School (London, UK), Master’s degree (lic.oec.HSG) in Economics, Management and Finance (Universität St. Gallen, Switzerland).
Activities outside Solvay: Management of family’s global interests.
Hervé Coppens d’Eeckenbrugge
Belgian
Independent Director
2009 9/10

Born in: 1957
Solvay SA mandates: Independent Director, Member of the Finance and Audit Committees
Directorship expiry date: 2021

Diplomas: MA in Law from the Université catholique de Louvain (Belgium), Diploma in Economics and Business, ICHEC (Belgium)
Activities outside Solvay: Until June 30, 2013 Group Director Petercam SA, Director of Vital Renewable Energy Company LLC (Delaware), Independent Director, ViSONARITY AG (Basel, Switzerland) until April 2018.

Yves-Thibault de Silguy
French
Independent Director
2010 10/10

Born in: 1948
Solvay SA mandates: Independent Director, Member of the Compensation Committee and Chairman of the Nomination Committee, Member of the Finance Committee
Directorship expiry date: 2019

Diplomas: MA in Law from the Université de Rennes (France), DES in public law from Université de Paris I (France), graduate of the Institut d'Études Politiques de Paris and the École Nationale d'Administration (France)
Activities outside Solvay: Former European Commissioner of the Economics, Monetary and Financial Affairs (1995-1999), Director and Vice-Chairman of the Board of the Vinci Group, Director of LVMH, Chairman of the Supervisory Board of Sofisport (France), Director of VTB bank (Moscow, Russia), and Chairman of YTScourapconsultants

Evelyn du Monceau
Belgian
Independent Director
2010 10/10

Born in: 1950
Solvay SA mandates: Independent Director, Member of the Compensation and Nomination Committees
Directorship expiry date: 2021

Diplomas: MA in Applied Economics from the Université catholique de Louvain (Belgium).
Activities outside Solvay: Chair of the Board and Chair of the Governance Nomination and Compensation Committees of UCB SA, Member of the Board of Directors of La Financière de Tubize SA, Member of the Corporate Governance Commission.
### Françoise de Viron
Belgian Independent Director

- **Year of first appointment**: 2013
- **Presence at Board meetings in 2018**: 9/10
- **Born in**: 1955
- **Solvay SA mandates**: Independent Director, Member of the Compensation and Nomination Committees
- **Directorship expiry date**: 2021
- **Diplomas**: Doctorate of Science (Université catholique de Louvain, Belgium), Master in Sociology (Université catholique de Louvain, Belgium)
- **Activities outside Solvay**: Professor at the Faculty of Psychology and Education Sciences and Louvain School of Management (Université catholique de Louvain, Belgium), Academic Member for Center in Research Entrepreneurial Change and Innovative Strategies, and of the Interdisciplinary Group for Research in Socialization, Education and Training, of the Interdisciplinary Research Group in Adult Education at the Université Catholique de Louvain (Belgium). Chairman and Director of AISBL EUCEN – the European Universities Continuing Education network.

### Amparo Moraleda Martinez
Spanish Independent Director

- **Year of first appointment**: 2013
- **Presence at Board meetings in 2018**: 10/10
- **Born in**: 1964
- **Solvay SA mandates**: Independent Director, Member of the Compensation and Nomination Committees
- **Directorship expiry date**: 2021
- **Diplomas**: Degree in Industrial Engineering, ICAI (Universidad Pontifica Comillas, Spain) PDG, IESE Business School (Universidad de Navarra, Spain)
- **Activities outside Solvay**: Former General Manager of IBM Spain, Portugal, Greece, Israel and Turkey Former Chief Operating Officer, International Division (Spain) and Acting CEO, Scottish Power (UK) part of Iberdrola Group. Member of the Boards of the following listed companies: Airbus SE (The Netherlands), Faurecia (until oct.2017) (France), Caixabank SA (Spain), Vodafone plc (UK). Member of the Consejo rector de Consejo Superior of Investigaciones Cientificas. Member of the Spanish Royal Academy of Economics and Financial Sciences

### Rosemary Thorne
British Independent Director

- **Year of first appointment**: 2014
- **Presence at Board meetings in 2018**: 10/10
- **Born in**: 1952
- **Solvay SA mandates**: Independent Director, Member of the Audit Committee (Chairman since May 2018)
- **Directorship expiry date**: 2022
- **Diplomas**: Honours Degree in Mathematics and Economics from the University of Warwick (UK). Fellow of the Chartered Institute of Management Accountants FCMA and CGMA. Fellow of the Association of Corporate Treasurers FCT.
- **Activities outside Solvay**: Former Chief Financial Officer of J. Sainsbury, Bradford & Bingley, and Ladbrokees (UK). Member of the Board and Chair of Audit Committee of Merrill Lynch International (UK). Former Independent Director of Royal Mail Group, Cadbury Schweppes, Santander UK, First Global Trust Bank (UK) and Smurfit Kappa Group (Ireland).
<table>
<thead>
<tr>
<th>Year of first appointment</th>
<th>Presence at Board meetings in 2018</th>
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<tbody>
<tr>
<td>Gilles Michel</td>
<td>2014</td>
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<td>Marjan Oudeman</td>
<td>2015</td>
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<td>Agnès Lemarchand</td>
<td>2017</td>
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<table>
<thead>
<tr>
<th>Born in</th>
<th>Solvay SA mandates</th>
<th>Diplomas</th>
<th>Activities outside Solvay</th>
</tr>
</thead>
<tbody>
<tr>
<td>1956</td>
<td>Independent Director, Member of the Finance Committee, Member of the Compensation and Nomination Committees since March 2018</td>
<td>École Polytechnique (France). École Nationale de la Statistique et de l'Administration Économique (ENSAE) (France). Institut d'Études Politiques (IEP).</td>
<td>Former CEO Ceramics &amp; Plastics, Saint-Gobain, France. Former member of the Management Board, PSA, France. Former CEO, Fonds stratégique d'Investissement (FSI), France. Former Chairman &amp; CEO, Imerys, France (listed); non executive Chairman of the Board. Independent Director IB, Valeo ; Independent Director.</td>
</tr>
<tr>
<td>1958</td>
<td>Independent Director, Member of the Audit Committee since May 12, 2015</td>
<td>Law degree, Rijksuniversiteit Groningen (the Netherlands). Masters Degree in Business Administration, Simon E. Business School, University of Rochester (New York, USA), and Erasmus Universiteit Rotterdam (the Netherlands).</td>
<td>Former member of the Board of Exco, Tata Steel and Akzo Nobel. Former executive President of Utrecht University. Former member of the Board of Statoil ASA (now known as Equinor ASA), ABN Amro, Chairman of the Board of Ronald McDonald Children's Fund. Member of the Supervisory Board of the Rijksmuseum, the Netherlands. Member of the Supervisory Board of Aalberts Industries NV and SHV Holding NV. Board member of UPM-Kymmene Corporation and PJSC Novolipetsk steel.</td>
</tr>
<tr>
<td>1954</td>
<td>Independent Director, Member of the Audit Committee</td>
<td>École Nationale Supérieure de Chimie de Paris (France), Chemical engineering degree from MIT (Boston, US), MBA degree from INSEAD.</td>
<td>Former CEO IBFbiotechnics, Rhône-Poulenc (France). Former CEO Prodigal, Ciments-Français, (France). Former CEO Lime Division, Lafarge (France). Former Executive Chairman of Steetley Dolomite Ltd (UK). Independent Director of the following listed companies : CGG Veritas (until Oct 2017) (USA/France), Compagnie de Saint-Gobain (France), BioMérieux (France).</td>
</tr>
</tbody>
</table>
Matti Lievonen
Finnish
Independent Director

Born in: 1958
Solvay SA mandates: Independent Director
Directorship expiry date: 2022
Diplomas: BscEng, Electrical Engineering, Kuopio Institute of Technology, Finland eMBA, Helsinki University of Technology, Finland
Activities outside Solvay: Neste Corporation, Chairman & CEO until 1st November 2018, CET member (Finland), Chairman of the Board of Fortum Board, SSAB, Board Member, Vice Chairman (Sweden) until 2018, Member of the Board of Nynäs AB, Ilmarinen, Supervisory Board Member (Finland), HE Finnish Fair Foundation, Member of the Board

Philippe Tournay
Belgian
Independent Director

Born in: 1959
Solvay SA mandates: Independent Director
Directorship expiry date: 2022
Diploma: MA in economics LSM-UCL (Université Catholique de Louvain, Belgium)
Activities outside Solvay: Presa SA Owner & Managing Director (since 2003), Fondation Tournay Solvay, Vice Chairman (since 2007)
3.1.2. Functioning of the Board of Directors

In 2018, the Board held eight meetings. Each director’s attendance is shown in the table in section 3.1.1. Structure and composition.

The Board of Directors’ discussions, reviews, and decisions focused on the annual review of Group strategy, strategic projects (acquisitions, divestments, capital expenditures, etc.), quarterly financial reporting, approving quarterly financial statements and proposing a dividend to the AGM, Board Committees reports, corporate social responsibility and sustainability policy, risk management, compensation policy and the long-term incentive plan, Board and management succession planning, intragroup restructuring, and the reports and resolution proposals to the General Meeting.

In particular, the year 2018 was marked by the management succession process initiated by the Board of Directors and led by the Nomination Committee, with strong external support. A sub-committee called the "Search Committee" was established to be in charge of the day-to-day process. The sub-committee comprised of 3 members. The rigorous assessment, development and selection process involved:

- Definition of the CEO profile and skills based on the Group strategy and future challenges;
- Identification of internal and external candidates;
- External assessment of all candidates;
- Multiple interactions with the Board of Directors; and
- A unanimous decision by the Board of Directors and announcement on October 9 of the new CEO, Ms. Ilham Kadri. In reaching its decision, the Board considered Ms. Ilham Kadri to be the ideal candidate in light of her knowledge of Solvay’s strategic markets, strong customer-focused mindset, her capacities to build a galvanizing vision to accelerate Solvay’s cultural transformation and unleash its growth potential.

There were no transactions or contractual relationships in 2018 between the Group and its Board members giving rise to conflicts of interest.

3.1.3. Evaluation

In 2016, the Board of Directors hired an independent third party to conduct an evaluation and advise it on how it can better follow best practices. Evaluations of this kind are made every two to three years and focus primarily on Board composition, how it functions, disclosures and interactions with executive management, and the composition and functioning of the Committees it creates. Board members were invited to provide input on these points during questionnaire-based interviews by an external consultant (Spencer Stuart).

In light of the focus on succession planning during 2018 and the appointment of a new CEO, the Nomination Committee considered it important to start the Board performance evaluation process in early 2019. Key areas for improvement identified and the progress that has been observed will be presented in next year’s report.

As announced, the Board of Directors launched the following evaluation process at the end of 2018.

3.1.4. Training

In 2018, a number of key executives made presentations to the Board on strategy, business and functional topics, making sure the Board stays familiar with and informed on topics that are relevant and important for the Group, even though they do not require immediate decisions.

The Board of Directors visited the industrial and research sites at: Tavaux and Research and Innovation Center Lyon (France). This trip gave the Board members the opportunity to meet local operational teams and come face to face with the reality of the sites’ business and industrial conditions.

Every year the Board dedicated a specific session to an update on trends in global sustainable development issues (including climate change risks and opportunities) that impact the Group, its actions, and its performance – including progress on Solvay’s five priorities, ratings by sustainable rating agencies, the Solvay Way, and the Integrated Report. This year the session focused on the changing context of sustainability (IPCC Report 2018 and the Science Based Target Initiatives).

The Board of Directors specifically endorsed the new objective for absolute reduction of greenhouse gas emissions (1 MT by 2025 compared to 2017 at constant scope). It was also kept up to date with a review of priorities for 2019, including the deployment of the Group’s Climate Plan, the launch of circular economy projects, and the deployment of Solvay Way 3.0.

3.2. Board committees

The Board of Directors has set up the following permanent Committees: Audit Committee, Finance Committee, Compensation Committee, and Nominations Committee.

The terms of all the various Committee members expired on May 8, 2018.

The Board reviewed in 2018 the composition and renewed the terms of the various Committees for a two-year period starting on May 8, 2018, and ending on the date of the Ordinary Shareholders’ Meeting in 2020.

As of December 31, 2018, the composition of the four Board committees 2018 was as follows:
The composition, role, responsibilities, and procedures of these four Board Committees are described in the internal rules described in the Governance Charter.

3.2.1. The Audit Committee

Composition:
- All members are non-executive directors, a majority of whom are independent;
- The members must fulfill the competency criterion by virtue of the training and the experience they gained in previous functions (see section 3.1.1. regarding the composition of the Board of Directors);
- The secretary is a member of the Group’s internal legal department.

Meetings:
- Six in 2018, including four before the Board meetings scheduled to consider the publication of periodic results (quarterly, semiannual and annual);
- Meeting attendance was 94.4%.

Activities:
- Review and consider reports from the Chief Financial Officer, the head of the Group Internal Audit, and the auditor in charge of the external audit (Deloitte, represented by Mr. Michel Denayer);
- During the period under review, the Audit Committee reviewed the independence and effectiveness of the external auditor, Deloitte. Considering the recent audit partner rotation as well as evaluating the proposals brought forward to the Audit Committee, the Board, upon the recommendation from the Audit Committee is recommending that Deloitte's mandate be renewed for another year at the General Shareholders' Meeting of 2019;
- Examine the quarterly report by the Group General Counsel on significant ongoing legal disputes and reports on tax and intellectual property disputes;
- Meet with the auditor in charge of the external audit whenever such a meeting is deemed useful;
- Meet once a year with the Chairman of the Executive Committee and CEO (Mr. Jean-Pierre Clamadieu); all other Board members are invited on that occasion to discuss the major risks facing the Group;
- Monitor and assess risk exposure as well as the effectiveness of internal controls and mitigation plans.

3.2.2. The Finance Committee

Composition:
- Six members;
- Mr. Karim Hajjar (Executive Committee member and CFO) is invited to attend the Finance Committee meetings;
- The Secretary is Mr. Michel Defourny, Group Corporate Secretary.
Meetings:
- This Committee met four times in 2018;
- Meeting attendance was 100%.

Activities:
- Gives an opinion on financial matters such as the amounts of the interim and final dividends, the levels conditions and currencies of indebtedness, monitoring the credit strength of the Group’s balance sheet, hedging foreign exchange and risks, the hedging policy for the long-term incentive plans, the content of financial communication, and financing major investments;
- Finalizes the preparation of the press releases announcing results;
- When called upon, it gives opinions on Board policies on the above matters;
- Makes all recommendations to the Board of Directors.

3.2.3. The Compensation Committee

Composition:
- The majority of members are non-executive independent directors;
- The Compensation Committee has the expertise necessary to perform its mission;
- The Chairman of the Executive Committee is invited to each meeting, except in the case of matters that concern him personally;
- The Secretary is Mr. Michel Defourny, Group Corporate Secretary.

Meetings:
- Meetings are prepared by the Group General Manager Human Resources, who attends the meetings;
- Three meetings were held in 2018;
- Meeting attendance was 100 %.

Activities:
The Compensation Committee fulfills the duties imposed on it by Article 526 quarter section 5 of the Companies Code. It advises the Board of Directors on:
- The Company’s compensation policy and principles;
- The compensation levels for members of the Board of Directors and the Executive Committee;
- The Chairman of the Executive Committee’s compensation, short-term incentives and long-term incentives, and performance assessment;
- The determination of the new CEO’s compensation package, including short-and-long term incentives;
- The allocation of long-term incentives (performance share units and stock options) to the Company’s senior management.

It prepares the annual compensation report for the Corporate Governance Statement and receives a yearly report about the compensation of General Management.

3.2.4. The Nominations Committee

Composition:
- The majority of members are non-executive independent directors;
- The Chairman of the Executive Committee is invited to meetings, except in the case of matters that concern him personally;
- The Secretary is Mr. Michel Defourny, Group Corporate Secretary.

Meetings:
- Seven meetings were held in 2018;
- Meeting attendance was 94.7%.

Activities:
The Nominations Committee gives its opinion on appointments to the Board of Directors (chairman, new members, renewals, and committees), to Executive Committee positions (chairmanship and members), and to general management positions.

In 2018, the Nominations Committee focused its activity on the CEO succession process with the help of a specialized external international consultant. The board decided to set up an ad hoc committee called the “Search Committee” (3 members), in charge of the day-to-day process (14 meetings, 100% attendance). In addition, the Nominations Committee reviewed the current composition of the Board, keeping in mind the overall tenure as well as the skills required on the Board to drive Solvay’s long-term strategy. To this end, the Nominations Committee considered that the current composition of the Board was sufficiently refreshed over the recent years through the addition of new Board members with skills relevant for Solvay.

The process involved:
- Definition of the CEO profile based on Group strategy and future challenges;
- Identification of internal and external candidates;
- External assessment of all candidates;
- Multiple interactions with the Board of Directors; and
- A decision by the Board of Directors and announcement of the new CEO on October 9.
4. **Executive Committee**

The role, responsibilities, composition, procedures and evaluation of the Executive Committee are described in detail in the Charter. In addition, the internal rules of the Executive Committee are attached to the Charter.

As at December 31, 2018, the Executive Committee was composed of the following seven members.

<table>
<thead>
<tr>
<th>Name</th>
<th>Nationality</th>
<th>Year of first appointment</th>
<th>Presence at meetings in 2018</th>
<th>Born in</th>
<th>Term of office ends</th>
<th>Diplomas and main Solvay activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jean-Pierre Clamadieu</td>
<td>French</td>
<td>2011</td>
<td>13/13</td>
<td>1958</td>
<td>2019</td>
<td>Engineering degree from the École des Mines (Paris, France). Chairman of the Executive Committee and CEO.</td>
</tr>
<tr>
<td>Vincent De Cuyper</td>
<td>Belgian</td>
<td>2006</td>
<td>13/13</td>
<td>1961</td>
<td>2020</td>
<td>Chemical engineering degree (Catholic University of Louvain, Master's in Industrial Management (Catholic University of Leuven), AMP Harvard Executive Committee member.</td>
</tr>
</tbody>
</table>
Roger Kearns
American
Year of first appointment 2008
Presence at meetings in 2018 05/05
Born in: 1963
Term of office ends: 2018
Leaves the Group in March 2018
Diplomas and main Solvay activities: Bachelor of Science – Engineering Arts (Georgetown College, Georgetown), Bachelor of Science – Technology, Atlanta, MBA (Stanford University). Executive Committee member.

Pascal Juéry
French
Year of first appointment 2014
Presence at meetings in 2018 13/13
Born in: 1965
Term of office ends: 2020
Diplomas and main Solvay activities: Graduate of the European Business School of Paris (ESCP, Europe). Executive Committee member.

Hua Du
Chinese
Year of first appointment 2018
Presence at meetings in 2018 9/9
Born in: 1969
Term of office ends: 2020
Diplomas and main Solvay activities: BS Chemistry (Beijing University) PhD. Organic Chemistry (University of Illinois, Urbana-Champaign), Comex member.

Cécile Tandeau de Marsac
French
Year of first appointment 2018
Presence at meetings in 2018 9/9
Born in: 1963
Term of office ends: 2020
Diplomas and main Solvay activities: Master Degree in Economics & Business Administration, Graduate from Management and Business School of Rouen, Group General Manager of Human Resources, Comex member.
During the year 2018, the following changes occurred:

- Roger Kearns left Solvay Group on March 31, 2018;
- Mr. Augusto Di Donfrancesco, Mr. Hua Du, and Ms. Cécile Tandeau de Marsac were appointed Executive Committee members for two-year terms with effect from March 1, 2018.

On October 1, 2019, the Board of Directors will renew for a two-year term the mandate of Karim Hajjar. His mandate will expire in October 2021.

For the year 2019, the following changes have been announced:

- The departure of Ms. Cécile Tandeau de Marsac in mid-2019;
- Ms. Ilham Kadri will join the Executive Committee as of January 1, 2019 (Deputy CEO) and will replace Mr. Jean-Pierre Clamadieu, who will resign on March 1, 2019.

5. Compensation report

New CEO

Solvay's Board of Directors appointed Ms. Ilham Kadri as Chairman of the Executive Committee, member of the Board of Directors and CEO of the Group, with effect from March 1, 2019. On that date, Ms. Ilham Kadri officially succeeds Mr. Jean-Pierre Clamadieu, who then relinquishes his executive duties and his mandate as director of Solvay. Ms. Ilham Kadri joined Solvay on January 1, 2019 and spent two months transitioning with Mr. Jean-Pierre Clamadieu, before taking the leadership and continuing Solvay's transformation strategy.

Shareholders engagement

Solvay continues to actively reach out to its shareholders to discuss its approach to governance, including compensation matters. This is part of the Company's ongoing shareholder engagement program, which Solvay will continue to undertake as part of its commitment to build upon this constructive dialog with its shareholders.

Following engagement with Solvay's shareholders to discuss its approach to governance, including compensation matters, Solvay increased its disclosure practices regarding its short-term and long-term incentives last year. Solvay's executive compensation policy and remuneration report, bolstered by increased disclosure, was supported by approximately 97% of its shareholders at last year’s Annual General Meeting.

The increased disclosure in this year's Compensation Report surrounding Solvay's short-term and long-term incentives reflects the input received from Solvay's shareholders. Solvay believes that these changes, together with the existing compensation practices, have resulted in a compensation structure that incentivizes the executive team to deliver sustained long-term performance in a transparent manner, and in line with the Company’s strategy, whilst ensuring that Solvay continues to uphold its key principle of rewarding the executives for performance.

In terms of Solvay's overall compensation structure, the Compensation Committee's annual review confirmed that the current pay mix and design remains appropriate, including for the new Chief Executive Officer. Accordingly, no changes to the overall structure of pay offered to Solvay's executives were considered necessary.

5.1. Governance

The compensation report for the corporate governance has been prepared by the Compensation Committee.
5.2. Board of Directors compensation

Solvay SA directors are remunerated with fixed emoluments, the common basis of which is set by the Ordinary Shareholders’ Meeting, and any complement thereto by the Board of Directors on the basis of Article 26 of the bylaws, which states that:

- “Directors shall receive emoluments payable from overhead costs; the Shareholders’ Meeting shall determine the amount and terms of payment”;
- “That decision shall stand until another decision is taken”;
- “The Board of Directors shall be authorized to grant directors with special duties (the Chairman, vice-Chairmen, directors charged with day-to-day management, members of the Executive Committee) fixed emoluments in addition to those provided for in the above paragraph”;
- “Each of the Directors responsible for day-to-day management is also entitled to variable compensation determined by the Board of Directors on the basis of their individual results and of the consolidated results of the Solvay Group”;
- “The sums referred to in the two preceding sub-sections are also paid out of overhead costs”.

5.2.1. Board of Directors individual compensation

- The Ordinary Shareholders’ Meetings of June 2005 and May 2012 (for Board attendance fee) decided to set directors’ pay, starting from the 2005 financial year, as follows:
  - an annual gross fixed compensation of €35,000 per director and additionally an individual attendance fee of €4,000 gross per Board meeting attended;
  - €4,000 gross for members of the Audit Committee and €6,000 gross for its Chairman for each meeting of the committee attended;
  - €2,500 gross per member of the Compensation Committee, Nominations Committee and Financial Committee and €4,000 gross for the chairmen of these committees for each meeting attended, on the understanding that a director sitting on both the Compensation Committee and the Nominations Committee does not receive double compensation;
  - no attendance fees for the Chairman of the Board, the Chairman of the Executive Committee and the executive directors taking part in these committees;
  - For the Chairman of the Board, the Board of Directors used its authorization under Article 26 of the bylaws to grant an additional yearly fixed compensation of €250,000 gross, unchanged since 2012, by reason of the workload and the responsibility attached to this;
  - Non-executive directors do not receive variable compensation linked to results or other performance criteria. More specifically, non-executive directors are not entitled to annual bonuses, stock options or performance share units, or to any supplemental pension scheme;
  - The Company reimburses directors’ travel and expenses for meetings and when they exercise their Board and Board Committee functions.

The Chairman of the Board is the sole non-executive director for whom the Group provides administrative support (including the provision of an office, use of the General Secretariat, and a car). The other non-executive directors receive logistical support from the General Secretariat as and when needed. The Company also provides customary insurance policies covering Board of Directors’ activities in carrying out their duties.

The Compensation Committee expects no major changes in the structure of the compensation packages for the Board Members for the next two years (2019 and 2020).
5.2.2. Amount of the compensation and other benefits granted directly or indirectly to directors (executive and non-executive) by the Company or by an affiliated company

Gross compensation and other benefits granted to directors

<table>
<thead>
<tr>
<th>In €</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total gross amount including fix fees</td>
<td>Board of Directors and Committees attendance fees</td>
</tr>
<tr>
<td>N. Boël</td>
<td>Fixed emoluments + attendance fees</td>
<td>75,000</td>
</tr>
<tr>
<td></td>
<td>“Article 26” supplement</td>
<td>250,000</td>
</tr>
<tr>
<td>D. Solvay(1)</td>
<td>33,430</td>
<td>21,000</td>
</tr>
<tr>
<td>J-P. Clamadieu</td>
<td>71,000</td>
<td>36,000</td>
</tr>
<tr>
<td>J-M. Solvay</td>
<td>92,500</td>
<td>57,500</td>
</tr>
<tr>
<td>A. Lemarchand(2)</td>
<td>83,000</td>
<td>48,000</td>
</tr>
<tr>
<td>B. de Laguiche</td>
<td>109,000</td>
<td>74,000</td>
</tr>
<tr>
<td>B. Scheuble(3)</td>
<td>46,430</td>
<td>34,000</td>
</tr>
<tr>
<td>C. Casimir-Lambert</td>
<td>99,000</td>
<td>64,000</td>
</tr>
<tr>
<td>H. Coppens d’Eeckenbrugge</td>
<td>101,000</td>
<td>66,000</td>
</tr>
<tr>
<td>E. du Monceau</td>
<td>100,000</td>
<td>65,000</td>
</tr>
<tr>
<td>Y-T. de Silguy</td>
<td>148,500</td>
<td>113,500</td>
</tr>
<tr>
<td>A. Moraleda</td>
<td>130,000</td>
<td>95,000</td>
</tr>
<tr>
<td>F. de Viron</td>
<td>93,500</td>
<td>58,500</td>
</tr>
<tr>
<td>G. Michel</td>
<td>98,500</td>
<td>63,500</td>
</tr>
<tr>
<td>R. Thorne</td>
<td>105,000</td>
<td>70,000</td>
</tr>
<tr>
<td>M. Oudeman</td>
<td>99,000</td>
<td>64,000</td>
</tr>
<tr>
<td>M. Lievonen(3)</td>
<td>42,700</td>
<td>20,000</td>
</tr>
<tr>
<td>P. Tournay(3)</td>
<td>46,700</td>
<td>24,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,824,260</strong></td>
<td><strong>1,014,000</strong></td>
</tr>
</tbody>
</table>

(1) Up to May 8, 2018.
(2) From May 9, 2017.
(3) From May 8, 2018.

5.3. Executive Committee compensation

5.3.1. Solvay compensation philosophy

Solvay’s compensation policy aims to ensure that its Executive Committee is rewarded according to its performance in contributing to Solvay’s long-term objectives of becoming a more resilient, more sustainable, and more innovative multi-specialty Group with high added value.

The Solvay Compensation Structure is designed in line with the following principles:

- Total compensation is designed to be competitive in the relevant market and sector, so as to attract, retain, and motivate the high caliber executives needed to deliver the Group’s strategy and drive business performance;
- Short-term and long-term variable compensation is tied directly to the achievement of strategic objectives to drive sustainable performance and recognize excellent results;
- Compensation decisions are compliant and equitable, and balance cost and value appropriately.

5.3.2. Compensation structure

Every year, the Compensation Committee obtains compensation data relating to the international market from Willis Towers Watson, a globally recognized compensation consultant.

Solvay’s compensation structure for its Executive Committee is designed in accordance with the “pay-for-performance” approach approved by the Board of Directors, focusing on the Company’s short-term and long-term performance. The level and structure of the compensation packages are aligned with market practices for similar functions at comparable companies.

Solvay’s frame of reference for assessing relevant competitive practice is a selection of European chemical and industrial manufacturing companies whose international operations, annual revenues, and headcount are reasonably close to its own. The Company periodically reviews the composition of this peer group to ensure that it continues to reflect Solvay’s strategic direction.
The peer group is currently composed of 17 European multinational companies incorporated in six different European countries (Belgium, France, Germany, Netherlands, Switzerland, and the UK) and active in the chemical and/or the industrial sectors.

- Umicore
- Air Liquide
- Plastic Omnium (*)
- Michelin
- DSM
- BASF
- Bayer
- BAE Systems
- Syngenta (**)
- Lanxess
- Evonik
- Akzo Specialty Chemicals
- Saint Gobain
- Vallourec
- Rolls Royce
- GKN (**)
- Johnson Matthey

Overall, Solvay seeks to position itself at or around the relevant market median for base salary and benefits. Variable compensation, both short-term and long-term, is designed to provide top quartile pay if executives deliver superior performance.

The Compensation Committee expects no major changes in the structure of the compensation packages for the Chairman and the members of the Executive Committee for the next two years (2019 and 2020).

Compensation structure components:

<table>
<thead>
<tr>
<th>Fixed Compensation and Benefits</th>
<th>Short and Long Term Variable Compensation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual Base Salary</td>
<td>Pension &amp; Benefits</td>
</tr>
<tr>
<td>Performance Period</td>
<td>Performance Measures</td>
</tr>
</tbody>
</table>

**Fixed Compensation and Benefits**

**Base salary**

The base salary reflects the individual's experience, skills, duties, and responsibilities, and the contribution of the individual and role within the Group. It is paid monthly.

Base salary is reviewed annually and may increase considering a number of factors, including: (1) comparable salaries in appropriate comparator groups; (2) changes within the scope of the role; and (3) changes in the Group's size and profile.

**Pension and other benefits**

The primary purpose of pension and insurance plans is to establish a level of security for Solvay employees and their dependents with respect to age, health, disability, and death. The benefits offered aim to be market-competitive, driving employee engagement and commitment in Solvay's business.

(*) No compensation data provided by Arkema to Solvay's Executive Compensation consultant. As such, Arkema was replaced by Plastic Omnium.

(**) Impacted by recent M&A activities but market data still available
Short and Long Term Variable Compensation

Short-term incentive (STI)

Short-term incentives are linked partly to Group performance and partly to individual performance to drive and reward the overall annual performance of executives. Their short-term incentives have maximum award limits and are denoted as a multiple of their respective base salaries.

2018-STI performance (Targets and Performance)

**EBITDA**

<table>
<thead>
<tr>
<th>Underlying EBITDA – Target and Actuals (M€)</th>
<th>Threshold</th>
<th>Target</th>
<th>Maximum</th>
<th>Actual Achievement</th>
<th>Actual Achievement in %</th>
</tr>
</thead>
<tbody>
<tr>
<td>2,020</td>
<td>2,220</td>
<td>2,420</td>
<td>2,230</td>
<td></td>
<td>105%</td>
</tr>
</tbody>
</table>

(1) The scores 0% and 200% are defined using a range of -/+200M€ with a target set at 2,220M€. With 2,230 M€ underlying EBITDA achieved in 2018 before polyamide reclassification in discontinued operations, the Economic incentive scores is 105% vs target.

Sustainable development

The sustainable development measure has two components, one being the notation by external extra-financial rating agencies, and the second being progress on “Solvay Way” our internal referential to measure progress on Sustainable Development. The overall achievement is 165% of the target.

Long-term incentive (LTI)

Long-term incentives consist of a 50/50 mix of stock options (SOP) and performance share units (PSU). Each annual LTI plan is subject to prior Board approval.

The Executive Committee (or the Board of Directors for the Executive Committee members) retains the right to exercise discretion, both upwards and downwards, of 50% of the target, to ensure that the level of award payable is appropriate and fair for special or unique achievements or circumstances, or to acknowledge insufficient performance. Where discretion is exercised, the 50/50 split principle between SOP and PSU grants will be respected and the rationale for the use of such discretion will be disclosed.

Stock options

The Compensation Structure offers a competitive LTI vehicle mirroring Belgian market practice (a majority of the BEL 20 Index listed companies provide options to their executives). Under Belgian law, unlike other jurisdictions, taxes on stock options need to be paid by the executives at the time of grant. Taxes paid at the time of grant cannot be recouped if the options do not vest, demonstrating executives’ commitment and belief in Solvay’s long-term strategy and performance. Therefore Solvay, like other Belgian companies, sets no additional performance criteria for determining the vesting of stock options, which nonetheless need to be held for a three-year vesting schedule.

The stock option plan gives each beneficiary the right to buy Solvay shares at a strike price corresponding to the fair market value of the shares upon grant. They will only generate a potential gain for the beneficiaries if the stock price rises. The use of stock options aims to incentivize Solvay’s executives to work towards achieving robust sustainable returns for shareholders while offering the Company a robust retention tool.

Every year, the Board of Directors determines the volume of stock options available for distribution, based on an assessment of the economic fair value at grant using the Black Scholes financial formula. The total volume of options available is then allocated to the top executives of the Company based on the importance of their individual contribution/position to the success of the Solvay Group.

Key features:

- Options are granted at the money (or fair market value);
- Options become exercisable for the first time after three full calendar years following grant;
- Options have a maximum term of eight years;
- Options are not transferrable inter vivos;
- The plan includes a bad leaver clause.
Performance Share Units (PSU)
The PSU ensure alignment with market best practices, helping Solvay to remain competitive and to attract and retain key executives while offering a performance-contingent vehicle to incentivize executives to help deliver Solvay's long-term strategic objectives.

The PSU are settled in cash. They vest after three years from the date of grant and only if a combination of pre-set performance objectives is met. The minimum payout can vary from zero if the minimum performance required or “threshold” target is not met, to 80% if the minimum performance “threshold” is met, and up to a maximum of 120% for a performance exceeding the pre-set stretch performance target.

Each year, the Board of Directors determines the budget available for distribution based on the closing value of Solvay's share at grant date. The total volume of PSU available is then allocated to the executives based on their expected ability to contribute substantially to the achievement of Solvay’s long-term strategic objectives.

Key features:
- The plan is purely cash-based and does not encompass any transfer of shares to beneficiaries. As such, it does not dilute the shareholders' interests;

2015-17 LTI performance share units payout

Target & Performance actuals

<table>
<thead>
<tr>
<th></th>
<th>Threshold</th>
<th>Target</th>
<th>Maximum</th>
<th>Actual</th>
<th>Actual %</th>
<th>Total actual %</th>
</tr>
</thead>
<tbody>
<tr>
<td>CFROI bp – 50%</td>
<td>60 bp</td>
<td>90 bp</td>
<td>120 bp</td>
<td>107 bp</td>
<td>111.1%</td>
<td>103.35%</td>
</tr>
<tr>
<td>EBITDA Growth - 50%</td>
<td>21%</td>
<td>26%</td>
<td>30%</td>
<td>25%</td>
<td>95.6%</td>
<td></td>
</tr>
</tbody>
</table>

Payout
The combination of the performance achievement at 103.3%, the share price differential (grant share price vs. share price at vesting), and the total dividends over three years (€10.35 per unit) has generated a payout of 108% of the target PSU amount.

5.3.3. Chief Executive Officer

The remuneration package of the Chairman of the Executive Committee/CEO, Mr. Jean-Pierre Clamadieu, is in full compliance with Article 520 ter of the Companies' Code and is set by the Board of Directors based on recommendations by the Compensation Committee.

Under Article 520 ter of the Companies Code, from 2011 onwards, in the absence of statutory provisions to the contrary or express approval by the General Meeting of Shareholders, at least a quarter of variable compensation must be based on pre-determined performance criteria that are objectively measurable over a period of at least two years, and at least another quarter should be based on pre-determined performance criteria that are objectively measurable over a period of at least three years.

CEO Compensation Structure

Base salary
The CEO’s last salary review was carried out in January 2015 before the acquisition of Cytec, which was fully consolidated within the Solvay Group as from January 2016. Following an in-depth review of Solvay’s peers, the Board of Directors decided in December 2017 to increase the base salary of the Chairman of the Executive Committee by approximately 9% from €1.1 to €1.2 million. The new base salary, which was approved by the Board of Directors prior to Mr. Jean-Pierre Clamadieu’s decision to take on his new role as a non-executive Chairman at Engie, remains positioned around the market median of Solvay’s peer group of 17 European companies.

(*) from 2019: Greenhouse Gas emission reduction
Pension & benefits
Regarding the CEO’s extra-legal pension rights, given his self-employed status in Belgium, the CEO has his own separate contractual agreement, with pension, death-in-service, and disability rules that reflect the contractual conditions that prevailed in Rhodia prior to the acquisition by Solvay.

Short-term incentive
The short-term incentive target is set at 100% of base salary, with a maximum of 150%. Payout of short-term incentive is based on the achievement of pre-defined performance targets based on:

- for 50% of the award – the Group’s underlying EBITDA (under a specific Free Cash Flow constraint);
- for 10% of the award – the Group’s Sustainable Development indicators. These indicators include, but are not limited to, Solvay’s inclusion in extra-financial indexes and progress made on the internal sustainable development reference system, Solvay Way. Solvay Way defines the Group’s approach to sustainability and covers all the Group’s management systems;
- for 40% of the award – individual objectives such as portfolio management (divestments/acquisitions), Research & Innovation (R&I) strategy, and People Engagement.

Long-term incentive
The long-term incentives offered to the CEO comprise a 50/50 mix of stock options and PSU, with an annual economic value target set at 150% of the base salary and a maximum guidance set at 200% of such base salary.

2018 Award
In 2018, the face value of his overall LTI award totaled €1.8 million, in line with his LTI target of 150% of base salary. The actual gain on the PSU at the payout date will depend upon on the level of achievement of the performance targets set under the plan as well as of the performance of Solvay shares on the stock market. The resulting numbers of stock options and PSU are calculated using the Black Scholes model.

<table>
<thead>
<tr>
<th>LTI – Perf. Share Units</th>
<th>Annual Base</th>
<th>Target award</th>
<th>Grant Value</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>€ 1,200,000</td>
<td>(150% / 2)</td>
<td>€ 900,000</td>
</tr>
<tr>
<td>LTI – Stock Option</td>
<td>€ 1,200,000</td>
<td>(150% / 2)</td>
<td>€ 900,000</td>
</tr>
<tr>
<td>LTI – Total</td>
<td></td>
<td></td>
<td>€ 1,800,000</td>
</tr>
</tbody>
</table>

The design of the Solvay long-term incentive plan offered to the CEO is subject to the final approval of the Board of Directors. Solvay’s commitment to offering its CEO a competitive yet challenging compensation package is demonstrated by the pay mix he is offered, with close to 70% of his pay being subject to the delivery of a sustainable value creation performance.
Amount of compensation paid and other benefits granted directly or indirectly to the Chairman of the Executive Committee

Based on the Board of Directors’ assessment of the extent to which he achieved his individual pre-set objectives and whether the Group achieved its collective economic and sustainable development indicators, the actual 2017 compensation package of the Chairman of the Executive Committee was as follows:

### Compensation paid and other benefits granted to the Chairman of the Executive Committee

<table>
<thead>
<tr>
<th>In €</th>
<th>2019</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Base compensation</td>
<td>200,000</td>
<td>1,200,000</td>
<td>1,100,000</td>
</tr>
<tr>
<td>Variable compensation (Short Term Incentive) related to 2018</td>
<td></td>
<td>1,602,000</td>
<td>1,639,000</td>
</tr>
</tbody>
</table>
| 2015-17 Performance Share Units (Cash)
  (1) - paid in June 2018 | | 864,106 | 888,805 |
| Pension and death-in-service and disability coverage (costs paid or provided for) | 1,960,000 | 790,665 | 728,241 |
| Non Compete | | 0 | 0 |
| Other compensation components (2) | 3,010 | 18,060 | 16,652 |

(1) Includes share price differential and dividends.
(2) Company vehicle.

### Short-term incentive calculation

The annual incentive target remained set at 100% of the base salary, with a maximum of 150%.

Each performance measure can vary from 0% to 200% achievement but the maximum total payout is capped at 150% of the target.

<table>
<thead>
<tr>
<th>Performance Measures</th>
<th>% of the STI</th>
<th>Achievement</th>
<th>Payout factor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Underlying EBITDA (under cash constraint)</td>
<td>50%</td>
<td>105%</td>
<td>53%</td>
</tr>
<tr>
<td>Sustainable Development</td>
<td>10%</td>
<td>165%</td>
<td>17%</td>
</tr>
<tr>
<td>Individual Objectives</td>
<td>Oxygen &amp; City Light Strategy</td>
<td>40%</td>
<td>160%</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
<td>133.5%</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Underlying EBITDA – Target and Actuals (M€)</th>
<th>Threshold</th>
<th>Target</th>
<th>Maximum</th>
<th>Actual Achievement</th>
<th>Actual Achievement in % (1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>2,020</td>
<td>2,220</td>
<td>2,420</td>
<td>2,230</td>
<td>105%</td>
</tr>
</tbody>
</table>

(1) The scores 0% and 200% are defined using a range of -/+200M€ with a target set at 2,220M€. With 2,230 M€ underlying EBITDA achieved in 2018 before polyamide reclassification in discontinued operations, the Economic incentive scores is 105% vs target.

<table>
<thead>
<tr>
<th>STI</th>
<th>Base salary</th>
<th>Target incentive</th>
<th>Performance factor</th>
<th>Final Award</th>
</tr>
</thead>
<tbody>
<tr>
<td>120,000</td>
<td>x</td>
<td>100% x</td>
<td>133.50%</td>
<td>1,602,000</td>
</tr>
</tbody>
</table>

The 2018 STI of the CEO corresponds to 133.5% of his base salary and below the maximum of 150% of base salary, as assessed by the Compensation Committee and approved by the Board. This outcome is the result of:

- Group performance:
  - Underlying EBITDA under cash constraint with an achievement of 105% vs target;
  - Sustainable Development with an achievement of 165% (e.g. Solvay is listed on the DJ(SI)),

- Individual performance: pre-set annual objectives
  - Oxygen reorganization and City lights (Brussels-Paris-Lyon footprint);
  - Strategy (Polyamide divestiture and Strategic Board orientation and decisions implementation);
  - New CEO transition completed.
2015-17 PSU payout

<table>
<thead>
<tr>
<th>Performance Share Units Payout (Cash)</th>
<th>2015-17 PSU target award</th>
<th>x</th>
<th>Payout Factor</th>
<th>=</th>
<th>Cash Payout (1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>€800,000</td>
<td>x</td>
<td>108.01%</td>
<td>=</td>
<td>€864,106</td>
<td></td>
</tr>
</tbody>
</table>

(1) Included share price differential and dividends.

5.3.4. New CEO compensation structure

The remuneration package of the new Chairman of the Executive Committee/CEO, Ms. Ilham Kadri, is in full compliance with Article 520 ter of the Companies’ Code and is set by the Board of Directors based on recommendations by the Compensation Committee.

Under Article 520 ter of the Companies Code, from 2011 onwards, in the absence of statutory provisions to the contrary or express approval by the General Meeting of Shareholders, at least a quarter of variable compensation must be based on pre-determined performance criteria that are objectively measurable over a period of at least two years, and at least another quarter should be based on pre-determined performance criteria that are objectively measurable over a period of at least three years.

The compensation package offered to the new CEO broadly resembles that of the ongoing CEO with no increase in the overall package provided and the incentive structure and award limits mirroring what was previously communicated to Solvay’s shareholders. The pay mix of the new CEO follows Solvay compensation policy.

**Base salary**

The base salary has been set at €1.15 million, subject to an annual review, and is positioned around the market median of Solvay’s peer group of 17 European companies.

**Pension & benefits**

Regarding Ms. Ilham Kadri extra-legal pension rights, given her self-employed status in Belgium, the CEO has her own separate contractual agreement, with pension, death-in-service, and disability rules.

She is entitled to the following benefits:

- Defined Contribution Pension plan of ~25% of her total cash at target;
- Disability and life insurance plan;
- Medical plan.

**Short-term incentive**

No sign-on bonus has been provided. Like the outgoing CEO, the new CEO’s short-term incentive target has been set at 100% of base salary, with a maximum of 150%. Payout of short-term incentive will be based on the achievement of pre-defined performance targets based on:

- for 50% of the award – the Group’s underlying EBITDA (under a specific Free Cash Flow constraint);
- for 10% of the award – the Group’s Sustainable Development indicators. These indicators include, but are not limited to, Solvay’s inclusion in extra-financial indexes and progress made on the internal sustainable development reference system, Solvay Way. Solvay Way defines the Group’s approach to sustainability and covers all the Group’s management systems;
- for 40% of the award – individual objectives such as portfolio management (divestments/acquisitions), Research & Innovation (R&I) strategy, and People Engagement.

No sign-on bonus or short term incentive guarantee has been provided to Ms. Ilham Kadri upon her joining Solvay as the new CEO.

**Long-term incentive**

The long-term incentives offered to the new CEO comprise a 50/50 mix of stock options and PSU, with an annual economic value target set at 150% of the base salary and a maximum guidance set at 200% of such base salary. This is the same level as the ongoing CEO, Mr. Jean-Pierre Clamadieu.
5.3.5. Other members of the Executive Committee

Pension and other benefits

The Executive Committee members are entitled to retirement, death-in-service, and disability benefits on the basis of the provisions of the plans applicable in their home countries. Other benefits, such as medical care and company cars or car allowances, are also provided according to the rules applicable in the host country. The nature and magnitude of these other benefits are largely in line with median market practice.

Short-term incentive

<table>
<thead>
<tr>
<th>Target in % of base salary</th>
<th>Performance Measures</th>
<th>% of the STI</th>
</tr>
</thead>
<tbody>
<tr>
<td>70%</td>
<td>Underlying EBITDA (under cash constraint)</td>
<td>60%</td>
</tr>
<tr>
<td></td>
<td>Sustainable Development</td>
<td>10%</td>
</tr>
<tr>
<td></td>
<td>Individual Objectives</td>
<td>30%</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>100%</td>
</tr>
</tbody>
</table>

The target short-term incentive for the members of the Executive Committee is 70% of base salary, with a maximum of 140% of base salary. Payout of short-term incentive is based on the achievement of pre-defined performance targets based on:

- for 60% of the award – the Group’s underlying EBITDA (under a specific Free Cash Flow constraint);
- for 10% of the award – the Group’s Sustainable Development indicators. These indicators include, but are not limited to, Solvay’s inclusion in extra-financial indexes and progress made on the internal sustainable development reference system, Solvay Way. Solvay Way defines the Group’s approach to sustainability and covers all the Group’s management systems;
- for 30% of the award – the individual performance of the manager as measured against a set of predetermined objectives.

The actual annual incentive can vary from 0% in cases of poor performance to 200% of the target in cases of outstanding collective and individual performance.

Long-term incentive

<table>
<thead>
<tr>
<th>Executive Committee</th>
<th>Performance Shares Units (PSU’s)</th>
<th>Stock Options</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Target Grant</td>
<td>Target Grant</td>
</tr>
<tr>
<td></td>
<td>€ 250,000</td>
<td>€ 250,000</td>
</tr>
</tbody>
</table>

Total amount of compensation paid and other benefits granted directly or indirectly to the other members of the Executive Committee by the Company or an affiliated company

Compensation paid and other benefits granted to the other Members of the Executive Committee

<table>
<thead>
<tr>
<th>In €</th>
<th>2018(1,2)</th>
<th>2017(3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Base compensation</td>
<td>3,645,109</td>
<td>2,337,909</td>
</tr>
<tr>
<td>Variable compensation (Short Term Incentive)(4)</td>
<td>2,940,408</td>
<td>2,288,777</td>
</tr>
<tr>
<td>Performance Share Units (Cash)(5)</td>
<td>1,782,072</td>
<td>1,111,189</td>
</tr>
<tr>
<td>Pension and death-in-service and disability coverage (costs paid or provided for)</td>
<td>999,741</td>
<td>742,561</td>
</tr>
<tr>
<td>Other compensation components(6)</td>
<td>134,641</td>
<td>139,490</td>
</tr>
</tbody>
</table>

(1) Base Salary: V. De Cuyper, K. Hajjar, P. Juéry, R. Kearns – up to September, C. Tandeau de Marsac, A. Di Donfrancesco and H. Du from March 1st
(2) Full year STI: V. De Cuyper, K. Hajjar, P. Juéry, C. Tandeau de Marsac, A. Di Donfrancesco and H. Du.
(3) V. De Cuyper, R. Kearns, K. Hajjar, P. Juéry.
(4) Incentives are processed either in cash or in share options based on the Euronext Index SICAV
(5) Includes share price differential and dividends
(6) Representation allowance, luncheon vouchers, company car
Variable compensation consisted of an annual incentive based on the performance achieved relative to pre-set collective Group economic and sustainable development performance objectives, and on the performance of the manager as measured against a set of pre-determined individual objectives.

The remuneration package of the members of the Executive Committee is in full compliance with Article 520 ter of the Companies’ Code. Executive Committee members receive stock options and performance share units as explained above.

Executive Committee members’ expenses, including those of its Chairman, are governed by the same rules as apply to all Group management staff, i.e. the justification of all business expenses, item by item. Private expenses are not reimbursed.

5.4. Stock options and PSU allotted in 2018 to Executive Committee members

In 2018, at the proposal of the Compensation Committee, the Board of Directors allotted stock options to approximately 70 Group senior executives. The exercise price amounts to €111.27 per option, with a three-year vesting period. Executive Committee members were granted a total of 132,199 options in March 2018 and 72,078 in July 2018.

In combination with the stock option plan, the Board of Directors granted performance share units to approximately 450 Group executives, for a possible payout in three years’ time if pre-set performance objectives (underlying EBITDA growth, CFROI, and GHG Intensity reduction) are met. Executive Committee members were granted a total of 22,322 PSU in February 2018 and a further grant of 13,842 PSU’s in July 2018.

<table>
<thead>
<tr>
<th>Country</th>
<th>Name</th>
<th>Function</th>
<th>Number of Options(1)</th>
<th>Number of PSU’s(2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Belgium</td>
<td>Clamadieu, Jean-Pierre(3)</td>
<td>Chairman of the Executive Committee</td>
<td>47,120</td>
<td>7,957</td>
</tr>
<tr>
<td>Belgium</td>
<td>De Cuyper, Vincent</td>
<td>Member of the Executive Committee</td>
<td>25,102</td>
<td>4,517</td>
</tr>
<tr>
<td>Belgium</td>
<td>Hajjar, Karim</td>
<td>Member of the Executive Committee</td>
<td>27,720</td>
<td>4,959</td>
</tr>
<tr>
<td>Belgium</td>
<td>Juéry, Pascal</td>
<td>Member of the Executive Committee</td>
<td>29,029</td>
<td>5,180</td>
</tr>
<tr>
<td>Belgium</td>
<td>Tandeau de Marsac, Cécile</td>
<td>Member of the Executive Committee</td>
<td>25,102</td>
<td>4,517</td>
</tr>
<tr>
<td>Belgium</td>
<td>Di Donfrancesco, Augusto</td>
<td>Member of the Executive Committee</td>
<td>25,102</td>
<td>4,517</td>
</tr>
<tr>
<td>Belgium</td>
<td>Du, Hua</td>
<td>Member of the Executive Committee</td>
<td>25,102</td>
<td>4,517</td>
</tr>
<tr>
<td>TOTAL</td>
<td>204,277</td>
<td>36,164</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(1) Stock options: Black Scholes fair value for February 2018 grant was at €19.10 and €20.81 for July 2018 exceptional grant
(2) PSUs share price for February 2018 grant was at €113.11 and €108.38 for July 2018 grant
(3) Mr Clamadieu was not eligible for the July 2018 exceptional grant

Stock Options held in 2018 by Executive Committee Members

<table>
<thead>
<tr>
<th>Country</th>
<th>Name</th>
<th>Held at 31/12/2017</th>
<th>Granted in 2018</th>
<th>Exercised in 2018</th>
<th>Expired in 2017</th>
<th>Held at 31/12/2018</th>
<th>Exercisable</th>
<th>Non exercisable</th>
</tr>
</thead>
<tbody>
<tr>
<td>Belgium</td>
<td>Clamadieu, Jean-Pierre</td>
<td>223,639</td>
<td>47,120</td>
<td>0</td>
<td>0</td>
<td>270,759</td>
<td>72,532</td>
<td>198,227</td>
</tr>
<tr>
<td>Belgium</td>
<td>De Cuyper, Vincent</td>
<td>84,668</td>
<td>25,102</td>
<td>0</td>
<td>0</td>
<td>109,770</td>
<td>41,534</td>
<td>68,236</td>
</tr>
<tr>
<td>Belgium</td>
<td>Hajjar, Karim</td>
<td>66,628</td>
<td>27,720</td>
<td>0</td>
<td>0</td>
<td>94,348</td>
<td>10,969</td>
<td>83,379</td>
</tr>
<tr>
<td>Belgium</td>
<td>Juéry, Pascal</td>
<td>80,419</td>
<td>29,029</td>
<td>15,960</td>
<td>0</td>
<td>93,488</td>
<td>23,446</td>
<td>70,042</td>
</tr>
<tr>
<td>Belgium</td>
<td>Tandeau de Marsac, Cécile</td>
<td>46,527</td>
<td>25,102</td>
<td>0</td>
<td>0</td>
<td>71,629</td>
<td>8,775</td>
<td>62,854</td>
</tr>
<tr>
<td>Belgium</td>
<td>Di Donfrancesco, Augusto</td>
<td>74,560</td>
<td>25,102</td>
<td>3,724</td>
<td>0</td>
<td>95,938</td>
<td>27,702</td>
<td>68,236</td>
</tr>
<tr>
<td>Belgium</td>
<td>Du, Hua</td>
<td>51,508</td>
<td>25,102</td>
<td>0</td>
<td>0</td>
<td>76,610</td>
<td>18,756</td>
<td>57,854</td>
</tr>
<tr>
<td>TOTAL</td>
<td>627,949</td>
<td>204,277</td>
<td>19,684</td>
<td>0</td>
<td>812,542</td>
<td>203,714</td>
<td>608,828</td>
<td></td>
</tr>
</tbody>
</table>
5.5. Key provisions of Executive Committee members’ contractual relationships with the Company and/or an affiliated company, including provisions relating to compensation in the event of early departure

Executive Committee members, including its Chairman (or CEO), have directorships in Group subsidiaries as a function of their responsibilities. Where such directorships are compensated, they are included in the amounts given above, regardless of whether the position is deemed to be salaried or undertaken on a self-employed basis under local legislation.

Executive Committee members will not benefit from any contractual departure indemnity linked to the exercise of their office. In case of early termination, only the legal system applies.

In the event of a decision to terminate Ms. Ilham Kadri’s contract, she will be eligible for a contractual indemnity of 12 months of her total compensation target. In the event Ms. Ilham Kadri resigns after January 2021, she is subject to a non-competition clause of 12 months with no extra compensation.

Mr. Jean-Pierre Clamadieu’s contract does not include a termination indemnity. However, a 24-months non-compete undertaking is provided for in his contract and has been activated by the Company, resulting in the payment to Mr. Jean-Pierre Clamadieu of a non-compete indemnity of €1,960,000. There is no accelerated vesting applied to his existing LTI, which remain subject to performance.

The above is in line with Belgian Corporate governance requirements.

Mr. Roger Kearns resigned from Solvay on March, 31 without any indemnity related to his Executive mandate.
6. Main characteristics of risk management and internal control systems

Solvay leaders and managers are accountable for the adequacy of the risk management and internal control framework in their respective entities (businesses, functions).

The Internal Audit & Risk Management Department (IA/RM) advises and ensures that leaders are well supported. The team is in charge of setting up a comprehensive and consistent system of risk management and internal control across the Group.

Solvay has set up an internal control system designed to provide a reasonable assurance that (i) current laws and regulations are respected, (ii) policies and objectives set by general management are implemented, (iii) financial and extra-financial information is accurate, and (iv) internal processes are efficient, particularly those contributing to the protection of its assets.

The five components of the internal control system are described below.

6.1. The control environment

As the foundation of the internal control system, the control environment promotes awareness and compliant behavior among all employees. Its various elements create a clear structure of principles, rules, roles, and responsibilities, while demonstrating general management’s commitment to compliance.

- The Solvay Management Book lists guiding principles and defines the roles and responsibilities of the Executive Committee, Global Business Units, and functions;
- The Code of Conduct is available on Solvay’s website. More information can be found in the Charter on Corporate Governance;
- An Ethics Helpline, managed by a third party, enables employees to report potential Code of Conduct violations if they cannot go through their managers or through the Compliance organization, or if they wish to remain anonymous. More information can be found in the Charter on Corporate Governance and extra-financial section;
- Standardized processes are in place for financial and non-financial activities.

6.2. The risk assessment process

The process of risk management takes into account the organization’s strategic objectives and is structured into the following phases:

- Risk analysis (identification and evaluation);
- Decision on how to manage the critical risks;
- Implementation of risk management actions;
- Monitoring of those actions.

The approach to designing internal controls for major processes includes a risk assessment step defining which key control objectives to tackle. This is the case in particular for processes at subsidiary, shared service, GBU, or corporate level, leading to the production of reliable financial reporting.

More information on Enterprise Risk Management, including a description of the Group’s main risks and the actions taken to avoid or reduce them, can be found in the “Risk management” section.

6.3. Control activities

Solvay uses a systematic approach to designing and implementing control activities for the most relevant Solvay processes.

After a risk analysis and a risk assessment phase, the controls are designed and described by the corporate process managers with the support of the Risk Management team. The controls’ descriptions are used as a reference for the internal control assessment and roll-out across the Group.

At each level of the Group (corporate, Shared Services platforms, and GBUs), the manager operating the process is responsible for the control execution.

Agile internal control governance has been set up under the CFO sponsorship: Corporate Process Owners and GBU representatives (Process Risk Coordinators) are part of a network aiming to promote an Internal Control system tailored to the risks of each GBU.

Solvay implements policies, processes, and red lines applicable to all employees in the following domains: management control, financing and cash flow, financial control, financial communication, tax, and insurance policies. Control activities are defined for all these financial processes and in major cross-Group projects, like acquisitions and divestitures. Furthermore, an online Financial Reporting Guide explains how the IFRS rules should be applied throughout the Group.

Financial elements are consolidated monthly and analyzed at every level of responsibility in the Company (Solvay Business Services, the finance director of the entity, Group Accounting and Reporting, and the Executive Committee). Elements are analyzed using various methods, such as a variance analysis, plausibility and consistency checks, ratio analysis, and comparison with forecasts.

Besides the monthly reporting analysis prepared by Group Controlling teams, the Executive Committee thoroughly reviews GBU performance every quarter in the context of business forecast reviews.
6.4. Information and communication

Group-wide information systems are managed by Solvay Business Services. A large majority of Group operations are supported by a small number of integrated ERP systems. Financial consolidation is supported by a dedicated tool.

All financial reporting procedures and internal controls ensure that all material information disclosed by Solvay to its investors, creditors, and regulators is accurate, transparent, and timely, and that it fairly represents the Group’s most relevant developments, financial fundamentals, and performance.

The Group Accounting and Reporting department circulates written detailed instructions to all financial actors involved before each quarterly closing.

The publication of the quarterly financial results is subject to various checks and validations carried out in advance:

- The Investor Relations team designs, develops, and issues messages and information about the Group with the needs of financial markets in mind. It does so under the supervision and control of the Executive Committee;
- The Audit Committee ensures that financial statements and communications by the Company and the Group, conform to generally accepted accounting principles (IFRS for the Group, Belgian accounting law for the Company);
- The Board of Directors approves the consolidated periodic financial statements and those of Solvay SA (quarterly – consolidated only, semiannual and annual) and all related communications.

6.5. Internal control monitoring

The Audit Committee is in charge of monitoring the effectiveness of internal control systems. It supervises the work of Internal Audit and Risk Management with regard to financial, operational, and compliance monitoring. It is kept informed of the scope, programs, and results of the internal audit work, and it verifies that audit recommendations are properly implemented. The role and responsibilities of the Audit Committee are further detailed in the Charter.

The content of internal audit assignments is planned and defined on the basis of a risk analysis; due diligence focuses on the areas perceived as having the highest risks. All the consolidated entities within the Group are inspected by Internal Audit at least every three years. Internal Audit recommendations are implemented by management.

Other entities carry out similar activities in very specific areas. For example:

- The Health Safety & Environment department carries out health, safety, and environmental audits;
- Solvay’s Business Services Compliance and Risk Management department conducts information system audits, in coordination with Internal Audit;
- The Ethics and Compliance department coordinates investigations of potential Code of Conduct infringements.
7. **External audit**

The audit of the Company’s financial situation, its financial statements, and the conformity of those statements – and the entries to be recorded in the financial statements in accordance with the Companies Code and the bylaws – are entrusted to one or more auditors appointed by the Shareholders’ Meeting from among the members, either natural or legal persons, of the Belgian Institute of Company Auditors.

The responsibilities and powers of the auditor(s) are set by law.

- The Shareholders’ Meeting sets the number of auditors and their emoluments in accordance with the law. Auditors are also entitled to reimbursement of their travel expenses for auditing the Company’s sites and administrative offices;
- The Shareholders’ Meeting may also appoint one or more alternate auditors. Auditors are appointed for three-year renewable terms, which may not be revoked by the Shareholders’ Meeting other than for good reason;
- The Audit Committee assesses the effectiveness, independence and objectivity of the external auditor having regard to the:
  - Content, quality and insights on key external auditor plans and reports; in particular those summarizing audit work performed on risks identified by the Company;
  - Engagement with the external auditor during Committee meetings;
  - Robustness of the external auditor in their handling of key accounting principles;
  - Provision of non-audit services.

The Board of Directors, upon the recommendation from the Audit Committee, is recommending that Deloitte’s mandate be renewed for another term at the General Shareholders’ Meeting of 2019. The Committee believes the independence and objectivity of Deloitte and the effectiveness of the audit process are safeguarded and remain strong. Considering the recent audit partner rotation in 2016 as well as evaluating the proposals brought forward to the Audit Committee, the Board of Directors will propose to renew the mandate of Deloitte for a new three years. Deloitte will be represented by Michel Denayer and by Corine Magnin as alternate auditor.

At the Ordinary Shareholders’s meeting of Tuesday May 14, 2019, the Board of Directors proposes to renew the mandate of Deloitte for a further three years. Deloitte will be represented by Michel Denayer and by Corine Magnin as alternate auditor.

The yearly 2018 audit fees for Solvay SA were set at €1.2 million. They include the audit of the statutory and consolidated accounts of Solvay SA. Additional audit fees for Solvay affiliates in 2018 amount to €4.8 million. Supplementary non-audit fees of €1.6 million were paid in 2018 by Solvay SA and affiliates of which:

a. Invoiced by the statutory auditor of the Group:
   - Other assurance missions: €0.8 million.

b. Invoiced by other Deloitte entities:
   - Other assurance missions: €0.4 million;
   - Tax advisory and compliance: €0.1 million;
   - Other advisory missions: €0.3 million.
8. Items to be disclosed pursuant to Article 34 of the Belgian Royal Decree of November 14, 2007

According to Article 34 of the Belgian Royal Decree of November 14, 2007, the Company hereby discloses the following items:

8.1. Capital structure and authorizations granted to the Board

As at December 21, 2015, the capital of the Company amounted to €1,588,146,240 represented by 105,876,416 ordinary shares with no par value, fully paid up.

All Solvay shares are entitled to the same rights. There are no different classes of shares.

8.2. Transfer of shares and shareholders’ arrangements

Solvay’s bylaws do not contain any restriction on the transfer of its shares.

The Company has been informed that certain individual shareholders who hold shares directly in Solvay have decided to consult one another when questions of particular strategic importance are submitted by the Board of Directors to the Shareholders’ Meeting. Each of these shareholders, however, remains free to vote as he or she chooses. None of these persons, either individually or in concert with others, reaches the initial 3% transparency notification threshold.

Solvay is not aware of any other voting agreements among its shareholders or of the existence of a concert between its shareholders.

8.3. Holders of securities with special control rights

There are no such securities.

8.4. Control mechanism of any employee share scheme where the control rights are not exercised directly by the employees

There is no employee share scheme with such a mechanism.

8.5. Restrictions on the exercise of voting rights

Each Solvay share entitles holders thereof to exercise one vote at Shareholders’ Meetings.

Article 11 of the Company’s bylaws provides that the exercise of voting rights and other rights attached to shares that are jointly owned, or of which the usufruct and bare ownership rights have been separated or are pledged, are suspended pending the appointment of a single representative to exercise the rights attached to the shares.

The voting rights attached to the shares in Solvay held by Solvay Stock Option Management are, as a matter of law, suspended.

8.6. Appointment, renewal, resignation and dismissal of directors

The bylaws of the Company provide that the Company is to be managed by a Board of Directors composed of no less than five members, their number being determined by the Shareholders’ Meeting (Article 14).

Directors are appointed by the Shareholders’ Meeting for four years (and may be reappointed).

The Board of Directors submits directors’ appointments, renewals, resignations or dismissals to the Ordinary Shareholders’ Meeting for approval. It also invites such Shareholders’ Meetings to vote on the independence of the directors fulfilling the related criteria, having first sought the advice of the Nominations Committee, whose mission is to define and assess the profile of any new candidate using its criteria for appointment and for specific competences.

The Ordinary Shareholders’ Meeting decides on proposals made by the Board of Directors in this matter by a simple majority.

If a directorship becomes vacant during a term of office, the Board of Directors may appoint a new member, subject to ratification by the next Ordinary Shareholders’ Meeting.
8.7. Amendment of Solvay's bylaws

Amendments to the Company's bylaws must be submitted as a resolution to the Shareholders' Meeting, at which at least 50% of the share capital or Solvay must be present or represented, and in principle must be passed by a 75% majority of the votes cast.

If the attendance quorum is not met at the first Extraordinary Shareholders' Meeting, a second Shareholders' Meeting may be convened and will decide without any attendance quorum requirement.

For certain other matters (e.g. amendment of the purpose of the Company), higher voting majorities may apply.

8.8. Powers of the Board of Directors, in particular to issue and buy back shares

8.8.1. Powers of the Board of Directors

The Board of Directors is the highest management body of the Company.

It is entrusted with all the powers that are not reserved, by law or under the bylaws, to the Shareholders' Meeting.

The Board of Directors has kept responsibility for certain key areas for itself and has delegated the remainder of its powers to an Executive Committee (further detailed in the Charter).

In all matters for which it has exclusive responsibility, the Board of Directors works in close cooperation with the Executive Committee, which in particular is responsible for preparing most of the proposals for decisions by the Board of Directors.

8.8.2. The Board's authorizations to issue and buy back shares

The Board of Directors was authorized, until December 31, 2016, to increase the registered capital by contributions in cash up to a maximum of €1.5 billion, of which a maximum amount of €1,270,516,995 will be allocated to the "capital" account and the remainder to the "issuance premium" account in the framework of the acquisition of Cytec Industries Inc. Said acquisition was completed on December 9, 2015, and in order to finance part of it, the Board of Directors proceeded with a share capital increase for an amount of €317,629,245 by issuing 21,175,283 new ordinary Solvay shares, with an issuance premium of €1,182,216,050. This special authorization is therefore no longer relevant.

The Shareholders' Meeting has currently not authorized the Board of Directors to acquire or dispose of Solvay's own shares.

8.9. Significant agreements or securities that may be impacted by a change of control of the company

The Ordinary Shareholders’ Meeting of May 10, 2016 approved the change of control provisions relating to the December 2015 euro-denominated senior and hybrid bonds and the USD-denominated senior notes issued to finance the acquisition of Cytec and the general corporate purposes of the Solvay Group.

8.10. Agreements between the Company and its directors or employees providing for compensation if directors resign or are good leavers, or in the case of a public takeover bid.

Not applicable