

# CORPORATE GOVERNANCE STATEMENT

## Reference code and introduction

The Solvay group has adopted the 2009 Belgian Corporate Governance Code as its reference code in governance matters. This report<sup>(1)</sup> presents the application of the recommendations of that Code in accordance with the “comply or explain” principle. The 2009 Belgian Corporate Governance Code is available on the internet site of the Belgian Corporate Governance Committee ([www.corporategovernancecommittee.be](http://www.corporategovernancecommittee.be)).

## 1 Legal and shareholding structure of Solvay SA

**1.1** Solvay SA is a *société anonyme* (public limited liability company) created under the Belgian law. The address of its registered office is 310, rue de Ransbeek, 1120 Brussels, Belgium.

The Company's by-laws can be found on the Solvay internet site: [www.solvay.com](http://www.solvay.com).

**1.2** Its shares are registered or dematerialized. Since January 1, 2008, it has no longer been possible to receive paper (bearer) shares. Bearer shares already in a securities account have automatically been converted into dematerialized shares. Additionally, following a resolution adopted by the General Shareholders' Meeting of May 8, 2007, all bearer shares issued by the Company and not recorded in dematerialized securities accounts or converted into registered shares by July 1, 2011, have been converted automatically into dematerialized shares.

At December 31, 2014, the capital of Solvay SA was represented by 84,701,133 shares. Each share entitles its holder to one vote whenever voting takes place (except for any shares held by Solvay SA or its subsidiaries, the voting rights for which are suspended). All shares are equal and common.

The stock is listed on Euronext Brussels. It has also been admitted to trading on Euronext Paris since January 23, 2012. The Solvay share is included in several indexes:

- Euronext 100, consisting of the leading 100 European companies listed on Euronext, where Solvay ranked in 56<sup>th</sup> place (0.5% of the index) at December 31, 2014;
- the BEL 20 index, based on the 20 most significant shares listed on Euronext Brussels. At December 31, 2014, Solvay represented around 7% of the value of this index (5<sup>th</sup> place in this index). Solvay shares are included in the “Chemicals – Specialties” category of the Euronext Brussels sector index;
- the CAC 40 index, based on the 40 most significant shares listed on Euronext Paris where Solvay ranked in 33<sup>th</sup> place (0.8% of the index) at December 31, 2014;
- the DJ Stoxx, DJ Euro Stoxx, FTSE 300, MSCI and other indexes.

On February 15, 2007, Solvay Stock Option Management SPRL appointed the bank Rothschild & Cie., under a liquidity contract, to improve the liquidity of the share on Euronext Brussels. In May 2014, the liquidity contract has been transferred to Kepler Cheuvreux.

**1.3** Solvay SA's main shareholder is Solvac SA, which at December 31, 2014 held a little over 30% of the capital (25,578,267 shares) and voting rights in Solvay. Solvac SA has filed the required transparency declarations every time it has passed a legal or statutory declaration threshold. It has also made the notifications required by law with regard to public takeover bids.

Solvac SA is a *société anonyme* established under Belgian law, the shares of which are admitted to trading on Euronext Brussels. Its shares, all of which are registered, may be held by physical persons only. The very large majority (around 80%) of its capital is held by members of the Solvay SA founding families.

JPMorgan Asset Management Holdings Inc. notified Solvay that on November 21, 2012 the total participation of its various affiliates reached 3.03% or 2,562,505 shares.

Prudential Plc. notified Solvay that on August 7, 2014 the total participation of its various affiliates reached 3.02% or 2,556,028 shares.

On January 7, 2015, Prudential Plc. has notified Solvay that the total participation of its various affiliates has fallen below the threshold of 3% to 2.95% or 2,507,152 shares.

In addition, at December 31, 2014, Solvay Stock Option Management SPRL held 2.03% of the shares issued by Solvay SA (1,719,208 shares), in particular to cover the Solvay stock options program (see under 2.1 “Policy in respect of capital”).

The latest transparency declarations are available on the internet site [www.solvay.com](http://www.solvay.com).

The remaining shares are held by:

- individual shareholders who hold shares directly in Solvay SA. None of these persons, either individually or in concert with others, reaches the initial 3% transparency declaration threshold;
- European and international institutional shareholders, whose number and interest can be measured by the intensity of contacts at the many roadshows, by the regular publication of analysts' reports and by the level of trading volumes over recent years (an average daily trading volume on Euronext of 193,011 shares in 2014 vs. 213,237 shares in 2013).

(1) For reason of readability, the present document also contains the information requested by the 2009 Belgian Corporate Governance Code for the Corporate Governance Charter.

The Company has been informed that certain individual shareholders who hold shares directly in Solvay SA have decided to arrange to consult together 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 declaration threshold;

**1.4** At the May 2014 Ordinary Shareholders' Meeting, shares were deposited and votes cast in respect of 62.48% of Solvay SA's capital.

**1.5** At December 31, 2014, Solvay SA did not hold any shareholding requiring a legal or statutory transparency declaration.

## 2 Capital and dividend policy

### 2.1 Policy in respect of capital

**2.1.1** Since being converted into a *société anonyme* and listed on the Stock Exchange in 1967, the Company has not made public calls for capital from its shareholders, instead self-financing out of its profits, only a portion of which are distributed (see "Dividend policy" below).

**2.1.2** In December 1999, the Company introduced a new annual stock option program for Group executives worldwide. These programs are covered in part or totally by own shares purchased by the Solvay group on the stock exchange. Since January 2007, the covering program has been handled by Solvay Stock Option Management SPRL.

In February 2014 the Board of Directors, on the proposal of the Compensation Committee, allotted stock options to some Group senior executives. This stock options plan includes Mr. Jean-Pierre Clamadieu (also director). Mr. J.P. Clamadieu abstained, for ethical reasons, from the deliberations of the Board of Directors that concerned him with respect to stock options.

Mr. Jean-Pierre Clamadieu has accepted 32,990 options.

At December 31, 2014, Solvay Stock Option Management SPRL's holdings of Solvay SA shares represented 2.03% (1,719,208 shares) of the Company capital.

In 2014, stock options representing a total of 732,600 shares were exercised (it should be noted that options are in principle exercisable over a period of five years after being frozen for three years).

The stock options exercised break down as follows:

- 2005 stock option plan: 31,900 shares;
- 2006 stock option plan: 284,500 shares;
- 2007 stock option plan: 92,450 shares;
- 2008 stock option plan: 48,150 shares;
- 2009 stock option plan: 67,400 shares;
- 2010 stock option plan: 208,200 shares.

Voting and dividend rights attached to these shares are suspended as long as they are held by the Company.

Finally it should be mentioned that, under the tender offer by Solvay SA for the shares of Rhodia, liquidity agreements were concluded with employees receiving free shares or options on Rhodia shares to enable these beneficiaries to retain their rights and to sell their Rhodia shares during a specified period after the close of the tender offer. The free shares exposure is fully covered.

#### STOCK OPTIONS PLANS

Issue date	Exercise price (ln €)	Exercise date <sup>(1)</sup>	Acceptance rate
2001	62.25	02/2005-12/2009	98.6%
2002	63.76	02/2006-12/2010	98.4%
2003	65.83	02/2007-12/2011	97.3%
2004	82.88	02/2008-12/2012	96.4%
2005	97.30	02/2009-12/2013	98.8%
2006	109.09	02/2010-12/2014	97.2%
2007	96.79	01/2011-12/2015	97.6%
2008	58.81	01/2012-12/2016	96.9%
2009	72.34	01/2013-12/2017	98.2%
2010	76.49	01/2014-12/2018	98.1%
2011	65.71	01/2015-12/2019	93.8%
2012	88.71	01/2016-03/2020	97.2%
2013	111.01	01/2017-03/2021	100%
2014	107.61	01/2018-02/2022	100%

(1) Increased to eight years in the case of the 1999 to 2002 Stock Options Plans for beneficiaries in Belgium. Increased to ten years in the case of the 2005 to 2007 Stock Options Plans for beneficiaries in Belgium.

## 2.2 Dividend policy

**2.2.1** Board policy is to propose a dividend increase to the Shareholders' Meeting whenever possible, and as far as possible, never to reduce it. This policy has been followed for many years. The graph below illustrates the application of this policy over the past 20 years.

**2.2.2** The annual dividend is paid in two instalments, in the form of an advance payment (interim dividend) and a payment of the balance. The method to set the advance payment includes a guidance of 40% (rounded) of the total previous year's dividend, and takes into account the results for the first nine months of the current year.

In this way, for 2014, an interim dividend of € 1.3\* gross per share (€ 1.00 net after Belgian withholding tax of 25%) was approved by the Board of Directors on December 12, 2014.

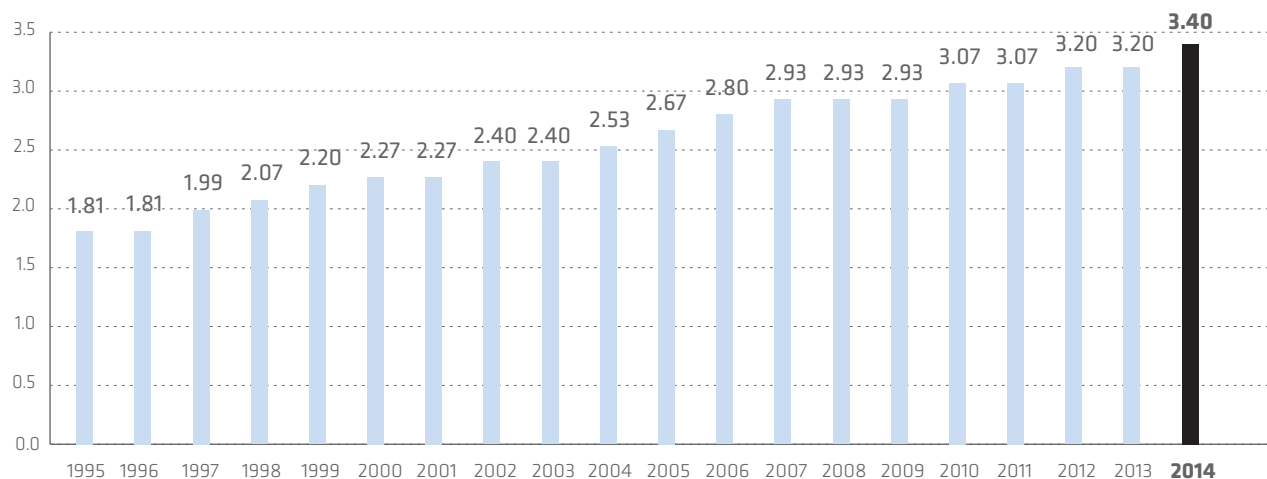
This interim dividend, which was paid on January 22, 2015, is to be offset against the total dividend for 2014.

As to the balance, once the annual financial statements have been completed, the Board of Directors proposes a dividend, in accordance with the policy described above, which it submits to the Ordinary Shareholders' Meeting for approval.

The second dividend instalment, *i.e.* the balance after deducting the advance payment, is payable in May.

The dividend for 2014, proposed to the General Shareholders' Meeting of May 12, 2015 is 3.40 gross per share (2.55 net per share), *i.e.* an increase of 6.3%, compared with the dividend for 2013. Given the interim dividend payment made on January 22, 2015, the balance of € 2.06\* gross per share (€ 1.55 net per share) will be payable from May 19, 2015.

### Solvay dividend (gross) from 1995 to 2014 (in €)



**2.2.3** Shareholders who have opted to hold registered shares receive the interim dividend and the balance of the dividend automatically and free of charge by transfer to the bank account they have indicated, on the dividend payment date. Shareholders owning dematerialized shares receive their dividends via their banks or as they elect and arrange.

Coupons representing the interim dividend and dividend balance are payable at KBC Bank SA and CBC Banque SA:

- KBC Bank SA, Havenlaan 2, 1080 Brussels (Belgium);
- CBC Banque SA, Grand-Place 5, 1000 Brussels (Belgium).

**2.2.4** The Company has not, up to this point, proposed optional dividends to its shareholders, *i.e.* stock instead of cash dividends. This option does not offer any tax or financial benefit in Belgium to make it attractive to investors.

\* Repeating last decimal. Dividend payments rounded to the nearest euro cent.

## 3 Shareholders' Meetings

It should be noted that the law of December 20, 2010 concerning the exercise of certain rights of shareholders in listed companies has modified the provisions of the Companies' Code concerning the holding of General Meetings. The by-laws of Solvay SA have been adapted accordingly.

### 3.1 Place and date

The Company's annual Ordinary Shareholders' Meeting is held every year on the second Tuesday of May at 10.30 a.m. at the registered office or any other place indicated in the notice of meeting.

The Board tries to organize any necessary Extraordinary Shareholders' Meeting immediately before or after the annual Ordinary Shareholders' Meeting.

### 3.2 Agenda

The Shareholders' Meeting is convened by the Board of Directors, which also sets its agenda. Shareholders may, however, request the calling of a Shareholders' Meeting and set its agenda where those shareholders together represent 20% of the capital, as required by the Companies' Code.

One or more shareholders owning together at least 3% of capital may also, under the conditions provided for by the Companies' Code, call for items to be included on the agenda of any Shareholders' Meeting and submit proposals for decisions concerning the items to be included or already included on the agenda of an already convened meeting.

The agenda of the Ordinary Shareholders' Meeting as a rule includes the following items:

- the Board of Directors' report on the financial year, including the corporate governance report and the compensation report;
- the auditor's report for the year;
- the consolidated financial statements for the year;
- approval of the annual financial statements;
- setting the dividend for the year;
- discharge of the directors and the statutory auditor in respect of the financial year;
- setting the number of directors and of independent directors, the length of their terms of office and the rotation of renewals;
- election of directors and of the external auditor (renewals or new appointments);
- the Company's compensation report (included in Chapter 6 below), which is communicated to the Works' Council as provided by law;
- setting the auditor's annual fee for the external audit for the duration of the auditor's appointment; and approval of change of control clauses in significant contracts (e.g. joint ventures).

Extraordinary Shareholders' Meetings are required in particular for all matters affecting the content of the Company's by-laws. Every time the Board of Directors prepares a special report in advance of an Extraordinary Shareholders' Meeting, this special report is enclosed with the notice of the meeting and is published on the Company's internet site.

### 3.3 Procedure for calling meetings

The notices convening Shareholders' Meetings set forth the place, date and time of the meeting, the agenda, the reports, proposed decisions on each item to be voted on, and the procedure for taking part in the meeting or for appointing proxies.

Holders of registered shares receive notice of the meeting by post-office mail at the address they have given, including notification of participation and proxy forms, except where recipients have agreed, individually, expressly and in writing, to receive notice of meetings and attached documents by another means of communication. Persons owning dematerialized shares are notified of meetings by announcements in the press. These notices of meetings are published in the official Belgian gazette (Moniteur Belge/Belgisch Staatsblad) and in the financial press, in particular the Belgian French and Dutch-language newspapers. The major banks established in Belgium also receive the necessary documentation to pass on to Solvay shareholders among their clients.

### 3.4 Participation in Shareholders' Meetings and appointment of proxies

**3.4.1** Since January 1, 2012, the registration procedure has been obligatory for participating in and voting at the Shareholders' Meeting.

Shareholders must complete the registration of their securities by 24.00 hours (Belgian time) on the 14<sup>th</sup> calendar day prior to the relevant Shareholders' Meeting.

For holders of registered shares, shares are registered automatically by virtue of being in the Company's register of registered shares on the registration date.

Dematerialized shares are registered by virtue of their being recorded in the accounts of a recognized account holder or a clearing organization.

Shareholders are admitted to the Shareholders' Meetings and may exercise their voting rights with the shares that have gone through the legal registration procedure, regardless of the number of shares they hold on the date of the particular Shareholders' Meeting.

**3.4.2** Shareholders should also indicate to the Company and, where applicable, to the person they have designated to that effect, their desire to take part in the Shareholders' Meeting, no later than the sixth calendar day preceding the date of the Shareholders' Meeting.

Holders of registered shares must send to the Company the signed original notice of participation, using the form attached to their notice of meeting.

Holders of dematerialized shares should send the Company a certificate from the recognized account holder or the clearing organization certifying the number of shares that are registered in their name in their accounts at the registration date and for which they wish to participate in the Shareholders' Meeting.

More detailed information on arrangements for taking part in the Shareholders' Meeting will be made available to shareholders on the Company website (<http://www.solvay.com/en/investors/shareholders-meeting/index.html>).

**3.4.3** The exercise of voting rights attached to shares that are jointly owned or the usufruct and bare property rights of which have been separated, or shares belonging to a minor or a legally incapacitated person, follows special legal and statutory rules, a common feature of which is the appointment of a single representative to exercise the voting right. Failing this, the voting right is suspended pending such appointment.

**3.4.4** Shareholders vote at Shareholders' Meetings in person or by proxy. The form of proxy is determined by the Board and will be available on the Company website once the Shareholders' Meeting in question has been called. Proxies must be received at the location indicated or, where applicable, at the email address mentioned in the notice no later than the sixth calendar day preceding the date of the Shareholders' Meeting.

The appointed agent does not have to be a shareholder of the Company.

In the event that certain shareholders exercise their right to add items or proposals for decisions to the agenda of a Shareholders' Meeting, the proxies already notified to the Company remain valid for the subjects they cover. Regarding the new items, the reader is referred to the provisions of the Companies Code.

The appointed agent may not deviate from the specific voting instructions given to him by a shareholder, except for the exceptions provided by the Companies Code.

In the absence of specific instructions on each agenda item, the agent who finds himself in a situation of potential conflict of interest with his principal, within the meaning of Article 547 *bis*, § 4 of the Companies Code, may not vote.

Invalid proxy forms will be excluded from the count. Abstentions formally expressed as such during a vote or on proxy forms are counted as such.

**3.4.5** Each shareholder who complies with the formalities for admission to the Shareholders' Meeting is entitled to ask questions in writing concerning the items on the agenda. These questions can be submitted by mail to the registered office or electronically to the email address specified in the notice. Written questions must reach the Company no later than the sixth calendar day before the date of the Shareholders' Meeting.

## 3.5 Procedure

**3.5.1** The Shareholders' Meeting is chaired by the Chairman of the Board or, in his absence, by a Director delegated to this task by his colleagues.

The Chairman will preside over the discussions following Belgian practice for deliberative meetings. He will take care to ensure that questions from the meeting are answered, whilst respecting the agenda and confidentiality commitments. He will appoint the secretary of the meeting, who as a rule is the Corporate Secretary, and will appoint two shareholders as tellers.

**3.5.2** Resolutions in Ordinary Shareholders' Meetings are passed by a simple majority of votes of shareholders present and represented on a "one share, one vote" basis.

**3.5.3** In the case of Extraordinary Shareholders' Meetings, the Company respects the legal rules governing quorums and majorities.

**3.5.4** Voting is, as a general rule, public, by show of hands or by electronic voting. Votes are counted and the results announced immediately.

Provision is made for secret balloting in exceptional cases when a particular person is involved.

This procedure has never been requested to date. This by-law was amended at the Extraordinary Shareholders' Meeting of May 9, 2006 so as to set a threshold of 1% of capital to be reached by one or more shareholders acting in concert, and only when there is more than one candidate for a given office.

The minutes of the Shareholders' Meeting are drawn up and signed by the Chairman, secretary, tellers and those shareholders who wish to do so. Minutes of Extraordinary Shareholders' Meetings are notarized.

**3.5.5** The minutes containing the voting results are published on the Company's internet site ([www.solvay.com](http://www.solvay.com)) no later than the 15<sup>th</sup> calendar day after the date of the Shareholders' Meeting. Copies or official extracts may be obtained on request by shareholders, in particular under the signature of the Chairman of the Board.

## 3.6 Documentation

Documentation relating to Shareholders' Meetings (notice of meeting, agenda, proxy and notification of participation forms, annual report, special report of the Board of Directors if any, etc.) is available every year on the Internet site [www.solvay.com](http://www.solvay.com) from the time of giving notice of the meeting and at least until the holding of the meeting in question.

This documentation is available in French and Dutch (official versions) and in English (unofficial translation).

## 4 Board of Directors

### 4.1 Role and mission

The Board of Directors is the highest management body of the Company. The law accords to it all powers that are not reserved, by law or by the by-laws, to the Shareholders' Meeting.

In the case of Solvay SA, the Board of Directors has reserved certain key areas for itself and has delegated the remainder of its powers to an Executive Committee (see below).

It has not opted to set up a Management Committee (*Comité de Direction/Directiecomité*) as defined by Belgian law.

The main key areas which the Board of Directors has reserved for itself are:

- 1 matters for which it has exclusive responsibility, either by law or under the by-laws, for example:
  - the preparation and approval of the consolidated periodic financial statements and those of Solvay SA (quarterly – consolidated only, semiannual and annual) and the related communications;
  - adoption of accounting standards (in this case the IFRS standards for the consolidated accounts and Belgian standards for the Solvay SA unconsolidated accounts);
  - convening Shareholders' Meetings and drawing up the agenda and proposals for resolutions to be submitted to them (concerning, for example, Company financial statements, dividends, amendments to the by-laws, etc.);
- 2 setting the general strategies and general policies of the Group;
- 3 approving the reference frameworks for internal control and for risk management;
- 4 adopting the budget and long-term plan, including investments, R&I and financial objectives;
- 5 appointing the Chairman, members of the Executive Committee, General Managers and the Corporate Secretary, and setting their missions and the extent of the delegation of powers to the Executive Committee;
- 6 supervision of the Executive Committee and ratification of its decisions, where required by law;
- 7 appointing from among its members a Chairman and creating from among its members an Audit Committee, a Compensation Committee, a Nomination Committee and a Finance Committee, defining each Committee's mission and determining its composition and its duration;
- 8 major decisions concerning acquisitions, divestitures, the creation of joint ventures and investments. Major decisions are considered to be those involving amounts of € 50 million or more;

- 9 setting the compensation of the Chairman of the Executive Committee and of Executive Committee members;

- 10 establishing internal Corporate Governance and Compliance rules.

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.

### 4.2 Modus operandi and representation

**4.2.1** Board members have available to them the information needed to carry out their functions in the form of dossiers drawn up under instructions from the Chairman and sent out to them by the Corporate Secretary several days before each session.

They may also receive additional information of any kind that may be of use to them from the Chairman of the Board, the Chairman of the Executive Committee or the Corporate Secretary, depending on the nature of the question. Decisions to obtain outside expertise, when necessary, are taken by the Board of Directors, for those subjects falling within its authority.

**4.2.2** The Company is validly represented with regard to third parties by the joint signature of persons with the following capacities: the Chairman of the Board of Directors and/or directors belonging to the Executive Committee.

In its meeting of October 24, 2014, the Executive Committee adapted the powers of representation for matters delegated to it as follows:

- 1 For daily management of Solvay SA, to each member of the Executive Committee acting alone;
- 2 For other powers delegated by the Board of Directors to the Executive Committee: to each member of the Executive Committee acting together with the Chairman of the Board of Directors or the Chairman of the Executive Committee;
- 3 To each General Manager acting alone for any decision up to a maximum amount of € 10 million within the area assigned to him/her.

This delegation of powers of representation is without prejudice to the existence of special powers conferred by the Board of Directors or the Executive Committee.

**4.2.3** The Directors of the Company were not confronted in 2014 with conflict of interest situations requiring the implementation of the legal procedures provided for by the Companies' Code.

On the other hand, and in a very limited number of cases, one or the other member has preferred, for ethical reasons, to abstain from participating in debates and in voting.

## 4.3 Composition

### 4.3.1 Size & Composition

At December 31, 2014, the Board of Directors consisted of 15 members, as listed on pages 55 and 56.

### 4.3.2 At the Ordinary Shareholders' Meeting on May 13, 2014

- The directorships of Mr. Denis Solvay and Dr. Bernhard Scheuble were renewed for a four-year term.
- Mrs. Rosemary Thorne was appointed as a new independent Director for a four-year term.
- Mr. Gilles Michel was appointed as new independent Director for a four-year term.

At the Ordinary Shareholders' Meeting of May 12, 2015, the Board of Directors will:

- propose renewing the directorship of Mr. Charles Casimir-Lambert and Mr. Yves-Thibault de Silguy for a four-year term;
- acknowledge the Resignation of Chevalier Guy de Selliers de Moranville;
- propose not to reassign the directorship of Chevalier Guy de Selliers de Moranville;
- propose appointing Mrs. Marjan Oudeman as an independent Director for a four year term to replace Chevalier Guy de Selliers de Moranville.

### Terms of office and age limit

Directors are appointed by the Shareholders' Meeting for four years. They may be reappointed.

The age limit for membership on the Board is the Annual Shareholders' Meeting following the member's 70<sup>th</sup> birthday.

### 4.3.3 Criteria for appointment

The Board of Directors applies the following primary criteria when proposing candidates for election to directorships by the Ordinary Shareholders' Meeting:

- ensuring that a substantial majority of directors on the Board are non-executive. On December 31, 2014, 14 out of 15 directors were non-executive, and only Mr. Jean-Pierre Clamadieu belonged to the Executive Committee;
- ensuring that a large majority of non-executive directors are independent according to the criteria defined by law and further tightened by the Board of Directors (see "criteria of independence" below),

In this respect, on December 31, 2014, the independent status of 9 out of 14 non-executive directors has been recognized by the Ordinary Shareholders' Meeting;

- ensuring that the members of the Board of Directors together reflect the shareholder structure and possess the wide range of competences and experience required by the Group's activities;
- ensuring that the Board of Directors' international composition appropriately reflects the geographic extent of its activities. At December 31, 2014, the Board included members of seven different nationalities;
- ensuring that the candidates it presents commit to devoting sufficient time to the task entrusted to them. In this respect, attendance at Board meetings was very high in 2014 (98%);
- ensuring, finally, that it does not select any candidate holding an executive position in a competing company or who is or was involved in the external audit of the Group.

Belgian law and the by-laws of the Company permit spontaneous candidacies for the post of director, providing that these are addressed to the Company in writing at least 40 days before the Ordinary Shareholders' Meeting.

As required by law, the Board of Directors, consisting of 11 men and 4 women at December 31, 2014, will take care, when mandates are next renewed, to comply, within the relevant deadlines, with the requirement that at least one-third of the Board be women.

The Chairman of the Board, working together with the Chairman of the Nomination Committee, gathers the information allowing the Board of Directors to verify that the selected criteria have been met at the time of appointment, renewal and during the term of office.

### 4.3.4 Criteria for independence

Based on Belgian law, the Board of Directors sets the criteria for determining directors' independence. Each director fulfilling these criteria is presented to the Ordinary Shareholders' Meeting for confirmation.

The legal criteria of independence as contained in Article 526 *ter* of the Companies' Code (introduced by the law of December 17, 2008, art. 16) are as follows:

- 1 during a period of five years before appointment, not having acted as an executive member of the management body or a member of the Executive Committee or managing director in the Company or in a company or person affiliated with the same within the meaning of Article 11 of the Companies' Code. The Board of Directors has added to this criterion a minimum one-year waiting period for the Shareholders' Meeting to recognize the independence of a non-executive director of Solvac leaving its Board of Directors to join the Solvay Board of Directors;



- 2 not having sat on the Board of Directors in the capacity of a non-executive director for more than three successive terms of office or more than twelve years;
- 3 during three years prior to appointment, not having been part of the senior management, within the meaning of Article 19.2 of the law of September 20, 1948 on the organization of the economy, of the Company or of a company or an affiliated person within the meaning of Article 11 of the Companies' Code;
- 4 not having received compensation or any other significant benefit of a patrimonial nature from the Company or an affiliated company or person within the meaning of Article 11 of the Companies' Code, with the exception of any profit percentages (*tantièmes*) or fees received in the capacity of non-executive member of the management body or a member of the supervisory body;
- 5
  - a) not holding any ownership rights in the Company representing a tenth or more of the capital, or the Company equity, or a category of shares of the Company;
  - b) where the person in question holds ownership rights of under 10%:
    - when these ownership rights are added to those held in the same company by companies over which the independent director has control, these ownership rights may not reach one tenth of the capital, of the Company equity, or a category of shares of the Company,
    - or
    - the use of these shares or the exercise of the rights attached to the same may not be subject to contract stipulations or to unilateral commitments to which the independent member of the management body has subscribed,
  - c) not representing in any way a Shareholder meeting the conditions of this item;
- 6 not maintaining, or having maintained during the past financial year, a significant business relationship with the Company or with an affiliated company or person within the meaning of Article 11 of the Companies' Code, either directly or in the capacity of partner,

shareholder, member of the management body or of member of senior management, within the meaning of Article 19.2 of the law of September 20, 1948 on the organization of the economy, of a company or a person maintaining such relationship;

- 7 not having been, during the past three years, a partner or salaried employee of the current or previous external auditor of the Company or of an affiliated company or person within the meaning of Article 11 of the Companies' Code;
- 8 not being an executive member of the management body of another company in which an executive director of the Company acts as a non-executive member of the management body or member of the supervisory body, nor maintaining other major connections with the executive directors of the Company as a result of functions exercised in other companies or bodies;
- 9 not having, either within the Company or within an affiliated company or person within the meaning of Article 11 of the Companies' Code, a spouse or legally cohabiting partner, or parents or relations up to the second degree of kinship holding the position of member of the management body, of member of the Executive Committee, of a day-to-day executive manager or of member of senior management, within the meaning of Article 19.2 of the law of September 20, 1948 on the organization of the economy, or falling under one of the other cases defined in items 1 to 8.

In this respect, on December 31, 2014, the independent status of 9 out of 14 non-executive directors has been recognized by the Ordinary Shareholders' Meeting.

Mr. Jean-Pierre Clamadieu, Chairman of the Executive Committee and CEO, was not recognized as independent at the time of the renewal of his directorship in 2013 (criterion no. 1).

Mr. Bernard de Laguiche, Member of the Executive Committee till September 30, 2013, was not recognized as independent at the time of the renewal of his directorship in 2013 (criterion no. 1).

Mr. Nicolas Boël, Mr. Denis Solvay, Mr. Jean-Marie Solvay and Chevalier Guy de Selliers de Moranville, having been Directors of the Company for over 12 years, are not independent for this reason (criterion no. 2).



	Year of birth	Year of first appointment	Solvay SA mandates, and expiry date of directorship	Diplomas and activities outside Solvay	Presence at Board meetings in 2014 as a function of date of appointment
Mr. Nicolas Boël (B)	1962	1998	2017 Chairman of the Board of Directors, Chairman of the Finance Committee and Chairman of the Compensation Committee. Member of the Nomination Committee	MA in Economics (Catholic University of Louvain), Master of Business Administration (College of William and Mary - USA). Director of Sofina.	6/6
Mr. Jean-Pierre Clamadieu (F)*	1958	2012	2017 Chairman of the Executive Committee and CEO, Director and Member of the Finance Committee	Engineering degree from the École des Mines (Paris). Director of Axa, Faurecia.	6/6
Mr. Bernard de Laguiche (F/BR)	1959	2006	2017 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	MA in Economics and Business Administration HSG (University of St. Gallen, Switzerland). Managing Director of Solvac SA, Chairman of the Board Peroxidos do Brasil Ltda, Curitiba.	6/6
Mr. Jean-Marie Solvay (B)	1956	1991	2016 Director Member of the Innovation Board	Advanced Management Programme - Insead. CEO of Albrecht RE Immobilien GmbH & Co. KG., Berlin (Germany), Member of the Board of Directors of Heliocentris Energy Solutions AG. Berlin (Germany), Chairman of the Board of the International Solvay Institutes.	6/6
Chevalier Guy de Selliers de Moranville (B)	1952	1993	2017 Director Member of the Finance and Audit Committees	Civil engineering degree in mechanical engineering, and MA in Economics (Catholic University of Louvain). President and Co-Founder of HCF International Advisers, Vice-Chairman of the Board and Chairman of the Risk and Capital Committee of Ageas SA, Chairman of the Board of Ageas UK, Member of the Board of Ivanhoe Mines Ltd. (Canada), Member of the Supervisory Board and Chairman of the Risk Committee of Advanced Metallurgical Group (Netherlands) and, various other mandates in unlisted companies.	6/6
Mr. Denis Solvay (B)	1957	1997	2018 Director Member of the Compensation and Nomination Committees	Business engineering - Solvay Business School (Université Libre de Bruxelles). Director of Eurogentec SA, Abelag Holding, SA, Luxaviation Holding Company. Voluntary Director of the healthcare Institute A.N.B.C.T. and Queen Elisabeth Musical Chapel.	6/6
Mr. Jean-Martin Folz (F)	1947	2002	2014 Independent Director Member of the Compensation Committee and Chairman of the Nomination Committee	École Polytechnique and Mining Engineer (France). Former Chairman of the Managing Board of PSA Peugeot-Citroën, Director of Saint-Gobain, of Société Générale, of Alstom and of Axa.	2/2
Prof. Dr. Bernhard Scheuble (D)	1953	2006	2018 Independent Director Chairman of the Audit Committee	MSc, Nuclear Physics & PhD, Display Physics (Freiburg University - Germany). Former Chairman of the Executive Committee of Merck KGaA, (Darmstadt) and former Member of the E. Merck OHG Board of Directors.	6/6
Mr. Anton van Rossum (NL)	1945	2006	2014 Independent Director Member of the Audit Committee	MA in Economics and Business Administration (Erasmus University Rotterdam). Member of the Board of Credit Suisse Group (Zurich) and of Munich Re (Munich), Chairman of the Board of Royal Vopak, Erasmus University and the Netherlands Economics Institute (Rotterdam).	2/2
Mr. Charles Casimir-Lambert (B)	1967	2007	2015 Independent Director Member of the Audit Committee	MBA Columbia Business School (New York)/London Business School (London), Master's degree (lic.oec.HSG) in economics, management and finance (University of St. Gallen - Switzerland). Management of family's global interests.	6/6

\* Full-time activity in the Solvay group.

	Year of birth	Year of first appointment	Solvay SA mandates, and expiry date of directorship	Diplomas and activities outside Solvay	Presence at Board meetings in 2014 as a function of date of appointment
Mr. Hervé Coppens d'Eeckenbrugge (B)	1957	2009	2017 Independent Director Member of the Finance Committee Member of the Audit Committee	MA in Law from the University of Louvain-la-Neuve (Belgium), Diploma in Economics and Business, ICHEC (Belgium). Until June 30, 2013, Group Director Petercam sa, Director of Vital Renewable Energy Company LLC (Delaware).	6/6
Mr. Yves-Thibault de Silguy (F)	1948	2010	2015 Independent director Member of the Compensation Committee and Chairman of the Nomination Committee Member of the Finance Committee	MA in Law from the University of Rennes, DES in public law from the Université de Paris I, graduate of the Institut d'Études Politiques de Paris and the École Nationale d'Administration. Vice-Chairman and Lead Director of the VINCI group, Director of LVMH, Chairman of the Supervisory Board of Sofisport (France), Director of VTB bank (Moscow), and Chairman of YTSuropaconsultants.	6/6
Mrs. Evelyn du Monceau (B)	1950	2010	2017 Independent director Member of the Compensation and Nomination Committees	MA in Applied Economics from the Catholic University of Louvain. Vice Chair of the Board and Chair of the Remuneration and Nomination Committee of UCB SA, Member of the Board of Directors of La Financière de Tubize SA, Director of FBNet Belgium, Member of the Commission Corporate Governance.	6/6
Mrs. Françoise de Viron (B)	1955	2013	2017 Independent Director Member of the Compensation and Nomination Committees	Doctorate of Science (UCL, Louvain-la-Neuve). Master in Sociology (UCL, Louvain-la-Neuve). Professor in the Faculty of Psychology and Education Sciences and Louvain School of Management (UCL), Academic Member of the Center of Research Entrepreneurial Change and Innovative Strategies, of Interdisciplinary Group of Research in Socialization, Education and Training, of the Interdisciplinary Research Group in Adult Education at UCL.	6/6
Mrs. Amparo Moraleda Martinez (ES)	1964	2013	2017 Independent Director Member of the Compensation and Nomination Committees	Degree in Industrial Engineering, ICAI (Spain) MBA, IESE Business School (Spain). Former General Manager for IBM Spain, Portugal, Greece, Israel and Turkey. Former Chief Operating Officer, International Division (Spain) and Acting CEO, Scottish Power (UK) of Iberdrola. Member of the Boards of the following listed companies: Alstom (France), Faurecia (France), Caixabank (Spain) and Meliá Hotels International (Spain). Member of the Consejo rector of Consejo Superior de Investigaciones Científicas.	6/6
Mrs. Rosemary Thorne (UK)	1952	2014	2018 Independent Director Member of the Audit Committee since May 13, 2014	Honours Degree in Mathematics and Economics from the University of Warwick. Fellow of Chartered Institute of Management Accountants FCMA and CGMA. Fellow Association of Corporate Treasurers FCT. Former Chief Financial Officer for J. Sainsbury, Bradford & Bingley and Ladbroke's. Member of the Board and Chair of Audit Committee of Santander UK and Smurfit Kappa Group (Ireland).	4/4
Mr. Gilles Michel (F)	1956	2014	2018 Independent Director Member of the Finance Committee since May 13, 2014	École Polytechnique. École National des la statistique et de l'administration Économique (ENSAE). Institut d'Études Politiques (IEP). Former CEO "Ceramics & Plastics", Saint-Gobain, France. Former Member of the Management Board, PSA, France. Former CEO, Fonds stratégique d'Investissement (FSI), France. Chairman & CEO, Imerys, France (listed).	2/4

#### 4.3.5 Appointment, renewal, resignation and dismissal of Directors

The Board of Directors submits directors' appointments, renewals, resignations or dismissals to the Ordinary Shareholders' Meeting for approval. It also submits to it the vote on the independence of the Directors fulfilling the related criteria, after informing the Works' Council of the same. It also first seeks the opinion of the Nomination Committee, which is tasked with defining and assessing the profile of any new candidate using the criteria of appointment and of specific competences it sets.

The Ordinary Shareholders' Meeting decides on proposals made by the Board of Directors in this area by a simple majority. When a directorship becomes vacant during a term of office, the Board of Directors may appoint a new member, subject to ratification by the next following Ordinary Shareholders' Meeting.

#### 4.3.6 Frequency, preparation and holding of Board meetings

The Board of Directors met six times in 2014. Six ordinary meetings are planned in 2015.

The dates of ordinary meetings are set by the Board of Directors itself, more than one year before the start of the financial year. Additional meetings can, if needed, be called by the Chairman of the Board of Directors, after consulting with the Chairman of the Executive Committee.

The agenda for each meeting is set by the Chairman of the Board of Directors after consulting with the Chairman of the Executive Committee.

The Corporate Secretary is charged, under the supervision of the Chairman of the Board of Directors, with organizing meetings, and sending notices of meetings, agendas and the dossier containing the item-by-item information required for decision-making.

To the extent possible, he ensures that directors receive notices of meetings and complete files at least six days before the meeting. The Corporate Secretary prepares the minutes of the Board meetings, presenting the draft to the Chairman and then to all members.

Finalized minutes that have been approved at the following Board meeting are signed by all Directors having taken part in the deliberations.

The Board of Directors takes its decisions in a collegial fashion by a simple majority of votes. Certain decisions that are considered particularly important by the Company's by-laws require a three-quarters majority of its members. The Board may not validly transact its business unless half of its members are present or represented. Given the very high level of attendance, the Board of Directors has never been unable to transact business.

### 4.4 Evaluation and training

#### 4.4.1 Evaluation

In 2013, the Board of Directors undertook an evaluation, focused primarily on its own composition, *modus operandi*, information and interactions with executive management, and the composition and *modus operandi* of the Committees created by it. Board members were invited to express their views on these various points during interviews based on a questionnaire and performed by an external consultant. The improvements identified at the end of this evaluation process are related to optimization of the meeting time, interactions, contacts and exchanges with management and Board Committees as well as minor changes to the organization of the meetings. The next evaluation of the Board will take place in 2015.

#### 4.4.2 Training

Information sessions are organized for new Directors, aimed at acquainting them with the Solvay group as quickly as possible. The program includes a review of the Group's strategy and activities and of the main challenges in terms of growth, competitiveness and innovation, as well as finance, research & development, human resources management, the legal context, compliance and the general organization of operations. This program is open to every Director who wishes to participate.

It also includes visiting industrial or research sites.

### 4.5 Committees

#### 4.5.1 Rules common to the various Committees

- The Board of Directors has set up on a permanent basis the following specialized Committees: the Audit Committee, the Finance Committee, the Compensation Committee and the Nomination Committee.
- These Committees do not have decision-making powers. They are advisory in nature and report to the Board of Directors, which takes the decisions. They are also called on to give opinions at the request of the Board of Directors or Executive Committee. After presentation to the Board of Directors, the Committees' reports are attached to the minutes of the Board meeting.
- Terms of office on the four Committees are for two years and are renewable. The composition of these Committees is communicated on the Company's internet site.
- Members of the permanent Committees (except for Executive Committee members) receive separate compensation for this task.
- The Board of Directors may set up a temporary *ad hoc* Committee to liaise with the Executive Committee on an important issue. One such Committee was set up at the end of 2009 to examine the reinvestment of the proceeds of the sale of the Group's pharmaceuticals activities.

All the terms of members of various Committees, expired on May 13, 2014 at the date of the Ordinary Shareholder's Meeting. The new composition of Committees reflects departures/appointments within the Board on that date. It took effect on May 14, 2014, for a period of two years ending on the date of the Ordinary Shareholder's Meeting to be held in 2016.

#### 4.5.2 The Audit Committee

In 2014, until the Ordinary Shareholders' Meeting on May 13, 2014, the Audit Committee was composed of Prof. Dr. Bernhard Scheuble (Chairman), Chevalier Guy de Selliers de Moranville, Mr. Anton van Rossum, Mr. Charles Casimir-Lambert and Mr. Hervé Coppens d'Eeckenbrugge). These are independent non-executive directors, with the exception of Chevalier Guy de Selliers de Moranville. After the Ordinary Shareholders' Meeting on May 13, 2014, Mr. de Laguiche was appointed Member of the Audit Committee as well as Mrs. Rosemary Thorne, replacing Mr. Anton van Rossum. The Secretariat of this Committee is provided by a member of the Group's internal legal staff.

This Committee met five times in 2014 including four times before the Board meeting scheduled to consider the publication of periodic results (quarterly, semiannual and annual).

Participation in Audit Committee meetings was very high (96%).

The mission of the Audit Committee is set out in a "Terms of Reference" document (see Annex 1, section 14). It integrates the requirements of Article 526 *bis* of the Corporate law.

The main tasks of the Audit Committee include:

- ensuring the conformity of financial statements and communications of the Company and the Group to generally accepted accounting principles (IFRS for the Group, Belgian accounting law for the parent company);
- monitoring the effectiveness of the Group's internal control systems and risk management;
- examining the areas of risk that can potentially have a material effect on the Group's financial situation;
- verifying the scope/programs and results of internal audit;
- making a proposal to the Board of Directors on the appointment of the external auditor;
- examining the scope of the external audit and the way it is implemented;
- monitoring the scope and the nature of the additional services provided by the external auditor.

At each meeting, the Audit Committee hears reports from the Chief Financial Officer, the head of the Group Service Internal Audit and the auditor in charge of the external audit (Deloitte, represented by Mr. Eric Nys). It also examines the quarterly report by the Group General Counsel on significant ongoing legal disputes and reports on tax and intellectual property disputes. It meets alone with the auditor in charge of the external audit whenever it deems such meetings useful. The Chairman of the Executive Committee and CEO (Mr. Jean-Pierre Clamadieu) is invited, once a year, to discuss the major risks to which the Group is exposed.

The Directors belonging to this Audit Committee fulfill the criterion of competence by their training and by the experience gathered during their previous functions (see section 4.3. concerning the composition of the Board of Directors).

#### 4.5.3 The Finance Committee

In 2014 until the Ordinary Shareholders' Meeting on May 13, 2014, the Finance Committee consisted of Mr. Nicolas Boël (Chairman), Mr. Jean-Pierre Clamadieu (Chairman of the Executive Committee), Mr. Bernard de Laguiche, Chevalier Guy de Selliers de Moranville, Mr. Hervé Coppens d'Eeckenbrugge and Mr. Yves-Thibault de Silguy. After the Ordinary Shareholders' Meeting on May 13, 2014, Mr. Gilles Michel was appointed Member of the Finance Committee.

Mr. Karim Hajjar (Executive Committee member and CFO) is invited to attend the Finance Committee meetings.

The Secretary of this Committee is Mr. Michel Defourny.

This Committee met four times in 2014. Participation of the members of the Finance Committee was very high (100%).

The Committee gives its opinion on financial matters such as the amounts of the interim and final dividends, the levels and currencies of indebtedness in the light of interest rate developments, the hedging of foreign-exchange and energy risks, the hedging policy of the long term incentives plans, the content of financial communication, the financing of major investments, etc. It finalizes the preparation of the press releases announcing the quarterly results. It may also be called on to give opinions on Board policies on these matters.

#### 4.5.4 The Compensation Committee

In 2014, the Compensation Committee consisted of Mr. Nicolas Boël (Chairman), Mr. Denis Solvay, Mr. Jean-Martin Folz (until the Ordinary Shareholders' Meeting on May 13, 2014), Mr. Yves-Thibault de Silguy, Mrs. Evelyn du Monceau, Mrs. Françoise de Viron and Mrs. Amparo Moraleda.

A majority of the members of this Committee have independent Director status within the meaning of the law.

The Chairman of the Executive Committee is invited to meetings, except for matters that concern him personally.

The Secretary of this Committee is Mr. Michel Defourny.

The meetings are prepared by the Group General Manager Human Resources, who attends the meetings.

This Committee met two times in 2014. Participation of the members of the Compensation Committee was very high (100%).

The Compensation Committee fulfils the missions imposed on it by law.

In particular, it advises the Board of Directors on Compensation policy and compensation levels for members of the Board of Directors and the Executive Committee, and is yearly informed about the compensation of General Management. It also gives its opinion to the Board of Directors and/or Executive Committee on the Group's principal compensation policies (including long term incentive plans). It also prepares the report on compensation.

The Compensation Committee has the expertise necessary to perform its missions.

#### 4.5.5 The Nomination Committee

In 2014, until the Ordinary Shareholders' Meeting on May 13, 2014, the Nomination Committee consisted of Jean-Martin Folz (Chairman), Mr. Denis Solvay, Mr. Nicolas Boël, Mr. Yves-Thibault de Silguy, Mrs. Evelyn du Monceau, Mrs. Françoise de Viron and Mrs. Amparo Moraleda.

After the Ordinary Shareholders' Meeting of May 13, 2014, Mr. Yves-Thibault de Silguy became Chairman of the Nomination Committee, replacing Mr. Jean-Martin Folz in that capacity.

A majority of the members of the Nomination Committee are independent non-executive Directors.

The Chairman of the Executive Committee is invited to meetings, except for matters that concern him personally.

The Secretary of this Committee is Mr. Michel Defourny.

The Committee met three times in 2014. The participation of members of the Nomination Committee was very high (100%).

The Nomination 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.

## 5 Executive Committee

### 5.1 Role and Mission

**5.1.1** The Board of Directors defines the role and mission of the Executive Committee.

The main decision on delegation of powers dates back to November 12, 2014. This decision took effect immediately.

The Board of Directors delegates to the Executive Committee the following powers:

- 1 Day-to-day management of the company;
- 2 Overseeing the proper organization and functioning of the Company and the Group companies and ensuring oversight of their activities, in particular the introduction of a process for identification, management and control of the principal risks;
- 3 Introduction of a management process to find and retain talent and nominate senior executives for the Group (with the exception of its own members, General Managers and the Corporate Secretary, for which the Board of Directors expressly reserves exclusive power of appointment);
- 4 Compensation of the Group's senior executives (other than compensation of its own members);
- 5 Decisions regarding acquisitions and divestitures (including of intellectual property), for which the maximum amount is set at € 50 million (debt and other commitments included). The Board of Directors is to be informed of any decision involving amounts over € 10 million;
- 6 Decisions on investment expenditures, for which the maximum amount is set at € 50 million. The Board of Directors is to be informed of decisions involving amounts over € 10 million;
- 7 Decisions on substantial commercial transactions and financial operations that do not imply any change in the financial structure of the Company and/or the Group;
- 8 Proposal to the Board of Directors, for its decision, of the principal policies of the Group, setting of other policies;
- 9 Proposals to the Board of Directors for its decision:
  - General strategies (including the effect of these strategies on the Budget, the Plan and resource allocation) and general policies of the Group, in particular regarding compensation, annual investment program and research;
  - the Budget and the Plan including investments, R&I and financial objectives;
  - appointment to General Manager positions and the position of Corporate Secretary;
  - general organization of the Company and/or the Group;
  - major financial transactions that modify the financial structure of the Company and/or the Group;
  - consolidated periodic financial statements and financial statements of Solvay SA (quarterly consolidated only, 6-month and annual) as well as related communications;
- 10 Implementation of decisions of the Board of Directors;
- 11 Submission to the Board of Directors of all questions lying within its competence and regular reports on the exercise of its mission.

### 5.2 Delegation of powers

Execution of Executive Committee decisions and following up on its recommendations is delegated to the Executive Committee member (or another General Manager) in charge of the activity or of the function corresponding to the decision or recommendation.

The Board of Directors in its resolution dated November 12, 2014 expanded the right of the Executive Committee to delegate its powers, under its responsibility, and in compliance with procedures and authorization limits set by the Executive Committee, to one or more of its members, the General Managers of the Group and/or heads of Global Business Units and functions. In particular it has delegated to the GBU Managers the power to undertake binding M&A transactions and capital expenditures up to a ceiling of € 10 million.

### 5.3 Composition

#### 5.3.1 Size and composition

At December 31, 2014, the Executive Committee had five members. Mr. Jacques van Rijckevorsel resigned as Executive Committee Member effective September 30, 2014.

#### 5.3.2 Terms of office and age limits

Executive Committee members are appointed by the Board of Directors for two-year renewable terms. The Board of Directors has set an age limit of 65 for Executive Committee membership.

#### 5.3.3 Criteria for appointment

The Executive Committee is a collegial body made up of executives generally coming from the Group's senior management. Since January 1, 2013, each Executive Committee member has been in charge of the supervision of a number of Global Business Units/Functions; for the CEO and the CFO, this new role has been assumed in addition to their respective specific responsibilities.

All Executive Committee members have employment contracts with the Solvay group, except for Mr. Jean-Pierre Clamadieu, who has self-employed status.

#### 5.3.4 Appointment and renewal procedure

The Chairman of the Executive Committee is appointed by the Board of Directors based on a proposal by the Chairman of the Board of Directors and with recommendations by the Nomination Committee. The other Executive Committee members are also appointed by the Board of Directors, but on the proposal of the Chairman of the Executive Committee in agreement with the Chairman of the Board of Directors and with the opinion of the Nomination Committee and the Executive Committee.

Executive Committee members' performance is assessed annually by the Chairman of the Executive Committee. This assessment is undertaken together with the Chairman of the Board and with the Compensation Committee whenever proposals are made for setting variable compensation.

The performance of the Chairman of the Executive Committee is assessed annually by the Compensation Committee.

	Year of birth	Year of first appointment	Term of office ends	Diplomas and main Solvay activities	Presence at meetings (as a function of date of appointment)
Mr. Jean-Pierre Clamadieu (F)	1958	2011	2017	Engineering degree from the École des Mines (Paris). Chairman of the Executive Committee and CEO.	11/11
Mr. Jacques van Rijckevorsel (B) (until 30/09/2014)	1950	2000		Civil Engineering degree in Mechanics (Catholic University of Louvain). Advanced studies in Chemical Engineering (Free University of Brussels). AMP Harvard. Executive Committee member.	9/9
Mr. Vincent De Cuyper (B)	1961	2006	2016	Chemical engineering degree (Catholic University of Louvain), Master in Industrial Management (Catholic University of Leuven), AMP Harvard. Executive Committee member.	11/11
Mr. Roger Kearns (US)	1963	2008	2016	Bachelor of Science - Engineering Arts (Georgetown College - Georgetown), Bachelor of Science - Chemical Engineering (Georgia Institute of Technology - Atlanta), MBA (Stanford University). Executive Committee member.	11/11
Mr. Karim Hajjar (UK)	1963	2013	2017	BSC (Hons) Economics (The City University, London). Chartered Accountancy (ICAEW) Qualification. Executive Committee member and CFO.	11/11
P. Juéry (F)	1965	2014	2016	Graduate of the European Business School of Paris (ESCP - Europe). Executive Committee member.	11/11

## 5.4 Frequency, preparation and procedure of meetings

**5.4.1** The Executive Committee met 11 times in 2014. Meetings are generally held at the Company's registered office, but can also be held elsewhere at the decision of the Executive Committee Chairman. The Executive Committee sets the dates of its meetings before the start of the financial year. Additional meetings can be convened by the Chairman of the Executive Committee, who sets the agenda based, inter alia, on proposals from the Executive Committee members.

**5.4.2** The Corporate Secretary, who acts as secretary to both the Board of Directors and the Executive Committee, is responsible, under the supervision of the Chairman of the Executive Committee, for organizing meetings and sending out notices of meetings and agendas.

Documents and information relating to the agenda items are made available to the members of the Executive Committee prior to the meetings.

The Corporate Secretary drafts minutes consisting of a list of decisions taken during the meeting. These are read and approved at the end of the meeting. They are immediately distributed.

They are not signed, but the Chairman of the Executive Committee and the Corporate Secretary may deliver certified conformed copies of extracts.

It should be noted that the Executive Committee organized certain meetings in tele- or video-conference format.

**5.4.3** The Executive Committee takes its decisions by a simple majority, with its Chairman having a casting vote. If the Chairman of the Executive Committee finds himself in a minority he may, if he wishes, refer the matter to the Board of Directors which will then decide on the matter. In practice, however, almost all Executive Committee decisions are taken unanimously, so that the Chairman has never made use of his casting vote. Attendance at meetings was 100% in 2014.

The topics submitted to the Executive Committee are presented and discussed in the presence of the heads of the involved entities (GBUs, functions). For important projects, it sets up *ad hoc* working teams, led mainly by Executive Committee members chosen on the basis of the competences required.

## 6 Compensation report

### 6.1 Description of the procedure for:

#### 6.1.1 Developing a Compensation policy:

##### a) For Directors:

Directorships of Solvay SA 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 27 of the by-laws, 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."

##### b) For Executive Committee members:

Compensation policy is decided by the Board of Directors based on proposals by the Compensation Committee.

In 2012, the Group re-evaluated and amended its Compensation policy to better align it with market practices and reinforce the link between variable pay and business performance. The Compensation policy is set out in annex 2. As a reminder, the policy has introduced a new harmonized short term incentive plan (STI), partly linked to Group economic performances (REBITDA under cash constraint). It has also redesigned the long term incentive program (LTI), which is now partly linked to the achievement of pre-defined multi-year Group economic performance indicators (REBITDA and CFROI). It became effective in 2013.

The Board is regularly monitoring the challenging character of the performance thresholds imposed under the new Compensation policy in order to ensure a robust alignment of the performance metrics with the Solvay business ambitions. Both performance metrics are also managed dynamically to incorporate the evolving management of Solvay's portfolio and apply mechanically within the span decided by the Board.

#### 6.1.2 Setting individual compensation:

##### a) For Directors:

- 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, and to grant:
  - an annual gross fixed compensation of € 35,000 per Director and, on top of this, 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;
  - € 2,500 gross per member of the Compensation Committee, Nomination Committee and Financial Committee and € 4,000 gross for the Chairmen of these Committees, for each meeting on the understanding that a Director belonging to both the Compensation Committee and the Nomination Committee does not receive double compensation;
  - the Chairman of the Board, the Chairman of the Executive Committee and the Executive Directors do not receive attendance fees for taking part in these Committees;
- for the Chairman of the Board of Directors, the Board of Directors has made use of the authorization conferred on it by Article 27 of the bylaws to grant an additional yearly fixed compensation of € 250,000 gross in 2014 by reason of the work load and the responsibility attached to this task;
- non-executive directors do not receive any variable compensation linked to results or other performance criteria. They are not entitled to Stock Options or Performance Share Units, nor to any supplemental pension scheme;
- the Company reimburses Directors' travel and subsistence expenses for meetings and while exercising their Board and Board Committee functions.

The Chairman of the Board of Directors is the sole non-executive Director having permanent support provided by the Group (office, secretariat, car). The other non-executive directors receive logistics support from the General Secretariat as and when needed. The Company also carries customary insurance policies covering the activities of Board members in carrying out their duties.

##### b) For Executive Committee members:

The compensation of the Chairman and the members of the Executive Committee is set as a global gross amount. This includes not only the gross compensation earned at Solvay SA, but also compensation received, contractually and arm's length directors' fees, from companies throughout the world in which Solvay SA holds majority or other shareholdings.

Individual compensation is set by the Board of Directors based on recommendations by the Compensation Committee.



## 6.2 Declaration concerning Compensation policy for the Chairman and members of the Executive Committee

The Compensation package of the members of the Executive Committee is governed by the group Compensation policy set out in Annex 2 (section 15).

The compensation package of the Chairman of the Executive Committee is governed by specific arrangements given his self-employed status in Belgium. The level and structure of this compensation package are aligned with market practices for a similar function in a comparable organization and do follow the general design of the Solvay group Compensation policy. It consists of a fixed compensation and an annual incentive target set at 100% of such base salary, with a maximum of 150%. Such short-term incentive is based on the achievement of pre-

defined individual (weighted at 30% of the total short-term incentive) and collective pre-set objectives, themselves divided into economic (REBITDA under Cash constraint, weighted at 60% of the total short-term incentive) and sustainable development (weighted at 10% of the total short-term incentive) objectives. He is finally entitled to a long-term incentive composed out of a 50/50 mix of stock options and so-called Performance Share Units, with an annual economic value target set at 150% of the base salary and a maximum guidance set at 200% of such base salary, in line with the general design of the generic Solvay long-term incentive plan but subject to the final appreciation of the Board. Solvay's commitment to offer a competitive though challenging reward package to its CEO transpires from his pay mix, since his global variable pay target substantially outweighs his base salary.

No major changes in the structure of the compensation package of the Chairman and the members of the Executive Committee are expected in 2015 and 2016.

## 6.3 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

Compensation In €	2013		2014	
	Gross amount	Including Board of Directors and Committees attendance fees	Gross amount	Including Board of Directors and Committees attendance fees
N. Boël				
■ Fixed emoluments + attendance fees	63,000.00	28,000.00	59,000.00	24,000.00
■ "Article 27" supplement	250,000.00		250,000.00	
D. Solvay	70,500.04	35,500.00	64,000.04	29,000.00
J-P. Clamadieu	63,000.00	28,000.00	59,000.00	24,000.00
J-M. Solvay	63,000.04	28,000.00	59,000.04	24,000.00
G. de Selliers de Moranville	99,500.04	64,500.00	85,000.04	50,000.00
J. van Zeebroeck <sup>(1)</sup>	23,389.80	10,500.00		
J-M. Folz <sup>(2)</sup>	79,500.04	44,500.00	24,889.80	12,000.00
B. de Laguiche	65,500.04	30,500.00	69,000.04	34,000.00
B. Scheuble	99,000.04	64,000.00	89,000.04	54,000.00
A. Van Rossum <sup>(2)</sup>	75,000.04	40,000.00	28,889.80	16,000.00
C. Casimir-Lambert	87,000.04	52,000.00	79,000.04	44,000.00
H. Coppens d'Eeckenbrugge	83,500.04	48,500.00	89,000.04	54,000.00
P. Mateos-Aparicio Morales <sup>(1)</sup>	27,389.80	14,500.00		
E. du Monceau	70,500.04	35,500.00	64,000.04	29,000.00
Y-T. de Silguy	65,000.04	30,000.00	75,500.04	40,500.00
A. Moraleda	40,610.24	18,500.00	64,000.04	29,000.00
F. de Viron	40,610.24	18,500.00	64,000.04	29,000.00
G. Michel <sup>(3)</sup>			32,610.24	10,500.00
R. Thorne <sup>(3)</sup>			50,110.24	28,000.00
	<b>1,366,000.52</b>	<b>591,000.00</b>	<b>1,306,000.52</b>	<b>531,000.00</b>

(1) Until May 12, 2013.

(2) Until May 12, 2014.

(3) From May 13, 2014.

## 6.4 Amount of compensation and other benefits granted directly or indirectly to the Chairman of the Executive Committee

Compensation and other benefits granted to the Chairman of the Executive Committee (J-P. Clamadieu)		
In €	2013	2014
Base compensation	1,000,000	1,000,000
Variable compensation (Short Term Incentive)	1,100,000	1,500,000
Pension and death-in-service and disability coverage (costs paid or provided for)	626,274	622,899
Other compensation components <sup>(1)</sup>	46,927	17,674

(1) Company vehicle, correction of 2012 Base Compensation.

Based on the assessment of the achievement of his individual pre-set objectives by the Board of Directors and the achievement of the Group collective economic and sustainable development indicators, the 2014 compensation package of the Chairman of the Executive Committee was set as follows.

The base salary of the Chairman of the Executive Committee remained at € 1 million in 2014. The Annual Incentive target was set at 100% of such base salary, with a maximum of 150%. In accordance with the Group Compensation policy, Long Term Incentives are composed of a 50/50 mix of stock options and so-called Performance Share Units. The Long Term Incentive target is set at 150% of the base salary, with a maximum of 200%. In 2014, the face value of his overall LTI award added up to € 1.6 million, considering the exceptional role played by the Chairman of the Executive Committee in the transformation of the Group and its overall

performance. The gain which will eventually be derived on pay-out date, will depend upon achievement of the performance thresholds imposed on his PSU's as well as of the performance of the Solvay shares on the stock market. The resulting numbers of stock options and PSU's are calculated according to the Monte Carlo model.

The compensation package of the Chairman of the Executive Committee is in full compliance with Art. 520 *ter* of the Companies' Code.

The Chairman of the Executive Committee does not receive shares as part of his compensation package.

In the area of extra-legal pension rights, given his self-employed status in Belgium, he has his own separate contractual regime, with pension, death-in-service and disability rules, which reflect the conditions he had previously at Rhodia.

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

Compensation and other benefits granted to the other members of the Executive Committee		
In €	2013 <sup>(1)</sup>	2014 <sup>(2)</sup>
Base compensation	2,502,169	2,453,117
Variable compensation	1,646,328	2,135,155
Pension and death-in-service and disability coverage (costs paid or provided for)	1,164,234	862,463
Other compensation components <sup>(3)</sup>	82,172	113,107

(1) B. de Laguiche (until September 30, 2013); J. van Rijckevorsel, V. De Cuyper, R. Kearns, G. Auffret, K. Hajjar (from October 1, 2013).

(2) J. van Rijckevorsel (until September 30, 2014), V. De Cuyper, R. Kearns, K. Hajjar, P. Juery.

(3) Representation allowance, luncheon vouchers, company car,...

Variable compensation consisted of an annual incentive based on the performance achieved towards pre-set collective Group economic and sustainable development performance objectives, and towards the performance of the manager as measured against a set of pre-determined individual objectives.

The law (Art. 520 *ter* of the Companies' Code) provides that from 2011 onwards, in the absence of statutory provisions to the contrary or express approval by the General Meeting of Shareholders, at least one quarter of the variable compensation of Executive Committee members must be based on predetermined criteria of performance that are objectively measurable over a period of at least two years, and another quarter at least should be based on predetermined performance criteria that are objectively measurable over a period of at least three years.

The Compensation policy has been reviewed in 2012. The new Compensation policy set out in Annex 2 came into effect in 2013 and is in full compliance with Article 520 *ter* of the Companies' Code.

Executive Committee members receive stock options and so-called Performance Share Units as explained below. They do not, however, receive shares as part of their compensation packages.

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

In the case of mixed business/private expenses (like cars), a proportional rule is applied in the same way as to all management staff in the same position.

In the area of insurance, the Company subscribes the same type of cover for Executive Committee members as it does for its senior managers.

Pensions and retirement and death-in-service coverage for Executive Committee members are based in principle on the provisions of the schemes applicable to senior executives in their base countries.

## 6.6 Stock options and Performance Share Units

Solvay's Long Term Incentives (LTI) plan is made of two separate components, a plain vanilla stock option plan set in in 1999 on the one hand and a Performance share Unit plan set up in 2013 on the other hand.

The Stock Option program ("SO") includes the following basic features:

- options are granted at the money;
- for a duration of eight years;
- options become exercisable for the first time after three full calendar years of restrictions;
- options are not transferrable inter vivos;
- the plan includes a bad leaver clause.

The plan was set up in 1999 to offer a competitive LTI vehicle aligned with Belgian practices. It is aimed at incentivizing Solvay's executive leadership team to work towards achievement of robust sustainable returns for the shareholders while offering a robust retention tool to the Company. All stock option programs set up annually since 1999 who did expire to date, did not expire without offering a payout opportunity to the beneficiaries which is a solid indication of the effectiveness of the program.

The Performance Share Unit program (PSU) was set up in 2013 to seek further alignment with the development of market practices, helping

Solvay to remain competitive in the market place in order to attract and retain talents while offering a more performance contingent vehicle to incentivize key executives to pay their tributes towards Solvay's roadmap ambitions.

The PSU includes the following basic features:

- the plan is purely cash based and does not encompass the transfer of shares to beneficiaries whatsoever;
- it contains the following two performance hurdles – 50% based on REBITDA target aligned with Solvay's roadmap and 50% based on CFROI target;
- condition of employment up to achievement of performance hurdles;
- payout in cash based on value of Solvay shares on target date.

In 2014, the Board of Directors, on the proposal of the Compensation Committee, allotted stock options to some 70 Group senior executives. The exercise price amounts to € 107.61 per option, with a three-year vesting period. Executive Committee members together were granted 84,535 options in 2014, compared with 97,490 options in 2013.

In combination with the stock option plan, the Board of Directors granted Performance Share Units (PSU) to around 450 Group Executives, for a possible pay-out in three years time if pre-set economic performance objectives (REBITDA and CFROI) are met. Executive Committee members together were granted 18,080 PSU in 2014.

### STOCK OPTIONS AND PSU ALLOTTED IN 2014 TO EXECUTIVE COMMITTEE MEMBERS

Country	Name	Function	Number of options	Number of PSU
Belgium	Clamadieu, Jean-Pierre	Chairman of the Executive Committee	32,990	7,055
Belgium	van Rijckevorsel, Jacques	Member of the Executive Committee	10,309	2,205
Belgium	De Cuyper, Vincent	Member of the Executive Committee	10,309	2,205
Belgium	Kearns, Roger	Member of the Executive Committee	10,309	2,205
Belgium	Hajjar, Karim	Member of the Executive Committee	10,309	2,205
Belgium	Juery, Pascal	Member of the Executive Committee	10,309	2,205
<b>TOTAL</b>			<b>84,535</b>	<b>18,080</b>

### STOCK OPTIONS HELD IN 2014 BY EXECUTIVE COMMITTEE MEMBERS

Country	Name	Held at 31/12/2013	Granted in 02/2014	Exercised in 2014	Options Expired in 2014	31/12/2014		
						Held	Exercisable	Non exercisable
Belgium	Clamadieu, Jean-Pierre	96,444	32,990	0	0	129,434	0	129,434
Belgium	van Rijckevorsel, Jacques (until 30/9/2014)	90,726	10,309	42,400	0	58,635	18,600	40,035
Belgium	De Cuyper, Vincent	75,726	10,309	17,000	0	68,535	29,500	39,035
Belgium	Kearns, Roger	80,226	10,309	6,000	0	84,535	47,500	37,035
Belgium	Hajjar, Karim		10,309	0	0	10,309	0	10,309
Belgium	Juery, Pascal	26,726	10,309	0	0	37,035	0	37,035
<b>TOTAL</b>		<b>369,848</b>	<b>84,535</b>	<b>65,400</b>	<b>0</b>	<b>388,483</b>	<b>95,600</b>	<b>292,883</b>

### **6.7 Most important provisions of their contractual relationships with the Company and/or an affiliated company, including the provisions relating to compensation in the event of early departure**

Executive Committee members, including the Chairman, 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.

No Executive Committee member, including the Chairman, will benefit from any departure indemnity linked to the exercise of their office. If their service ends early, only the legal system applies.

Mr. Jean-Pierre Clamadieu's contract includes a 24-month non-competition clause, but with no more than 12 months' pay.

On September 30, 2014, Mr. Jacques van Rijckevorsel left the Executive Committee without departure indemnity.

Executive Committee members' contracts do not contain a clause providing a right of claw-back of variable compensation in case of erroneous financial information.

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## **7 Chairmen's roles in achieving coordination between the Board of Directors and the Executive Committee**

The Chairman of the Board of Directors and the Chairman of the Executive Committee work together, through constructive dialogue and frequent exchanges, to harmonize the work of the Board of Directors (including its Committees) with that of the Executive Committee.

The following measures have been introduced to achieve this:

- the two Chairmen meet as often as is necessary on matters of common interest to the Board of Directors and the Executive Committee;
- the Chairman of the Board of Directors and the Executive Committee meet every month to discuss financial reporting;
- the Chairman of the Board has access to all information necessary to exercise his functions;
- the Chairman of the Executive Committee is a member of the Board of Directors, where he presents the Executive Committee's proposals.

## 8 Main characteristics of risk management and internal control systems

The Solvay group has set up an internal control system designed to provide a reasonable assurance that (i) current laws and regulations are complied with, (ii) policies and objectives set by General Management are implemented, (iii) financial and non-financial information is reliable, and (iv) internal processes are efficient, particularly those contributing to the protection of its assets.

A reasonable assurance level means a high, but not absolute, level: any internal control system has limitations linked to human error, wrong decisions or to the choices made in terms of cost/benefit of control.

This system has five components: the control environment, a risk assessment process, control activities, information and communication, and the internal control monitoring.

To further improve the effectiveness of Risk Management, that includes adequate internal control implementation and monitoring by Internal Audit, the Group has decided, effective January, 1, 2014, to combine the dedicated teams under the authority of the Head of Internal Audit, Internal control and Risk management.

### 8.1 The control environment

The control environment is the foundation of the internal control system, as it promotes the awareness and the compliant behavior of all employees. It is made up of various elements that set up a clear structure of principles, rules, roles and responsibilities, while showing the commitment of General Management.

The **Management Book** explains the organization and governance of the Group: the roles and responsibilities of the Executive Committee (Comex), Global Business Units and Functions are defined, as well as their scope. It also set forth a management framework expressed in the Group's Management and People Models, including accountability and transparency. Finally, it contains 25 "red lines" that are tackling key risks of the Group. These rules are mandatory for all employees.

The **Code of Conduct** begins with a message from the CEO and highlights the principles which must guide employees in their daily activities. It is based on a strong tradition of values that are deeply rooted in the Company's culture. As to the financial reporting, the Code states that employees must ensure that it is accurate and compliant with applicable regulations. More information about the Code of Conduct and how it is promoted and implemented by the Legal and Compliance Department can be found in the Section 10 of the present report.

An **Ethics Helpline**, managed by a third party, is progressively being made available to employees to enable them to report potential violations of the Code of Conduct, in case they cannot go through their managers or through the Compliance organization, or wish to report anonymously.

The **Financial Reporting Guide** explains how the various IFRS rules should be applied in the Group.

All these documents are accessible widely through the Group intranet and regular trainings on the Code of Conduct are provided to all employees.

Standardized Human Resources processes are in place to allow development, training and appraisal of personnel.

The job descriptions for key positions are organized consistently by professional family: Finance has its own referential of job descriptions, covering the key positions that ensure the timeliness, compliance and quality of the financial reporting.

### 8.2 The risk assessment process

Taking calculated risks while remaining in compliance with laws, regulations and the Code of Conduct is an inherent aspect of the business and industrial activities of the Solvay group. The Enterprise Risk Management (ERM) policy of Solvay is explained in the Management Book: it states that the Group will identify, quantify, assess and manage all potentially significant business risks and opportunities by applying systematic risk management integrated with strategy, business decisions and operations. Enterprise Risk Management is seen as an essential management tool and aid in making the decisions needed to achieve the Company's short-, medium- and long-term objectives.

The Comex approves the risk management policies and processes used throughout the Group. The Internal Audit & Risk Management Department (IA/RM) is in charge of setting up a global and consistent system of risk management across the Group.

The process of risk management takes into account the organization's strategic objectives and is structured in 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 enterprise risk management effort is structured around three main pillars:

- an annual top down exercise initiated at Leadership Council level, and finalized by a review and validation of a list of Group risks by the Group risk Committee (Comex and Head of HR, Industrial, Legal and Sustainable Development Functions). The Comex receives regularly a Group Risks Dashboard following up on those Group risks and the status of mitigating actions undertaken;
- an exercise covering all GBUs and Functions, with a methodology adapted to their size and embedded in the annual strategic review process. This exercise involves all the senior managers of the GBU or Function to identify and assess the major risks for their unit. Then, the Management team and the President of the GBU (or the Head of the Function) are in a position to assign the ownership of all the critical risks to one of the GBU's Managers. A regular follow-up of the actions mitigating critical risks is required from all the GBUs;
- specific risk assessments for major projects (investments, acquisitions or major function projects).

Moreover, the approach to design internal controls on major processes includes a step of risk assessment, to define which are the key control objectives to target.

This is particularly the case for processes leading to the production of the financial reporting.

More information on risks can be found in the "Management of risks" section of this annual report, in particular with regard to the Group's main risks and the actions taken to avoid or reduce them.

### 8.3 Control activities

Solvay uses a systematic approach to design and implement control activities in the most relevant processes. The key responsibilities in this approach are defined in Solvay's Management Book. The Corporate Process Owner (CPO) is the top management, Head of a Function, sponsor of processes (and sub processes). The Corporate Process Manager (CPM) is responsible for the definition of a standard process for the Group. He should:

- 1 identify risks and assess them;
- 2 set up procedures and control activities relevant to these risks;
- 3 roll-out these controls across the Group.

The Internal Audit and Risk Management Department assists the Corporate Process Managers to identify the most significant risks in the processes and to design control activities in proportion to the stakes inherent to each process. It also assists them to set up their annual internal control roadmap (indicating which issues and controls shall be a priority for the coming year, as well as the roll-out plan). This roadmap is validated each year by an Internal Control Steering Committee chaired by the Group CFO, and gathering all Heads of Function. At each level of the Group (Corporate, Shared services platforms and GBUs) management operating the various processes is responsible for the execution of the controls.

With regard to the controls on financial data, these controls are implemented all along the Record-to-Report process: the financial elements are consolidated monthly and analyzed at every level of responsibility of the Company (such as, for example, Solvay Business Services, the Finance Director of the entity, Group Accounting and Reporting and the Executive Committee) and in various ways such as, for example, variance analysis, plausibility and consistency checks, ratio analysis and comparison with forecasts.

The results are also validated quarterly by the Audit Committee, taking into account the work carried out by the External Auditor.

The information systems for the whole Group are managed by Solvay Business Services. A large majority of the operations of the Group are supported by a small number of integrated ERP systems. The financial consolidation is supported by a dedicated tool.

General controls on the information systems cover both the security aspects, aimed at securing the protection of data, and the quality aspects, aimed at ensuring the best suitability of solutions (management of changes and projects) and services (management of IS operations) to the needs of the users.

### 8.4 Information and communication

The communication from top Management towards all the employees is supported by a number of tools, such as the Group intranet or electronic newsletters that go along direct presentations by members of the Comex to various teams throughout the world.

Besides the monthly reporting analysis prepared by the Group Controlling, the Comex has quarterly a thorough review of the GBU situation, through the Business Forecast reviews.

As to the financial reporting disclosure, Solvay publishes quarterly results. Before each quarterly closing, the Group Accounting and Reporting Department circulates written detailed instructions to all concerned actors.

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

- Publication is carried out under the supervision and control of the Executive Committee;
- The Audit Committee validates it, in particular ensuring that the IFRS accounting principles are complied with and that it gives a fair and relevant picture of the business of the Group;
- The Board of Directors approves it.

The Audit Committee is in charge of monitoring the effectiveness of internal control systems. It supervises the work of the Internal Audit Group with regard to financial, operational, and compliance monitoring. In particular, it is informed of the scope, programs and results of the internal audit work and receives the assurance that the audit recommendations are properly implemented. The Mission Statement of the Audit Committee is given in Appendix 1 to this Corporate Governance Statement.

### 8.5 Internal control monitoring

The Audit Committee is in charge of monitoring the effectiveness of internal control systems. It supervises the work of the Internal Audit Group with regard to financial, operational, and compliance monitoring. In particular, it is informed of the scope, programs and results of the internal audit work and receives the assurance that the audit recommendations are properly implemented. The Mission Statement of the Audit Committee is given in Appendix 1 to this Corporate Governance Statement.

Internal Audit is an independent objective assurance and consulting activity designed to add value and improve the Group operations. It helps the Group to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

The internal audit assignments are planned and defined in terms of content on the basis of a risk analysis; the diligences focus on the areas perceived as having the highest risks. All the consolidated entities within the Group are visited by Internal Audit at least every three years.

The recommendations of Internal Audit are implemented by management.

Other entities carry out activities of the same type in very specific areas. For example:

- the Health Safety & Environment Department carries out health, safety, and environmental audits;
- the Solvay Business Services Compliance and Risk Management Department conducts IS audit assignments, in coordination with Internal Audit;
- the Ethics and Compliance Department coordinates investigations in case of potential infringement of the Code of Conduct.

## 9 External audit

The audit of the Company's financial situation, its financial statements and the conformance of the statements with respect to the Companies' Code and the by-laws, and of the entries to be recorded in the financial statements, is entrusted to one or more auditors appointed by the Shareholders' Meeting from among the members, either physical or legal persons, of the Belgian Institute of Company Auditors.

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

The Shareholders' Meeting sets the number of auditors and fixes their emoluments in accordance with the law. Auditors are also entitled to reimbursement of their travel expenses for auditing the Company's plants 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 mandate of Deloitte Réviseurs d'Entreprises SC s.f.d. SCRL has been renewed at the Ordinary Shareholders' Meeting of 2013 for three years.

Deloitte Réviseurs d'Entreprises SC s.f.d. SCR is represented by Mr. Eric Nys. Mr. Frank Verhaegen has been appointed by the Ordinary Shareholder's Meeting of 2013 as alternate representative of Deloitte Réviseurs d'Entreprises SC s.f.d. SCRL for the same duration.

The yearly audit fees are € 1,146,300. They include the audit of the statutory accounts of Solvay SA as well as the audit of the Group consolidation.

Deloitte received € 203,000 in supplementary fees in 2014.

## 10 Code of Conduct

The Solvay Code of Conduct sets out how Solvay carries out its business and interacts with its stakeholders in an ethical and compliant manner. It is based on a strong tradition of values that are historically ingrained in the Group's culture. This Code applies to every Solvay employee wherever Solvay operates or conducts its business.

The Solvay Code of Conduct provides general guidance to all employees about how to behave in the workplace, in Solvay's businesses and while representing Solvay in their communities. It is not an exhaustive document anticipating every situation employees may face in their day-to-day business. Rather, the Code highlights the guiding principles that form the basis of the Group's policies.

The Code of Conduct is part of the Group's constant effort to maintain and strengthen trust both among all its employees and between the Group and its partners, including its employees, their representatives, shareholders, customers and suppliers, government agencies and all other third parties.

To obtain the widest possible involvement of all employees in implementing the Code, the Group will continue to promote a rich and balanced social dialogue between senior management and social partners.

The Solvay group takes various measures to ensure that the Code is applied, including targeted training programs and sanctions in case of violation.

The Legal & Compliance Function under the authority of the Group General Counsel, contributes to the compliance culture. The Ethics and Compliance Department has the more specific objective of strengthening a culture based on ethics and in compliance with the Solvay Values and Code of Conduct.

Compliance Officers have been appointed in all four geographic zones where the Group is active. They are assisted by a network of experienced employees tasked, in addition to their other responsibilities, with supporting activities in this area.

The Group encourages its employees to take up any difficulty or question relating to the application of the Code of Conduct with superiors or other identified interlocutors (Compliance Officers, legal staff, human resources).

The Group also operates, on a worldwide basis, an Ethics Helpline in the form of an external service to voice any difficulties or pose questions in complete confidence and in some cases on an anonymous basis. The Ethics Helpline is managed in accordance with applicable legislation and in particular with the laws governing data protection.

In the joint ventures, Board representatives make every effort to have rules adopted that are in line with the Group's Code of Conduct.



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## 11 Preventing insider trading

The Group has established a policy for preventing insider trading, and a manual containing strict rules of confidentiality and non-use of “inside information” for both regular and occasional insiders. This policy and manual have been widely circulated within the Group.

The interpretation and oversight of compliance with these rules are entrusted to a Transparency Committee composed of the Group Corporate Secretary (Chairman), who is also Group General Manager Communication, the Chief Financial Officer, the Group General Counsel and the Group General Manager Human Resources. In particular, this Committee advises the Board of Directors, the Executive Committee and any employee confronted with a difficult situation.

This policy is applied equally by the Executive Committee and the Board of Directors.

Moreover, in conformity with the law of August 2, 2002, persons exercising managing responsibilities within the Group, and persons who are closely related to them, that is:

- the members of the Solvay SA Board of Directors;
- the members of the Executive Committee;
- the Corporate Secretary;
- the Group General Manager Human Resources; and
- the Group General Counsel;

have been informed and are regularly reminded of their obligation to declare to the Financial Services and Markets Authority every transaction involving Solvay shares.

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## 12 Internal organization of the Solvay group

The internal organization of the Solvay group is described on page 32 of this annual report.

## 13 Relations with shareholders and investors

### 13.1 Performance of the Solvay share

Solvay shares are dually listed on Euronext Brussels – the primary listing – and, since January 2012, on Euronext Paris under the unique mnemonic code of SOLB. Furthermore, Solvay joined the CAC 40 stock index on September 21, 2012. Both these events reflect the Group's long history in France as well as its economic weight.

On December 31, 2014, its price was € 112.4, as against € 115.0 at the end of 2013. During 2014, the average price was € 114.91 and the highest price was € 129.15 (July 22, 2014).

Average daily trading volume as reported by Euronext was 193,011 shares in 2014, compared with 213,337 shares in 2013.

### 13.2 Active financial communication

Throughout the year the Investor Relations team has endeavored to communicate in a timely and effectively manner with, and present financial and strategically relevant facts about and developments concerning Solvay to various investor groups, equity and credit analysts and other stakeholders, on a worldwide basis. To that end, in the course of the year, the Investor Relations team members have held regular contacts with financial analysts and institutional and retail investors, including updates with facts regarding financial and strategic trends and have organized selected presentations, visits and roadshows.

The Group is very attentive to the equal treatment of all shareholders.

The Group's communication policy is to disseminate, as soon as reasonably possible, information that is of material interest to the market in the form of press releases and/or press conferences and public presentations available in the Group internet website.

#### Solvay SA

Investor Relations  
Rue de Ransbeek, 310  
B-1120 Brussels (Belgium)  
e-mail: [investor.relations@solvay.com](mailto:investor.relations@solvay.com)  
Internet: [www.solvay.com](http://www.solvay.com)

### 13.3 Individual investors

For many years the Group has maintained very close relations with individual investors both by taking part in fairs and conferences and by providing regular information on the life of the Group (press releases, the annual report, etc.) on request.

In 2014, the Solvay group actively continued its meetings with individual investors.

By way of example:

- in January 2014, Solvay met the members of Investas, an association of Luxembourg retail investors;
- in April 2014, Solvay took part in an "Investors' Event" organized in Antwerp by the Netherlander federation of Investments Clubs and Investors, VFB (Vlaamse Federatie van Beleggingsclubs en Beleggers) and attended every year by more than 1,000 participants. On this occasion, Solvay's CFO presented the Group in the presence of about 400 individual investors;
- in November 2014, Solvay organized a visit of three laboratories in its site of Brussels for 50 retail shareholders. The program of this visit also included a presentation of the Group by Solvay's CFO as well as a presentation of Solvay's Research & Innovation by the Advanced Research & Technology Innovation Director.

Furthermore, the Group implemented a campaign including Corporate & financial performance messages on financial internet sites in Belgium and in France.

Finally, Solvay launched a monthly e-newsletter called "SOLVAY IN ACTION" available in French, Dutch and English that presents key quarterly financial messages as well as stories, videos and images which illustrate the Group evolution through its key strategic levers. SOLVAY IN ACTION primarily addresses Solvay's Investors' Club but its entire content is available in the Investors section of [www.solvay.com](http://www.solvay.com). Since the launch of SOLVAY IN ACTION in September 2014, members of the Investors' Club have almost tripled.

### 13.4 Roadshows and meetings for institutional stakeholders

Roadshows and meetings with senior Group managers are organized regularly for international financial professionals (analysts, portfolio managers, press, etc.). Solvay is also developing an active dialogue on its Sustainability policy and parameters and multiplies the opportunities of interaction with investors concerned with Corporate Social Responsibility (CSR) values.

In 2014, more than 800 total contacts were established at meetings and events organized in Europe (Brussels, London, Paris, Frankfurt, Geneva, Zurich, Edinburg, Dublin, Amsterdam, Luxembourg, Stockholm, Copenhagen, Helsinki, etc.), the United States and Asia.

Conference telephone calls with management are also systematically organized, every quarter, to comment on Group results.

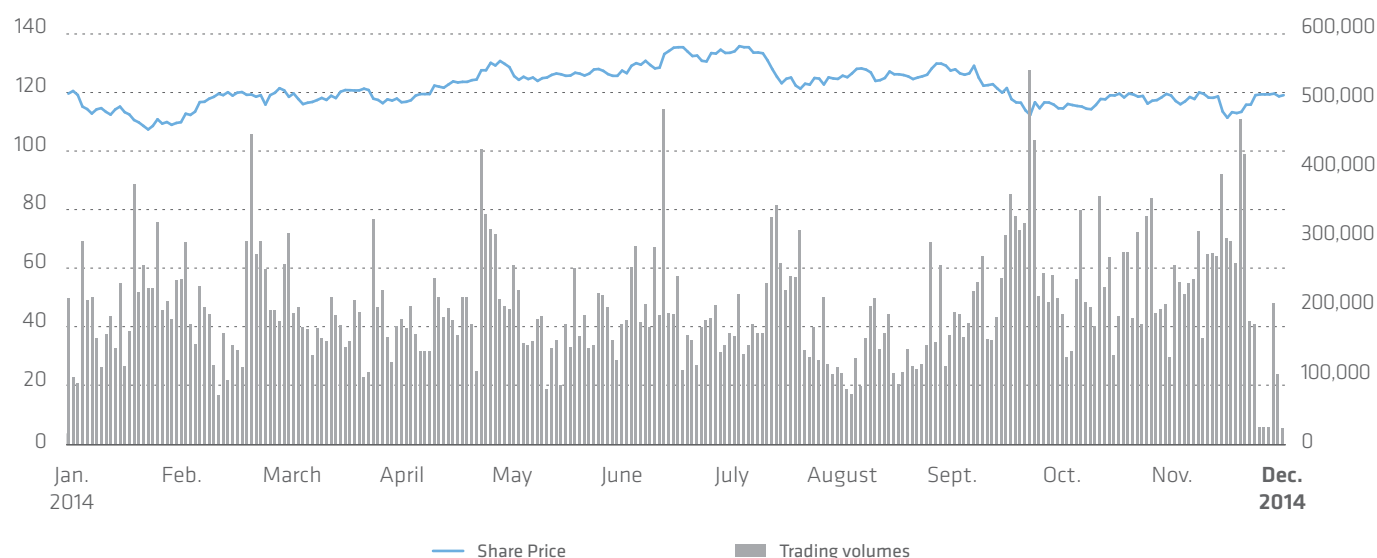
### 13.5 A specific internet site

Dedicated internet pages, [www.solvay.com/en/investors](http://www.solvay.com/en/investors), provide shareholders and investors with the latest published financial and strategic information from the Group. The site, constantly improved, provides various and valuable services. Furthermore, it is henceforth available in three languages – English, French and Dutch. Based on responsive design, it offers an optimal viewing experience on any devices.

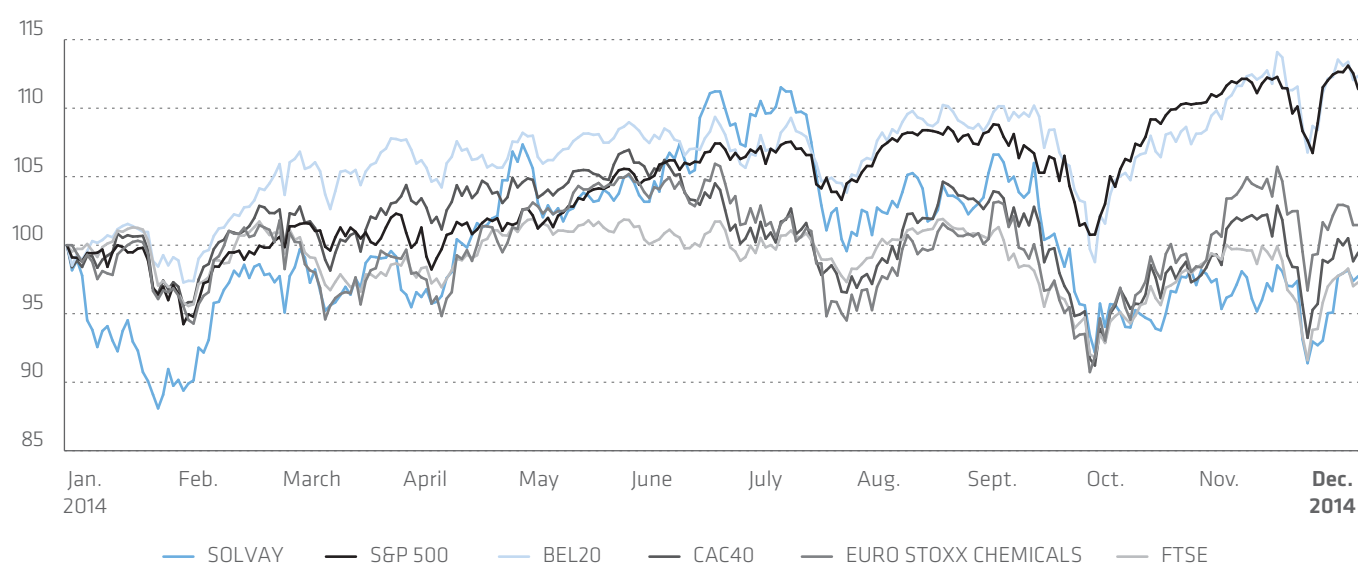
It especially provides useful contacts with sell-side analysts who closely track the Group. It further offers the opportunity to join the Investors' Club

in order to receive email notifications in the three languages concerning information of various kinds: agendas of meetings, including the Annual Shareholders' Meeting, by-laws amendments, special reports of the Board of Directors, publication of the annual report, unconsolidated parent company accounts, payment of dividends, etc. In 2014, a new section dedicated to the shareholders' information has been created. It gathers SOLVAY IN ACTION, the information program mentioned in the section 13.3 of the present report, practical information concerning shares registration and answers to the most frequent questions.

### Solvay share prices and trading volumes from January 1, 2014 to December 31, 2014



### The Solvay share compared with indexes from January 1, 2014 to December 31, 2014



## 14 Annex 1: Audit Committee Mission Statement

### 1 Members

The Audit Committee is composed of at least four members.

The members of the Audit Committee are all non-executive Board members and at least a majority of them are independent Board members as defined in article 526ter C. Soc.

The members of the Audit Committee collectively are competent in the area of activities of the Company, as well as in financial management, financial reporting, accounting and audit through their training and experience acquired over the course of their careers. At least one of them, who is an independent Board member, has special competence in accounting and audit.

### 2 Guests

The Audit Committee invites the following people to give reports during each of its meetings:

- the Chief Financial Officer;
- the Accounting and Reporting Manager;
- the Manager of the Internal Audit Competence Center, Risk Management and Internal Control;
- the External Auditor for the Group.

The Chairman of the Executive Committee of Solvay SA is invited once a year to discuss the Group's major risks.

### 3 Frequency of meetings

The Audit Committee will meet at least four times per year, before the Board of Directors' meetings that deal with the approval of the annual, semiannual and quarterly results.

Additional meetings may be called to debate the scope of the plans, year-end closing topics, Internal Control mechanisms, Risk Management and audit costs and to discuss other important financial questions.

### 4 Main tasks of the Audit Committee

- a) The Audit Committee ensures that the annual report and the annual accounts, periodic financial statements and all other important financial communications of the Group comply with generally accepted accounting principles (IFRS for the Group, Belgian accounting law for Solvay SA). These documents must reflect a true and relevant image of the Group's business and of the parent company and must satisfy all statutory and regulatory provisions.

- b) The Audit Committee regularly examines the strategies and accounting practices applied to prepare the financial statements of the Group and ensures their conformity with good business practices and the appropriate accounting standards.
- c) The Audit Committee regularly examines the scope of the external audit by the external auditor and its implementation throughout the Group. The Audit Committee examines the recommendations formulated by the external auditor and the report sent by the external auditor to the Board of Directors.
- d) The Audit Committee oversees the effectiveness of the Group's internal control systems and in particular the financial, operational and compliance control, as well as risk management. The Audit Committee also ensures that the electronic information systems used to generate financial data meet the required standards. The Audit Committee makes sure these systems meet statutory and regulatory requirements.
- e) In terms of internal audit, the Audit Committee verifies the scope/ programs/results of the internal audit Department's work and ensures that internal audit has adequate resources. The Audit Committee ensures proper follow-up to the recommendations made by internal audit.
- f) The Audit Committee verifies and oversees the independence of the external auditor, in particular concerning additional services requested outside of the legal mission. In this regard, it is the Audit Committee that proposes an external auditor to the Board of Directors, which then will put forward the candidate for approval and appointment by the General Shareholders' Meeting (including compensation). Also, in concert with the CEO and the CFO, the Audit Committee participates in the choice of the manager of the Internal Audit Competence Center.
- g) The Audit Committee examines the areas of risk that are likely to have a material influence on the financial situation of the Group. These risks include, for example, the exchange rate risk, significant litigation, environmental issues, questions linked to product liability, etc. During this examination, the Audit Committee studies the procedures in place in order to identify these significant risks and to quantify their possible impact on the Group and the functioning of the control systems.

### 5 Minutes

As a Committee of the Group's Board of Directors, the Audit Committee prepares minutes of each of its meetings and submits them to the Board.

## 15 Annex 2: Compensation policy for General Managers

In 2012, the Group has reviewed its Compensation policy with the objective of:

- reinforcing the link between mainly variable compensation and both individual and collective performance;
- aligning better variable compensation with relevant market practices.

To assess relevant competitive practice, Solvay takes as its frame of reference a selection of European chemical and industrial manufacturing companies with international operations and annual sales revenues and headcount reasonably close to its own. The composition of this group is reviewed on a periodic basis to assure that it continues to reflect the Company's strategic orientation. It is currently composed out of sixteen European-based multinational companies headquartered in six different European countries and active in both the Chemical sector and/or Industrial sector.

For executives with a non-European home country and who are based outside Europe, the home country practice (ideally weighted towards the chemicals sector) constitutes the reference. For data relating to the international market, the services of internationally recognized compensation consultants are retained.

Solvay's objective is to provide total compensation levels that are at or around the median of the chosen reference market for normal performance and close to the upper quartile level of the market in case of outstanding collective and individual performance.

The compensation of the General Managers comprises the Base Salary (reviewed on an annual basis), Annual Incentives, Long Term Incentives and Other Benefits.

The new Compensation policy effective as of 2013, covers the Executive Committee members, the General Managers and the Heads of large Global Business Units.

### Compensation policy

The Compensation policy is composed of Short Term Incentive (STI) plan providing for annual bonus linked to the Group business performance and Long Term Incentive (LTI) plan to introduce a link with the global Group performance.

### Short Term Incentives (STI)

STI are partly linked to the Group performance and partly linked to individual performance.

The target annual incentive ranges, according to position level, from 50% (General Managers and Heads of large GBUs) to 60% (members of the Executive Committee) of base salary. The target short-term incentive consists of three components weighted as follows:

- 30% depending on the individual performance of the manager as measured against a set of pre-determined objectives, approved, for Executive Committee members by the Board of Directors;
- 60% linked to the actual performance achieved towards a combination of annual pre-set collective Group economic performance objectives (REBITDA under a specific Free Cash Flow constraint);
- 10% related to a Group Sustainable Development indicator.

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

### Long Term Incentives (LTI)

The Long Term Incentives consist of a 50/50 mix of Stock Options (SOP) and Performance Share Units (PSU).

With respect to stock options, the Board of Directors determines annually the volume of Stock options available for distribution based on their accounting fair value at grant, using the Monte Carlo 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.

With respect to PSU's, it is equally the Board's responsibility to determine the envelope available for distribution based on the closing value of the Solvay share at grant date. The total volume of PSU's available is then allocated to the senior managers of the Company based on their expected ability to substantially contribute to the achievement of Solvay's ambitions.

The SO plan is a plan vanilla plan providing each beneficiary with the right to buy Solvay shares at a strike price corresponding to the fair market value of the shares upon grant. They bear no intrinsic value at that point in time and will only generate a potential gain for the beneficiaries if the stock price rises. This grant is conceded for a duration of eight years. It cannot be exercised for the first three calendar years following the grant. Options are not transferrable except in case of death. The plan contains a so called bad leaver clause.