# Summary

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Introduction

"We aim to develop sustainable partnerships with our Suppliers in order to deliver value added and innovative solutions."

We aim to create stable and reliable relationships with our suppliers, based on shared values especially regarding environmental and ethical principles.

We believe that by fostering collaborating we will together improve, find better solutions and deliver more value.

Sustainable relationships are based on trust, transparency and understanding each other.

This supplier handbook aims to give you a better understanding of our organization and our processes. It will explain how we work, what we ask from you and also what you can expect from us.

Our strategy at Solvay is to assist our customers in innovating, developing and delivering high-value, sustainable products and solutions which consume less energy and reduce CO₂ emissions, optimize the use of resources and improve the quality of life.

This can only be achieved together by sharing common goals, and by building a strong business relationship with you as one of our suppliers.

Kristian Saksida

Supplier Handbook 2017
Mission of the Purchasing organization:

We aim to develop **sustainable relationships** with our Suppliers in order to deliver **value added and innovative solutions**.

In **partnership** with the GBU’s and Functions*, Purchasing and Supply Chain Excellence (PSCE) will **create additional value** through simple and clear purchasing processes and **excellence programs** managed by a global network of **talented people**.
Purchasing and Supply Chain Excellence (PSCE), represented by a highly professional network of buyers, is structured as a matrix organization, with different purchasing domains and geographic zones, to serve internal needs and to be close to our suppliers.

The Solvay buyers are grouped:

- PSCE Function buyers (global domain + zones)
- GBU buyers (raw material domain)
- Site buyers (Local Procurement Representative - LPR)

**Solvay’s organization** is a matrix model. The Global Business Units (GBUs) and sites are supported by Corporate Functions to achieve their objectives in terms of competitiveness and growth.
How do we purchase?
Group policies & Best practices

A set of Global Purchasing Policies has been established to ensure transparency and compliance during interactions with our suppliers:

**Responsible Purchasing and Sustainable Supply Chain Statement:** As sustainability is an integral part of the Solvay Group strategy, we are committed to creating stable and reliable relationships with our suppliers based on shared values. This policy is a mutual commitment between Solvay and its suppliers to practice responsible and sustainable business practices. We expect our suppliers to implement these principles in their own organization and to commit to a continuous improvement approach.

** Buyers Behavior General Policy:** All buyers are trained on and committed to Solvay’s Code of Conduct and the Solvay Purchasing Process (SPP).

**Supplier Management Policy:** All suppliers shall be approved under established purchasing criteria and must adhere to the Solvay Supplier Code of Conduct. One important criteria is Corporate Social Responsibility (CSR) which is evaluated on the basis of an internal questionnaire or third party evaluation.

**Accredited Purchasing Process:** The entire Purchasing Family follows the global Solvay Purchasing Process (SPP). SPP ensures that our corporate values, supplier practices and key governance processes are upheld.

**Professional Purchasing Policy:** Only a buyer or a person using formal purchasing channels is entitled to undertake purchasing commitments.

**Best-Practices Policy:** The entire Purchasing family is encouraged to develop and apply best-practices in all relevant fields of sourcing.

**Purchasing Request for Quotation Policy:** Whenever possible, all sourcing activities shall integrate at least three competitive suppliers for a formal bid. Bids evaluation criteria include CSR and Total Cost of Ownership (TCO) aspects.

**Purchasing Formal Channels Policy:** All purchases must be made through formal and approved purchase channels such as purchase orders, e-Catalogs and P-Cards.

**Purchase contract:** A purchase contract establishes the relationship between customer and supplier, defining the main terms and conditions of this relationship: scope, duration, specifications of goods and services, price and payment terms.
Solvay Business Services (SBS) procure-to-pay process operates transactional activities for the Purchasing Function. (see p14)
Our Corporate Social Responsibility (CSR) approach
Solvay Way

A company-wide continuous progress tool - aligned with ISO 26000 - which integrates social, environmental and economic aspects into our management and strategy.

A balanced relationship with our suppliers forms the basis for mutual value-creation through innovation and close cooperation.

Adherence to our Supplier Code of Conduct is considered to be of utmost importance for building sound relationships and promotion of sustainable purchasing practices.
Supplier Code of Conduct & Life Saving Rules

In 2015, Solvay deployed its Supplier Code of Conduct which outlines the importance of Corporate Social Responsibility (CSR) for the Group. It focuses on legal compliance for business integrity, respect of human rights, health and safety protection and environment protection.

The Supplier Code of Conduct is complemented by safety rules everyone must respect, especially on Solvay industrial sites, to protect people and prevent accidents.

These Life Saving Rules must be known and respected by Solvay staff, external staff, and suppliers present on Solvay locations.

Solvay Life Saving Rules

1. Work at height
   Protect yourself and your tools from falling when working at height.
2. Work on powered systems
   Isolate and de-energize mechanical and electrical equipment before starting the work.
3. Line breaking
   Obtain authorization before starting line or vessel opening.
4. Work in confined spaces
   Be sure that atmospheric conditions are continuously monitored and a safety attendant is standing by before entering a confined space.
5. Work in explosive atmosphere
   Do not enter any area that has a potentially explosive atmosphere with objects which could generate a spark or ignition.
6. Lifting
   Do not stand or move under or in the vicinity of a lifted load.
7. Excavation
   Stay out of the line of fire of excavators, trucks and non-stabilized earth.
8. Traffic
   Respect the traffic rules.
Solvay is committed to the Responsible Care® Global Charter. This global chemical industry initiative aims to achieve continuous improvement in the safe handling of chemical substances from their initial development to their final use.

In order to ensure full integration of safety, security, and risk management into its practices, Solvay deploys its internal QHSE policy, the Solvay Care Management System (SCMS) on all sites, allowing us to progress continuously in collaboration with our stakeholders.

This system integrates the requirements of the international standards ISO 9001, ISO 14001 and OHSAS 18001.
Together for Sustainability (TfS)
Supplier involvement in CSR

As a founding member, the Solvay Group adheres to the Together for Sustainability (TfS) Initiative. TfS aims to build an industry wide standard for sustainable supply chains within the chemical industry.

The TfS global program intends to assess and improve sustainability practices across the entire supply chain.

**The program is based on two pillars:**

- Third party CSR assessments
- CSR audits (site audits performed using TfS protocol)

In specific cases a sustainability audit may additionally be required to further review and address identified risks or questionable practices.

In the case that shortcomings are found (low assessment scores; audit non-conformances) we request that the supplier implements a corrective action plan which is followed-up on by our buyers.

Solvay's Partnership with Suppliers

- Qualification & Selection Criteria
- Purchase Orders and Invoices Processing
- Supplier Performance
- Supplier Satisfaction
- Address an issue to Solvay
- Relationship

The **Solvay Purchasing Function** is responsible for sourcing from the best suppliers to meet the needs of GBU's. **Suppliers** provide goods and services to Solvay. **Solvay Business Services** perform transactional activities between Suppliers and Solvay Purchasing Function.
Qualification & Selection
Five criteria for supplier selection

Supplier Innovation & Strategic Fit
- Strategic fit: collaboration, transparency, communication, mutual trust...
- Level of interaction
- Geographical fit
- Innovation / R&D capability

Supplier CSR / HSE
Suppliers are evaluated through CSR assessments (Solvay’s or third party) to measure their maturity regarding:
- Health & safety
- Social & labor practices
- Business practices
- Environmental policy

Supplier Competitiveness
- Purchasing cost
- Working capital effect
- Total Cost of Ownership

Quality
- Quality management system
- Quality of product and service proposed, supplier evaluation results, non-conformance results

Supply Risk
- Financial performance
- Country risk
- Legal risk
- Knowledge & technology reliability

Replying thoroughly to qualification questionnaires (RFI, RFP, RFQ, CSR) increases chances of selection.

Non-selected suppliers are informed by buyers about the reasons of the decision and how to improve if needed.
Purchase Order & Invoice Processing
Solvay Business Services (SBS)

Solvay Business Services (SBS) is the global shared services organization of the Solvay Group and provides Procure to Pay (PtP) services on behalf of the Purchasing Function.

SBS supports the partnership with suppliers by ensuring fast and secure Master Data Maintenance, Purchase Order and Invoice processing.

Solvay offers its suppliers the possibility to register, follow, and check the payment of their invoices online.

A fair and sustainable supplier-client relationship is governed by the respect of the agreed terms.

For more information please read the PtP Process Sheet which is an integral part of Solvay General Purchasing Conditions.
Purchase Order & Invoice Processing

Key Requirements

The accuracy of information transmitted is key for the efficiency of our transactions.

1. **Master Data** – A complete set up of your Master Data is needed to send you Purchase Orders. Master Data are bank details, contact data for purchase orders and invoices, etc. For the set up of our Supplier Master Data we use a workflow tool. Please respond as soon as possible when you receive an email requesting information and the confirmation of bank details.

2. **Purchase Order** - A purchase order is mandatory prior to any delivery. You will receive it by e-mail.
   
   **Order Acknowledgment** - We expressly request the confirmation of our Purchase Orders within two business days. We prefer to receive your Order Acknowledgement online, so please use the link if you receive one in the Purchase Order email.

3. **Invoice** - Each invoice must accurately indicate the Purchase Order number and the Solvay legal entity mentioned on the Solvay Purchase Order; otherwise the payment will be delayed.

   **Invoice sending** - Always send your invoices to the invoicing address mentioned on the Purchase Order. In most cases, invoices have to be sent to Solvay Business Services. Solvay strongly encourages the use of electronic invoicing methods when permitted by local legislation: that way, invoices are received immediately, significantly reducing the risk of loss.

   **Invoice tracking** - For inquiries regarding your invoice status, please use the Invoice Tracking Tool in the supplier section on solvay.com: [www.solvay.com > about_Solvay > procurement > Supplier Information & Tools](http://www.solvay.com/about_Solvay/procurement/SupplierInformationTools)

4. **Payments** - Invoices are assigned to our internal bank "Solvay CICC SA“, who processes the payments on behalf of the Solvay Group entities. This assignment has no effect on the contractual relationship associated with the suppliers concerned.
Depending on the severity of the incident a gravity level (see table) is attributed, which determines the necessary follow-up to be given to the complaint.

The supplier shall acknowledge receipt and full understanding of the complaint.

If required, corrective actions must be implemented to fix the immediate impact of the dysfunction. In addition, a non-conformance root cause analysis may be requested.

If appropriate, the supplier must propose a corrective action plan including deadlines and evidence of effectiveness of the proper solution in order to avoid reoccurrence of the problem.

Complaints may initiate the need for a risk analysis.
Supplier Performance
Supplier Evaluation

Solvay regularly evaluates the performance of its suppliers using the below criteria. Results are shared with the suppliers.

Innovation
- Innovative project proposals
- New product/service or new application for Solvay, new process
- R&D capability

CSR / HSE
- Health (Industrial hygiene) & Safety aspects
- Social & labor practices
- Business practices
- Environmental aspects

Competitiveness
- Total Cost of Ownership
- Price positioning

Quality & Performance
- Product/Service conformity
- Respect of deadlines/delivery dates
- Quality of treatment of non-conformances/complaints

Relationship
Professional relationship with suppliers evaluated by:
- Buyers
- Internal clients (sites)

CSR evaluations are valid for up to three years. Suppliers with identified areas for improvement are asked to follow-up with action plans. These suppliers will also be added to next evaluation campaign (for one specific criteria or total evaluation).
Solvay regularly launches **Supplier Satisfaction Surveys**

Suppliers are asked to share their opinion on several topics to measure their overall relationship with Solvay:

• Understanding of the organization, purchasing strategy, policies and Corporate Social Responsibility (CSR) policy mentioned in this booklet
• Effectiveness of processes and professionalism of people
• Business relationship with Solvay
• Reasons for and duration of the partnership with Solvay
• Participation in the Together for Sustainability program via agreed third-party assessment
• The importance given by Solvay to CSR, safety, provisioning reliability, competitiveness, quality, innovation

The objective is a more collaborative and sustainable relationship between Solvay and its suppliers based on trust, communication and transparency.
Address an issue to Solvay
Our way to improvement

In the same way that Solvay records supplier non-conformances and requires corrective actions, suppliers are invited to address their concerns to Solvay.

These usually concern day-to-day issues like missing documentation, repetitive late reply, late payment… but could also relate to a structural problem.

**Please discuss the issue with your buyer and work together to find a satisfying solution.**

Issuing a complaint will not affect our business relationship as we consider it to be a path toward improvement.

Sometimes, parties are too involved by the conflict to reach a conclusion.

In that case supplier may request assistance of a mediator who will help finding a satisfying solution for both parties.

We hope that the need for a third party to solve an issue remains exceptional and that we are always able to dialog and find amicable solutions.
Relationship

Communication is a pillar for a strong supplier-client relationship and efficient business collaboration. That is why regular communication is essential.

Every Buyer Every Visit (EBEV)

Solvay seeks to reinforce cooperation with its suppliers and share its vision on responsible purchasing.

For this purpose we expect every buyer during every visit to have discussions with our suppliers on important topics such as CSR, QHSE, the Supplier Code of Conduct and Innovation.

Innovation

Solvay strongly believes that innovative chemistry holds sustainable solutions for future generations.

Solvay encourages and values suppliers willing to collaborate on innovative challenges.

Suppliers deploying an innovative project are considered as strategic partners.
Looking for information?

Solvay in Short  
www.solvay.com > Sustainability > Reporting > Solvay in Short

Annual Report and Sustainable Report  
http://annualreport.solvay.com/more-commitment.html

TfS  
http://www.tfs-initiative.com/

Solvay Way  
www.solvay.com > Sustainability > Solvay Way > Solvay Way Brochure

Supplier Code of Conduct (in 10 languages)  
www.solvay.com > About Solvay > Procurement > Responsible Purchasing > Supplier Code of Conduct

Responsible Purchasing and Sustainable Supply Chain Statement  
www.solvay.com > About Solvay > Procurement > Responsible Purchasing > Responsible Purchasing > Sustainable Supply Chain Statement

Solvay Business Services (SBS)  
YouTube presentation video: https://www.youtube.com/watch?v=0PjXoUdiu0s

PTP Process Sheet  
www.solvay.com > about Solvay > procurement > Supplier Information & Tools

Invoice Tracking Tool  
www.solvay.com > about Solvay > procurement > Supplier Information & Tools

Contact

Your first point of contact is your buyer!

General contact  
www.solvay.com > Contact us

SBS Service Center Lisbon - PTP Helpdesk  
Phone: +351 218 319 225