

# AGM 2021 : speech of Nicolas Boel

Mesdames et Messieurs,  
Chers actionnaires,

Bienvenue à cette Assemblée Générale Ordinaire. Cette année encore, nous vous invitons à suivre ce moment important pour notre société par écran interposé. Ilham et moi-même regrettons bien évidemment de ne pas pouvoir vous accueillir tous, personnellement, vous qui venez si nombreux chaque année. Mais la sécurité reste notre première priorité, y compris lorsqu'il s'agit de limiter les risques de propagation du coronavirus.

Je me réjouis, en revanche, que cette formule virtuelle incite de plus nombreux investisseurs institutionnels et privés à suivre cette Assemblée générale dans d'autres régions du monde. C'est pour cette raison que je m'exprimerai en anglais, qui est la langue du groupe.

So, Welcome to all of you for this General Assembly 2021. Let me start with a few words on how this meeting will proceed. I will begin with an introduction about Solvay's transformation in 2020. Our CEO, Ilham Kadri will explain how Solvay weathered the storm and emerged stronger. We will thereafter have the opportunity to interact with you, our shareholders, and will ensure that your questions are addressed. We will conclude this AGM with the results of the votes.

Let me begin by recognizing the hardship that Covid has caused in our lives, our society and within the Solvay Community. We have lost family members, friends and colleagues. All our thoughts are with them today.

I have also a special thought for the medical workers all around the world that are fighting to save lives. May they continue to feel our unwavering support and gratitude for all of their actions!

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Looking back at 2020, we faced three main challenges: **First**, managing an overwhelming pandemic, **secondly** adapting our operations to the subsequent

economic crisis while, **thirdly**, accelerating the transformation to strengthen our ability to capture future growth.

Our **first priority** was to ensure safety in an unprecedented context. As we were considered as essential for the global economy, Solvay needed to continue operating while ensuring the health and safety of all our employees. In the space of just two weeks, our business continuity plans were put into action, 10,000 employees worked from home and all our key systems and processes were adjusted to make virtual meetings possible. Our industrial and research sites needed to adapt their working environment and organisation also, to ensure a safe context for our workers on site and to continue serving our customers.

**Secondly**, Solvay, like many companies, had to face an economic crisis which was the most severe our Group had witnessed since World War II. We could not defy gravity but Solvay has managed, with amazing results, what it could control : **cost, cash and ensuring close relationships with our customers**. I would like to express my deep gratitude to Ilham, and the members of the Senior Leadership Team for the extraordinary strength and resilient leadership. They took decisive actions: a sizable portion of the workforce was furloughed, costs were cut, capital expenditures were prioritised while continuing to deleverage our debt and pension liabilities. All those actions ensured that Solvay could adapt to the new reality with sufficient cash to weather the storm.

Even if the business was brutally hit in quarter two and led to a severe impairment, we were able to end the year with net sales at almost 9 Billion Euros while the underlying EBITDA stood at almost 2 Billion Euros, maintaining good margins with quality earnings. Solvay generated a record 964 million Euros free cash flow, lining up 7 consecutive quarters of positive free cash flow. In an unprecedented crisis, the whole organisation, under the leadership of Ilham Kadri, adapted fast, with dedication and agility, delivering on their promises in an remarkable way.

Our recent upgrade by Moody's is the latest confirmation of these strong results and the resilience of Solvay.

On behalf of the Board of Directors, I want to express my sincere gratitude to all People of Solvay for outstanding results and for their unrivalled engagement through this crisis and their resilience to keep up despite all the difficulties. That's why Solvay also sought to soften the consequences of the crisis for its employees and reward them for their exceptional efforts through payment of special bonus at year end.

The Group leadership also created the Solvay Solidarity Fund to help all the employees that were impacted by the crisis. To support those who suffered the severest hardship, we have taken solidarity to a new level. The Solvay Solidarity Fund collected a total of 15 million euros from Solvay employees, from the Group's leadership team who relinquished 15% of their salaries, from Board members and from shareholders. I extend once again my deepest gratitude to all. In total, we all provided financial support worldwide to more than 6,500 individuals last year and we will continue to do so this year!

Solvay is also staying true to its dividend policy, even in these extraordinary circumstances. Our Group indeed proposed to maintain the 2020 dividend at €3.75 gross per share.

Our share price was of course impacted by the covid-related slowdown at the end of the first quarter along with global markets, peers and customers. After a period of stabilization, third quarter earnings were a catalyst for a recovery during the last quarter of the year. This recovery was confirmed in the first months of 2021, as our share price surpassed the pre-covid level by 9%. Some of the markets we serve, such as Aerospace and Oil and Gas, were strongly hit by the crisis, which may explain why we are lagging a bit behind our peers but the evolution of our stock price is doing better than the BEL20 over the same period of time.

**Thirdly**, besides all the actions taken, what is really amazing is that Ilham and the leadership team also have **accelerated the transformation** needed to emerge stronger and to capture future growth. If there is one thing that the Covid crisis showed me is that transformation is needed and the pace of it is accelerating. Covid19 did not put a dent on our strong focus on transformation!

The basis of the strategic transformation is of course our G.R.O.W. strategy which clarifies the mandates of the different activities, focusing on growth, cash and optimisation of returns. All of these steps are necessary to generate sustainable long term value creation for all stakeholders.

The transformation which I would like to highlight next focuses on ESG. Sustainability is, today as it has been through our history, at the heart of our strategy and investments.

Solvay launched an ambitious roadmap, Solvay One Planet, to improve with measurable targets, our impact on climate change, our use of resources and to enable better life. On this front, pulling all the levers to maximize our impact and accelerate is the only way forward to safeguard our future.

On the governance part, the Board of Directors played its role, modernizing its ways of collaborating as a team. We had 10 meetings, and we made them more focused, supportive of the management to enable taking quick decisions. The Board of Directors also intensified its interactions and shared experiences with the senior leadership to ensure that all necessary measures were implemented pro-actively. We reinforced the monitoring of the impacts of the pandemic on the Group's business and its stakeholders. The evolution of the financial situation of the Group was naturally closely reviewed and focused on the cash flow management.

We engaged a Board evaluation to identify ways to improve our functioning and follow best practices. All the directors who participated in the evaluation appreciated the interaction and way of working with the CEO and the senior leadership team. The evaluation also highlighted areas of improvement, and as a consequence the Board will dedicate more time to Human Capital, Innovation and Digital.

The nomination Committee, chaired by Amparo Moraleda, continued its work to ensure a diverse composition of the Board of directors, ensuring personality, background, experience, and geographic diversity. On behalf of the Board - and pending of course the decision of this assembly, I would like to introduce our new members, Wolfgang Colberg and Edouard Janssen. We will also bid farewell to Amparo Moraleda and Evelyn Dumonceau, to whom we are sincerely grateful for transforming the Board with their perspective and expertise.

Amparo brought us her experience in systems and processes and placed superior emphasis on culture, talent management and succession planning. Evelyn is a long-term strategic contributor, always focused on what will make Solvay successful in the future. Their activity on the nomination committee, their unwavering support as well as their ability to discern emotional intelligence behind strong profiles have allowed Solvay to progress and diversify while strengthening its leadership.

We will continue to transform the Board of Directors. We recommend Edouard who embodies a combination of a new generation of entrepreneurship and a very good knowledge of the Group, in its industrial and geographic breadth. We recommend Wolfgang who is accustomed to working very closely with investors; he brings a solid industrial, M&A, and financial experience, which he acquired through his career and as a member of the audit committee of internationally listed companies.

The Remuneration Committee adapted the criteria of the 2020 Bonus to be in line with the change of focus, with an increased recognition of the cash performance needed to face the Covid crisis. The Committee will be revising in 2021 the remuneration

principles and policy to be better aligned with our long term value creation results, reflecting our ambitious sustainability objectives and, naturally in line with our peers.

As you know, Environment, Social and Governance has always been at the core of our company and the expertise brought by the different directors. In the actual context, where sustainability and societal issues are gaining importance for our investors, we decided to create a specific ESG committee, which will be chaired by Matti Lievenonen, whom you know, as he was appointed in 2018. Matti has transformed his group, Neste, turning it into a leader in organic and renewable fuels, by developing talent and innovation. He is the right person to chair that Committee. Let me conclude here, before giving the floor to Ilham.

We are emerging from 2020 feeling proud of Solvay. Proud of the way Solvay has taken up the many challenges to manage the sanitary and economic crisis while at the same time transforming itself to emerge stronger from this period. We always balanced Safety, Business, Financial Performance, Communities and Welfare.

Speed and agility were indispensable, but not forced upon us: we acted quickly because we all concurred it was the just the right thing to do. That gave us the strength to face and overcome daily challenges while at the same time, preparing Solvay for the future and unleash its potential.