



Progress beyond

Brussels, November 07, 2023

Dear Stakeholders,

I write to you in the midst of a new era for Solvay SA (“Solvay” or the “Company”). This next exciting chapter of our more than 160 year history promises to carry on the strong legacy which it leaves behind, and carry forward two unique stories to benefit the many dedicated stakeholders who I have personally been in service to as a board member since 1998. This moment is, therefore, symbolic for me as the opening of this chapter also closes mine. However, I step away with great confidence having seen the immense preparations committed to this collective effort, and understanding that this bold launch of two new companies is pursued in line with our *raison d’être*: to bond people, ideas and elements to reinvent progress.

It has been a focus of the Board of Directors (the “Board”) to instill a similar confidence in you, our stakeholders. Through the various one-on-one meetings and materials which we have published since the plan was announced on 15 March 2022, **we have aimed to provide transparency over the process to consolidate the support that we have received to build two new strong and sustainable companies.** These materials can all be found on our [website](#) alongside newer documents relating to the upcoming Extraordinary General Meeting (the “EGM”) to be held on 8 December 2023 which can be found [here](#).

At this EGM, we ask for the support of our shareholders to take the last step of Solvay as we know it, and the first step of the **new Solvay**, and **Syensqo**. This letter serves as a synthesis of the importance of our undertaking, and why, in my view, it deserves broad stakeholder support.

160+ Years of History – Our Founding Principles Informs Our Future

“Industry is a perpetual struggle. Those who slumber soon disappear. Those who relentlessly fight with trust and rationality outshine others.”

-- Ernest Solvay

I had the privilege of leading the celebrations of Solvay’s 160th Anniversary this year. This occasion gave us the opportunity to pause and look back at the reinvention which has defined our Company for many decades. This proven commitment to evolution by successive leaderships has made Solvay resilient through many historic moments: geopolitical conflicts, technological advancements, economic hardships, and most recently, the pandemic. Solvay today is a testament to the bravery of past and present leaderships and to this continued evolution.



In the image of those past leaders, Solvay today is led by a true innovator, the Group Chief Executive Officer (“Group CEO”), Ilham Kadri. On her appointment, I called on her capacities to build a galvanizing vision, and accelerate the Group’s cultural transformation to unleash its growth potential. In her five years of leadership, she has exceeded these expectations despite facing some of the most challenging times seen in Solvay’s history.

A year after joining, the G.R.O.W strategy was presented; a new 2030 sustainability program, Solvay One Planet, was announced; and, the Group’s new corporate purpose was published. Each of these activities required the Board to enhance their understanding of stakeholders; the definition of the Group’s purpose alone was developed through 13,000 responses from an internal survey, 288 listening sessions and 75 hours of individual interviews with employees, customers and other stakeholders. The timing of these exercises couldn’t have been more important as only three months after our purpose was published, Solvay and the rest of the world were gripped by the pandemic.

Against a backdrop of repeated crises and global uncertainty that have prevailed since 2020, under the stewardship of the Executive Leadership Team (the “ELT”) led by the Group CEO, Solvay remained resolute in its dedication to stakeholders. We’ve seen tremendous progress on our pioneering One Planet sustainability roadmap, outperforming the CO2 reduction objectives set by the Paris Agreement, while bringing more sustainable solutions to our customers. In parallel, financial delivery exceeded commitments by a substantial margin, and well ahead of what was communicated to the market. Our 9% annual EBITDA growth since 2019 was driven by a new commercial culture focused on value pricing in our specialty businesses and cost reductions exceeding €500 million. Our focus on cash generation and disciplined capital allocation resulted in more than €4.5 billion free cash flow generation since 2019, allowing us to significantly strengthen our balance sheet. Leverage was more than halved, standing at historical 0.9x while provisions were reduced by nearly one third (pensions being reduced by more than 60%). We also substantially increased our investments for growth. Finally, our returns have nearly doubled to around 16%.

In 2022, the Group stood strong amongst its peers with foundations stronger than ever, and further proved our unbreakable commitment to re-invention with the announcement of the “Power of 2” project which has defined our efforts as a Group since March 2022.

As Chair of Solvay, the juxtaposition of the challenges faced since 2020 and celebrating 160 years of our rich history, against the announcement of an era-defining plan to launch two new companies, was an inspiring display of leadership, and true demonstration of Solvay’s purpose.

Power of 2 – The Creation of Two Strong, and Sustainable, New Companies

“We have always operated by imposing on our minds a duty of continuous progress.”

-- Ernest Solvay



This new course which was set for the Company was designed to sharpen strategic focus, optimize growth opportunities, and build the foundation for the future. While the Solvay of the past has been able to create value for stakeholders, the Board, under my leadership, and the executive team, under the strategic vision of the Group CEO, firmly believed that *optimizing* the efficient allocation of capital should be the focus of a listed company in order to properly serve all of its stakeholders.

The “Power of 2” achieves this by enabling each of the two new companies to define their own focused approach to:

- Capital Allocation Priorities;
- Capital Structures;
- Talent Attraction and Retention;
- Operational Capabilities; and
- Sustainability Initiatives.

We have approached the project as a **re-IPO of Solvay and as an IPO of Syensqo**, motivated by a strong desire to ensure that investors fully understand and appreciate the strengths of each distinct business and make an informed investment choice in staying invested in both companies. Undeniably, these two companies will embark on a new journey and will aim higher than before. They will carry Solvay’s culture, perseverance and legacy and I wholeheartedly and equally support both, and believe that investors will see their distinct value propositions.

In the year since the plan was announced, myself and the Board have been encouraged by the market’s supportive response, especially through the challenging execution phase. We are, therefore, pleased to deliver this transformational industrial project to our stakeholders in line with our initially communicated timelines. The Board recognises that this has not been an easy task alongside maintaining disciplined cost and cash management as well as the continued deleveraging of the Group's balance sheet. The leadership demonstrated by the entire ELT and wider employee base has truly shone through. I applaud the focus, dedication and resilience shown throughout the organization.

On behalf of the Board, I would like to thank the Group CEO, Ilham Kadri, who made Solvay’s commitment to its stakeholders come to fruition. She and her senior leadership team have tirelessly and carefully set the stage for these two companies to maximize Solvay’s stakeholder value in a responsible manner. Her leadership has been invaluable not only in executing this complex industrial project but also for building two strong teams leveraging Solvay’s internal pipeline of talent and overseeing a careful and robust selection process of external candidates.

I’m extremely happy to have Ilham Kadri take the leadership of Syensqo to explore new frontiers to create the chemistry and technologies needed to advance humanity into the carbon transition. With an equal welcome, I’m happy to have Philippe Kehren, currently President and Head of Sustainability of the Soda Ash & Bicarbonates business at Solvay, lead the new Solvay. At the helm of the Soda Ash & Bicarbonates business since 2020, Philippe Kehren transformed the business, reinforcing its global leadership while accelerating



Solvay's energy transition by leveraging new, sustainable and local fuels. I'm confident that Philippe's mastery of our key technologies and processes, and his strong credentials as a leader of people will place him ideally to maximise profitability and sustain strong cash generation and returns.

I wish both Ilham Kadri and Philippe Kehren all the success in leading the two new companies and delivering on the promises we've communicated to our stakeholders.

Extraordinary General Meeting – The Beginning of a New Chapter for Two New Companies

The new Solvay and Syensqo will have two distinct equity stories. Unlike a typical spin-off, the new Solvay will be the same only by name, not by nature, and has required the team to treat it as a re-IPO of Solvay. Thus, upon the separation, the new Solvay will communicate a new narrative that is markedly different from the one of Solvay today. This is reflected in our communications on each of the new entities, as well as the new governance structures and world-class management teams which have been defined for each company. Today, we seek your formal support on beginning this new chapter; **and ask shareholders to not only confirm the creation of two new companies, but ensure their success.**

In line with the Group's long-term vision which inspired the launch of two new independent companies, the **Board has considered it prudent to give each of the new entities time to succeed and achieve their true potential.** As geopolitical tensions rise and market volatility continues, and the prospect of uncertainty remains high for new companies, it is important for the leaderships of new Solvay, and Syensqo to be committed to launching their new beginnings, focusing on their stakeholders, and allowing the public markets time to recognise their value. The Board believes it is in each companies' interest, thus, the interests of the respective stakeholders, to mitigate against potential for short-term opportunism, in particular in case of unfavourable market conditions.

While shareholders will be voting on 21 distinct proposals all related to the launch of two new companies, which the Board unanimously supports, I wanted to touch upon two groups of proposals that I think require specific attention:

Items 1 – 5: The Launch of Two New Companies

These items relate to the proposed separation to create two leading groups in their respective industries, which will each have the strategic and financial flexibility to develop their own business models, markets, investments, sustainability roadmaps, and pursue respective priorities for their stakeholders. **Each current Solvay shareholder will receive pro rata shares of Syensqo,** which will be admitted to trading on the regulated markets of Euronext in Brussels and Paris, as the Solvay's shares currently are.

The creation of two new companies, which was announced more than a year ago with continuous market updates, has **received positive market feedback in terms of its strategic**



rationale and ability to execute given Solvay's long track record in generating long-term value. The Board and the management team were mindful to structure the separation in the **most tax effective manner for Solvay's shareholders.**

The two entities' governance structure will also increasingly aim to reflect not only the best practices stipulated by the Belgian Code on Corporate Governance but also international best practices to reflect our global presence. The respective boards of the new Solvay and Syensqo have been composed of majority independent members with relevant experience, skills, and diversity to effectively oversee the two distinct executive management teams and protect the interests of all stakeholders. I also welcome the proportional representation of Solvac's representatives on the boards of the two new entities as a sign of long-term commitment to Solvay's new chapter and its continued success.

Items 8, 10 and 12: Protective Measures with a Sunset Provision to Ensure the Successful Launch of Two New Companies

Solvay's Board has considered it prudent to propose items to foster a favorable environment for each new company to have its full potential recognised and to begin to deliver on their respective opportunity for its stakeholders. The intention is that the two new boards and management teams are afforded time to focus on strategy, aware of the uncertainty to new companies posed by a more volatile public market, but not unnecessarily vulnerable to it.

To this end, in addition to the "general" authorized capital and acquisition, disposal and cancelation of own shares authorizations for which **shareholder approval** is sought pursuant to items 6, 7, 9, 11 and 13, it is proposed to also provide that, for an initial period of two years after the separation, these authorizations would remain available for the Board even in the special circumstance of a takeover bid being initiated on either of the two new companies, and where, after careful consideration, the respective boards do not consider the bid to be consistent with its fiduciary duties to stakeholders.

The Board's motivation with such authorizations is to mitigate potential for short-term opportunism, in particular in times of unfavourable market conditions, and, if need be, to use these authorizations to maximize any proposal and act in the interest of all stakeholders. Specifically for the increase in authorized share capital, a further safeguard has been introduced whereby the implementation would require the **approval by a majority of three-quarters of each companies' respective boards (rounded up to the nearest unit).**



Underlying each proposal is a sunset provision of two years (a period shorter than the maximum authorized by law, and which we understand to be shorter than most of the proxy advisor and investor policies on such protective provisions). Importantly, **there is no intention to propose the renewal of such authorizations at the expiry of their respective terms**, and we ask that **shareholders consider these proposals within the specific context of two newly launched companies only**.

- Items 8 and 10: An extension of the powers of the Board to make use of the authorized capital (10%) and the share buy-back authorization (10%); and,
- Item 12: An extension of the powers of the Board to dispose of treasury shares.

It should be noted that only upon shareholder approval of these items at the EGM will such authorizations be added to Syensqo's governing documents, in addition to those of Solvay.

Concluding Remarks

The past year at Solvay has marked a triumphant collaboration of all employees led by the strategic vision of the Group CEO, Ilham Kadri, and the Board. Each and every person has contributed to its success, and I am fulfilled to know that this will be the legacy which will be carried on to the two new companies, and which will define my final year as Chair of Solvay.

I take this opportunity to thank all our shareholders, past and present, for their support during my tenure. It is to our shareholders now, to close one chapter, and begin the stories of a new Solvay, and Syensqo as they take forward the values which have defined Solvay's 160 year history. We are looking for your support on all items coming to a vote which form part of our journey, and invite you to reach out proactively to Jodi Allen, Head of Investor Relations (investor.relations@solvay.com) with any question you may have.

Kind regards,

Nicolas Boël

Chairman of the Board of Solvay