

**SOLVAY SA**  
**INTERNAL PROCEDURES FOR THE BOARD OF DIRECTORS**

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**I. COMPOSITION OF THE BOARD OF DIRECTORS**

**1. Number of members**

The General Shareholders' Meeting sets the number of Board members, which cannot be fewer than five. The number of Board Members reflects the composition of the shareholders and is justified by the diverse nature of the Group's activities and its international character.

**2. Duration of terms and age limits**

The Board members are named by the General Shareholders' Meeting for a term of four years at the most. Members are eligible for term renewals.

In addition, the terms of the Board members automatically expire at the end of the day of the General Shareholders' Meeting following their 70th birthday. The term of the member involved is, in principle, filled by the succeeding Board member, elected at the same General Shareholders' Meeting.

**3. Election of Board members**

**a. Procedure**

The Board members are elected by the General Shareholders' Meeting based on proposals by the Board of Directors. The by-laws authorize the spontaneous candidacies for a position of Board member. Written notice of candidacies must be received by the Company at least 40 days before the General Shareholders' Meeting.

The Board of Directors takes care to obtain the preliminary advice of the Nominations Committee, which is in charge of defining and evaluating the profile of all new candidates.

The Board of Directors also submits to the General Shareholders' Meeting the vote on independence of the Board members fulfilling the criteria, after informing the Enterprise Council.

In the event of a vacancy in the middle of a term, the Board of Directors has the right to fill the position and have it ratified at the next General Shareholders' Meeting.

**b. Criteria for Designation**

The Board of Directors applies the following criteria when it proposes a candidate for Board member to the General Shareholders' Meeting:

- (i) It ensures that a significant majority of the Board members are "non-executive;"

- (ii) It ensures that a large majority of the “non-executive” Board members are independent under article 526ter of the Code of Companies, if necessary reinforced by the Board of Directors (see below);
- (iii) It ensures that the Board of Directors brings together members reflecting the makeup of the shareholders and with a diversity of competences and experiences required by the Group’s activities;
- (iv) It also ensures that the Board of Directors has an international composition reflecting, as appropriate, the geographic expanse of the activities of Solvay SA;
- (v) It ensures that the candidates that it presents commit to having sufficient availability to carry out the tasks conferred on them;
- (vi) The Board of Directors makes sure not to select a candidate who is an executive in a competitor company or who is or was involved in an external audit of the Group.

In compliance with the law, the Board of Directors will seek to comply, within the time allowed, with the obligation of having women make up at least one-third of the Board.

The Chairman of the Board of Directors gathers, in collaboration with the Chairman of the Nominations Committee, the information enabling the Board to ensure that the criteria are met, at the time of nominations, renewals and ongoing terms.

#### ***c. Criteria for Independence***

The Board of Directors sets the criteria, based on Belgian law, for independence of Board members. Each Board member who meets these criteria is presented to the General Shareholders’ Meeting for confirmation.

Aside from the criteria for independence required by article 526ter of the Code of Companies, the Board of Directors added a minimal waiting period of one year before the General Shareholders’ Meeting can recognize the independence of a non-executive Board member from Solvac who leaves the Board of Directors of Solvac to join the Board of Directors of Solvay.

#### ***4. Orientation***

Training sessions are organized for new Board members with the goal of enabling them to get to know the Solvay group as rapidly as possible. This program includes a review of the Group’s strategy and its primary activities, the primary challenges in terms of growth, competitiveness and innovation, as well as finance, research and development, management of human resources, legal aspects, compliance and general organization of the operations. This program is open to all Board members who wish to take it. It also includes a visit to industrial or research sites.

## **5. Chairman**

### **a. Designation of Chairman**

The Board of Directors elects a Chairman from among its members.

### **b. Role and missions of the Chairman**

Without prejudice to his/her other responsibilities, the Chairman:

- Convenes and presides over the Board of Directors meetings;
- Sets the agenda for the Board meetings, after consultation with the Chairman of the Executive Committee, and ensures the proper implementation of the procedures linked to preparation, deliberation, approval of resolutions and implementation of decisions;
- Ensures that the Board members receive, in a timely manner, all of the information and documents necessary so that the Board can make decisions with full knowledge of the facts;

## **6. Corporate Secretary**

The Board of Directors designates a Corporate Secretary, in charge of assisting it, whose responsibilities it determines.

It is up to the Corporate Secretary, under the supervision of the Chairman,

- To organize the meetings of the Board of Directors, and to send out the invitations, agenda and file containing the point-by-point information necessary for making decisions;
- To draw up the minutes of the Board meetings. He/she submits the draft to the Chairman and then to all the members;
- To ensure effective communication of the information within the Board and its committees as well as between the executive directors and the non-executive Board members.

## **II. ROLE AND MISSIONS OF THE BOARD OF DIRECTORS**

### **1. Board of Directors**

The Board of Directors is the highest management entity in the Group.

It has all the legal powers that are not, legally or statutorily, under the auspices of the General Shareholders' Meeting.

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

It did not opt for creation of a Steering Committee (*Comité de Direction/Directiecomité*) as understood under Belgian law.

The primary key areas that the Board of Directors reserved for itself are as follows:

1. The areas of authority that are exclusively reserved to it by law or by statute, which are (as examples):
  - establishment and approval of the periodic consolidated financial statements and those of Solvay SA (quarterly – consolidated only, six-month and annual) as well as related communications,
  - adoption of accounting standards (in this case, the IFRS standards for the consolidated accounts and Belgian standards for the company accounts of Solvay SA),
  - convocation of the General Shareholders' Meetings, setting the agenda and proposals for resolutions to be submitted to the shareholders (for example, with respect to financial statements, dividends, modifications of by-laws, etc.);
2. setting strategies and general policies of the Group;
3. approval of framework references for internal control and risk management;
4. adoption of a budget and a long-term plan, including investments, R&I and financial objectives;
5. designation of the Chairman, members of the Executive Committee, General Managers and Corporate Secretary as well as setting their mission and scope of the delegation of powers accorded to the Executive Committee;
6. oversight of the Executive Committee and ratification of its decisions, if required by law;
7. designation within the board of a Chairman; the constitution, from among its members, of an Audit Committee, a Compensation Committee, a Nominations Committee and a Finance Committee; the definition of a mission for each Committee; determination of their composition and the duration of their terms;
8. decisions of major importance in terms of acquisitions, sale of activities, creation of joint ventures and investments. Decisions involving amounts of 50 million euro and over are considered of major importance;
9. determination of the compensation for the Chairman of the Executive Committee and members of the Executive Committee;
10. establishment of internal rules with respect to corporate governance and compliance.

In all of the areas in its exclusive jurisdiction, the Board of Directors works in close collaboration with the Executive Committee, which has the primary task of preparing most of the proposals for resolutions of the Board of Directors.

## **2. Executive Committee**

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

The Board of Directors updated the delegation of powers granted to the Executive Committee on November 12, 2014. These powers are as follows:

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 EUR (debt and other commitments included). The Board of Directors is to be informed of any decision involving amounts over 10 million EUR;
6. Decisions on investment expenditures, for which the maximum amount is set at 50 million EUR. The Board of Directors is to be informed of decisions involving amounts over 10 million EUR;
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&D 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.

The Board of Directors authorizes the Executive Committee, within the scope of its responsibility, and subject to compliance with the procedures and limits of authorization that it sets, to delegate to one or more of its members, General Managers of the Solvay Group and/or Business Unit and Function executives, in the framework and the scope of activities and functions they oversee, acting alone or jointly, the following powers:

1. Actions binding Solvay and the Group companies, including merger and acquisition activities and investment expenses up to the amount of 10 million EUR maximum.
2. Designation of members of governing bodies of the subsidiaries and affiliated companies (Board of Directors, management committee, day-to-day management entities...) following a procedure to be established depending on the size of the subsidiary and providing for a mutual decision with the legal representative of the Group or his/her delegate.
3. Decisions linked to recapitalization of subsidiaries or affiliated companies, modification of internal holdings, and internal financing that has no impact on the financial structure of Solvay SA and the Group.
4. Conclusion and signature of purchasing contracts for goods and services necessary for the activities of the Company and the Group up to a maximum amount of 50 million EUR.
5. Appointment of certain senior executives, except for appointment of Business Unit executives and certain key functions.
6. Other administrative questions without significant impact.

### **3. Representation of the Company**

In compliance with article 24 of the Company's by-laws:

*“The company is represented, in actions and in law, by two Board Members acting together, one of whom is the Chairman of the Board and/or a member of the Executive Committee. Their actions do not, with respect to third parties, have to be subject to preliminary deliberation by the Board of Directors.*

*The Executive Committee organizes the representation of the company in the framework of powers granted to it by the Board of Directors.*

*The Board of Directors may, in addition, delegate to any other persons, whether or not chosen from the Board, special powers to represent the company.”*

In its meeting of October 24, 2014, the Executive Committee, in compliance with article 24, al.2 of the by-laws, adapted the powers of representation for the matters delegated to it as follows:

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1. *For each General Manager acting alone for any decision up to a maximum amount of 10 million EUR within the area assigned to him/her, that is:*

- *For financial matters: Mr. Karim Hajjar;*
  - *For legal matters: Mr. Jean-Pierre Labroue;*
  - *For Human resources: Mrs. Cécile Tandeau de Marsac;*
  - *For Corporate Secretary: Mr. Michel Defourny.*
2. *For daily management of Solvay SA, and without prejudice to the powers cited in point 1 above: to each member of the Executive Committee acting alone.*
  3. *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.*

*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 or the general power of representation conferred by article 24, paragraph 1 of the by-laws upon two board members acting together, one of whom is the Chairman of the Board and/or a member of the Executive Committee.”*

### **III. Functioning of the Board of Directors**

#### **1. Frequency and Schedule of Meetings**

The Board of Directors meets at least six times a year on a regular basis. It also meets on an extraordinary basis anytime the interests of the Company require it or anytime the Executive Committee, a Board member in charge of daily management or at least three Board members request it.

The regular meeting schedule is set by the Board of Directors no later than the end of each calendar year for the following calendar year.

#### **2. Meeting Agendas**

The Chairman sets the agenda, after consultation with the Chairman of the Executive Committee, for each meeting. The people who request a Board of Directors meeting submit to the Chairman a draft agenda that the Chairman reviews and amends, if necessary.

#### **3. Convening Meetings and Prior Distribution of Documents**

The Corporate Secretary sends invitations to the meetings of the Board, the agenda and the file containing the point-by-point information necessary for decision-making, as instructed by the Chairman.

The invitations as well as the documents and information related to the items on the agenda are made available to the Board member on the Board’s electronic platform and are addressed to the Board members by e-mail or by regular mail, depending on requests and the most appropriate methods with regard to the volume of documents to be communicated.

The Corporate Secretary sends the invitations and documents and information related to the agenda items at least 6 days before the meeting, except in emergency cases, specifically identified in the minutes of the meeting.

The invitation will specify the time and place of the meeting, as well as its agenda.

The Board members may, additionally, gather useful complementary information of any type by request to the Chairman of the Board of Directors, to the Chairman of the Executive Committee or to the Corporate Secretary, depending on the nature of their question.

The invitation will indicate also whether the Chairman of the Executive Committee proposes to utilize a procedure of consent by writing, in exceptional cases justified due to urgency and social interest and as law permits.

#### **4. Chairmanship**

Each meeting is presided over by the Chairman of the Board of Directors or, in case the chairman cannot be there, by a Board member in charge of day-to-day management.

#### **5. Attendance and Representation**

The Board of Directors may invite to its meetings any person whose presence would be useful.

Members of the Board of Directors who cannot attend or are absent may give their proxy, by simple letter, fax or email, to one of their colleagues on the Board to represent them at a designated meeting and vote in their place. In this case, the member will be considered present with respect to a quorum and for voting. However, a Board member may represent no more than one of his/her colleagues.

A Board member who cannot be physically present at the deliberations of the Board may participate by telephone, videoconference or any other analogous means of communication. He/she will be considered to be present at the meeting and his/her vote expressed orally through this means of telecommunication will be considered valid.

#### **6. Quorum and majority**

Subject to the provisions of sections 3 and 4 of the present article, no fewer than half of the members of the Board shall be present or represented for the Board to validly transact its business and act. This quorum must be met for each agenda item, taking into account those directors able to vote and therefore not counting those directors obliged to withdraw because of conflict of interests of a patrimonial nature under Article 523 of the Code of Companies. Should this quorum not be reached for one or more agenda items, the Board may nevertheless, at a second meeting held at second notice within two weeks, discuss those matters on the previous meeting's agenda on which no decision was taken, whatever the number of directors present or represented.



Subject to the provisions of sections 3 and 4 of the present article, the resolutions of the Board of Directors are approved by consensus with a simple majority of votes. In case of a tie vote, the meeting Chairman shall have a casting vote.

In compliance with article 23 of the By-laws, however, for actions that would substantially modify the activities of the company or its group the Board of Directors must act by a majority of three-quarters of the votes of members composing the Board present or represented.

Actions that substantially modify the activities of the company or its group are considered to be: actions involving investment, acquisition, shareholding, divestment or sale, in any form whatever, representing an enterprise value of at least two billion euros (2,000,000,000 EUR) or generating either sales of at least two billion euros (2,000,000,000 EUR), or a contribution to the Group's operating results of at least two hundred fifty million euros (250,000,000 EUR).

#### ***7. Conflicts of interest – Policy and Guide of the Solvay Group concerning Insider Trading***

The Board of Directors and each of the Board members individually strictly respect the regulations regarding conflicts of interest between the company and a Board member, such as defined by article 523 of the Code of Companies.

If a Board member, directly or indirectly, has a conflict of interest, of a patrimonial nature, with respect to a decision or an operation of the Board of Directors, he/she must communicate it to the other members before deliberations. The Board member also shall indicate the nature of and reasons for the conflict and shall not participate in the deliberations and vote on this item.

His/her declaration, as well as the reasons justifying the conflict for the Board member involved, shall be reflected in the minutes of the meeting in which the decision is made. Also, the auditors must be informed.

The minutes of the meeting related to the declaration of a conflict of interest, to the deliberations and decision on the items giving rise to the conflict of interest are completely disclosed in the management report for the period involved.

The external auditors receive a copy of the minutes of the meeting on this item.

The Board members also comply with the policy and the Group Guide for Solvay in the area of prevention of insider trading applicable within the Company.

#### **8. Minutes**

The minutes of the Board of Directors meetings are drawn up by the Corporate Secretary, who submits them to the Chairman, and after the Chairman's approval are given to all members of the Board of Directors.

These minutes, once approved at the following meeting, are signed by the members present, and also the members delegated by proxy for the members unable to attend or absent.

These minutes are recorded in a special register. The proxies of the members represented are also attached.

The certified copies are signed, either by the Chairman or by two Board members.

#### **9. Written Resolutions of the Board**

At the initiative of the Chairman of the Board of Directors or of the Executive Committee, the resolutions of the Board may be approved by unanimous consent of the Board members, expressed in writing, in exceptional cases justified by emergency and social interest for as long as it is authorized by law.

In this case, the Corporate Secretary communicates to the Board members the draft of the minutes, justifying the reasons for which this procedure was used. They then have five days to sign and return the minutes.

Unless stipulated otherwise, the decisions made in compliance with this procedure are considered to be adopted at the expiration of the time frame provided to the Board members to return the minutes and become effective at this same date. Also, these decisions are considered as adopted at the headquarters of the Company. These decisions have the same legal value as the decisions adopted during a meeting of the Board of Directors during which the Board members are physically present.

The minutes can be signed in one, or several copies. Each copy is considered to be an original, and all copies together form a single and same act, which is kept in the register of the Board of Directors minutes.

#### **10. Confidentiality**

The Board members are committed to preserving confidentiality of all information and deliberations of the Board, with respect to the rules and usages in place.

#### **IV. COMPENSATION OF BOARD MEMBERS**

The position of Board member of Solvay SA is compensated by a fixed fee with a common base determined by the General Shareholders' Meeting and a possible supplement by the Board of Directors under article 27 of the by-laws:

*“The board members receive fees, charged to general overhead, the methods and amounts of which are determined by the General Shareholders' Meeting. The decision of the General Shareholders' Meeting in remains in effect until a contrary decision supersedes it.*

*The Board of Directors is authorized to grant Board members in charge of special functions (Chairman, Vice-Chairman, members in charge of day-to-day management, members of the Executive Committee) fixed fees in addition to the fees provided in the preceding section.*

*The Board members in charge of day-to-day management also each have the right to variable compensation determined by the Board of Directors based on their individual performance and the consolidated performance of the Solvay Group.*

*The amounts targeted in the two preceding sections are also taken from general overhead costs.”*

The Board of Directors is thus authorized to grant (based on a proposal from the Compensation Committee) to the Board members in charge of special functions (Chairman, Board members in charge of day-to-day management, members of the Executive Committee) fixed fees in addition to the fees shown in the preceding section.

Since 2005, Board members earn annual gross fees of 35,000 Euro each, as well as since 2012 individual allowances of 4,000 Euro gross per session.

To date, the Board members do not earn any variable compensation linked to the results or other performance criteria. The Board members do not receive stock options or performance actions and do not benefit from any extra-legal pension benefits.

## **V. EVALUATION**

Under the direction of the Chairman of the Board of Directors, every two to three years the Board evaluates, its composition, its functioning, its information and interactions with management and the composition and functioning of the Committees created by it.

The members of the Board of Directors are invited to provide input on these different points during interviews conducted from a questionnaire and perhaps led by an outside consultant.

The Board of Directors decides on possible improvements to be made at the end of this evaluation process.

The Board of Directors regularly reexamines its internal procedures at least every 3 years.