



Solvay - UK Tax Strategy

The following information is provided for the Solvay UK Group for the year ended 31 December 2023 in compliance with the requirements of paragraph 19(2), Schedule 19 Finance Act 2016. The publication of this tax strategy is regarded as complying with the Group's duty under paragraph 16(2), Schedule 19 Finance Act 2016.

Tax Governance

Solvay is committed to the highest governance principles and promotes a sustainable culture of long-term value creation. Fulfilment of the Group's tax obligations is key for the reputation and reliability of Solvay.

Solvay closely follows international tax developments, including international case law, discussions about the taxation of multinational enterprises, and publications by Non Governmental Organisations (NGOs) and other organisations. Solvay's objective is to be fully compliant with national and international tax legislation, including the Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations issued by the OECD ("OECD Guidelines")

Solvay's tax team of skilled tax experts ensure compliance with the group's policies and procedures. The Global Tax Director reports to the Chief Financial Officer. The Group also takes external advice if and when needed, for example benchmarking analysis to support transfer pricing arrangements.

Relationship with tax authorities

Solvay facilitates an open and positive dialogue with tax authorities. Where appropriate, the group may enter into Advance Pricing Agreements to ensure upfront clarity and eliminate uncertainty about the tax implications of certain potential positions.

Transfer Pricing

In line with the OECD Guidelines, tax laws in all major countries worldwide require that prices of “controlled transactions” (i.e. transactions between related parties) shall be “arms-length”. Accordingly, Solvay has developed Transfer Pricing Policies & Procedures based upon the OECD Guidelines. These Transfer Pricing policies are prepared annually for each Group legal entity that requires such documentation.

Solvay UK operations

Solvay has substantial presence in the United Kingdom, which makes a significant contribution to the UK Exchequer in relation to taxes e.g. tax and national insurance contributions on benefits/expenses, employer national insurance contributions, duties, and taxes collected on behalf of other businesses and employees in respect of VAT, income tax and employee national insurance contributions.

Solvay UK has a team of professionally qualified and experienced employees. The UK entities comply with the Senior Accounting Officer (SAO) requirements. Compliance is further supported by Internal Audit department reviews. The UK legal entities publish externally audited financial statements which reflect the tax position of Solvay’s UK operations.

As part of doing business in the UK, the group has tax losses which originate from operational activities in the past and from contributions to pension funds to reduce pension deficits. As a result, Solvay had no corporate income tax obligations in 2022, and is estimating that this will be the same for 2023. UK entities benefit from claiming R&D tax credits and from other tax incentives and exemptions. The attitude of the group towards tax operations so far as affecting UK taxation is to ensure that the group meets its taxation obligations.

The acceptable level of risk in relation to UK taxation is consistent with the group’s tax policies and procedures and its approach to tax. Solvay carries out effective risk management and seeks external tax advice in areas of tax uncertainty or complex matters in order to meet its tax obligations.

Solvay’s UK entities are transparent in their dealings with HMRC, fully cooperate with any enquiries in relation to all taxes and ensure any inadvertent errors are fully disclosed to HMRC as soon as reasonably practicable after being identified.

Solvay Group Power of Two separation project

In March 2022, Solvay announced plans to separate the group into two independent publicly traded companies. EssentialCo would comprise leading mono-technology businesses including Soda Ash, Peroxides, Silica and Coatis, which are reported as the Company's Chemicals segment, as well as the Special Chem business.

SpecialtyCo would comprise the Company's currently reported Materials segment, including its high-growth, high-margin Specialty Polymers, its high-performance Composites business, as well as the majority of its Solutions segment, including Novecare, Technology Solutions, Aroma Performance, and Oil & Gas. In the context of the proposed split, the SOLVAY name will be maintained for EssentialCo, a leader in essential chemistry while SYENSQO will become the new name of SpecialtyCo, which will explore the future of science.

Solvay SA/NV held its Extraordinary General Shareholders' Meeting in Brussels on 8 December 2023 where the partial demerger was approved by the shareholders. The separation of Solvay into two independent companies, the new Solvay and Syensqo, was confirmed and became effective at midnight on this date.