

Global Policy - Climate Change Business Transition

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1. Context

This policy focuses on Solvay's adaptation to Climate Change, in terms of transition of its businesses into a low carbon economy. This transition creates opportunities for Solvay which require adaptation to be seized, such as developing new product grades, new applications and new business models, as well as material risks in terms of competitiveness, ability to produce and sell, or reputation, which also require adaptation to be mitigated.

2. Scope

This policy applies worldwide to all businesses in which the Solvay Group has an operational control.

The scope of this policy goes beyond Solvay to cover its value chain for climate change adaptation. Solvay must collaborate with its suppliers and customers along the value chain, as well as partners to develop new solutions and ecosystems.

3. Commitments

The Sustainable Portfolio Management (SPM) helps alert our businesses to sustainability market signals, in particular on climate risk and opportunities, to anticipate their impact and develop the right answers in a timely manner. SPM is a robust, fact-based, future-oriented compass that allows us to take a snapshot of products' sustainability risks and opportunities in their business environment. SPM informs us about the contributions Solvay's products make to sustainability along the value chain considering both:

- 1) their environmental manufacturing footprint and the associated risks and opportunities with a quantitative assessment using 21 impact indicators
- 2) how their applications bring benefits or face challenges from a holistic market perspective with a qualitative assessment of social and environmental topics covering four main themes, namely health and safety, climate change, resources, and opinion leaders.

The corporate sustainability team ensures that the methodologies used by SPM (i.e. LCA of the manufacturing footprint, shadow costs of the impact indicators, questionnaire for the market assessment) are relevant. Corporate sustainability is in charge of launching the update of these methodologies when necessary.

Climate change is one of the focus areas for SPM assessment. This involves identifying if a product in a given application brings a climate change benefit or challenge. Product-Application Combinations (PACs) that lead to benefits are identified as "climate solutions," while those that pose challenges are considered "climate challenges". Solvay's SPM tool classifies a sustainable solution as a product in a given application that makes a significant climate change contribution to the customer's performance while also demonstrating a lower carbon impact in its production phase.

To feed the strategic planning process (VCP / MTP), an annual review of the portfolio of each GBU should be conducted under the SPM methodology. The output of the SPM review should be an input of the VCP / MTP review.

The top 30 PACs should be reviewed together with the new products or new processes impacting the products. This will allow us to capture weak signals and to monitor new trends, regulations and changes that could affect the business in the next 5 years or more.

Moreover SPM identifies if an investment or an innovation project can be considered a climate transition opportunity for Solvay. It allows the identification of projects aligned with the European Taxonomy or Ecodesign regulation.

- Investment projects above €4M should be reviewed with the SPM conventional methodology
- R&I projects impacting a product or an application, and targeting more than €5M CM at peak, should be reviewed at an early stage using the SPM fast track methodology to assess their environmental impact (positive, negative or neutral) based on preliminary data. A complete SPM assessment will be conducted at a later stage of the project, once the data are available and an LCA has been conducted.

4. Responsibilities

Implementation

The Sustainability team enforces the policy implementation through its day-to-day operational oversight, supported by GBU Leaders.

Policy validation and review

The Executive Leadership Team (ELT) holds ultimate responsibility for the validation and adoption of this policy. As outlined in the company's [Corporate Social Responsibility Policy](#), the ELT ensures that the policy aligns with the organization's strategic goals and stakeholder expectations.

This policy will be reviewed regularly by the Sustainability team to ensure its effectiveness and relevance. If updates are necessary, these will be validated through the governance described in our [Corporate Social Responsibility Policy](#).

Change Log

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