

## SOLVAY SA

### INTERNAL PROCEDURES FOR THE AUDIT COMMITTEE

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#### I. COMPOSITION OF THE AUDIT COMMITTEE

##### 1. *Number of members – Duration of terms*

The Audit Committee is composed of at least four members.

The members of the Audit Committee are named for a term of two years, renewable.

##### 2. *Designation of members*

The members of the Audit Committee are named by the Board of Directors, which consults the Nominations Committee beforehand.

The Chairman of the Audit Committee is designated by the Board of Directors.

The members of the Audit Committee are all non-executive Board members and at least a majority of them are independent Board members as defined in article 526ter C. Soc.

The members of the Audit Committee collectively are competent in the area of activities of the Company, as well as in financial management, financial reporting, accounting and audit through their training and experience acquired over the course of their careers. At least one of them, who is an independent Board member, has special competence in accounting and audit.

##### 3. *Chairman*

The Chairman of the Audit Committee must be an independent Board member.

The duties of the Chairman of the Audit Committee and the Chairman of the Board of Directors cannot be held concurrently.

Without prejudice to the other missions incumbent upon him, the Chairman:

- Convenes and presides over the Audit Committee meetings;
- Sets the agenda for the Audit Committee and ensures the proper implementation of the procedures linked to preparation, deliberation and approval of recommendations;
- Ensures that the members of the Audit Committee receive, in a timely manner, all of the information and documents necessary so that the Audit Committee can make decisions with full knowledge of the facts;
- Gives an oral report from the Audit Committee meeting at the next Board of Directors meeting

#### **4. Secretary**

The role of Secretary of the Audit Committee is filled by an in-house lawyer in the group.

It is incumbent upon the secretary, under the supervision of the Chairman, to draw up the minutes of the Audit Committee meetings.

The Chief Financial Officer, in accord with the Chairman, oversees organization of the Audit Committee meetings, sending out invitations, agendas and files containing the point-by-point information necessary for making recommendations to the Board of Directors.

#### **II. ROLE AND MISSIONS OF THE AUDIT COMMITTEE**

The Audit Committee is an advisory body to the Board of Directors. The Audit Committee reports to the Board of Directors, which remains the sole decision-making body.

The Audit Committee performs the following missions allocated to it by virtue of the applicable legal provisions and the Corporate Governance Code that the Company applies, without prejudice to the legal missions of the Board of Directors:

- a) The Audit Committee ensures that the annual report and the annual accounts, periodic financial statements and all other important financial communications of the Group comply with generally accepted accounting principles (IFRS for the Group, Belgian accounting law for Solvay SA). These documents must reflect a true and relevant image of the Group's business and of the parent company and must satisfy all statutory and regulatory provisions.
- b) The Audit Committee regularly examines the strategies and accounting practices applied to prepare the financial statements of the Group and ensures their conformity with good business practices and the appropriate accounting standards.
- c) The Audit Committee regularly examines the scope of the external audit by the external auditor and its implementation throughout the Group. The Audit Committee examines the recommendations formulated by the external auditor and the report sent by the external auditor to the Board of Directors.
- d) The Audit Committee oversees the effectiveness of the Group's internal control systems and in particular the financial, operational and compliance control, as well as risk management. The Audit Committee also ensures that the electronic information systems used to generate financial data meet the required standards. The Audit Committee makes sure these systems meet statutory and regulatory requirements.
- e) In terms of internal audit, the Audit Committee verifies the scope/programs/results of the internal audit department's work and ensures that internal audit has adequate resources. The Audit Committee ensures proper follow-up to the recommendations made by internal audit.
- f) The Audit Committee verifies and oversees the independence of the external auditor, in particular concerning additional services requested outside of the legal mission. In this regard, it is the Audit Committee that proposes an external auditor to the Board of Directors, which then will put forward the candidate for approval and appointment by the General Shareholders' Meeting (including compensation). Also, in concert with the CEO and the CFO, the Audit Committee participates in the choice of the manager of the Internal Audit Competence Center.
- g) The Audit Committee examines the areas of risk that are likely to have a material influence on the financial situation of the Group. These risks include, for example, the exchange rate risk, significant litigation, environmental issues, questions linked to product liability, etc. During this examination, the Audit Committee studies the procedures in place in order to identify these

significant risks and to quantify their possible impact on the Group and the functioning of the control systems.

- h) The Audit Committee sends to the Board of Directors, either in the oral report of the Chairman or in the written minutes, all of the recommendations it feels are appropriate arising from its work and its findings.

### **III. FUNCTIONING OF THE AUDIT COMMITTEE**

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

The Audit Committee will meet at least four times per year, before the Board of Directors' meetings that deal with the approval of the annual, semiannual and quarterly results.

Additional meetings may be called to debate the scope of the plans, year-end closing topics, Internal Control mechanisms, Risk Management and audit costs and to discuss other important financial questions. These meetings are convened by the Chairman or at the request of at least two members.

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

The Chairman sets the agenda for each meeting, taking into account proposals sent to him by the Board of Directors.

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

The Chief Financial Officer ensures that the invitations are sent to the members of the Audit Committee, together with the agenda and the file containing the point by point information necessary for making recommendations to the Board of Directors. These documents and information are sent to the members of the Audit Committee by e-mail or regular mail, depending on the most appropriate methods with regard to the volume of documents to be communicated.

The CFO arranges for the invitations and the documents and information related to the agenda items to be sent out at least six (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.

#### **4. Attendance and Functioning**

The Audit Committee invites the following people to give reports during each of its meetings:

- the Chief Financial Officer;
- the Accounting and Reporting Manager;
- the Manager(s) of the Internal Audit Competence Center, Risk Management and Internal Control;
- the External Auditor for the Group.

The Chairman of the Executive Committee of Solvay SA is invited once a year to discuss the Group's major risks.

The Audit Committee may invite to its meetings any person whose presence would be useful subject to information of the Chairman of the Board of Directors, and in particular professional advisors, paid

by the Company; in that case, with prior information of the Chairman of the Board by the CFO and/or the Chairman of the Audit Committee.

The members of the Audit Committee may attend, in exceptional cases, the Audit Committee meetings by teleconference. They will be considered present at the meeting.

#### **5. Quorum**

The Audit Committee may validly deliberate only if at least one-half of its members are present.

#### **6. Voting and Majority**

The advice given by the Audit Committee and the recommendations made are approved by simple majority of votes. In case of a tie, the Chairman shall have a casting vote.

#### **7. Minutes**

The minutes of the Audit Committee meetings are drawn up by the Secretary who submits them to the Chairman and, after his approval, to all members of the Audit Committee.

The minutes of the Audit Committee are communicated to the Board of Directors.

The Chairman of the Audit Committee and the Secretary may deliver certified extracts.

### **IV. REPORTING TO THE BOARD OF DIRECTORS**

The Audit Committee reports to the Board of Directors with regard to its missions and gives, if need be, its recommendations, after each of its meetings.

The Audit Committee sends to the Board of Directors, either in the oral report of the Chairman or in the written minutes, all of the recommendations it feels are appropriate arising from its work and its findings.

### **V. RELATIONSHIPS WITH THE EXTERNAL AUDITOR AND INTERNAL AUDIT**

The external auditor reports to the Audit Committee any significant questions arising during the exercise of his or her duties for legal review of the accounts.

Each year the external auditor confirms his or her independence in writing to the Audit Committee; he or she communicates each year to the Audit Committee the additional services provided to the Company and examines with the Audit Committee the possible risks to his or her independence and the safeguards taken to attenuate those risks.

At least two times per year, the Audit Committee meets the external auditor and the internal auditors to discuss any relevant question regarding their internal procedures and any possible problem revealed during the audit process and in particular, if there are any significant weaknesses in internal control, in particular with regard to the financial information process.

In addition to their working relationships with executive management, the internal and external auditors have free access to the Board of Directors. To this end, the Audit Committee must act as the primary interface. The external auditor and the internal audit team manager may directly communicate, without limits, to the Chairman of the Audit Committee and the Chairman of the Board of Directors.

## **VI. COMPENSATION OF THE AUDIT COMMITTEE MEMBERS**

The members of the Audit Committee earn a fixed compensation of 4000 Euro gross for each meeting.

The Chairman of the Audit Committee earns a fixed compensation of 6000 Euro gross for each meeting.

## **VII. EVALUATION**

The Audit Committee regularly (at least every two or three years) reexamines its internal procedures, evaluates its own effectiveness and recommends to the Board of Directors any adjustments deemed necessary.

In the framework of evaluation of the Board of Directors, the Board regularly proceeds (at least every 3 years) with an evaluation of the Audit Committee and its functioning and composition.

The recommendations to the Board of Directors resulting from this evaluation are decided upon by the Board and implemented by the Audit Committee.

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