



## Solvay – UK Tax Strategy

The following information is provided for the Solvay UK Group for the year ended 31 December 2018 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 NGO's and other organisations. Solvay's objective is to be fully compliant with national and international tax legislation, including the OECD guidelines for multinational enterprises and other regulations.

Solvay's tax team of skilled tax experts ensure compliance with the group's policies and procedures. The Tax Director reports to the Chief Financial Officer. The Group also takes external advice if and when needed.

### **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 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 Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations issued by the OECD ("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 make 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 2017 and 2018, and is estimating that this will be the same for 2019. 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 co-operate with any enquiries in relation to all taxes and ensure any inadvertent errors are fully disclosed to HMRC as soon as reasonably practical after being identified.

*Solvay is an advanced materials and specialty chemicals company, committed to developing chemistry that addresses key societal challenges. Solvay innovates and partners with customers worldwide in many diverse end markets. Its products are used in planes, cars, batteries, smart and medical devices, as well as in mineral and oil and gas extraction, enhancing efficiency and sustainability. Its lightweighting materials promote cleaner mobility, its formulations optimize the use of resources and its performance chemicals improve air and water quality. Solvay is headquartered in Brussels with around 24,500 employees in 61 countries. Net sales were €10.1 billion in 2017, with 90% from activities where Solvay ranks among the world's top 3 leaders, resulting in an EBITDA margin of 22%. Solvay SA (SOLB.BE) is listed on Euronext Brussels and Paris (Bloomberg: SOLB.BB - Reuters: SOLB.BR) and in the United States its shares (SOLVY) are traded through a level-1 ADR program.*