

SOLVAY

BULGARIA: TAX SUMMARY: ESPP

This note applies to Purchased Shares purchased, Matching Share Awards and Free Share Awards granted under the ESPP, is correct as at May 2022 and assumes that the employee is Bulgarian tax resident and has been at all times from the purchase of the Purchased Shares, grant of Matching Share Awards and Free Share Awards to the vesting of a Matching Share Award or Free Share Award or sale of shares.

This information is provided for general guidance only and the actual tax consequences will depend on your own individual circumstances. If you are in any doubt as to your tax position, you should seek independent tax advice.

EMPLOYEE

1. Will I be taxed when I buy Purchased Shares?

No – you will not have to pay any income tax or social security contributions when you buy Purchased Shares.

2. Will I be taxed when I am granted the Matching Share Award or Free Share Award?

No – you will not have to pay any income tax or social security contributions when you are granted a Matching Share Award or Free Share Award.

3. Will I be taxed when the Matching Share Award or Free Share Award vests?

Yes - you will need to pay income tax and social security contributions on the market value of the shares you receive on vesting of your Matching Share Award or your Free Share Award. Your employer will withhold the income tax and social security contributions due.

For the 2022/23 tax year:

1. the income tax rate is 10%;
2. employee social security contributions apply at a rate of 10.58% on the employee's monthly income up to BGN 3,400 (approx. €1,750); and
3. employee health insurance contributions apply at a rate of 3.2%.

4. Will I be taxed when I sell my shares?

If the sale proceeds on the sale of your shares exceed the market value of the shares on the date you received them, you will need to pay income tax on the difference between the market value of the shares (i) at vesting for Matching Share Awards and Free Share Awards and (ii) at purchase for Purchased Shares, and the market value of the shares on sale.

Income tax will be payable at a rate of 10%.

You will need to declare any shares you own outside of Bulgaria and the taxable income from the sale of your shares in your annual tax return.

5. Will I be taxed when I receive my dividends?

Dividends will be paid on your Purchased Shares and they are subject to income tax at a rate of 5% when they are paid.

You will need to declare any dividend you receive in your annual tax return.

If any tax is withheld in Belgium in respect of your dividend, then to avoid any double taxation, a tax deduction or tax credit may be available if your country has a double tax treaty with Belgium. You will need to apply to your tax authority to claim the tax deduction or tax credit.