

SOLVAY

SPAIN: 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 a Spanish 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 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 Free Share Award. No social security contributions will be payable over the maximum monthly salary threshold (€4,139.4). Your employer will withhold the income tax and social security contributions due.

If you hold on to the shares for a minimum of 3 years, a tax exemption of up to €12,000 may be available.

For the 2022/23 tax year:

1. Personal income tax rates are progressive from 19% to 49%; and
2. employee social security contributions apply at the rate of (i) 6.35% if you have an indefinite contract; or (ii) 6.4% if you have a fixed-term contract.

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 capital gains 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.

Capital gains are taxed at a rate of:

1. 19% for the first €6,000;
2. 21% on the amount received between €6,000.01 to €50,000;
3. 23% on the amount received between €50,000.01 to €200,000; and
4. 26% on the amount exceeding €200,000.01.

Your employer will not withhold any capital gains tax due and it is your responsibility to pay and report this.

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 when they are paid.

For the 2022/23 tax year, dividends will be subject to income tax at:

1. 19% for the first €6,000;
2. 21% on the amount received between €6,000.01 to €50,000;
3. 23% on the amount received between €50,000.01 to €200,000; and
4. 26% on the amount exceeding €200,000.01.

Your employer will not withhold any tax due on dividends and it is your responsibility to pay and report this in your annual personal income 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.