

SOLVAY

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Members' Report

Rhodia Pension Fund

Rhodia Pension Fund Benefit Category
(RPF Benefit Category) *Final Salary Scheme,*
Money Purchase Benefit Category
(MP Benefit Category) *Money Purchase Scheme*

2017

Chairman's introduction



Dear Member,

Welcome to this year's edition of the Members' Report.

GENERAL COMMENTS

Since the last Members' Report economic uncertainties have increased, driven by Brexit, as well as tensions with US-China trade, the Middle East and Russia. In addition, there is an increasing realisation that the world economy will be impacted by climate change (whether or not man-made). Given these uncertainties it has become more important than ever that the Rhodia Pension Fund has the backing of a reliable sponsoring Company and that the Trustee maintains good relations with the sponsor. During the past year we have stepped up our communications with Solvay SA (the ultimate sponsor of the Fund) to ensure that we are prepared for all eventual outcomes.

As I indicated last year, there have been a number of problems with high profile funds in the UK (eg BHS, Tata Steel) and as a result we have increased interactions with the Pensions Regulator, particularly during the 1 January 2018 Valuation.

The Trustee continues to monitor issues on a quarterly basis with both the sponsoring Company and the Trustee advisers and has put in place structures to enable more rapid decision making if required.



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KEY MESSAGES FOR 2017/2018

Valuation – 1 January 2018

The valuation process is now complete. I am delighted to announce the agreement of the funding of our pension fund secured with the Solvay Group. The Pensions Regulator was encouraged by the improvements made compared to the previous valuation.

The key elements of our agreement with the Company are:

- To eliminate the funding shortfall by 31st December 2027 (currently this is 31 December 2030).
- To improve contributions from the Company to the Fund from c£18m pa currently to c£25m pa (further details are on page 7).
- The Guarantee of Rhodia Holdings is to be supported by a payment undertaking from Solvay SA rather than Rhodia France/Rhodia SA previously.
- The Trustee and Company have reviewed the investment strategy of the Fund very closely. During the 2018 valuation cycle negotiations it has been agreed to introduce a Liability Driven Investment Strategy to help reduce risk especially in view of the current economic climate.
- A complete Covenant review has been carried out as part of the 1 January 2018 Valuation. As the relationship between the Fund and Solvay SA will be formalised as a result of the January 2018 Valuation the review focused on Solvay SA. I am pleased to report that the Covenant of Solvay SA shows that the Company is able to continue to meet its funding requirements. The Trustee will continue to carry out periodic checks to ensure that this remains the case.

Flexible Income Drawdown – A new option for money purchase members (via a MasterTrust)

From 1 January 2019, the Money Purchase Benefit Category will be linked to a Flexible Income Drawdown online arrangement with a provider known as LifeSight, administered by Willis Towers Watson. This will allow members more flexibility at retirement from age 55. Under the scheme rules, the Rhodia Pension Fund doesn't offer all the options allowed in the wider pension market. Full details are on page 12.

Change to the Money Purchase Investment Structure

As a result of the retirement flexibilities, the Government introduced a couple of years ago, the investment options available to Money Purchase members have been reviewed to ensure they meet member needs and industry best practice. A new default fund approach is to be put in place along with alternate options. There are also some changes to the suite of investment funds currently on offer. Further details are on page 13. All members affected will be contacted individually within the next few months.

Trustee Board & Pensions Department

I would like to say a huge thank you to Tony McGrath who will be standing down as a trustee director at the end of 2018 after a seventeen year tenure. The Company has nominated Susan MacDonald as his replacement. Susan is the Global Market Director of the PROBAN business and is based in Oldbury. She has been a trustee director of the Fund previously.

The Trustee Board, Pensions Department along with advisers work tirelessly to ensure the Fund runs smoothly in this increasingly complicated market and regulatory environment. There are now in excess of twenty scheduled meetings that take place during a year. For those who are employed by Solvay in the UK this is in addition to their full time positions at the Company.

I hope you find this newsletter useful and informative. If you would like to get in touch with any feedback, we would welcome your views. Our contact details are on page 15.

Bob Tyler
Chairman of the Trustee Board





FINANCIAL HIGHLIGHTS FOR 2017

These figures have been taken from the formal Annual Report & Accounts.

As at 31 December 2017, the **RPF Benefit Category's** total asset market value amounted to **£850.16m** (this included AVCs split £0.27m Old Mutual Wealth, £0.73m Equitable Life and £0.54m Clerical Medical. In addition, £4.12m was held in the Internal Fund invested in the main investment portfolio).

1.	Opening Fund Account as at 1 January 2017	**£804.27m**
2.	Expenditure	**£50.94m**
3.	Pensions, lump sums and death benefits	**£47.86m**
	Leavers' payments	**£1.44m**
	Life assurance	**£0.56m**
	Administration expenses	**£1.08m**
4.	Income	**£24.38m**
5.	Contributions	**£22.55m**
	Investment income	**£1.75m**
	Investment expenses	**£0.08m**
6.	Increase in value of investments	**£70.94m**
7.	Transfer to MP Benefit Category	**£0.03m**
8.	Closing Fund Account as at 31 December 2017	**£848.62m**

CHANGES TO INVESTMENT STRATEGY

The Fund's assets continue to be invested mostly in passive funds with Vanguard Investment Management ("Vanguard"). Passive management means there is a low risk of the funds underperforming their benchmark and fees are typically much lower than for actively managed funds. The Fund continues to employ two asset allocation investment managers, Deutsche Asset Management ("Deutsche") and Natixis Asset Management ("Natixis"), to undertake tactical asset allocation over these investments, around a benchmark that is broadly 50% equities and 50% bonds.

In June 2017, the Fund also appointed BlackRock Investment Management UK Limited ("BlackRock") to manage alternative investments in its Strategic Alternative Income Fund. Once fully funded, this allocation is expected to account for 5% of the Fund's total assets. It will focus on generating income by investing in asset classes such as infrastructure and property. It is expected to take until 2019 for this fund to reach its target allocation as investments occur as and when BlackRock make allocations to the underlying assets.

Over the final quarter of 2017, the benchmark of the Fund was amended to extend the maturity and inflation sensitivity of the bond assets, to better reflect the profile of the Fund's liabilities.

As at 31 December 2017, approximately 88% of the Fund's assets were invested passively with Vanguard Asset Management. Approximately 11% of the Fund was being used by Deutsche and Natixis to implement more opportunistic and tactical views and manage currency risk. This allocation is invested in exchange-traded funds (ETFs), such as iShares, to gain exposure to high yield debt, emerging market debt and commodities; and some is held as cash to support currency contracts that manage the Rhodia Pension Fund's exposure to overseas currency; and equity and bond contracts to take tactical positions in reaction to short-term market opportunities. BlackRock SAIF accounted for the remaining 1% of the Fund's assets.

Introduction of a Limited Driven Investment ('LDI') mandate

Over 2018, both the Trustee and the Company have been investigating ways to further reduce the risk of the Fund's assets versus its liabilities. Agreement has been reached to hedge 50% of the risk arising from changing inflation assumptions and changes to long term interest rates. To implement this, 15% of the Fund's assets currently invested in Vanguard government bond funds will be allocated to a new LDI mandate. Following a thorough selection exercise, the Trustee appointed Schroder Investment Management Limited ("Schroder") to manage this strategy, expected to be implemented towards the end of 2018 and the first half of 2019. The decision recognises the impact of interest rates on the way the liabilities are valued; and the inflation linkage to many of the benefit payments made to members.

The Trustee, in consultation with the Company, will continue to investigate ways to further reduce the level of risk of the investment strategy over 2018 and 2019.

Over 2018, an exercise was completed to re-register the Fund's investments in Vanguard's funds to Northern Trust, the Fund's custodian. This will improve the way the Fund's assets are traded and reported.

Environmental Social & Governance ('ESG) risks

Responsible Investment has been a key agenda item for the Trustee and refers to the consideration of ESG risks and the impacts on long term investment returns. Environmental aspects include waste management, air pollution and energy efficiency whilst the social aspects include issues such as gender equality, diversity and human rights. The Trustee held meetings with all of the Fund's investment managers to understand how such considerations are taken into account in the investment decisions they make. As a passive investor with a large allocation to equities, particular focus was placed on how Vanguard engages with the companies held within its equity funds. The Trustee continues to develop the Fund's Responsible Investment Policy and will consider on an on-going basis whether any changes are required to better manage financial risks arising from ESG issues.

Over the first 8 months of 2018, the Fund's assets have generated a small positive return. US equities have performed particularly well, up 14.4% in GBP sterling terms, following corporate tax cuts and increasing economic growth.

However, other regions' equity markets have had muted returns, and many bond markets have been negative. 2018 has also seen a general increase in volatility as investors worry about record high equity markets, the impact of geopolitical tensions such as trade wars and the impact of US interest rate increases.

Brexit negotiations continue to dominate UK headlines. Changing expectations of what the nature of the UK's exit from the European Union will be has led to volatility in the value of sterling versus other major currencies, and in its bond markets. However, a weaker sterling has often seen a rally in UK equities, as many constituents earn a significant proportion of their earnings overseas, which appear more attractive when the pound depreciates. The opposite is also true when sterling strengthens. The Fund's assets remain well diversified by geography to help manage the impact of an unfavourable (at least from the perspective of investment markets) outcome.

The Trustee acknowledges that the current level of assets is insufficient to meet the Fund's liabilities. However, it has sought and received assurances from the Solvay Group regarding its intention to pay all pension benefits as and when they fall due, and to pay contributions to increase the Fund's funding level to 100% over the long term. The Trustee receives an independent assessment of the Group's ability to meet this commitment and holds regular update meetings with the Group. The Trustee therefore believes, in conjunction with professional advice and the changes to strategy being considered and implemented, the level of risk within the Fund is appropriate to its circumstances.

POSITION AS AT 31 DECEMBER 2017

The table below shows the approximate breakdown of how the Fund's assets were invested as at 31 December 2017.

Manager	Fund	Pooled / Segregated	Valuation (£M)	Holding (%)
Vanguard	FTSE UK All Share Index	Pooled	114.0	13.6
Vanguard	US Equity Index	Pooled	116.2	13.9
Vanguard	FTSE Developed Europe (ex UK) Equity Index	Pooled	94.1	11.2
Vanguard	Japan Stock Index	Pooled	35.9	4.3
Vanguard	Pacific (ex Japan) Stock Index	Pooled	21.1	2.5
Vanguard	Emerging Markets Stock Index	Pooled	28.5	3.4
Vanguard	UK Corporate Bond	Pooled	131.4	15.7
Vanguard	UK Government Bond	Pooled	28.8	3.4
Vanguard	Global Bond Index – GBP Hedged	Pooled	64.1	7.7
Vanguard	US Investment Grade Credit Index – GBP Hedged	Pooled	19.9	2.4
Vanguard	Euro Investment Grade Bond Index – GBP Hedged	Pooled	19.8	2.4
Vanguard	UK Inflation Linked Bonds Index	Pooled	56.8	6.8
Vanguard	UK Long Duration Index	Pooled	8.6	1.0
Deutsche	Tactical Portfolio	Segregated	47.9	5.7
Natixis	Tactical Portfolio	Segregated	41.1	4.9
BlackRock*	Strategic Alternative Income	Pooled	8.4	1.0
TOTAL			**836.7**	**100.0**

** The alternative asset mandate was awarded to BlackRock and commenced in June 2017 when the UK Strategic Alternative Income Fund SLP announced its first close. The Rhodia Pension Fund made a commitment of £41.5m and this capital is expected to be deployed over 18 to 24 months. Capital deployment commenced in August 2017.*



Notes: The above does not account for the cash held in the Trustee Bank Account of £5.7m at 31 December 2017. The allocation of the Vanguard funds is managed on a discretionary basis by Deutsche and Natixis respectively. At 31st December 2017, Deutsche's mandate was £411.9m and Natixis's was £416.5m.

Figures may not sum due to rounding.

PERFORMANCE OF THE FUND DURING 2017

The investment performance of the total Fund was positive over the period, however, it underperformed the benchmark.

Since inception with the Fund the Vanguard funds have tracked their respective benchmarks to within expected tolerance levels.

The investment performance of the Fund in the last five years has been:

	2017 (%)	2016 (%)	2015 (%)	2014 (%)	2013 (%)	5 Years (%) p.a.
Fund	9.3	12.3	1.1	9.2	9.9	8.3
Benchmark	10.7	15.2	1.9	9.5	8.7	9.1

Source: Investment Managers, Northern Trust, Thomson Reuters, Bloomberg, JLT Benefit Solutions Ltd

Investment Market Events during 2017

2017 was once again a positive year for investment markets. UK equities increased 13.1%, global equities 12.4% and emerging market equities 25.8%. These returns were even higher in local currency terms but were dampened by the appreciation of GBP Sterling against the majority of the world's currencies.

UK governments bonds increased 1.8% and UK corporate bonds 5.0%, as markets priced in a continued low interest rate environment.

The year began with the inauguration of Donald Trump as the 45th President of the United States, followed by geo-political tensions between the US and North Korea, snap elections in the UK and Japan, alongside a series of elections in Europe. However, these political events have failed to weigh down on asset prices as the global economy appears to be in a 'Goldilocks' scenario with synchronised global economic growth, falling unemployment levels, improving corporate earnings as well as benign inflation levels. The positive economic backdrop has also prompted the central banks of many developed nations to withdraw the ultra-accommodative monetary policies that have been in place, the intentions of which were apparent closer towards the end of the year.

In the UK, March 2017 saw British Parliament passing the Brexit bill followed by Prime Minister Theresa May invoking Article 50 of the Treaty on European Union to begin the two-year exit process. May also unexpectedly called for a snap election to be held in June 2017, the outcome of which weakened her party's strength and stability prior to the crucial Brexit negotiations.

After falling to a 30-year low post Brexit, sterling remained volatile, gaining some strength only towards the end of the year as EU leaders agreed to move to the second phase of Brexit negotiations, to discuss the future of the UK's trading relationship with the bloc.

The Office for Budget Responsibility downgraded its growth forecasts for the UK economy amid on-going Brexit negotiations. Despite sluggish domestic growth, the Bank of England raised interest rates for the first time in a decade, from a record low of 0.25% to 0.50%.

The nationalist parties that gained momentum across Europe in 2016, were seen to take a back seat in 2017 as moderate candidates fought off challenges from populists in Dutch and French elections. In September 2017, whilst Angela Merkel managed to win her fourth term as the German chancellor, talks around the formation of a new coalition could not be finalised. Political unrest was re-ignited in Europe when regional elections in Catalonia failed to resolve the independence issue.

In October 2017, the ECB decided to extend its quantitative easing policy to September 2018, but at a slower pace by reducing the amount of monthly asset purchases from €60 billion per month to €30 billion from January 2018.

2017 saw the US equity market start on strong footing, touching all-time highs. The optimism continued even towards the end of the year as the Senate approved a $1.5 trillion tax bill, which not only slashed the corporate tax rate to 21% from the previous 35%, but also included temporary tax cuts for individuals.

2018 SUMMARY FUNDING STATEMENT RHODIA PENSION FUND

The purpose of this statement is to provide members of the Rhodia Pension Fund and other beneficiaries with information about its funding position on an annual basis.

THE LATEST SCHEME FUNDING VALUATION

At least every three years the Trustee Directors are required to obtain a valuation of the Rhodia Pension Fund ('the Fund') to determine amongst other things the relationship between the assets and liabilities. A summary of the aggregate funding position of the Fund at the valuation as at 1 January 2018 is shown below. The results of the previous valuation at 1 January 2015 and annual updates as at 1 January 2016 and 1 January 2017 are also shown for comparison.

	2018 Valuation	2017 Annual Update	2016 Annual Update	2015 Valuation
Assets	£843.4m	£798.9m	£732.9m	£751.9m
Value of accrued liabilities*	£1,215.6m	£1,281.9m	£1,106.3m	£1,167.2m
Shortfall	£372.2m	£483.0m	£373.4m	£415.3m
Funding level	69%	62%	66%	64%

** The value of the accrued liabilities (the technical provisions) represents the Fund Actuary's estimate of the sum required at the date of valuation to meet all future benefit payments arising in respect of Members' service to the date of valuation. In determining this value, the Actuary has allowed for anticipated future investment returns within the Fund.*

CHANGE IN FUNDING POSITION SINCE THE PREVIOUS STATEMENT

The main factors contributing to the change in the funding position since the valuation as at 1 January 2015 are summarised below:

1 January 2015 to 1 January 2016

The 1 January 2016 annual update revealed that the funding position has improved since the 1 January 2015 valuation from 64% to 66%. This is mainly due to the yield on gilts increasing over the year. Gilt yields are used to value the liabilities and assuming a higher rate of return leads to a lower value being placed on the Fund's liabilities. In addition the company continued to pay in contributions to remove the deficit.

This positive effect on the funding position was partially offset by an increase in long term inflation expectations and by the Fund's assets underperforming the return assumed at the 2015 valuation.

1 January 2016 to 1 January 2017

The 1 January 2017 annual update revealed that the funding position has deteriorated from the 1 January 2016 annual update from 66% to 62%. This is mainly a result of falling gilt yields and an increase in long term inflation expectations.

Despite assets performing better than expected in 2016, market changes taken together (particularly since the results of the EU Referendum on 23 June 2016) had an overall material negative impact on the Fund's deficit. This is largely on account of increases in asset values (including the deficit reduction contributions paid by the Company) not being sufficient to offset the increase in liability caused by the fall in gilt yields.

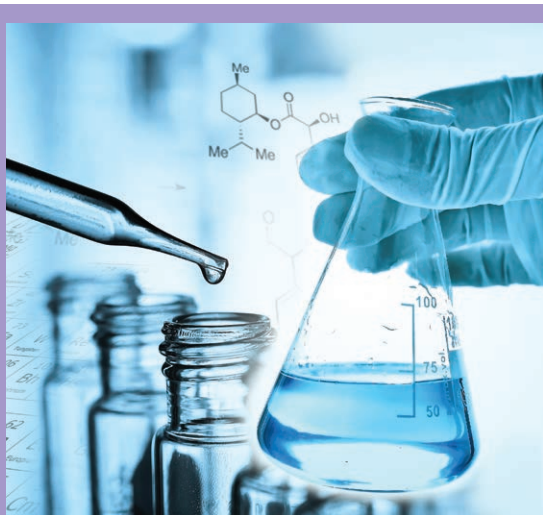
1 January 2017 to 1 January 2018

The 1 January 2018 valuation revealed that the funding position has improved since the 1 January 2017 annual update from 62% to 69%. This is primarily due to the Fund's assets outperforming the return assumed at the 1 January 2015 valuation and an increase in future expected mortality projections. In addition the company continued to pay in contributions to remove the deficit.

This positive effect on the funding position was partially offset by a decrease in gilt yields over the year. Gilt yields are used to value the liabilities and assuming a lower rate of return leads to a higher value being placed on the Fund's liabilities.

The Trustee and Company continue to review the investment strategy of the Fund and are considering strategies to reduce risk.

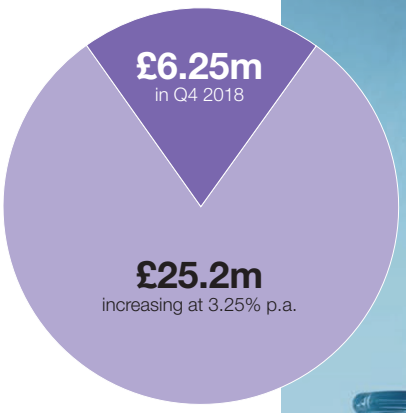




CONTRIBUTIONS

As a result of the 1 January 2018 valuation, the Company has agreed to pay the following in respect of the Fund:

- **Contributions to meet the 2018 deficit** outlined above. Recovery Plan contributions of £6.25m in respect of 2018 payable in Q4 2018. From 1 January 2019, £25.2m p.a. increasing at 3.25% p.a., payable in equal monthly instalments until 31 December 2027.
- **Contributions in respect of insurance premiums for lump sum and pension benefits payable on death in service of active members in service.**
- **Basic contributions of 29.3% p.a. of Contribution Salary in respect of ongoing benefits** accruing for Contributing Members.
- Additional amounts equal to the **Pension Protection Fund** Levies that are charged to the Fund and the **ongoing expenses** of the Fund (excluding investment management costs).



THE PENSIONS REGULATOR

The Pensions Regulator, as with other large pension schemes, engaged with the Trustee Directors and the Company during the 2018 valuation process.

In certain circumstances the Pensions Regulator can direct how the Fund's technical provisions must be calculated, can set the period for eliminating any funding shortfall, and can specify the level of employer contributions to be paid, rather then leaving these issues to be determined by the Trustee Directors. No such circumstances have arisen.

WINDING UP

As required by legislation, as part of the formal valuation of the Fund, the Actuary assessed the funding position if the Fund had been wound up as at 1 January 2018.

This is summarised in the table below for the Fund:

Assets	£843.4m
Value of accrued liabilities*	£1,770.9m
Shortfall	£927.5m
Funding level	48%

The shortfall is an estimate of the additional sum that would have been required from the Company to ensure that all members' benefits could have been paid in full had the Fund been wound up on 1 January 2018. (This payment is therefore much higher when compared to the shortfall payment outlined on page 6).

Providing 'winding up' information is a formal legal requirement and does not imply that the Company was considering winding-up the Fund.

PAYMENT TO THE EMPLOYER

No payment has been made to the employer out of Fund funds since the last Summary Funding Statement.

ADDITIONAL DOCUMENTS AVAILABLE FROM THE PENSIONS DEPARTMENT

Statement of Investment Principles
This explains how the Trustee Directors invest the money paid into the Fund.

Actuarial Valuation
Every three years the Fund Actuary does a full valuation of the Fund.

Schedule of Contributions
This shows how much money is to be paid into the Fund. This document is included in the Annual Report & Accounts.

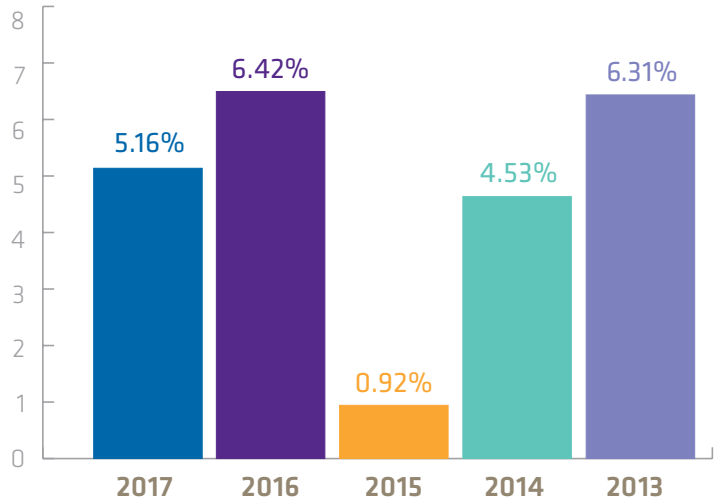
Annual Report & Accounts of the Fund
These show the Fund's income and expenditure during the year. Included in this document is a more detailed version of the Summary Funding Statement.

MEMBERSHIP STATISTICS AS AT 31 DECEMBER

2017		2016
165	Contributing Members	176
4,844	Pensioners	4,912
2,146	Deferred Pensioners	2,238
7,155	Total	7,326

PERFORMANCE OF THE INTERNAL AVC FUND OVER RECENT YEARS AS AT EACH 31 DECEMBER

INTERNAL AVC FUND %



PERFORMANCE OF AVC FUNDS

A table detailing the investment performance of the funds held with Clerical Medical is on page 14.

The project to switch the remaining AVCs held by deferred former Rhodia Pharma Solutions members to Old Mutual Wealth is almost complete and more details are shown on page 13.

EQUITABLE LIFE – WITH PROFIT POLICYHOLDERS

In June 2018, Equitable Life made a decision to transfer all of its policies to Reliance Life.

Details of the proposal

- Increase the current 35% capital distribution to a level expected to be between 60% and 70%
- Close the with-profits fund, which means the guaranteed investment return would end
- Convert the with profit policies to unit linked policies

The outcome of this process is unlikely to be known until the end of 2019. In the meantime, it may be worth delaying any disinvestment until a conclusion is reached. Affected members will be notified. For more information, please refer to Equitable Life's website – **http://www.equitable.co.uk/**



Transfer Value Payments

Transfer value payments continue to be reduced to reflect the deficit in the pension fund. The basis for this calculation is reviewed following each triennial valuation.

PENSION INCREASES MATCH INFLATION

RPF Benefit Category

Annual pension increases at 1 January 2018

Former Rhône – Poulenc members

Pensions earned through membership of the Rhone Poulenc Pension Fund before 1st April 1997 were increased by 3%. Where members had not yet attained their **Guaranteed Minimum Pension (GMP*)** payment due date, this increase was applied to the entire pension built up before 1st April 1997.

Where members had attained their **GMP** payment due date, the 3% increase was applied to that portion of pension earned before 1st April 1997 in excess of the **GMP**.

For pension earned after 1st April 1997, the increase was 4%, which was based upon the RPI movement in the year to 31 October 2017.

Former members of the Benzole Producers Pension Scheme

Former Albright & Wilson Pension Fund members who retired on/after 1 April 2001

Former members of Fisons Pension Fund

Former Rhodia Pension Fund members

Where members had not yet attained their **Guaranteed Minimum Pension (GMP*)** payment due date, an increase of 4% was applied to the entire pension, based upon the RPI movement in the year to 31 October 2017.

In the case of former members of the Fisons Pension Scheme, Limited Price Index related elements received increases of 4% and the Pre-Acquisition Day element received 4%.

Where members had attained their **GMP** payment due date, all pension in excess of the **GMP** was increased by 4%.



Annual pension increases at 1 April 2018

Former members of the Albright & Wilson Pension Fund who retired prior to 1 April 2001

Where members had not yet attained their **Guaranteed Minimum Pension (GMP*)** payment due date), an increase of 4.1% was applied to the entire pension, based upon the RPI movement in the year to 31 December 2017.

Where members had attained their **GMP** payment due date, all pension in excess of the **GMP** was increased by 4.1%.

For the Albright & Wilson Pension Fund pensioner/dependant population there is a long standing arrangement to pay a minimum overall increase of £1 per month. This increase applies to pensions which have been in payment for at least one complete calendar month as at 1 April in any year. For anyone who has been retired for less than one complete year a pro-rated increase applies in the first year based on the number of complete calendar months between date of retirement and 1 April. Where a pro-rated increment generates less than £1 per month overall increase, the minimum £1 per month overall still applies, the extra increase being added to the basic pension.

Former RPS Benefit Category

Annual pension increase at 1 January 2018

Where members had not yet attained their **Guaranteed Minimum Pension (GMP*)** payment due date, an increase of 3.9% was applied to the entire pension, based upon the RPI movement in the year to 31 August 2017.

Where members had attained their **GMP** payment due date, all pension in excess of the **GMP** was increased by 3.9%.

**GMP is broadly equivalent to the pension that would otherwise have been earned from the State Earnings-Related Pension Scheme (SERPS) had members not been contracted-out during that period. Increases on the GMP after SPA are provided by the State annually and are added to the State Pension. As a result of changes in the State Pension, if you reach your SPA after 6 April 2016, the Government will no longer pay an increase on any pre 88 GMP and any excess over 3% in respect of post 88 GMP.*

However, the first 3% due on the GMP earned between 6 April 1988 and 5 April 1997 is provided by the Rhodia Pension Fund, rather than by the State and is added to the annual increase granted by the Fund.

Under the former RPS Benefit Category, the GMP earned up to 5th April 1988 and after 6th April 1988 received an increase of 3%.

FINANCIAL HIGHLIGHTS FOR 2017

1.	Opening Fund Account as at 1 January 2017	**£6.17m**
2.	Expenditure	**£0.12m**
3.	Pensions, lump sums and death benefits	**£0.08m**
	Leavers' payments	**£0.04m**
4.	Income	**£0.70m**
5.	Contributions	**£0.67m**
	Transfer Ins	**£0.03m**
6.	Increase in value of investments	**£0.49m**
7.	Transfer from RPF Benefit Category	**£0.03m**
8.	Closing Fund Account as at 31 December 2017	**£7.27m**

These figures have been taken from the formal Annual Report and Accounts.

REVIEW OF INVESTMENT PERFORMANCE

Investment policy is decided by the Trustee after taking appropriate advice. Professional fund managers are appointed who have day-to-day responsibility for managing the assets within each asset class.

The investments for the Rhodia Pension Fund – Money Purchase Benefit Category are held in pooled funds registered on the Old Mutual Wealth Life Assurance Limited ('Old Mutual') institutional investment platform.

There are a total of 9 pooled investment funds available to members on a self-select basis, as well as a default lifestyle strategy which aims to manage members' risk characteristics by automatically switching assets from higher risk/return investments into lower risk/return investments as retirement approaches for each member.

Each pooled fund held on the investment platform operates within guidelines set out by the Trustee or laid down in pooled fund governing documents. All the investments held by the Fund are regarded as readily realizable and are dealt either daily or weekly.

REVIEW OF THE FUNDS

This has been completed and further details are shown on page 13. Members will be notified within the next few months.

Members receive an annual statement showing the value of their individual fund holdings.

MARKET VALUE OF INVESTMENTS AS AT 31 DECEMBER 2017

As at 31 December 2017 the market value of each fund held on the Old Mutual investment platform was as follows:

	2017 £
BlackRock Aquila (50:50) Global Equity Index Fund	359,366
BlackRock Aquila Emerging Markets Index Fund	89,004
Standard Life Global Absolute Return Strategies Fund	35,627
BlackRock DC Diversified Growth Fund	54,182
Newton Real Return Fund	32,236
L&G Active Corporate Bond – All Stocks Fund	133,276
L&G Over 15 Year Gilts Index Fund	713,734
L&G Over 5 Year Index-Linked Gilts Index Fund	628,253
L&G Cash Fund	484,555
Rhodia Growth Fund*	4,936,254
Total	**7,466,487**

Note: totals are subject to rounding

**Default lifestyle strategy fund. Details of the switching mechanism are included in the Statement of Investment Principles, which is available on request.*

INVESTMENT PERFORMANCE

The table below provides a breakdown of the returns by fund over 3-month and one year periods to 31 December 2017, compared with the benchmark returns relating to the relevant fund.

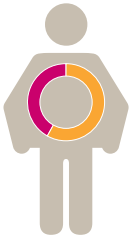
Return (net)*	3 month %	1 year %
BlackRock Aquila (50:50) Global Equity Index Fund	4.8	14.4
Benchmark index	4.9	14.3
BlackRock Aquila Emerging Markets Index Fund	8.0	25.1
Benchmark index	8.0	24.9
Standard Life Global Absolute Return Strategies Fund	2.1	3.9
Benchmark index	1.4	5.5
BlackRock DC Diversified Growth Fund	1.8	8.4
Benchmark index	1.0	3.8
Newton Real Return Fund	0.3	2.5
Benchmark index	1.1	4.3
L&G Active Corporate Bond – All Stocks Fund	2.0	4.5
Benchmark index	1.9	4.3
L&G Over 15 Year Gilts Index Fund	3.6	3.2
Benchmark index	3.7	3.3
L&G Over 5 Year Index-Linked Gilts Index Fund	3.9	2.4
Benchmark index	3.9	2.5
L&G Cash Fund	0.1	0.1
Benchmark index	0.1	0.2
Rhodia Growth Fund**	3.4	9.5

Net return of the underlying funds. BlackRock could not provide net returns and so an estimate has been provided

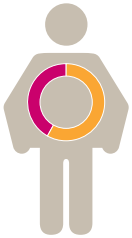
***Rhodia Growth fund allocation based on the 'growth phase' of the lifestyle strategy – 45% BlackRock Aquila Life (50:50) Global Equity Index Fund, 10% Standard Life Global Absolute Return Strategies Fund, 10% Newton Real Return Fund, 10% BlackRock DC Diversified Growth Fund, 5% BlackRock Aquila Life Emerging Markets Fund, 20% L&G Active Corporate Bond – All Stocks Fund*
Pre retirement allocation. In the 10 years leading upto the member's chosen target retirement age, the assets will be gradually switched as follows: 37.5% L&G Over 15 Year Gilts Index Fund, 37.5% L&G Over 5 Year Index-Gilts Index Fund and 25% L&G Cash Fund

This lifestyle strategy is in the process of being revised. Further details are on page 13.

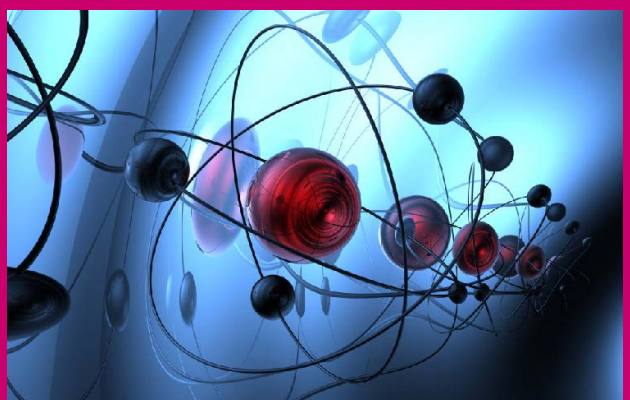
MEMBERSHIP STATISTICS AS AT 31 DECEMBER



2017		2016
112	Contributing Members	111
50	Deferred Pensioners	46
162	Total	157







FLEXIBLE INCOME DRAWDOWN/FLEXIBLE ACCESS DRAWDOWN

A NEW OPTION FOR MONEY PURCHASE MEMBERS WHICH INCLUDES DIRECT LIVE LINKS TO ADDITIONAL INFORMATION ABOUT LIFESIGHT

The table below shows a summary of the retirement income options that the Rhodia Pension Fund currently offers:-

Scheme Pension *(regular income)*	Lifetime Annuity *(regular income)**	Small Pot Lump Sum* *(taxable lump sum)*	Uncrystallised Funds Pension Lump Sum* *(taxable lump sum)*	Flexible Income Drawdown *(series of income withdrawals)**
No	Yes	Yes	Yes	No

**A tax-free cash sum equal to the value of 25% of your money purchase pension pot is available with these options. Where options are exercised outside of the Rhodia Pension Fund with external providers – a tax free cash sum can only be taken once the whole investment pot is transferred.*

From 1 January 2019, the Money Purchase Benefit Category will also be linked to a Pensions Regulator listed **Flexible Income Drawdown online arrangement** with a provider known as LifeSight (administered by Willis Towers Watson). This new option has been introduced to provide a means of accessing freedom and choice options **NOT** available directly through the Rhodia Pension Fund.

LifeSight gives members flexibility around their options for the future.

The member is in control over when they withdraw their monies; they can choose their frequency of withdrawals, either regular or one off and they can start and stop their withdrawals to suit their needs.

The member also has options about how they can invest the money that remains in their LifeSight Account, so that they can benefit from investment returns over time. The member could also use some or all of their LifeSight Account to buy an annuity from an insurer at any time.

There are three main investment options depending on your approach to investment risk, which LifeSight will then manage for you. Or you can select your own investment allocation from the fund list provided.

In addition to a 'Transfer Request to LifeSight' form the completion of a LifeSight Application Form is required to allow a member to transfer from the Money Purchase Benefit Category to a LifeSight Account. This sets out important information about LifeSight, including key features, the risks you should be aware of and the charges which apply. It is the member's responsibility for taking financial guidance before making a decision. Once monies have been transferred to LifeSight, their Terms and Conditions apply going forward and the Trustee of the Rhodia Pension Fund and Capita are released from any liability to provide benefits to, or in respect of, the Member. All of the information a member is likely to need about managing their money in retirement can be found when they log on to their LifeSight Account. This includes a range of planning tools including the LifeSight ageOmeter and the Spending Planner.

For any member who has not yet reached retirement and is considering taking a flexible drawdown option, live links to all of the key member information material for the LifeSight drawdown service are shown below:

Key Features Booklet https://epa.towerswatson.com/doc/LIF/pdf/key-features.pdf

Plan Guide https://epa.towerswatson.com/doc/LIF/pdf/plan-guide-spending.pdf

Investment Guide https://epa.towerswatson.com/doc/LIF/pdf/investment-guide-spending.pdf

Charges Sheet https://epa.towerswatson.com/doc/LIF/pdf/spending-charges-sheet.pdf

Application form https://epa.towerswatson.com/doc/LIF/pdf/application-form-9000-tas.pdf

Further information can also be obtained from the LifeSight Team at the address shown below:

Willis Towers Watson, PO Box 758, Redhill,
Surrey RH1 9GT. Phone 01737 227551
Email: lifesightsupport@willistowerswatson.com

IT IS STRONGLY RECOMMENDED THAT THE MEMBER TAKES INDEPENDENT FINANCIAL ADVICE AT OR PRIOR TO RETIREMENT.

Neither the Fund's administrator, Capita Employee Solutions, nor the Trustee of the Rhodia Pension Fund are able to offer financial or tax advice.

Other independent resources to help members understand their options and make their decisions are:
Pension Wise (www.pensionwise.gov.uk/)
Unbiased (www.Unbiased.co.uk)

CHANGES TO THE MONEY PURCHASE BENEFIT CATEGORY INVESTMENT STRUCTURE

As a result of the 2015 Freedom and Choice in Pension reforms introduced by the Government the Trustee, in conjunction with Capita, have reviewed the existing investment options available to members within this category (including the Default Fund Approach). This is to ensure they are aligned with these new choices, member needs, industry best practice and regulatory guidance. Further details will be provided to those members concerned over the next couple of months, however in summary, the following changes will be made:

As members approach retirement age, they should review both the Target Retirement Age at which he or she expects to 'retire'.

And how he or she expects to use their accumulated pension savings.

Default Fund Approach

A new Default Fund Approach will be introduced, which will target an **income drawdown benefit** outcome, at retirement. This is based on the assumption that some form of income drawdown will be the most popular form of benefit outcome selected by members, at retirement;

Alternative approaches will be introduced for members to select from, which will target:

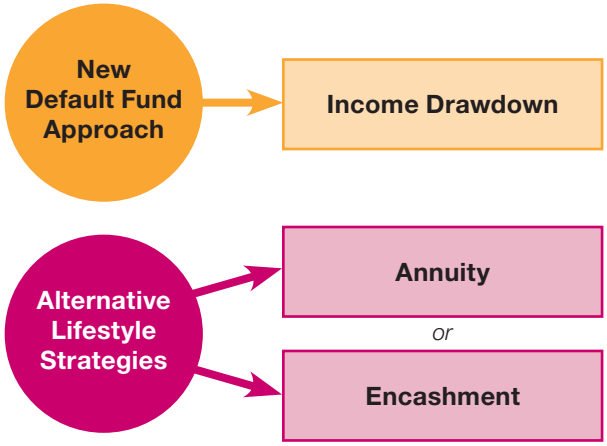
- **annuity**

or

- **encashment**

Each approach will invest in the same way up until 10 years prior to a member's Target Retirement Age – their 65th birthday, unless a later or earlier date has been selected. From that point onwards, the investment profile within each approach will change to reflect the specific benefit outcome being targeted.

The new structure is illustrated as follows:



Self-Select Members

Members will still be able 'self-select' from a range of individual funds, if they don't feel the Default Fund Approach or the alternative lifestyled approaches are right for them.

Members who have self-selected funds will not be seeing any change to their investments with the exception of those invested in Standard Life Global Absolute Return Fund.

The underlying fund changes within the Default Fund Approach and alternative approaches are as follows:

- *Standard Life's Global Absolute Return Strategies Fund will be replaced with Invesco Perpetual's Global Targeted Return Fund.*
- *For those invested in the annuity lifestyle (the current Default Fund Approach) the Legal & General Over 5 Year Index Linked Gilt Index Fund and the Legal & General Over 15 Year Gilts Index Fund will be replaced by the L&G Pre-Retirement Fund (not available on a self-select basis).*

Members in the current Default (Lifestyle Strategy)

- The new Default Fund Approach and alternative approaches will continue to be 'lifestyled' investment strategies.
- This is a pre-determined path of how the Trustee will invest members' money by automatically moving it from higher risk funds (but potentially higher returns) during the 'Growth Phase' (up until the ten year period prior to a member's Target Retirement Age) to lower risk funds during the 'Consolidation Phase' (from the ten year period prior to their Target Retirement Age), as well as targeting a particular benefit outcome.
- If a member is currently within the **'Growth'** Phase, the Trustee will automatically move their investments from the current Default Fund Approach (targeting annuity) to the new Default Fund Approach (targeting income drawdown);
- If a member is currently within the **'Consolidation'** Phase, the Trustee will not make any changes on their behalf – they will remain in the lifestyle strategy targeting annuity

Once this implementation of these changes has been completed, members will be at liberty to change their investment strategy as they see fit, based on their investment and retirement requirements and objectives.

If members would like some clarity regarding these changes, please contact Warren.Williamson@capita.co.uk

Former RPS Benefit Category AVC Members

If you are a member of the former RPS Benefit Category and you have an Additional Voluntary Contribution (AVC) fund with Clerical Medical & General, the Trustee will be moving these funds to the new Default Fund Approach which targets income drawdown. Prior to transfer, you will be given the option to change your investment strategy as you see fit.

Further details on all of the changes outlined above will be provided to members affected separately.

KEEP TRACK OF YOUR SAVINGS

Use the free Pension Tracing Service to track savings from other pension arrangements. Contact them on 0345 600 2537 or visit **www.gov.uk/find-lost-pension**

IS YOUR FORM OF REQUEST UP TO DATE?

One of the most difficult decisions the Trustee may need to take is determining to whom any lump sum death benefit is paid in the event of a member's death. For this reason, we encourage members to complete a Form of Request.

The Fund provides valuable life assurance benefits, payable if you should die while a contributing member of the Fund and in a couple of other circumstances. To ensure that lump sums are free from inheritance tax and are paid with the minimum of delay, the Trustee have discretion to decide who should receive them. In the normal course of events the Trustee will take account of your wishes, although they are not bound by your instruction.

The Trustee need an accurate guide as to your current wishes. It is also important that you review regularly and keep your Form of Request up to date particularly if your circumstances change, for example if you marry or start a family. These forms are available on request from HR or our administrators.

Please note that if you don't join the pension fund or opt out at a later date, this benefit is forfeited.

SWITCH OF CAPITA'S ADMINISTRATION SERVICE FROM THEIR BRISTOL OFFICE TO THEIR WHITSTABLE OFFICE

Please note that revised contact details are on page 15. Unfortunately, the switch, which began during the early part of 2018 hadn't gone as smoothly as hoped and the Whitstable team built up a large backlog. This is being addressed and the situation is closely monitored by the pensions team. It is anticipated that the backlog will be cleared by the end of the year and the Trustee should see a return to the high level of service usually experienced. In the meantime, your patience and understanding is greatly appreciated.

PERFORMANCE OF AVCS WITH CLERICAL MEDICAL FOR MEMBERS OF THE FORMER RPS BENEFIT CATEGORY AS AT 31 DECEMBER 2017

	2017 (%)	2016 (%)	2015 (%)	2014 (%)	2013 (%)
Balanced Managed	8.8	15.5	2.0	4.8	16.2
Adventurous Managed	10.9	21.3	2.3	4.6	21.9
Cautious Managed	6.5	9.9	1.4	4.7	10.3
Non-Equity Managed	3.9	5.5	2.7	10.3	1.3
UK Equity Income	11.7	13.9	1.1	(1.2)	22.0
UK Equity Tracker	12.1	14.9	0.4	(0.2)	19.5
European	16.8	20.3	5.0	1.5	23.9
North American	8.6	32.8	4.2	23.1	29.8
Japanese	10.9	24.8	14.1	1.4	22.2
UK Property	8.9	1.5	10.9	13.5	7.2
Halifax	0.0	(0.4)	(0.8)	(0.7)	(0.6)
International	12.5	27.6	1.4	8.6	25.8
With profit-Unit Linked - Before Tax	8.5	7.8	2.3	7.1	9.9
FTSE 100	*3.8*	*0.2*	*(1.32)*	*0.7*	*18.7*
FTSE All Share	*2.2*	*2.6*	*0.98*	*1.2*	*20.8*

Statistics provided by Clerical Medical
% change bid to bid
Market indices – gross returns

(A review of the AVC Funds for this Benefit Category has been completed. Capita Employee Solutions, our pension administrators will notify members accordingly and provide full details of the changes to be made). With the exception of those members that hold monies in the With Profits Fund, the remainder of funds will be transferred to Old Mutual Wealth. (This is where AVCs for the majority of RPF Benefit Category members are held).

RHODIA PENSIONS TRUST LIMITED DIRECTORS

Company-appointed Trustee Directors

Bob Tyler	Pensioner (Chairman)
Tony McGrath	Pensioner (to 31/12/2018)
Alison Murphy	Employee
Alison Johnson	Pensioner
Barry Milner	Pensioner
Jeremy Rogers	Employee
Susan MacDonald	Employee (from 1/1/2019)

Member-nominated Trustee Directors

Eddie Chilton	Employee
Steve Pearce	Pensioner
Steve Kelly	Pensioner
Dave Hodgson	Deferred*

* former Rhodia Pharma Solutions Pension Plan representative.

Secretary to the Trustee Directors

Annette Coppin

PROFESSIONAL ADVISERS – RHODIA PENSION FUND

Actuary:	RJ Birmingham, XPS Pensions Group (formerly known as Xafinity Consulting Ltd)
Auditors:	RSM UK Audit LLP
Solicitors:	CMS Cameron McKenna Nabarro Olswang LLP
Covenant Assessors:	Ernst & Young LLP
Bankers:	Barclays Bank plc (Final Salary) National Westminster Bank (Money Purchase)
Scheme Administrators:	Capita Employee Solutions
Investment Managers:	Vanguard Asset Management Limited Natixis Asset Management UK Limited Deutsche Asset & Wealth Management BlackRock (from June 2017) Schroders Investment Management Limited (asap) Clerical Medical (formerly Equitable Life) Old Mutual Wealth (Money Purchase)
Investment Consultants:	JLT Benefits Solutions Ltd
Global Custodian:	The Northern Trust Company
MasterTrust Provider:	LifeSight (administered by Willis Towers Watson (from 1/1/2019)
Registered Office:	Solvay Solutions UK Limited 34 Clarendon Road Watford Herts WD17 1JJ

For any general queries about the Fund which **Capita Employee Solutions have been unable to help you with**, please contact:

Pensions Team

Mike Membery	Pensions Manager
Annette Coppin	Pension Services Manager
Karen Lowe	Pensions Administration Co-ordinator

Tel:
07768 765445 (Mike Membery)
0121 541 3857 (Annette Coppin)
0121 541 3783 (Karen Lowe)
Email:
mike.membery@solvay.com
annette.coppin@solvay.com or
karen.lowe@solvay.com

The Pensions Department:
Rhodia Pensions Trust Limited
P O Box 80
Trinity Street, Oldbury
West Midlands
B69 4LN

CONTACT DETAILS

IMPORTANT - PLEASE HELP US KEEP IN TOUCH

If you are a Deferred member or Pensioner and **you move home or your personal circumstances change,** please contact Capita Employee Solutions to ensure the Trustee Directors have your current details. Details of their address are shown on the right.

If you are a Contributing member of the Rhodia Pension Fund, please inform HR.

If you have any queries relating to your pension benefits or actual pension payments please contact Capita directly:

Rhodia Pension Fund
c/o Capita Employee Solutions,
Radio House, Thanet Way,
Whitstable, Kent CT5 3QP

Helpline No: **0344 3912 403***
Fax No: **0344 3911 999**
Email: **Rhodia@capita.co.uk**

**Please note that calls from a mobile phone may be higher than those from a landline*

By, law we cannot give you advice about your pension arrangements. If you are thinking about any changes, you may want to obtain independent financial advice.

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