

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*

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Chairman's introduction



As at 1 January 2014 the Company have agreed to make the following annual payments to the Fund to meet the deficit in respect of the merged fund:

Basic contributions of 31.9% of pensionable salaries in respect of ongoing benefits for contributing members

Plus

Contributions of £15.5m p.a. (increasing at 3.25% p.a.) to meet the deficit

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Dear Member,

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

KEY MESSAGES FOR 2013/2014

Valuation – 1 January 2012

Although the valuation was submitted to The Pensions Regulator (tPR) on 30 June 2013, it was formally signed off in April 2014. Significant improvements in the funding obligations from the Company were achieved. Details of which are shown on pages 8 and 9. In line with a new initiative launched by tPR, they were involved throughout the process and attended a number of meetings with advisers. Suggestions to improve the process and transparency between relevant parties in the future were also given.

In August 2014, planning discussions began with the Trustee Directors, Sponsor and the covenant, investment and actuarial advisers in preparation for the 1 January 2015 valuation.

> Investment Review of the Pension Fund

As a result of securing a parental guarantee for the pension fund, the Trustee Directors made an obligation to the Solvay group to review its investment strategy and maximise the returns for the future. It is hoped that the new strategy will be in place by the end of 2014. Further details are on page 4.

> Money Purchase Scheme

The review of the Money Purchase Scheme is now complete. Capita Employee Benefits Limited now carry out the administration of both the Final Salary Scheme and Money Purchase Scheme. The suite of investment funds available have been revised and from 1 January 2014 are held with Old Mutual Wealth (formerly known as Skandia). All relevant members have been kept informed of the changes during the process and should have received a Members' Booklet and a password to access the new online website – Orbit. Following the proposed budget changes in March 2014, the Money Purchase Scheme will require a further review to ensure it is compliant with the new legislation. Once the details are clear, the Trustee Directors will be in touch to inform members of the changes. Further details are on pages 14 and 15.

> Government Budget 2014 – Flexibility to Pensions

Since the Budget announcement in March 2014, pensions have received an unprecedented amount of news coverage. There will be radical, far reaching reforms to pensions. The big headline was flexibility – money purchase members will have complete freedom in what they do with their pension savings once they reach age 55. Final Salary members can also transfer to Money Purchase arrangements to access the same flexibility. At first glance the story is simple to understand but the practicalities are much more complex. Once the legislation is clarified, the Trustees and Company will need to determine how the Rhodia Pension Fund is affected and will communicate to the membership. More details are on pages 14 and 15.

> Keeping abreast with legislation and codes of best practice

During last year, there is much new legislation and Pensions Regulators' Code of Practices to adhere to and digest. The Trustee Directors, along with their advisers continue to strive to meet new requirements and are committed to supporting members in making informed decisions and achieving good outcomes with their pension savings.

We hope you find this newsletter interesting and useful. If there are any items that you would like to see covered in future issues, please let us know. Our contact details are on page 16.

Bob Tyler
Chairman of the Trustee Directors

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FINANCIAL HIGHLIGHTS FOR 2013

1.	Opening Fund Account as at 1 January 2013	**£600.15m**
2.	Expenditure	**£49.74m**
3.	Pensions, lump sums and death benefits	**£44.68m**
	Leavers' payments	**£0.6m**
	Life assurance	**£0.40m**
	Administration expenses	**£1.1m**
	Pension Protection Fund Levy	**£1.07m**
	Investment expenses	**£1.89m**
4.	Income	**£25.92m**
5.	Contributions	**£20.66m**
	Investment income	**£5.12m**
	Other Income	**£0.14m**
6.	Increase in value of investments	**£61.41m**
7.	Transfer from Rhodia Pharma Solutions Benefit Category*	**£90.82m**
8.	Closing Fund Account as at 31 December 2013	**£728.56m**

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

***On 28th June 2013, £90.82m was transferred from the RPS Benefit Category Final Salary Scheme following the de-sectionalisation of the scheme.**

PERFORMANCE OF THE RPF BENEFIT CATEGORY DURING 2013

The absolute performance of the Fund as a whole was positive over the year, returning 9.9%, while also outperforming its benchmark by 1.2%.

The absolute performance of the Fund's two active UK equity funds, both managed by separate teams at RWC Partners Limited, was a key contributor to the absolute performance of the Fund and, in aggregate to the performance above the benchmark. RWC attempts to identify companies that will generate a return in excess of the overall market return. Their *'Growth Fund', which aims to identify companies whose earnings will grow faster than that of the overall market*, outperformed its benchmark significantly (34.2% vs 20.8%), while their *'Income Opportunities Fund', which aims to identify companies that are undervalued*, marginally underperformed its benchmark over the year (20.0% vs 20.8%).

The Fund's UK passive equity manager – Legal & General, marginally outperformed its benchmark over the year. *A passive fund aims to perform in line with its benchmark index.*

The performance of the ten Legal & General passive overseas equity funds was broadly in line with expectations as they tracked their respective benchmarks to within permitted tolerance levels. The Neptune global equity portfolio *which holds a concentrated portfolio investing in what they believe are the best and most attractively valued global companies, controlling risk by diversifying across different sectors (e.g. financials, mining, etc.) and in different regions*, underperformed its benchmark by 1.7% over the year, albeit still returning 23.3%. This fund was fully sold in January 2014 with the proceeds being invested with another passive manager, Vanguard Asset Management Limited. **Vanguard will be the Fund's new passive investment manager as part of the new strategy**, which is discussed in more detail later.

The Fund invests in two *diversified growth funds*: the Barings Dynamic Asset Allocation Fund and the Schroder Diversified Completion Fund *(the latter does not invest in equities). These funds invest in a range of growth type assets (such as property and equities) and control risk by making decisions on the allocation to these asset classes and making changes to these allocations.* The Baring Dynamic Asset Allocation Fund outperformed its benchmark, whilst the Schroders Diversified Completion Fund underperformed its benchmark over the year. Both funds underperformed significantly relative to global equities (50% UK and 50% overseas).

The Legal and General Property Fund, which invests *directly in commercial UK properties*, also produced a positive absolute return over the year, out-performing its benchmark by 2.3%. The Schroder Global Property Securities Fund, which *invests in the shares of global property companies,* produced a slightly negative absolute return over the year, whilst also underperforming its benchmark by 2.8%. Legal & General significantly outperformed Schroder property over the year.

Both the STW Fixed Interest Fund and the Legal & General Active Corporate Bond All Stocks Fund provided a small positive absolute performance, with the STW fund underperforming its benchmark by 1.0% and the Legal & General fund slightly underperforming its benchmark by 0.1%. The Aberdeen Long Dated Corporate Bond Fund produced a slightly negative absolute return but outperformed its benchmark over the year.

The performance of the BlackRock Liability Driven Investment portfolio was positive on an absolute basis, reflecting increases in inflation expectations over the year.

JLT Investment Consulting continues to monitor the performance of investment managers and assess the impact of the changing economic and regulatory environment on the Fund.

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PERFORMANCE OF THE RPF BENEFIT CATEGORY DURING 2013 CONTINUED

Equities

Positive indicators for the developed market recovery led to strong returns from developed market equities, with returns generally above 20% and, in the case of Japan, up over 50%, although this was effectively 25% to a Sterling investor once the depreciation of the Yen relative to Sterling is taken into account.

The exceptions were Emerging Markets (-5.3%) and Asia Pacific ex Japan (1.3%). Emerging Market equities suffered from an outflow of capital as investors anticipated the beginning of the end of the US quantitative easing programme, as well as concerns over emerging market growth. Asia suffered due to the impact of a weaker outlook for Emerging Markets.

Bonds and credit

UK Government bonds (Gilts) provided a negative return as the market started to price in increases to short term interest rates, thus also impacting long term interest rates (Gilt yields). Index-linked Gilts were slightly positive as inflation expectations increased.

Corporate Bonds outperformed gilts as investors sought higher returns, returning broadly flat. High Yield Debt and Senior Secured Loans, being riskier than (investment grade) Corporate Bonds and therefore offering higher returns, both produced positive returns, of 6.0% and 9.2% respectively.

However, Emerging Market Debt suffered, producing negative returns, for the same reasons affecting Emerging Market Equities.

Property

UK Commercial Property generated strong positive returns, reflecting an improving economic outlook within the UK. Investors particularly sought the high level of rental yield compared to traditional bonds.

Commodities

Commodities produced negative returns over 2013 as a result of lower growth in demand from China and other Emerging Markets for raw materials, and also due to the impact of the Shale Gas boom in the US on the energy sector.

Hedge funds

Hedge funds continue to face the headwind of low cash rates, which impacts a number of strategies. Nonetheless, strong returns were possible driven by the returns from equities, which helped equity related strategies, and the returns from the riskier bond investments referred to above.

CHANGES TO INVESTMENT STRATEGY

As a result of securing a parental guarantee for the pension fund, the Trustee Directors made an obligation to the Solvay group to review its investment strategy and maximise the returns for the future.

With the help of JLT, the investment consultants, the Trustee Directors have reorganised its structure in accordance with the Statement of Investment Principles signed in June 2013.
It is hoped that this exercise will be concluded towards the end of 2014.

The new investment strategy targets a recovery to 100% funding over an 18 year period, by an increase in contributions from the Sponsoring Employer and by targeting a higher investment return.

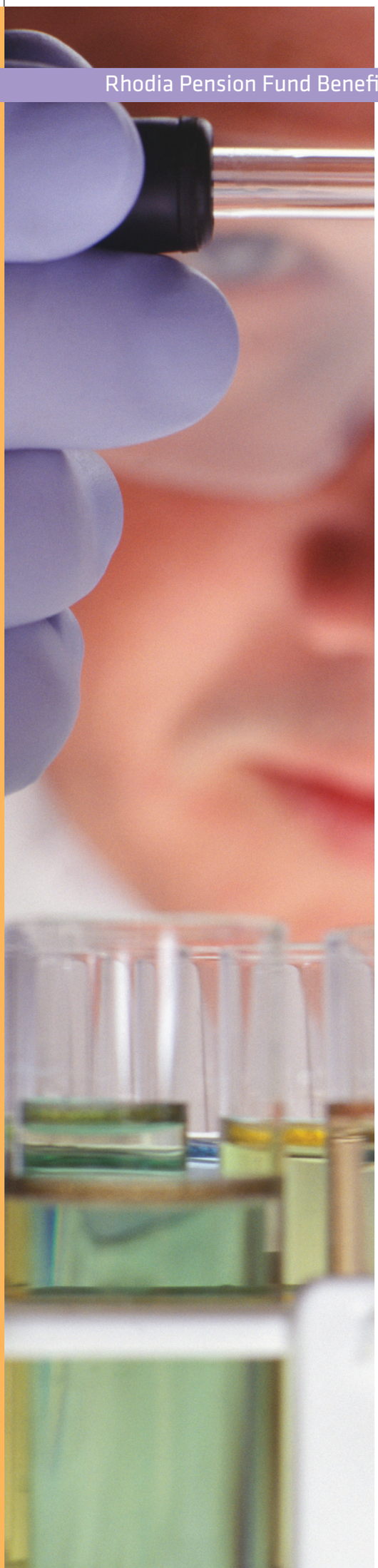
The Trustee Directors aim to reduce costs by implementing the strategy primarily through the use of passive funds. These are funds that aim to track the benchmark rather than outperform it.

Two asset allocation managers have been appointed to help the Trustee Directors revise its asset allocation each year and to adjust the asset allocation during the year in response to market events, opportunities and threats.

The Fund will invest its assets primarily via the Vanguard Asset Management Limited range of passive funds, with the allocations to each asset class determined by the Trustee Directors in collaboration with two Global Tactical Asset Allocation managers (Deutsche Asset and Wealth Management and Natixis Asset Management).

Approximately 85% of the Fund's assets will be invested with Vanguard, The Global Tactical Asset Allocation managers will recommend alternative funds to those available from Vanguard for the remaining 15% of assets, although they can use the allocation to invest in Vanguard funds if they believe that is the most appropriate option.

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Financial highlights continued

INVESTMENT MARKET EVENTS DURING 2013

The rate of Consumer Price Inflation fell to 2.0% in December 2013, which is the first time inflation has been at or below the government set target of 2.0% since November 2009.

The Bank of England Monetary Policy Committee (MPC) voted unanimously at its December meeting to keep interest rates on hold at 0.5%, a rate that has not changed since March 2009. The MPC also stated that it would not consider a rate rise until unemployment falls below 7.0%, and that the £375 billion asset purchasing programme would also remain unchanged.

Over the last 12 months, economic indicators around the world have shown an improvement in the global economy. Business sentiment indicators have been positive and growth has returned to a number of developed countries, with the UK showing the strongest growth since 2007.

In the Eurozone, the European Central Bank (ECB) surprised markets in November by cutting its main refinancing rate to a record low of 0.25%. The ECB president said that this decision reflected the fact that the Eurozone's economy remained 'subdued', although inflation rose from 0.7% pa, to 0.9% pa moving closer to the ECB's target of just below 2.0%.

In North America, the US Federal Reserve announced that in January 2014, it would start to taper its monetary stimulus, reducing its monthly cash injections by $10 billion, which caused the 10-year treasury yield to spike over the 3% mark for the first time since July 2011 as well as a rapid retreat in global equity prices in June. However, this does indicate that the Federal Reserve believes that the economic recovery shown in 2013 is broad-based and sustainable; and through 2013, the S&P 500 saw a 30% rally. This may have been a result of falling unemployment, which fell to a five year low of 7% as well as the Gross Dometic Product (GDP) growth figure being 1.9% for 2013, but accelerating towards the end of the year to grow at an annualised rate of 2.6% in the fourth quarter.

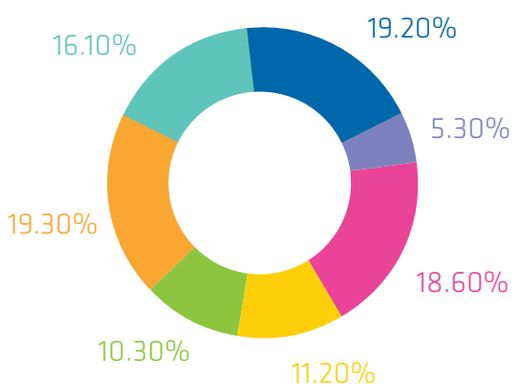
Political uncertainty and increased inflation pressures in Emerging Markets held back growth in early 2013, although this was partially offset by weak Emerging Market currencies, which has helped to boost exports. For much of the period, economic growth has been driven by domestic consumption rather than through exports. This has led to increased inflationary pressures which forced a number of central banks to begin increasing interest rates. By the end of Q3 Brazil had increased its interest rate four times since April 2013 and in Indonesia the interest rate was increased to its highest level since 2009. This combination reduced the growth expectation of emerging market countries and fuelled uncertainty in the markets, with Emerging Market equities and Asia Pacific (ex Japan) equities posting weak returns over 2013 of -5.3% and 1.3% respectively.

POSITION AS AT 31 DECEMBER 2013

The table below shows the breakdown of how the Fund's assets were invested at the end of 2013.

ASSET CLASS

Asset distribution



Asset values	(£m's)
UK Equity	115.10
Overseas Equity*	137.40
Property	37.60
Diversified Growth	132.70
Corporate Bonds	79.60
Fixed Interest	73.60
Liability Driven Investments	138.00
Total	**714.0**

Figures taken from the formal Annual Report & Accounts

** Approximately 40% of the Fund is hedged back to sterling, i.e. protected against the risk of exchange rate movement.*

*As at 31 December 2013, the **RPF Benefit Category's** total asset market value amounted to **£728.56m** (this included £14.73m of net current assets and £1.72m of AVCs split £0.91m Equitable Life and £0.81m Clerical Medical. In addition, £4.80m was held in the Internal Fund invested in the main investment portfolio).*

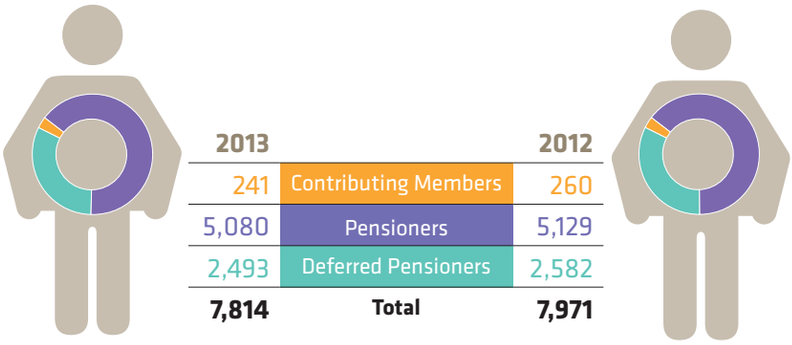
THE INVESTMENT PERFORMANCE OF THE FUND IN THE LAST FIVE YEARS HAS BEEN:

	2013 (%)	2012 (%)	2011 (%)	2010 (%)	2009 (%)
Fund	9.9	7.9	5.2	9.4	8.5
Benchmark	8.7	8.1	7.5	11.1	1.6

Figures provided by JLT, Thomson Reuters.

MEMBERSHIP STATISTICS AS AT 31 DECEMBER

The membership of the Fund (RPF and former RPS Benefit Categories) at 31 December was:



2013		2012
241	Contributing Members	260
5,080	Pensioners	5,129
2,493	Deferred Pensioners	2,582
7,814	**Total**	**7,971**

Following the de-sectionalisation that occurred in the year, members of the former **RPS Benefit Category Final Salary Scheme** were transferred, and are now included within the membership of the **RPF Benefit Category**.

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VALUATION PROCESS AND SECURITY PACKAGE

Following the acquisition of Rhodia by Solvay in September 2011, extensive negotiations with the new employer regarding the future funding of the pension scheme, investment strategy and a number of key issues followed. The statutory deadline for the submission of the valuation was exceeded by three months and final documentation was forwarded to The Pension Regulator (tPR) on 30 June 2013. In conjunction with a new initiative launched by tPR, they were involved throughout the valuation process and attended a number of the Trustees' meetings with their advisers.

tPR formally signed off the valuation on 24 April 2014 following an internal review at tPR and attending a further meeting with the Trustees', Company and their respective advisers.

An inclusive approach (holistic) was taken during the discussions with the Company and a number of documents were signed forming part of a global agreement between Rhodia SA, Rhodia Holdings Ltd, Rhodia UK Ltd and the Trustees. A parental guarantee of £400 million which is Pension Protection Fund compliant was given by Rhodia Holdings Ltd to the Trustees. This was backed by a Payment Undertaking from Rhodia SA. Rhodia Holdings Ltd set up a bank account to receive monies from Rhodia SA under the Payment Undertaking. The Trustees have been granted a legal charge over the bank account and express rights to enforce the Payment Undertaking in certain circumstances. An Account Security Agreement legalised this arrangement.

Ernst & Young, the Company covenant assessors confirmed that under the Information Sharing Agreement between the Trustee and Rhodia SA there had been no material dilution or significant financial event that had had a detrimental effect on the strength of the Guarantor (Rhodia SA) covenant since the last Pension Protection Fund (PPF) declaration which was submitted on 31 March 2013.

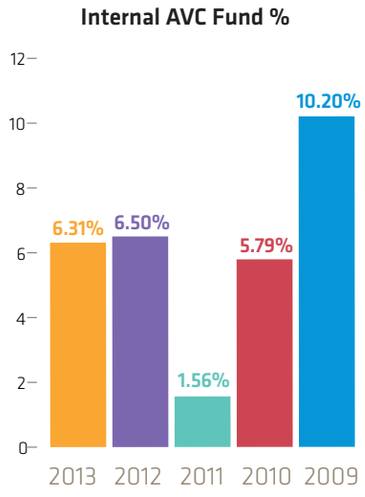
The Guarantee and Account Security Agreement were therefore submitted to the PPF for the levy period 2014/2015 by the deadline of 31 March 2014.

The Trustees and Sponsor are in regular contact to ensure transparency and open dialogue is maintained to ensure the smooth running of the pension scheme is maintained.

PERFORMANCE OF AVC FUNDS

A table detailing the investment performance of the AVC funds held with Clerical Medical is on page 12.

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









2014 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. The RPF Section and the RPS Section of the Rhodia Pension Fund merged on 28 June 2013. A summary of the aggregate funding position of the combined Fund at the valuation as at 1 January 2012, 1 January 2013 and 1 January 2014 are as follows:

	2014	2013	2012
Assets	£723.8m	£682.5m	£673.4m
Value of accrued liabilities*	£1,028.1m	£1,041.8m	£1,068.3m
Shortfall	£304.3m	£359.3m	£394.9m
Funding level	70%	66%	63%

* 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 improvement in the funding position since the valuation as at 1 January 2012 are summarised below:

1 January 2012 to 1 January 2013

Firstly, during 2012, the outlook for future inflation reduced meaning that the expected future benefit outgoings from the Fund decreased. Secondly, investment returns achieved on the Fund's assets were greater than anticipated at the 2012 valuation. Finally, Rhodia has paid contributions to repair the deficit disclosed at the 2012 valuation in line with the Recovery Plan then established.

All of these factors served to improve the funding position during 2012. In addition, yields on gilts assumed in valuing the liabilities were at a similar level at 1 January 2012 and 1 January 2013 and so had a neutral impact on the funding position.

1 January 2013 to 1 January 2014

Since the 1 January 2013 update the position has continued to improve as the Fund's assets have continued to outperform the return assumed at the 2012 valuation and Rhodia has continued to pay in contributions to remove the deficit.

Also, during 2013, the yields on gilts assumed in valuing the Fund's liabilities increased. A higher rate of return leads to a lower value being place on the Fund's liabilities.

Whilst these positive effects were partially offset by a rise in long term inflation expectations, the overall funding position at 1 January 2014 has improved to 70%.

CONTRIBUTIONS

As a result of the 1 January 2012 valuation, Rhodia has agreed to pay the following in respect of the Fund with effect from 1 January 2013:

- **Basic contributions of 31.9% p.a. of pensionable salaries in respect of ongoing benefits** accruing for Contributing Members, and to cover death in service costs and expenses;
- **Contributions to meet the 2012 deficit** outlined above. In 2013, Rhodia made Recovery Plan contributions of £15.8m. In 2014, Rhodia contributed £15.5m. Thereafter, contributions will be £16.4m p.a. increasing at 3.25% p.a., payable in equal monthly instalments until 31 December 2029; and
- Additional amounts equal to the **Pension Protected Fund Levies** that are charged to the Fund.

THE PENSIONS REGULATOR

The Pensions Regulator, as with other large pension schemes, engaged with the Trustee Directors and the Company during the 2012 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 than leaving these issues to be determined by the Trustee Directors. No such circumstances have arisen for the Rhodia Pension Fund.



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 2012.

This is summarised in the table below for the merged Fund:

Assets	£673.4m
Value of accrued liabilities	£1,385.7m
Shortfall	£712.3m
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 2012.

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.

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PENSION INCREASES MATCH INFLATION

RPF Benefit Category

Annual pension increases at 1 January 2014

Former Rhône - Poulenc members

Pensions earned through membership of the Rhone Poulenc Pension Fund before 1st April 1997 were increased by 3% per year. 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 2.6%, which was based upon the RPI movement in the year to 31 October 2013.

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 2.6% was applied to the entire pension, based upon the RPI movement in the year to 31 October 2013.

In the case of former members of the Fisons Pension Scheme, Limited Price Index related elements received increases of 2.6% and the Pre-Acquisition Day element received 2.6%.

Where members had attained their **GMP** payment due date, all pension in excess of the **GMP** was increased by 2.6%.

Annual Pension increases at 1 April 2014

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 2.7% was applied to the entire pension, based upon the RPI movement in the year to 31 December 2013.

Where members had attained their GMP payment due date, all pension in excess of the GMP was increased by 2.7%.

** 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. After State Pension Age (SPA), the government is responsible for setting the increase rate on the GMP and for the tax year commencing 6 April 2014 it was 2.7%.*

Increases on the GMP after SPA are provided by the State annually and are added to the State Pension. 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.

Former RPS Benefit Category

Annual pension increase at 1 January 2014

Where members had not yet attained their **Guaranteed Minimum Pension (GMP*)** payment due date, an increase of 3.3% was applied to the entire pension, based upon the RPI movement in the year to 31 August 2013.

Where members had attained their **GMP** payment due date, all pension in excess of the **GMP** was increased by 3.3%.

** 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. After State Pension Age (SPA), the government is responsible for setting the increase rate on the GMP and for the tax year commencing 6 April 2014 it was 2.7%.*

Under the RPS Benefit Category, the GMP earned up to 5th April 1998 and after 6th April 1988 received an increase of 3%.

Former Rhodia Pharma Solutions Pension Plan members – Death in Deferment Benefits

It has come to light that deferred benefit statements issued to members by Aon upon leaving the Plan in March 2006 incorrectly outlined the spouse's death benefit entitlement. *The correct entitlement is a spouse's pension or in the event of no spouse, a refund of contributions with interest.* The statement incorrectly advised that both benefits would be payable to a surviving spouse.

Members affected have all received a communication confirming the correct entitlement upon death of a member to avoid any future confusion.

Any death benefits payable have however been settled correctly and in accordance with the Trust Deed.

Following the introduction of the simplification legislation in 2006, the Trustees of the Rhodia Pension Fund decided to allow spouses to have more flexibility in the way their benefits upon death of a member are exercised. Three options were given:

1. Spouse's pension only
2. Maximum TFCS and reduced pension
3. Smaller TFCS and slightly higher reduced pension

The RPS Pension Plan merged with the Rhodia Pension Fund at a later date in January 2008 and the rules of the Plan remained unchanged. The flexible death benefits payable to spouses in the event of a member's death had never been revised.

To bring the treatment of this entitlement in this benefit category in line with other benefit categories under the Rhodia Pension Fund, it was agreed to allow spouses this additional flexibility in the settlement of any benefits.

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FINANCIAL HIGHLIGHTS FOR 2013

1.	Opening Fund Account as at 1 January 2013	£2.29m
2.	Expenditure	£0.02m
3.	Leavers' payments	£0.02m
4.	Income	£0.68m
5.	Contributions	£0.67m
6.	Transfer Ins	£0.01m
6.	Increase in value of investments	£0.29m
7.	Closing Fund Account as at 31 December 2013	£3.24m

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

REVIEW OF THE MONEY PURCHASE BENEFIT CATEGORY

Capita Employee Benefits administer both the final salary and money purchase schemes. A revised Members' Booklet was distributed to all relevant money purchase members in January 2014.

As part of the Money Purchase review, investment funds were included and from 1 January 2014, Skandia Life Assurance Company Limited (now known as Old Mutual Wealth with effect from 22 September 2014) was appointed to replace Clerical Medical. There are nine funds available for investment. Each has a varying degree of risk and potential reward so that a member can choose one or a combination to suit their needs. There is also a default investment strategy called the Skandia Lifestyle Strategy that chooses a member's funds for them.

Self Select Funds
Skandia BlackRock Aquila (50:50) Global Equity Index Fund
Skandia Standard Life Global Absolute Return Strategies Fund
Skandia Newton Real Return Fund
Skandia BlackRock DC Diversified Growth Fund
Skandia BlackRock Aquila Emerging Markets Index Fund
Skandia L&G Active Corporate Bond – All Stocks – Fund
Skandia L&G Over 15 Year Gilts Index Fund
Skandia L&G Over 5 Year Index-linked Gilts Index Fund
Skandia L&G Cash Fund
Or
Skandia Lifestyle Strategy

New contributions from 1 January 2014 are now paid to Skandia now known as Old Mutual Wealth. With effect from 1 April 2014, existing investments held with Clerical Medical were transferred. More information regarding the funds can be obtained from the Members' Booklet.

The online website – 'Orbit' is now up and running. All money purchase members have individual passwords to access information regarding their own personal pot. The Members' Booklet and accompanying forms can also be downloaded from the site. If a member has any questions, they should get in touch with Capita – contact details are on page 16.

AUTO-ENROLMENT

This took place in our pension scheme on 1 January 2014. Eligible employees who were not already part of the Fund became members unless they chose to opt out. If members did opt out, in a further three years' time, they will be invited to join again.

In March 2014, the Government announced that it intended to make fundamental changes to the money purchase landscape from April 2015. Full details are still awaited. In the meantime, a summary of the main pension changes are outlined on pages 14 and 15. Members will be kept informed of progress and how this affects our Fund.

INVESTMENT PERFORMANCE

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

MEMBERSHIP STATISTICS AS AT 31 DECEMBER



2013		2012
107	Contributing Members	99
33	Deferred Pensioners	32
140	**Total**	**131**



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PERFORMANCE OF AVCS & MONEY PURCHASE SCHEME FUNDS HELD WITH CLERICAL MEDICAL AS AT 31 DECEMBER

Name of Fund	RPF Benefit Category (Final Salary Scheme)	MP Benefit Category (Money Purchase Scheme)	Former RPS Benefit Category (Final Salary Scheme)	2013 (%)	2012 (%)	2011 (%)	2010 (%)	2009 (%)
Balanced Managed	√	√	√	16.2	10.2	(3.1)	12.8	18.5
Adventurous Managed			√	21.9	11.8	(6.5)	14.8	23.6
Cautious Managed			√	10.3	8.7	0.7	11.0	14.3
Non-Equity Managed			√	1.3	4.3	8.1	8.1	3.6
UK Equity Income			√	22.0	7.8	(6.0)	15.8	24.5
UK Equity Tracker	√	√	√	19.5	12.0	(5.1)	13.6	28.1
European			√	23.9	18.9	(15.1)	4.7	19.8
North American			√	29.8	7.1	2.0	16.9	13.2
Japanese			√	22.2	3.1	(13.7)	18.3	(4.8)
UK Property			√	7.2	0.9	4.4	15.1	7.8
Gilt and Fixed Interest Fund	√	√		(1.4)	5.9	10.0	5.2	2.6
Halifax		√	√	(0.6)	(0.5)	(0.5)	(0.5)	(0.3)
International			√	25.8	13.6	(5.2)	11.2	16.8
With profit-Unit Linked - Before Tax			√	9.9	7.2	3.1	10.2	8.6
Balanced Lifestyle Fund*	√	√						
FTSE 100				*18.7*	*10.0*	*(2.2)*	*12.6*	*27.3*
FTSE All Share				*20.8*	*12.3*	*(3.5)*	*14.5*	*30.1*

**This fund is a combination of Clerical Medical Funds hence a single performance figure cannot be shown.*

Statistics provided by Clerical Medical

% change bid to bid

Market indices – gross returns

More information regarding each of the funds can be found on the Clerical Medical website - **www.clericalmedical.co.uk**

(Once the outcome of the budget changes are fully understood a review of AVC Funds will be carried out. Members will be informed of progress.)

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PENSIONS LIBERATION FRAUD - *CONTRIBUTING* AND *DEFERRED MEMBERS* PLEASE BEWARE!

Pension scams

Pension scams are on the increase in the UK. Check the facts before you make an irreversible decision. A lifetime's savings can be lost in a moment.

What's a pension scam?

Pension scams are enticing savers by claiming to help them access their pension before age 55 or that people can already take more than 25% of their pension as cash. For most people the offers will be bogus and victims will lose most, if not all, of their savings.

Only in rare cases – like terminal illness – can pension scheme members take their pension before age 55. It remains the law that pension scheme members can only take up to 25% of their pension savings as a cash lump sum. Although this may change in the future it's important that members aren't fooled into thinking that is the law today.



More information is contained in the 'Scorpion' leaflet shown here, a copy of which can be downloaded from the Pensions Regulator website. **www.thepensionsregulator.gov.uk/pension-scams.aspx**

The Trustees strongly urge you to seek independent financial advice before drawing your pension.

Pension scheme members who agree to transfer may lose all their savings and may still be subject to tax charges of over half their transfer value for taking an 'unauthorised payment'.

Our pension administrators, Capita Employee Benefits, strongly support the advice issued by the Pensions Regulator in connection with the threat of this fraud. The transfer value quotation process has been tightened up and included within each transfer request is a 'transfer pack' insert, drawn up by the Pensions Regulator. Any request to transfer pension benefits out of the scheme to another pension arrangement is now referred to the Trustee Directors for approval.

Should you have any concerns, please contact our pension administrators – contact details on page 16.





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Help and Information continued

MAJOR CHANGES TO PENSIONS – FLEXIBILITY'

In the March 2014 budget, the Chancellor announced a series of far reaching changes which will radically affect the way today's workforce save for tomorrow. Some of these changes took effect immediately, whilst others will be introduced in April 2015 through changes to pensions and tax legislation. The legislation which implements these changes has not yet been finalised and so these new flexibilities may be subject to change.

How might these changes affect you?

How the changes affect you will depend on when you're planning to take your benefits and the type of pension benefits you're building up. Given how radical the changes are, everyone is likely to be affected in some way.

CHANGES THAT WERE INTRODUCED WITH EFFECT FROM MARCH 2014

'Small pots limit' increased to £10,000

If you have a pension pot with a value of £10,000 or less then, subject to certain conditions, you can take it as a lump sum. Previously, the limit was £2,000. The age limit for this option is currently age 60, however this will be reducing to age 55 from April 2015.

The Trustees are in the process of carrying out a trivial commutation exercise and any potential member affected will be notified.

Trivial commutation limit increased to £30,000

If the total value of all your pension pots (this includes pension pots you may hold in another scheme) is less than £30,000 you can take them all as a lump sum. Previously the limit was £18,000. The age limit for this option is currently age 60, however this will be reducing to age 55 from April 2015.

Again, the Trustees are in the process of carrying out a trivial commutation exercise and any potential member affected will be contacted.

Capped drawdown limit increased

This has increased to 150%

Income drawdown is not available under our Fund, however a facility to allow this via a retirement broker as an alternative option to purchasing an annuity at retirement may be considered in the future.

Flexible drawdown test relaxed

If you can prove that you have a guaranteed income of £12,000 a year (down from £20,000 a year) you can take the rest of your pension income as and when you like i.e. the capped drawdown limit does not apply.

Income drawdown is not available under our Fund, however a facility to allow this via a retirement broker as an alternative option to purchasing an annuity at retirement may be considered in the future.



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CHANGES THAT WILL BE INTRODUCED FROM APRIL 2015

Money Purchase benefits as a cash lump sum

Members can take the whole of their money purchase benefits as cash from age 55 rather than accessing it through an annuity or income drawdown. 25% of the lump sum will be tax free (in line with current rules) and the remainder will be taxed at your marginal rate of income tax.

The Guidance Guarantee

Members with Money Purchase benefits will be given free, impartial guidance at retirement by an independent third party organisation. The guidance will help people *ask the right questions* rather than recommend specific products or providers.

Transfers from Final Salary to Money Purchase schemes will be permitted

Members who transfer from Final Salary benefits in excess of £30,000 will need to take advice from an authorised independent financial adviser before a transfer can take place. The Government also intend to allow members to transfer their benefits out of their pension scheme up to normal retirement age (previously this was age 64).

Minimum Pension Age

The earliest age at which you can draw your pension is increasing from age 55 to age 57 by 2028. The minimum pension age will then remain 10 years below State Pension Age.

Money Purchase Vesting

From October 2015, Money Purchase pension schemes will only be able to make a refund of member contributions within the first 30 days of membership of the scheme. After 30 days the member will be entitled to benefits under the scheme even if they leave the company. Currently a member can receive a refund of contributions if they leave a scheme after 3 months but less than 2 years after becoming a member.

Additional tax issues for DC members

A new £10,000 Annual allowance will apply to members who take more than their tax-free lump sum from a Money Purchase scheme, where the value of that lump sum is more than £10,000.

This is a summary of the Budget 2014 pension flexibilities which you should not rely on when making decisions about your pension benefits.

Once the legislation putting in place these changes is finalised, the Trustees will need to check the Trust Deed and Rules and consider with the Company how our pension fund is affected. A detailed communication(s) will be issued in due course. Our aim is to help members understand the new environment and any extra decisions that need to be made.



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Help and Information continued

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 Employees Benefits to ensure the Trustee Directors have your current details. Details of their address are shown here 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
Capita Employee Benefits Limited
P O Box 3184
Bristol
BS1 9HT

Helpline No: **0844 3912 403***

Fax No: **0844 3911 999**

Email:
Rhodia@PensionsOffice.com

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

REGISTERED OFFICE

Solvay Solutions UK Limited
Oak House
Reeds Crescent
Watford
Herts WD24 4QP

(Name changed from Rhodia UK Ltd with effect from 1/8/2014)

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.

RHODIA PENSIONS TRUST LIMITED DIRECTORS

Company-appointed Trustee Directors

Bob Tyler	employee (Chairman)
Tony McGrath	pensioner
Alison Murphy	employee
Alison Johnson	pensioner
Barry Milner	pensioner
Jeremy Rogers	employee

Member-nominated Trustee Directors

Frank Thompson	employee
Eddie Chilton	employee
Steve Pearce	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, Xafinity Consulting Limited
Auditors:	Baker Tilly UK Audit LLP
Solicitors:	CMS Cameron McKenna LLP
Bankers:	Barclays Bank plc (Final Salary) National Westminster Bank (from December 2013 Money Purchase)
Scheme Administrators:	Capita Employee Benefits Limited
Investment Managers:	Legal & General Investment Management Limited Schroders STW Fixed Income Management (acquired by Schroders on 17/12/2012) RWC Partners Limited BlackRock Investment Management Baring Asset Management Limited Neptune Investment Management Limited Threadneedle Asset Management Limited to 26/4/2013 Clerical Medical (formerly Equitable Life) Skandia (appointed 1/1/2014 – Money Purchase) (Name changed to Old Mutual Wealth with effect from 22/9/2014)
Investment Consultants:	JLT Investment Consulting
Global Custodian:	The Northern Trust Company

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

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

Tel: **0121 541 3893** or
07768 765445 (Mike Membery)
0121 541 3857 (Annette Coppin)
0121 541 3783 (Karen Lowe)
Fax: **0121 541 3864**
Email:
mike.membery@solvay.com,
annette.coppin@solvay.com or
karen.lowe@solvay.com

Pensions Team:

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

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