

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*

2014

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Chairman's introduction



Dear Member,

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

GENERAL COMMENTS

The world of pensions is becoming ever more complex, driven by government intervention and regulator activity. I believe that your Trustee Board has dedicated itself to understanding this complexity and ensuring the best possible outcomes for the members of the Scheme within the inevitable constraints. I encourage you all to take an active interest in your Scheme – no doubt there will be further changes in the future and we will make every effort to keep you up to date with these.

KEY MESSAGES FOR 2014/2015

Valuation – 1 January 2015

The Trustee of the Rhodia Pension Fund has now completed discussions with the Company (Solvay SA, Rhodia SA, Rhodia Holdings and Solvay Solutions UK Ltd) and agreed the documentation in relation to the 1 January 2015 valuation and security package. This was forwarded to the Pensions Regulator (tPR) in December 2015 well ahead of the deadline of 31 March 2016.

Further improvements to the funding obligations from the Company were achieved. An enhanced parental guarantee and payment undertaking from £400m to £450m has been secured. In addition to the payment of Pension Protection Fund costs, the majority of administration expenses are also to be paid by the Company. The tPR, was once again involved throughout the process and attended two face-to-face meetings with the Company, the Trustee and advisers as well as a number of telephone conferences.

As at 1 January 2016, the Company has agreed to make the following annual payments to the Fund to meet the deficit in respect of the merged fund:

Basic contributions of 32% of pensionable salaries in respect of ongoing benefits for contributing members.

Plus

Contributions of *£16.4m p.a. (increasing at 3.25% p.a.) to meet the deficit.

(*This includes annual premiums for benefits payable in respect of death in service).

Investment Review of the Pension Fund

As a result of securing a parental guarantee for the pension fund during the 2012 valuation, the Trustee made an obligation to the Solvay Group to review its investment strategy and maximise the returns for the future within agreed risk levels. The new strategy is now in place. 85% of the Fund's assets are held in a range of passive funds held by Vanguard Asset Management Limited. The remaining 15% is split equally between two Asset Allocation Managers – Natixis Asset Management and Deutsche Asset and Wealth Management. Further details are on page 4.

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Covenant Review

This is a crucial exercise that is intended to give both Members and the Trustee confidence that the Company is able to meet its funding obligations as agreed following the January 2015 valuation. The Trustee Board is satisfied that the Company is able to meet these obligations at the time of the January 2015 valuation. However as the Solvay Group is in a period of dynamic change of its business portfolio, the Trustee will carry out periodic checks to ensure this remains the case and in the event of a major change in Group financing or structure it will carry out spot covenant reviews.

Pension Freedom Reforms – April 2015

From April 2015, 'pension flexibility' was introduced to give people greater power over how they spend, save or invest their retirement pots.

There are a number of new options now available to our money purchase and AVC members detailed on page 13. It is important to note that not all these options are allowed directly from our Pension Fund and your whole pension pot may need to be transferred to an external pension provider that is able to pay your benefits in the form that you require. Final Salary members can also transfer to Money Purchase arrangements to access the same flexibility.

All Contributing and Deferred Pensioners have been notified of their new options at retirement. Although the government is providing free guidance, (more details on page 15), any personal advice should be obtained from an Independent Financial Adviser.

A revised booklet incorporating these new changes is to be issued to Active Members in 2016.

Governance

The Pension Regulator is very keen to promote the good governance of pension schemes, the Trustee therefore keeps its procedures and controls under constant review. To help ensure the smooth running and risk management of the Pension Fund, a governance management system has been installed to help with this process.

We also encourage all Trustee Directors to keep themselves fully up to date with the basic requirements of Trust management as well as all the ever increasing number of changes to pension legislation and practice.

Interaction between the Trustee and the Company

In order to improve co-operation and understanding between the Company and the Trustee, quarterly Steering Group meetings have been initiated – between the Chairs of Trustee sub committees, Solvay SA and Solvay UK, with the respective advisers in attendance as required. We have held four such meetings in 2015 and the general consensus is that these have improved co-operation and decision making processes on key issues.

Changes to the Trustee Board

I would like to personally thank Frank Thompson for his many years of service as a Member Nominated Trustee on this Trustee Board and the former Albright & Wilson Pension Fund Trustee Board and welcome Lee Jeavons as his replacement.

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 Board





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Financial highlights

FINANCIAL HIGHLIGHTS FOR 2014

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

As at 31 December 2014, the **RPF Benefit Category's** total asset market value amounted to **£796.71m** (this included £37.53m of net current assets and AVCs split £0.24m Old Mutual Wealth, £0.88m Equitable Life and £0.53m Clerical Medical. In addition, £3.99m was held in the Internal Fund invested in the main investment portfolio).

1.	Opening Fund Account as at 1 January 2014	**£728.56m**
2.	Expenditure	**£56.18m**
3.	Pensions, lump sums and death benefits	**£50.00m**
	Leavers' payments	**£1.32m**
	Life assurance	**£0.50m**
	Administration expenses	**£1.01m**
	Pension Protection Fund Levy	**£1.11m**
	Investment expenses	**£2.24m**
4.	Income	**£24.88m**
5.	Contributions	**£21.78m**
	Investment income	**£2.76m**
	Other Income	**£0.34m**
6.	Increase in value of investments	**£60.27m**
7.	Closing Fund Account as at 31 December 2014	**£757.53m**

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 within agreed risk levels. With the help of JLT, the investment consultants, the Trustee Directors have reorganised its structure and it is in accordance with the Statement of Investment Principles signed in December 2015.

In recognition of the Company's covenant enhancement, both the Company and Trustee agreed on a common objective during the length of the deficit recovery period to achieve a return of 2.7% p.a. above the rate of return available on a portfolio of government bonds (gilts). It is accepted that a portfolio allocated equally between equity and fixed-income investments can provide an appropriate balance of risk and return.

The new investment and funding strategy targets a recovery to 100% funding to the end of 2030. The portfolio is to maintain its broad asset allocation as 50% equities/25% UK corporate bonds/25% UK government bonds.

As at the 1 January 2015 valuation, the expected return net of investment management fees is 5% p.a. equivalent to the yield on the gilt rate chosen as the basis of the discount rate +2.7%.

Vanguard Investments manages the majority of the Fund's assets (85%) through the use of passive funds so as to minimise costs and the possibility of underperformance from active management. These funds aim to track the benchmark rather than outperform it.

For the remainder of the Fund, 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 Asset Allocation managers appointed were Natixis Asset Management and Deutsche Asset and Wealth Management.

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.

Performance of the Fund during 2014

The investment performance of the Fund's managers was, in the main, strong over 2014. The Fund's investments in both equities and bonds produced strong absolute performance over 2014.

Over the course of the year, the Fund gradually transitioned towards the new investment strategy. Since inception, the Vanguard funds had tracked their respective benchmarks to within expected tolerances.

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POSITION AS AT 31 DECEMBER 2014

The table below shows the approximate breakdown of how the Fund's assets were invested at the end of 2014.

Manager	Funds	Pooled / Segregated	Valuation	Holding
RWC	Accrued Income	Segregated	0.2	0.0
L&G	UK Equity Index	Pooled	30.3	4.2
L&G	Japan Equity Index GBP Hedged	Pooled	12.1	3.6
Vanguard	FTSE UK All Share Index	Pooled	76.7	10.7
Vanguard	US Equity Index	Pooled	132.5	18.4
Vanguard	FTSE Developed Europe (ex UK) Equity Index	Pooled	69.4	9.7
Vanguard	Japan Stock Index	Pooled	26.0	3.6
Vanguard	Pacific (ex Japan) Stock Index	Pooled	49.6	6.9
Vanguard	Emerging Markets Stock Index	Pooled	10.5	1.5
Vanguard	UK Corporate Bond	Pooled	125.4	17.5
Vanguard	UK Government Bond	Pooled	79.7	11.1
Vanguard	Global Bond Index – GBP Hedged	Pooled	59.6	8.3
Vanguard	US Investment Grade Credit Index – GBP Hedged	Pooled	18.1	2.5
Vanguard	Euro Investment Grade Bond Index – GBP Hedged	Pooled	18.5	2.6
Natixis		Segregated	9.8	1.4
Total			**718.4**	**100.0**



Figures taken from the formal Annual Report & Accounts

The Fund reorganised its asset structure over the course of 2014. Whilst a small allocation remained with L&G (UK and overseas equities) and accrued income in the RWC account the majority of the assets were transferred to Vanguard, the remainder of the Fund's assets were held with Natixis and in cash, awaiting investment with Deutsche. This took place in May 2015.

Note: excludes approximately £34.3m which was held in the Trustee bank account as at 31 December 2014. Numbers may not sum due to rounding.

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

	2014 (%)	2013 (%)	2012 (%)	2011 (%)	2010 (%)
Fund	9.2	9.9	7.9	5.2	9.4
Benchmark	9.5	8.7	8.1	7.5	11.1

Source: Investment Managers, Thomson Reuters and JLT.

INVESTMENT MARKET EVENTS DURING 2014

Recovery and monetary policies were the key themes going into 2014. However, inflation, or rather the lack of inflation, was the dominant theme within markets meaning that expected monetary tightening from the central banks, in particular the Federal Reserve and the Bank of England, never materialised. This contributed to a significant fall in bond yields and therefore strong returns from gilts and corporate bonds.

Away from monetary policy, politics and conflict were high on many people's agendas. Murmurs from Greece reared their head again in the late part of the year. On a more domestic front, the possibility of Scottish Independence weighed on markets throughout the late summer and early autumn whilst political parties started posturing ahead of the general election in 2015. 2014 also saw the problems of Russia/Ukraine escalate, following the controversial Crimea vote/annexation. Russian militants, allegedly, downed a commercial passenger plane leading to a number of economic sanctions being brought against Russia. The rise of Islamic State, and the conflicts which this brought to a number of countries in the Middle East and the Gulf have not gone unnoticed either.

2014 was also the year in which we saw economic growth diverge across the major regions. After witnessing a contraction in Q1 2014, the US economy saw strong growth over the remainder of the year with GDP up 2.2% as a whole over the year. The UK performed slightly stronger with growth of 2.6%. Japan fell back into recession whilst Europe had mixed fortunes. Germany and Spain's GDP growth was positive, as was France's, albeit only slightly, whilst Italy experienced negative growth.

Commodities, oil in particular, was the asset class receiving the most headlines. Oil prices tumbled on the back of a huge glut of supply and falling demand. Increased supply from Saudi Arabia, Libya coming back on line and the fracking revolution in the US all contributing to this. The fall in oil price also had a significant impact on inflation.

On the back of low inflation, expectations on the timing of interest rate hikes were pushed back causing gilt yields to fall to all time lows. This drove strong performance across most fixed income assets but would have also served to have a detrimental impact on the funding level of most pension funds.

Equities were positive in the main, however performance was divergent across regions. The FTSE All-Share posted a small positive return whilst the US market was up in excess of 20%, albeit that figure also benefiting from the US dollar strengthening versus Sterling.

Property continued its recent bout of strong performance with the market up by almost 20%. Other 'growth' assets, such as hedge funds and high yield, posted modest positive returns also.

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2015 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 2015 is shown below. The results of the previous valuation at 1 January 2012 and annual updates at 1 January 2013 and 1 January 2014 are also shown for comparison.

	2015 Valuation	2014 Annual Update	2013 Annual Update	2012 Valuation
Assets	£751.9m	£723.8m	£682.5m	£673.4m
Value of accrued liabilities*	£1,167.2m	£1,028.1m	£1,041.8m	£1,068.3m
Shortfall	£415.3m	£304.3m	£359.3m	£394.9m
Funding level	64%	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 change 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, the Company 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 continued to improve as the Fund's assets continued to outperform the return assumed at the 2012 valuation and the Company 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 led 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 improved to 70%.

1 January 2014 to 1 January 2015

The 1 January 2015 valuation revealed that the funding position deteriorated since the 1 January 2014 annual update from 70% to 64%. This was mainly due to the yield on gilts falling significantly 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.

This negative effect on the funding position was partially offset by a fall in long term inflation expectations, by the Fund's assets outperforming the return assumed at the 2012 valuation and by the Company continuing to pay in contributions to remove the deficit.

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CONTRIBUTIONS

As a result of the 1 January 2015 valuation, the Company agreed to pay the following in respect of the Fund:

- **Contributions to meet the 2015 deficit** outlined above. From 1 January 2015, the Company will pay Recovery Plan contributions of £16.0m p.a. increasing at 3.25% p.a., payable in equal monthly instalments until 31 December 2030;
- **Contributions in respect of insurance premiums for lump sum and pension benefits payable on death in service of an active member** of £0.4m p.a. increasing at 3.25% p.a., payable in equal monthly instalments from 1 January 2015 until 31 December 2030;
- **Basic contributions of 32% p.a. of pensionable salaries 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
- From 1 January 2016, additional amounts equal to the **ongoing expenses** of the Fund (excluding some investment costs).

THE PENSIONS REGULATOR

The Pensions Regulator, as with other large pension schemes, engaged with the Trustee and Company during the 2015 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.

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 2015.

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

Assets	£751.9m
Value of accrued liabilities	£1,562.7m
Shortfall	£810.8m
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 2015.

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. The Statement is included in the Annual Report & Accounts.

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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VALUATION: SECURITY PACKAGE

As part of the 2012 valuation, the Trustee, Solvay Solutions UK Limited ('the Company'), Rhodia Holdings Limited ('Holdings') and Rhodia SA entered into a number of security documents to provide financial protection to the Scheme. This security package has been revisited in light of the 2015 valuation results, and the Company has agreed to increase the financial protection to the Scheme ('the 2015 Security Package').

The security structure supporting the Scheme is comprised of three key components:

- *Guarantee:* a guarantee from Holdings to the Trustee to secure all of the present and future liabilities of the Company and Rhodia Limited to make payments to the Scheme up to a maximum of £450m.
- *Payment Undertaking:* a back-to-back payment undertaking from Rhodia SA to Holdings to support Holdings' obligations.
- *Account Security Agreement:* this provides for a bank account held by Holdings which is charged in favour of the Trustees into which any monies payable under the Payment Undertaking will be made.

The results of the 2015 valuation have shown that the deficit is larger than the deficit at the 2012 valuation process. It has therefore been agreed that **Holdings will increase the value of the 2013 Guarantee from £400m to £450m.**

The parties will also enter into a new payment undertaking and new account security agreement to reflect the increase in value of the Guarantee. The cap of £450m will reduce in equal annual amounts from January 2016 until December 2030. From a covenant perspective one of the key benefits of the 2015 Payment Undertaking is that it provides the Scheme with a contractual link with Rhodia SA to underpin the funding of the Scheme's on-going pension obligations.

The Memorandum of Understanding (MOU)

The MOU sets out the full package of measures that all the parties have agreed in respect of the 2015 valuation, including detailing the financial support that Holdings and Rhodia SA have agreed to provide to the Scheme.

In consideration of the Amendment to the Guarantee, the Company has asked the Trustee to enter into a Flexible Apportionment Arrangement whereby Rhodia Limited's liability to the Scheme will be apportioned to the Company and the employment of the two remaining members will be transferred to the Company upon Rhodia Limited ceasing to participate in the Scheme. Ernst & Young, the covenant assessors, confirmed that there is no material impact on the Company's covenant.

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

Highlights of the 1 January 2015 Valuation & Security Package

- *The agreed deficit on a Technical Provisions basis is £415.3 million.*
- *The Recovery Plan has been extended to 31 December 2030.*
- *The current Schedule of Contributions will continue to the end of the Recovery Plan.*
- *The liabilities have been calculated on the basis of the 15 year gilt curve + 1%.*
- *The Company will continue to pay the Pension Protection Fund (PPF) levy and in addition it has agreed to pay the on-going administration costs from January 2016 (excluding investment and insurance costs).*
- *The Company has agreed to increase the Guarantee and Payment Undertaking to £450 million from £400m.*
- *The Company has agreed to renew the Account Security Agreement.*
- *The asset growth has been agreed at 5%.*
- *A full Asset Liability Model (ALM) study and risk analysis has been carried out by our investment advisers – JLT.*
- *A full covenant review has been carried out by our advisers E&Y.*
- *The Trustee and Company have agreed to implement a Financial Apportionment Agreement to remove Rhodia Limited as a participating employer.*
- *The MOU has been updated to reflect the Trustee wish to anticipate both de-risking and secondary funding targets.*
- *The MOU also reflects the Company wish to reduce contributions in the event of specific over-performance against the Recovery Plan.*

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MEMBERSHIP STATISTICS AS AT 31 DECEMBER 2014

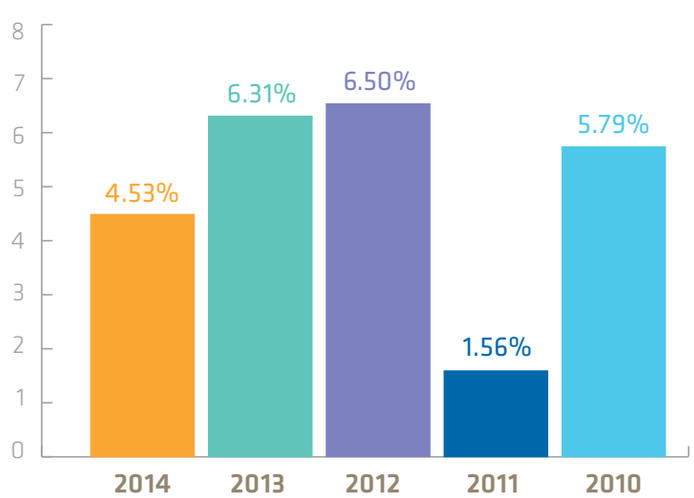
2014		2013
206	Contributing Members	241
5,031	Pensioners	5,080
2,422	Deferred Pensioners	2,493
7,659	**Total**	**7,814**

PERFORMANCE OF AVC FUNDS

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

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

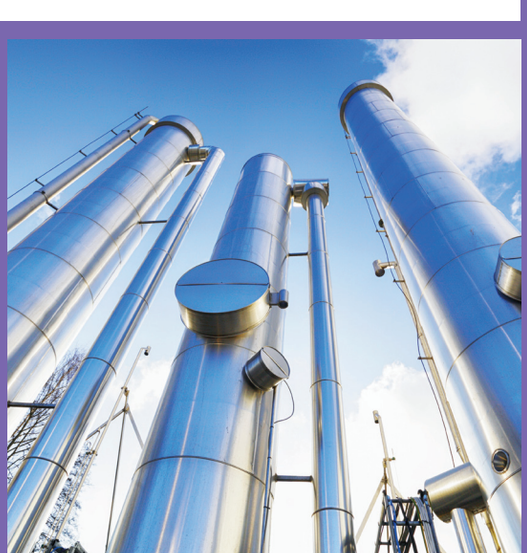
INTERNAL AVC FUND %



INVESTMENT PERFORMANCE

A table detailing the investment performance of the funds held with Clerical Medical is on page 14. A project is ongoing to switch the remaining AVCs held by former deferred Rhodia Pharma Solutions members.





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PENSION INCREASES MATCH INFLATION

RPF Benefit Category

Annual pension increases at 1 January 2015

Former Rhône – Poulenc members

Pensions earned through membership of the Rhone Poulenc Pension Fund before 1 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 1 April 1997.

Where members had attained their **GMP** payment due date, the 3% increase was applied to that portion of pension earned before 1 April 1997 in excess of the **GMP**. For pension earned after 1 April 1997, the increase was 2.3%, which was based upon the RPI movement in the year to 31 October 2014.

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 2.3% was applied to the entire pension, based upon the RPI movement in the year to 31 October 2014.

In the case of former members of the Fisons Pension Scheme, Limited Price Index related elements received increases of 2.3% and the Pre-Acquisition Day element received 2.3%. Where members had attained their **GMP** payment due date, all pension in excess of the **GMP** was increased by 2.3%.

Annual Pension increases at 1 April 2015

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 1.6% was applied to the entire pension, based upon the RPI movement in the year to 31 December 2014.

Where members had attained their **GMP** payment due date, all pension in excess of the **GMP** was increased by 1.6%.

**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 2015 it was 1.2%.*

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 2015

Where members had not yet attained their **Guaranteed Minimum Pension (GMP*)** payment due date, an increase of 2.4% was applied to the entire pension, based upon the RPI movement in the year to 31 August 2014.

Where members had attained their **GMP** payment due date, all pension in excess of the **GMP** was increased by 2.4%.

**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 2015 it was 1.2%.*

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

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FINANCIAL HIGHLIGHTS FOR 2014

1.	Opening Fund Account as at 1 January 2014	**£3.24m**
2.	Expenditure	**£0.08m**
3.	Pensions, lump sums and death benefits	**£0.02m**
	Leavers' payments	**£0.06m**
4.	Income	**£0.97m**
5.	Contributions	**£0.95m**
	Transfer Ins	**£0.02m**
6.	Increase in value of investments	**£0.22m**
7.	Closing Fund Account as at 31 December 2014	**£4.35m**

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

REVIEW OF INVESTMENT PERFORMANCE

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. The investment platform provider was changed from Clerical Medical Investment Group Limited ('Clerical Medical') to Old Mutual effective from 1 January 2014. A bulk transfer of existing assets was made from Clerical Medical to Old Mutual on 3 April 2014.

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 Trustees or laid down in pooled fund governing documents. All the investments held by the Fund are regarded as readily realisable and are dealt either daily or weekly.

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

MARKET VALUE OF INVESTMENTS AS AT 31 DECEMBER 2014

The market value of each fund held on the Old Mutual investment platform was as follows:

	2014 £
BlackRock Aquila (50:50) Global Equity Index Fund	166,857
BlackRock Aquila Emerging Markets Index Fund	56,793
Standard Life Global Absolute Return Strategies Fund	37,496
BlackRock DC Diversified Growth Fund	44,492
Newton Real Return Fund	29,854
L&G Active Corporate Bond – All Stocks Fund	108,245
L&G Over 15 Year Gilts Index Fund	329,121
L&G Over 5 Year Index-Linked Gilts Index Fund	300,665
L&G Cash Fund	289,642
Rhodia Growth Fund*	2,879,755
Total	**4,242,920**

Note: totals are subject to rounding

**Default lifestyle strategy fund. Details of the switching mechanism are included in the Statement of Investment Principles.*

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INVESTMENT PERFORMANCE

The table below provides a breakdown of the returns by fund over 3 month and one year periods to 31 December 2014, compared with the benchmark returns relating to the relevant fund.

Please note that the Fund's existing assets were transferred from Clerical Medical to the Old Mutual investment platform on 3 April 2014 and so the 1 year return is for reference only.

Return (net)*	3 month %	1 year %
BlackRock Aquila (50:50) Global Equity Index Fund	1.9	4.4
Benchmark index	1.8	4.3
BlackRock Aquila Emerging Markets Index Fund	-0.7	3.8
Benchmark index	-0.9	3.8
Standard Life Global Absolute Return Strategies Fund	1.2	5.7
Benchmark index	1.4	5.7
BlackRock DC Diversified Growth Fund	0.6	4.1
Benchmark index	1.0	4.0
Newton Real Return Fund	0.6	3.3
Benchmark index	1.1	4.4
L&G Active Corporate Bond – All Stocks Fund	4.5	12.5
Benchmark index	4.3	12.2
L&G Over 15 Year Gilts Index Fund	11.2	26.0
Benchmark index	11.2	26.1
L&G Over 5 Year Index-Linked Gilts Index Fund	9.4	21.3
Benchmark index	9.4	21.4
L&G Cash Fund	0.1	0.3
Benchmark index	0.1	0.3
Rhodia Growth Fund**	2.1%	n/a

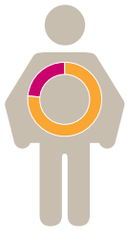
**Net return of the underlying funds. BlackRock could not provide net returns so an estimate has been provided.*

***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.*

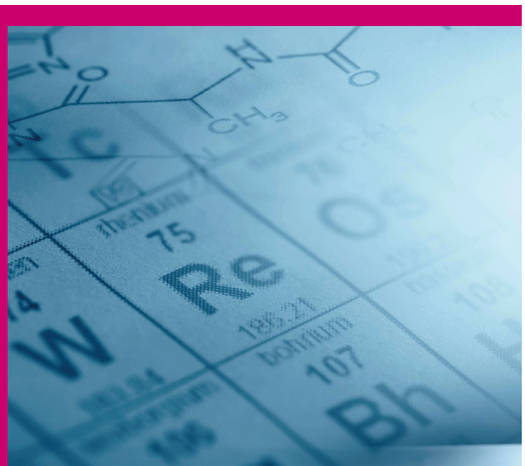
MEMBERSHIP STATISTICS AS AT 31 DECEMBER 2014



2014		2013
122	Contributing Members	107
28	Deferred Pensioners	33
150	Total	140







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LEGISLATION CHANGES INTRODUCED FROM APRIL 2015

The Trustee and Company have now considered the effects to the Pension Fund of the new flexibilities introduced in the Budget 2014 and a communication was sent to Contributing and Deferred Pensioners on 1 July 2015 outlining the various options. Presentations to members on site also took place.

Although money purchase booklets had recently been distributed in January 2014, the booklet is to be revised to incorporate these further changes and is to be issued to Active Members in 2016.

Changes to Money Purchase benefit options

The new retirement options available can be a combination of one or more of the following:

- A single Money Purchase cash lump sum*
- Irregular Money Purchase cash lump sums*
- Flexible Income Drawdown or short term annuities
- A guaranteed income for life from a pension annuity

* Cash lump sums are officially called Uncrystallised Funds Pension Lump Sum (UFPLS).

Please note that these are the options that are legally allowed in the wider pension market but schemes are not required to offer these options and not all of these options are available from within the Rhodia Pension Fund. If you wish to elect an option that the Fund does not provide then you will be able to transfer your benefits out into another arrangement that is able to pay your benefits in the form that you want.

1. A single Money Purchase cash lump sum

After age 55 you can withdraw all of your savings from a money purchase pension scheme as a single cash lump sum. Normally 25% of the lump sum payment will be tax free with the rest subject to income tax. If you take any of the new Money Purchase, any future savings that are made to a Money Purchase will be subject to certain allowances.

This option is available from the Rhodia Pension Fund.

2. Irregular Money Purchase cash lump sums

After age 55 it is possible to take some or all of your pension savings by taking one or more irregular cash lump sum(s). Generally, 25% of each withdrawal would be tax free and you would be subject to income tax on the remaining 75%. The rest of the savings remain invested where a series of lump sums are taken.

This option is not available from the Rhodia Pension Fund – you would need to transfer out your savings to an external arrangement.

3. Flexible Income Drawdown (Flexi Access Drawdown) or short term annuities

After age 55 it is possible to designate your pension savings for income drawdown. You may withdraw as much as you wish from your pension savings each year or you can use some or all of the fund, for example, to purchase a short term annuity. You can also take a tax free lump sum at the same time equal to one third of the amount designated for income drawdown. Each income withdrawal is subject to income tax and maybe subject to an administration charge; remaining invested funds may also be subject to investment and on-going charges.

This option is not available from the Rhodia Pension Fund – you would need to transfer out your savings to an external arrangement.

4. Lifetime annuity

After age 55 you can use your pension savings to purchase a guaranteed pension income from an insurance company for your lifetime. You have choice over the terms attaching to the annuity, for example you can choose to buy a pension where a proportion continues to your spouse in the event of death and is subject to annual increases each year in payment. You can choose to take 25% of the savings as tax free cash before using the remaining funds to purchase the annuity.

This option is available from the Rhodia Pension Fund.

Your transfer option

You have the opportunity to transfer your pension pot to one or more different pension providers.

Please contact Capita if you require further assistance about your Money Purchase retirement options or transfer options from the Rhodia Pension Fund. They can also provide more details about the Money Purchase cash sums and the various statutory pension allowances that may affect your pension entitlement.

Other changes

As well as the increased flexibility around how to use Money Purchase retirement savings there are also some changes which affect Final Salary pensions.

(a) Lump sum benefits

The limit for taking 'small' Final Salary pensions as a lump sum in certain circumstances has risen from pension benefits valued at less than £18,000 to pension benefits valued at less than £30,000. If your total pension savings (in all pension schemes, not just the Rhodia Pension Fund) are worth less than £30,000, you may be able to take your benefits from the Fund as a single lump sum payment when you retire, instead of having to receive a small annual pension.

Alternatively, if all of your benefits in the Rhodia Pension Fund (including any Final Salary benefits, Money Purchase benefits and AVCs, but excluding the benefits in any other pension arrangements you may have) are worth less than £10,000 you may be able to take this as a single lump sum payment when you retire. This lump sum will not trigger the new Money Purchase Annual Allowance.

(b) Transfers

There have also been changes in relation to transferring Final Salary benefits. If you have Final Salary benefits in the Rhodia Pension Fund with a value of more than £30,000 and you want to take a transfer of those benefits out of the Fund, you will need to confirm in writing to the Trustee that you have received independent financial advice from a regulated financial adviser before the transfer can proceed.

Please contact Capita for further information about your transfer options.

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PERFORMANCE OF AVCS & MONEY PURCHASE SCHEME FUNDS HELD WITH CLERICAL MEDICAL AS AT 31 DECEMBER 2014

Name of Fund	RPF Benefit Category (Final Salary Scheme)	RPF Benefit Category (Money	RPS Benefit Category	2014 (%)	2013 (%)	2012 (%)	2011 (%)	2010 (%)
Balanced Managed	√	√	√	4.8	16.2	10.2	(3.1)	12.8
Adventurous Managed			√	4.6	21.9	11.8	(6.5)	14.8
Cautious Managed			√	4.7	10.3	8.7	0.7	11.0
Non-Equity Managed			√	10.3	1.3	4.3	8.1	8.1
UK Equity Income			√	(1.2)	22.0	7.8	(6.0)	15.8
UK Equity Tracker	√	√	√	(0.2)	19.5	12.0	(5.1)	13.6
European			√	1.5	23.9	18.9	(15.1)	4.7
North American			√	23.1	29.8	7.1	2.0	16.9
Japanese			√	1.4	22.2	3.1	(13.7)	18.3
UK Property			√	13.5	7.2	0.9	4.4	15.1
Gilt and Fixed Interest Fund	√	√		10.0	(1.4)	5.9	10.0	5.2
Halifax		√	√	(0.7)	(0.6)	(0.5)	(0.5)	(0.5)
International			√	8.6	25.8	13.6	(5.2)	11.2
With profit-Unit Linked – Before Tax			√	7.1	9.9	7.2	3.1	10.2
Balanced Lifestyle Fund*	√	√						
FTSE 100				*0.7*	*18.7*	*10.0*	*(2.2)*	*12.6*
FTSE All Share				*1.2*	*20.8*	*12.3*	*(3.5)*	*14.5*

**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**

(A review of the AVC Funds is being carried out. Members will be informed of progress.)

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GOVERNANCE

System processes and controls across key governance functions have been reviewed and are consistent with those set out by the Pensions Regulator's Code of Practice and Regulatory Guidance for money purchase schemes. They are monitored regularly and up to date records are maintained on the Fund's governance management system, which was recently installed.

PENSIONS WISE – MONEY PURCHASE MEMBERS AND FINAL SALARY AVC PAYERS

Pensions Wise is a free and impartial government service for Money Purchase members. It was launched at the end of March 2015, following the implementation of the 2014 budget, when pension fund flexibility was introduced. The service is to help people understand their retirement options when they are close to reaching a retirement decision, i.e. close to age 55 or over). It includes transferring to another arrangement to access them (**www.pensionwise.gov.uk**).

There are a variety of sources that can provide this advice:

1. HM Treasury – website and overall service: www.pensionwise.gov.uk

2. Citizens Advice Bureau

Face-to-face appointments – to find your local Citizens Advice Bureau and book a free appointment call 0300 330 1001.

3. The Pensions Advisory Service (TPAS) and Financial Conduct Authority (FCA)

Appointments are over the phone or face-to-face.

You should be aged 50 or over and have a money purchase pension or final salary AVC's.

In your appointment, the guidance specialist will:

- Explain what options are available and help pension fund members think about how to make the best use of pension savings
- Explain the tax implications of different options
- Discuss which options might be suitable for you
- Give you tips on getting the best deal, including how to shop around

Afterwards, you will receive a letter with a summary of your discussion.

An appointment is generally a 45 minute conversation between you and a Pension Wise guidance specialist. You'll get personal guidance on what you can do with your pension pot. For detailed individual help you will have to pay a financial adviser.

Pension Wise guidance specialists are impartial. They don't recommend any products or companies and won't tell you how to invest your money.

Presentations to members on site that have money purchase pensions or AVCs and are over age 50 are also to be coordinated.

PROTECT YOUR LOVED ONES AFTER YOUR DEATH – FORM OF REQUEST (CONTRIBUTING MEMBERS)

Although none of us enjoy thinking about it, it is important that those you leave behind are financially protected after your death. The Rhodia Pension Fund, provides for Contributing Members a valuable cash sum benefit (up to 4 year's salary) and it is essential that you let the Trustee know your wishes on who should receive this money. If you cannot remember having completed a Form of Request, or if your personal circumstances have recently changed, please ensure you complete a revised 'Form of Request' and return it to your local HR representative. These forms are available from HR.





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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
PO 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 Limited with effect from 1/8/2014)

Change of Address from 25/12/2015

34 Clarendon Rd
Watford
Herts WD17 1LR

RHODIA PENSIONS TRUST LIMITED DIRECTORS

Company-appointed Trustee Directors

Bob Tyler	Pensioner (Chairman of Trustee Board)
Tony McGrath	Pensioner
Alison Murphy	Employee (Chair of Admin & DC Sub Committees)
Alison Johnson	Pensioner (Chair of Investment Sub Committee)
Barry Milner	Pensioner
Jeremy Rogers	Employee

Member-nominated Trustee Directors

Frank Thompson	Employee (until 17/3/2015)
Eddie Chilton	Employee
Lee Jeavons	Employee (appointed 17/3/2015)
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 (Money Purchase)
Scheme Administrators:	Capita Employee Benefits Limited
Covenant Assessors:	Ernst & Young

Investment Managers:

- Aberdeen Asset Management Life and Pensions Limited to 31/1/2014
- Legal & General Investment Management Limited
- STW Fixed Income Management (now Schroders) to 31/7/2014
  Shroders to 12/11/2014
- RWC Partners Limited to 4/12/2014
- BlackRock Investment Management UK Limited to 24/11/2014
- Baring Asset Management Limited to 14/10/2014
- Neptune Investment Management Limited to 13/1/2014
- Vanguard Asset Management Limited (appointed 15/1/2014)
- Natixis Global Asset Management Limited (appointed 28/11/2014)
- Deutsche Asset & Wealth Management (appointed 6/5/2015)
- 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
Vanguard Custodians:	JP Morgan and State Street Bank and 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:
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
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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