

ASAHI GLASS FLUOROPOLYMERS PENSION SCHEME YEAR ENDED 30 NOVEMBER 2020

IMPLEMENTATION STATEMENTS (FORMING PART OF THE TRUSTEES' REPORT) (CONTINUED)

DC SECTION ANNUAL IMPLEMENTATION STATEMENT

Introduction

This statement sets out how, and the extent to which, the Statement of Investment Principles ('SIP') produced by the Trustees has been followed during the year to 30 November 2020. This statement has been produced in accordance with The Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018 and the guidance published by the Pensions Regulator. The table later in the document sets out the how, and the extent to which, the policies in the DC Section SIP have been followed.

Investment Objectives of the Scheme

The Trustees believe it is important to consider the policies in place in the context of the investment objectives they have set. The objectives of the Scheme included in the SIP are as follows:

- The Trustees aim to provide suitable investment options that align to the needs of their members. They also aim for these options to enable members to achieve good outcomes at retirement.
- The Trustees aim to provide investments that offer good value for members.
- Make available a default investment strategy as a default for members that have not selected a fund choice. The strategy should seek to move members from higher risk to lower risks investments as members' approach retirement age, in order to mitigate risks.
- Offer a self-select fund range across a variety of asset classes.

Review of the SIP

During the year to which this Statement relates, the Trustees reviewed the Scheme's SIP. A revised SIP was signed on 15 September 2020. The changes were made in order to reflect the new lifestyle strategy which will be covered in the Investment Strategy Review section.

The latest version of the Statement of Investment Principles is available on a publicly available website: <https://www.agcce.com/pensionpdfs/AGFP%20Pension%20Scheme%20-%20DC%20Scheme%20Statement%20of%20Investment%20Principles%20September%202020%20Signed.pdf>

ASAHI GLASS FLUOROPOLYMERS PENSION SCHEME YEAR ENDED 30 NOVEMBER 2020

IMPLEMENTATION STATEMENTS (FORMING PART OF THE TRUSTEES' REPORT) (CONTINUED)

Investment Strategy Review

The default strategy was initially implemented in January 2017 and it is monitored by the Trustees on a regular basis. The last Annual Default Strategy Review was undertaken in March 2020. An investment strategy review will next be undertaken in May 2021. The initial review in 2017 considered the following:

- The experience and demographics of the Scheme's membership and latest market trends in determining the suitability of the default investment option.
 - The Trustees determined that the membership on average is young, and the Trustees acknowledged that the market was trending towards the public accessing their DC benefits flexibly, the Trustees updated the investment strategy to reflect this.
- The types of investments held in the default and the strategic allocation of those investments in the lifestyle structure.
 - The Trustees, with support from their investment consultant, discussed using a more sophisticated, but more expensive default investment strategy. The Trustees decided on balance, even though the fees were higher, a more sophisticated investment strategy would likely improve member outcomes. This is consistent with the Trustees policies as set out in the SIP.

The review undertaken in March 2020 considered the following:

- Aviva has reviewed its 'My Future Plus' default investment strategy and has made changes to the composition of the component funds, it is Aviva's belief that these changes will deliver improved investment outcomes for members. Changes to the default strategy were effective as of 1 November 2019.
- A summary of the key changes are as follows:
- Aviva's 'My Future Plus' and 'Future Focus' default investment strategies have been merged to form 'My Future Focus'
- Benchmarks for the new funds have been revised
- Asset allocation, objectives and risk profiles have been revised
- Glidepaths for Aviva's My Future Focus lifestyle strategies now begin to switch 10 years before planned retirement date
 - However, the Scheme has a bespoke default strategy in place for both sections of the Scheme.
 - DC Only members have moved to the new 10 year Glidepath lifestyle strategy.
 - DB Section members remain in the bespoke default strategy, starting to switch 15 years before the planned retirement date; this is under review by the Trustees.
- Reduction in fund charges

**ASAHI GLASS FLUOROPOLYMERS PENSION SCHEME
YEAR ENDED 30 NOVEMBER 2020**

IMPLEMENTATION STATEMENTS (FORMING PART OF THE TRUSTEES' REPORT) (CONTINUED)

Assessment of how the policies in the SIP have been followed for the year to 30 November 2020

The information provided in this section highlights the work undertaken by the Trustees during the year, and longer term where relevant, and sets out how this work followed the Trustees' policies in the SIP, relating to the Scheme as a whole and the default investment arrangement.

The SIP sets out the policies referenced below.

No.	Requirement	Policy	In the year to 30 November 2020
1	Securing compliance with the legal requirements about choosing investments	<i>In considering the appropriate investments for the Scheme, the Trustees have obtained and considered the written advice of an Investment Consultant, whom the Trustees believe to be suitably qualified to provide such advice. The advice received and arrangements implemented are, in the Trustees' opinion, consistent with the requirements of Section 36 of the Pensions Act 1995 (as amended).</i>	There were no new investment funds added to the Scheme's investment arrangements over the year to 30 November 2020. The default investment strategy was subject to its initial review in January 2017 and to its Annual Review in March 2020. The Trustees obtained advice from their FCA regulated investment adviser in relation to the suitability and implementation of the changes to the Scheme's default investment strategy. Changes were made in order to reflect the new lifestyle strategy. Aviva's 'My Future Plus' and 'Future Focus' default investment strategies have been merged to form 'My Future Focus'.
2	Kinds of investments to be held	<i>The Trustees are permitted to invest across a wide range of asset classes. All of the funds in which the Scheme invests are pooled and utilised. The Trustees will monitor the suitability of the funds utilised in the Lifestyle investment programmes and in the Self-Select range available to members on the Aviva MyMoney Platform, and make changes as they consider appropriate.</i>	The default arrangement was subject to its initial review in January 2017 and to its Annual Review in March 2020. It represents an important exercise for the Trustees, covering all of the investment policies the Trustees have in place. The investments (fund type, management style and asset allocations) used in the default strategy were reviewed as part of this exercise. As part of the triennial review, the Trustees also undertook a review of the alternative lifestyles available to members along with a review of the self-select fund range. Following the triennial review, a number of changes were made: <ul style="list-style-type: none"> - The Trustees introduced a more sophisticated default investment strategy, targeting flexible drawdown for DC members, and targeting cash for members that also hold a benefit within the Scheme's DB Section. - The Trustees introduced a range of funds for self-select members, covering a range of assets classes to cater for members who wish to select their own investments.

