

ASAHI GLASS FLUOROPOLYMERS PENSION SCHEME

YEAR ENDED 30 NOVEMBER 2020

CHAIRMAN'S STATEMENT REGARDING DC GOVERNANCE

1 DECEMBER 2019 – 30 NOVEMBER 2020

This statement is produced pursuant to Regulation 23 of the Occupational Pension Schemes (Scheme Administration) Regulations 1996, as amended by subsequent legislation. It explains how the Defined Contribution Section of the Asahi Glass Fluoropolymers Pension Scheme (the "DC Section" or "Scheme") is meeting the governance standards that apply to occupational pension schemes that provide money purchase benefits (i.e. Defined Contribution schemes ("DC")).

The Scheme has two sections, DC Only members (which is for new and ongoing members of the DC Section, and DB Transferee members (which consists of deferred members of the Defined Benefit Section ("DB Section") who are active members of the DC Section.

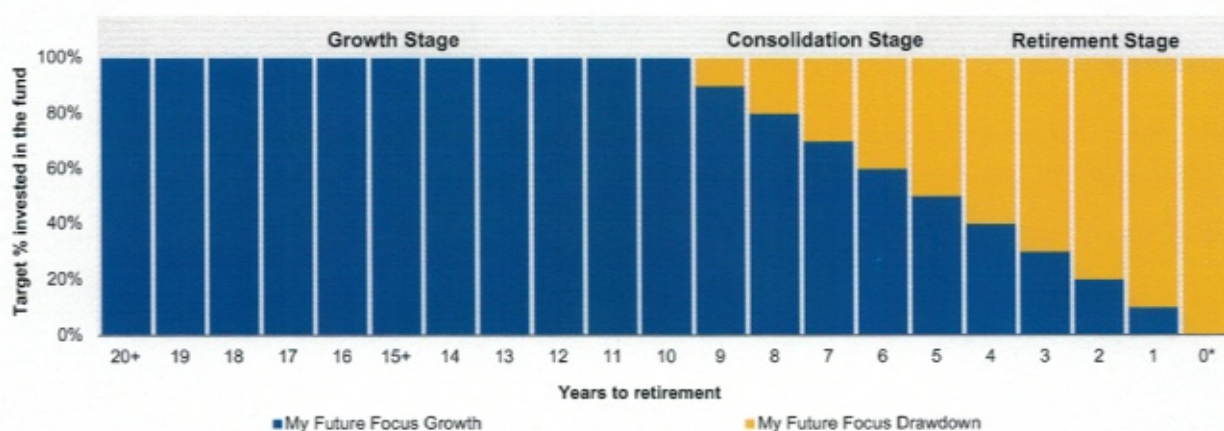
Default arrangement

Members of the DC Section who do not make an explicit choice regarding the investment of their funds will be invested in the default strategy arrangement chosen by the Trustees with the advice of their Investment Consultant. The default arrangement in place is the Aviva My Future Focus Lifestyle Investment Strategy.

Under the Default Lifestyle Strategy, contributions are fully invested in the My Future Focus Growth Fund for the majority of a member's working life, with an aim to maximising investment growth while diversifying risks. The fund invests in a broad range of asset classes including developed and emerging market equities and bonds, property, money market instruments and cash.

Once DC Only members reach 10 years from their Normal Retirement Age ("NRA"), and as DB Transferee members reach 15 years from their NRA, the strategy is designed to gradually switch accumulated assets from the My Future Focus Growth Fund to the My Future Focus Drawdown Fund, to steadily reduce the risk taken by members. At this point, members have the opportunity to determine how they would like to take their savings at retirement. These options include targeting an Annuity, taking a Cash Lump Sum or targeting Drawdown, which involves members drawing income from their pension gradually throughout their retirement.

For members that do not make a specific choice at this stage, the Trustees have designed the strategy to default into the My Future Focus Drawdown Fund for DC Only members of the Scheme, and to default into the My Future Focus Cash Lump Sum Fund for DB Transferee members. This stage of the strategy transitions members' accumulated pension investments from growth assets towards protection assets to preserve assets built up in pension pots. This is undertaken gradually on a quarterly basis so that less reliance is placed on the market conditions on any one transition date.



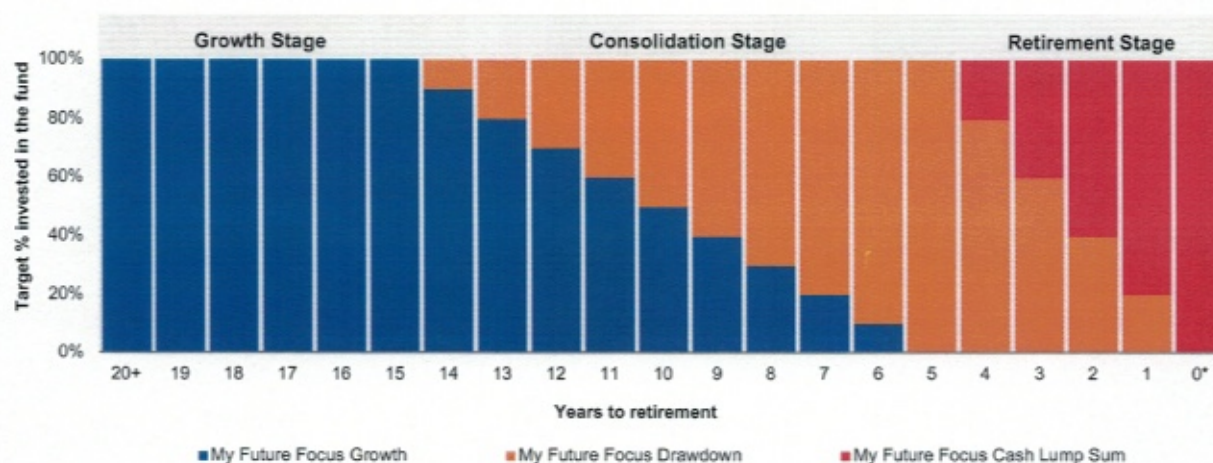
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CHAIRMAN'S STATEMENT REGARDING DC GOVERNANCE (CONTINUED)

Default arrangement (Continued)

The lifestyle investment strategy for the DC Only members is illustrated by the following chart:



During the period covered by this statement, there have been no significant changes to the Scheme's default investment strategy as the Trustees are confident that the funds are capable of achieving their objectives and are fit for purpose. The strategy was last formally reviewed by the Trustees in January 2017, and an annual default strategy review was last undertaken in March 2020.

During the period since the DC Section has been implemented, Aviva (the Platform Provider) reviewed its 'My Future Plus' default investment strategy and made changes to the composition of the component funds effective on 1 November 2019. It is Aviva's belief that these changes will deliver improved investment outcomes for members. The Trustees are happy with the changes implemented by Aviva.

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
 - o However, the Scheme has a bespoke default strategy in place for both sections of the Scheme.
 - o DC Only members have moved to the new 10 year Glidepath
 - o DB Section members remain on the bespoke default strategy, starting to switch 15 years before the planned retirement date; this is under review by the Trustees

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CHAIRMAN'S STATEMENT REGARDING DC GOVERNANCE (CONTINUED)

Default arrangement (Continued)

- Reduction in fund charges, see table

Fund	Previous AMC	New AMC
My Future Focus Growth	0.60%	0.50%
My Future Focus Drawdown	0.60%	0.50%
My Future Focus Annuity	0.55%	0.50%
My Future Focus Cash Lump Sum	0.55%	0.50%

The Trustees are preparing to carry out a formal review of the DC Section arrangements in Q2 2021.

The default arrangements are described in further detail in the Scheme's Statement of Investment Principles ("SIP") which was last reviewed by the Trustees on 15 September 2020 and a copy of which is submitted alongside this governance statement. The SIP will be reviewed a minimum of every three years (i.e. by date of previous SIP plus 3 years) or as soon as any significant developments in investment policy or member demographics take place.

The Trustees continually monitor the performance of the Scheme's investments throughout the year and receive semi-annual performance reports from their advisors. We are happy with the performance over the period covered by this statement and we believe the Scheme's investment strategy remains on track to meet our aims and objectives.

The Trustees have set up processes to publish relevant information on the default arrangement online at the following URL: www.agcce.com/pension and will notify members about this in their annual benefit statements.

Processing Scheme transactions

The Trustees have a specific duty to ensure that core financial transactions relating to the DC Section are processed promptly and accurately. These include the investment of contributions, transfer of member assets into and out of the Scheme, transfers between different investments within the Scheme and payments to and in respect of members.

These transactions are undertaken on the Trustees' behalf by the DC Section administrator (Aviva) and its investment managers. Mercer, the DB Section administrator (Mercer) makes benefit payments in respect of the DB Transferee members. The Trustees periodically review the processes and controls implemented by Aviva and consider them to be suitably designed to achieve these objectives.

The Trustees have Service Levels Agreements ("SLAs") in place with the DC Section administrator and receive reporting of performance against those service levels. The SLAs cover the accuracy and timeliness of all core transactions and the Trustees receive regular reports to monitor the performance of the administrator against those service levels.

The processes adopted by the administrator to help it meet the SLAs include: a central financial control team separate to the admin team, peer checking and authorisation of payments, daily monitoring of bank accounts and four eyes checking of investment and banking transactions.

During the period covered by this statement, 84% of work was completed within the agreed service levels. There were issues relating to the processing of Scheme transactions and the Trustees have worked with Aviva to resolve the issues. In addition, no complaints were received from pension members during the year. The Trustees' Secretary maintains a log of all issues raised with Aviva and records the date when actions have been completed. Any outstanding actions are followed-up on a monthly basis. We continue to monitor performance against the SLA on a regular basis and receive an annual Assurance Report on Internal Controls (AAF 01/06) from Aviva.

