

Reflections



SCHEME SHOWS A STEADY IMPROVEMENT IN FUNDING LEVEL

CHAIRMAN KEITH GREENFIELD

Funding

I would like to begin this newsletter with a few words on the outcome of the triennial Valuation which was carried out as at 31 December 2020. You should have received a copy of the Summary Funding Statement detailing the result of this Valuation, along with my previous letter in September. In the three years since the previous valuation, the Scheme has shown a steady improvement in funding level. We remain funded above 100% on a Technical Provisions (ongoing) basis as well as on the Pension Protection Fund basis. This is all within an environment where interest rates are low and therefore the value of assets needed to be held now to fund future benefits is relatively high. I have talked on many occasions about the benefit of our matching strategy (hedging) which links the assets we hold to our expected future obligations and tries to minimise the impacts of changes in interest rates and inflation on our overall funding level. This strategy continues to serve us well.

THERE HAS BEEN a lot of discussion about the long-term implications of Covid on pension scheme liabilities and funding. One of the key judgements the Trustees must include in the Valuation is an assumption on how long our members will live. For now, the effects of Covid on life expectancy have been excluded from our assumptions due to the uncertainty over the long-term implications. Whilst it is fair to say that we have seen an increase in deaths over the last 18 months it is by no means certain that this trend will

continue. As you can imagine, there is lots of analysis taking place within the industry and there may be adjustments in the future, positive or negative.

The Company continues to support the Scheme. We benefit from good channels of communication with the opportunity to hear from and challenge Company representatives on the financial results and in other areas. For instance in September the Trustees received a presentation from Dave Cast, NSG's Climate Change Director. We, and our covenant advisers, were

MEMBERSHIP NUMBERS	
31 December 2019	31 December 2020
Active Members	
589	545
Deferred	
2473	2332
Pensioners/Dependants	
9583	9330
TOTAL	
12645	12207

pleased to see the focus that this was being given by the NSG Group. This also ties in with the increasing expectations on Trustees to act in relation to climate change, more of which later.

The funding position since the valuation date has remained relatively flat during 2021. As a Trustee Board we will monitor how we can continue to reduce risk within the Scheme potentially through further insurance buy-in opportunities or within the investment portfolio if we feel it is appropriate.

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GMP Equalisation

The Who, What, When and How

Who will be affected?

GMP equalisation affects benefits earned between May 1990 and April 1997. Any benefits earned outside these periods are not affected.

Therefore you will NOT usually be affected if

- you left or retired before May 1990.
- you joined the Scheme after April 1997.

What is GMP Equalisation?

It may be worth firstly a refresher on what is a GMP. GMP stands for guaranteed minimum pension. It is the minimum amount that the Scheme had to pay because it was "Contracted out" of the second state pension. In most cases the pension provided by the Scheme was higher than the minimum. We typically refer to the amount above the GMP as the excess.

The rules around GMP, including the rates at which it was earned and increases in deferment and payment, are governed by legislation. The legislation required different GMP calculations for men and women, which could result in the overall pension being paid from the Scheme becoming unequal as between men and women. This inequality could then be exacerbated by the law requiring different increases to be applied to the GMP and the excess.

Following a series of court decisions on GMP inequality, the Scheme is now required to compare the benefits you've received against the benefits you would have received had you been of the opposite sex and make good any difference.

When will this be done?

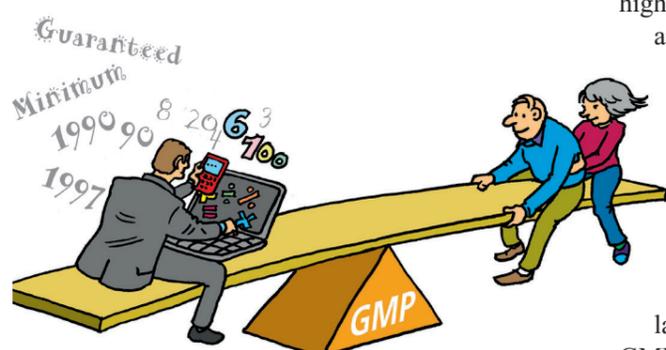
The exercise is a significant one as we are required to review the calculations for thousands of members. The Trustee has established a sub group to work with our external advisers and internal administration team to carry out this work. Our aim is to finish this in as quick a time as possible and we will keep you informed of progress.

How much will I receive?

It is not possible to provide estimates of the impact on individual members until the calculations are completed. In general we expect the impact for most members to be small and not everyone will be entitled to an uplift.

How can I find out more?

We will be in touch with affected members in due course as the exercise progresses. Please be patient; the administrators will not be able to give individual information at this stage. You will be contacted as soon as we have information that relates to you.



THE TRUSTEE BOARD

The Pilkington Superannuation Scheme is operated and managed on behalf of the membership by a Corporate Trustee – PILKINGTON BROTHERS SUPERANNUATION TRUSTEE LIMITED. This company is represented by its Board of Directors which comprises up to 12 Directors. There are currently 12 Directors with no vacancies.

As at 1 October 2021 the Directors of the Trustee were:-

Mr. K. Greenfield (Chairman)
 Mr. M. Arnold Greengate (E/ee)
 Mr. S.J. Beesley* (E/ee P)
 Mr. B. Bonney* (E/ee P)
 Mr. D. Corf* (E/ee P)
 Mr. S.M. Gange*
 Mr. D.P. Gilchrist, Automotive, Lathom (E/ee)
 Mr. R.P. Hemingway*
 Mr. J. McKenna*
 Mr. K. McKenna Greengate (E/ee)
 Mrs R. Tranter – BESTrustees
 Mr. P.D. Wilkinson

Secretary: Mrs J. Miller
 Pilkington Brothers Superannuation Trustee Limited,
 Group Pensions Department,
 NSG European Technical Centre, Hall Lane, Lathom,
 Nr. Ormskirk, Lancashire L40 5UF
 Tel. (01744) 28882 Fax. (01744) 737336

Note: 'E/ee' denotes the Director is directly elected for a fixed term by the PSS members (where the abbreviation is 'E/ee P' by the pensioners)

* denotes the Director is in receipt of a PSS pension.

ADVISERS

The Board of the Trustee has appointed the following advisers to support its work in administering and managing the PSS:-

Scheme Actuary: Jane Curtis (FIA) of Aon Solutions UK Limited

Investment Consultant: Towers Watson Limited

Auditor: PricewaterhouseCoopers LLP

Lawyer: Hogan Lovells International LLP

Banker: National Westminster Bank plc

Financial Adviser Cardano Advisory Limited
 (previously named Lincoln Pensions Limited)

Investment Managers: Alpha Real Capital LLP
 Aviva Investors Global Services Limited
 AXA Investment Managers UK Limited
 Insight Investment Management (Global) Limited
 Legal & General Assurance
 (Pensions Management) Limited
 Legal & General Assurance Society Limited
 Nephila Capital Limited
 Pension Insurance Corporation plc
 State Street Global Advisors Limited

Custodian: JP Morgan Chase Bank

Medical Adviser: Dr. D.B. Shackleton

Administration: Group Pensions Department, Pilkington Group Limited



Be SCAMSMART

It can feel like every day we hear of new ways scammers try to access our information or money. Here are some helpful things to consider which can apply in many situations, not just when considering your pension;

1. Reject unexpected offers

- Ignore or delete unsolicited offers via email or text
- Understand what you're getting in to – don't rely on someone else understanding it.
- Be wary of "free" pension reviews. Pensions advice is not free, so understand now what the charges are going to be down the line.

2. Check who you're dealing with

- Are contact details easily available? Would you be able to get in touch if something went wrong?
- The financial services register is a list of firms authorised by the Financial Conduct Authority (FCA). This is available to search online or you can call the FCA's consumer Helpline for assistance on 0800 111 6768.
- The FCA also has a warning list available to check online.
- Be wary of "cloned" firms with names very similar to registered firms.

3. Take your time

- A genuine firm should not pressurise you.

4. Get impartial information or advice

- Money Helper <https://www.moneyhelper.org.uk/> brings together the services of the Money Advice Service, Pension Wise and the Pensions Advisory Service. These government-backed services provide impartial guidance.



There is lots more information on the FCA's Scamsmart website and on the Money Helper website.



**If in doubt.... Stop!
 It's ok to challenge it.
 It's ok to report it.**

**If a transaction is legitimate,
 you should be able to restart once you've reassured yourself.**

PRUDENTIAL AVCs

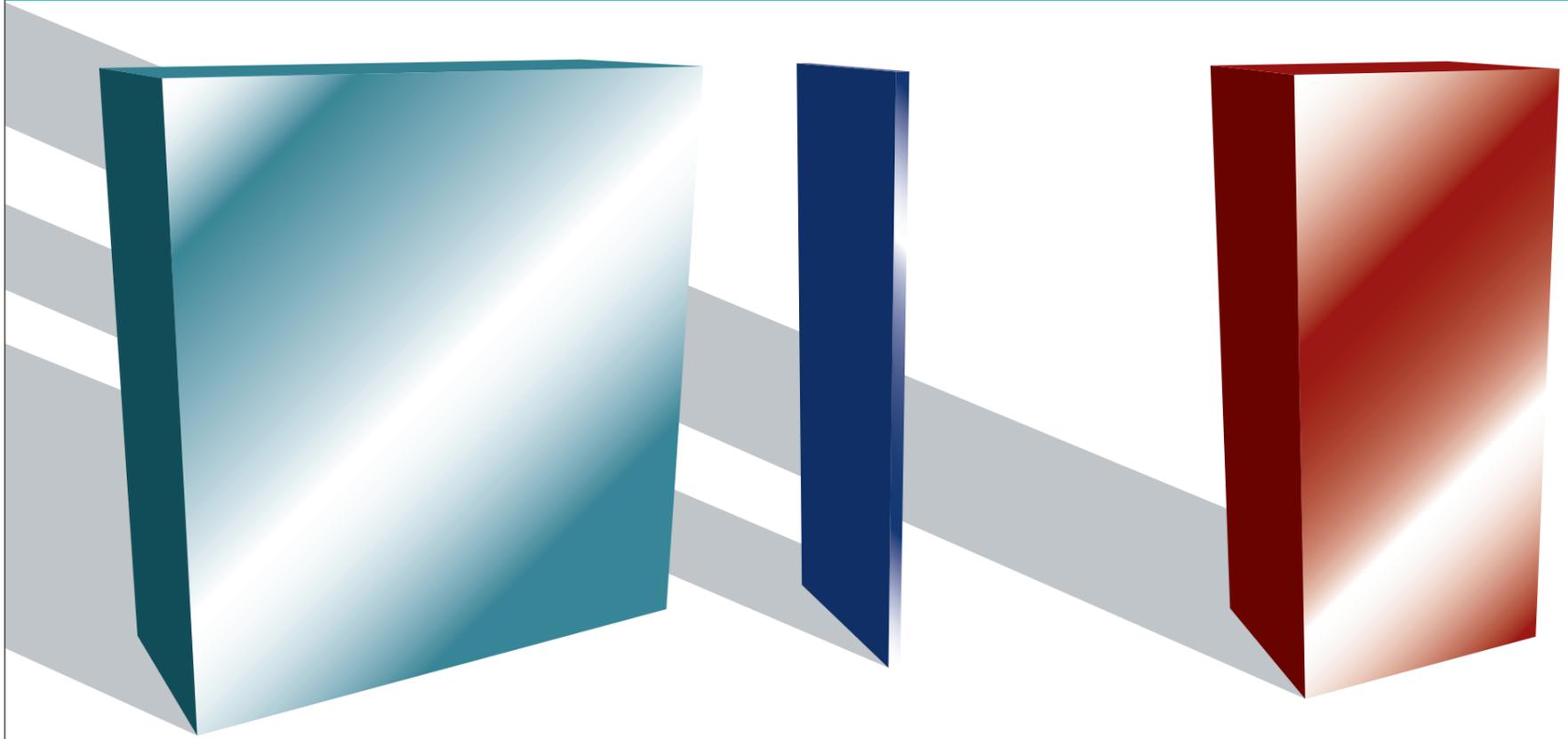
If you currently pay into the Additional Voluntary Contributions (AVC) plan with Prudential, or have done so in the past, please be aware that they are currently experiencing delays processing contributions and paying out claims. We have been advised that this is due to the implementation of a new IT system.

Unfortunately, this may mean that you must wait longer for your retirement or transfer claim to be completed. If you have AVCs with Prudential and are anticipating accessing your funds in the near future, please contact the PSS administrators as early as possible so they can discuss the implications.

CASH FLOWS

VALUE @ 31.12.19 1,933,432

ALL VALUES EXPRESSED IN THOUSANDS



Investment Income 40,876
Changes in Market Value of Investments 157,682

Contributions from employer
*included are £1,841 under salary sacrifice
 *Normal 4,312
 Additional 216
Contributions from employee
 Normal 49
 AVC 1

LESS
Pensions Paid 69,129
Lump sum at retirement 3,821
Death benefits 781
Transfers Out 23,352
Investment Management Expense 1,488

VALUE @ 31.12.20 2,037,997
 Increase of £104,565

ESG

Pensions are long-term by nature. Our youngest members are in their 30s. This means that we need assets able to pay pensions for feasibly the next 50 years as a minimum. The core principle of ESG investing is to allow schemes to invest in companies that are striving to have a positive impact on the world whilst achieving long-term financial goals.

So what is ESG?

ESG stands for:

Environmental

- how activities impact the physical world e.g. influence climate change, flooding etc

Social

- how a company treats its staff. Negative examples include using child labour or sweatshops. Positive examples can be the extent to which companies promote diversity or wealth-sharing.

Governance

- how a Company is controlled and managed.
- what a Company reports to its stakeholders and the public.

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how a company influences society as a whole. It's easy to think of some high-profile examples in this area such as tobacco companies

ESG article continued from page 3...

In theory, a Company that is well controlled, and which is less likely to be subject to pressures from climactic changes, related regulatory requirements and/or social conscience should be less exposed to external factors that could reduce its profitability.

So ESG is about more than just climate change, although understandably there is a lot of focus on climate change currently.

There are different ways ESG can be considered from an investment perspective. Superficially it's possible to invest in the "good" and sell the "bad", although it's rarely so clear-cut. There is also a train of thought that investors can influence a company's activities towards positive ESG outcomes through voting activity. We are now required to monitor and report how our equity investment managers vote. We include this in our new "Implementation Statement" which is available alongside our Statement of Investment Principles on the superpilk website.

From October next year the Scheme will have to follow the Task Force on Climate-Related Financial Disclosures (TCFD) requirements and will publish a report on this in 2023. The Trustee Board has begun working through the necessary preparations.

So is all this relevant to you? Ultimately that's a personal question, and may come down to whether you simply want the Scheme to be able to pay your pension, or whether you want to feel that the money being used to pay those pensions has been invested responsibly. We are conscious that there may be very differing strengths of feeling in this regard. The Trustee is therefore considering its approach; In the broadest of terms we expect our ESG strategy to support our overall objectives in relation to risk and return recognising the positive impact this should have on the Scheme, our members and more widely on society.

Important Changes to Minimum Pension Age

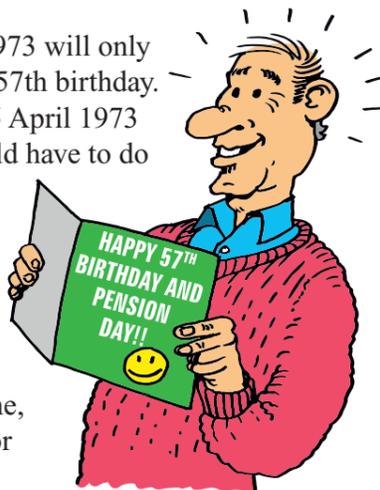
The government has confirmed that the minimum pension age will increase to 57 from 6 April 2028. This will affect the first age you can access your benefits from the PSS.

It means that anyone born after 5 April 1973 will only be able to retire from the PSS from their 57th birthday. If you are born between 6 April 1971 to 5 April 1973 and want to retire before age 57 you would have to do so before 6 April 2028.

The normal retirement age from the Scheme remains 65.

Early payment of pensions on grounds of ill-health will not be affected by these changes.

We will include a reminder nearer the time, but please consider this when planning for your future.



COVID-19 Administration Update

We are operating as far as possible on a "business as usual" basis.

We remain able to accept all forms of communication.

Email pensions.administration@nsg.com

Contact numbers; 01744 692959, 01744 692962, 01744 692967, 01744 692003, 01744 692596.

Postal address;
Pilkington Group Pensions Department,
NSG Technical Centre,
Hall Lane, Lathom, Nr Ormskirk, L40 5UF

Please be aware that there may be delays in receiving documents sent through the post and similarly after correspondence has been sent from the office. This is outside of our control so please factor this into your expectations.

The Admin Team work hard to deal with all requests in a timely manner. We appreciate your patience.

I am saddened to have to add a comment that I expect our team to be spoken to with courtesy and never be subjected to abusive language. Thank you to the overwhelming majority for whom this goes without saying.

On behalf of myself and the Pensions Department, I wish you all a happy festive period and we look forward to supporting you through 2022.

Joanne Miller
Group Pensions Manager

Other Contacts;
 You can find information about the Scheme on our website www.superpilk.com

Please remember that we are unable to resolve tax queries. We use the tax codes provided by HMRC. If you have queries, please contact **HMRC** on **0300 200 3300**.

The Pilkington Family Trust is an independent Trust established to support retired Pilkington employees with a minimum of 10 years' service who demonstrate a need for assistance. www.pilkingtonfamilytrust.com
 Tel: 01744 742 516
 Email: enquiries@pilkingtonfamilytrust.com



Chairman's letter

Continued from front page...

Investments

We have made some small changes to the investment portfolio in the year. We have increased the inflation rate hedging from 90% to 95%. This should further protect the Scheme against inflationary increases that could affect the level of benefits the Scheme will have to pay out. We have also served notice on Nephila, our investment in the re-insurance market. This is a relatively illiquid and small investment and we feel that, in recent years, we have not quite seen the benefits expected from this investment.

Administration

We have seen some changes in the Pensions team this year. Christine Molyneux, our Pensions Administration Manager retired during the year. Many of you will have dealt with Christine over the many years she was part of the department; she was a trusted and valued member of the team. We wish her all the very best for a happy retirement. We have also bid farewell to Janet Malone

(accounts) and Karen Till (admin) and we wish them well for the future.

The Trustees know from our conversations with you, how much you value the pensions team and the service they provide you. The team work with diligence, care and professionalism and I would like to take this opportunity on behalf of the Board, to thank them for their continuing hard-work supporting you and us.

The Outlook

There clearly remains uncertainty over the short, medium and long-term economic implications following the Covid-19 pandemic. The pensions world seems busier than ever with much new legislation, consultation and the resulting obligations on Schemes and their Trustees. We have a substantial exercise to undertake in relation to GMP equalisation which is explained elsewhere in the newsletter. There is also an increase in reporting requirements around what the Scheme is doing in relation to "ESG" (Environment, Social and Governance) including and perhaps most significantly in relation to

its investments and climate change objectives. Again we have included a specific section in this newsletter to explain some of what is happening in this area.

The over-riding motivation of the Trustee is to act in the interest of members. This can mean that we need to balance differing interests or outcomes. I would like to reassure you that as a Trustee Board we take this responsibility very seriously. The Trustee has high quality advisers with a thorough understanding of our Scheme and we obtain advice on all key matters. That said, we are not averse to challenging our advisers and I would like to say how much I enjoy chairing such an engaged group of Trustees.

2022 will be another busy year, but we look forward to the challenges and opportunities it presents. As ever I wish you a happy and healthy holiday period and all the very best for the new year.

