December 2022

THE PILKINGTON SUPERANNUATION SCHEME

Reflections

NSG GROUP

A YEAR OF CHANGE

CHAIR'S LETTER

I am delighted to be writing to you as Chair of the Trustee of the Pilkington Superannuation Scheme. I must firstly thank my predecessor Keith Greenfield for his strong leadership as Chair. He steered the Trustee through many challenges, and left the Scheme in an improved position, and less reliant on the Company for ongoing support. He is a hard act to follow but I will be supported by a diligent group of Trustee Directors, very experienced advisers and a great, hardworking internal pensions team. I have been on the Board of Trustees since 2016 so I am already familiar with the Scheme.

Changes to Personnel

Keith has been replaced on the Trustee Board by Mr Stuart Boon. Stuart has worked for NSG for over 20 years, having joined as a finance manager within the Architectural business, before moving to IS helping to implement SAP across all regions and SBUs. He became Applications Director in 2010, Head of AGR NA in 2016 and is now Head of AGR Europe.

There were member-nominated Trustee Director elections held during the year. The existing Trustees Steve Beesley (pensioner), Darren Gilchrist (active) and Kevin McKenna (active) were reappointed.

We have had a further change in our pensions team this year. Anne Fletcher retired at the very end of last year and we have been joined by Lydia Watson. We'd like to take this opportunity to thank Anne, who had been with the department for over 20 years.

Our administration team support not only day-to-day activities, member events and payroll, but are also involved in work supporting the buy-in and preparing for the GMP equalisation exercise. I would like to take this opportunity on behalf of the Trustee, to thank everyone in the pensions department for their continuing hard work which does not go unnoticed.

2022

The value of assets included as a graphic within the newsletter is as at 31 December 2021. There has been a lot of change since then, however you should not be alarmed by any change.

The Scheme has an obligation to pay pensions for many decades into the future. We are required to attribute a current value to those future obligations. Although the underlying obligations do not change, the value placed on those obligations (or liabilities) varies due to market conditions. The actuary uses the investment return (yield) available on government debt (bonds) to discount the future liabilities to an estimated current value. Part of the Scheme's investment strategy is designed so that the assets of the Scheme move in line with yields in government bonds, and therefore broadly in line with the value placed on the Scheme's liabilities. As such, the Scheme funding level is less affected by changes in interest rates (or government bond yields) as the assets and liabilities tend to move broadly in line with each other. This part of the investment strategy is known as Liability Driven Investment or LDI.

Following the government's so-called mini-budget in late September there was a very rapid and significant fall in the value of government bonds. Pension schemes using liability driven investments (LDI) found themselves in the news as they tried to respond to this, and you may be aware that the Bank of England agreed to buy government bonds to stabilise the market. I would like to firstly reassure you that the Scheme's LDI would have withstood an even greater change in gilt value than was experienced. Therefore, we were not forced to respond in the way some other schemes were. However, it is important that we, as the Trustee, are not complacent. Notwithstanding that we had the appropriate controls in place, we will take time to reflect on the events, and to understand whether any changes are needed.

In other investment news, the Trustee completed a further insurance buy-in with Pensions Insurance Corporation (PIC) during the year. This insured all the pensions that had come into payment since our previous buy-in of 2016. There is no impact for you our members and you will continue to be paid as usual through the Scheme. It does mean that the Scheme receives an income to match the pensions it pays out.

➔ Continued on page 4

MEMBERSHIP NUMBERS

	31 December 2020	31 December 2021
Active Members	545	481
Deferred	2332	2221
Pensioners/Dependants	9330	8990
TOTAL	12207	11692

GMP equalisation and conversion exercise

Following the outcome of a High Court legal case, the Trustee must address a sex inequality relating to historic Guaranteed Minimum Pension ("GMP) benefits within the Scheme.

Having considered all available options carefully, the Trustee is proposing to convert all GMP benefits for **current pensioners and dependant** members into a simplified alternative equalised benefit.

If you are currently an **active or deferred** member of the Scheme, the Trustee intends to equalise your GMP benefits at the point you retire and take your benefits. So, there is no immediate change for you, and you will receive additional information on the proposal when you take your benefits.

We are required to tell you about this change and give you the opportunity to ask any questions you may have. A consultation letter is included alongside Reflections, and more details can be found on the News section of the PSS website; www.superpilk.com

The Trustee is trying to keep this as simple as possible for you. The impact however will be different for every single member as it is affected by your specific circumstances. To equalise your benefits they will be compared against what a person of the opposite sex would have earned in the exact same circumstances as you.

When we convert your benefits, the overall expected value will be no worse than before the exercise but may be better due to the impact of equalisation; Some members may receive a small lump sum and/or a small increase in their current pension in payment.

If the changes go ahead as planned, it is expected that revised benefits will start to be implemented from 1 July 2023. From June 2023, we will issue a statement of revised benefits to affected members.

Please note, if you do not have any benefits which accrued between April 1978 and April 1997, then you are unaffected by this change.

The enclosed letter includes details of how to contact us if you have any further questions. We are sorry, but we cannot provide any individual details before the statements are issued from June 2023.

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 2022 the Directors of the Trustee were:-

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 Solutions Limited
Investment Managers:	State Street Global Advisors Limited
	Legal & General Assurance (Pensions Management) Limited
	Legal & General Assurance Society Limited
	Insight Investment Management (Global) Limited
	Alpha Real Capital LLP
	AXA Investment Managers UK Limited
	Aviva Investors Global Services Limited
	Pension Insurance Corporation plc
Custodian:	The Northern Trust Company
Medical Adviser:	Dr. D.B. Shackleton
Administration:	Group Pensions Department Pilkington Group Limited

WHAT HAPPENS WHEN YOU DIE?

When a member dies, it is understandably a very difficult time for the family and next of kin. We have tried to make things as easy as possible for those left behind.

It is best to make your family aware of your membership of the Pilkington Superannuation Scheme and ensure they know how to contact us; it is also beneficial to keep your Expression of Wish form up to date so that the Trustees are aware of your wishes.

We have put together the following guide:

Step 1
Your family or next of kin can notify us by telephone on 01744 692596 or by email to pensions.administration@nsg.com.

Step 2
Once we are notified, we will send a letter and information request form to the chosen contact (notified in step 1).

Step 3
Your family or next of kin should complete the information request form.
This form should be returned along with the requested certificates such as the death certificate, the marriage certificate and spouse's birth certificate (if applicable).

Step 4
We will calculate any benefits due. We will check certificates and return them.

Step 5
We will contact any beneficiaries to arrange payment. We will ask them to provide their bank details at this stage.

KEEP IN TOUCH

KEY CONTACTS
email; pensions.administration@nsg.com

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

Postal address;

Group Pensions Department,
NSG European Technical Centre, Hall Lane,
Lathom, Nr Ormskirk, L40 5UF

Correspondence to the Secretary should be addressed to Mrs Joanne Miller at the addresses above.

Please remember to tell us if you change address or if you wish to change beneficiaries.

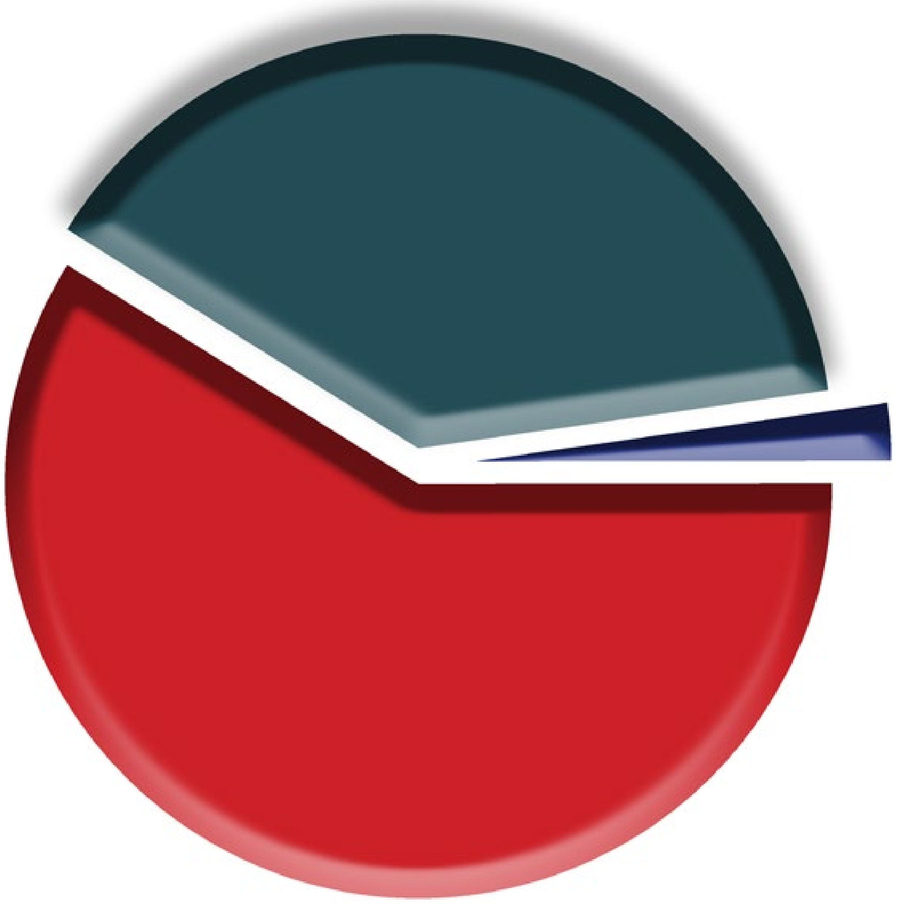
Other Contacts;
You can find information about the Scheme on our website
www.superpilk.com

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

Cash flows

ALL VALUES ARE EXPRESSED IN £ THOUSANDS
VALUE @ 31.12.20 2,037,997



Investment Income	41,474
Changes in Market Value of Investments	(94,634)
Contributions from employer *included are £1,841 thousand under salary sacrifice	
*Normal	3,907
Additional	1,602
Contributions from employee	
Normal	98
AVC	1
LESS	
Pensions Paid	68,259
Lump sum at retirement	4,476
Death benefits	1,296
Transfers Out	13,780
Investment Management expense	1,501

VALUE @ 31.12.21 1,901,133
Decrease of £136,864 thousand

What is a buy-in?

Pensions Insurance Corporation plc (PIC) have provided the graphic below to show the key features of a buy-in.

A buy-in:

A pension scheme purchases an insurance policy to cover a proportion of its liabilities and PIC – the Insurer – pays the benefits to the Scheme

Your pension scheme remains in place – PIC pays an income to the Trustee exactly matching the insured liabilities.

- An investment decision by the Trustee
- Removal of longevity, market, interest rate and inflation risk from the pension scheme
- A perfectly matching investment for the liabilities that are insured

AVIVA SCHEME

Some members of a Pilkington pension scheme between September 1972 and April 1975 may also have had a small individual contractual pension with Aviva. If you have not already been contacted by Aviva, but think you should have been, you can contact them on the following number 0808 156 3883.

Please note that the PSS Trustee has no authority in relation to this Aviva scheme therefore cannot liaise on your behalf. The pensions department can confirm whether you had an Aviva pension if you are in doubt; see the contact us section for ways to get in touch.

CHANGES TO THE RULES

From 30 November 2021, new regulations arising from the Pensions Schemes Act 2021 were introduced in relation to statutory transfers. The Scheme Rules were updated to provide the same safeguards for transfers under the Rules, as were introduced under the new statutory regulations.

IMPACT OF MARKETS

I am active/deferred, has my future pension been affected by the change in investments?

No. The PSS provides you with an annual pension calculated in line with the Rules of the Scheme. The amount of your future pension is not reduced by changes in the values of assets held by the Scheme.

What if I am a deferred member considering transferring?

A Cash Equivalent Transfer Value (CETV) represents the expected cost of providing your benefits within the Scheme. In the case of defined benefits, the CETV is a value determined on actuarial principles, which requires assumptions to be made about the future course of events affecting the Scheme and your benefits. These assumptions are set by the Trustee (and may change from time to time) and the key assumption, the discount rate, is set relative to the investment return available on government debt.

Changes in the price of government debt and hence the investment yield available, will impact on the assumption used to discount the expected future benefit payments and hence the CETV amount (as well as changes in expectations for future inflation or mortality rates).

CETVs can therefore increase or decrease with market conditions. A CETV is guaranteed for 3 months from the date of issue.

A reduction in a quoted CETV does not mean your pension has reduced. Remember if you remain in the PSS, the annual pension you will receive has not changed.

It is important that you fully understand the implications of transferring out of a defined benefit scheme such as the PSS which provides an annual income for life. Anyone with a CETV of more than £30,000 is required to have obtained advice from a qualified Independent Financial Adviser before transferring.

RACHEL TRANTER

Rachel Tranter qualified as an actuary and has over 30 years' experience in the pensions industry. She joined BESTrustees in May 2006, having worked at Mercer for 17 years, and became a Director in January 2010.

She has dealt with trustees of schemes of many different sizes in a number of different industries. Rachel has a particular interest in the good governance of pension schemes and trustee education.

Rachel began representing BESTrustees on the PSS Board in 2016 and became Chair in July 2022.

PENSIONS IN THE PRESS

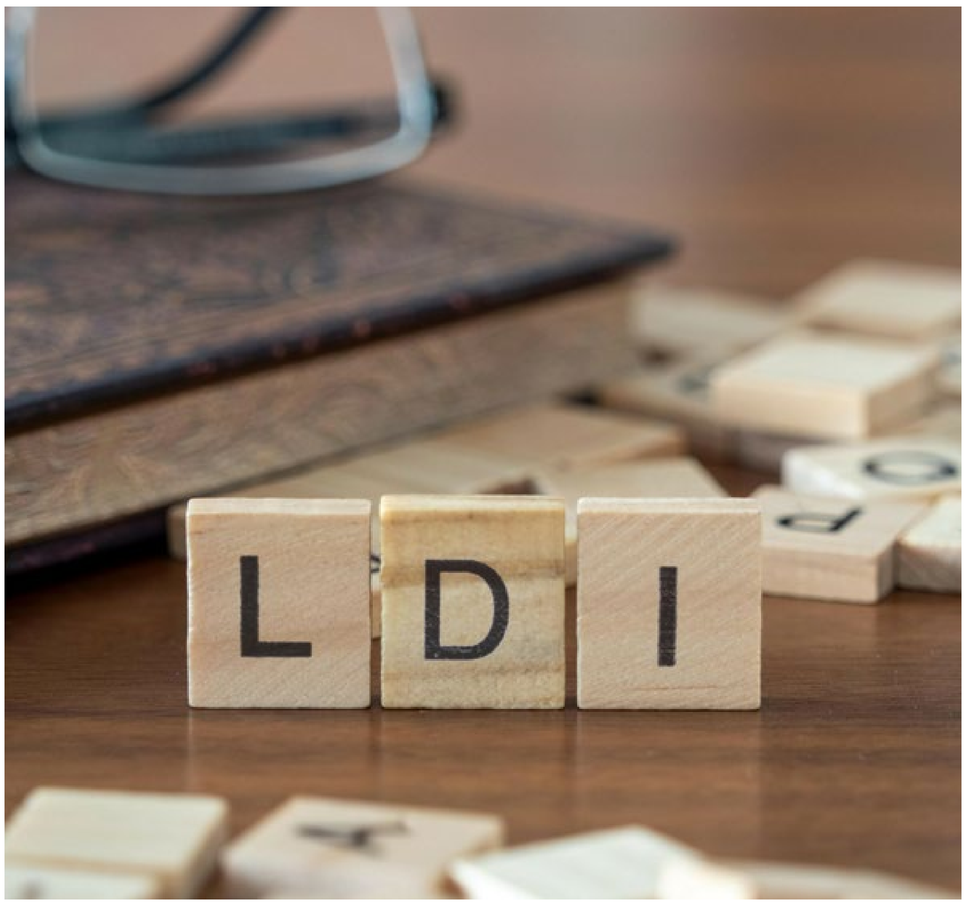
It is likely only the keenest readers of Reflections and the Summary Funding Statement in the past who have consciously considered the term "LDI" or to give its full title, liability-driven investments.

However, in recent months, these investments have hit the news with some quite sensational headlines.

It is fair to say that some pension schemes had to react swiftly to a dramatic change in the value of government bonds over hours and days. The Bank of England stepped in to stabilise the market and relieve some of the time pressure.

However, you should be very reassured that the PSS did not need to take any action. Its LDI could withstand an even greater change in the value of government bonds. Furthermore, the Scheme has a good supply of other "liquid" investments ie assets that could quickly be converted into cash were this needed.

There was not a risk to your pensions being paid.



CHAIR'S LETTER ← continued from page 1

To avoid any inadvertent concern, I should say that members covered by the buy-in are no more or less secure than any other member. This insurance policy is an asset owned by the Trustee, which uses a specified group of members to determine the income that is received. A graphic to show how a buy-in works is included in the newsletter.

At the end of 2021, we served notice on Nephila, our investment in the re-insurance market. The majority of this disinvestment has occurred although there remains a small amount on account pending the outcome of insurance settlements. We expect these to be cleared within the next 12 to 18 months.

From 1 October 2022, the Scheme is required to report in respect of Task-Force for Climate Related Disclosures (TCFD). The Trustee is preparing a report which will be available at the same time as the annual financial statements.

During 2023, we expect to implement the changes required for GMP equalisation. There is a separate article on this, and a letter included alongside this newsletter. Please take time to read this. We have tried to keep this communication simple. If you are interested in more details, there is further information available as explained in the article.

The Outlook

This year has demonstrated, again, that there are many external factors that could affect the Scheme, some predictable, others less so. The Trustee has worked very hard in the past to create a framework for the Scheme which limits the impact of factors outside our control. This has a significant benefit for the stability of the Scheme and allows me to say to you at the end of a turbulent year, that the Scheme remains steady, despite the uncertain economic environment we face.

I know the current environment is unsettling. I hope this letter has reassured you that your pension remains secure. I wish you all the very best for 2023.