

Reflections



A MATTER OF INTEREST

CHAIR'S LETTER

I am delighted to be writing to you at the end of a very busy year for the Scheme. I know some of you received a welcome surprise in September with the one-off lump sums and/or increases to your pensions as a result of the GMP equalisation exercise.

While most changes were modest, we spoke to many members who shared their appreciation however large or small the impact. We must apologise that the letters explaining the changes to benefits were delayed, for reasons outside of our control, and for any confusion caused when payments reached you unexpectedly. That said, the pensions team enjoyed speaking to many of you who called in to query the increase. I must extend my thanks at this point to the hard work of the pensions team, not only in processing all the payments for you, but in the extensive work required in preparation, and supporting you with any ongoing queries. We are very fortunate to have such a high calibre in-house administration department provided by the Company. Individually, you may not need them often, but when you do, their professionalism and dedication is notable. Collectively, you keep them very well occupied.

Changes to the Trustee Board

Darren Gilchrist retired at the end of 2022 and therefore had to vacate his position as an employee-nominated Trustee. We know Darren is enjoying spending time with his new granddaughter and wish him and his family all the very best. Darren has been replaced on the Board by Kevin Whittaker, an Automotive Team Leader based in Redditch. Kevin will serve the remainder of Darren's original term of office.

Funding

The value of assets and liabilities were affected by the significant change in interest rates during 2022. These are recorded as non-cash movements in the funding information later in the newsletter. You may remember in the last newsletter that I reassured you that the fall in assets should not cause undue alarm. We have a liability-driven investment strategy (LDI) which is designed to ensure our asset values broadly match the current value placed on the future liabilities they are there to cover. Therefore, overall the funding level of the Scheme has not been materially affected.

The situation has remained relatively stable through 2023. The next formal actuarial valuation of the Scheme (which is carried out every 3 years) is due as at 31 December 2023, and the result of this should be known towards the end of 2024.

In other investment news, the Trustee moved its equity holdings from a range of investment funds to a single Global Adaptive Cap with ESG tilt. I appreciate that is a bit of a mouthful. The purpose of an adaptive cap is to limit the exposure to individual sectors or entities. The ESG (Environment, Social and Governance) tilt means additional weight is given to entities showing positive ratings in this area. This change is consistent with the Trustee's beliefs as set out in the new Task-

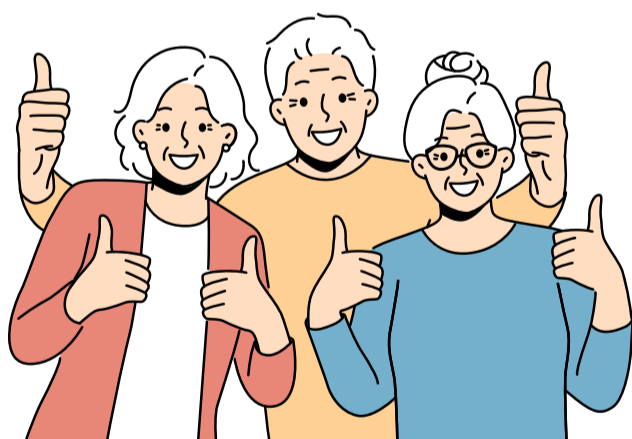
MEMBERSHIP NUMBERS

31 December 2022	31 December 2021
Active Members	
423	481
Deferred	
2,132	2,221
Pensioners/Dependants	
8,723	8,990
TOTAL	
11,278	11,692

force for Climate-related Financial Disclosures report published for the first time in 2023 and available on the Scheme website. The change in equities is not reflected in the current TCFD report which covered the year to 31 December 2022. It will be reflected in the next report.

The Outlook

I am looking forward to 2024 when we hope to complete the next steps on GMP equalisation and consider the outlook with the results of the latest actuarial valuation. On behalf of my fellow Trustee Directors I wish you a very happy holiday season, and a peaceful and healthy 2024.



GMP equalisation update

Most pensioners and dependants are now converted:

any increases to pensions were received from September 2023

Please don't try to compare to other members. The calculation is based on your individual circumstances.

NEXT STEPS

IMPLEMENT AT RETIREMENT PROCESS

For any active or deferred member with relevant [pre97] benefits

Late 2023/Early 2024

Your retirement will not be delayed. If you retire before the process is implemented, you will be converted as part of the finalisation exercise.

COMPLETE FINALISATION EXERCISE

For any pensioner or dependant with relevant [pre97] benefits not yet converted

Mid 2024

Unfortunately, we cannot provide details of how your benefits will change before the exercise is complete.

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 2023 the Directors of the Trustee were:-

Mrs R. Tranter – BESTrustees (Chair)

Mr. M. Arnold Greengate (E/ee)

Mr. S.J. Beesley* (E/ee P)

Mr. B. Bonney* (E/ee P)

Mr. S.J. Boon

Mr. D. Corf* (E/ee P)

Mr. S.M. Gange*

Mr. R.P. Hemingway*

Mr. J. McKenna*

Mr. K. McKenna Greengate (E/ee)

Mr. K. Whittaker, Redditch (E/ee)

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

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 plc

Auditor: PricewaterhouseCoopers LLP

Lawyer: Hogan Lovells International LLP

Banker: National Westminster Bank plc

Financial Adviser: Cardano Solutions Limited

Investment Managers: 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

Changes to pension taxes

Actives/Deferreds only

ANNUAL ALLOWANCE

£60,000*

2023/24

* Higher earners (income over £200,000) may be affected by the annual allowance taper.

LIFETIME ALLOWANCE

No excess charge from 2023/24

Maximum TFCLS –

£268,275**

**Lifetime allowance protections may provide for a higher tax-free cash lump sum (TFCLS)

Remember: Pension taxes are subject to change depending on the decisions of the government in power

Annual Allowance: Maximum tax-efficient savings into your pension in a single year

Lifetime Allowance: Maximum tax-efficient savings into your pension over your lifetime

KEEP IN TOUCH

KEY CONTACTS

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

Correspondence to the Secretary should be addressed to Mrs Joanne Miller at the address 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

Funding Levels



FUNDING LEVELS	£	Funding Level
Funding Surplus Value at 31.12.21 [^]	130,000,000	107%
CASH MOVEMENTS		
Contributions from employer		
Normal*	3,385,000	
Additional	708,000	
*included are £1,091,000 under salary sacrifice		
Contributions from employee		
Additional	1,000	
Investment Income	35,473,000	
Less:		
Pensions Paid	67,805,000	
Lump sum at Retirement	5,214,000	
Death Benefits	755,000	
Transfers Out	16,670,000	
Investment Management expenses	1,561,000	
NON-CASH MOVEMENTS		
Change in Market Value of Investments ¹	-591,286,000	
Change in Value of Liabilities ¹	596,664,000	
Funding Surplus Value at 31.12.22 [^]	83,000,000	107%

Based on Assets Valued at £1,257,469,000

[^] The funding surplus value is based on a roll-forward estimate of the future liabilities of the Scheme. The next formal valuation is due at 31 December 2023.

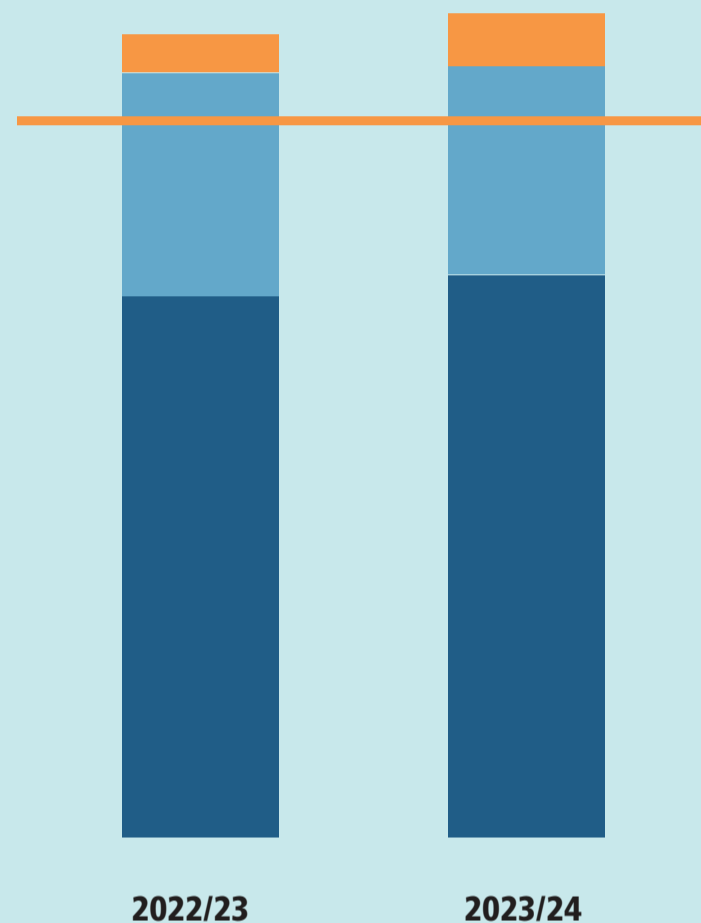
¹ The assets and liabilities of the scheme are valued in current terms. The matching strategy limits the impact of interest rate changes so you can see the overall funding level has remained stable.

WHY DOES MY PILKS PENSION GO DOWN WHEN THE STATE PENSION GOES UP?

The simple answer is tax!

In the current tax year, the state pension increased. But the personal tax-free allowance remained fixed.

So the state pension used up more of your personal tax-free allowance, pushing more of your private Pilks pension income into higher tax-paying brackets.



- State pension
- Pilks pension paid to you
- Tax deduction from Pilks pension
- Personal allowance

Actives / Deferreds

The pension you will receive from the Scheme at age 65 will **NOT** go down irrespective of market movements..

It will increase from your accrued value to date either through additional service, or through revaluation in deferment.

Investment performance has no impact.

If you want to remove your benefits from the Scheme to transfer them to a different arrangement, a current value will be attributed to your future pension at the time you make the request. The current value is affected by market conditions including interest rates. Therefore, a cash equivalent transfer value (CETV) can go down. The CETV is guaranteed for a period of 3 months from the date of issue to avoid short-term fluctuations.

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 obtain advice from a qualified Independent Financial Adviser before transferring.

The actuarial factors used to calculate early retirement reductions and any cash lump sum option at retirement are updated periodically to ensure the value reflects the cost of providing the benefits.

CHANGES TO THE RULES

The Scheme Rules were updated to reflect the converted benefits arising through the GMP equalisation exercise. For converted members, the relevant Spouse and Dependant benefits are a specified percentage of the converted benefits calculated at the conversion date.

DO YOU CARE ABOUT CLIMATE CHANGE?



If so, then you should care how your pension is invested.

2 key questions to ask:

1

How is the Scheme investing?

The TCFD (Task-force for climate-related financial disclosures) report sets out how the Trustee considers and monitors climate-related matters within its portfolio.

The PSS has published this report on its website for the first time in 2023. The metrics have been affected by the quality of data and the Trustee will consider how to ensure meaningful progress is presented. Keep watching.



2

How does the Scheme influence change?

Although targets could be achieved by investing only in industries that are "green", the Trustee believes action is required across all industries and sectors to achieve sustainable investment returns.

The Scheme has provided stewardship priorities to its investment managers. These managers report on their key voting activity, particularly in relation to these priorities. This information is included within the Implementation Statement available on the Scheme website.



Find the TCFD Report and Implementation Statement within Key Documents on www.superpilk.com