

Annual statement regarding governance of the DC Section of the PPG Industries (UK) Limited Pension Plan ("the Plan"), including AVCs

The Occupational Pension Schemes (Scheme Administration) Regulations 1996 ("the Administration Regulations") require the Trustee to prepare an annual statement regarding governance, which should be included in the annual trustee report and accounts. The governance requirements apply to all defined contribution ("DC") pension arrangements and aim to help members achieve a good outcome from their pension savings.

This statement has been prepared by the Trustee and covers the period from 6 April 2020 to 5 April 2021 and is signed on behalf of the Trustee by the Chair.

This statement covers governance and charge disclosures in relation to the following:

1. The Plan's Default arrangement
2. Processing of core financial transactions
3. Member borne charges and transaction costs
 - i. Default arrangement
 - ii. Self-select funds
 - iii. Additional Voluntary Contributions
 - iv. Illustrations of the cumulative effect of these costs and charges
4. Value for Members assessment
5. Trustees knowledge and understanding

The Trustee has also taken actions required to manage the Plan in light of the COVID-19 pandemic and have incorporated additional commentary into this statement.

1. The Plan's default arrangement

The Trustee is required to design the default arrangement in members' interests and keep it under review. The Trustee needs to set out the aims and objectives of the default arrangement and take account of the level of costs and the risk profile that are appropriate for the Plan's membership.

The Plan is used as a Qualifying Scheme for auto-enrolment purposes.

The Trustee is responsible for the Plan's investment governance, which includes setting and monitoring the investment strategy for the Plan's default arrangement, the Aon Managed Retirement Pathway Fund targeting income drawdown (the "Flexible Glidepath"). The Flexible Glidepath reflects the Trustee expectation that members will take their retirement benefits in a flexible form through income drawdown.

Details of the aims, objectives and the Trustee policies regarding the default arrangement can be found in a document called the 'Statement of Investment Principles' (SIP). The Plan's SIP is included in the report and accounts on pages 92 to 105, however the aims are summarised here for ease of reference:

- The aim of the Flexible Glidepath is to try to ensure that members' savings are invested in funds that are appropriate for them, based on their selected retirement date.

- In designing the default arrangement for the DC Plan members, the Trustee has explicitly considered the risk and expected return characteristics of the funds used at different stages before retirement.
- Assets in the default arrangement are invested in the best interests of members and beneficiaries, taking into account the profile of membership.
- Assets in the default arrangement are invested in a manner which aims to ensure the security, liquidity and profitability of the member's portfolio as whole.
- Assets are invested in regulated products and mainly on regulated markets (any that are not will be kept to prudent levels).

The Flexible Glidepath is a target date fund (TDF), which provides an asset allocation based on the retirement date of the member. The TDF aims to provide members with the potential for good levels of growth during the accumulation of their retirement savings through exposure to equities, and then to gradually diversify their investments 15 years before their selected retirement date. This is achieved by automatically moving members' funds from return-seeking assets, which aim for long-term growth in excess of inflation, to a more broad-based and lower risk asset mix as a member approaches their selected retirement date.

Two further TDFs are made available to members, the Aon Managed Retirement Pathway Fund targeting Annuity (the "Annuity Glidepath") and the Aon Managed Retirement Pathway Fund targeting Cash (the "Cash Glidepath").

All three of these TDFs invest 100% of members' Plan funds, during the period up to 15 years before selected retirement age, in the Initial Growth Phase Fund. From that point until retirement, members' funds in any of the Aon Managed Retirement Pathway Funds are gradually switched into a combination of the Diversified Multi-Asset Fund, the Pre-Retirement Fund, the Bond Phase Fund, the Long Term Inflation Linked Fund, the Short Term Inflation Linked Fund, and the Liquidity Fund depending on the strategy target.

Switching is conducted automatically within the TDF based on the individual member's term to selected retirement age and at no explicit cost to members or the Trustee.

Investment strategy review

The Trustee implements the Plan's DC investment strategy through Aon's Delegated DC Services. Under this approach, the Trustee delegates the selection of the platform provider, available fund range and day to day management of the funds to Aon Investments Limited (AIL). The Trustee maintains responsibility for the investment fund options made available to members and takes expert advice as required from its professional advisors.

Although the default arrangement was not formally reviewed by the Trustee during the period covered by this statement, some changes were made as a result of ongoing developments in investment markets and regular performance monitoring and these are described below.

- AIL implemented a number of changes to the investment strategy over the first six months of 2021. These changes include reducing the allocation to government bonds as the Aon Managed Retirement Pathway Funds approach their target dates, alongside removing the exposure to long dated index-linked government bonds and introducing shorter dated fixed interest government bonds. The revised investment strategy was fully implemented on 30 June 2021.
- A 10% allocation to the Aon Managed Global Impact Fund was introduced into the growth phase of the Aon Managed Retirement Pathway Funds in January 2021. AIL describe the fund's purpose as: "This Fund provides exposure to the companies that are making a positive and meaningful impact to our planet and society and helping to solve some of the challenges the world is facing today, such as climate change."

The Trustee formally reviewed the investment strategy with their investment advisor after the period covered by this statement. This review completed on 23 June 2021.

The advice received by the Trustee considered the suitability of the Aon Managed Retirement Pathway Funds as the default arrangement referring to Plan membership demographics and how members access their benefits. The range of self-select fund options available to members was also considered.

The Trustee is considering the advice received, with recommended actions expected to be implemented during the remainder of 2021 should they be agreed. Details of any recommendations and changes made will be included in next years Chair's Statement.

The Trustee undertakes a formal review of the default arrangement every three years. The next formal review is due to take place in 2024.

Performance Monitoring

The Trustee also reviews the performance of the default arrangement against its aims and objectives on a quarterly basis. This review includes analysis of fund performance to check that the risk and return levels meet expectations. Performance is reviewed against target benchmarks that have been agreed with the investment managers.

Since March 2020, the uncertainty surrounding the COVID-19 pandemic has meant that financial markets have been more volatile. However, the default arrangement is designed with long-term investment in mind. The Trustee and their advisers continue to monitor performance regularly and are comfortable that the default arrangement continues to perform broadly as expected relative to benchmarks.

2. Processing of Core Financial Transactions

The Trustee has a specific duty to ensure that core financial transactions are processed promptly and accurately. Core financial transactions include the investment of contributions, transfer of member funds into and out of the Plan, transfers between different investments within the Plan and payments to and in respect of members/beneficiaries.

The bulk of the core financial transactions are undertaken on behalf of the Trustee by Aon, who undertake certain administrative duties in partnership with Aegon as the platform provider for the DC Section of the Plan. The Company is responsible for ensuring that contributions are paid to the Plan promptly. The timing of such payments is monitored by the Trustee from quarterly administration reports submitted by Aon.

In order to determine how well the administrator is performing the Trustee has service level agreements ("SLA") in place with Aon. These SLAs detail a number of key administration processes to be performed and the target timescales within which each of these processes must be completed. There are SLAs in place for all core financial transactions. Under the current SLA, Aon aims to accurately complete 95% of financial transactions within 5 working days, with the exception of retirement cases which have a SLA of 90% within 5 working days and the investment of contributions, which is within 1 working day from the reconciliation of the money received with the payment schedule.

The Trustee has also reviewed the key processes adopted by the administrator, in order to minimise the risks of inaccurate or late payment of core financial transactions. Key processes include:

- Provision of quarterly administration reports – enabling the Trustee to check core financial transactions and review processes relative to any member complaints made.

- Monthly contribution checks and daily reconciliation of the Trustee's bank account.
- Checks for all investment and banking transactions prior to processing.
- Straight-through processing for many tasks, avoiding the need for manual intervention and, in turn, significantly reducing the risk of error.
- Documentation and operation in line with quality assurance policies and procedures.
- Operation in line with the business continuity plan and confirmation that the administrator has prioritised core financial transactions during this period.

In addition, Aon attend the quarterly Governance Sub-Committee (GSC) meetings to present the administration reports. Attendance at these meetings provide an opportunity for members of the GSC to discuss any issues that might arise, and report back to the Trustee board as required.

The Trustee is satisfied that over the period:

- the administrator was operating appropriate procedures, checks and controls and operating within the agreed SLA;
- there have been no material administration errors in relation to processing core financial transactions; and
- core financial transactions have been processed promptly and accurately during the Plan year.

In light of the COVID-19 pandemic the Trustee has been working closely with the Plan's administrator to ensure any impact on services is kept to a minimum. The closure of service centre offices caused a brief interruption to the DC member helpline. This was back in operation with slightly reduced hours from the start of the period covered by this statement to August 2020, when normal opening hours were resumed. The Trustee is comfortable that the business continuity plans in place ensured contingency options were put in place quickly. Appropriate member messages were added to helplines and the member website, encouraging members to raise any queries by email while the helpline was unavailable. A member webchat facility was also introduced in May 2020 providing an additional option for members to raise queries.

3. Member Borne Charges and Transaction costs

The Trustee should regularly monitor the level of charges borne by members through the investment funds. These charges comprise:

- **Charges: these are explicit, and represent the costs associated with operating and managing an investment fund. They can be identified as a Total Expense Ratio (TER), or as an Annual Management Charge (AMC), which is a component of the TER;**
- **Transaction costs: these are not explicit and are incurred when the Plan's fund manager buys and sells assets within investment funds but are exclusive of any costs incurred when members invest in or sell out of funds.**

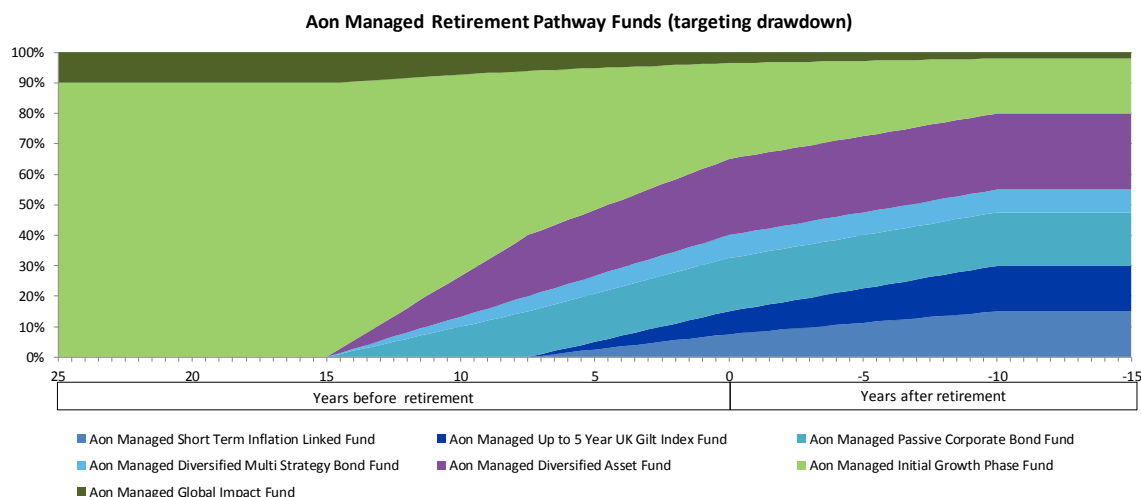
The Trustee is also required to confirm that the charges on the default arrangement have not exceeded 0.75% p.a. (the charge cap) and produce an illustration of the cumulative effect of the costs and charges on members' retirement fund values as required by the Occupational Pension Schemes (Administration and Disclosure) (Amendment) Regulations 2018.

Details of the charges and transaction costs for the funds available to members of the Plan are shown below and in the appendix. For a few of the funds, the charges or transaction cost information is not available, either because the type of fund means it does not have explicit costs, e.g. with-profits funds, or the information was not available at the time of publishing this

statement. Where the information was not available, the Trustee will continue to liaise with the provider to obtain the required data.

(i) Default – Flexible Glidepath (the Aon Managed Retirement Pathway Fund targeting Income Drawdown)

The Aon Managed Retirement Pathway Fund is a target date fund. Member's assets are invested in the target date fund relative to their retirement date, e.g. a member due to retire in 2022 will be invested in the Retirement Pathway 2022-2024 Fund. The funds relating to different retirement years are known as "vintages". The following chart shows the structure of the Flexible Glidepath.



The table below shows the TER and transaction costs for the funds available to members. The TERs have been supplied by Aon who are the investment manager and the transaction cost information has been supplied by Aegon, the platform provider for the Plan.

There can, on occasion, be negative transaction costs (profit) as a result of the underlying trades in a fund. However, a floor of 0% p.a. has been applied in these instances to avoid potentially understating the total level of costs and charges.

Default arrangement	TER (% p.a.)	Transaction costs (% p.a.)	Total costs (% p.a.)
Aon Managed Retirement Pathway Funds to Drawdown			
▪ 2019 – 2021	0.43	0.1289	0.5589
▪ 2022 – 2030	0.44	0.1183 to 0.1276	0.5583 to 0.5676
▪ 2031+	0.45	0.0745 to 0.1065	0.5245 to 0.5565

(ii) Self-select funds

In addition to the Flexible Glidepath, two further TDFs are made available to members, the Aon Managed Retirement Pathway Fund targeting Annuity and the Aon Managed Retirement Pathway Fund targeting Cash.

Strategies	TER (% p.a.)	Transaction costs (% p.a.)	Total costs (% p.a.)
Aon Managed Retirement Pathway Funds to Annuity			
▪ 2019 – 2021	0.42	0.0312	0.4512
▪ 2022 - 2024	0.43	0.0789	0.5089
▪ 2025 - 2027	0.44	0.1276	0.5676
Aon Managed Retirement Pathway Funds to Cash			
▪ 2019 - 2021	0.44	0.0144	0.4544
▪ 2022 - 2024	0.44	0.0679	0.5079
▪ 2025 - 2027	0.44	0.1276	0.5676

A full listing of the underlying funds in each of the Retirement Pathway Funds, and the respective transaction costs is shown in the Appendix.

The following self-select funds are also available to members of the Plan.

Fund name	TER (% p.a.)	Transaction costs (%)	Total (% p.a.)	Maximum TER (% p.a.) *
Objective based funds				
Aon Managed Bond Phase Fund	0.49	0.2518	0.7418	0.69
Aon Managed Long Term Inflation Linked Fund	0.27	0.00	0.27	N/A
Aon Managed Pre-Retirement Bond Fund	0.39	0.0367	0.4267	0.42
Aon Managed Liquidity Fund	0.40	0.0144	0.4144	N/A
Asset class funds				
Aon Managed Global Equity Fund	0.36	0.0439	0.4039	0.44
Aon Managed Active Global Equity Fund	0.88	0.0975	0.9775	1.24
Aon Managed Property and Infrastructure Fund	0.58	0.1902	0.7702	0.64
Aon Managed Diversified Multi-Asset Fund	0.47	0.2187	0.6887	0.59
Aon Managed Passive Corporate Bond Fund	0.28	0.0512	0.3312	0.32
Non-Aon managed funds				
Aegon BlackRock UK Equity Index Fund	0.25	0.00	0.25	N/A
Aegon BlackRock World (ex UK) Equity Index Fund	0.25	0.00	0.25	N/A
Aegon BlackRock Emerging Markets Equity Index Fund	0.45	0.00	0.45	N/A
Aegon LGIM Ethical Global Equity Index Fund	0.55	0.00	0.55	N/A
Aegon HSBC Islamic Global Equity Index Fund	0.54	0.0196	0.5596	N/A

TERs are as at 31 March 2021. Additional Fund Expenses (AFEs) included in the TER are as at 31 January 2020. Transaction costs are as at 31 March 2021.

* Some funds have a maximum fund charge in respect of the TERs. Members will not be notified if a change to the annual management charge results in a change in the fund charge, provided that the TER is less than or equal to this maximum charge. The transaction costs are implicit within fund returns and do not form part of the explicit costs (TERs) paid by members.

(iii) Additional Voluntary Contributions (AVCs)

As at 5 April 2021 (the end date for the period covered by this statement), AVCs are held with four legacy providers. Details of these providers, the funds where assets are held, and the charges and transaction costs are shown in the Appendix.

The AVCs held with Utmost Life and Pensions and AVCs held with Clerical Medical were transferred to the default arrangement in August 2020 and November 2020 respectively. Details of the funds and charges for both these providers continue to be shown in the Appendix since members had been invested in these for part of the period covered by this statement.

The AVCs held with Legal & General were transferred to ReAssure in September 2020. This was a bulk transfer of legacy business agreed between Legal & General and ReAssure. The funds members were invested in with Legal & General remain the same following the transfer.

(iv) Illustrations of the cumulative effect of costs and charges

From 6 April 2018 the Occupational Pension Schemes (Administration and Disclosure) (Amendment) Regulations 2018 introduced new requirements relating to the disclosure and publication of the level of costs by the trustees and managers of a relevant scheme. These changes are intended to improve transparency on costs.

In order to help members understand the impact that costs and charges can have on their retirement savings, the Trustee has provided three illustrations of their cumulative effect on the value of typical Plan members savings over the period to their retirement.

The illustrations have been prepared having regard to statutory guidance and selecting suitable representative members. They are based on a number of assumptions about the future which are set out below the illustration tables.

Members should be aware that such assumptions may or may not hold true, so the illustrations do not promise what could happen in the future and fund values are not guaranteed. Furthermore, because the illustrations are based on typical members of the Plan they are not a substitute for the individual and personalised illustrations which are provided to members in their annual benefit statements.

Each illustration, A, B and C is shown for a different type of member invested in the Flexible Glidepath, as this is the arrangement that most of our members have their retirement savings in. Each illustration is shown as a chart and a table as follows:

- Chart: This shows a projection of the member's retirement savings at retirement age, with and without costs and charges applied.
- Table: As the projected retirement savings are dependent on investment returns as well as the level of costs and charges, we have also included some comparison figures with other investments. For comparison purposes, we also show the projected retirement savings if the typical member were invested in a higher risk profile fund – the Aon Managed Active Global Equity Fund - which has a higher expected return and higher charges, and a lower risk profile fund – the Aon Managed Liquidity Fund - which has a lower expected return and lower charges.

All projected fund values are shown in today's terms, and do not need to be reduced further for the effect of future expected inflation.

Illustration A: is based on a Plan member who has 48 years to go until their retirement at age 65. The member has a current salary of £18,200 has future contributions of 14% p.a. of salary. The member has a fund value of £1,600 and is invested in the Flexible Glidepath (Aon Managed Retirement Pathway).

Projected retirement savings in today's money									
Age	Flexible Glidepath			Aon Managed Active Global Equity Fund			Aon Managed Liquidity Fund		
	Before charges	After charges	Effect of charges	Before charges	After charges	Effect of charges	Before charges	After charges	Effect of charges
	£	£	£	£	£	£	£	£	£
17	1,600	1,600	0	1,600	1,600	0	1,600	1,600	0
20	9,796	9,713	83	9,872	9,713	159	8,965	8,901	64
25	25,733	25,189	544	26,243	25,189	1,054	20,683	20,329	354
30	45,036	43,495	1,541	46,506	43,495	3,011	31,738	30,892	846
35	68,415	65,146	3,269	71,584	65,146	6,438	42,168	40,657	1,511
40	96,730	90,756	5,974	102,622	90,756	11,866	52,008	49,682	2,326
45	131,025	121,047	9,978	141,037	121,047	19,990	61,292	58,025	3,267
50	172,561	156,875	15,686	188,583	156,875	31,708	70,051	65,737	4,314
55	219,559	196,161	23,398	247,428	199,252	48,176	78,315	72,865	5,450
60	265,575	232,718	32,857	320,260	249,375	70,885	86,112	79,454	6,658
65	307,238	263,818	43,420	410,401	308,661	101,740	93,468	85,545	7,923

Illustration B: is based on a Plan member who has 20 years to go until their retirement at age 65. The member has a current salary of £29,500 and has future contributions of 13% p.a. of salary. The member has a current fund value of £27,300 and is invested in the Flexible Glidepath (Aon Managed Retirement Pathway).

Projected retirement savings in today's money									
Age	Flexible Glidepath			Aon Managed Active Global Equity Fund			Aon Managed Liquidity Fund		
	Before charges	After charges	Effect of charges	Before charges	After charges	Effect of charges	Before charges	After charges	Effect of charges
	£	£	£	£	£	£	£	£	£
45	27,300	27,300	0	27,300	27,300	0	27,300	27,300	0
50	53,939	52,912	1,027	54,897	52,912	1,985	44,156	43,449	707
55	84,989	81,982	3,007	89,054	83,205	5,849	60,058	58,375	1,683
60	117,844	111,692	6,152	131,328	119,036	12,292	75,062	72,173	2,889
65	150,350	139,974	10,376	183,650	161,417	22,233	89,217	84,927	4,290

Illustration C: is based on a deferred member (a member who is no longer making contributions to the Plan) who has 22 years to go until their retirement at age 65. The member has a current fund value of £14,400 and is invested in the Flexible Glidepath (Aon Managed Retirement Pathway).

Projected Pension Account in today's money									
Age	Flexible Glidepath			Aon Managed Active Global Equity Fund			Aon Managed Liquidity Fund		
	Before charges	After charges	Effect of charges	Before charges	After charges	Effect of charges	Before charges	After charges	Effect of charges
	£	£	£	£	£	£	£	£	£
43	14,400	14,400	0	14,400	14,400	0	14,400	14,400	0
45	15,547	15,400	147	15,682	15,400	282	14,069	13,954	115
50	18,830	18,215	615	19,409	18,215	1,194	13,273	12,898	375
55	22,461	21,204	1,257	24,022	21,545	2,477	12,523	11,923	600
60	25,792	23,721	2,071	29,732	25,483	4,249	11,815	11,021	794
65	28,556	25,563	2,993	36,798	30,142	6,656	11,147	10,187	960

Members are advised to consider both the level of costs and charges and the expected return on investments (i.e. the risk profile of the funds) in making investment decisions.

Assumptions and data for illustrations:

The following assumptions have been made for the purposes of the above illustrations:

- Annual salary growth and inflation is assumed to be 2.5% per annum
- The starting fund values and future contributions used in the projections are representative of each illustrative member based on the Plan membership demographics.
- The assumed growth rates (net of costs and charges) are as follows:

Fund name	Net return assumption (% p.a.)
Aon Managed Global Impact Fund*	6.00
Aon Managed Initial Growth Phase Fund*	6.00
Aon Managed Diversified Multi-Asset Fund*	4.00
Aon Managed Diversified Multi Strategy Bond Fund*	2.50
Aon Managed Passive Corporate Bond Fund*	1.40
Aon Managed Short Term Inflation Linked Fund*	-0.10
Aon Managed up to 5 year UK Gilt Index Fund*	0.80
Aon Managed Active Global Equity Fund	6.00
Aon Managed Liquidity Fund	0.90

*Funds underlying the Flexible Glidepath

- The TERs and transaction costs for the funds used for the illustrations are as follows:

Fund name	TER (%)	Transaction costs (%)	Total (%)
Aon Managed Retirement Pathway Fund:			
Aon Managed Global Impact Fund	0.45	0.2234	0.6734
Aon Managed Initial Growth Phase Fund		0.0347	0.4847
Aon Managed Diversified Multi-Asset Fund		0.2329	0.6829
Aon Managed Diversified Multi Strategy Bond Fund		0.4673	0.9173
Aon Managed Passive Corporate Bond Fund		0.0171	0.4671
Aon Managed Short Term Inflation Linked Fund		0.0233	0.4733
Aon Managed up to 5 year UK Gilt Index Fund		0.0289	0.4789
Aon Managed Active Global Equity Fund	0.88	0.0858	0.9658
Aon Managed Liquidity Fund	0.40	0.0139	0.4139

- The transaction costs have been averaged over a three year period in line with statutory guidance to reduce the level of volatility, and a floor of 0% p.a. has been used for the transaction costs if these were negative in any year so as not to potentially understate the effect of charges on fund values over time.
- Total Expense Ratios are provided as at 31 March 2021.
- Transaction costs are provided as at 31 March 2021.

4. Value for Members assessment

The Administration Regulations require the Trustee to make an assessment of charges and transactions costs borne by members and the extent to which those charges and costs represent good value for money for members.

There is no legal definition of "good value" or the process of determining this for Plan members. Therefore, working in conjunction with our advisers, Aon, the Trustee has developed a cost-benefit analysis framework in order to make an assessment as to whether our members receive good value from the Plan relative to the costs and charges they pay.

The costs have been identified as the TERs and transaction costs and are set out in section 3 and the Appendix of this statement. The Trustee has considered the benefits of membership under the following five categories: Governance, investments, administration, member communications and retirement support. Benchmarking relative to other pension arrangements or industry best practice guidelines is also undertaken.

The Trustee's beliefs have formed the basis of the analyses of the benefits of membership. These are set out below along with the main highlights of their assessment.

There are two sub-committees that provide support to the Trustee with the effective running of the Plan. The purpose of the Governance Sub-Committee (GSC) and the Funding and Investment Sub-Committee (FISC) is to do the following in relation to governance, administration and communication matters, and funding and investment related matters respectively:

- Assist the Trustee in carrying out its responsibilities
- Maximise efficiency
- Provide specialist expertise amongst a subset of members of the Trustee
- Promote effective collaboration between the Trustee and the Company

Governance

The Trustee believes in having robust processes and structures in place to support effective management of risks and ensure members interests are protected, increasing the likelihood of good outcomes for members.

The Trustee has built a robust governance approach for the Plan, including quarterly administration reporting, regular reviews of the Plan's risk register and assessment of the effectiveness of the Trustee board in their oversight of the Plan.

Investments

The Trustee believes that a well-designed investment portfolio that is subject to regular performance monitoring and assessment of its suitability for the membership will make a large contribution to the delivery of good member outcomes.

The Plan offers TDFs aimed at taking benefits flexibly at retirement, as an annuity or as cash. There are also self-select funds available covering a range of member risk profiles and asset classes. The investment funds available are those offered by Aon. The Trustee, with advice from their investment adviser, regularly reviews the funds available to ensure they continue to remain suitable for the needs of the Plan membership.

Performance of the funds is reported to the Trustee on a quarterly basis, and performance is reviewed against agreed market benchmarks.

Administration

The Trustee believes that good administration and record keeping play a crucial role in ensuring that members receive the retirement income due to them. In addition, the type and quality of service experienced by members has a bearing on the level of member engagement.

The Trustee obtains information to assess the member experience through quarterly administration reports and discussions with the administrator. Service credits are payable for any unexpected drop in service levels. The Trustee has also sought member feedback through member focus groups, although member participation in these groups was lower than expected. The Trustee will continue to explore this and other ways to gather feedback directly from the members.

Member communications

The Trustee believes that effective member communications and delivery of the right support and tools helps members understand and improve their retirement outcomes.

A number of the Trustees form a Communications Working Party (CWP), which is a sub-group of the full Trustee board which takes responsibility for the majority of the communications issued to members. During 2020, the CWP discussed ways to further improve member communication and engagement and an in-depth communication campaign covering 2021 and 2022 has been shared with the Trustee. The communication campaign includes the introduction of Pension Hub, an online communication tool. Pension Hub will be a mechanism to deliver tailored support and expert pension insights to help Plan members understand and improve their retirement outcomes.

The CWP reviews all communications to ensure they are appropriate, and clear and understandable for the members. All communications include signposting to where members can find further information, support and guidance.

Retirement support

The Trustee believes it is important to have retirement processes that enable members to make informed decisions and select appropriate option(s) at retirement.

Members are able to access support for their retirement decisions in a variety of ways. A helpline and guidance material are available through the Aon Retirement Service, and members can receive one free session with the Plan's appointed financial advisers, WPS Advisory Limited. Additional support and information are available on the member website, TargetPlan. The Plan's microsite also highlights the help, advice and support mechanisms available.

The Trustee assessment concluded that the charges and transaction costs borne by Plan members are competitive in comparison to current market rates and represent good value for members relative to the benefits of Plan membership.

The assessment also covered the remaining four legacy AVC providers, namely Aviva, ReAssure, Phoenix Life and Prudential. The consolidation of the AVC assets into the DC Section of the Plan addresses Trustee concerns that the legacy AVC providers do not offer the same level of competitive charges as secured for the DC Section Plan assets.

5. Trustee Knowledge and Understanding

Sections 247 and 248 of the Pensions Act 2004 set out the requirement for Trustees to have appropriate knowledge and understanding of the law relating to pensions and trusts, the funding of occupational pension schemes, investment of scheme assets and other matters to enable them to exercise their functions as Trustees properly. This requirement is underpinned by guidance in the Pension Regulator's Code of Practice 7.

The comments in this section relate to the Plan as a whole and not solely the DC Section.

The Trustee has processes and procedures in place to meet the Pension Regulator's Trustee Knowledge and Understanding requirements (as set out in their Code of Practice No 7); some of which are identified below:

- A structured training programme for newly appointed Trustees including completion, within their first six months of formal appointment, of the Pension Regulator's Trustees toolkit, which is an online learning programme. New Trustees are also required to complete a Trustee knowledge and understanding self-assessment within their first year in the role.
- Current Trustees have completed the Pension Regulators Trustee toolkit.
- Assessing training needs and identifying gaps in knowledge through annual assessments.
- Undergoing regular training for the year which included training on pensions scams, the role of the Plan's appointed financial adviser and associated member experience, review of risks facing the Plan, cyber risk and security, an oversight of the DC landscape, the role of the custodian, fraud prevention and a review of key provision and powers under the Plan rules.
- Maintaining training logs for each Trustee, recording collective training undertaken as a Trustee board and any training the Trustees undertake individually.
- Trustee policy and practices are detailed in the Trustee Manual which is designed to be used as a key reference document for all new and existing Trustees.
- Trustee effectiveness review meetings held in early 2020 for each individual Trustee, with the Trustee considering further one-to-one performance assessments during 2021.

The Trustee has engaged with their professional advisers regularly throughout the year to ensure that they exercise their functions properly and take professional advice where needed. Exercising their functions has required that the Trustee has knowledge of the key scheme documents such as the Trust Deed & Rules, Trustee Report & Accounts and SIP. All Plan documents are accessible to the Trustee via a secure online web sharing facility.

The Trustee is familiar with trust and pension law and the Trustee legal adviser regularly attends meetings to answer any questions that may arise.

A few of the activities undertaken during the period of review are set out below:

- Review of quarterly administration reports to monitor service delivery against agreed service levels standards and assessing the member experience
- Review of quarterly investment reports to assess fund performance against benchmarks, and funds against overall Plan aims and objectives, as set out in the SIP.
- Review and updates to the SIP to set out policies with regards to arrangements with asset managers, set out policies specifically focussed on how costs and performance of the asset managers are monitored as well as providing additional information in the Trustee's stewardship policy.
- Maintaining a regime for proper governance – quarterly review and assessment of progress against the annual business plan for each sub-committee.

The Trustee also considered the impact of the COVID-19 pandemic on the Trustee board and put in place appropriate plans to ensure that the board could continue to perform effectively during this time. Specifically, the Trustee has reviewed the regularity of their meetings and the format (virtual, shorter Trustee meetings have been held regularly during the period covered by this statement), identified key man risks, reviewed Trustee decision making protocols and approvals processes and taken steps to mitigate these risks through appropriate identification of designated alternates on the Trustee board and all advisers and providers to ensure business continuity and appropriate Plan governance during the pandemic.

The Trustee board is made up of nine Trustee Directors, including one independent Trustee. The Trustee Directors bring a diverse range of skills and experience to the board. The composition of the GSC and FISC utilise the different strengths and backgrounds of the Trustee Directors in the right areas.

As a minimum, the full Trustee board meets four times per year with the GSC and FISC meeting more regularly as required, to progress actions and monitor and review the administration and investment performance, audit and approve the Trustee Report and Accounts amongst other tasks.

The Trustee considers that they meet the Pension Regulator's Trustee Knowledge and Understanding requirements and are confident that their combined knowledge and understanding, together with the support of their advisers, enables them to properly exercise their functions as the Trustee of the Plan.

Signed on behalf of the PPG Industries (UK) Pension Trustee Limited (the Trustee)

Name	Claire Sherwood, Chair of Trustee
Signature	
Date	

Appendix

The table sets out the transaction costs for the underlying funds in each Retirement Pathway Fund. The TER for each Retirement Pathway Fund and the blended transaction cost, reflecting the mix of the underlying funds at each age, is set out in the tables shown in section 3 of this statement.

Fund name	Transaction costs (% p.a.)
Aon Managed Retirement Pathway Fund to Drawdown	
<i>Aon Managed Initial Growth Phase Fund</i>	0.0582
<i>Aon Managed Global Impact Fund</i>	0.2234
<i>Aon Managed Diversified Multi-Assets Fund</i>	0.2187
<i>Aon Managed Diversified Multi Strategy Bond Fund</i>	0.4529
<i>Aon Managed Passive Corporate Bond Fund</i>	0.0512
<i>Aon Managed Short Term Inflation Linked Fund</i>	0.0226
<i>Aon Managed up to 5 year UK Gilt Index Fund</i>	0.0289
Aon Managed Retirement Pathway to Annuity	
<i>Aon Managed Initial Growth Phase Fund</i>	0.0582
<i>Aon Managed Global Impact Fund</i>	0.2234
<i>Aon Managed Diversified Multi-Assets Fund</i>	0.2187
<i>Aon Managed Diversified Multi Strategy Bond Fund</i>	0.4529
<i>Aon Managed Passive Corporate Bond Fund</i>	0.0512
<i>Aon Managed Short Term Inflation Linked Fund</i>	0.0226
<i>Aon Managed up to 5 year UK Gilt Index Fund</i>	0.0289
<i>Aon Managed Pre-Retirement Bond Fund</i>	0.0367
<i>Aon Managed Liquidity Fund</i>	0.0144
Aon Managed Retirement Pathway to Cash	
<i>Aon Managed Initial Growth Phase Fund</i>	0.0582
<i>Aon Managed Global Impact Fund</i>	0.2234
<i>Aon Managed Diversified Multi-Assets Fund</i>	0.2187
<i>Aon Managed Diversified Multi Strategy Bond Fund</i>	0.4529
<i>Aon Managed Passive Corporate Bond Fund</i>	0.0512
<i>Aon Managed Short Term Inflation Linked Fund</i>	0.0226
<i>Aon Managed up to 5 year UK Gilt Index Fund</i>	0.0289
<i>Aon Managed Liquidity Fund</i>	0.0144

A floor of 0% p.a. has been applied to any negative transaction cost to avoid potentially understating the total level of costs and charges.

AVC arrangements

The annual management charges (AMC) on the AVC arrangements are shown in the table below. A floor of 0% p.a. has been applied to any negative transaction cost to avoid potentially understating the total level of costs and charges.

Fund / Provider as at 5 April 2021	AMC (% p.a.)	TC (%) ¹	Total (% p.a.)
Aviva ²			
Aviva Deposit NU	0.88	0.00	0.88
Aviva European Equity NU	0.88	0.35	1.23
Aviva Global Equity NU	0.88	0.10	0.98
Aviva Mixed Investment (40-85% Shares) NU	0.88	0.09	0.97
Aviva Pacific Equity NU	0.88	0.07	0.95
Aviva UK Equity NU	0.88	0.09	0.97
Aviva US Equity NU	0.88	0.03	0.91
Aviva With-Profit Guaranteed NU	0.88	0.08	0.96
Aviva With-Profit NU	0.88	0.08	0.96
ReAssure			
L&G Cash	0.06	Not available	0.06
LGIM UK Equity Index	0.03	Not available	0.03
LGIM Global Equity 60:40 Index	0.06	Not available	0.06
Prudential ³			
Discretionary	0.77	0.17	0.94
Deposit ⁴	See note 4	See note 4	See note 4
Global Equity	0.76	0.08	0.84
With-Profits Cash Accumulation ⁵	See note 5	0.11	See note 5
Utmost Life and Pensions ⁶ (transferred out August 2020)			
Secure Cash Investment	0.50	0.00	0.50
Managed	0.75	0.16	0.91
Money Market	0.50	0.00	0.50
Multi-Asset Moderate	0.75	0.87	1.62
Multi-Asset Cautious	0.75	1.15	1.90
Clerical Medical ⁷ (transferred out November 2020)			
BGI World (ex.UK) Equity Index	0.50	0.00	0.50
BGI World (ex UK) Equity Index Lifestyle	0.50	0.00	0.50
BGI Over 15-year UK Gilt Index	0.50	0.00	0.50
BGI Over 15-year UK Gilt Index Lifestyle	0.50	0.00	0.50
BGI UK Equity Index	0.50	0.00	0.50
BGI UK Equity Index Lifestyle	0.50	0.00	0.50
BGI Over 5-year UK Index-Linked Gilt Index	0.50	0.00	0.50
Halifax	0.50	0.00	0.50
Cash	0.50	0.01	0.51
UK Tracker	0.50	0.00	0.50
UK Tracker (Lifestyle)	0.50	0.00	0.50
Retirement Protection (Lifestyle)	0.50	0.08	0.58
UK Property	0.50	0.04	0.54
International Growth	0.50	0.39	0.89
Phoenix Life ⁸			
London Life Mixed	0.90	Not available	0.90

Notes:

1. Where the transaction cost information is not available, the Trustee will continue to liaise with the provider to obtain the missing information. For some funds, e.g. with-profits funds transaction costs may not be applicable due to the type of fund.
2. Aviva transaction costs provided August 2021 for the period covered by this statement.
3. Prudential transaction costs as at 30 September 2020.
4. The Prudential Deposit Fund does not have an explicit charge, it aims to provide a net return in line with the Bank of England base rate.
5. Charges on the Prudential With Profits Fund are inherent within the annual bonus declarations. This charge is deducted through the bonus mechanism.
6. Utmost Life and Pensions transaction costs as at 30 September 2020 except for the Secure Cash Investment which is as at 31 March 2020.
7. Clerical Medical transaction costs as at 31 December 2020 except for the UK Tracker Fund which is as at 31 October 2020.
8. Only one remaining member with this legacy provider.