

THE PROCTER & GAMBLE PENSION FUND

APPENDIX II - ANNUAL CHAIR'S STATEMENT (forming part of the Trustee's Report)

Chair's statement regarding the governance of defined contribution arrangements Fund Year - 1 July 2024 to 30 June 2025

1. Introduction

- 1.1. This statement has been prepared by the Trustee of The Procter & Gamble Pension Fund ("the Trustee" and "the Fund" respectively), to report on compliance with governance standards.
- 1.2. The Fund is a hybrid arrangement as it provides both Defined Benefit (DB) and Defined Contribution (DC) benefits.
- 1.3. The governance standards apply to DC arrangements and are designed to help members achieve good outcomes from their pension savings.
- 1.4. This statement covers the Fund year 1 July 2024 to 30 June 2025 ('the Reporting Period').

2. The Fund's DC arrangements

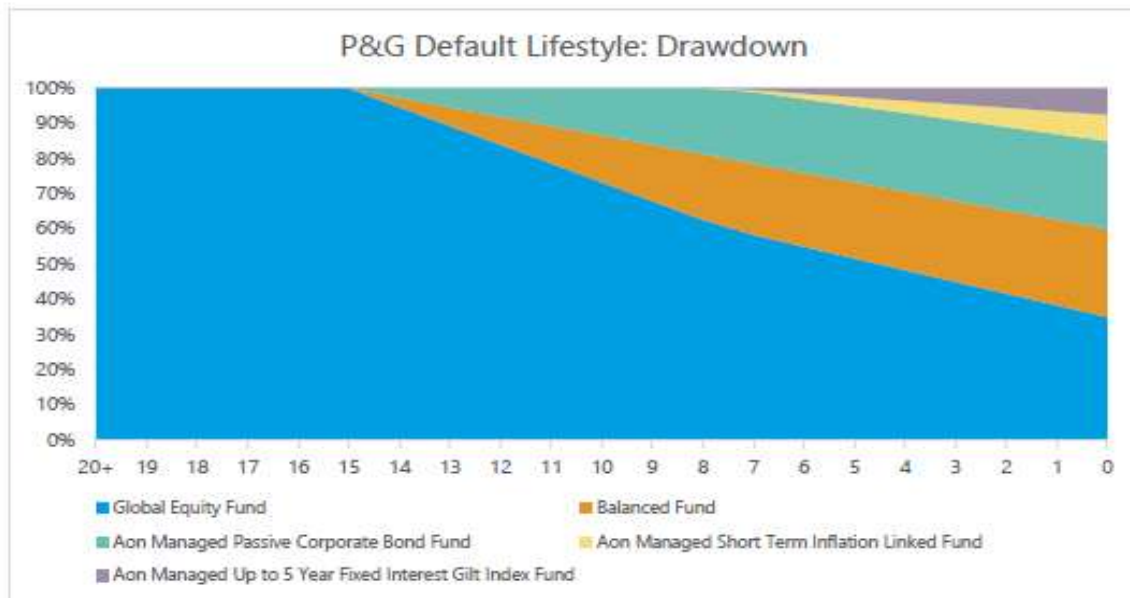
- 2.1. The Fund's DC arrangements comprise:
 - 2.1.1. Main DC Section of the Fund, the GGRP Section and DB Additional Voluntary Contributions (AVCs) are referred to collectively as the 'DC Section'.
 - 2.1.2. AVCs provided through 'bundled' service arrangements (administration, investment and communication services) with Clerical Medical, Phoenix Life and Prudential and referred to collectively as the 'AVC Section'. These provide additional benefits for members of the Defined Benefit Section, (the 'DB Section').
 - 2.1.3. These arrangements are open to future service contributions.
- 2.2. The Principal Employer, Procter & Gamble Limited, uses the Fund as a 'Qualifying Scheme' in order to satisfy its auto-enrolment obligations.

3. Default investment arrangements

- 3.1. For members who are auto-enrolled into the Fund's DC Section and do not make an alternative selection, contributions are invested in the P&G Default Lifestyle: Drawdown ("drawdown" or "the default").
- 3.2. The key features of the default include:
 - 3.2.1. Using a 'lifestyle' strategy to automatically reduce risk/volatility in the years approaching retirement age.
 - 3.2.2. Up until 15 years before a member's retirement age, the default allocates 100% to the Global Equity Fund.
 - 3.2.3. Over the 15 years to a member's retirement age, the default automatically and gradually switches out of the Global Equity Fund into a mixture of different assets targeting greater stability. Investment in the Global Equity Fund reduces to a 35% allocation. This aims to invest members in an appropriate way for them to start flexible access to their benefits.
 - 3.2.4. Details of the default are set out in the attached 'Statement of Investment Principles', dated 12 September 2025. This covers the investment policy in relation to the entire Fund. The document can be found online at <https://www.pg.co.uk/pension-fund-scheme-information/>
 - 3.2.5. A chart to illustrate how member funds are switched is shown below.

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Aim of the default

- 3.3. The Trustee's key aim is to provide members with the potential for growth above the level of inflation during the accumulation of retirement savings through exposure to equities initially and corporate bonds, and then gradually adjust the asset allocation of their investments in the years approaching retirement, to reduce volatility and align with an asset class allocation suited to staying invested in retirement and drawing income using flexible drawdown.

Review of the default

- 3.4. The last full review of the Fund's investment options, including the default, was completed on 14 November 2024. The next full review of the Fund's investments is due to be completed in November 2027.

Alternative Lifestyles

- 3.5. The investment strategy provides members with three additional lifestyles that target portfolios suitable for annuity, cash and income drawdown in retirement with an ESG tilt, as well as a choice of 12 self-select funds.

Ongoing Monitoring

- 3.6. The Trustee and its advisers review the performance of all the funds available to members, including the default fund on a quarterly basis in line with the monitoring framework.

The Trustee's Investment Sub Committee receives quarterly investment reports that include the funds' net performance against their benchmarks, changes to the BW manager ratings and manager updates. These reports are reviewed by the Investment Committee and any concerns raised with the investment manager via Barnett Waddingham.

Asset allocation of the default

- 3.7. We have provided further details in the table below of the underlying asset allocation of the new default investment arrangement. We have provided this information in line with statutory guidance.

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- 3.8. Within the new default investment arrangement, the underlying assets change over time. Asset allocations are shown for members aged 25, 45, 55 and 1 day before retirement age, all assuming retirement at age 65.

Default Investment Arrangement

Asset Class	Allocation (%) 25-year-old	Allocation (%) 45-year-old	Allocation (%) 55-year-old	Allocation (%) 60-year-old	Allocation (%) 65-year-old
Cash	0%	0%	0%	0%	0%
Bonds	0%	0%	20%	37.5%	52.5%
Listed Equities	100%	100%	80%	62.5%	47.5%
Private Equity	0%	0%	0%	0%	0%
Infrastructure	0%	0%	0%	0%	0%
Property/Real Estate	0%	0%	0%	0%	0%
Private Debt/Credit	0%	0%	0%	0%	0%
Other	0%	0%	0%	0%	0%

Source: Aon. The underlying manager data used to calculate exposure to the individual asset classes is at 30 June 2025.

4. Core financial transactions

- 4.1. The Trustee has a duty to ensure that 'core financial transactions' are processed promptly and accurately.
- 4.2. Core financial transactions comprise the following:
- 4.2.1. payment investment of contributions
 - 4.2.2. transfers into and out of the Fund
 - 4.2.3. investment switches within the Fund
 - 4.2.4. payments out of the Fund
- 4.3. Core financial transactions for the DC Section are undertaken by Aon, the administrator.
- 4.4. Core financial transactions for the AVC arrangements are undertaken by Clerical Medical, Prudential and Phoenix Life respectively.

Controls and monitoring arrangements

- 4.5. The controls in place in relation to ensuring the promptness and accuracy of core financial transactions are:
- The Trustee has a Service Level Agreement (SLA) in place with the administrator, Aon. The SLA sets out the timeline standards expected for each of the Fund's main administration tasks, including the core financial transactions.

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Aon - Core financial transaction	Service level
Contribution/allocations	1 working day
Investment switches	in 1 working day
Transfer payments in	3 working days
Transfer payments out	3 working days
Retirement payments out of the Fund	5 working days
Death	20 working days

- 4.5.1. The Trustee receives quarterly reports on performance against the SLA from the administrator and reviews the latest report at each quarterly Governance Sub-Committee meeting. Where necessary, questions are raised to ensure service levels are met. The administration report enables the Trustee to see whether there are any unresolved administration issues each quarter and to clarify what actions are being taken.
- 4.5.2. In terms of accuracy, Aon worked to set controls and processes, including full member reconciliations which were undertaken annually in preparation for the Fund's Annual Report and Accounts. Aon also undertook monthly cash and unit reconciliation, investigating any discrepancies, as well as monitoring bank account overdrafts on a daily basis.
- 4.5.3. An additional measure that helps to monitor the accuracy of core financial transactions is the external audit of the Fund's annual report and accounts.
- 4.5.4. Any material issues uncovered regarding inaccuracies with core financial transactions are included within the administrator's quarterly reporting to the Trustee.

Performance during the Fund year

- 4.6. The Trustee received quarterly reports from the administrator during the Fund year and was satisfied with the performance against the SLA, noting an improvement against the previous administrator, Capita.
- 4.7. Neither the administrator's quarterly reports nor the audit of the annual report and accounts identified material issues with the accuracy of core financial transactions.

Assessment

- 4.8. In view of the controls and monitoring arrangements, and the lack of material issues experienced during the Fund year, the Trustee believes that core financial transactions have been processed promptly and accurately.

5. Member-borne charges and transaction costs

- 5.1. Members bear charges and transaction costs, which will differ depending on the investment options in which their pension savings are invested:
- 5.1.1. Charges: these are expressed as a percentage of the value of a member's holdings within an investment fund, and can be made up of a combination of charges, e.g. annual management charge and additional expenses. We refer to the total annual charge as the Total Expense Ratio (TER).
- 5.1.2. Transaction costs: these relate to the variable costs incurred within an investment fund arising from the trading activities of the fund, e.g. incurred in the buying and selling of securities, which are not accounted for in the TER charge.

Charges in relation to the DC Section

- 5.2. The following table provides details of the charges and transaction costs for each of the investment options provided through the DC Section over the Fund year (data sourced from Aon). For the default, charges

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and transaction costs are shown for members aged 25, 45, 55 and 1 day before retirement age, all assuming retirement at age 65.

Investment option		TER (p.a.)	Transaction costs (p.a.)
	Overall default range	0.10% - 0.11%	-0.01% - 0.01%**
P&G Default Lifestyle Fund: Drawdown* (Default investment arrangement)	Age 25	0.11%	-0.01%**
	Age 45	0.11%	-0.01%**
	Age 55	0.11%	-0.01%**
	1 day before retirement age	0.10%	0.01%
P&G Lifestyle Fund: Cash		0.11% - 0.21%	-0.01% - 0.01%**
P&G Lifestyle Fund: Annuity		0.11% - 0.12%	-0.01% - 0.01%**
ESG Lifestyle Fund: Drawdown		0.10%	-0.01% - 0.01%**
Global Equity Fund		0.11%	-0.01%**
Developed World Equity Fund		0.09%	-0.01%**
ESG Global Equity Fund		0.10%	-0.01%**
BlackRock Emerging Markets Equity Index Fund		0.26%	0.00%
HSBC Islamic Global Equity Index Fund		0.38%	0.00%
Balanced Fund		0.11%	0.00%
Property and Infrastructure Fund		0.21%	0.18%
Pre-Annuity Bond Fund		0.20%	0.00%
Aon Managed Passive Corporate Bond Fund		0.10%	0.01%
BlackRock All Stocks UK Gilt Index Fund		0.09%	0.02%
Aon Managed Short Term Inflation Linked Fund		0.08%	0.06%
Aon Managed Liquidity Fund		0.21%	0.01%

* The charges and transaction costs for the default investment arrangement are calculated as a composite of the underlying fund charges and transaction costs. These fund holdings and therefore also the charges and transaction costs will vary depending upon each member's term to retirement age.

** In certain circumstances, the methodology used for calculating transaction costs (known as slippage) can lead to negative costs being reported. This can be, for example, where other market activity pushes down the price of the asset being traded, whilst the transaction was in progress, resulting in the asset being purchased for a lower price than when the trade was initiated.

Charges in relation to AVCs

5.3. The following table provides details of the charges and transaction costs for each of the investment options provided through the AVC arrangement over the Fund year (data sourced from Clerical Medical, Phoenix Life and Prudential):

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AVC provider	Investment option	TER (p.a.)	Transaction costs (p.a.)
Clerical Medical	Managed Retirement Protection Pension Fund	0.495%	0.06%
	With Profits Single Fund	0.495%	0.24%
	With Profits Regular Fund	0.495%	0.24%
	Cash Pension Fund	0.495%	0.02%
	International Growth Pension Fund	0.495%	0.10%
	UK Equity Tracker Pension Fund	0.495%	0.01%
	Liquidity Pension Fund	0.495%	0.00%
	Non-Equity Pension Fund	0.495%	0.22%
	Balanced Pension Fund	0.495%	0.37%
	Cautious Pension Fund	0.495%	0.04%
Phoenix Life	With-Profits Policy	1.03%	0.06%
	Building Society Account	Not applicable**	Not applicable**
Prudential	Prudential With-Profits Cash Accumulation (WPCA)	Not applicable**	-0.05%***
	Prudential Deposit Fund	Not applicable**	0.00%***

* This fund invests in bank deposits only so incurs no transaction costs.

** There are no explicit charges.

*** This figure relates to the period 1 April 2025 – 30 June 2025 as this is what was provided by Prudential.

Impact of costs and charges

- 5.4. To demonstrate the impact of charges and transaction costs on members' pension savings over time, the Trustee has produced a number of useful illustrations and these are set out in Appendix 1.

6. Net investment returns

- 6.1. The Trustee is required to disclose returns, net of charges and transaction costs, for the default investment arrangement and for each fund that members are able, or were previously able, to select and in which members' assets were invested during the Fund year. When preparing this section of the statement the Trustee has taken account of the relevant statutory guidance.
- 6.2. For the default investment arrangement, the underlying funds used and therefore the net returns changes over time. Net returns are shown over various periods to the end of the Fund year for a member aged 25, 45 and 55 at the start of the period and assuming a retirement age of 65. Some funds were launched in February 2024, so only 1-year performance figures were available.

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Default investment arrangement – P&G Default Lifestyle: Drawdown

Age of member at start of period	Annualised Return –1 year to 30 June 2025
25	7.50%
45	7.50%
55	7.09%
65	6.34%

Self-select funds

Investment fund	Annualised Return 1 year to 30 June 2025	Annualised Return 3 years to 30 June 2025	Annualised Return 5 years to 30 June 2025
P&G Lifestyle Fund: Annuity	-0.66% - 7.50%	N/A	N/A
P&G Lifestyle Fund: Cash	4.70% - 7.50%	N/A	N/A
ESG Lifestyle Fund: Drawdown	5.88% - 6.40%	N/A	N/A
Global Equity Fund	7.5%	N/A	N/A
Developed World Equity Fund	7.5%	N/A	N/A
ESG Global Equity Fund	6.4%	N/A	N/A
BlackRock Emerging Markets Equity Index Fund	6.9%	4.8%	4.4%
HSBC Islamic Global Equity Index Fund	1.3%	15.8%	13.4%
Balanced Fund	6.6%	N/A	N/A
Property and Infrastructure Fund	5.1%	N/A	N/A
Pre-Annuity Bond Fund	0.4%	N/A	N/A
Aon Managed Passive Corporate Bond Fund	5.4%	2.5%	-0.9%
BlackRock All Stocks Gilts Index Fund	1.7%	-3.1%	-6.0%
Aon Managed Short Term Inflation Linked Fund	4.4%	3.9%	4.0%
Aon Managed Liquidity Fund	4.7%	4.3%	2.6%

AVCs

AVC provider	Investment option	Annualised Return 1 year to 30 June 2025	Annualised Return 3 year to 30 June 2025	Annualised Return 5 year to 30 June 2025
Clerical Medical	Managed Retirement Protection Pension Fund	-5.15%	-10.36%	-14.05%
	With Profits Single Fund	6.70%	4.12%	3.72%
	With Profits Regular Fund	6.70%	4.12%	3.72%

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AVC provider	Investment option	Annualised Return 1 year to 30 June 2025	Annualised Return 3 year to 30 June 2025	Annualised Return 5 year to 30 June 2025
	Cash Pension Fund	3.88%	3.47%	2.07%
	International Growth Pension Fund	5.62%	11.88%	12.11%
	International Growth 6 Pension Fund	6.07%	13.76%	14.25%
	International Growth 9 Pension Fund	5.00%	5.71%	5.11%
	UK Equity Tracker Pension Fund	9.65%	10.13%	9.84%
	UK Equity Tracker 6 Pension Fund	9.72%	11.25%	9.24%
	UK Equity Tracker 7 Pension Fund	9.51%	10.60%	9.54%
	Liquidity Pension Fund	1.46%	0.49%	0.29%
	Non-Equity Pension Fund	4.05%	0.93%	0.28%
	Balanced Pension Fund	3.92%	5.19%	5.51%
	Cautious Pension Fund	5.05%	3.95%	3.77%
Phoenix Life	With-Profits Policy	3.19%	1.68%	0.43%
	Building Society Account	7.04%	6.76%	5.34%
Prudential	Prudential With-Profits Cash Accumulation (WPCA)	2.50%	2.20%	1.70%
	Prudential S3 UK Equity Pen Fund	8.90%	8.80%	8.70%
	Prudential Deposit Fund	0.00%	0.00%	0.00%

7. Value for members

- 7.1. The Trustee is required to assess annually the extent to which the charges and transaction costs borne by members represent good value.
- 7.2. Analysis was undertaken by the Trustee's professional advisers, Barnett Waddingham LLP, and the findings set out in a report dated 16 December 2025. The Trustee considered the report and confirmed its value for members assessment.
- 7.3. Recognising that low cost does not necessarily mean good value, the assessment considered whether the services for which members pay or share the costs are suitable for, relevant to and (likely to be) valued by members and whether performance of the services had been effective. Consideration was also made of the costs relative to other options available in the market.
- 7.4. Various investment-related services for which members do not directly bear the costs are nevertheless inextricably linked to creating the environment under which investment returns are delivered, e.g. strategy, monitoring and the investment governance structure, so these were included in the assessment.

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- 7.5. Other services paid for by Procter & Gamble Limited ("the Company") were excluded but nevertheless deliver value to members, e.g. the services of professional advisers and the operation of the Trustee Board, with a duty to act in the best interest of members.

DC Section

- 7.6. In relation to the DC Section, the member-borne charges and transaction costs relate to investment services only. All other charges, including the costs of administration and communication services are met by the Company.
- 7.7. In relation to the investment services, the assessment considered:
- 7.7.1.1. the investment strategy, e.g. the design of the default and range of alternative options
 - 7.7.1.2. the arrangements for monitoring the performance of the investment options and reviewing the investment strategy
 - 7.7.1.3. the investment governance arrangements
- 7.8. The Trustee concluded that the DC Section offers excellent value in relation to the charges and transaction costs borne by members. This overall rating considers an absolute and relative assessment of the Fund.
- 7.9. In reaching this conclusion, the Trustee recognised:
- 7.9.1. A robust investment governance structure is in place as well as an Investment Sub-Committee so the Trustee can give sufficient consideration to investment matters, as required, and report to the full Trustee Board at each meeting.
 - 7.9.2. The Trustee undertake regular monitoring of all investment options with assistance from their DC Section investment advisers, Barnett Waddingham.
 - 7.9.3. Members have access to an investment guide, providing an overview of investment choices.

AVCs

- 7.10. In relation to AVCs, the member-borne charges and transaction costs relate to:
- 7.10.1. investment services
 - 7.10.2. administration services and
 - 7.10.3. communication services
- 7.11. The assessment considered the broad value for members of these services, taking a proportionate approach that reflects the relatively low value of the AVC pension savings concerned.
- 7.12. The Trustee concluded that the AVC arrangements offers reasonable value in relation to the charges and transaction costs borne by members.
- 7.13. In reaching this conclusion, the Trustee recognised:
- 7.13.1. the range of investment options is limited and most options do not provide automatic protection over the years approaching retirement age via a lifestyle strategy
 - 7.13.2. all AVC providers deliver basic administration services
 - 7.13.3. communication services are basic
 - 7.13.4. the costs are broadly in line with AVC arrangements of a similar size and closed nature and there is likely to be limited opportunity for the Trustee to change the service provider

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8. Trustee knowledge and understanding

The Trustee Board

- 8.1. The Trustee Board comprises a sole corporate trustee, Procter & Gamble UK Pension Trustee Limited, with a mixture of both member nominated and Company appointed Trustee Directors. The composition of the Trustee Board demonstrates diversification of skills and experience, with individuals from differing functions within P&G, and with varying lengths of position. P&G is a recognised employer, appreciating diversity in all aspects and these principles are carried through to the Board.

Trustee knowledge and understanding requirements

- 8.2. Trustee Directors are required to be conversant with the Fund's main documents, and have appropriate knowledge and understanding of the law relating to pensions and trusts, the funding of occupational schemes and investment of scheme assets.

Approach

- 8.3. The Trustee Directors aim to remain conversant with the Fund's Trust Deed and Rules as well as all other Fund documents such as the Statement of Investment Principles, the risk register and current policies, e.g. Conflicts of Interest. They do so through their experience in governing the Fund, as well as specific activities over the Fund year and access to professional advice.
- 8.4. The Trustee Directors aim to achieve and maintain knowledge and understanding of the law relating to pensions and trusts, the funding of occupational schemes and investment of Fund assets through a combination of training and taking professional advice.
- 8.5. A training log is maintained by the Fund Secretary in relation to training undertaken.
- 8.6. There is a formal Trustee Director selection process in place and new Directors are required to undertake training at the earliest opportunity after selection. All Trustee Directors have completed the Pension Regulator's toolkit which is an online training resource including modules on pension and trust law.
- 8.7. The Trustee Directors consult with professional advisers as and when required, for example on consultancy, investment and legal matters. The professional advisers are engaged to pro-actively alert the Trustee Directors on relevant changes to pension and trust law. Professional advisers also provide support in relation to understanding and reviewing the Fund's documents; The Fund's appointed advisers provide updates on legislation and delivered training throughout the Fund year.
- 8.8. As a minimum, the Trustee meets four times a year, with Sub Committees also meeting in between to progress actions and monitor the administration, governance and investment performance.

Activities over the Reporting Period

- 8.9. The Trustee implemented a new subcommittee Member Communications & Engagement and rebranded the Cyber, Data & Privacy committee to the Risk Sub-Committee.
- 8.10. Following the administration transition from Capita to Aon, the Trustee undertook a cleanse exercise.
- 8.11. The Trustee scheduled engagement meetings with investment managers to ensure Trustee Directors are up to date with what is going on in the industry with regards to ESG.
- 8.12. In line with legislation, the Trustee has updated the Task Force on Climate-Related Financial Disclosures (TCFD) report to include scope 3 emission data.
- 8.13. The Trustee implemented a process whereby the Trustee will be notified if Aon propose to reject a transfer, if the transfer is over £100,000 or if the transfer is to any overseas pension arrangement.
- 8.14. The Trustee undertook a Trustee Effectiveness Review.

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- 8.15. In May 2025, the Trustee implemented a decision framework to ensure that none of the Trustee's red lines are crossed, in terms of the strategy changes Aon implement to the ESG lifestyle investment arrangement.
- 8.16. The Trustee Directors reviewed the following Fund documents:
- 8.16.1. Terms of reference for each subcommittee.
 - 8.16.2. Risk Register
 - 8.16.3. Knowledge and Understanding Policy, Matrix and Training Plan.
 - 8.16.4. Review of the Suitability of the Aon Master Trust.
 - 8.16.5. Payment Schedule
 - 8.16.6. The Annual Report and Accounts
 - 8.16.7. Supplier Review Policy
 - 8.16.8. Statement of Investment Principles
 - 8.16.9. Implementation Statement
- 8.17. The Trustee Directors received training at meetings over the Fund year on the following topics:
- 8.17.1. Auto Re-enrolments
 - 8.17.2. The General Code
 - 8.17.3. Pension Schemes Bill
 - 8.17.4. Mansion House Accord
 - 8.17.5. The Pensions Review
 - 8.17.6. CDC Developments
 - 8.17.7. PPF 2025/26 Levy Consultation
 - 8.17.8. Inheritance Tax on Pension Death Benefits
- 8.18. During the Fund year, the Trustee Directors took professional advice on:
- 8.18.1. Reviewing the default investment arrangement.
 - 8.18.2. Reviewing the investment changes Clerical Medical made to their AVC funds.
 - 8.18.3. The administration transition from Capita to Aon f Transfers out of the Scheme.
 - 8.18.4. Abolition of the Lifetime Allowance.
 - 8.18.5. Connection to the Pensions Dashboard .
 - 8.18.6. Undertaking the annual value for members assessment.
 - 8.18.7. Disclosure of costs, charges and investments.


Assessment

- 8.19. The Trustee Directors consider that their combined knowledge and understanding, together with their access to professional advice, enables them to properly and effectively exercise their trustee functions in the following ways:
- 8.19.1. The Trustee Directors are able to challenge and question advisers, service providers and other parties effectively

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- 8.19.2. Trustee decisions are made in accordance with the Fund rules and in line with trust law duties
- 8.19.3. The Trustee Directors' decisions are not compromised by such things as conflicts or hospitality arrangements


Alison Smith (Jan 27, 2026 11:44:37 GMT)

Alison Smith, Chair of the Trustee

27/01/2026

Date

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Appendix 1 – Illustrations on the impact of cost and charges

A1.1. To demonstrate the impact of member-borne charges and transaction costs on the value of members' pension savings, the Trustee has produced illustrations in accordance with statutory guidance.

Parameters used for the illustrations

- A1.2. Pot size: pot sizes of £34,000 and £44,000 have been used; these represent the median pot value of an active and deferred member respectively (rounded to the nearest £1,000).
- A1.3. Contributions: illustrations have been provided for active members assuming total regular contributions of 21% (the average for an active member), and for deferred members assuming no future contributions. Illustrations have been provided for the youngest member assuming total regular contributions of 12% (the default contribution rates).
- A1.4. Pensionable salary: a starting pensionable salary of £50,500 has been used as this represents the median (rounded to the nearest £500) of active DC Section members. Pensionable salary is assumed to grow at 2.5% per year.
- A1.5. Timeframe: the illustrations are shown over a 45-, 25- and 15-year time frame as this covers the approximate duration that the youngest, average active and average deferred members respectively would take to reach retirement age.
- A1.6. Investment options: illustrations are provided for the default investment arrangement and the highest and lowest charge self-select funds.

Guidance to the illustrations

- A1.7. For each illustration, the savings pot has been projected twice: firstly for the assumed investment return gross of costs and charges; and secondly for the assumed investment return net of costs and charges.
- A1.8. Projected pot sizes are shown in today's terms, so do not need to be reduced further for the effects of future inflation. Inflation is assumed to remain constant throughout the term of the illustrations, at 2.5% per year. It is for this reason that real growth (after inflation) may be negative.
- A1.9. The real-terms rates of growth used in the illustrations are calculated by reference to the Financial Reporting Council's AS TM1 and as used for benefit statements.
- A1.10. The projected growth rates (gross, i.e. before inflation) as provided by Aon, along with the costs and charges used are as follows:

Fund/Strategy	Assumed return	TER	Transaction costs*
P&G Default Lifestyle: Drawdown	3.4% - 6.0%	0.10% - 0.11%	-0.01% - 0.01%**
Short Term Inflation Linked Fund (lowest charge)	2.0%	0.08%	0.06%
HSBC Islamic Global Equity Index Fund (highest charge)	6.0%	0.38%	0.00%

* The statutory guidance requires trustees to use an average of the last five years' transaction costs (insofar as they are able) when producing the illustrations, however as the funds opened in May 2024, only 1-year figures are available.

** In certain circumstances, the methodology used for calculating transaction costs (known as slippage) can lead to negative costs being reported. This can be, for example, where other market activity pushes down

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the price of the asset being traded, whilst the transaction was in progress, resulting in the asset being purchased for a lower price than when the trade was initiated.

A1.11. Values shown are estimates and not guaranteed.

A1.12. The starting date for the illustrations is 30 June 2025.

A1.13. The illustrations are presented in two different ways:

A1.13.1. For the default, a lifestyle strategy, the illustrations should be read based on the number of years until the member reaches their retirement age. This is because the underlying funds used and therefore the costs and charges change over time and this is reflected in the illustrations.

A1.13.2. For the self-select funds, the illustrations should be read based upon the number of future years that a member expects to be invested in those funds.

Youngest Active member

Years from taking benefits	P&G Default Lifestyle: Drawdown		Short Term Inflation Linked Fund		HSBC Islamic Global Equity Index Fund	
	Starting pot size: £0 Future contributions: 12%		Starting pot size: £0 Future contributions: 12%		Starting pot size: £0 Future contributions: 12%	
	Before charges	After charges	Before charges	After charges	Before charges	After charges
0	£0	£0	£0	£0	£0	£0
1	£2,712	£2,711	£2,660	£2,659	£2,712	£2,707
5	£14,518	£14,484	£13,173	£13,129	£14,518	£14,385
10	£31,691	£31,536	£26,027	£25,856	£31,691	£31,097
15	£52,002	£51,613	£38,571	£38,192	£52,002	£50,512
20	£76,026	£75,250	£50,812	£50,151	£76,026	£73,068
25	£104,441	£103,079	£62,758	£61,743	£104,441	£99,272
30	£138,051	£135,843	£74,414	£72,980	£138,051	£129,714
35	£177,275	£173,894	£85,790	£83,873	£177,805	£165,080
40	£218,760	£213,862	£96,890	£94,432	£224,825	£206,166
45	£260,107	£253,352	£107,723	£104,668	£280,441	£253,898

A1.14. Note on how to read this table: If a new employee began contributing into the default investment option on 30 June 2025, when they came to retire in 45 years the savings pot could grow to £260,107 if no charges are applied but to £253,352 with charges applied.

Average Active member

Years from taking benefits	P&G Default Lifestyle: Drawdown		Short Term Inflation Linked Fund		HSBC Islamic Global Equity Index Fund	
	Starting pot size: £34,000 Future contributions: 21%		Starting pot size: £34,000 Future contributions: 21%		Starting pot size: £34,000 Future contributions: 21%	
	Before charges	After charges	Before charges	After charges	Before charges	After charges
0	£34,000	£34,000	£34,000	£34,000	£34,000	£34,000
1	£45,813	£45,776	£44,283	£44,231	£45,813	£45,668
5	£97,240	£96,919	£84,918	£84,526	£97,240	£96,002
10	£172,040	£170,997	£134,606	£133,504	£172,040	£168,032
15	£259,018	£256,719	£183,094	£180,981	£260,513	£251,712
20	£353,260	£349,055	£230,411	£227,003	£365,158	£348,928
25	£450,526	£443,691	£276,585	£271,615	£488,932	£461,868

THE PROCTER & GAMBLE PENSION FUND

APPENDIX II - ANNUAL CHAIR'S STATEMENT (forming part of the Trustee's Report)

A1.15. Note on how to read this table: If an active member had £34,000 invested in the default investment option on 30 June 2025, when they came to retire in 25 years the savings pot could grow to £450,526 if no charges are applied but to £443,691 with charges applied.

Average Deferred member

Years of investment	P&G Default Lifestyle: Drawdown		Short Term Inflation Linked Fund		HSBC Islamic Global Equity Index Fund	
	Starting pot size: £44,000 Future contributions: No		Starting pot size: £44,000 Future contributions: No		Starting pot size: £44,000 Future contributions: No	
	Before charges	After charges	Before charges	After charges	Before charges	After charges
0	£44,000	£44,000	£44,000	£44,000	£44,000	£44,000
1	£45,502	£45,460	£42,927	£42,927	£45,502	£45,339
5	£51,521	£51,280	£38,890	£38,890	£52,043	£51,117
10	£58,823	£58,261	£34,373	£34,373	£61,556	£59,385
15	£65,474	£64,515	£30,380	£30,380	£72,809	£68,990

A1.16. Note on how to read this table: If a deferred member had £44,000 invested in the default investment option on 30 June 2025, after 15 years of membership the savings pot could grow to £65,474 if no charges are applied but to £64,515 with charges applied.