

# THE PROCTER & GAMBLE PENSION FUND

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## APPENDIX I - IMPLEMENTATION STATEMENT (forming part of the Trustee's Report)

### Implementation Statement ("IS")

#### The Procter and Gamble Pension Fund (the "Fund")

#### Fund Year End – 30 June 2024

The purpose of the Implementation Statement is for us, the Trustee of the Procter and Gamble Pension Fund, to explain what we have done during the year ending 30 June 2024 to achieve our objectives and implement our policies as set out in the Statement of Investment Principles ("SIP"). It includes:

1. A summary of any review and changes made to the SIP over the year;
2. How our policies in the SIP have been followed during the year; and
3. How we have exercised our voting rights or how these rights have been exercised on our behalf, including the use of any proxy voting advisory services.

#### Our conclusion

**Based on the activity we have undertaken during the year, we believe that the policies set out in the SIP have been implemented effectively.**

In our view, the Fund's investment managers were able to disclose good evidence of voting and/or engagement activity, that the activities completed by the managers align with our expectations regarding stewardship of the Fund's assets, and that our voting rights have been exercised effectively on our behalf.

Where managers have been unable to provide the full amount of information or did not provide the information in the format requested, we, along with our investment advisers, are engaging with these managers to set expectations regarding the provision of this data in the future and encourage improvement in future reporting.

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#### Changes to the SIP during the year

We reviewed the SIP during the scheme year and updated it in January 2024 and May 2024.

The changes made included:

- Inclusion of the Fund's policy on illiquid assets;
- Inclusion of updated wording in light of the new guidance around the General Code;
- Updates to include a more comprehensive list of risks the Trustee looks to measure and mitigate against;
- Addition of Barnett Waddingham ("BW") alongside Aon as investment advisers to the Trustee;
- Updates to the Stewardship Policy to reflect the updated guidance released by the Department for Work and Pensions ("DWP");
- Revisions to the investment strategy to reflect the new infrastructure investment, including amendments to the target allocations.

The Fund's latest SIP can be found here: [SIP\\_Signed\\_May\\_2024.pdf](#)

Following the scheme year end, the SIP is undergoing a review to reflect the updated investment strategy for the DC section implemented in May 2024.

An updated SIP that includes the DC investment strategy changes is currently under review and will be published in February 2025.

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### How the policies in the SIP have been followed

The Trustee outlines in the SIP several key objectives and policies. These are noted in *blue* in this report, together with an explanation of how these objectives and policies have been met and adhered to over the course of the year.

#### **Defined Benefit Section Policies**

##### **Ongoing Monitoring**

The Trustee receives regular investment updates from their investment adviser and receive quarterly monitoring reports from the individual investment managers. The Trustee's ongoing monitoring takes different forms, including investment performance monitoring, ad-hoc investment market updates and annual investment risk disclosures.

To measure funding risks, the Trustee receives a quarterly update from their actuarial adviser highlighting the value of the Fund's assets and liabilities. To measure asset risks, the Trustee also receives a quarterly monitoring report from their investment adviser outlining the valuation of all investments held at the end of each quarter. The report provides the performance of these investments over the quarter, on an annual basis and on a 3-year basis. Investment returns are compared with appropriate performance objectives to monitor the relative performance of these investments. The asset allocation is also monitored and compared to the strategic asset allocation set out in the SIP. If the bandwidths outlined in the SIP are breached, then the Trustee discusses and agrees whether or not to rebalance the assets to the Fund's central strategic asset allocation.

##### **Strategy**

As detailed in the SIP, the Fund's investment objective is as follows:

*The Trustee aims to invest the assets of the Fund to ensure that the benefits promised to members are provided. In setting investment strategy, the Trustee considered a range of different asset allocation strategies aimed at achieving a balance between the risk of deterioration in the funding level and the costs and funding requirements of the Fund. The asset allocation strategy has been selected after detailed consultation with the employer.*

An Asset Liability Modelling (ALM) study was presented by the sponsoring employer in early 2023 to assess the current strategy. Based upon the updated results, and after taking advice from Aon, the Trustee agreed to reduce the equity allocation and make a first allocation to index-linked gilts. Following further funding improvements, at the start of the scheme year, the Trustee agreed to further de-risking to improve the interest rate and inflation hedging of the asset strategy through switching assets to longer dated corporate bonds and more index-linked gilts.

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Additionally, throughout the year there have also been discussions between the Trustee's investment advisers and sponsoring employer, regarding how alternative investments could help improve the Fund's risk and return profile and lessen the potential impact of inflation risks, whilst providing an attractive level of return. Based upon this and advice from Aon and the sponsoring employer, the Trustee agreed to reduce the strategic allocation to equities and use the proceeds to make an initial investment in Infrastructure assets. The selected BlackRock Infrastructure fund has steadily called capital over the first half of 2024 and has continued to do so post year-end.

Towards the end of the scheme year, discussions took place between the Trustee and the sponsoring employer regarding opportunities to diversify the equity holdings of the Fund. These discussions were motivated by high concentration risk within global equity markets increasing the volatility of the existing index tracking equity strategies. Following these discussions, and after taking advice from Aon, it was agreed to reduce the overall equity allocation back to target, and move 30% of the total equity allocation into a new equity fund tracking a fundamental index. This change was implemented in April 2024.

#### **Risk**

*The Trustee recognises that the key risk to the Fund is insufficiency of assets to make provisions for 100% of its liabilities ("funding risk"). The Trustee has identified a number of risks which have the potential to cause a deterioration in the Defined Benefit Section's funding level and therefore contribute to funding risk.*

*Having set an investment objective which relates directly to the Fund's liabilities and implemented it using a range of fund managers, the Trustee's policy is to monitor, where possible, these risks quarterly.*

The Trustee reports on the risks associated with the Fund's investments annually in the investment risk disclosure report which accompanies the annual reports and accounts. In this report, the Trustee monitors the risks associated within the Fund's defined benefit investments, concentrating on market risks, credit risk, interest rate risk, and other price risks. Please refer to the "Ongoing Monitoring" section for further details on how risks within the Fund are monitored and reported.



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#### Defined Contribution Section Policies

##### Investment Objective

*In investing the assets, the Trustee's key aim is to provide a range of investments that are suitable for meeting members' long and short-term investment objectives.*

*They have taken into account members' likely circumstances, in particular members' attitudes to risk and a range of terms to retirement.*

*The key objective for the default investment strategy, so far as is reasonably practicable, is to provide a strategy that is suitable for meeting members' long and short-term investment objectives, taking into account members' circumstances.*

Over the course of the scheme year, the Trustee has provided members with a range of investment fund choices. For members who do not wish to make an active investment decision, a default lifestyle arrangement which targets a portfolio suitable for income drawdown in retirement is in place. This lifestyle gradually moves members from predominantly equities to a more diversified portfolio as they approach retirement. In addition, there were two further lifestyle arrangements (targeting annuity purchase and full cash lump sum respectively) and six self-select funds available which members could choose from depending on their risk appetite and if they were comfortable making their own investment decisions. Towards the end of the scheme year, the Trustee moved the DC section's investments on to the Aegon platform and implemented a new investment strategy managed by Aon, and a new default was put in place, targeting drawdown. The lifestyles targeting annuity purchase and cash lump sum were also replaced with new lifestyles. The new investment strategy provides members with an additional lifestyle arrangement (targeting a portfolio suitable for income drawdown in retirement with an ESG tilt) and an improved choice of twelve self-select funds. Given the previous investment strategy was in place for the majority of the scheme year, this statement mostly refers to this strategy.

The Trustee conducted a thorough review of the Fund's membership in 2021, which forms the basis of their understanding of members' attitudes to risk and likely at-retirement aims. This considered the membership's age, salary, contribution levels and term to retirement.

Importantly, this analysis formed the basis of the Trustee's decision to utilise the income drawdown lifestyle as the default investment strategy. Following the end of the scheme year, the Trustee commenced their triennial membership analysis to determine whether the investment strategy is still in line with any changes in members' attitudes to risk and suitable for meeting members' long and short-term investment objectives.

The Trustee has provided members over the course of the scheme year with suitable information so that they can make appropriate investment decisions based on their individual circumstances, including a member guide, access to their account online and members' annual benefit statement. Further information was provided to members prior to the implementation of the new strategy, including notifying members of how their savings would be invested and the new choices available to them.

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#### **Risk Measurement and Management**

*The Trustee recognises the key risk is that members will have insufficient income in retirement or an income that does not meet their expectations.*

*The Trustee also considers the following sources of risk:*

- *Risk of not meeting the reasonable expectations of members, bearing in mind members' contributions and fund choices.*
- *Risk of fund managers not meeting their objectives ("manager risk").*
- *Risk of the default fund being unsuitable for the requirements of some members*
- *The risk of fraud, poor advice or acts of negligence ("operational risk")*
- *Inflation risk: The risk that the investments do not provide a return at least in line with inflation, thus eroding the purchasing power of the retirement savings.*
- *Concentration/market risk: Each investment manager is expected to manage properly diversified portfolios and to spread assets across a number of individual shares and securities.*
- *Currency risk: The Fund may gain exposure to overseas currencies by investing in assets that are denominated in a foreign currency or via currency management.*

On an ongoing basis, the Trustee is comfortable that the complex and interrelated risks associated with running the Fund were monitored and mitigated to a satisfactory degree via:

- The provision of annual benefits statements to members which set out their projected retirement outcomes (based on current fund value and assumptions about future investment returns and inflation).
- Monitoring provided by the investment adviser in relation to assets held in the investment strategy – including results of assessments of the investment manager's forward-looking credentials.
- The diversified nature of the default investment strategy and wider lifestyle and self-select range of vehicles available to members.
- The use of advisers and third-party service providers who are suitably qualified and experienced – and contracts in place with these advisers that include appropriate liability and compensation clauses.

During the scheme year, the Fund's advisers (Aon over the period from July 2023 to January 2024 and BW since January 2024) provided regular updates to the Trustee on areas for potentially increased risk, including difficult market conditions and ongoing geopolitical tensions. This allowed the Trustee to monitor risks over the year and make decisions as to the management of the DC investments.



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#### **DB and DC Section Policies**

#### **Environmental, Social, and Governance (“ESG”) Considerations**

*In setting both the Defined Benefit Section's investment strategy and the Defined Contribution Section's default investment strategy, the Trustee's primary concern is to act in the best financial interests of the Fund and its beneficiaries, seeking the best return that is consistent with a prudent and appropriate level of risk.*

*In this context, 'risk' includes the risk that environmental, social and governance (“ESG”) factors (including climate change) negatively impact the value of investments held if not understood and evaluated properly.*

*The Trustee takes the following steps to monitor and assess ESG related risks and opportunities:*

- *Periodic training on Responsible Investment to understand how ESG factors, including climate change, could impact the Fund's assets and liabilities.*
- *Ask their investment advisers to model the Fund's climate change related financial risks and assess the options available to reduce those risks.*
- *Use ESG ratings information provided by their investment adviser, where relevant and available, to monitor the level of the Fund's investment managers' integration of ESG on a quarterly basis.*
- *Meet annually with each of the Fund's investment managers to understand and challenge the level of ESG integration within the managers' investment processes.*

In light of the increased regulations within the pensions industry relating to ESG considerations, the Trustee has established an ESG Sub Committee. The role of the ESG Sub Committee is to own matters directly relating to ESG considerations and assist the Trustee, to ensure the Fund is compliant with regulatory requirements, such as the Task-force on Climate-related Financial Disclosures (TCFD) framework, as well as support on other framework and guidance.

Over the year, the ESG Sub-Committee has received training from Aon to:

- Understand the broad spectrum of Responsible Investment and trends within the industry;
- Be aware of the regulations and guidance, including the mandatory requirements for Year 2 TCFD reporting;
- Have a high-level understanding of the climate change aspects within the General Code, and how this overlaps with TCFD.

The ESG Sub Committee has been progressing throughout the year towards meeting the TCFD requirements and will be publishing the Fund's second report as part of this year's annual reporting process. The TCFD establishes a set of eleven clear, comparable and consistent recommended disclosures about the risks and opportunities presented by climate change. The increased transparency encouraged through the TCFD recommendations is intended to lead to decision-useful information and therefore better-informed decision-making on climate-related financial risks.

The ESG Sub Committee developed a detailed action plan to meet the TCFD reporting requirements by the relevant deadline.

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As part of the ongoing monitoring, the Trustee also receives quarterly monitoring reports from their investment advisers, which includes an update on the rating of the managers on a variety of criteria. This includes a specific ESG rating to indicate the extent to which the investment advisers' research teams believe ESG matters are integrated into the investment managers' investment process. Aon evaluates levels of ESG integration by one of three descriptors: Limited, Integrated and Advanced. The equity and fixed income portfolios managed by the Fund's investment managers have been assessed as 'Integrated', suggesting that the fund management teams have taken appropriate steps to identify, evaluate and mitigate potential financially material ESG risks within the portfolios. BW evaluates levels of ESG integration by one of the three sustainability ratings: Low Conviction, Acceptable and High Conviction. For the Fund's new DC investments managed by Aon, BW rate the majority of the underlying funds as either Acceptable or High Conviction, are working towards undertaking a formal review and providing a rating for the remaining small subset of funds. Considering this view, the Trustee is satisfied with the extent of ESG integration in the Fund's investments.

The ESG Sub Committee is responsible, on behalf of the Trustee, for the development of the Trustee's stewardship and engagement action plan. In short, this concerns how the Fund can best use its influence from its investments to engage with the companies the Fund is invested in. On an annual basis as a minimum, the Trustee meets with the investment managers to review their stewardship and engagement activities.

With regards to voting and engagement for the Fund's investment managers, both managers identify climate change as one of their key focus areas.

The State Street World ESG Equity Index Fund was available to DC members. This fund, referred to within member documentation as the ESG Equity Fund, seeks to track the performance of the MSCI World ESG Universal Index. For the Fund's new investments, an ESG drawdown lifestyle option and new self-select ESG Equity Fund are available to DC members who wish to invest their pensions in a sustainable way.

### Arrangements with asset managers

*Before appointment of a new investment manager (or fund), the Trustee review the governing documentation associated with the investment and will consider the extent to which it aligns with the Trustee's policies. As the Fund is expected to predominantly invest in passive, pooled vehicles, the Trustee has limited direct influence on the investment holdings, processes and policies in place. Whilst the Trustee will encourage investment managers to improve their practises where possible, they acknowledge that, in practice, managers cannot fully align their strategy and decisions to the (potentially conflicting) policies of all their pooled fund investors.*

*Where investment managers are considered to make decisions that are not in line with the Trustee's policies, expectations, or the other considerations set out above, the Trustee will typically first engage with the investment manager but could ultimately replace the fund(s) in question where this is deemed necessary.*

*There is typically no set duration for arrangements with investment managers, although the continued appointment for all investment managers will be reviewed periodically, and at least every three years.*

### What is stewardship?

Stewardship is investors using their influence over current or potential investees/issuers, policy makers, service providers and other stakeholders to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.

This includes prioritising which ESG issues to focus on, engaging with investees/issuers, and exercising voting rights.

Differing ownership structures means stewardship practices often differ between asset classes.

Source: UN PRI



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Aon's Investment Manager Research ("IMR") Team are responsible for researching, rating and monitoring investment managers across all asset classes. This includes some aspects of the manager's alignment with the Trustee's policies generally, for example, whether the manager is expected to achieve the performance objective and a review of their approach to ESG issues. The IMR Team meet with the managers regularly and receive a quarterly update on the portfolio, performance and any major developments (such as changes to the business).

BW's Manager Research Team ("MRT") is responsible for researching, rating and monitoring investment managers across all asset classes. This research is used by BW to provide ratings and updates to the Trustee for the Fund's DC investments as part of the quarterly monitoring process and at meetings, where required. This includes some aspects of the manager's alignment with the Trustee's policies for the DC section generally, for example, whether the manager is expected to achieve the performance objective and a review of their approach to ESG issues. The MRT receives ongoing updates on the underlying funds' portfolios, performance and any major developments (such as changes to the business).

The awareness regarding potential ESG risks in the investment strategy is also considered as part of monitoring and assigning the overall rating to the fund.

#### **Cost transparency**

*The Trustee is aware of the importance of monitoring their investment managers' total costs and the impact these costs can have on the overall value of the Fund assets. The Trustee recognises that in addition to annual management charges, there are a number of other costs incurred by their investment managers that can increase the overall cost.*

*The Trustee collects annual cost transparency reports covering all of their investments and ask that the investment managers provide this data in line with the appropriate Cost Transparency Initiative ("CTI") template. This allows the Trustee to understand exactly what they are paying their investment managers.*

The Trustee has appointed ClearGlass to provide annual Cost Transparency report to record and analyse the costs incurred by their investment managers for the management of the Fund's assets. The calendar year 2022 cost report was reviewed by the Trustee during the year, with the 2023 report reviewed shortly after year-end.

For the DC Section, the Trustee provides cost information on their investments annually within the Chair's Statement in the Trustee Report & Accounts. The Trustee reviewed the data which included both explicit and implicit costs and charges. As part of a standalone Value for Members assessment, Aon, on behalf of the Trustee, also reviewed the member borne costs against expected charges for a similar sized arrangement, and none appeared to be unreasonable in their view.

Across both DB and DC sections, costs and charges were very low relative to similar pension scheme arrangements. These lower fees are partially driven by Procter & Gamble ("the company") using its global scale to negotiate competitive investment charges with all investment managers used by the Fund.

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Particularly with regard to the DC section, fees within the default arrangement (as measured by the Total Expense Ratio) range from 0.080% to 0.089% p.a., depending on members term to retirement – significantly below the 0.75% charge cap for schemes that are used for auto-enrolling their employees.

#### Our Engagement Action Plan

Based on the work we have done for the IS, we have decided to take the following steps over the next 12 months:

1. State Street Global Advisors (“SSGA”) did not provide any information requested for the Fund’s fixed income fund. The manager informed us that it does not track engagement examples at the fund-level when engagement information was requested. The manager also highlighted that it does not track the “Outcome of Vote” information required in the Pensions and Lifetime Savings Association (“PLSA”) voting questionnaire for its equity funds. We will meet with the manager to better understand their engagement practices and discuss the areas which are behind those of their peers. Given the assets for the DC section have now moved from SSGA, no further action will be taken by BW.
2. BlackRock did not provide engagement data for Global Infrastructure Fund IV. We will meet with the manager to better understand their engagement practices and discuss the areas which are behind those of their peers.
3. We will undertake continued ESG monitoring of our managers.
4. We will undertake an annual review of our investment managers’ Responsible Investment policies to ensure they are in line with our own.

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#### Our managers' voting activity

Good asset stewardship means being aware and active on voting issues, corporate actions and other responsibilities tied to owning a company's stock. We believe that good stewardship is in the members' best interests to promote best practice and encourage investee companies to access opportunities, manage risk appropriately, and protect shareholders' interests. Understanding and monitoring the stewardship that investment managers practice in relation to the Fund's investments is an important factor in deciding whether a manager remains the right choice for the Fund.

Voting rights are attached to listed equity shares, including equities held in multi-asset funds. We expect the Fund's equity-owning investment managers to responsibly exercise their voting rights.

#### Voting statistics

The table below shows the voting statistics for each of the Fund's material funds with voting rights for the year to 30 June 2024.

Section	Funds	Number of resolutions eligible to vote on	% of resolutions voted	% of votes against management	% of votes abstained from
DB	BlackRock - ACWI Equity Index Fund	46,851	97.0%	7.5%	1.5%
	SSGA - All World (ESG Screened) Equity Index Sub-Fund <sup>1</sup>	70,253	96.8%	16.3%	1.1%
DC	SSGA - All World Developed (ESG Screened) Equity Index Fund	30,945	93.2%	12.3%	0.3%
	SSGA - As Of Priced Emerging Markets (ESG Screened) Equity Index Fund	38,608	96.9%	18.3%	1.9%
	SSGA - World ESG Equity Index Fund	21,299	99.2%	7.8%	0.2%

Source: Managers. Please note that the 'abstain' votes noted above are a specific category of vote that has been cast, and are distinct from a non-vote. (1) Redeemed 19 Apr 2024

#### Use of proxy voting advisers

Many investment managers use proxy voting advisers to help them fulfil their stewardship duties. Proxy voting advisers provide recommendations to institutional investors on how to vote at shareholder meetings on various issues. They can also provide voting execution, research, record keeping and other services.

Responsible investors will dedicate time and resources towards making their own informed decisions, rather than solely relying on their adviser's recommendations.

The table below describes how the Fund's managers use proxy voting advisers.

Managers	Description of use of proxy voting adviser(s) (in the managers' own words)
BlackRock	"We use Institutional Shareholder Services' ("ISS") electronic platform to execute our vote instructions, manage client accounts in relation to voting and facilitate client reporting on voting. In certain markets, we work with proxy research firms who apply

#### Why is voting important?

Voting is an essential tool for listed equity investors to communicate their views to a company and input into key business decisions. Resolutions proposed by shareholders increasingly relate to social and environmental issues.

Source: UN PRI

#### Why use a proxy voting adviser?

Outsourcing voting activities to proxy advisers enables managers that invest in thousands of companies to participate in many more votes than they would without their support.



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our proxy voting guidelines to filter out routine or non-contentious proposals and refer to us any meetings where additional research and possibly engagement might be required to inform our voting decision.

BlackRock's proxy voting process is led by the BlackRock Investment Stewardship team (BIS), which consists of three regional teams – Americas ("AMRS"), Asia-Pacific ("APAC"), and Europe, Middle East and Africa ("EMEA") - located in seven offices around the world. The analysts with each team will generally determine how to vote at the meetings of the companies they cover. Voting decisions are made by members of the BlackRock Investment Stewardship team with input from investment colleagues as required, in each case, in accordance with BlackRock's Global Principles and custom market-specific voting guidelines.

While we subscribe to research from the proxy advisory firms ISS and Glass Lewis, it is just one among many inputs into our vote analysis process, and we do not blindly follow their recommendations on how to vote. We primarily use proxy research firms to synthesise corporate governance information and analysis into a concise, easily reviewable format so that our investment stewardship analysts can readily identify and prioritise those companies where our own additional research and engagement would be beneficial. Other sources of information we use include the company's own reporting (such as the proxy statement and the website), our engagement and voting history with the company, and the views of our active investors, public information and ESG research."

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State Street Global Advisors  
(SSGA)

"We use a variety of third-party service providers to support our stewardship activities. Data and analysis from service providers are used as inputs to help inform our position and assist with prioritization. However, all voting decisions and engagement activities are undertaken in accordance with our in-house policies and views, ensuring the interests of our clients remain the sole consideration when discharging our stewardship responsibilities. We have contracted Institutional Shareholder Services ("ISS") to assist us with managing the voting process at shareholder meetings. We use ISS to: (1) act as our proxy voting agent (providing State Street Global Advisors with vote execution and administration services), (2) assist in applying our voting guidelines, (3) provide research and analysis relating to general corporate governance issues and specific proxy items, and (4) provide proxy voting guidelines in limited circumstances. In addition, we also have access to Glass Lewis and region-specific meeting analysis provided by the Institutional Voting Information Service. Research and data provided by these third parties complement our in-house analysis of companies and individual ballot items. All final voting decisions are based on our proxy voting policies and in-house operational guidelines."

Source: *Managers*

#### Significant voting examples

To illustrate the voting activity being carried out on our behalf, we asked the Fund's investment managers to provide a selection of what they consider to be the most significant votes in relation to the Fund's investment strategies. A sample of these significant votes can be found in the appendix.

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#### Our managers' engagement activity

Engagement is when an investor communicates with current (or potential) investee companies (or issuers) to improve their ESG practices, sustainability outcomes or public disclosure.

The table below shows some of the engagement activity carried out by the Fund's material managers. The managers have provided information for the most recent calendar year available. Some of the information provided is at a firm-level i.e. is not necessarily specific to the funds invested in by the Fund.

Section	Funds	Number of engagements		Themes engaged on at a strategy-level
		Fund specific	Firm level	
DB	BlackRock - ACWI Equity Index Fund	2,016		Environment - Climate Risk Management; Water & Waste; Other Company Impacts Social - Human Capital Management; Social Risks/Opportunity; Diversity & Inclusion Governance - Corporate Strategy; Board Composition & Effectiveness; Remuneration
DB	BlackRock - Aquila Life Over 15 Year Corporate Bond Index Fund	59		Environment - Climate Risk Management Social - Human Capital Management Governance - Corporate Strategy; Remuneration; Board Effectiveness - Independence/Oversight
DB	BlackRock - Global Infrastructure Fund IV	Not provided	3,768	Environment* - Climate & Natural Capital Social* - Company Impacts on People Governance* - Board Quality and Effectiveness Strategy, Financial & Reporting* - Strategy & Finance Resilience Other* - Incentives Value Creation
DB	BlackRock - High Quality Long Duration Corporate Bonds (Segregated Mandate)	29		Environment - Climate Risk Management; Other Company Impacts Governance - Board Effectiveness - Independence/Oversight; Sustainability Reporting; Corporate Strategy
DB	BlackRock - Aquila Life All Stocks Corporate Bond Index Fund	228		Environment - Climate Risk Management Social - Human Capital Management Governance - Remuneration; Corporate Strategy; Board Composition & Effectiveness
DB	SSGA - All World (ESG Screened) Equity Index Sub-Fund <sup>1</sup>	558		Social - Shareholder Proposal Governance - Board Refreshment; Board Leadership; Director Time Commitments Strategy, Financial & Reporting - Strategy & Risk & Control
DC	SSGA - All World Developed (ESG Screened) Equity Index Fund	563	788	Environmental - Deforestation and Land Use, Plastics, Packaging Circularity and Waste Management, Shareholder Proposal, Water Management and Aquatic Ecosystems, Climate Transition Plan Stewardship Priorities - Climate-related Reporting, COVID-19, Corporate Culture, Gender Diversity, Human Capital, Racial Equity and Board Accountability Social - Cybersecurity, Human rights, Political, Shareholder Proposal, Supply Chain Management and Safety Compensation - Excessive pay, One-off payments, Overall compensation matters, Remuneration Consultation, Poor Disclosure, Poor structure, Retesting/Repricing and Severance/Golden Parachute Governance - Board Leadership, Board Refreshment, Board Structure, Director Time Commitments, Shareholder Proposal, Shareholder Rights and Succession Issues Strategy - Capital Related and Strategy, Risk and Internal Controls
DC	SSGA - As Of Priced Emerging Markets (ESG	7	788	Environmental - Deforestation and Land Use, General, Water Management and Aquatic Ecosystems and Climate Transition Plan

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Section	Funds	Number of engagements		Themes engaged on at a strategy-level
		Fund specific	Firm level	
	Screened) Equity Index Fund			Stewardship Priorities – Climate-related Reporting, Corporate culture, Gender diversity and Human capital Compensation – Excessive Pay, One-off payments, Overall compensation matters and Poor Structure Strategy - Capital Related, Strategy, Risk and Internal Controls
DC	SSGA – World ESG Equity Index Fund	549		Environmental – Deforestation and Land Use, Plastics, Packaging, Circularity and Waste Management, Shareholder Proposal, Water Management and Aquatic Ecosystems and Climate Transition Plan Stewardship Priorities - Climate-related Reporting, Corporate Culture, Gender Diversity, Human Capital, Racial Equity, COVID -19 and Board Accountability Compensation - Overall compensation matters, Poor Disclosure, Excessive pay, One-off payments, Poor structure, Remuneration Consultation, Retesting/Repricing and Severance/Golden Parachute Governance – Board Refreshment, Board Leadership, Board Structure, Director Time Commitments, Shareholder Proposal, Shareholder Rights and Succession Issues Social – Human Rights, Political, Cybersecurity, Supply Chain Management, Safety and Shareholder Proposal Strategy – Capital Related, Strategy, Risk and Internal Controls
DC	SSGA – Sterling Non-Gilts Bond All Stocks (ESG Screened) Index Fund	Not provided		Not provided

Source: Managers.  
\*BlackRock did not provide strategy-level themes for the Global Infrastructure Fund IV; themes provided are at a firm-level. (1)  
Redeemed 19 Apr 2024.

#### Data limitations

At the time of writing, the following managers did not provide all the information we requested:

- SSGA did not provide any information requested for the Fund's fixed income fund. The manager informed us that it does not track engagement examples at the fund-level when engagement information was requested. The manager also highlighted that it does not track the "Outcome of Vote" information required in the PLSA voting questionnaire for its equity funds.
- BlackRock did not provide engagement data for the Global Infrastructure Fund IV.

This report does not include commentary on certain asset classes such as gilts or cash because of the limited materiality of stewardship to these asset classes. Further, this report does not include the additional voluntary contributions ("AVCs") due to the relatively small proportion of the Fund's assets that are held as AVCs.



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#### Appendix – Significant Voting Examples

In the table below are some significant vote examples provided by the Fund's managers. We consider a significant vote to be one which the manager considers significant. Managers use a wide variety of criteria to determine what they consider a significant vote, some of which are outlined in the examples below:

DB	BlackRock - ACWI Equity Index Fund	Company name	Eicher Motors Limited
		Date of vote	23 August 2023
		Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	Not provided
		Summary of the resolution	Re-elect Siddhartha Vikram Lal as Director
		How you voted?	Votes supporting resolution
		Where you voted against management, did you communicate your intent to the company ahead of the vote?	We endeavour to communicate to companies when we intend to vote against management, either before or just after casting votes in advance of the shareholder meeting. We publish our voting guidelines to help clients and companies understand our thinking on key governance matters that are commonly put to a shareholder vote. They are the benchmark against which we assess a company's approach to corporate governance and the items on the agenda to be voted on at the shareholder meeting. We apply our guidelines pragmatically, taking into account a company's unique circumstances where relevant. Our voting decisions reflect our analysis of company disclosures, third party research and, where relevant, insights from recent and past company engagement and our active investment colleagues.
		Rationale for the voting decision	BlackRock Investment Stewardship supported management's recommendation on the election of the CEO to the board of directors based on the company's responsiveness to shareholder concerns, including its announcement of a review of board and committee composition.
		Outcome of the vote	Pass
		Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome?	BlackRock's approach to corporate governance and stewardship is explained in our Global Principles. Our Global Principles describe our philosophy on stewardship, including how we monitor and engage with companies. These high-level principles are the framework for our more detailed, market-specific voting guidelines. We do not see engagement as one conversation. We have ongoing direct dialogue with companies to explain our views and how we evaluate their actions on relevant ESG issues over time. Where we have concerns that are not addressed by these conversations, we may vote against management for their action or inaction. Where concerns are raised either through voting or during engagement, we monitor developments and assess whether the company has addressed our concerns.
		On which criteria have you assessed this vote to be most significant?	Board quality and effectiveness
DB	SSGA – All World (ESG Screened) Equity Index Sub-Fund	Company name	Amazon.com, Inc.

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		<b>Date of vote</b>	22 May 2024
		<b>Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)</b>	2.54
		<b>Summary of the resolution</b>	Disclose All Material Scope 3 GHG Emissions
		<b>How you voted?</b>	Votes against resolution
		<b>Where you voted against management, did you communicate your intent to the company ahead of the vote?</b>	We do not publicly communicate our vote in advance.
		<b>Rationale for the voting decision</b>	This proposal does not merit support as the company's climate-related disclosures are reasonable.
		<b>Outcome of the vote</b>	Not provided
		<b>Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome?</b>	Where appropriate we will contact the company to explain our voting rationale and conduct further engagement.
		<b>On which criteria have you assessed this vote to be most significant?</b>	SH - Environmental Proposal
DC	SSGA – All World Developed (ESG Screened) Equity Index Fund	<b>Company name</b>	Amazon.com, Inc.
		<b>Date of vote</b>	24-May-2023
		<b>Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)</b>	~2.6%
		<b>Summary of the resolution</b>	Report on Impact of Climate Change Strategy Consistent With Just Transition Guidelines
		<b>How you voted</b>	Abstain
		<b>Where you voted against management, did you communicate your intent to the company ahead of the vote?</b>	SSGA do not publicly communicate their vote in advance.
		<b>Rationale for the voting decision</b>	SSGA did not provide their rationale for the vote against the resolution
		<b>Outcome of the vote</b>	Not provided
		<b>Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome?</b>	Where appropriate SSGA will contact the company to explain their voting rationale and conduct further engagement.
		<b>On which criteria have you assessed this vote to be "most significant"?</b>	SH - Environmental Proposal
DC	SSGA – As Of Priced Emerging Markets (ESG Screened) Equity Index Fund	<b>Company name</b>	OTP Bank Byrt
		<b>Date of vote</b>	26-Apr-24
		<b>Approximate size of fund's/mandate's holding as at</b>	~0.2%

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		the date of the vote (as % of portfolio)	
		Summary of the resolution	Approve Remuneration Policy and Authorise Supervisory Board to Define Remuneration Rules in Details
		How you voted	Against
		Where you voted against management, did you communicate your intent to the company ahead of the vote?	SSGA do not publicly communicate their vote in advance.
		Rationale for the voting decision	This item does not merit support as SSGA has concerns with the proposed remuneration structure for senior executives at the company.
		Outcome of the vote	Not provided
		Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome?	Where appropriate SSGA will contact the company to explain their voting rationale and conduct further engagement.
		On which criteria have you assessed this vote to be "most significant"?	Compensation
DC	SSGA – World ESG Equity Index Fund	Company name	Berkshire Hathaway Inc.
		Date of vote	4-May-24
		Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	~0.6%
		Summary of the resolution	Establish Environmental/Social Issue Board Committee
		How you voted	Against
		Where you voted against management, did you communicate your intent to the company ahead of the vote?	SSGA do not publicly communicate their vote in advance.
		Rationale for the voting decision	This item does not merit support due to concerns with the terms of the proposal.
		Outcome of the vote	Not provided
		Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome?	Where appropriate SSGA will contact the company to explain their voting rationale and conduct further engagement.
		On which criteria have you assessed this vote to be "most significant"?	SH - E&S Proposal

Source: Managers