Procter&Gamble

THE PROCTER & GAMBLE PENSION FUND

(Scheme Reference No. 10002185)

Annual Report and Financial Statements
for the Year Ended 30 June 2023

Contents

The Procter & Gamble Pension Fund
Cobalt 12
Silver Fox Way
Cobalt Business Park
Newcastle upon Tyne
NE27 0QW

Trustee, Executives and Professional Advisers

Trustee
A Smith (Chair effective 1 February 2023) (resigned 1 September 2023)
C D Bragg (resigned Chair 31 January 2023) (resigned 1 September 2023)
Dr C D Leahy (resigned 1 September 2023)
C Millar (Member Nominated Trustee) (resigned 1 September 2023)
L Spearing (Member Nominated Trustee) (resigned 1 September 2023)
R Fleming (Member Nominated Trustee) (resigned 1 September 2023)
J Birch (Member Nominated Trustee) (resigned 1 September 2023)
J Hollows (resigned 1 September 2023)
K Whitham (resigned 1 September 2023)
Procter & Gamble UK Pension Trustee Limited (appointed 1 September 2023)

Trustee movement

On 1 September 2023, all the Trustees were removed from office as Trustees of the Fund and a new Trustee, Procter & Gamble UK Pension Trustee Limited was appointed to the office as the sole corporate trustee of the Fund. Alison Smith was appointed as the initial chair of the board of the New Trustee. All the Trustees who resigned on 1 September 2023 were appointed as Directors of the corporate trustee, having been appointed on 12 July 2023.

Fund Secretary
J Hearn

Investment Adviser
Aon Solutions Limited

Fund Actuary
Robert Mellor FIA
Aon Solutions Limited

Auditor
Deloitte LLP

Legal Adviser
Womble Bond Dickinson LLP

Banker
National Westminster Bank plc

Investment Managers
BlackRock Advisors (UK) Limited
State Street Global Advisors
Utmost Life & Pensions AVCs
Clerical Medical (AVCs)
Phoenix Life (AVCs and annuities)

Custodian
State Street Bank & Trust Company

Administrator

Capita Pension Solutions Limited

Sponsoring Employer
Procter & Gamble Limited

Enquiries about the Annual Report and Financial Statements, the Fund generally, or about an individual's entitlement to benefit should be addressed to the Fund Administrator at the address set out on page 35.

Trustee's Report

The Trustee of the Procter & Gamble Pension Fund has pleasure in presenting their annual report together with the investment report, actuarial statement and certification, summary of contributions, compliance statement and financial statements for the year ended 30 June 2023.

Fund Management

The Fund

The purpose of the Fund is to provide retirement benefits for Fund members and, in the event of a member's death, to provide benefits to their spouse and dependents as prescribed in the Fund Rules. The Fund was established with effect from 29 January 1947 under irrevocable trust. Its provisions are set out in the Definitive Trust Deed and Rules dated 18 January 2013. The Fund is a registered pension scheme under the Finance Act 2004. This means that members, their employers, and the Fund benefit from favourable tax treatment.

The Sponsoring Employer

The Sponsoring Employer is Procter & Gamble Limited, The Heights, Brooklands, Weybridge, Surrey, KT13 0XP (Registered No. 00083758) hereafter known as the "Company".

The Trustee

The Trustee is appointed by Procter & Gamble Limited to have sole responsibility for the management and control of the Fund in accordance with the Rules and the terms of the Pensions Act 2004. Until 21 June 2023 each Trustee serves for an initial period of 5 years and can be re-appointed for further 5-year periods. Member Nominated Trustees are appointed for a period of 2 years and can be re-appointed provided they continue to meet the Member Nominated Trustee criteria. From 22 June 2023, each Member Nominated Trustee or Director will serve for an initial period of 3 years and can be re-appointed for a further period of 3 years, provided they continue to meet the Member Nominated Trustee or Director criteria.

On 1 September 2023, all the current Trustees were removed from office as Trustees of the Fund and a new Trustee, Procter & Gamble UK Pension Trustee Limited was appointed to the office as the sole corporate trustee of the Fund. Alison Smith was appointed as the initial chair of the board of the New Trustee. All the current Trustees are Directors of the corporate trustee, having been appointed on 12 July 2023.

The Fund Secretary is appointed by Procter & Gamble Limited to administer the Fund and maintain its records and Financial Statements under the direction of the Trustee. The Chair of the Investment Committee is appointed by Procter & Gamble Limited to head the Investment Committee which directs the Investment Managers in the investment strategy to be applied to the Fund. One-third of the Trustee board is represented by Member Nominated Trustee/Directors. Company-nominated Director appointments are by selection. There are a number of sub-committees in place, and during the year 29 formal Trustee/committee meetings took place as well as numerous ad-hoc meetings.

The Trustee ensures that members are aware of the provisions of the Fund and as such provide Explanatory Booklets for each section of the Fund. These are available on the Company intranet site – pgone.pg.com > Get Help portal search "pension member guide". If members do not have access to this site, they may request a copy of the booklet from the Fund Administrator at the address set out on page 35.

Fund Advisers

The names of the professional advisers to the Trustee and other individuals and organisations who have acted for or were retained by the Trustee during the year are listed on page 3.

Fund Audit

The Financial Statements have been prepared and audited in accordance with regulations made under sections 41(1) and (6) of the Pensions Act 1995.

Trustee's Report

Financial Development of the Fund

The Financial Statements which are set out on pages 67 to 93 show the financial position of the Fund and have been prepared and audited in accordance with regulations made under Section 41(1) and (6) of the Pensions Act 1995. The Fund's assets decreased by £240m to £3,460m as at 30 June 2023. The decrease comprised a net loss in the value of the investments of £132m and net withdrawals from dealing with members of £108m.

Further details of the changes in the Fund's income and outgoings over the year and the disposition of its assets at the beginning and end of the year, are contained in the Financial Statements. A detailed schedule of the investments held at 30 June 2023 is provided on pages 78 to 81 of this report.

The Financial Statements should be read in conjunction with the Actuarial Certificates, which are presented on pages 61.

GMP Equalisation and Pension Transfers

A supplemental judgement has been issued regarding the impact of GMP equalisation on historic transfers out. The Trustee is aware that the issue will affect historic transfers made from the Fund and are working with their advisers and administrators to identify the impacted transfers and look at next steps.

As soon as this review is finalised and any liability quantified, a communication will be issued to affected members. The Trustee has included a provision of £2.8m in this set of Financial Statements (2022 - £3.5m).

Capita Cyber Incident

Capita Pensions Solutions Limited (Capita) is the administrator of the Procter & Gamble Pension Fund. The Trustee was informed by Capita on 5 April 2023 that Capita experienced a cyber incident following an unauthorised access to Capita's systems on or around 22 March 2023, before being interrupted by Capita on 31 March 2023.

The Trustee was notified by Capita on 17 May 2023 that some personal data relating to a number of members, which Capita processes on behalf of the Trustee, was part of the data exfiltrated as a result of the cyber incident. The Trustee took action to comply with its regulatory obligations, including informing relevant regulators and communicating with affected members. Capita has offered affected members a complimentary subscription to Experian services for a period of 12 months.

Appointment of a new administrator

During the period, the Trustee appointed Aon as the new administrator of the Fund. This followed a detailed in-depth review of the wider pension administration market. They expect Aon's appointment to take effect in 2024.

Trustee's Report

Pension Increases

In April 2023, pensions in payment within the Procter & Gamble and Duracell sections of the Fund (other than those in respect of service transferred in from certain acquired pension funds) were increased on an annual basis by 5% for pensions accrued before 6 April 1997 and 5% for pensions accrued between 6 April 1997 and 5 April 2005. Pensions accrued after 5 April 2005 within the Procter & Gamble section were increased by 5% and within the Duracell section were increased by 5%. These increases were discretionary in respect of pensions accrued prior to 6 April 1997. Pensions which had been in payment for less than a year were increased by smaller amounts.

Pensions in payment within the Gillette Group Retirement section of the Fund are increased, in accordance with the Gillette Group Retirement section rules, in line with the Retail Prices Index (RPI).

Within the Wella section of the Fund, pensions in payment for members who joined the Plan prior to 17 May 1994 are increased in line with the RPI each January, subject to a minimum of 3% and a maximum of 5% in any year in respect of service to 6 March 2001. For service after 6 March 2001, the pension increased in line with RPI up to 5% p.a. For members who joined the Plan after 17 May 1994 that part of the pension exceeding the Guaranteed Minimum Pension (GMP) is increased in line with RPI up to a maximum of 5%.

With effect from 1 July 2023, all pensions in payment within the GUK Section (other than GMP's and pensions from AVC's) were increased by 5%. The increase was paid in accordance with the Rules of the GUK Section which provide for pensions to be increased each 1 July at the rate of 5% or the rate of inflation (measured in accordance with the rise in the RPI during the year ended with the preceding 30 April), whichever is the lower.

There were no discretionary increases in the Gillette or Wella sections.

During the year, deferred benefits were increased in accordance with legislative requirements.

Data Protection

The General Data Protection Regulation ("GDPR") is a regulation by the European Parliament intended to strengthen and unify data protection for all individuals within the EU. It also addresses the export of personal data outside of the EU. GDPR came into force from 25 May 2018 and the Trustee worked with its advisers to formulate its GDPR policy so that it was compliant. The Trustee communicated with members on this matter in December 2018.

From 1 January 2021, the UK GDPR came into effect which will run alongside the DPA 2018, and the EU GDPR to which all EU nations remain subject, and this includes where Capita operate in the EU. This ensures that we have adequate provision for the safe processing of data in the UK and in the EU/EEA.

Our obligations under the UK GDPR are fundamentally the same as our obligations under the EU GDPR and we continue to remain subject to UK Data Protection laws.

Trustee's Report

Membership Statistics

At 30 June 2023, the Fund had 3,047 members in service, 7,309 pensioners and 11,080 former employees with entitlement to deferred benefits under the pension preservation provisions of the Pension Schemes Act 1993.

The changes in membership during the year were as follows:

		Defined Benefit	Defined Contribution	Total
Members in service				
At 30 June 2022		817	2,110	2,927
Adjustments*		**-**	**7**	**7**
Add:	New members – auto enrolled	**-**	**492**	**492**
Less:	Retirements	**(47)**	**(3)**	**(50)**
	Leavers - with deferred benefit	**(16)**	**(282)**	**(298)**
	Deaths	**(1)**	**(1)**	**(2)**
	Opt outs	**-**	**(14)**	**(14)**
	Transfers out	**(1)**	**(14)**	**(15)**
At 30 June 2023**		**752**	**2,295**	**3,047**
Pensioners (including widows and dependants)				
At 30 June 2022		7,259	-	7,259
Adjustments*		**3**	**-**	**3**
Add:	Retirements	**267**	**-**	**267**
	New widows and dependants	**77**	**-**	**77**
Less:	Deceased/ceased pensioners, widows & dependants	**(279)**	**-**	**(279)**
	Pensions ceased or suspended	**(18)**	**-**	**(18)**
At 30 June 2023***		**7,309**	**-**	**7,309**
Deferred Pensioners				
At 30 June 2022		7,335	3,927	11,262
Adjustments*		**-**	**-**	**-**
Add:	Leavers with qualifying service	**16**	**282**	**298**
Less:	Transfers to other funds and arrangements/refunds	**(16)**	**(200)**	**(216)**
	Commutations	**(7)**	**(12)**	**(19)**
	Retirements	**(213)**	**-**	**(213)**
	Deaths	**(15)**	**(1)**	**(16)**
	COMP movements	**-**	**(16)**	**(16)**
At 30 June 2023		**7,100**	**3,980**	**11,080**
Total Membership as at 30 June 2023**		**15,161**	**6,275**	**21,436**

* Adjustments have been made due to late notification of changes in status by members.

** Total figures include 10 DB Cash Opt Out Active members.

*** 480 members (2022: 517) have their pensions wholly or partly funded by an annuity policy with Phoenix Life.

Trustee's Report

Contributions to the Fund

From 1 July 2015, company standard contributions to the former P&G Section of the Fund were set at 28.7% of pensionable salaries. From 1 September 2018 these contributions ceased.

From 1 July 2015, employer contributions to the former GUK section ceased.

Last Triennial Valuation

The Fund Rules require that an actuarial valuation of the Fund be made by the Fund Actuary at least once every three years. An actuarial valuation was performed on the Fund as at 30 June 2020. A subsequent Schedule of Contributions was certified on 30 June 2023.

Changes to the Fund Rules during the Year

There have been no changes to the Fund Rules during the Year.

Guarantees

The Fund benefits from a guarantee provided by The Gillette Company LLC (a US group company) which will, under certain circumstances, pay the liabilities due to the Fund by the UK employing companies.

Summary Funding Statement

A valuation of the Fund is carried out every 3 years to compare the assets held by the Fund against the value of the total benefits promised to members.

The most recent valuation of the Fund took place as at 30 June 2022, revealing an excess of £592 million of assets compared to the technical provisions. The technical provisions are the target level of assets which the Trustee and the Company decide is appropriate to meet the promised benefits.

The funding position at 30 June 2022 was as follows:

Fund's assets	£3,431 million
Value of benefits promised to members	£3,839 million
Excess	£592 million
Funding level	120.9%

Trustee's Report

Transfer Values

All transfer values paid and received were calculated in accordance with the methods and assumptions approved by the Trustee and offered at the full cash equivalent of early leavers' rights in the Fund. Calculations do not make allowance for any discretionary benefits. Transfers into and out of the Fund are shown in the Membership Statistics and the monetary values involved are shown in the Financial Statements (pages 67 to 68).

Tax Status

The Fund was an exempt approved pension scheme under the Income and Corporation Taxes Act 1988 and is a registered pension scheme under the Finance Act 2004 and to the Trustee's knowledge, there is no reason why registration would be prejudiced or withdrawn.

Summary of Contributions

During the year ended 30 June 2023 the contributions payable to the Fund by the employer under the 29 September 2021 Schedule of Contributions (for the Defined Benefit section) and Fund Rules and recommendations of the Actuary (for the Defined Contribution section) were as follows:

	Total 2023 £'000
Employer – Defined Benefit Other	**-**
Employer – Defined Contribution normal	**12,077**
Members – Defined Benefit normal	**6**
Members – Defined Contribution normal	**33**
Employer – Defined Benefit salary sacrifice	**21**
Employer – Defined Contribution salary sacrifice	**6,133**
Employer – Contributions paid into Escrow	**-**
Contributions payable under the Schedule of Contributions/Fund Rules and recommendations of the Actuary	**18,270**
Employer – Defined Benefit augmentations	**926**
Employer – Defined Benefit - other	**1,218**
Employer – Defined Contribution augmentations	**97**
Members – Defined Benefit additional voluntary	**1,853**
Members – Defined Contribution additional voluntary	**1,418**
Less: Employer – Contributions paid into Escrow	**-**
Total contributions payable to the Fund in the year and as reported in the Fund Account	**23,782**

Defined Benefit sections

Contributions payable to the Defined Benefit section of the Fund account during the year ended 30 June 2023 have in all material respects been paid at least in accordance with the Schedule of Contributions certified on 29 September 2021.

Defined Contribution Section

Contributions payable to the Defined Contribution section of the Fund during the year ended 30 June 2023 have in all material respects been paid at least in accordance with the Schedule of Contributions and the Fund Rules and recommendations of the Actuary.

Investment Matters

Overview

The Trustee, with the assistance of their appointed investment adviser, determine the overall investment strategy for the Fund and set out the broad policy to be adopted by each of the appointed fund managers.

Investment Managers

The names of those who have managed the Fund's investments during the year are listed on page 3. The Trustee has delegated the day-to-day management of investment to their appointed fund managers. A written agreement between the Trustee and each manager sets out the terms on which the manager will act.

The managers' duties include the consideration of social, environmental, or ethical issues in their voting and corporate governance in relation to the Fund's assets. The Trustee has a policy which sets out their approach to Responsible Investment which can be found in the Statement of Investment Principles. The Trustee has met with the investment managers and reviewed their policies on these issues. The Trustee believes that the policies adopted by the managers are consistent with their own views.

Defined Contribution investments are managed by State Street Global Advisors. Defined Benefit investments are managed by BlackRock Advisors (UK) Limited and State Street Global Advisors.

Investment Principles

In accordance with Section 35 of the Pensions Act 1995, the Trustee has prepared a Statement of Investment Principles. A copy of the Statement is provided on pages 94 to 109 of this Report. This Statement may change from time to time according to advice received from the investment managers or consultants.

Departures from Investment Principles

To the best of their knowledge, the Trustee can report that there has not been any departure from the Statement of Investment Principles 'the Statement' by the Fund's investment managers during the year ended 30 June 2023.

Custodial Arrangements

The Trustee has appointed State Street Bank and Trust Company as custodian of the former P&G Section's assets. The fees for custody are included within the classification of the fees charged by the investment managers as described above. This is a legacy arrangement from previous years when the former P&G Section held direct investments. The former GUK Section has been invested entirely in pooled fund units for at least the last 15 years (i.e. prior to The Procter & Gamble Co acquiring Gillette) and has not used a separate custodian during that period.

Employer-related Investments

Employer-related investments are disclosed in note 19 on page 90.

Task Force on Climate-related Financial Disclosures (TCFD)

The Trustee published its first TCFD report which covers the period from 1st July 2022 to 30 June 2023.

A copy of the report can be viewed and downloaded on the Procter & Gamble Pension Fund website at the following address: https://portal.hartlinkonline.co.uk/procterandgamble where the report can be found under Menu/Scheme Communications/Scheme Information.

Trustee's Report

Asset Allocation

The Fund's asset allocation is set by the Statement of Investment Principles agreed with the Sponsoring Employer and approved by the Trustee Board on 18 September 2020. The tables below highlight the targets set by the Statement of Investment Principles for each type of asset in proportion to the total investment assets held by each section of the Fund at 30 June 2023.

	Target Allocation of Investment Assets	Investment Assets
	%	%
State Street (former GUK Section)		
Equity	**22**	**23**
Bonds	**78**	**77**
BlackRock (former P&G Defined Benefit Section)		
Equity	**44**	**43**
Bonds	**56**	**57**

Review of Investment Performance

The following tables indicate the annualised performance of the Fund's invested assets over one, three and five years.

Defined Benefit Section	**1 year %**	**3 year % (p.a.)**	**5 year % (p.a.)**
Managed Pension Funds All World Equity Index	**11.76**	**10.12**	**9.21**
Managed Pension Funds UK Conventional Gilts > 15 years Index	**(24.85)**	**(19.77)**	**(7.88)**
Managed Pension Funds UK Index Linked Gilt Nov 2047 Index	**N/A**	**N/A**	**N/A**
Managed Pension Funds UK Index Linked Gilt Mar 2050 Index	**N/A**	**N/A**	**N/A**
Managed Pension Funds Sterling Non-Gilts All Stock Index	**(7.00)**	**(6.24)**	**(1.42)**
Blackrock Aquila ACWI Equity Index Fund B	**11.63**	**10.22**	**9.23**
Blackrock MSCI Equity Index Fund B Russia	**N/A**	**N/A**	**N/A**
BlackRock Aquila Life Corporate Bond Index	**(7.03)**	**(6.30)**	**(1.49)**
BlackRock Aquila Life Over 15 Year Corporate Bond Index	**(13.72)**	**(13.58)**	**(4.16)**
BlackRock Aquila Life 2040 Gilt Fund	**(18.14)**	**(14.36)**	**(5.04)**
BlackRock Aquila Life Over 15 Year Gilt Index TRM	**(24.82)**	**(19.71)**	**(7.82)**

Defined Contribution Section	**1 year %**	**3 year % (p.a.)**	**5 year % (p.a.)**
Procter & Gamble			
Managed Pension Funds ESG Equity Index Sub-Fund	**13.21**	**10.94**	**N/A**
Managed Pension Funds UK Index Linked Gilts Over 5 Years Index Sub-Fund	**(18.98)**	**(14.51)**	**N/A**
Managed Pension Fund Sterling Non-Gilts Bond All Stocks Index Sub-Fund	**(6.89)**	**(6.38)**	**N/A**
Managed Pension Fund Emerging Markets Equity Index Sub Fund	**(6.37)**	**(0.56)**	**N/A**
Managed Pension Fund Sterling Liquidity Sub-Fund	**3.23**	**1.18**	**N/A**
Managed Pension Fund All World Developed Equity Index Sub-Fund	**13.66**	**11.11**	**N/A**
Duracell UK Pension Plan			
UK Screened Index Equity Sub-Fund	**7.16**	**8.50**	**2.28**
North America Screened Index Equity Sub-Fund	**14.08**	**12.88**	**12.74**
Europe ex UK Screened Index Equity Sub-Fund	**18.86**	**9.49**	**7.28**
Japan Screened Index Equity Sub-Fund	**12.76**	**4.85**	**3.99**
Asia Pacific ex Japan Screened Index Equity Sub-Fund	**2.35**	**5.23**	**3.2**
MPF UK Conventional Gilts Over 15 Years Index Sub-Fund	**(24.85)**	**(19.77)**	**(7.88)**
Sterling Non-Gilts Bond Over 15 Years Screened Index Sub-Fund	**(13.38)**	**(13.00)**	**(3.97)**

The inception date for the MPF World ESG Equity Index Sub-Fund was 3 January 2020. For all other funds the inception date was 12 April 2019. No overall performance for the Defined Contribution Section is given, as members can chose their own portfolio from the above funds and so each member will have an individual performance figure relevant to them.

Investment Risk Disclosures

Further details on the investment strategy, objectives and investment risks are disclosed in note 18 on pages 84 to 89.

Implementation Statement ("IS")

The Procter & Gamble Pension Fund (the "Fund")

Fund Year End – 30 June 2023

The purpose of the Implementation Statement is for us, the Trustees of the Procter & Gamble Pension Fund, to explain what we have done during the year ending 30 June 2023 to achieve certain policies and objectives 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 adviser, are engaging with these managers to set expectations regarding the provision of this data in the future and encourage improvement in future reporting.

Changes to the SIP during the year

We reviewed the SIP during the year and updated it in May 2023.

The changes made included:

- Updates to the target weightings and allocation ranges to reflect changes in the strategy;
- Inclusion of new fixed interest gilt and index-linked gilt funds within the Implementation section.

The Fund's latest SIP can be found here:

https://portal.hartlinkonline.co.uk/procterandgamble/hopl.chi/wui/schinfui.html?hopsess=rc9ptroqtpt9dqpt45alvojkxd4zpm0y

How the policies in the SIP have been followed

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

To measure funding risks, the Trustees receive a quarterly update from their actuarial adviser highlighting the value of the Fund's assets and liabilities. To measure asset risks, the Trustees also receive 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 Trustees discuss and agree 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 Trustees aim to invest the assets of the Fund to ensure that the benefits promised to members are provided. In setting investment strategy, the Trustees 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 late 2020 considering a range of alternative investment strategies. Based upon this study, in the near-term, the Trustees agreed to restructure the bond portfolio by switching some of the fixed government bonds to high quality corporate bonds. The first phase of the implementation of this restructure was completed in early 2022. The implementation continued this year with further allocations to high quality corporate bonds completed in Q4 2022 and Q1 2023, with the Q4 trades partly funded through rebalancing an overweight to equity within the strategy at that time.

In light of funding improvement over 2022, the sponsoring employer updated their ALM study in early 2023 to assess the current strategy. Based upon the updated results, the Trustees agreed to reduce the equity allocation and make a first allocation to index-linked gilts. This action was in line with the previously agreed a longer-term strategy glidepath for the Fund, that will see the Fund's strategy gradually de-risk over time by reducing the allocation to equities and corporate bonds and increasing the allocation to index-linked gilts. The move to a more bonds-based strategy in time reflects the expected maturing of the Fund and a desire to gradually move to a lower risk strategy. Following further funding improvements, shortly after year-end, the Trustees 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.

Additionally, throughout the year there have also been discussions between the Trustees' 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 the Trustees' investment advisers and sponsoring employer, the Trustees agreed to reduce the strategic allocation to equities and use the proceeds to make an initial investment in Infrastructure assets which is expected to be funded in H1 2024.

Risk

The Trustees recognise that the key risk to the Fund is insufficiency of assets to make provisions for 100% of its liabilities ("funding risk"). The Trustees have 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 Trustees' policy is to monitor, where possible, these risks quarterly.

The Trustees report 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 Trustees monitor 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.

Defined Contribution Section Policies

Investment Objective

In investing the assets, the Trustees' 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.

The Trustees have provided members over the course of the year 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 are two further lifestyle arrangements (targeting annuity purchase and full cash lump sum respectively) and six self-select funds available which members can choose from depending on their risk appetite and if they are comfortable making their own investment decisions.

The Trustees 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 Trustees' decision to utilise the income drawdown vehicle as the default investment strategy.

The Trustees have provided members over the course of the year with suitable information so that they can make the appropriate investment decisions, including a member guide, access to their account online and members' annual benefit statement.

Risk Measurement and Management

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

The Trustees also consider 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")*

The Trustees concluded their triennial investment strategy review during the course of the Fund year. As part of this review, consideration was given to each of the risks set out above and concluded that the investment strategy continues to appropriately mitigate these risks.

Trustee's Report

Implementation Statement

On an ongoing basis, the Trustees are 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 year, Aon provided regular updates to the Trustees on areas for potentially increased risk, including difficult market conditions and ongoing geopolitical tensions. This allowed to the Trustees to monitor risks over the year and make decisions as to the management of the DC investments.

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 Trustees' 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 Trustees take 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 Trustees have established an ESG Sub Committee. The role of the ESG Sub Committee is to own matters directly relating to ESG considerations and assist the Trustees, 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.

The ESG Sub Committee has been progressing throughout the year towards meeting the TCFD requirements and has published the Fund's first 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.

Over the year, the Trustees and the ESG Sub-Committee arranged for Aon to conduct climate change scenario analysis and produce climate Value at Risk metrics. These exercises help the Trustees to better understand the potential impact of climate related risks on the Fund and has also been utilised in the first TCFD reporting.

As part of the ongoing monitoring, the Trustees also receive quarterly monitoring reports from their investment adviser, which includes an update on the rating of the manager on a variety of criteria. This includes a specific ESG rating to indicate the extent to which the investment adviser's research team believe ESG matters are integrated into the investment manager's investment process. The investment adviser 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. Considering this view, the Trustees are satisfied with the extent of ESG integration in the Fund's investments.

The ESG Sub Committee is responsible, on behalf of the Trustees, for the development of the Trustees' 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 Trustees meet with the investment managers to review their stewardship and engagement activities. Additionally, these meetings are used for the Trustees to discuss their beliefs and priorities on ESG, with the aim to ensure that where possible in the pooled investment funds held by the Fund, the Trustees' priorities are reflected in the investment managers' actions.

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

The State Street World ESG Equity Index Fund is 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. It has been made available for those members who wish to invest their pensions in a sustainable or responsible manner.

Arrangements with asset managers

Before appointment of a new investment manager (or fund), the Trustees review the governing documentation associated with the investment and will consider the extent to which it aligns with the Trustees' policies. As the Fund is expected to predominantly invest in passive, pooled vehicles, the Trustees have limited direct influence on the investment holdings, processes and policies in place. Whilst the Trustees 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 Trustees' policies, expectations, or the other considerations set out above, the Trustees 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.

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 Trustees' policies generally, for example, whether the manager is expected to

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

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).

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 Trustees are 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 Trustees recognise 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 Trustees collect 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 Trustees to understand exactly what they are paying their investment managers.

The Trustees have 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 2021 cost report was reviewed by the Trustees during the year, with the 2022 report reviewed shortly after year-end.

For the DC Section, the Trustees provide cost information on their investments annually within the Chair's Statement in the Trustee Report & Accounts. The Trustees 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 Trustees, 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.

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 non-equity funds. Additionally, the manager informed us that it does not track engagement examples at the fund-level when engagement information was requested in respect of the non-equity funds, although this was provided for the equity funds. SSGA also highlighted that it does not track the "Outcome of Vote" information required in the PLSA voting template.

   Given that Climate Change is one of the critical factors we consider while analysing the risks of ESG factors, our investment adviser, Aon, engaged with SSGA, requesting climate-related voting examples. However, the manager noted that it was not able to provide '*bespoke material for one unitholder not shared or released to all*' as this '*would make it foul to selective disclosures*'.

   SSGA did note that this had been flagged internally for review. Our investment adviser will continue to engage with SSGA through its Engagement Programme, and has added this, in addition to the points noted above, as specific points of engagement.

2. BlackRock initially did not provide the full level of detail requested in relation to significant votes cast at a strategy level through the Pensions and Lifetime Savings Association's ("PLSA") best-practice template.

   Our investment adviser engaged with BlackRock, requesting climate-related voting examples with full details as set out in the PLSA template. Following this engagement, the manager did provide the necessary voting examples, which we appreciate. However, the details of the examples were advised as available via the manager's voting bulletins only and were not provided directly in respect of our investments held with the manager.

   Additionally, while the manager provided a comprehensive list of fund-level engagement, which we find encouraging, these examples did not give as much detail as required by the Investment Consultants Sustainability Working Group ("ICSWG") best-practice industry standard.

3. We will continue to undertake regular, detailed 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.

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.

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

Voting statistics

The table below shows the voting statistics for each of the Fund's underlying investment strategies with voting rights for the year to 30 June 2023.

Section	Funds	Number of resolutions eligible to vote on	% of resolutions voted	% of votes against management	% of votes abstained from
DB	SSGA – All World (ESG Screened) Equity Index Sub-Fund	63,967	96.2%	14.4%	1.2%
DB	BlackRock – ACWI Equity Index Fund	46,866	98.0%	8.0%	1.0%
DC	SSGA – All World Developed (ESG Screened) Equity Index Fund	29,674	94.5%	10.8%	0.3%
DC	SSGA – Emerging Markets (ESG Screened) Equity Index Fund	34,293	97.7%	17.5%	2.1%
DC	SSGA – World ESG Equity Index Fund	21,455	99.5%	8.5%	0.3%

Source: Managers

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 issues such as climate change, executive pay and board composition. 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.

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.

	Description of use of proxy voting advisers *Wording provided directly by each manager*
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."
BlackRock	"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."

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. Given the large number of examples provided for each strategy, we have disclosed samples of these significant votes that align with what we view to be the critical ESG factors affecting the Scheme i.e. climate and engagements where the voting decision made aligns with the outcome, and potential follow-on engagements which can be found in the appendix.

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. Good engagement identifies relevant ESG issues, sets objectives, tracks results, maps escalation strategies and incorporates findings into investment decision-making.

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 strategy invested in by the Fund.

Section	Funds	Number of engagements Fund specific	 Firm level	Themes engaged on at a strategy-level
DB	BlackRock – ACWI Equity Index Fund	2,421		Environmental - Climate Risk Management Governance - Board Composition and Effectiveness, Business Oversight/Risk Management, Corporate Strategy, Remuneration, Sustainability Reporting, Governance Structure Social - Diversity and Inclusion, Human Capital Management
DB	BlackRock – Aquila Life All Stocks Corporate Bond Index Fund	238		Environmental - Climate Risk Management Governance - Board Composition and Effectiveness, Business Oversight/Risk Management, Corporate Strategy, Remuneration, Sustainability Reporting Social - Human Capital Management, Social Risks and Opportunities
DB	BlackRock – Aquila Life Over 15 Year Corporate Bond Index Fund	72	3,886	Environment - Biodiversity, Other company impacts on the environment Governance - Board Composition and Effectiveness, Business Oversight/Risk Management, Corporate Strategy, Remuneration, Sustainability Reporting Social - Human Capital Management, Social Risks and Opportunities
DB	BlackRock – High Quality Long Duration Corporate Bonds (Segregated Mandate)	26		Environment - Climate Risk Management, Operational Sustainability Governance - Corporate Strategy, Business Oversight/Risk Management, Remuneration, Board Composition and Effectiveness Social - Human Capital Management, Social Risks and Opportunities
DB	SSGA – All World (ESG Screened) Equity Index Sub-Fund	606		Stewardship Priorities - Climate-related Reporting, Gender Diversity, Human Capital, Racial Equity Compensation - Overall compensation matters Governance - Board Leadership, Board Refreshment Social - Shareholder Proposal Strategy - Strategy, Risk and Internal Controls
DB	SSGA – Sterling Non-Gilts Bond All Stocks (ESG Screened) Index Sub-Fund	*Not provided*	980	*Not provided*
DC	SSGA – All World Developed (ESG Screened) Equity Index Fund	599		Environmental - Climate Transition Plan Stewardship Priorities - Climate-related Reporting, Gender Diversity, Human Capital, Racial Equity Social - Shareholder Proposal Compensation - Overall compensation matters Governance - Board Refreshment Strategy - Strategy & Risk & Internal Controls

Section	Funds	Number of engagements		Themes engaged on at a strategy-level
		Fund specific	Firm level	
DC	SSGA – Emerging Markets (ESG Screened) Equity Index Fund	8		Environmental - Deforestation and Land Use, General Social - Human Rights Strategy - Capital Related, Strategy Risk and Internal Controls
DC	SSGA – World ESG Equity Index Fund	566	980	Stewardship Priorities - Climate-related Reporting, Gender Diversity, Human Capital, Racial Equity Compensation - Overall compensation matters Governance - Board Refreshment Social - Shareholder Proposal Strategy - Strategy, Risk and Internal Controls
DC	SSGA – Sterling Non-Gilts Bond All Stocks (ESG Screened) Index Fund	*Not provided*		*Not provided*

Source: Managers

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 investment in its non-equity funds. Additionally, the manager informed us that it does not track engagement case examples at a fund-level when this information was requested in respect of non-equity funds. The manager also highlighted that it does not track the "Outcome of Vote" information required in the PLSA voting questionnaire.

- BlackRock provided voting examples in line with what we view to be critical ESG factors, however, the details of the examples were available via the manager's voting bulletins only and were not provided directly by BlackRock in respect of our investments held with the manager.

  Additionally, the engagement examples provided by BlackRock did not give as much detail as required by the ICSWG best-practice industry standard.

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.

Appendix – Significant Voting Examples

In the table below are some significant vote examples provided by the Fund's manager. 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.

Wording provided directly by managers.

DB	**SSGA – All World (ESG Screened) Equity Index Sub-Fund**	**Company name**	Microsoft Corporation
		Date of vote	13-Dec-2022
		Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	~4.2%
		Summary of the resolution	Assess and Report on the Company's Retirement Funds' Management of Systemic Climate Risk.
		How you voted	Against
		Where you voted against management, did you communicate your intent to the company ahead of the vote?	We do not publicly communicate our vote in advance.
		Rationale for the voting decision	This proposal merits support as the company's disclosure and/or practices related to climate change are reasonable.
		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 we will contact the company to explain our voting rationale and conduct further engagement.
		On which criteria have you assessed this vote to be "most significant"?	SH - Environmental Proposal
DB	**BlackRock – ACWI Equity Index Fund**	**Company name**	Chevron Corporation
		Date of vote	31-May-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	Shareholder Proposal Regarding Issuance of a Report on Efforts to Reduce Plastics Use.
		How you voted	Against shareholder proposal
		Where you voted against management, did you communicate your intent to the company ahead of the vote?	BIS has had multiyear engagements with Chevron during which we have discussed a range of corporate governance topics that, in our assessment, are important for long-term financial value creation, including board composition, corporate strategy, human capital management as well as the board's oversight of and management's approach to climate-related risk and opportunities.
		Rationale for the voting decision	BIS did not support this shareholder proposal because the company has already taken actions that address the proponent's request given that they incorporate scope 3 emissions into their aforementioned PCI metric. Further, complying with the specific ask of the shareholder proposal

			may be unduly constraining on management's ability to set the company's long-term business strategy.
		Outcome of the vote	Fail
		Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome?	Chevron's 2022 corporate sustainability report clearly highlights the company's strategic approach to its risk management and low-carbon transition opportunities, including investing $2 billion in carbon reduction projects and $8 billion in lower carbon investments by 2028. Accordingly, we did not support the shareholder proposal as it was not aligned with our clients' financial interests as long-term investors.
		On which criteria have you assessed this vote to be "most significant"?	As investors we find it helpful to be able to evaluate companies' assessments of their emissions across their value chain, or scope 3 emissions, where appropriate, and efforts to reduce them over time. A growing number of companies have started disclosing scope 3 emissions estimates, which provide important insight into the full carbon component of companies' goods and services. This further allows investors to evaluate the long-term risks and resilience of companies' value chains. However, we recognize that the methodology, accounting, assurance, and regulatory landscape for scope 3 emissions is complex, varied, and evolving, and understand that the scope 3 disclosures that companies are able to make will necessarily be on a good faith and best-efforts basis.
DC	**SSGA – All World Developed (ESG Screened) Equity Index Fund**	**Company name**	Amazon.com, Inc.
		Date of vote	24-May-2023
		Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	~2.1%
		Summary of the resolution	Establish a Public Policy Committee
		How you voted	Against
		Where you voted against management, did you communicate your intent to the company ahead of the vote?	We do not publicly communicate our 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 we will contact the company to explain our voting rationale and conduct further engagement.
		On which criteria have you assessed this vote to be "most significant"?	SH - E&S Proposal
DC	**SSGA – Emerging Markets (ESG Screened) Equity Index Fund**	**Company name**	Naspers Ltd.
		Date of vote	25-Aug-2022
		Approximate size of fund's/mandate's holding as at	~0.6%

		the date of the vote (as % of portfolio)	
		Summary of the resolution	Approve Implementation Report of the Remuneration Report.
		How you voted	Against
		Where you voted against management, did you communicate your intent to the company ahead of the vote?	We do not publicly communicate our 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 we will contact the company to explain our 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**	Tesla, Inc.
		Date of vote	4-Aug-2022
		Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	~0.9%
		Summary of the resolution	Report on Corporate Climate Lobbying in line with Paris Agreement.
		How you voted	For
		Where you voted against management, did you communicate your intent to the company ahead of the vote?	We do not publicly communicate our vote in advance.
		Rationale for the voting decision	This proposal merits support as the company's disclosure and/or practices related to climate change can be improved.
		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 we will contact the company to explain our voting rationale and conduct further engagement.
		On which criteria have you assessed this vote to be "most significant"?	SH - Environmental Proposal

Source: Managers

Compliance Matters

The purpose of this section is to provide information, which is required to be disclosed in accordance with Schedule 3 of the Occupational Pension Schemes (Disclosure of Information) Regulations 1996 or voluntarily by the Trustee. The information deals with matters of administrative routine.

Transfer Values

Transfer values are calculated and verified as required under the provisions of the Pension Schemes Act 1993.

Taxation

The Fund is a registered pension scheme under Chapter 2 of part 4 of the Finance Act 2004.

Related Party Transactions

Details of the related party transactions are given in note 23 to the financial statements.

Queries & Problems

The Trustee aims to ensure that the Fund is administered and managed to high standards, but it is possible that there may be times when members are unhappy about some matter relating to the Fund and their benefits. Any query should be initially referred to the pension administrators. Most queries can normally be quickly resolved without the need for the formal procedures laid down in the Pensions Act 1995 to come into play.

The following are included to satisfy the Disclosure Regulations of the Pensions Act 1995.

Internal Dispute Resolution Procedures (IDRP)

These are a set of procedures for resolving complaints or disputes about matters relating to the Fund for which the Trustee is responsible and should only be used after other avenues have failed.

The IDRP consists of two stages. Under the first stage, complaints are fully considered, and a decision made by the appointed person.

The second stage is an appeal procedure. If members are not satisfied with the first stage, they can apply directly to the Trustee to reconsider the decision. A decision under either stage must normally be made within 2 months.

Complaints and appeals must be made in an appropriate manner. Special forms are available from the administrators or the Secretary to the Trustee, at the address shown on page 35. If members are unable to make the complaint themselves, they can nominate someone else as their representative to make it for them. These procedures do not apply to complaints or disputes between employees and the Company or between the Company and the Trustee. They also do not apply to complaints or disputes where court proceedings have started or disputes which are being investigated by the Pensions Ombudsman. Members will normally be expected to use the IDRP before the Pensions Ombudsman will consider their case.

Trustee's Report

Compliance Matters

MoneyHelper

The Money and Pensions Service (MaPS) was created in 2019 as a single body to bring together the services previously delivered by The Pensions Advisory Service (TPAS), the Money Advice Service and Pension Wise, providing information to the public on matters relating to workplace and personal pensions. With effect from 30 June 2021 MaPS has been re-branded as MoneyHelper but still offers all the same services.

Address: 120 Holborn
London, EC1N 2TD

Telephone: 0800 011 3797

Email: contact@maps.org.uk

Website: www.moneyhelper.org.uk

Pension Ombudsman

The Pensions Ombudsman will assist members and beneficiaries of the Fund in connection with difficulties which they have failed to resolve with the Trustee or Administrator of the Fund and may investigate and determine any complaint or dispute of fact or law in relation to an occupational pension scheme.

The Pensions Ombudsman
1st Floor, 10 South Colonnade
Canary Wharf, London E14 4PU

Tel: 0800 917 4487

Early resolution email: helpline@pensions-ombudsman.org.uk

Email: enquiries@pensions-ombudsman.org.uk

Website: www.pensions-ombudsman.org.uk

The Pensions Regulator (TPR)

The Fund has been registered with The Pensions Regulator (TPR) with effect from 6 April 2005. TPR is empowered to intervene in the running of pension funds where trustee, employers or professional advisers fail to carry out their duties. If you need to contact TPR, the address is:

The Pensions Regulator
Napier House, Trafalgar Terrace
Brighton, East Sussex BN1 4DW

Tel: 0345 600 1011

Email: customersupport@tpr.gov.uk

Website: www.thepensionsregulator.gov.uk

Pension Tracing

A pension tracing service is carried out by the Department for Work and Pensions (DWP). This service can be contacted as follows:

Pension Tracing Service
The Pension Service 9, Mail Handling Site A,
Wolverhampton WV98 1LU

Tel: 0800 731 0193

Website: www.gov.uk/find-lost-pension

Trustee's Report

Compliance Matters

P&G Pensions Contacts

The Fund Secretary can be contacted at:

Procter & Gamble UK
Cobalt 12
Cobalt Business Park
Silver Fox Way
Newcastle upon Tyne NE27 0QW

Tel: 0191 297 6677

Specific queries relating to member's individual benefits should be addressed to the Administrator of the Fund, who may be contacted as follows:

Capita Pension Solutions Limited
PO Box 555, Stead House
Darlington DL1 9YT

Tel: 0800 090 2523

Email: p&gpensions@capita.co.uk

Statement of Trustee’s Responsibilities

The financial statements, which are prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including the Financial Reporting Standard applicable in the UK (FRS 102), is the responsibility of the Trustee. Pension Scheme regulations require, and the Trustee are responsible for ensuring, that those financial statements:

- show a true and fair view of the financial transactions of the Fund during the Fund year and of the amount and disposition at the end of that year of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Fund year; and
- contain the information specified in the Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including making a statement whether the financial statements have been prepared in accordance with the relevant financial reporting framework applicable to occupational pension schemes.

In discharging the above responsibilities, the Trustee is responsible for selecting suitable accounting policies, to be applied consistently, making any estimates and judgments on a prudent and reasonable basis, and for the preparing of the financial statements on a going concern basis unless it is inappropriate to presume that the fund will not be wound up.

The Trustee is also responsible for making available certain other information about the Fund in the form of an annual report.

The Trustee is have a general responsibility for ensuring that adequate accounting records are kept and for taking such steps as are reasonably open to them to safeguard the assets of the Fund and to prevent and detect fraud and other irregularities, including the maintenance of an appropriate system of internal control.

The Trustee is responsible for the maintenance and integrity of the corporate and financial information included on the Fund’s website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Trustee’s Responsibilities in Respect of Contributions

The Trustee is responsible under pensions legislation for preparing, maintaining and from time to time reviewing and, if necessary, revising a Schedule of Contributions showing the rates of contributions payable towards the Fund by or on behalf of the Employer and the active members of the Fund and the dates on or before which such contributions are to be paid.

The Trustee is also responsible for keeping records in respect of contributions received in respect of any active member of the Fund and for adopting risk-based processes to monitor whether contributions are made to the Fund by the Employer in accordance with the Schedule of Contributions. Where breaches of the Schedule of Contributions occur, the Trustee is required by the Pensions Acts 1995 and 2004 to consider making reports to The Pensions Regulator and the members.

Report on Actuarial Liabilities

Under Section 224 of the Pensions Act 2004, every scheme is subject to the Statutory Funding Objective, which is to have sufficient and appropriate assets to cover its technical provisions. The technical provisions represent the present value of the benefits members are entitled to based on pensionable service to the valuation date, assessed using the assumptions agreed between the Trustee and the Employer and set out in the Statement of Funding Principles, which is available to Fund members on request.

The most recent full actuarial valuation of the Fund was carried out as at 30 June 2022. This showed that on that date:

The value of the Technical Provisions was:	£2,839 million
The value of the assets at that date was:	£3,431 million

The method and significant actuarial assumptions used to determine the Technical Provisions are as follows (all assumptions adopted are set out in the Appendix to the Statement of Funding Principles):

Method

The actuarial method to be used in the calculation of the Technical Provisions is the Projected Unit Method.

Significant Actuarial Assumptions

Discount interest rate: Gilt yield curve + 2.7% p.a. pre-retirement and gilt yield curve + 1.3% p.a. post-retirement.

Future Retail Price inflation: Break-even approach implied from the fixed interest and index linked gilt yield curves less 0.1% p.a. for the Inflation Risk Premium.

Future Consumer Price inflation: RPI inflation less 0.7% p.a.

Salary Inflation: CPI inflation

Post-retirement mortality assumption – base table: S3PA tables with best-estimate scaling factors derived from experience analysis combined with postcode analysis.

Post-retirement mortality assumption – projection: CMI_2019 with the default parameters except with S-kappa equal to 7.0 and A equal to 0.5, with a long-term improvement rate of 1.5% p.a.

Contact for Further Information

Any enquiries or complaints about the Fund, including requests from individuals for information about their benefits or Fund documentation, should be sent to:

Capita Pension Solutions Limited
PO Box 555
Stead House
Darlington DL1 9YT

p&gpensions@capita.com

Approval of the Trustee's Report

This Trustee's Report was approved by the Trustee of the Procter & Gamble Pension Fund on 31-Jan-2024 …………………………………………….. and signed on their behalf by:

Alison Smith
Alison Smith (Jan 31, 2024 13:43 GMT)
……………………………………………………………………………

Director

Date: 31-Jan-2024 ………………………………………………

Laura Spearing
Laura Spearing (Jan 31, 2024 13:27 GMT)
……………………………………………………………………………

Director

Date: 31-Jan-2024 ………………………………………………

Chair's Statement

Annual Chair's Statement - DC Section, GGRP top up section and AVC arrangements - Year ended 30 June 2023

The Occupational Pension Schemes (Scheme Administration) Regulations 1996 ('the Administration Regulations') require the Trustees to prepare an annual statement regarding governance and include this in the annual Trustees 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. The Administration Regulations apply to the Procter & Gamble Pension Fund ('the Fund') DC pension arrangements and aim to help members achieve a good outcome from their retirement savings. The Fund's DC arrangements include the Defined Contribution sections (DC Section and GGRP top up section) and Additional Voluntary Contributions ('AVCs') paid by members of the Fund's defined benefit ('DB') Section.

This statement issued by the Trustees covers the period from 1 July 2022 to 30 June 2023 ('the Fund year') and is signed on behalf of the Trustees by the Chair.

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

1. The Default arrangements
2. Net investment returns
3. Member borne charges and transaction costs
    i. Default arrangements
    ii. Alternative lifestyle strategy and self-select funds
    iii. Additional Voluntary Contributions
    iv. Illustrations of the cumulative effect of these costs and charges
4. Value for Members assessment
5. Processing of core financial transactions
6. Trustees' knowledge and understanding

1. The Default Arrangements

The Trustees are required to design the default arrangement in members' interests and keep it under review. The Trustees need 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 Scheme's membership.

The Fund is used as a Qualifying Scheme for automatic enrolment purposes.

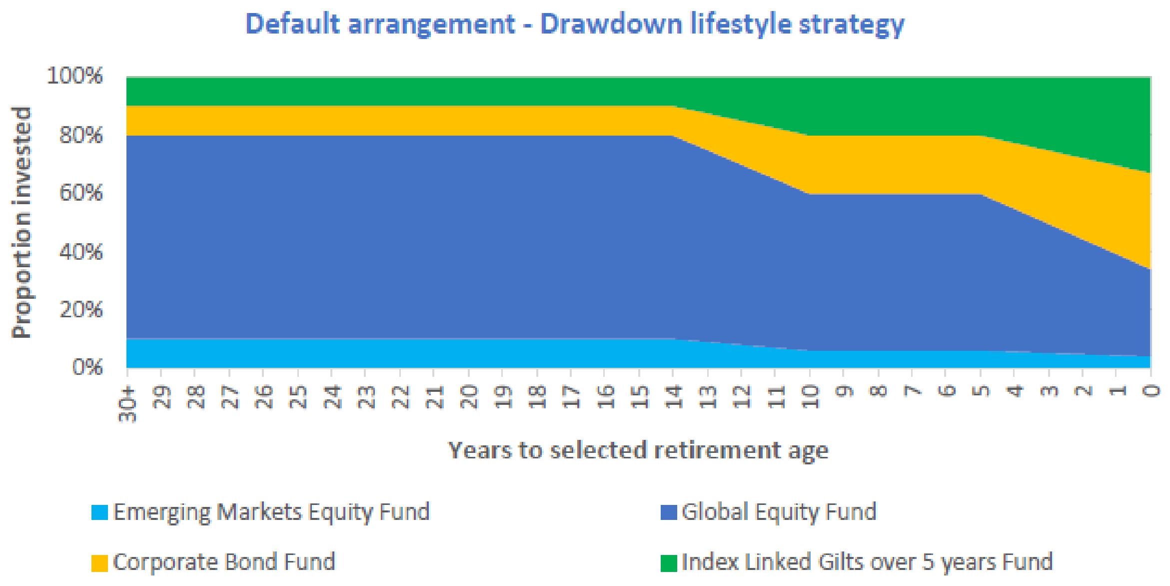
This statement is accompanied by the Fund's Statement of Investment Principles (SIP) prepared by the Trustees, which governs decisions about investments in the default arrangements, along with their aims and objectives. The key objective for the default investment strategies, so far as is reasonably practicable, is to provide strategies that are suitable for meeting members' long and short-term investment objectives, taking into account member's circumstances.

The aims and objectives of the SIP were taken into account for the investment strategy and performance review described below.

Default arrangement for members who do not make an alternative investment choice

For members who do not make an active investment choice, their contributions are invested in the primary default arrangement. This arrangement is also available to members who do make an active investment choice.

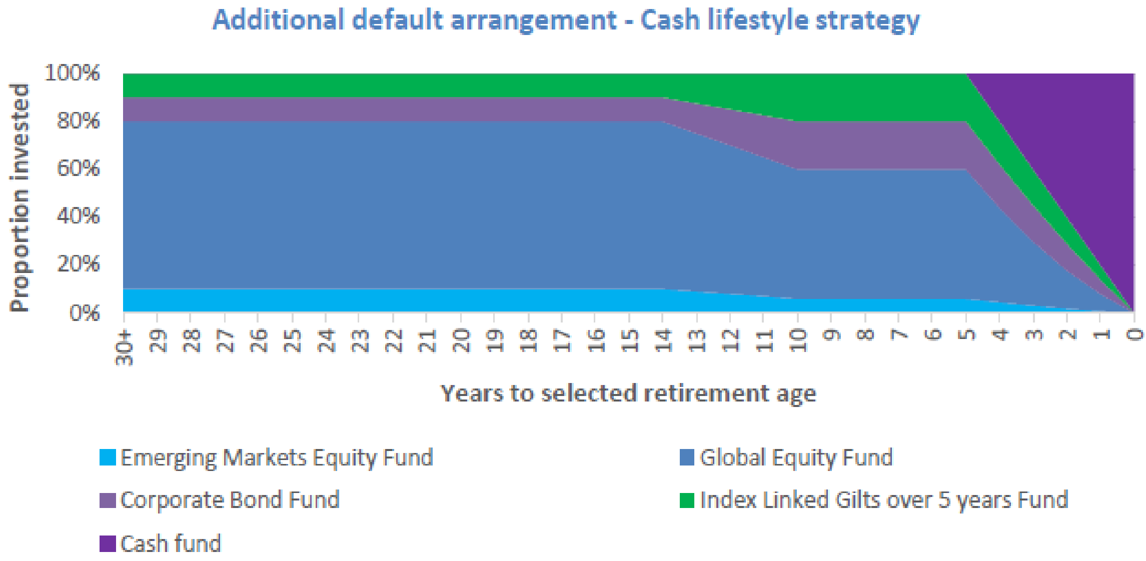
The primary default arrangement is the Drawdown lifestyle strategy, which aims to be appropriate for members who will leave their savings invested and draw a regular or flexible income in retirement. A lifestyle strategy automatically switches where members' funds are invested as they approach their selected retirement age. A chart to illustrate how members funds are switched is shown below:



This arrangement is invested in 80% in equities (70% in the Global Equity Fund and 10% in the Emerging Markets Equity fund) and 20% in fixed interest investments (10% in the Corporate Bond fund and 10% in the Index-linked Over 5 years Gilt fund) until 14 years before a member's retirement date. At this point, and for the next 4 years, a portion of the equity investments are gradually switched into the fixed interest funds such that at 10 years before a member's retirement date the default is invested 60% in equities and 40% in fixed interest investments. The investment split remains unchanged until the final 5 years before a member's retirement date, at which point there is a further gradual switch of equity investments to fixed interest investments such that at a member's normal retirement date, the default is invested 40% in equities and 60% in fixed interest investments.

Additional default arrangement

A second default arrangement was created in respect of AVCs which were switched within the Fund. This additional default arrangement is the Cash lifestyle strategy, which aims to be appropriate for members who to access their savings as one or more Cash lump sums over a relatively short time period in retirement. A chart to illustrate how members funds are switched is shown below:



This additional default arrangement is invested in exactly the same way as the primary default arrangement until a point 5 years from a member's normal retirement age. At this point the investments are gradually switched from a 60% equity and 40% fixed interest allocation to the Cash fund, such that they are invested 100% in the Cash fund at a member's normal retirement age.

Investment strategy review

The default arrangement was not formally reviewed during the period covered by this statement. The last review was completed on 28 September 2021.

As part of the review, membership demographic analysis was undertaken to understand the current Fund membership and to assess projected retirement outcomes. This information was taken into account as part of the decision-making process on the suitability of the current design.

The Trustees concluded that the current investment design, including the default remained appropriate for the membership. There are a number of areas for further consideration in the future which includes: Environmental, Social and Governance integration within the default strategy, investment styles as alternatives to "market cap" style passive investments, and wider geographic and duration exposure in fixed income assets.

The Trustees undertake a formal review of the default arrangement every 3 years. The next formal review is due to take place by 27 September 2024.

Performance Monitoring

Performance of all funds is monitored on a quarterly basis by the Trustees who, among other things, track performance against the respective fund benchmarks as well as performance in absolute terms for a member invested in the primary default arrangement.

In broad terms, performance was consistent with the stated aims and objectives for the funds over the year.

2. Net investment returns

The Trustees are required to report on net investment returns for each default arrangement and for each non-default fund which scheme members were invested in during the scheme year. Net investment return refers to the returns on funds minus all member-borne transaction costs and charges.

The net investment returns have been prepared having regard to statutory guidance.

It is important to note that past performance is not a guarantee of future performance.

(i) Default arrangement – Drawdown Lifestyle

Performance to 30 June 2023	**Annualised returns (%)**
Age of member in 2023	1 year
25	6.0
45	6.0
55	1.3

Source: State Street

(ii) Default arrangement – Cash Lifestyle

Performance to 30 June 2023	**Annualised returns (%)**
Age of member in 2023	1 year
25	6.0
45	6.0
55	1.3

(iii) Additional Lifestyle arrangement – Annuity Lifestyle

Performance to 30 June 2023	**Annualised returns (%)**
Age of member in 2023	1 year
25	6.0
45	6.0
55	1.3

Fund performance covering a five-year period has not been reported within the default investment arrangements or additional lifestyle arrangement as changes to underlying strategies over the longer reporting periods means the underlying date is unavailable.

(iv) Self-select investment funds

Performance to 30 June 2023	Annualised returns (%)	
Fund name	1 year	3 years (p.a.)
SSGA Emerging Markets Equity Index	-6.4	0.6
SSGA All World Developed Equity Index	13.7	11.1
SSGA Sterling Non-Gilts Bonds All Stocks Index	-6.9	-6.4
SSGA UK Index Linked Gilts Over 5 Years Index	-19.0	-14.5
SSGA Sterling Liquidity	3.2	1.2
World ESG Equity Index	13.2	10.9

Source: State Street

Performance covering a five-year period has not been reported as, the funds were only established in April 2019, and it is therefore not available.

(v) Additional Voluntary contributions

Clerical Medical

Performance to 30 June 2023	Annualised returns (%)	
Fund name	1 year	5 years (p.a.)
Clerical Medical Cash Pension	2.2	0.4
Clerical Medical International Growth Pension	9.8	7.9
Clerical Medical UK Growth Pension	7.4	0.0
Clerical Medical Balanced Pension	1.3	1.3
Clerical Medical Far Eastern Pension	-2.4	1.9
Clerical Medical UK Equity Income Pension	7.4	0.2
Clerical Medical European Pension	18.0	5.7
Clerical Medical UK Equity Tracker Pension	8.0	2.3
Clerical Medical North American Pension	10.4	11.3
Clerical Medical Cautious Pension	-1.7	0.0
Clerical Medical Non-Equity Pension	-7.2	-0.8
Clerical Medical With Profits Fund	n/a	n/a

Source: Clerical Medical as at 30 June 2023.

Prudential

Performance to 30 June 2023	Annualised returns (%)	
Fund name	1 year	5 years
Prudential With-Profits Fund	1.5	1.2
Prudential Deposit Account	0.0	0.0
Prudential UK Equity	5.8	1.2

Source: Prudential

Phoenix Life

Performance to 30 June 2023	Annualised returns (%)	
Fund name	1 year	5 years
Phoenix Building Society Account*	6.0	4.0
Phoenix With Profits	-5.9	-0.6

Source: Phoenix Life

*Net investment returns for the Building Society Account are based on the interest rates declared over this period.

3. Member Borne Charges and Transaction costs

The Trustees 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 Scheme'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 Trustees are also required to confirm that the total costs and charges paid by any member in the default arrangement have not exceeded 0.75% p,a, (the charge cap) and produce an illustration of the cumulative effect of the overall costs and charges on members' retirement fund values as required by the Occupational Pension Schemes (Administration and Disclosure) (Amendment) Regulations 2018.

Administration costs are met by the Company which significantly reduces the explicit costs incurred by members. The Trustees regularly monitor the level of charges borne by members through the funds as described above.

The information in this section has been provided by Aon and State Street Global Advisors (SSGA) with the exception of the charges set out in section 3(v) which have been sourced from the respective AVC providers.

DC Section, GGRP section and new AVC option – current investment choices

(i) Primary default arrangement – Drawdown Lifestyle

The Drawdown Lifestyle has been set up as a lifestyle arrangement which means that member's assets are automatically moved between different investment fund as they approach their target retirement date.

Years to retirement	TER (% p.a.)	Transaction Costs (% p.a.)	Total Costs (% p.a.)
14+	0.089	0.030	0.119
13	0.087	0.032	0.119
12	0.086	0.034	0.120
11	0.084	0.036	0.120
5-10	0.083	0.038	0.121
4	0.082	0.041	0.123
3	0.082	0.043	0.125
2	0.081	0.046	0.127
1	0.081	0.049	0.129
0	0.080	0.051	0.132

The TER that a member paid over the year depends on their term to retirement, as shown in the line chart below. The TER ranges from 0.080% p.a to 0.089% p.a, which is within the 0.75% p.a charge cap for schemes that are used for auto-enrolling their employees.

Additional default arrangement – Cash Lifestyle

The Cash Lifestyle has been set up as a lifestyle arrangement which means that member's assets are automatically moved between different investment fund as they approach their target retirement date.

The TER that a member paid over the year depends on their term to retirement. The TER ranges from 0.083% to 0.100% p.a, which is within the 0.75% p.a charge cap for schemes that are used for auto-enrolling their employees.

Years to retirement	TER (% p.a.)	Transaction Costs (% p.a.)	Total Costs (% p.a.)
14+	0.089	0.030	0.119
13	0.087	0.032	0.119
12	0.086	0.034	0.120
11	0.084	0.036	0.120
5-10	0.083	0.038	0.121
4	0.086	0.033	0.119
3	0.089	0.027	0.116
2	0.092	0.020	0.113
1	0.096	0.013	0.109
0	0.100	0.004	0.104

(ii) Alternative Lifestyle strategy and Self-select funds

The Trustees also make available six individual funds and an alternative lifestyle fund to members. The TERs and available transaction costs for each are shown in the tables.

Strategy	TER (% p.a.)	Transaction Costs (% p.a.)	Total Costs (% p.a.)
Annuity Lifestyle	0.063 – 0.089	0.025 – 0.038	0.087 – 0.121

Individual Funds	TER (% p.a.)	Transaction Costs (% p.a.)	Total Costs (% p.a.)
SSGA Emerging Markets Equity Index[1,2,3]	0.245	0.109	0.354
SSGA All World Developed Equity Index[1,2,3]	0.070	0.008	0.078
SSGA Sterling Non-Gilts Bonds All Stocks Index[1,2,3]	0.100	0.103	0.203
SSGA UK Index Linked Gilts Over 5 Years Index[1,2,3]	0.050	0.032	0.082
SSGA Sterling Liquidity[2,3]	0.100	0.004	0.104
World ESG Equity Index	0.066	0.012	0.078

[1] *Funds that also make up the Drawdown Lifestyle.*
[2] *Funds that also make up the Annuity Lifestyle.*
[3] *Funds that also make up the Cash Lifestyle.*

(iii) Additional Voluntary Contributions

There are legacy AVC funds in which some members in the defined benefit sections of the Fund are invested. These are provided by Clerical Medical, Prudential, and Phoenix Life.

The table below sets out the TERs and transaction costs for AVC funds. Prudential have not been able to provide all TERs and transaction costs, the Trustees continue to liaise with Prudential to obtain the outstanding information.

Funds	TER (% p.a.)	Transaction Costs (% p.a.)	Total Costs (% p.a.)
Clerical Medical			
Clerical Medical Cash Pension	0.495	0.02	0.515
Clerical Medical International Growth Pension	0.495	0.30	0.795
Clerical Medical UK Growth Pension	0.495	0.26	0.755
Clerical Medical Balanced Pension	0.495	0.40	0.895
Clerical Medical Far Eastern Pension	0.495	0.35	0.845
Clerical Medical UK Equity Income Pension	0.495	0.24	0.735
Clerical Medical European Pension	0.495	0.17	0.665
Clerical Medical UK Equity Tracker Pension	0.495	0.05	0.545
Clerical Medical North American Pension	0.495	0.00	0.495
Clerical Medical Cautious Pension	0.495	0.25	0.745
Clerical Medical Non-Equity Pension	0.495	0.36	0.855
Clerical Medical With Profits Fund	0.495	0.39	0.885
Prudential[1]			
Prudential With-Profits Fund[2]	0.80	0.20	1.00
Prudential Deposit Account	N/A	0.00	N/A
Prudential UK Equity	0.76	0.02	0.78
Phoenix Life			
Phoenix Building Society Account	0.000	0.000	0.000
Phoenix With Profits	0.914	0.090	1.004

[1]Prudential transaction costs for the year to 30 June 2023 have not been provided, the transaction costs shown are as at 31 March 2023, which was the latest available data. A floor of 0% p.a. has been applied to any negative transaction to avoid potentially understating the total level of costs and charges.
[2]TER for the Prudential With Profit Fund is an implicit scheme charge made through the bonus but has been provided separately as at 30 June 2022.

There can arise on occasion transactions that do not lead to a cost but instead a profit. As the requirement is to report on costs, these transactions are shown as a 0% p.a. cost in the table above.

(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.

To help members understand the impact that costs and charges can have on their retirement savings, the Trustees have provided an illustration of the cumulative effect of costs and charges on the value of a typical member's retirement savings over the period to their retirement.

The illustration has been prepared having regard to statutory guidance and selecting a suitable representative member. It is based on assumptions about the future which are set out below.

Members should be aware that such assumptions may or may not hold true, so the illustration does not promise what will happen in the future and fund values are not guaranteed. Furthermore, because the illustration is based on a typical member of the Fund it is not a substitute for the individual and personalised illustrations which are provided to members in their Annual Benefit Statements.

For DC Section and GGRP Top-up members, the illustrations are shown for a member invested in the drawdown lifestyle strategy as this is the arrangement that most members have their retirement savings in. The illustration is shown as a table. As the cash lifestyle strategy is a secondary default arrangement, there is also an illustration for a member invested in this strategy.

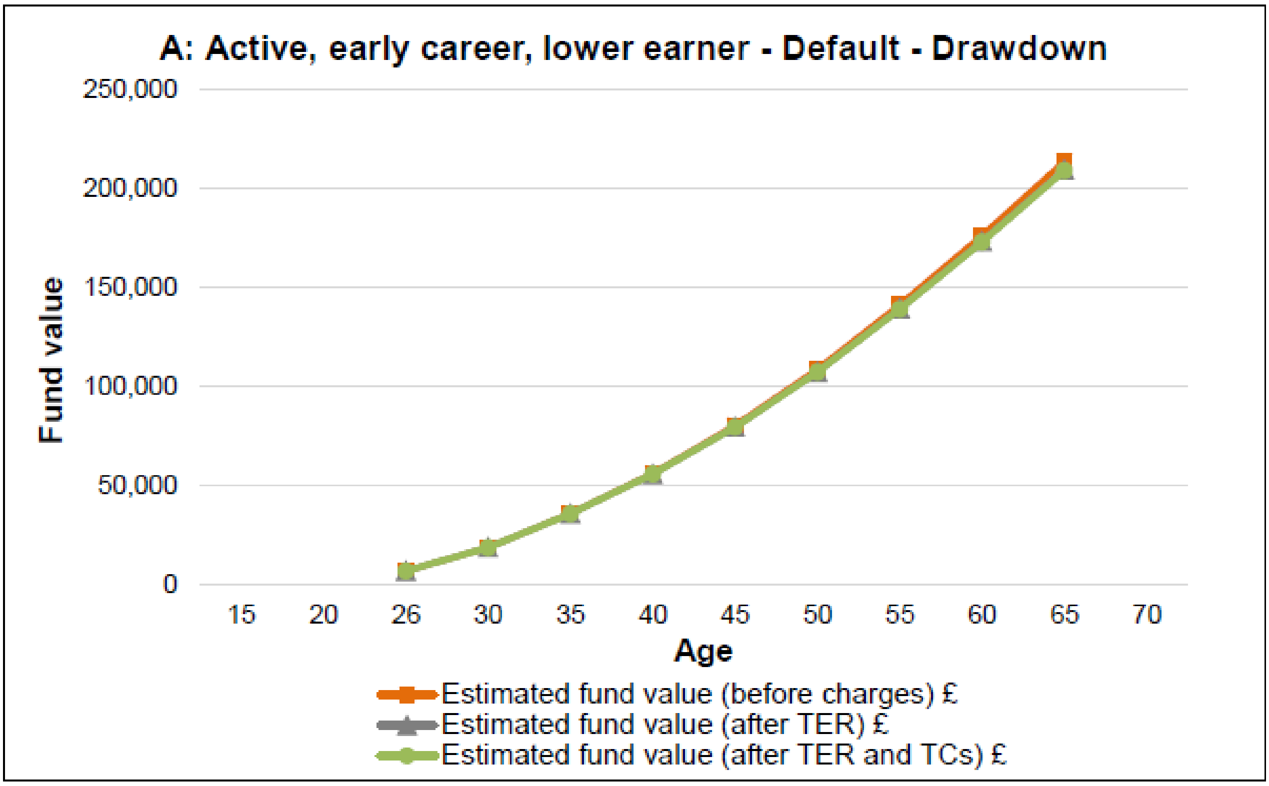
As the projected retirement savings are dependent on investment returns as well as the level of costs and charges, we have also included comparison figures with other types of investments. For comparison purposes, we show the projected retirement savings if the typical member were invested in the fund offered within the range which attracts the highest overall charges - SSGA Emerging Markets Equity Index, and the fund which attracts the lowest charges – SSGA World ESG Equity Index.

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.

DC Section members:

For members invested in the drawdown lifestyle strategy, the estimated cumulative impact of charges on member fund values is shown below. The amounts shown relate to example members representing a typical new joiner, or youngest member and average active and deferred existing members.

Illustration A: is based on an active member who has 39 years to go until their retirement at age 65. The member has a current fund value of £6,518 and has future contributions of £215.18 per month. The member is invested in the Drawdown Lifestyle.



Projected Pension Account in today's money

Age	SSGA World ESG Equity Index			Drawdown Lifestyle			SSGA Emerging Markets Equity Index		
	Before charges	After charges	Effect of charges	Before charges	After charges	Effect of charges	Before charges	After charges	Effect of charges
	£	£	£	£	£	£	£	£	£
26	6,518	6,518	0	6,518	6,518	0	6,518	6,518	0
30	18,620	18,580	40	18,370	18,330	40	18,870	18,740	130
35	36,600	36,450	150	35,620	35,430	190	37,620	37,070	550
40	58,380	58,010	370	56,010	55,570	440	60,860	59,520	1,340
45	84,750	84,020	730	80,140	79,280	860	89,670	87,000	2,670
50	116,680	115,420	1,260	108,670	107,200	1,470	125,380	120,640	4,740
55	155,350	153,290	2,060	141,300	138,980	2,320	169,650	161,830	7,820
60	202,170	198,990	3,180	176,370	172,990	3,380	224,540	212,250	12,290
65	258,880	254,140	4,740	213,850	209,110	4,740	292,570	273,990	18,580

Illustration B: is based on an active member who has 30 years to go until their retirement at age 65. The member has a current fund value of £30,868 and has future contributions of £710.03 per month. The member is invested in the Drawdown Lifestyle.

Projected Pension Account in today's money									
Age	SSGA World ESG Equity Index			Drawdown Lifestyle			SSGA Emerging Markets Equity Index		
	Before charges	After charges	Effect of charges	Before charges	After charges	Effect of charges	Before charges	After charges	Effect of charges
	£	£	£	£	£	£	£	£	£
35	30,868	30,868	0	30,868	30,868	0	30,868	30,868	0
40	83,750	83,530	220	82,330	82,050	280	*85,200*	84,430	770
45	147,790	147,080	710	143,190	142,320	870	152,560	149,990	2,570
50	225,350	223,760	1,590	215,180	213,280	1,900	236,060	230,260	5,800
55	319,260	316,290	2,970	297,990	294,550	3,440	339,560	328,540	11,020
60	432,980	427,930	5,050	388,280	382,740	5,540	467,880	448,850	19,030
65	570,690	562,640	8,050	485,660	477,380	8,280	626,940	596,140	30,800

Illustration C: is based on an active member who has 25 years to go until their retirement at age 65. The member has a current fund value of £125,131 and has future contributions of £613.97 per month. The member is invested in the Drawdown Lifestyle.

Projected Pension Account in today's money									
Age				Drawdown Lifestyle			SSGA Emerging Markets Equity Index		
	Before charges	After charges	Effect of charges	Before charges	After charges	Effect of charges	Before charges	After charges	Effect of charges
	£	£	£	£	£	£	£	£	£
40	125,131	125,131	0	125,131	125,131	0	125,131	125,131	0
45	191,630	191,010	620	187,620	186,860	760	195,710	193,520	2,190
50	272,150	270,510	1,640	261,540	259,540	2,000	283,190	277,240	5,950
55	369,660	366,430	3,230	346,220	342,430	3,790	391,650	379,740	11,910
60	487,750	482,170	5,580	437,690	431,530	6,160	526,100	505,220	20,880
65	630,740	621,830	8,910	535,730	526,510	9,220	692,760	658,850	33,910

Illustration D: is based on an active member who has 14 years to go until their retirement at age 65. The member has a current fund value of £32,220 and has future contributions of £563.85 per month. The member is invested in the Drawdown Lifestyle.

Projected Pension Account in today's money

Age	SSGA World ESG Equity Index			Drawdown Lifestyle			SSGA Emerging Markets Equity Index		
	Before charges	After charges	Effect of charges	Before charges	After charges	Effect of charges	Before charges	After charges	Effect of charges
	£	£	£	£	£	£	£	£	£
51	32,220	32,220	0	32,220	32,220	0	32,220	32,220	0
55	66,440	66,290	150	65,000	64,820	180	67,430	66,900	530
60	117,280	116,740	540	110,720	110,110	610	120,860	118,930	1,930
65	178,850	177,620	1,230	161,260	159,950	1,310	187,100	182,640	4,460

Illustration E: is based on a deferred member (a member who is no longer making contributions into their Pension Account) who has 32 years to go until their retirement at age 65. The member has a current fund value of £16,400 and is invested in the Drawdown Lifestyle.

Projected Pension Account in today's money

Age	SSGA World ESG Equity Index			Drawdown Lifestyle			SSGA Emerging Markets Equity Index		
	Before charges	After charges	Effect of charges	Before charges	After charges	Effect of charges	Before charges	After charges	Effect of charges
	£	£	£	£	£	£	£	£	£
33	16,400	16,400	0	16,400	16,400	0	16,400	16,400	0
35	17,700	17,680	20	17,540	17,510	30	17,870	17,780	90
40	21,440	21,330	110	20,750	20,610	140	22,150	21,770	380
45	25,960	25,740	220	24,540	24,270	270	27,460	26,650	810
50	31,440	31,060	380	29,020	28,580	440	34,050	32,630	1,420
55	38,070	37,480	590	34,050	33,380	670	42,200	39,950	2,250
60	46,100	45,220	880	39,200	38,260	930	52,320	48,900	3,420
65	55,830	54,570	1,260	44,520	43,260	1,260	64,860	59,870	4,990

Illustration F: is based on a deferred member (a member who is no longer making contributions into their Pension Account) who has 20 years to go until their retirement at age 65. The member has a current fund value of £170,700 and is invested in the Drawdown Lifestyle.

Projected Pension Account in today's money

Age	SSGA World ESG Equity Index			Drawdown Lifestyle			SSGA Emerging Markets Equity Index		
	Before charges	After charges	Effect of charges	Before charges	After charges	Effect of charges	Before charges	After charges	Effect of charges
	£	£	£	£	£	£	£	£	£
45	170,700	170,700	0	170,700	170,700	0	170,700	170,700	0
50	206,710	205,970	740	201,900	200,990	910	211,610	208,980	2,630
55	250,320	248,530	1,790	236,890	234,760	2,130	262,320	255,850	6,470
60	303,120	299,890	3,230	272,740	269,120	3,620	325,190	313,220	11,970
65	367,070	361,850	5,220	309,720	304,270	5,450	403,120	383,460	19,660

Illustration G: is based on a deferred member (a member who is no longer making contributions into their Pension Account) who has 13 years to go until their retirement at age 65. The member has a current fund value of £32,000 and is invested in the Drawdown Lifestyle.

Projected Pension Account in today's money

Age	SSGA World ESG Equity Index			Drawdown Lifestyle			SSGA Emerging Markets Equity Index		
	Before charges	After charges	Effect of charges	Before charges	After charges	Effect of charges	Before charges	After charges	Effect of charges
	£	£	£	£	£	£	£	£	£
52	32,000	32,000	0	32,000	32,000	0	32,000	32,000	0
55	35,890	35,820	70	35,110	35,010	100	36,400	36,130	270
60	43,470	43,220	250	40,420	40,140	280	45,130	44,230	900
65	52,640	52,150	490	45,900	45,380	520	55,940	54,150	1,790

Illustration H: is based on a deferred member (a member who is no longer making contributions into their Pension Account) who has 6 years to go until their retirement at age 65. The member has a current fund value of £8,000 and is invested in the Cash Lifestyle.

Projected Pension Account in today's money

Age	SSGA World ESG Equity Index			Cash Lifestyle			SSGA Emerging Markets Equity Index		
	Before charges	After charges	Effect of charges	Before charges	After charges	Effect of charges	Before charges	After charges	Effect of charges
	£	£	£	£	£	£	£	£	£
59	8,000	8,000	0	8,000	8,000	0	8,000	8,000	0
60	8,310	8,310	0	8,230	8,220	10	8,350	8,330	20
65	10,070	10,020	50	8,960	8,910	50	10,350	10,200	150

GGRP top up members:

For members invested in the drawdown lifestyle strategy, the estimated impact of charges on accumulated fund values is shown below. The amounts shown relate to example members representing a typical new joiner, or youngest member and average active member.

Illustration I: is based on an active GGRP member who has 34 years to go until their retirement at age 65. The member has a current fund value of £36,785 and has future contributions of £34.80 per month. The member is invested in the Drawdown Lifestyle.

Projected Pension Account in today's money

Age	SSGA World ESG Equity Index			Drawdown Lifestyle			SSGA Emerging Markets Equity Index		
	Before charges	After charges	Effect of charges	Before charges	After charges	Effect of charges	Before charges	After charges	Effect of charges
	£	£	£	£	£	£	£	£	£
31	36,785	36,785	0	36,785	36,785	0	36,785	36,785	0
35	44,650	44,530	120	43,840	43,680	160	45,480	45,040	440
40	56,350	56,000	350	54,100	53,670	430	58,680	57,420	1,260
45	70,510	69,840	670	66,230	65,440	790	75,050	72,590	2,460
50	87,650	86,540	1,110	80,580	79,290	1,290	95,330	91,150	4,180
55	108,420	106,690	1,730	96,780	94,840	1,940	120,480	113,880	6,600
60	133,560	131,000	2,560	113,640	110,930	2,710	151,650	141,700	9,950
65	164,010	160,340	3,670	131,240	127,600	3,640	190,290	175,760	14,530

Illustration J: is based on an active GGRP member who has 34 years to go until their retirement at age 65. The member has a current fund value of £36,785 and has future contributions of £173.98 per month. The member is invested in the Drawdown Lifestyle.

Projected Pension Account in today's money

Age	SSGA World ESG Equity Index			Drawdown Lifestyle			SSGA Emerging Markets Equity Index		
	Before charges	After charges	Effect of charges	Before charges	After charges	Effect of charges	Before charges	After charges	Effect of charges
	£	£	£	£	£	£	£	£	£
31	36,785	36,785	0	36,785	36,785	0	36,785	36,785	0
35	51,790	51,650	140	50,900	50,730	170	52,680	52,200	480
40	74,070	73,660	410	71,430	70,930	500	76,810	75,330	1,480
45	101,060	100,230	830	95,710	94,720	990	106,720	103,660	3,060
50	133,740	132,280	1,460	124,440	122,730	1,710	143,790	138,330	5,460
55	173,320	170,950	2,370	157,150	154,480	2,670	189,750	180,780	8,970
60	221,250	217,620	3,630	192,010	188,130	3,880	246,730	232,740	13,990
65	279,280	273,930	5,350	229,010	223,650	5,360	317,360	296,360	21,000

Illustration K: is based on the typical average GGRP member who has 19 years to go until their retirement at age 65. The member has a current fund value of £100,548 and has future contributions of £38.44 per month. The member is invested in the Drawdown Lifestyle.

Projected Pension Account in today's money

Age	SSGA World ESG Equity Index			Drawdown Lifestyle			SSGA Emerging Markets Equity Index		
	Before charges	After charges	Effect of charges	Before charges	After charges	Effect of charges	Before charges	After charges	Effect of charges
	£	£	£	£	£	£	£	£	£
46	100,548	100,548	0	100,548	100,548	0	100,548	100,548	0
50	119,160	118,820	340	116,950	116,530	420	121,390	120,190	1,200
55	146,800	145,870	930	139,680	138,570	1,110	153,020	149,670	3,350
60	180,280	178,520	1,760	163,270	161,290	1,980	192,240	185,760	6,480
65	220,820	217,920	2,900	187,820	184,780	3,040	240,850	229,940	10,910

Illustration L: is based on the typical average GGRP member who has 19 years to go until their retirement at age 65. The member has a current fund value of £100,548 and has future contributions of £192.18 per month. The member is invested in the Drawdown Lifestyle.

Projected Pension Account in today's money

Age	SSGA World ESG Equity Index			Drawdown Lifestyle			SSGA Emerging Markets Equity Index		
	Before charges	After charges	Effect of charges	Before charges	After charges	Effect of charges	Before charges	After charges	Effect of charges
	£	£	£	£	£	£	£	£	£
46	100,548	100,548	0	100,548	100,548	0	100,548	100,548	0
50	127,030	126,680	350	124,750	124,320	430	129,340	128,100	1,240
55	166,380	165,390	990	158,690	157,500	1,190	173,040	169,450	3,590
60	214,030	212,090	1,940	194,940	192,750	2,190	227,220	220,080	7,140
65	271,730	268,440	3,290	233,480	230,020	3,460	294,370	282,050	12,320

Legacy AVC members:

For the most popular investment choices with each provider, the estimated impact of charges on accumulated fund values is shown below. The amounts shown relate to example members representing the youngest member and average deferred existing members where appropriate.

Clerical Medical AVCs

Illustration M: is based on the youngest active member who has 28 years to go until their retirement at age 65. The member has a current fund value of £0 and ongoing contributions of £354 per month. The member is invested in the Clerical Medical Lifestyle Strategy

Projected Pension Account in today's money			
Age	Clerical Medical Lifestyle Strategy		
	Before charges	After charges	Effect of charges
40	13,330	13,180	150
45	39,170	37,950	1,220
50	70,360	66,730	3,630
55	107,990	100,160	7,830
60	153,060	138,730	14,330
65	202,230	179,580	22,650

Illustration N: is based on the average deferred member who has 19 years to go until their retirement at age 65. The member has a current fund value of £27,076. The member is invested in the Clerical Medical Lifestyle Strategy

Projected Pension Account in today's money			
Age	Clerical Medical Lifestyle Strategy		
	Before charges	After charges	Effect of charges
46	27,076	27,076	0
50	31,470	30,530	940
55	37,970	35,460	2,510
60	45,710	41,110	4,600
65	53,640	46,630	7,010

Phoenix Life AVCs

Illustration O: is based on the youngest active member who has 30 years to go until their retirement at age 65. The member has a current fund value of £1,100 and ongoing contributions of £83.33. The member is invested in the Phoenix Life With Profits Fund.

Projected Pension Account in today's money			
	Phoenix Life With Profits		
Age	Before charges	After charges	Effect of charges
35	1,100	1,100	0
40	6,560	6,370	190
45	12,850	12,140	710
50	20,070	18,440	1,630
55	28,370	25,340	3,030
60	37,920	32,890	5,030
65	48,900	41,150	7,750

Illustration P: is based on the average deferred member who has 14 years to go until their retirement at age 65. The member has a current fund value of £27,741. The member is invested in the Phoenix Life With Profits Fund.

Projected Pension Account in today's money			
	Phoenix Life With Profits		
Age	Before charges	After charges	Effect of charges
51	27,741	27,741	0
55	31,020	29,810	1,210
60	35,660	32,610	3,050
65	41,000	35,670	5,330

Prudential AVCs

Illustration Q: is based on the average deferred member who has 9 years to go until their retirement at age 65. The member has a current fund value of £17,277. The member is invested in the Prudential With Profits Fund.

Projected Pension Account in today's money			
	Prudential With Profits		
Age	Before charges	After charges	Effect of charges
56	17,277	17,277	0
60	19,690	19,030	660
65	23,170	21,480	1,690

Members are advised to consider the level of costs and charges, the expected return on investments (ie. the risk profile of the strategy) and any guarantees 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 is representative of the average for the Fund*
- *Contributions are assumed to be payable throughout the period to retirement for active members and to increase in line with inflation and in the case of the DC section contributions are also assumed to increase in line with salary increases.*
- *No further contributions are assumed for deferred members.*
- *Values shown are estimates and are not guaranteed.*
- *No allowance has been made for return assumptions for any With Profits funds in relation to smoothing, guarantees, final bonuses or any other uplifts, the assumed growth rates are based on the latest underlying asses split made available from the relevant provider.*
- *The transaction costs have been averaged over a five-year period (except for Phoenix Life, which is a four-year period, as transaction costs had previously not been made available by the provider until 2020) 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.*

Chair's Statement

- *The TERs and transaction costs for the funds used are:*

Fund name	TER (%)	Transaction costs (% p.a.)	Total (%)
DC Section / GGRP Top Up Section			
SSGA Emerging Markets Equity Index	*0.2454*	*0.0218*	*0.2671*
SSGA All World Developed Equity Index	*0.0700*	*0.0037*	*0.0737*
SSGA Sterling Non-Gilts Bonds All Stocks	*0.1000*	*0.0206*	*0.1206*
SSGA Index Linked Gilts Over 5 Years Index	*0.0500*	*0.0085*	*0.0584*
SSGA Sterling Liquidity	*0.1002*	*0.0047*	*0.1049*
SSGA World ESG Equity	*0.0656*	*0.0106*	*0.0762*
Legacy AVCs			
Clerical Medical			
Clerical Medical Balanced	*0.495*	*0.292*	*0.787*
Clerical Medical UK Growth	*0.495*	*0.368*	*0.863*
Clerical Medical Cautious	*0.495*	*0.200*	*0.695*
Clerical Medical Non-Equity	*0.495*	*0.141*	*0.636*
Clerical Medical Retirement Protection	*0.495*	*0.204*	*0.699*
Clerical Medical Halifax	*0.495*	*0.00*	*0.495*
Phoenix Life			
Phoenix Life With Profits Fund	*0.914*	*0.1288*	*1.0428*
Prudential			
Prudential With Profits Fund	*0.80*	*0.0900*	*0.8900*

- *The assumed annual growth rates for the DC Section, GGRP Section and Phoenix Life With Profits Fund reflect those used in member annual benefit statements to 31 March 2023. The assumed annual growth rates for Clerical Medical AVCs, and Prudential AVCs reflect Aon's Capital Market Assumptions for the underlying asset classes within each fund to 30 June 2023.The annual growth rates used for each fund are as follows:*

SSGA Emerging Markets Equity Index	7.0%	Clerical Medical Cautious	6.1%
SSGA All World Developed Equity Index	6.5%	Clerical Medical Non-Equity	5.4%
SSGA Sterling Non-Gilts Bonds All Stocks	4.6%	Clerical Medical Retirement Protection	4.7%
SSGA Index Linked Gilts Over 5 Years Index	2.9%	Clerical Medical Halifax	0.0%
SSGA Sterling Liquidity	2.5%	Phoenix Life With Profits	4.4%
Clerical Medical Balanced	6.3%	Prudential With Profits	5.9%
Clerical Medical UK Growth	6.8%		

For the Drawdown Lifestyle the projection takes into account the changing proportion invested I the different underlying funds. All funds shown above are underlying funds.

- *Data used is as at 30 June 2023 unless stated.*

4. Value for Members assessment

The Administration Regulations require the Trustees 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.

Every year, the Trustees capture all member-borne charges, including transaction costs, and considers the benefits of membership of the Fund's DC arrangements so they can assess whether members are getting good value.

There is no legal definition of "good value" or the process of determining this for Fund DC members. Therefore, working in conjunction with our advisers, Aon, the Trustees have developed a cost-benefit analysis framework to assess whether members receive good value from the Fund relative to the costs and charges members pay. Benchmarking relative to other pension arrangements and/or industry best practice guidelines is also undertaken.

The costs borne by members are the Total Expense Ratio charge and transaction costs and are set out earlier in this statement. The Trustees have considered the benefits of membership under the following four headings: Fund governance, investments, administration, and member communications and engagement.

The Trustees' beliefs have formed the basis of the analysis of the benefits of membership. A summary of the assessment outcome is set out below:

<u>Scheme governance</u>

The Trustees believe 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

- Scheme governance covers the time spent by the Trustees to ensure the Fund is run in compliance with the law and regulation, including taking account of the interests of its members.

- The Trustees regularly review and update the Fund's governance processes and procedures to ensure that these meet regulatory and industry best practice requirements.

<u>Investments</u>

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

- The Fund offers a variety of lifestyle strategies, targeting the three retirement options, and self-select funds covering a range of risk profiles and asset classes. The investment funds available have been designed, following advice from the Fund's investment adviser, with the specific needs of members in mind.
- The structure of the primary Default Option suitably reflects how members are expected to access their funds at retirement.
- The Trustees and their advisers have monitored performance closely over the Fund year to ensure that this is consistent with the aims and objectives of the investment strategy and that the strategy remains appropriate over the long term.

Administration

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

- The Trustees have appointed Capita to provide administration services to the Fund and have been working with Capita to ensure they can be satisfied that they have sufficient checks in place to monitor and report on the standard of the administration service and to ensure that when administrative errors do occur, members are not disadvantaged as a result.
- Members have online access to their policies and a member helpline is available. The member experience is monitored through surveys that members are asked to complete after contacting the helpline, call statistics and complaint details.
- Capita prioritised core financial transactions during the year and the lower levels of service level delivery experienced has not affected the investment of contributions on a timely basis, with the exception of once incident, which is covered in section 5 of this Statement.
- Over the year to 30 June 2023, Capita identified and advised clients of a cyber incident impacting their servers. Upon identification of the breach, Capita worked immediately to restore systems and ensure continuity of service to clients. The breach was investigated and Capita understands that less than 0.1% of data was impacted by the incident.

Member communications and engagement (including support at retirement)

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

- The Fund aims to provide effective communications that are accurate, clear, informative and timely. The Trustees believes the Fund's communications help members better understand their DC savings and take appropriate actions.
- The Fund makes use of a variety of communication media, including access to well-developed online tools and information around retirement planning via the Administrator's member website.
- The Trustees make available a DC only newsletter to both active and deferred members, which provides annual updates on a range of topics to support members.
- Members can access help to support them in their decision making in the form of investment guides, Fund booklets and workshops offered to active members.

Does the Fund deliver value for members?

Under the Trustees' assessment framework, described above, the Trustees believe that the costs and charges borne by members represent good Value for Members relative to the quality of benefits provided. The Trustees will continue to monitor the Fund to ensure it continues to deliver value.

5. Processing of Core Financial Transactions

The Trustees have 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 Scheme, transfers between different investments within the Scheme and payments to and in respect of members/beneficiaries.

The bulk of the core financial transactions are undertaken on behalf of the Trustees by the Scheme administrator, Capita, and the Employer is responsible for ensuring that contributions are paid to the Fund promptly. The timing of such payments is monitored by the Trustees from monthly administration reports and quarterly governance reports submitted by Capita. The quarterly reports are reviewed by the Governance Sub-Committee and, where necessary, questions are raised with Capita to ensure service levels are met.

In order to determine how well the administration is performing the Trustees have service level agreements ('SLA') in place with Capita. These SLAs detail a number of key administration processes to be performed and the target timescale within which each of these processes needs to be completed. There are SLAs in place for all core financial transactions and also cover the AVCs held with Clerical Medical, Prudential and Phoenix Life. Under the current SLA, Capita aims to accurately complete all financial transactions within 5 working days, with the exception of the investment of contributions, which is within 3 working days of receipt of all information from the Company and after reconciliation by Capita.

The Trustees have also reviewed the key processes adopted by the administrator and output in order to minimise the risks of inaccurate or late payment of core financial transactions. Key processes include:

- Full member reconciliation. This is undertaken annually in preparation for the Plan's Annual Report and Accounts.

- Monthly cash and unit reconciliation with investigation of any discrepancies.
- Daily monitoring of bank account overdrafts.

During the Fund year, Capita did not meet the SLA requirements for the overall service, with 51% of activities completed within the relevant SLA. The Trustees are actively working with Capita staff at all levels to ensure that the SLAs are prioritised appropriately in line with Regulator guidance.

Over the period there was an instance where a core financial transaction was not met. There were some new joiners to the Fund who were not processed within 90 days, their contributions were paid on time but were invested late as a result. The breach was reported to the Pensions Regulator. The issue was rectified, and a process implemented to ensure there are no further late processing of new members. The Trustees have considered the reasons and potential impact and concluded that the delay did not impact member outcomes.

Have core financial transactions been processed in a timely and accurate manner?
The Trustees can report during the Fund year, other than those highlighted above, there have been no administration service issues with respect to core financial transactions and is satisfied that:

- the administrator was operating appropriate procedures, checks and controls;

- there have been no material administration errors in relation to processing core financial transactions; and

- all core financial transactions have been processed promptly and accurately.

6. Trustees' 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 Scheme as a whole and not solely the DC Section.

The Trustees have arrangements in place for ensuring that they take personal responsibility for keeping themselves up to date with relevant developments and carry out a self-assessment of training needs. All Trustees receive structured initial and ongoing training in line with the Trustees' training protocol.

The Trustee board has a range of skills and experiences. There are nine Trustees in total including five Company Nominated Trustees (who hold, or prior to retirement held, senior positions within the Company), and four Member Nominated Trustees. The composition of the Trustee board demonstrates diversification of skills and breadth and depth of pension knowledge. The diversification of the board is supported by the following details:

- Trustees come from multiple different functions within P&G, Finance, R&D, Sales, IT and Communications.
- There are six men and three women on the board. P&G is a recognised employer recognising diversity in all aspects and these principles are carried through to the board.
- The Trustees are primarily from the DB Section of the Fund with one DC Section member.
- The board comprises members who have been Trustees between two and 25 years. This range of service provides wealth of experience coupled with new insight and questions.

Over the year to 30 June 2023, there were no changes to the Trustee board, however, Alison Smith was appointed as Chair on 1 February 2023.

The Trustees are conversant with the Trust Deed and Rules, the Statement of Investment Principles for the Fund and all scheme management tools and documents setting out the Trustees' current policies. The Trustees have, to the degree that is appropriate for the purposes of enabling the individual to properly exercise his or her functions as a Trustees, knowledge and understanding of the law relating to pensions and trusts and the principles relating to investment and assets of occupational pension schemes. The Trustees revert to the legal advisor for any clarification if required.

In addition to the skills within the Trustee board, the Trustees work closely with their appointed professional advisers throughout the year to ensure that they run the Fund and exercise their functions properly. Their professional advisers also attend Trustee and Sub Committee meetings.

Training logs are maintained for all Trustees by the Secretary to the Trustee. During the Fund year, the Trustees received training on all aspects of the Fund covering both the defined contribution and defined benefit sections. Examples of some of the training undertaken include: training on Pensions Dashboards, cyber risk, preventing pensions scams and improving member experience.

The Trustees have also attended a combination of external training, conferences and seminars.

Chair's Statement

In 2022/23 the Trustees completed a Trustee Knowledge and Understanding assessment. The results of the assessment were positive with the Trustees having a good level of knowledge across areas and identifying areas for improvement.

The Trustees have engaged with their professional advisers regularly throughout the year to ensure that they exercise their functions properly and take professional advice where needed. In exercising their functions this has required knowledge of key scheme documents such as the Trust Deed & Rules, Trustee Report & Accounts, Statement of Investment Principles and all documents setting out the Trustees' current policies. A few of the areas that support this statement are set out below:

- Held full trustee board and sub-committee meetings (and ad hoc calls as required) with advisers who have provided specialist advice and updates on legislation, guidance and best practice developments (demonstrating the Regulator's requirements in respect of scheme governance and ensuring that appropriate professional advice is received as required).
- Sign off of the Trustees' Report and Accounts and regularly reviewed the Risk Register (demonstrating knowledge and understanding of the law relating to pensions and trusts)
- Review of quarterly administration reports to monitor service delivery against agreed service levels standards and assessing the member experience
- Reviewing quarterly investment reports to assess fund performance against benchmarks, and funds against overall Fund aim and objectives, as set out in the statement of Investment Principles.
- Production of the annual Implementation Statement
- Maintained a regime for proper governance of the Fund (monitoring the Fund in line with the Pension Regulator's Code of Practice on DC)

There is a formal Trustee selection process in place. New Trustees are required to undertake training at the earliest opportunity after selection and agree to the training protocol in place. All Trustees have completed the Pension Regulator's toolkit which is an online training resource for Trustees and includes modules on pension and trust law.

As a minimum, the full Trustee Board meets four times per year and the Sub Committees also each meet four times per year in between these meetings to progress actions and monitor and review the administration and investment performance, audit and approve the Trustees Report and Accounts amongst other tasks. Additional meetings are held as required.

The Trustees therefore consider they have met the Pensions Regulator's Trustees Knowledge and Understanding requirements (as set out under Code of Practice No 7) during the Fund year.

Taking into account the knowledge and experience of the Trustees Directors with the specialist advice (both in writing and whilst attending meetings) received from the appointed professional advisers (e.g., investment consultants, legal advisors), the Trustees Directors believe they are well placed to exercise their functions as Trustees Directors of the Fund properly and effectively.

The Trustees together believe they have sufficient knowledge and understanding of the law relating to pensions and trusts and the relevant principles relating to the funding and investment of occupational schemes.

Chair's Statement

The Trustees consider 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 Trustees of the Scheme

Signed on behalf of the Trustees of the Procter and Gamble Pension Fund by the Chair of Trustees

Name Alison Smith

Signature Alison Smith (Jan 31, 2024 13:43 GMT)

Date 31-Jan-2024

Actuary's Certification of the Schedule of Contributions

Adequacy of rates of contributions

1. I certify that, in my opinion, the rates of contributions shown in this Schedule of Contributions are such that the statutory funding objective can be expected to continue to be met for the period for which the schedule is to be in force.

I also certify that any rates of contributions forming part of this schedule which the Fund requires me to determine are not lower than I would have provided for had I had responsibility for preparing or revising the schedule and the Statement of Funding Principles.

Adherence to Statement of Funding Principles

2. I hereby certify that, in my opinion, this Schedule of Contributions is consistent with the Statement of Funding Principles dated 30 June 2023.

   The certification of the adequacy of the rates of contributions for the purpose of securing that the statutory funding objective can be expected to be met is not a certification of their adequacy for the purpose of securing the Fund's liabilities by the purchase of annuities, if the Fund were to be wound up.

Signature:	DocuSigned by: E3F67C4461E043A...	Date:	20 October 2023
Name:	Robert Mellor	Qualification:	Fellow of the Institute and Faculty of Actuaries
Address:	3 The Embankment Sovereign Street Leeds West Yorkshire LS1 4BJ	Name of employer:	Aon Solutions UK Limited

Independent Auditor’s Statement about Contributions

We have examined the summary of contributions to the Procter & Gamble Pension Fund for the Fund year ended 30 June 2023 which is set out on page 10.

In our opinion contributions for the Fund year ended 30 June 2023 as reported in the summary of contributions and payable under the Schedule of Contributions for the period from 1 July 2022 to 30 June 2023 have in all material respects been paid at least in accordance with the Schedule of Contributions and Fund Rules and recommendations of the Actuary (for the Defined Contribution section) certified by the Fund Actuary on 29 September 2021.

Scope of work on statement about contributions

Our examination involves obtaining evidence sufficient to give reasonable assurance that contributions reported in the attached summary of contributions have in all material respects been paid at least in accordance with the Schedules of Contributions. This includes an examination, on a test basis, of evidence relevant to the amounts of contributions payable to the Fund and the timing of those payments under the Schedules of Contributions.

Respective responsibilities of the Trustee and the auditor

As explained more fully in Statement of Trustee’s Responsibilities, the Fund’s Trustee is responsible for preparing, and from time to time reviewing and if necessary, revising a Schedule of Contributions and for monitoring whether contributions are made to the Fund by the Employer in accordance with the Schedule of Contributions.

It is our responsibility to provide a statement about contributions paid under the Schedules of Contributions and to report our opinion to you.

Use of our report

This statement is made solely to the Trustee, as a body, in accordance with Regulation 4 of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996 made under the Pensions Act 1995. Our work has been undertaken so that we might state to the Trustee those matters we are required to state to them in an auditor’s statement about contributions and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trustee as a body for our work, for this statement, or for the opinion we have formed.

Deloitte LLP
Deloitte LLP (Jan 31, 2024 14:27 GMT)

Deloitte LLP
Statutory Auditor
Birmingham, United Kingdom

Independent Auditor’s Report to the Trustee of Procter & Gamble Pension Fund

Report on the audit of the Financial Statements

Opinion

In our opinion the financial statements of the Proctor & Gamble Pension Fund (the ‘Fund’):

- show a true and fair view of the financial transactions of the Fund during the year ended 30 June 2023 and of the amount and disposition at that date of its assets and liabilities, other than the liabilities to pay pensions and benefits after the end of the year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland”; and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995.

We have audited the financial statements which comprise:

- the fund account;
- the statement of net assets available for benefits; and
- the related notes 1 to 28.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland” (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council’s (the ‘FRC’s’) Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independent Auditor's Report to the Trustee of Procter & Gamble Pension Fund

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Trustee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Fund's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustee with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Trustee is responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of the Trustee

As explained more fully in the Statement of Trustee's Responsibilities, the Trustee is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustee is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustee either intends to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Independent Auditor's Report to the Trustee of Procter & Gamble Pension Fund

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the Fund's industry and its control environment and reviewed the Fund's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of the Trustee, Fund management, and the Fund actuary about their own identification and assessment of the risks of irregularities, including those that are specific to the Fund's business sector.

We obtained an understanding of the legal and regulatory framework that the Fund operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the Pension Act 1995, the Pensions Act 2004, the Occupational Pension Funds (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996 and the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the Fund's ability to operate or to avoid a material penalty. These included the Fund's regulatory requirements.

We discussed among the audit engagement team including relevant internal specialists such as financial instruments and pensions actuarial regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the misappropriation of investment assets due to the significant size of investment transactions and balances. In response our procedures to respond to the risk identified included the following:

- Obtaining an understanding of relevant controls over the existence of investment holdings and transactions;
- Agreeing investment holdings to independent third-party confirmations; and
- Agreeing investment and cash reconciliations to independent evidence and bank statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

Independent Auditor's Report to the Trustee of Procter & Gamble Pension Fund

Extent to which the audit was considered capable of detecting irregularities, including fraud (continued)

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of the Trustee, Fund management, Capita and the Fund actuary concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of Trustee and subcommittees' meetings and reviewing correspondence with the Pensions Regulator.

Use of our report

This report is made solely to the Fund's Trustee, as a body, in accordance with Regulation 3 of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996 made under the Pensions Act 1995. Our audit work has been undertaken so that we might state to the Fund's Trustee those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Scheme's Trustee as a body, for our audit work, for this report, or for the opinions we have formed.

Deloitte LLP
Deloitte LLP (Jan 31, 2024 14:27 GMT)

Deloitte LLP
Statutory Auditor
Birmingham, United Kingdom

Fund Account for the year ended 30 June 2023

	Note	Defined Benefit £'000	Defined Contribution £'000	Total 2023 £'000	Total 2022 £'000
Contributions and benefits					
Employer contributions		**2,165**	**18,307**	**20,472**	17,639
Employee contributions		**1,859**	**1,451**	**3,310**	3,419
Total contributions	5	**4,024**	**19,758**	**23,782**	21,058
Transfers in	6	**31**	**11**	**42**	853
Other income	7	**5**	**77**	**82**	322
		4,060	**19,846**	**23,906**	22,233
Benefits paid or payable	8	**(110,877)**	**(466)**	**(111,343)**	(103,570)
Payments to and on account of leavers	9	**(16,931)**	**(2,509)**	**(19,440)**	(31,604)
Administrative expenses	10	**(991)**	**-**	**(991)**	(1,426)
		(128,799)	**(2,975)**	**(131,774)**	(136,600)
Net (withdrawals)/additions from dealings with members		**(124,739)**	**16,871**	**(107,868)**	(114,367)
Returns on investments					
Investment income	11	**19,792**	**6**	**19,798**	6,514
Change in market value of investments	12	**(163,752)**	**13,029**	**(150,723)**	(499,851)
Investment management expenses	13	**(1,208)**	**-**	**(1,208)**	(1,321)
Net returns on investments		**(145,168)**	**13,035**	**(132,133)**	(494,658)
Net (decrease) / increase in the Fund during the year		**(269,907)**	**29,906**	**(240,001)**	(609,025)
Transfer between sections	24	**-**	**-**	**-**	-
Net assets of the Fund at start of year		**3,459,010**	**241,707**	**3,700,717**	4,309,742
Net assets of the Fund at end of year		**3,189,103**	**271,613**	**3,460,716**	3,700,717

The notes on pages 69 to 93 form an integral part of these Financial Statements.

Statement of Net Assets available for Benefits as at 30 June 2023

	Note	Defined Benefit £'000	Defined Contribution £'000	Total 2023 £'000	Total 2022 £'000
Investment assets:	12				
Pooled investment vehicles	14	2,650,625	268,024	2,918,649	3,455,103
Bonds		478,556	-	478,556	168,057
Cash & receivables		6,613	152	6,765	3,217
Insured pensions	15	28,100	-	28,100	33,800
AVC investments	16	25,720	-	25,720	28,497
		3,189,614	**268,176**	**3,457,790**	**3,688,674**
Investment liabilities:	12				
Cash & receivables		-	-	-	(28)
Other		-	-	-	(155)
		-	**-**	**-**	**(183)**
Total net investments	12	**3,189,614**	**268,176**	**3,457,790**	**3,688,491**
Current assets	21	**8,940**	**3,442**	**12,382**	**20,572**
Current liabilities	22	**(9,451)**	**(5)**	**(9,456)**	**(8,346)**
Net assets of the Fund at end of year		**3,189,103**	**271,613**	**3,460,716**	**3,700,717**

The Financial Statements summarise the transactions of the Fund and deal with the net assets at the disposal of the Trustee. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Fund year. The actuarial position of the Fund, which takes into account such obligations for the Defined Benefit section, is dealt with in the Report on Actuarial Liabilities on page 34 of the Annual Report and these Financial Statements should be read in conjunction with this report.

The notes on pages 69 to 93 form an integral part of these Financial Statements.

The Financial Statements were approved by the Trustee and authorised for issue on

Signed on behalf of the Trustee

Alison Smith (Jan 31, 2024 13:43 GMT) | Laura Spearing
Laura Spearing (Jan 31, 2024 13:27 GMT)

Director | Director

Notes to the Financial Statements

1. Basis of preparation

The financial statements have been prepared in accordance with the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, Financial Reporting Standard 102 – The Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council and with guidance set out in the Statement of Recommended Practice.

The financial statements are prepared in accordance with the amendments to FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland Triennial Review 2017 incremental Improvements and Clarification issued December 2017, and the SORP (revised 2018).

2. Identification of the financial statements

The Fund is established as a trust under English Law. The registered address of the Fund is:

The Procter & Gamble Pension Fund
The Heights
Brooklands
Weybridge
Surrey, KT13 0XP

(Registered No. 00083758)

Notes to the Financial Statements

3. Comparative disclosures for the Fund Account and Statement of Net Assets

Fund Account

	Note	Defined Benefit £'000	Defined Contribution £'000	Total 2022 £'000
Contributions and benefits				
Employer contributions		2,126	15,513	17,639
Employee contributions		2,112	1,307	3,419
Total contributions	5	4,238	16,820	21,058
Transfers in	6	201	652	853
Other income	7	53	269	322
		4,492	17,741	22,233
Benefits paid or payable	8	(102,323)	(1,247)	(103,570)
Payments to and on account of leavers	9	(26,509)	(5,095)	(31,604)
Administrative expenses	10	(1,426)	-	(1,426)
		(130,258)	(6,342)	(136,600)
Net (withdrawals)/additions from dealings with members		**(125,766)**	**11,399**	**(114,367)**
Returns on investments				
Investment income	11	6,514	-	6,514
Change in market value of investments	12	(481,483)	(18,368)	(499,851)
Investment management expenses	13	(1,321)	-	(1,321)
Net returns on investments		**(476,290)**	**(18,368)**	**(494,658)**
Net decrease in the Fund during the year		**(602,056)**	**(6,969)**	**(609,025)**
Transfer between sections	24	(1,292)	1,292	-
Net assets of the Fund at start of year		**4,062,358**	**247,384**	**4,309,742**
Net assets of the Fund at end of year		**3,459,010**	**241,707**	**3,700,717**

Notes to the Financial Statements

3. Comparative disclosures for the Fund Account and Statement of Net Assets (continued)

Statement of Net Assets available for Benefits

	Note	Defined Benefit £'000	Defined Contribution £'000	Total 2022 £'000
Investment assets:	12			
Pooled investment vehicles	14	3,215,589	239,514	3,455,103
Bonds		168,057	-	168,057
Cash & receivables		3,217	-	3,217
Insured pensions	15	33,800	-	33,800
AVC investments	16	28,497	-	28,497
		3,449,160	**239,514**	**3,688,674**
Investment liabilities:	12			
Cash & receivables		-	(28)	(28)
Other		(155)	-	(155)
		(155)	**(28)**	**(183)**
Total net investments	12	**3,449,005**	**239,486**	**3,688,491**
Current assets	21	**18,162**	**2,410**	**20,572**
Current liabilities	22	**(8,157)**	**(189)**	**(8,346)**
Net assets of the Fund at end of year		**3,459,010**	**241,707**	**3,700,717**

4. Accounting policies

The principal accounting policies of the Fund are as follows:

Contributions

Employee contributions, including AVCs, are accounted for by the Trustee when they are deducted from pay by the Employer, except for the first contribution due where the employee has been auto enrolled by the Employer in which case it is accounted for when received by the Fund.

Employer normal contributions that are expressed as a rate of salary are accounted for on the same basis as the employees' contributions, in accordance with the Schedule of Contributions in force during the year.

From 1 January 2019 employer normal contributions for members of the DC Section are paid using the surplus of assets over liabilities on the DB Section. These are accounted for on an accruals basis and are shown in note 9.

Employer augmentation contributions are accounted for in accordance with the agreement under which they are payable.

4. Accounting policies (continued)

Payments to members

Benefits are accounted for in the period in which the member notifies the Trustee of their decision on the type or amount of benefit to be taken, or if there is no member choice, on the date of retiring, leaving or death.

Pensions in payment are accounted for in the period to which they relate.

Where the Trustee is required to settle tax liabilities on behalf of a member (such as when lifetime or annual allowances are exceeded) with a consequent reduction, in that members benefits' receivable from the Fund, this is shown separately within benefits paid or payable.

Opt-outs are accounted for when the Fund is notified of the opt-out.

Transfers to and from other schemes

Individual transfers in or out of the Fund are accounted for when member liability is accepted or, discharged which is normally when the transfer amount is paid or received. They do not take account of members who have notified the Fund of their intention to transfer.

Expenses

For the former P&G Section, fees in respect of investment management and performance management charges are borne by the Fund. All other costs, including audit fees, actuarial consultancy fees, legal fees, staff costs, office administration, equipment and overheads are borne by certain participating employers and are not charged to the Fund.

Fees charged to the fund are accounted for on an accrual's basis.

In the current year, the participating employer companies paid £1.2 million (2022: £1.4 million) to the Fund in respect of PPF levies previously paid by the Fund.

Investment income

Income generated by the pooled investment vehicles is not distributed, but it is retained within the pooled investment and is reflected in the market value of the units.

Foreign income is translated into sterling at the rate ruling at the date of the transaction.

Receipts from annuity policies are accounted for as investment income on an accruals basis.

Investments

The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments during the year.

Investments are included at fair value as described below:

Unitised pooled investment vehicles have been valued at the latest available bid price or single price provided by the pooled investment manager.

Annuities have been valued by the Fund Actuary at the amount of the related obligation, determined using the most recent Fund Funding valuation assumptions updated for market conditions at the reporting date. The annuities provide insured pensions to certain members of the Fund.

Investments held in foreign currencies have been valued on the relevant basis and translated into sterling at the rate ruling at the year-end date.

Realised and unrealised gains and losses on investments are dealt with in the Fund Account for the year in which they arise.

Transactions costs are included in the cost of purchases and sales proceeds. Transaction costs include costs charged indirectly to the Fund such as fees, commissions, stamp duty and other fees.

4. Accounting policies (continued)

Presentation currency

The Fund's functional and presentation currency is pounds sterling. Monetary items denominated in foreign currency are translated into sterling using the closing exchange rates at the Fund year end. Foreign currency transactions are recorded in pounds sterling at the spot exchange rate at the date of the transaction.

Annuity policies

Under FRS 102 annuity policies are reported at the value of the related obligation to pay future benefits funded by the annuity policy. Only annuities which are considered by the Trustee to be material to the Fund have been included in the Financial Statements. A number of annuity policies, whose value in total was expected to be less than 0.1% of net assets, have not been included as the Trustee is satisfied that they would not have a material effect on the reading of the Financial Statements.

In 1990 the Trustee purchased annuities for a number of members of the former GUK Section from Phoenix Life, currently valued at £28.1 million (2022: £33.8 million). Annuity payments are received from Phoenix Life each month, with membership data being reconciled between Phoenix Life and the Fund administrators to ensure that the correct level of benefits are received by the Fund. The value of the annuity policy has been estimated by the Fund Actuary based upon the existing level of receipts and the projected level of those receipts not yet in payment. The total is then discounted using assumptions consistent with the current Statement of Funding Principles and the Technical Provisions used for the 2017 Actuarial Valuation, updated where appropriate to reflect market conditions and expected asset returns.

Taxation

The Fund is a registered pension scheme under Chapter 2 of Part 4 of the Finance Act 2004 and is therefore exempt from income tax and capital gains tax.

Notes to the Financial Statements

5. Contributions

	Defined Benefit £'000	Defined Contribution £'000	Total 2023 £'000
Employer contributions			
Company – normal	**-**	**12,077**	**12,077**
Company – augmentations	**926**	**97**	**1,023**
Company – salary sacrifice	**21**	**6,133**	**6,154**
Company- other	**1,218**	**-**	**1,218**
	2,165	**18,307**	**20,472**
Member contributions			
Members – normal	**6**	**33**	**39**
Members - additional voluntary	**1,853**	**1,418**	**3,271**
	1,859	**1,451**	**3,310**
	4,024	**19,758**	**23,782**

The other company defined benefit contribution of £1,218,000 (2022 - £1,366,000) relates to the funding of the Scheme's Pension Protection Fund levy, as required per the Schedule of Contributions dated 29 September 2021.

	Defined Benefit £'000	Defined Contribution £'000	Total 2022 £'000
Employer contributions			
Company - normal	1,366	10,193	11,559
Company - augmentations	737	128	865
Company - salary sacrifice	20	5,192	5,212
Company- other	3	-	3
	2,126	15,513	17,639
Member contributions			
Members - normal	7	13	20
Members - additional voluntary	2,105	1,294	3,399
	2,112	1,307	3,419
	4,238	16,820	21,058

Notes to the Financial Statements

5. Contributions (continued)

Defined Benefit sections

Contributions payable to the Defined Benefit sections of the Fund during the year ended 30 June 2023 have in all material respects been paid at least in accordance with the Schedules of Contributions dated 29 September 2021.

The augmentations principally arise as a result of members' pensions in connection with international assignments.

A Defined Benefit section contributions holiday began on 31 August 2018 and was extended following the most recent actuarial funding valuation to continue until 1 October 2024, at which time contributions will resume. The Company continues to pay the cost of the PPF Levy which is classed as Company – Other contributions. This is in line with the new schedule of contributions issued on 29 September 2021.

From 1 January 2019 the surplus of the Defined Benefit section has been used to pay employer normal contributions for the Defined Contribution Section. During the period £11,900,000 (2022: £10,590,000) was transferred between sections for this reason.

Due to the large surplus of assets over technical provisions as shown in the 29 September 2021 valuation, the Trustee agreed to a contributions holiday for the Defined Benefit active members. This will continue until 30 September 2024, at which time contributions will resume.

Defined Contribution Section

Contributions payable to the Defined Contribution section of the Fund during the year ended 30 June 2023 have in all material respects been paid at least in accordance with the Fund Rules and recommendations of the Actuary.

Notes to the Financial Statements

6. Transfers in

	Defined Benefit £'000	Defined Contribution £'000	Total 2023 £'000
Individual transfers in	**-**	**11**	**11**
Transfer of AVC's from AVC scheme to support augmented pensions	**31**	**-**	**31**
	31	**11**	**42**

	Defined Benefit £'000	Defined Contribution £'000	Total 2022 £'000
Individual transfers in	-	652	652
Transfer of AVC's from AVC scheme to support augmented pensions	201	-	201
	201	652	853

Pension augmentations due to the transfer in of AVC contributions from the AVC scheme have been calculated using factors provided by the Fund Actuary to ensure that they cause no net additional liability on the Fund.

7. Other income

	Defined Benefit £'000	Defined Contribution £'000	Total 2023 £'000
From Company to cover death benefits	**-**	**76**	**76**
Sundry	**5**	**1**	**6**
	5	**77**	**82**

	Defined Benefit £'000	Defined Contribution £'000	Total 2022 £'000
From Company to cover death benefits	39	264	303
Sundry	14	5	19
	53	269	322

8. Benefits paid or payable

	Defined Benefit £'000	Defined Contribution £'000	Total 2023 £'000
Pensions	**89,577**	**-**	**89,577**
Lump sums on retirement	**16,963**	**63**	**17,026**
Lump sum on death	**5**	**131**	**136**
GMP Liabilities	**(661)**	**-**	**(661)**
Income drawdown	**-**	**226**	**226**
Purchase of annuities	**1,802**	**-**	**1,802**
Taxation where lifetime or annual allowances are exceeded	**3,191**	**46**	**3,237**
	110,877	**466**	**111,343**

Notes to the Financial Statements

8. Benefits paid or payable (continued)

	Defined Benefit £'000	Defined Contribution £'000	Total 2022 £'000
Pensions	84,774	-	84,774
Lump sums on retirement	14,284	66	14,350
Lump sum on death	95	598	693
Income drawdown	539	552	1,091
Commuted Pension	-	31	31
Taxation where lifetime or annual allowances are exceeded	2,631	-	2,631
	102,323	1,247	103,570

Taxation where lifetime or annual allowances are exceeded includes all values where a member's investments have breached either the Annual Allowance or Lifetime Allowance thresholds set by HMRC and where the member has opted for the Fund to pay the resultant tax charge in return for lower future benefit payments.

9. Payments to and on account of leavers

	Defined Benefit £'000	Defined Contribution £'000	Total 2023 £'000
Pension sharing on divorce	**876**	**30**	**906**
Payment of Employer contributions to Defined Contributions Section	**11,901**	**-**	**11,901**
Refunds of contributions	**-**	**-**	**-**
Individual transfers to other schemes	**4,154**	**2,479**	**5,972**
	16,931	**2,509**	**18,779**

	Defined Benefit £'000	Defined Contribution £'000	Total 2022 £'000
Pension sharing on divorce	1,741	-	1,741
Payment of Employer contributions to Defined Contributions Section	10,590	-	10,590
Refunds of contributions	1	1	2
Individual transfers to other schemes	14,177	5,094	19,271
	26,509	5,095	31,604

From 1 January 2019 the expected surplus of the Defined Benefit section has been used to pay employer normal contributions for the Defined Contribution section.

Notes to the Financial Statements

10. Administrative expenses

	Defined Benefit £'000	Defined Contribution £'000	Total 2023 £'000
Administration and processing	**991**	**-**	**991**

	Defined Benefit £'000	Defined Contribution £'000	Total 2022 £'000
Administration and processing	1,426	-	1,426

11. Investment income

	Defined Benefit £'000	Defined Contribution £'000	Total 2023 £'000
Annuities received for payment	**3,349**	**-**	**3,349**
Income from pooled investment vehicles	**799**	**-**	**799**
Profit on foreign exchange	**(6)**	**-**	**(6)**
Bank interest	**72**	**6**	**78**
Income from Bonds	**15,578**	**-**	**15,578**
	19,792	**6**	**19,798**

	Defined Benefit £'000	Defined Contribution £'000	Total 2022 £'000
Annuities received for payment	3,543	-	3,543
Income from pooled investment vehicles	624	-	624
Profit on foreign exchange	10	-	10
Bank interest	13	-	13
Income from Bonds	2,324	-	2,324
	6,514	-	6,514

Notes to the Financial Statements

12. Reconciliation of investments

Defined Benefit section	Market Value at 1 July 2022 £'000	Purchases at cost £'000	Sales proceeds £'000	Change in market value £'000	Market Value at 30 June 2023 £'000
Pooled investment vehicles	3,215,589	**301,159**	**(766,664)**	**(99,459)**	**2,650,625**
Bonds	168,057	**602,065**	**(232,963)**	**(58,603)**	**478,556**
Insured pensions	33,800	**-**	**-**	**(5,700)**	**28,100**
AVC investments	28,497	**845**	**(3,632)**	**10**	**25,720**
	3,445,943	**904,069**	**(1,003,259)**	**(163,752)**	**3,183,001**
Cash & receivables held by investment managers	3,217				**2,103**
Other investment balances	(155)				**4,510**
	3,449,005				**3,189,614**

Defined Contribution section	Market value at 1 July 2022 £'000	Purchases at cost £'000	Sales proceeds £'000	Change in market value £'000	Market value at 30 June 2023 £'000
Pooled investment vehicles	239,514	**40,735**	**(25,254)**	**13,029**	**268,024**
Cash & receivables held by investment managers	(28)				**152**
	239,486				**268,176**

The change in market value of investments during the year comprises all increases and decreases in market value of investments held at any time during the year, including profits and losses realised on sales of investments during the year.

Transaction costs are included in the cost of purchases and sales proceeds. The Fund does not incur any direct transaction costs. The amount of any indirect transaction costs is not separately provided to the Fund Indirect costs are incurred through the unit price of investments. The amount of indirect costs is not separately provided in the Fund.

All fund managers operating the pooled investment vehicles are registered in the United Kingdom.

Notes to the Financial Statements

12. Reconciliation of investments (continued)

For the Defined Contribution Section, investments purchased by the Fund are allocated to provide benefits to the individuals on whose behalf corresponding contributions are paid. The investment manager holds the investment units on a pooled basis for the Trustee. The Fund administrator allocates investment units to members. The Trustee may hold investment units representing the value of employer contributions that have been retained by the Fund that relate to members leaving the Fund prior to vesting.

Defined Contribution assets are allocated to provide benefits for individual members on whose behalf contributions have been paid. These designated assets are not part of a common pool, and therefore have been separately identified in the Net Assets Statement and within note 12. The AVC contributions and assets shown within the Financial Statements relate mainly to the Defined Benefit Section of the Fund. Members of the money purchase (defined contribution) sections of the Fund receive annual statements of their account from Capita.

Defined Contribution assets in pooled investment vehicles are allocated to members and the Trustee as follows:

	2023 £'000	**2022 £'000**
Allocated to members	**267,991**	239,483
Allocated to Trustee	**33**	31
	268,024	239,514

13. Investment management expenses

	Defined Benefit £'000	**Defined Contribution £'000**	**Total 2023 £'000**
Administration and processing	**1,208**	**-**	**1,208**

	Defined Benefit £'000	**Defined Contribution £'000**	**Total 2022 £'000**
Administration and processing	1,321	-	1,321

Notes to the Financial Statements

14. Pooled investment vehicles

The Fund's investments in pooled investment vehicles at the year-end comprised:

Defined Benefit Section	**2023 £'000**	**2022 £'000**
Equities	**1,188,068**	1,542,017
Bonds	**1,462,557**	1,673,572
	2,650,625	3,215,589

Defined Contribution Section	**2023 £'000**	**2022 £'000**
Equities	**207,377**	183,793
Bonds	**56,946**	52,115
Money Market Sterling Liquid Funds	**3,701**	3,606
	268,024	239,514

Stock Lending

The Trustee designated up to 80% of their holdings in the pooled BlackRock Aquila Life Over-15 Year Gilts units as available for lending by the investment manager. At 30 June 2023, the value of those investments was £156million, representing 7.13% of the Fund's total investments with BlackRock. The value of the units decreased by 1.03% between 30 June 2022 to 30 June 2023, encompassing the income generated by the lending activity. The gilt lending and the collateral requirements are managed by BlackRock.

15. Insured pensions

The legacy annuity policies relate to 480 individuals (2022: 517). The policy was purchased in 1990 to buy-in annuities due to certain deferred members who were entitled to contingent or prospective benefits from the Gillette UK Pension Scheme. Annuities are issued by Phoenix Life and are valued by the Fund Actuary. No collateral is held in relation to these assets.

The Trustee no longer purchases annuities to meet Fund liabilities.

The Fund held insurance policies at the year-end as follows:

	2023 £'000	**2022 £'000**
Annuities with Phoenix Life Insurance	**28,100**	**33,800**

The fall in the value of the policy reflects settlements from the policy to the Fund which have extinguished obligations from the policy, a fall in the number of overall members remaining in the policy, plus changes in the financial assumptions and market conditions applied in arriving at the valuation.

Notes to the Financial Statements

16. Defined contribution assets and AVC investments

For members of the Defined Benefit Section, AVC investments are administered by Phoenix Life Limited to whom AVC contributions are directly paid. For members of the Defined Benefit Section who commence making AVCs after 30 June 2021, AVC investments are held within the Defined Contribution Section of the Fund.

Within the Defined Benefit Section of the Fund, the Trustee hold assets invested separately from the Fund in the form of with-profits and unit-linked funds with Utmost Life & Pensions, Clerical Medical and Prudential securing additional benefits on a money purchase basis for those members electing to pay AVC's. Members participating in this arrangement each receive an annual statement made up to 30 June of each year, confirming the amounts held to their account and the movements in the year.

The aggregate amounts of AVC investments at 30 June 2023 are as follows:

Defined Benefit Section	**2023 £'000**	**2022 £'000**
Utmost Life & Pensions	**2**	2
Phoenix Life	**25,463**	28,159
Clerical Medical	**255**	336
	25,720	28,497

AVC investments are valued at the latest available bid price, or single price provided by the AVC investment provider, or where the valuation is not available to the Trustee at the date the financial statements are signed, then the AVC investments are valued on a cash basis.

Notes to the Financial Statements

17. Fair value determination

The fair value of financial instruments has been disclosed using the following fair value hierarchy:

Level 1	The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the assessment date.
Level 2	Inputs other than quoted prices included within Level 1 which are observable (i.e. developed) for the asset or liability, either directly or indirectly.
Level 3	Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

A fair value measurement is categorised in its entirety on the basis of the lowest level input which is significant to the fair value measurement in its entirety. The Fund's investment assets and liabilities fall within the above hierarchy levels as follows:

As at 30 June 2023 **Defined Benefit Section**	**Level 1** **£'000**	**Level 2** **£'000**	**Level 3** **£'000**	**Total** **£'000**
Bonds	**-**	**478,556**	**-**	**478,556**
Pooled investment vehicles	**-**	**2,650,625**	**-**	**2,650,625**
Insured pensions	**-**	**-**	**28,100**	**28,100**
Cash & receivables	**6,613**	**-**	**-**	**6,613**
AVC investments	**-**	**-**	**25,720**	**25,720**
	6,613	**3,129,181**	**53,820**	**3,189,614**
Defined Contribution Section				
Pooled investment vehicles	**-**	**268,024**	**-**	**268,024**
Cash & receivables	**152**	**-**	**-**	**152**
	152	**268,024**	**-**	**268,176**

As at 30 June 2022 **Defined Benefit Section**	**Level 1** **£'000**	**Level 2** **£'000**	**Level 3** **£'000**	**Total** **£'000**
Bonds	-	168,057	-	168,057
Pooled investment vehicles	-	3,215,589	-	3,215,589
Insured pensions	-	-	33,800	33,800
Cash & receivables	3,217	-	-	3,217
Other investment balances	(155)	-	-	(155)
AVC investments	-	-	28,497	28,497
	3,062	3,383,646	62,297	3,449,005
Defined Contribution Section				
Pooled investment vehicles	-	239,514	-	239,514
Cash & receivables	(28)	-	-	(28)
	(28)	239,514	-	239,486

Notes to the Financial Statements

18. Investment risk disclosures

FRS 102 requires the disclosure of information in relation to certain investment risks. These risks are set out by FRS 102 as follows:

Credit risk: this is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Market risk: this comprises currency risk, interest rate risk and other price risk:

- **Currency risk**: this is the risk that the fair value of future cash flows of a financial asset will fluctuate because of changes in foreign exchange rates.
- **Interest rate risk**: this is the risk that the fair value of future cash flows of a financial asset will fluctuate because of changes in market interest rates.
- **Other price risk**: this is the risk that the fair value of future cash flows of a financial asset will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Trustee determines their investment strategy after taking advice from a professional investment adviser. The Fund has exposure to these risks because of the investments it makes in following the investment strategy set out below. The Trustee manages investment risks, including credit risk and market risk, by mandating their investment managers to invest in pooled funds which provide diversification across the underlying equities and fixed income investments. The performance of each pooled fund is measured monthly by external providers against the relevant benchmarks, and the investment managers provide quarterly reports showing the top-10 underlying investments within each pooled fund. Any investment performance which diverges significantly from the benchmark is investigated by the Trustee’s investment adviser and reported to the Trustee, at which point any action to be taken is considered.

Further information on the Trustee approach to risk management, credit and market risk is set out below. This does not include the legacy insurance policies nor AVC investments as these are not considered significant in relation to the overall investments of the Fund.

18. Investment risk disclosures (continued)

Defined Benefit Section (DB)

Investment strategy

The investment objective of the DB section is to maintain a portfolio of suitable assets of appropriate liquidity which will generate investment returns to meet, together with future contributions, the benefits of the DB section payable under the Trust Deed and Rules as they fall due.

The Trustee sets the investment strategy for the DB section taking into account considerations such as the strength of the employer covenant, the long term liabilities of the DB section and the funding agreed with the Employer. The investment strategy is set out in its Statement of Investment Principles (SIP).

The current strategy is to hold:

a. 56% in the former P&G Section and 78% in the former GUK Section, in investments that move in line with the long-term liabilities of the Fund. This comprises a range of UK and overseas government and corporate bonds via pooled investment vehicles to ensure investment risk diversification.

b. 44% in the former P&G Section and 22% in the former GUK Section, in return seeking investments comprising UK and overseas equities. This comprises a range of UK and overseas equities via pooled investment vehicles to ensure diversification of investment risk.

   Additionally, in 1990 the Trustee purchased annuities for a number of members of the former GUK Section from Phoenix Life, currently valued at £28.1 million (2022: £33.8 million). Annuity payments are received from Phoenix Life each month, with membership data being reconciled between Phoenix Life and the Fund administrators to ensure that the correct levels of benefits are received by the Fund. The value of the annuity policy has been estimated by the Fund actuary based upon the existing level of receipts and the projected level of those receipts not yet in payment. The total was then discounted using assumptions consistent with the current Statement of Funding Principles and the Technical Provisions used for the 2017 Actuarial Valuation, updated where appropriate to reflect market conditions and expected asset returns.

   As Phoenix Life are covered by the Financial Services Compensation Scheme, the Trustee do not consider any material level of any risk attached to the investment. The Prudential Regulation Authority oversees the assets held by Phoenix Life to meet its obligations, and any risks which the Authority identify are brought to Phoenix Life’s attention for corrective action to be taken.

18. Investment risk disclosures (continued)

Credit risk

The Fund invests only in pooled investment vehicles and is therefore directly exposed to credit risk in relation to the instruments it holds in the pooled investment vehicles. The Fund is indirectly exposed to credit risks arising on the financial instruments held by the pooled investment vehicles.

As at 30 June 2023	Investment grade £'000	Non-investment grade £'000	Unrated £'000	Total £'000
Cash	**99**	**-**	**-**	**99**
Pooled investment vehicles:				
Equities	**1,188,068**	**-**	**-**	**1,188,068**
Bonds	**1,462,557**	**-**	**-**	**1,462,557**
	2,650,625	**-**	**-**	**2,650,625**

As at 30 June 2022	Investment grade £'000	Non-investment grade £'000	Unrated £'000	Total £'000
Cash	101	-	-	101
Pooled investment vehicles:				
Equities	1,542,016	-	-	1,542,017
Bonds	1,673,573	-	-	1,673,573
	3,215,690	-	-	3,215,690

Cash is held within financial institutions which are at least investment grade credit rated.

The Fund's holdings in pooled investment vehicles are investment grade. Direct credit risk arising from pooled investment vehicles is mitigated by the underlying assets of the pooled arrangements being ring-fenced from the pooled manager, the regulatory environments in which the pooled managers operate and diversification of investments amongst a number of pooled arrangements. The Trustee carry out due diligence checks on the appointment of new pooled investment managers and on an ongoing basis monitor any changes to the regulatory and operating environment of the pooled manager.

A summary of pooled investment vehicles by type of arrangements is as follows:

	2023 £'000	2022 £'000
Unit linked insurance contracts	**1,674,299**	2,084,709
Managed via a Grantor Trust Agreement	**976,326**	1,130,880
	2,650,625	3,215,589

Indirect credit risk arises in relation to underlying investments held in the bond pooled investment vehicles. At the year end the total value of underlying investments subject to credit risk was £808 million (2022: £883 million) as advised by the pooled managers. This risk is mitigated by requiring pooled managers to invest in at least investment grade credit rated investments.

There is some direct credit risk attached to the insurance policies whereby the insurance provider may cause financial loss to the Fund by failing to discharge its obligations; however, this is mitigated by the Trustee investing the annuity policy with a regulated insurance provider. The annuity policy matches the pensions secured and additional comfort is provided by the regulatory system under which the insurance company providing the legacy policy operates.

18. Investment risk disclosures (continued)

Currency risk

The Fund is subject to currency risk because some of the Fund's investments are held in overseas markets via pooled investment vehicles.

The Fund's total net unhedged exposure by major currency at the year-end was as follows:

	2023 £'000	2022 £'000
Currency		
US Dollar	**740,612**	931,102
Euro	**99,491**	118,405
Japanese Yen	**67,771**	88,893
Other	**237,003**	343,296
	1,144,877	1,481,696

The above analysis includes the net exposure to foreign currency arising from the underlying investment in the pooled investment vehicles held by the Fund as advised by the pooled investment managers. The managers are mandated to invest in pooled funds which provide diversification by virtue of investing in the underlying equities on the basis of their individual global market-weighting. The performance of each pooled fund is measured monthly by external providers against the relevant benchmarks, and the investment managers provide quarterly reports showing the top-10 underlying investments within each pooled fund. Any investment performance which diverges significantly from the benchmark is investigated by the Trustee's investment adviser and reported to the Trustee, at which point any action to be taken is considered.

The Fund is directly exposed to movements in the US dollar as it has an investment of £976 million (2022: £1.130 billion) as at the Fund year end in the BlackRock ACWI Equity Index Fund B. This risk is known and accepted by the Trustee.

Interest rate risk

The Fund is subject to interest rate risk because some of the Fund's investments are held in bonds or interest rate swaps via pooled investment vehicles, and cash. The managers are mandated to invest in pooled funds which provide diversification, by virtue of investing in the underlying fixed income investments. The performance of each pooled fund is measured monthly by external providers against the relevant benchmarks, and the investment managers provide quarterly reports showing the top-10 underlying investments within each pooled fund. Any investment performance which diverges significantly from the benchmark is investigated by the Trustee's investment adviser and reported to the Trustee, at which point any action to be taken is considered. The exposure to interest rate risk arising from the underlying investments in pooled investment vehicles held by the Fund as advised by the pooled managers was £1.463 billion (2022: £1.674 billion).

Other price risk

Other price risk arises principally in relation to the Fund's investments held in pooled vehicles.

The Fund manages this exposure to overall price movements by constructing a diverse portfolio of investments across various markets. The investment managers maintain the underlying investments to reflect an individual company's weighting within the global stock market, and any adverse effect on an individual stock price is accompanied by a reduced holding in that company.

At the year end, the Fund's exposure to investments subject to other price risk was:

	2023 £'000	2022 £'000
Indirect		
Pooled investment vehicles	**1,188,068**	1,542,017

Notes to the Financial Statements

18. Investment risk disclosures (continued)

Defined Contribution Section

Investment strategy

The Trustee's objective is to make available to members of the Fund an appropriate range of investment options designed to generate income and capital growth, which together with new contributions from members and their employer, will provide a retirement amount with which the member can purchase a pension annuity (or other type of retirement product). The Statement of Investment Principles outlines the investment objectives and strategy for the Defined Contribution assets of the Fund.

The investment funds offered to members are white label funds provided by State Street Global Advisors as follows:

a. Equities

b. Gilts

c. Corporate Bonds

d. Money Market Sterling Liquid Funds

The Trustee has an investment management agreement in place with State Street Global Advisors that sets out guidelines for the underlying investments in pooled investment units held by their sub-funds. The day to day management of the underlying investments of the funds is the responsibility of State Street Global Advisors subsidiary Managed Pension Funds Limited, including the direct management of credit and market risks.

The Trustee monitor the underlying risks by quarterly reviews of State Street Global Advisors' investment performance against the allocated benchmark for each type of investment unit. State Street Global Advisors also provide quarterly factsheets for each of the investment units, which identifies the top-10 largest individual holdings within each fund unit. The individual unit factsheets and the measurement of each unit against specific benchmarks, enables the Trustee to monitor investment performance and diversity.

Credit risk

The DC section is subject to direct credit risk in relation to State Street Global Advisors through its holding in unit linked funds provided by Managed Pension Funds Limited.

Managed Pension Funds Limited is regulated by the Financial Conduct Authority and maintains separate funds for its policy holders. Managed Pension Funds Limited invests all the Procter & Gamble Pension Fund's investments in its own investment unit linked units and it does not use other investment funds or reinsurance arrangements. In the event of default by Managed Pension Funds Limited the Fund is protected by the Financial Services Compensation Scheme.

Notes to the Financial Statements

18. Investment risk disclosures (continued)

Market risk

The DC section is also subject to indirect credit and market risk arising from the underlying investments held in the white label funds. The funds which have significant exposure to these risks are set out below:

2023 and 2022	Credit risk	Foreign exchange risk	Interest rate risk	Other price risk
Managed Pension Funds Equities	Y	Y	N	Y
Managed Pension Funds Index-Linked Gilts	N	N	N	-
Managed Pension Funds Money Market	Y	N	Y	-
Managed Pension Funds Corporate Bonds	Y	N	Y	Y

The analysis of these risks set out above is at Fund level. Member level risk exposures will be dependent on the funds invested in by the individual member.

The Credit risk would arise in the event of default of Managed Pension Funds Limited, notwithstanding the protection afforded by the Financial Services Compensation Scheme. Foreign exchange risks may arise as a result of the underlying investment in overseas equities, which could also give rise to other price risks. Investments in Index-Linked Gilt units should not give rise to any Interest rate risks although there is a minor Interest rate risk attached to the Money Market investments, but the majority of those have a maturity date of less than 90 days. The Money Market Sterling Liquidity units do not attract any Currency risk.

To meet the investment strategy outlined in the Statement of Investment Principles, the Trustee has selected the above funds, having considered the full spectrum of risks which members are likely to encounter.

A summary of pooled investment vehicles by type of arrangements is as follows:

	2023 £'000	2022 £'000
Limited Liability Insurance Company	**268,024**	239,514

Other price risk

Other risks arise as a result of changes in the market prices of the underlying investments across the range of the four investment units made available to Fund members.

The Fund manages this exposure to overall price movements by constructing a diverse portfolio of investments across various markets. The investment managers maintain the underlying investment to reflect individual companies' weightings within the UK and global stock markets and any adverse effect on an individual stock price is accompanied by a reduced holding in that company.

At the year end, the Fund's exposure to investments subject to other price risk was:

	2023 £'000	2022 £'000
Indirect		
Pooled investment vehicles	**207,377**	183,793

Notes to the Financial Statements

19. Self-investment

The Fund had indirect holdings of The Procter & Gamble Co. ordinary shares through its pooled investment vehicles which amounted to 0.28% (2022: 0.55%) of the Fund's net assets at the year-end. At year end the Company owed the Fund £0.9 million (0.03% of the Fund's net assets) (2022: £1.6 million - 0.05% of the Fund's net assets).

20. Concentration of investments

The Fund has the following holdings representing more than 5% of the Fund's total net assets:

	2023 Market Value £'000	%	2022 Market Value £'000	%
Defined Benefit Section				
BlackRock ACWI Equity Index Fund B	**976,326**	**28.2**	1,130,880	30.5
BlackRock Aquila Life Over 15 Years Gilt Index fund TRM	**-**	**-**	329,898	8.9
MPF All World Equity Index	**211,742**	**6.1**	411,137	11.1
MPF UK Conventional Gilts Over 15 Years	**172,379**	**5.0**	199,678	5.4
MPF Sterling Non-Gilts Bond All Stock	**313,760**	**9.0**	337,369	9.1
BlackRock Aquila Life Corporate Bond All Stock Fund	**322,123**	**9.3**	346,302	9.3
BlackRock Aquila Life Corporate Bond Over 15 Years	**220,064**	**6.3**	292,828	7.9
Bonds	**478,556**	**13.8**	-	-
Defined Benefit Section				
MPF Pension Fund All World Developed Equity Index Sub-Fund	**181,820**	**5.2**	-	-

21. Current assets

	Defined Benefit £'000	Defined Contribution £'000	Total 2023 £'000
Bank balances	**5,699**	**2,003**	**7,702**
Normal contributions due from employer	**2**	**477**	**479**
Normal contributions due from members	**42**	**106**	**148**
Normal contributions due from other sections	**-**	**855**	**855**
Due from Company	**392**	**1**	**393**
Other debtors and prepaid pensions	**2,805**	**-**	**2,805**
	8,940	**3,442**	**12,382**

Notes to the Financial Statements

21. Current assets (continued)

	Defined Benefit £'000	Defined Contribution £'000	Total 2022 £'000
Bank balances	17,637	1,192	18,829
Normal contributions due from employer	2	382	384
Normal contributions due from members	115	80	195
Normal contributions due from other sections	-	756	756
Due from Company	377	-	377
Other	31	-	31
	18,162	2,410	20,572

Contributions for the Fund year ended 30 June 2023 as reported in the summary of contributions and payable under the Schedule of Contribution have in all material respects been paid at least in accordance with the Schedule of Contributions and Fund Rules and recommendations of the Actuary (for the Defined Contribution section) certified by the Fund Actuary on 29 September 2021.

22. Current liabilities

	Defined Benefit £'000	**Defined Contribution £'000**	**Total 2023 £'000**
Benefits payable	**3,380**	**-**	**3,380**
Accrued expenses	**602**	**-**	**602**
Due to other sections	**885**	**-**	**885**
PAYE due to HMRC	**1,548**	**1**	**1,549**
Other tax Payable	**166**	**4**	**170**
GMP liabilities	**2,839**	**-**	**2,839**
Other creditors	**31**	**-**	**31**
	9,451	**5**	**9,456**

	Defined Benefit £'000	Defined Contribution £'000	Total 2022 £'000
Benefits payable	1,871	146	2,017
Accrued expenses	244	-	244
Due to other sections	759	3	759
PAYE due to HMRC	1,305	-	1,305
Other tax Payable	481	40	521
GMP liabilities	3,500	-	3,500
Other creditors	-	-	-
	8,157	189	8,346

Notes to the Financial Statements

23. Related party transactions

In the current year, the participating employer companies paid £1.218 million (2022: £1.366 million) to the Fund in respect of PPF levies previously paid by the Fund, this was paid through a mix of cash and a drawdown of deferred contributions.

In addition, Procter & Gamble UK has undertaken to cover any costs the Fund incurs in respect of death in service benefits. Amounts received from Procter & Gamble UK to cover deaths of members were £0.08 million (2022: £0.3 million).

Contributions for Trustees who are members of the Fund are paid in accordance with the Schedule of Contributions as appropriate.

At the year end, £872,000 (2022: £761,000) was due from the participating employer companies including £479,000 (2022: £384,000) for contributions which were received in the normal time period.

From 1 January 2019 the expected surplus of the Defined Benefit section has been used to pay employer normal contributions for the Defined Contribution Section. During the period £11.900 million (2022: £10.590 million) was transferred between sections for this reason.

24. Transfers between sections

Transfers between sections of £nil (2022: £1,292,000) occurred where members have funds in more than one section of the Fund which are consolidated before payment of benefits or transfers to other schemes. The total does not include the contributions paid from the Defined Benefit section into the Defined Contributions section as mentioned in note 23.

25. Contingent assets

With effect from 1 July 2017 until 30 June 2022, and in accordance with the Schedule of Contributions dated 30 June 2017, and an Escrow Agreement, company contributions of 28.7% of Pensionable Salaries, relating to the DB section, were required to be paid into an Escrow account. Following completion of the June 2017 funding valuation, which indicated a funding level of 114%, a revised Schedule of Contributions stated no further employer contributions were required from the Company for DB or DC contributions commencing September 2018 and from January 2019, respectively.

In October 2018 the company activated clause 8.1 of the Escrow Agreement whereby the Trustee was requested to repay monies held in the Escrow Account to the participating employers. The transfer of funds was completed in October 2018 with residual funds retained in the Escrow Account to meet Custodian fees payable until the completion of the June 2020 funding valuation.

The June 2022 funding valuation indicated a funding level of 120.9%. The Schedule of Contributions dated 23 October 2023 requires the Employer to recommence contribution payments to the Escrow account from 1 October 2024 until 30 September 2028 at the rate of 53.6% of Pensionable Salaries.

At 30 June 2023 the value of funds held in Escrow were £23,874 (2022: £43,325). The funds in the Escrow account were invested in a cash account held with Citibank.

Notes to the Financial Statements

26. Guarantees

The Fund benefits from a Guarantee provided by The Gillette Company LLC (a US group company) which will, under certain circumstances, pay the liabilities due to the Fund by the UK employing companies.

27. Contingent liabilities

A supplemental judgement has been issued regarding the impact of GMP equalisation on historic transfers out payments. The Trustee is aware that the issue will affect historic transfers paid from the Fund and are working with their advisers and administrators to identify the impacted member transfers and to then consider the next steps in the process.

28. Subsequent events

During the period, the Trustee appointed Aon as the new administrator of the Fund. This followed a detailed in-depth review of the wider pension administration market. They expect Aon’s appointment to take effect in 2024.

Statement of Investment Principles

This Statement of Investment Principles covers the defined benefit and the defined contribution sections of the Fund. It is set out in three parts: firstly, the objectives and implementation of the defined benefit section, secondly those of the defined contribution section, and finally the Trustees' overall policy on issues that apply equally to the defined benefit and defined contribution sections.

Defined Benefit Section

Fund Investment Objective

The Trustees aim to invest the assets of the Fund to ensure that the benefits promised to members are provided. In setting investment strategy, the Trustees 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 Procter & Gamble (the "sponsoring employer" or the "company").

Strategy

The current medium term target asset allocation strategy was agreed in 2023. It is set out below, together with the assumptions made about the returns for each asset class in determining the strategy. The investment strategy was agreed following an asset liability study with advice from the Trustees' investment advisers and detailed consultation with the sponsoring employer.

Asset Class	Target Weighting %	Ranges %	Expected Return % per annum
Equities	32	30 - 40	6-9
Sterling Bonds	65	60 - 70	0-4
Alternatives	3	0 – 10	4-8

The Trustees have agreed a long-term funding strategy with the Company, which will see our level of equities gradually decrease over the next 14 years, with more Corporate Bonds, Gilts and Index-Linked Gilts replacing them. This will decrease the funding level volatility and risk of the Fund, namely by increasing the Fund's asset matching and hedging of liability interest rate and inflation risks.

Risk measurement and management

The Trustees recognise that the key risk to the Fund is insufficiency of assets to make provisions for 100% of its liabilities ("funding risk"). The Trustees have 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. These are as follows:

- The risk of a significant difference in the sensitivity of asset and liability values to changes in financial and demographic factors ("mismatching risk"). The Trustees and their advisers considered this mismatching risk when setting the investment strategy.
- The risk of a shortfall of liquid assets relative to the Fund's immediate liabilities ("cash flow risk"). The Trustees and their advisers will manage the Fund's cash flows taking into account the timing of future payments in order to minimise the probability that this occurs.
- The failure by the fund managers to achieve the rate of investment return assumed by the Trustees ("manager risk"). This risk is considered by the Trustees and their advisers both upon the initial appointment of the fund managers and on an ongoing basis thereafter.
- The failure to spread investment risk ("risk of lack of diversification"). The Trustees and their advisers considered this risk when setting the Fund's investment strategy.

Statement of Investment Principles (continued)

- The possibility of failure of the Fund's sponsoring employer ("covenant risk"). The Trustees and their advisers considered this risk when setting investment strategy and consulted with the sponsoring employer as to the suitability of the proposed strategy.
- The risk of fraud, poor advice or acts of negligence ("operational risk"). The Trustees have sought to minimise such risk by ensuring that all advisers and third party service providers are suitably qualified and experienced and that suitable liability and compensation clauses are included in all contracts for professional services received.

Statement of Investment Principles

Due to the complex and interrelated nature of these risks, the Trustees consider the majority of these risks in a qualitative rather than quantitative manner as part of each formal investment strategy review (normally triennially). Some of these risks may also be modelled explicitly during the course of such reviews.

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

- Performance versus the Fund investment objective as measured by an independent performance measurer.
- Performance of individual fund managers versus their respective targets as measured by an independent performance measurer.
- Any significant issues with the fund managers that may impact their ability to meet the performance targets set by the Trustees.

In addition to receiving quarterly reports from an independent performance measurer the Trustees receive quarterly monitoring reports from the individual fund managers. It is also the Trustees' policy to regularly review the fund managers' investment performance.

Implementation

The investment manager structure and investment objectives for each fund ("mandates") are set out in the tables below:

BlackRock

BlackRock Asset Class	Name of Fund	Investment Objective	Active/Passive
Global Equities	ACWI Equity Index Fund B units	The Fund aims to track the MSCI All Country World Index	Passive
Long Dated Gilts	Aquila Life Over 15 Years UK Gilt Index Fund	The Fund aims to track the FTSE Actuaries UK Conventional Gilts Over 15 Years Index	Passive
Long Dated Gilts	Aquila Life 2040 Gilt Fund	The Fund aims to achieve a return consistent with T40 4 ¼% Treasury STK 40 GROSS Index	Passive
All Stock Corporate Bonds	Aquila Life All Stocks Corporate Bond Index Fund	The Fund aims to track the Markit iBoxx £ Non-Gilts Overall TR Index	Passive
Long Dated Corporate Bonds	Aquila Life Over 15 Year Corporate Bond Index Fund	The Fund aims to track the iBoxx £ Non-Gilts, Over 15 Year Index	Passive
Long Duration High Quality	Long Duration High	The Fund aims to track the ICE BofA	

Statement of Investment Principles (continued)

Credit	Quality Credit Portfolio	Sterling Non-Gilts AAA-A 15+ Yrs (UN78)	Passive
Global Infrastructure	Global Infrastructure IV Fund	The Fund aims to build a diversified portfolio of essential, contracted infrastructure assets and businesses worldwide that are well-positioned to capitalise on three long-term, structural trends being accelerated by the global energy transition – decarbonisation, decentralisation and digitalisation. The Fund targets a return in US Dollar terms of 12-14% Gross IRR (internal rate of return) with a 7% annual cash yield.	Active

Statement of Investment Principles

State Street ("SSgA")

Asset Class	Name of Fund	Investment Objective	Active/Passive
Global Equities	MPF All World Equity Index Sub-Fund	The Fund aims to track the FTSE All World Index	Passive
All Stock Corporate Bonds	MPF Sterling Corporate Bond All Stocks Index Fund	The Fund aims to track the Barclays Capital Sterling Aggregate 100mm Non Gilts Index	Passive
Long Dated Gilts	MPF UK Conventional Gilts Over 15 Years Index Fund	The Fund aims to track the FTSE Actuaries British Government Over 15 year Index	Passive
Long Dated Index-Linked Gilts	MPF UK Index Linked Gilt Nov 2047 Index Sub-Fund	The Fund aims to track the Bloomberg UKTI 0.75% Nov 47 TRI	Passive
Long Dated Index-Linked Gilts	MPF UK Index Linked Gilt Mar 2050 Index Sub-Fund	The Fund aims to track the Bloomberg UKTI 0.50% Mar 50 TRI	Passive
Long Dated Index-Linked Gilts	MPF UK Index Linked Gilt Mar 2055 Index Sub-Fund	The Fund aims to track the Bloomberg UKTI 1.25% Nov 55 TRI	Passive
Long Dated Index-Linked Gilts	MPF UK Index Linked Gilt Mar 2062 Index Sub-Fund	The Fund aims to track the Bloomberg UKTI 0.375% Mar 62 TRI	Passive
Long Dated Index-Linked Gilts	MPF UK Index Linked Gilt Mar 2068 Index Sub-Fund	The Fund aims to track the Bloomberg UKTI 0.125% Mar 68 TRI	Passive

All fund managers are remunerated on a percentage value of fund basis. The fees have been negotiated to be competitive. In addition, fund managers pay commissions to third parties on many trades they undertake in the management of the assets. The Trustees receive an annual statement from each investment manager

Statement of Investment Principles (continued)

setting out all the costs of the investment of the Fund and this is reviewed annually at a meeting of the Investment Committee. The Investment Committee uses these statements to ensure that the costs incurred are commensurate with the goods and services received.

The Trustees have appointed State Street Bank and Trust Company as the Fund's custodian for the BlackRock investments. The custodian provides safekeeping for the Fund's assets and performs the administrative duties attached, such as the collection of interest and dividends and dealing with corporate actions.

Members of the Defined Benefit Section of the Fund can pay Additional Voluntary Contributions (AVCs).

Statement of Investment Principles (continued)

Procter and Gamble Pension Fund Defined Contribution Section and Gillette Group Retirement Plan top up section

Investment Objective

In investing the assets the Trustees' 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.

Investment option		
The Fund's Investment Objective is implemented using the range of investment options set out in the table below.	**Investment description**	**Investment characteristics**
Global Equity	Invested in global equities.	The returns will be more volatile and less secure than those of UK government bonds. To compensate for this extra risk, investors expect higher investment returns. Diversification across different equity markets helps to reduce stock specific risk, but there will be currency risk due to the overseas exposure.
ESG Equity	Invested in global equities, with a tilt toward companies stronger 'ESG' scores	This fund will invest in global equities, with the same properties as above. However, this fund will allocate monies with certain environmental, social and governance ('ESG') criteria in mind. It may be suitable for members wishing to invest their funds ethically.
Emerging Market Equity	Invested in equities in developing countries (globally)	The returns will be more volatile and less secure than those of UK government bonds. To compensate for this extra risk, investors expect higher investment returns. Risk and return is expected to be slightly higher than in developed equities in the long term. There will be currency risk due to the overseas exposure.
UK Index-Linked Gilts	UK (Over 5 years) Index-Linked gilts.	This fund aims to produce a return that is broadly correlated to annuity prices for inflation-linked annuities. The return is expected to be less volatile than that of the equity funds.
Corporate Bond	UK corporate bonds (all stocks)	The returns are likely to be less volatile and more secure than those of equities, although more volatile than UK government bonds and investors expect correspondingly higher returns over the long term.
Cash	Short-term cash instruments.	This fund aims to provide security of capital and to minimise volatility through investment in predominantly Sterling-denominated short term money market instruments and fixed deposits.

Statement of Investment Principles (continued)

Lifestyle options

Three lifestyle investment options are available to members which utilise equities, index-linked gilts, corporate bonds and cash funds. The three lifestyle options each with an aim to achieve returns above inflation over the long term and to be appropriate for members targeting a different method of accessing their pension account at retirement, either through drawdown, annuity purchase or a cash lump sum. Each lifestyle option invests in the same way during the growth phase until a member reaches 5 years prior to retirement.

Growth phase: Members who are more than 14 years away from retirement are invested 80% in equities, 10% in index-linked gilts and 10% in corporate bonds. Upon reaching 14 years to retirement, the proportion of equities is gradually reduced and the proportion of gilts and bonds is gradually increased, until 10 years to retirement, so that the pension account is invested 60% in equities, 20% in index-linked gilts and 20% in corporate bonds. This asset allocation then stays constant until 5 years to retirement, the pre-retirement phase.

Pre-retirement phase: Upon reaching 5 years to retirement the lifestyle investments have an initial allocation of 60% equities, 20% index-linked gilts and 20% corporate bonds. This is gradually switched to aim to align to the member's target retirement outcome depending on the lifestyle option selected, i.e. drawdown, annuity or cash.

Upon reaching the pre-retirement phase of the **drawdown** lifestyle, the proportion of equities is gradually reduced and the proportion of bonds is gradually increased so that at the member's target retirement age, their pension account is invested 34% in equities, 33% in index-linked gilts and 33% in corporate bonds. It is designed to be appropriate for a member remaining invested in retirement.

Upon reaching pre-retirement phase of the **annuity** lifestyle, the investments are gradually switched from equities and corporate bonds to index-linked gilts and cash so that at the member's target retirement age, their pension account is invested 75% in index-linked gilts and 25% cash. It is designed to be appropriate for a member wishing to purchase an annuity with 75% of their pension account and taking the remaining 25% as a tax-free cash allowance at retirement.

Upon reaching pre-retirement phase of the **cash** lifestyle, the investments are gradually switched from equities, index-linked gilts and corporate bonds, to an asset allocation of 100% in cash assets at the member's target retirement age. It is designed to be appropriate for a member wishing to take a full cash lump sum withdrawal at retirement.

Self-select

Members are also able to make their own investment choice i.e. Self-Select option. Members can allocate investments to any of the six investment options detailed in the table above. The members can invest in just one fund or in a combination of these funds. The member will be responsible for reviewing and re-allocating investments as necessary as switching, including in the approach to retirement, is not automatic.

It is the Trustees' policy to provide suitable information for members so that they can make the appropriate investment decisions. The range of funds was chosen by the Trustees after taking expert advice from the Trustees' investment advisers and will be reviewed on a periodic basis. The Trustees have full discretion as to the range of funds offered to members.

The Trustees expect the long-term return on the investment options that invest predominantly in equities to exceed price inflation and general salary growth. The long term returns on the bonds and cash options are expected to be lower than the predominantly equity options. The index-linked gilt funds are expected to broadly match the price of annuities, giving some protection in the amount of secured pension for members closer to retirement. Cash funds will provide protection against changes in short-term capital values, and may be appropriate for members receiving part of their retirement benefits in the form of tax-free cash.

Statement of Investment Principles (continued)

Default Investment Arrangements

This section is included for the purpose of compliance (to the extent applicable) with Regulation 2A of the Occupational Pension Schemes (Investment) Regulations 2005 amended from 6 April 2015.

The Trustees of the Procter & Gamble Pension Fund are required to designate a default arrangement into which members who are automatically enrolled are invested. The Trustees have designated the Drawdown Lifestyle Strategy (described above), as the default arrangement for the Fund.

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.

It aims to do this by providing members with the potential for growth above the level of inflation during the accumulation of their retirement savings though exposure to equity, index-linked gilts and corporate bonds, and then to 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.

The default lifestyle option has been designed to be suitable for the membership of the Fund, taking into account factors including age, salary, contribution levels and term to retirement.

The asset allocation throughout the Lifestyle option and the phasing of the gradual switching of investments takes into account members' greater capacity for risk early on and reduced capacity for risk in later years.

The Trustees also consider the Cash Lifestyle Strategy to be a default arrangement. This follows an exercise to bulk transfer member legacy AVC and other Defined Contribution ("DC") benefits into the DC section using the Cash Lifestyle Strategy as the default destination investment option. This strategy is therefore subject to the same governance and charge cap requirements as the main Fund default lifestyle strategy. The Cash Lifestyle Strategy meets the same criteria as described above in terms of suitability and taking member needs and circumstances into account and has been selected as the default arrangement for this group based on the expectation that the majority are likely to access these funds as a cash lump sum at the point of retirement.

The performance of both default options and projected outcomes will be reviewed periodically with reference to the extent to which they meet the aims and objectives considering the returns on investments after charges and the manner in which members take their benefits from the Fund. This periodic review will also take into account any significant changes in the demographic profile of the relevant members.

The Trustees' policies in relation to the default arrangements in respect of matters set out in Regulation 2(3) of the Occupational Pension Schemes (Investment) Regulations 2005, as amended are those set out in the following sections of this document.

Statement of Investment Principles (continued)

Risk measurement and management

The Trustees recognise the key risk is that members will have insufficient income in retirement or an income that does not meet their expectations. The Trustees considered this risk when setting the investment options and strategy for the Fund. The Trustees' policy in respect of risk measurement methods and risk management processes is set out below.

The Trustees consider 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"). This risk is considered by the Trustees and their advisers both upon the initial appointment of the fund manager and on an ongoing basis thereafter.
- 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"). The Trustees have sought to minimise such risk by ensuring that all advisers and third party service providers are suitably qualified and experienced and that suitable liability and compensation clauses are included in all contracts for professional services received.

Due to the complex and interrelated nature of these risks, the Trustees consider these risks in a qualitative rather than quantitative manner as part of each formal strategy review. The Trustees' policy is to review the range of funds offered and the suitability of the lifestyle options annually.

These risks are considered as part of each normal strategy review. In addition, the Trustees measure risk in terms of the performance of the assets compared to the benchmarks on a regular basis, usually quarterly, along with monitoring any significant issues with the fund managers that may impact their ability to meet the performance targets set by the Trustees.

Implementation

Policy with State Street Global Advisors Limited

The Trustees have chosen a policy with State Street Global Advisors Limited (the "provider") in order to provide the selected range of investment options. The details of the investment funds offered to members through this policy are set out below.

Policy with State Street Global Advisors Limited

Investment funds offered	Benchmark	Investment objective	Active/Passive
Global Equity	FTSE All World Developed Index	The Fund aims to track the FTSE All World Developed Index within + or - 35 basis points per annum	Passive
ESG Equity	MSCI World ESG Universal Index	The Fund aims to track the MSCI World ESG Universal Index within + or - 50 basis points per annum	Passive
Emerging Market Equity	FTSE Emerging Index	The Fund aims to track the FTSE Emerging Index within + or - 45 basis points per annum	Passive
UK Index-Linked Gilt	FTSE Actuaries British Government Index Linked Over 5 Years Index	The Fund aims to track the FTSE Actuaries UK Index-Linked Gilts Over 5 Years Index within + or - 20 basis points per annum	Passive

Statement of Investment Principles (continued)

Policy with State Street Global Advisors Limited

Investment funds offered	Benchmark	Investment objective	Active/Passive
Corporate Bond	Bloomberg Barclays Sterling Aggregate 100 mm Non Gilts Index	The Fund aims to track the Bloomberg Barclays Sterling Aggregate 100 mm Non Gilts Index within + or - 20 basis points per annum	Passive
Cash	SONIA Compounded Index.	The Fund seeks to maintain a high level of liquidity, preserve capital and stability of principal expressed in Sterling and consistent with those objectives, earn current income.	Active

Actively managed funds use an approach that means they make decisions on the appropriate asset mix and selection of the securities within each fund. Active management may result in periods of out and under performance of the investment markets as a whole. Passively managed funds use an index-tracking approach whereby they may hold all securities in the underlying markets in line with the value of each security in the benchmark.

State Street Global Advisors Limited is remunerated through a percentage of fund charge. A fixed administration charge is paid to Capita and is borne by the Company. The charges have been negotiated to ensure competitiveness and are reviewed regularly.

The Trustees were historically required to appoint one or more Additional Voluntary Contribution (AVC) providers to enable members to pay additional contributions to the Fund in order to purchase additional benefits. The Trustees will review such appointment or appointments at least once in every three years. The Trustees will carry out such review after consultation with the Company and after receiving advice from the Trustees' investment adviser.

In choosing an AVC provider the Trustees' objective is to provide members with a range of funds which will give members choice according to their own circumstances.

The Trustees make available the range of investment funds listed on this and the previous page with SSgA for members of both sections of the Fund who wish to pay Additional Voluntary Contributions (AVCs).

The Trustees have appointed Clerical Medical and Phoenix Life (previously Scottish Mutual) as AVC providers for the defined benefit section.

A review of the continued suitability of both the AVC providers and the available investments options will be carried out at regular intervals.

There are also member funds remaining with the Fund's previous AVC providers, Prudential and Utmost Life & Pensions (previously the Equitable Life Assurance Society).

Statement of Investment Principles (continued)

Defined Benefit and Defined Contribution sections

General Investment Policy

For both sections it is the Trustees' policy to consider:

- A full range of asset classes, including alternative asset classes such as private equity, hedge funds, infrastructure, and Liability Driven Investments. These were considered in relation to the defined benefit section in conjunction with the Trustees' investment adviser and the sponsoring company. Other than equities, sterling bonds and infrastructure it was decided not to include them as part of the current investment strategy due to their benefit and risk profile, and the sponsoring company's desire not to add extra potential risks to the overall financial structure, whilst still committing to fund the scheme fully, based upon the existing asset classes in use;
- The risks and rewards of a range of alternative asset allocation strategies;
- The suitability of each asset class in the defined benefit section's planned asset allocation strategy;
- The suitability of each asset class for investment in the defined contribution section;
- The suitability of the possible styles of investment management and the option of providing manager diversification for members of the defined contribution section;
- and
- The need for appropriate diversification both across asset classes and within asset classes.

The Trustees' policy is to delegate all day-to-day decisions about the investments that fall within each mandate or fund to the relevant investment manager.

The Trustees expect each fund manager of the underlying assets to carry out the powers of investment delegated to them with a view to giving effect to the principles in this statement so far as is reasonably practicable.

The Trustees will review this Statement of Investment Principles at least every three years and immediately following any significant change in investment policy. The Trustees will take investment advice and consult with the sponsoring employer over any changes to the Statement of Investment Principles.

Governance

The Trustees of the Fund are responsible for the investment of the Fund assets. The Trustees take some decisions themselves and delegate others. When deciding which decisions to take themselves and which to delegate, the Trustees have taken into account whether they have the appropriate training and expert advice in order to take an informed decision. The Trustees have established the decision-making structure set out below:

Decision Making Structure

Trustees	***Investment Committee***
• Set structures and processes for carrying out their role; • Propose suitable members for the Investment Committee; • Consider recommendations from the Investment Committee.	• Makes recommendations to Trustees on: – selection of investment advisers, providers and fund managers; – structure for implementing investment strategy; – selection of direct investments (see below);

Statement of Investment Principles (continued)

Decision Making Structure

Investment Committee

- Monitors investment advisers, providers and fund managers;
- Monitors and makes recommendations regarding actual and planned asset allocation strategy and the content of this statement;
- Makes recommendations relevant to the operational principles of the Sections' investment strategy.

Investment Adviser

- Advises on all aspects of the investment of the Fund assets, including implementation;
- Advises on this statement;
- Provides required training.

Fund Managers and (where appropriate) Providers

- Operate within the terms of this statement and their written contracts;
- Select individual investments with regard to their suitability and diversification;
- Advise Trustees on suitability or otherwise of the indices in their benchmark.

Actuary

- Advises upon the funding policy with respect to meeting the Defined Benefit Section's liabilities.

Custodian

- Provides safekeeping of the Fund's assets;
- Provides performance-measurement services.

The Pensions Act 1995 distinguishes between investments where the management is delegated to a fund manager with a written contract and those where a product is purchased without a contract. The latter are known as direct investments.

When deciding whether or not to make any new direct investments the Trustees will obtain written advice and consider whether future decisions about those investments should be delegated to the fund manager(s). For existing direct investments, the Trustees rely on the quarterly reports from Aon Investments Limited (and any interim updates) to highlight any changes to the quality or suitability of the managers.

The written advice will consider the issues set out in the Occupational Pension Schemes (Investment) Regulations 2005 and the principles contained in this statement. The regulations require all investments to be considered by the Trustees (or, to the extent delegated, by the fund managers) against the following criteria:

- The best interests of the members and beneficiaries
- Security
- Quality
- Liquidity
- Profitability
- Nature and duration of liabilities
- Tradability on regulated markets
- Diversification
- Use of derivatives

The Trustees investment adviser has the knowledge and experience required under the Pensions Act 1995.

Statement of Investment Principles (continued)

Responsible Investment

Environmental, Social, and Governance considerations

In setting both the Defined Benefit Section's investment strategy and the Defined Contribution Section's default investment strategy, the Trustees' 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 Trustees take 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.

Stewardship – Voting and Engagement

The Trustees believe that in order to fulfil their fiduciary responsibilities they (or the Fund's investment managers on their behalf) must act as responsible stewards of the assets in which the Fund invests.

The Trustees recognise the importance of their role as a steward of capital and the need to ensure the highest standards of governance and promoting corporate responsibility in the underlying companies in which their investments reside. The Trustees recognise that ultimately this protects the financial interests of the Fund and its beneficiaries.

The Fund invests in index-tracking equity and bond funds as the Trustees believe passive investing delivers the best financial performance (net of fees) to the Fund. Passively managed funds use an index-tracking approach whereby they may hold all securities in the underlying market indices in line with the weighting (by market capitalisation) of each security in the benchmark/index.

The Trustees recognise that, at present, the passive nature of the investments limits the extent to which they can direct the investment managers to implement changes within the Fund's portfolio to address ESG-related risk factors. However, the Trustees believe that active engagement and monitoring of the investment managers on ESG-related matters (including stewardship), combined with long-term decision making, can add value to the Fund and its beneficiaries. To this end, the Trustees carefully review the managers' approaches to stewardship, and other ESG-related matters and communicate their expectations and standards to their investment managers. These standards include:

- The Trustees expect the Fund's investment managers to use their influence as major institutional investors to exercise the Trustees' rights and duties as a shareholder including voting, along with — where relevant and appropriate — engagement with underlying investee companies and assets to promote good corporate governance, accountability and positive change.

The Trustees regularly review the continuing suitability of the appointed managers and take advice from their investment adviser about any changes. This advice includes consideration of broader stewardship matters and the exercise of voting rights by the appointed managers.

Statement of Investment Principles (continued)

The Trustees delegate all stewardship activities, including voting and engagement, to their appointed investment managers. Managers are expected to vote at company meetings and engage with companies on the Trustees' behalf in relation to ESG considerations and other relevant matters (such as the companies' performance, strategy, risks, capital structure, and management of conflicts of interest). This engagement aims to ensure that robust active ownership behaviours, reflective of the Trustees' active ownership policies, are being actioned.

Where possible, the transparency for voting should include voting actions and rationale with relevance to the Fund's assets, in particular where: votes were cast against management; votes against management generally were significant; votes were abstained.

Whilst the Trustees have delegated their voting activities to third party investment managers, the Trustees accept they has ultimate responsibility for the Stewardship of the Fund's assets. To fulfil this responsibility, the Trustees regularly reviews the suitability of the Scheme's appointed asset managers and take advice from their investment adviser with regard to any changes. This advice includes consideration of broader stewardship matters and the exercise of voting rights by the appointed managers, including recent voting records. If an incumbent manager is found to be falling short of the standards the Trustees have set, the Trustees undertake to engage with the manager and seek a more sustainable position but may look to replace the manager.

Statement of Investment Principles (continued)

The Trustees will request that their investment managers provide details of their stewardship policy and voting activities on at least an annual basis and will monitor this with input from their investment advisor. The transparency provided by managers should include detailed examples of engagements covering engagement objectives, method of engagement, outcomes to date, escalation points and procedures as necessary. The Trustees will engage with their investment managers where necessary for more information and periodically meet with their investment managers to receive updates in this regard and to make the Trustees' views in this area known. Prospective investment managers will also be required to provide this information for the Trustees to review on an ongoing basis following appointment.

Should the Trustees' monitoring process reveal that a manager's voting or engagement policies, or its stewardship actions are not aligned with the Trustees' expectations, the Trustees will engage with the manager, via different medium such as emails and meetings, to seek a more sustainable position. If, following engagement with the manager, it is the view of the Trustees that the degree of improvement remains unsatisfactory, the arrangements with the manager may be altered or their appointment terminated.

Ordinarily, the Trustees would not engage directly with an issuer of debt or equity, or with other stakeholders, and instead delegate this authority to the investment managers.

Through climate change scenario analysis, the Trustees have identified climate change as a key stewardship priority. This theme has been identified as a financially material ESG issue that has the potential to significantly impact the value of the Fund's investments, and so the Trustees believe it is in member's best interests to consider and monitor associated risks.

The Trustees keep their investment managers informed of their stewardship priority and expectations, and levels scrutiny on their investment managers accordingly. It is the expectation of the Trustees that the Fund's investment managers and/or their voting service providers will prioritise and actively monitor for these risks within their investment portfolios, providing transparency on engagement and voting actions with respect to mitigating these risks.

Members' Views and Non-Financial Factors

In setting and implementing the Fund's investment strategy the Trustees do not explicitly take into account the views of Fund members and beneficiaries in relation to ethical considerations, social and environmental impact, or present and future quality of life matters (defined as "non-financial factors"[1]).

[1] The Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018.

Within the defined contribution section, the Trustees have made the ESG Equity fund available to members who would like to invest in funds with specific ESG considerations. The Fund will look to make further ESG choices available to members as and when take up of the existing option increases sufficiently. The underlying funds that make up the default strategy and other self-select funds should not apply personal ethical or moral judgements as the sole basis for an investment decision.

Arrangements with Investment Managers

As stated above, the Fund, in line with the Trustees' investment beliefs, invests exclusively in index-tracking funds. However, the Trustees do monitor the Fund's investments to consider the extent to which the investment strategy and decisions of the investment managers are aligned with the Trustees' policies. This includes monitoring the extent to which investment managers engage with issuers of debt or equity in order to improve their performance in the medium to long term.

The Trustees receive at least quarterly reports and verbal updates from the investment adviser on various items including the investment strategy, performance, and longer-term positioning of the portfolio. The Trustees focus on longer-term performance when considering the ongoing suitability of the investment strategy in relation to the Fund's objectives.

Statement of Investment Principles (continued)

The Trustees also receive regular stewardship reports on the monitoring and engagement activities carried out by their investment managers.

Before appointment of a new investment manager (or fund), the Trustees review the governing documentation associated with the investment and will consider the extent to which it aligns with the Trustees' policies. As the Fund is expected to predominantly invest in passive, pooled vehicles, the Trustees have limited direct influence on the investment holdings, processes and policies in place. Whilst the Trustees 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 Trustees' policies, expectations, or the other considerations set out above, the Trustees 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.

The Trustees do not regularly monitor investment managers against non-financial criteria of the investments made on their behalf.

[1] The Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018

Statement of Investment Principles (continued)

Cost transparency

The Trustees are 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 Trustees recognise 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 Trustees collect 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 Trustees to understand exactly what they are paying their investment managers.

Within the Defined Contribution Section specifically, these costs, along with estimated impact on representative members, are made publicly available within the annual Defined Contribution Chair's Statement (which is available at www.hartlinkonline.co.uk/procterandgamble).

The Trustees are aware of the portfolio turnover costs (portfolio turnover costs are defined as the costs incurred as a result of the buying, selling, lending or borrowing of investments) associated with their underlying investments through the information provided by their asset managers. The monitoring of the target portfolio turnover and turnover range is monitored annually with the assistance of the Fund's investment adviser.

The Trustees accept that transaction costs will be incurred to drive investment returns and that the level of these costs varies across asset classes, with the expectation that the larger passive mandates are likely to incur lower transaction costs. The Trustees understand that a reasonable level of transaction costs is acceptable as long as it is consistent with the asset class characteristics and historic trends. Where the Trustees' monitoring identifies a lack of consistency they will initially look to engage with the investment manager, but could ultimately replace the fund(s) in question where this is deemed necessary.

The Trustees do not believe that performance related fees offer value for money and as such all asset managers are appointed on a percentage fee basis.

Investment Adviser

Aon Investments Limited has been selected as investment adviser to the Trustees and Investment Committee. It operates under an agreement to provide a full service designed to ensure that the Trustees and Investment Committee are fully briefed both to take the decisions they take themselves and to monitor those they delegate. Aon Investments Limited is paid a fixed fee which covers all services needed on a regular basis. For some one-off projects a fixed or time-based fee may be negotiated separately.

Issued for and on behalf of the Trustees

Alison Smith

Dated: 9th January 2024

This Statement of Investment Principles is produced to meet the requirements of the Pensions Acts 1995 & 2004, the Occupational Pension Schemes (Investment) Regulations 2005 and to reflect the Government's Voluntary Code of Conduct for Institutional Investment in the UK. The Trustees also comply with the requirements to maintain and take advice on the Statement and with the disclosure requirements.