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

The Procter & Gamble Pension Fund
Chair's statement regarding the governance of defined contribution arrangements
Fund Year - 1 July 2023 to 30 June 2024

Introduction

This statement has been prepared by the Trustee of The Procter & Gamble Pension Fund ("the Trustee" and "the Fund" respectively), to report on compliance with governance standards.

The Fund is a hybrid arrangement as it provides both Defined Benefit (DB) and Defined Contribution (DC) benefits.

The governance standards apply to DC arrangements and are designed to help members achieve good outcomes from their pension savings.

This statement covers the Fund year 1 July 2023 to 30 June 2024 ('the Reporting Period').

The Fund's DC arrangements

The Fund's DC arrangements comprise:

Main DC Section of the Fund, the GGRP Section and DB Additional Voluntary Contributions (AVCs) are referred to collectively as the 'DC Section'.

AVCs provided through 'bundled' service arrangements (administration, investment and communication services) with Clerical Medical, Phoenix Life and Prudential and referred to collectively as the 'AVC Section'. These provide additional benefits for members of the Defined Benefit Section, (the 'DB Section').

These arrangements are open to future service contributions.

There has been a significant amount of change during the Reporting Period including:

The Fund's DC Section administration transferred to Aon Solutions Limited from Capita Pension Solutions Limited in May 2024.

DC Section assets were transferred from the management of State Street Global Advisors ('SSGA') to Aon Investments Limited in May 2024.

The Fund's DC Section advisors transferred to Barnett Waddingham from Aon Investments Limited.

The Trustee undertook a number of bulk transfers of its deferred members to the newly created Procter & Gamble Section of the Aon Master Trust, following advice from Aon Solutions Limited.

The Principal Employer, Procter & Gamble Limited, uses the Fund as a 'Qualifying Scheme' in order to satisfy its auto-enrolment obligations.

Default investment arrangements

Following the changes to the investment default strategy and fund range during the Reporting Period, the Fund has one default investment strategy for the purposes of the governance standards – P&G Default Lifestyle: Drawdown ("drawdown" or the "new default") at the end of the Reporting Period.

The new default – Drawdown

For members who are auto-enrolled into the Fund's DC Section and do not make an alternative selection, contributions are invested in the new default. The key features include:

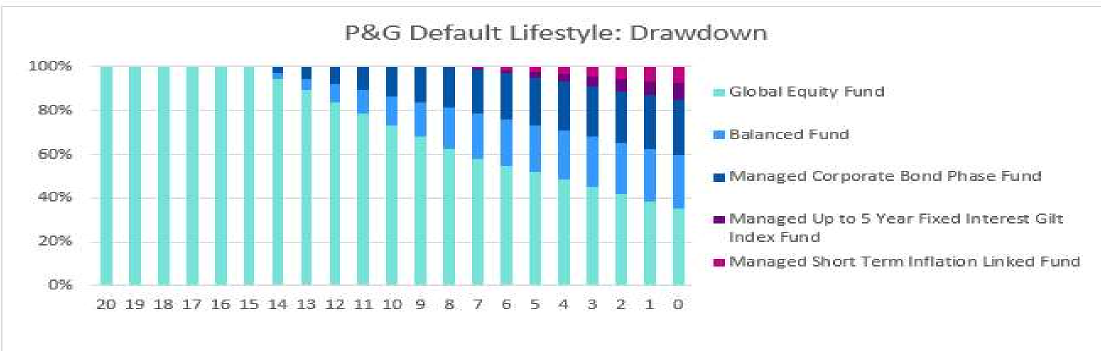
Using a 'lifestyle' strategy to automatically reduce risk/volatility in the years approaching retirement age.

Up until 15 years before a member's retirement age, the default allocates 100% to the Global Equity Fund.

Over the 15 years to a member's retirement age, the default automatically and gradually switches out of the Global Equity Fund into a mixture of different assets targeting greater stability. Investment in the Global Equity Fund reduces to a 35% allocation. This aims to invest members in an appropriate way for them to start flexible access to their benefits.

Details of the new default are set out in the attached 'Statement of Investment Principles', dated 21 May 2024. This covers the investment policy in relation to the entire Fund. The document can be found online at https://www.pg.co.uk/pension-fund-scheme-information/

A chart to illustrate how member funds are switched is shown below.



Aim of the new default

The Trustee's key aim is to provide a range of investments that are suitable for meeting members' long and short-term investment objectives. The lifestyle options aim to achieve returns above inflation over the long term and to be appropriate for members targeting different methods of accessing their pension at retirement, either through drawdown, annuity purchase or cash lump sum.

The old defaults

DC Section assets were transferred from the old defaults to the new default in May 2024. The old defaults consisted of the 'Drawdown Lifestyle Strategy' and the 'Cash Lifestyle Strategy', which were both closed. A new default investment arrangement was created, 'Drawdown'. Details of the old defaults are included below.

The Drawdown Lifestyle Strategy

The Drawdown Lifestyle Strategy (the "primary default") was previously used for any new members of the Fund.

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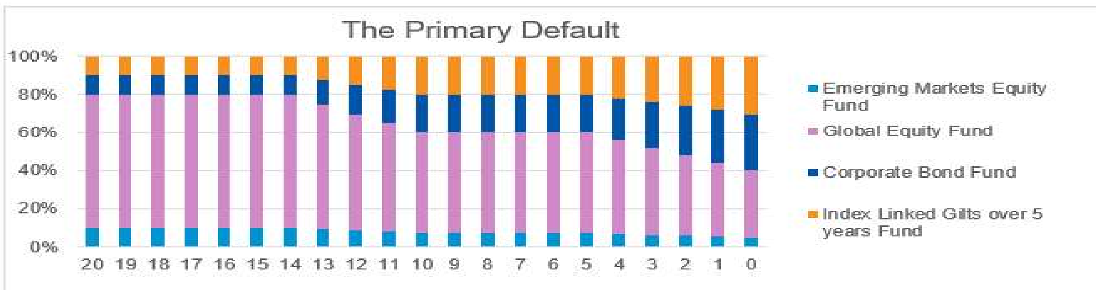
The primary default used a lifestyle approach to reduce risk gradually and automatically in the 14 years approaching a member's selected retirement age.

Members were invested 80% in equities and 20% in fixed interest investments until 14 years before a member's retirement date. A portion of the equity investments were then gradually switched into the fixed interest funds such that at 10 years before a member's retirement date, the default was invested 60% in equities and 40% in fixed interest investments. The investment split remained unchanged until the final 5 years before the member's retirement date, at which point there was a further gradual switch of equity investments to fixed interest investments such that at a member's normal retirement date, the default was invested 40% in equites and 60% in fixed interest investments.

A chart to illustrate how member funds were switched is shown below.



The Cash Lifestyle Strategy

The Cash Lifestyle Strategy (the "additional default"), was previously created in respect of AVCs that had been switched within the Fund.

The additional default also used a lifestyle approach to reduce risk gradually and automatically in the 14 years approaching a member's selected retirement age. It was felt to be appropriate for members who wished to access their savings as one or more cash lump sums over a relatively short time period in retirement.

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

A chart to illustrate how member funds were switched is shown below.

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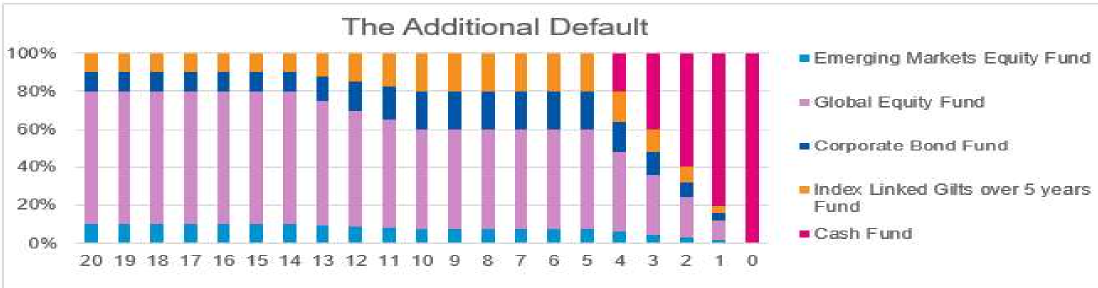

Review of the default

The default was not formally reviewed during the period covered by this statement. The last review was completed on 28 September 2021. The next one is underway, to be completed outside of the current reporting period.

An informal review of the new default was carried out in the October 2023 in preparation for moving to the new DC investment strategy managed by Aon.

On 22 May 2024, the Trustee moved the DC section's assets to a new investment strategy managed by Aon. Following the move, the new default was put in place targeting drawdown.

Alternative Lifestyles

The lifestyles targeting annuity purchase and cash lump sum were replaced with new lifestyles. The new investment strategy provides members with an additional lifestyle that targets a portfolio suitable for income drawdown in retirement with an ESG tilt, and an improved choice of 12 self-select funds.

Ongoing Monitoring

The Trustee monitors the performance of all investment options, including the default, on a quarterly basis. These quarterly reviews are part of the regular governance of the Fund and do not constitute a formal review of the default, which ordinarily follows a three-year cycle.

The Trustee has been unable to assess the performance of the new default against the set aims due to the short period of time the assets have been invested over the reporting period.

Asset allocation of the new default

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

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

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Default Investment Arrangement

Asset Class	Allocation (%) 25-year-old	Allocation (%) 45-year-old	Allocation (%) 55-year-old	Allocation (%) 1 day before retirement age (65)
Cash	0%	0%	0%	0%
Bonds	0%	0%	20%	52.5%
Listed Equities	100%	100%	80%	47.5%
Private Equity	0%	0%	0%	0%
Infrastructure	0%	0%	0%	0%
Property/Real Estate	0%	0%	0%	0%
Private Debt/Credit	0%	0%	0%	0%
Other	0%	0%	0%	0%

Asset allocation of the old defaults

We have provided further details in the table below of the underlying asset allocation of the default investment arrangements mentioned above. We have provided this information in line with statutory guidance.

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

The Drawdown Lifestyle Strategy

Asset Class	Allocation (%) 25-year-old	Allocation (%) 45-year-old	Allocation (%) 55-year-old	Allocation (%) 1 day before retirement age (65)
Cash	0%	0%	0%	0%
Bonds	20%	20%	40%	60%
Listed Equities	80%	80%	60%	40%
Private Equity	0%	0%	0%	0%
Infrastructure	0%	0%	0%	0%

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Property/Real Estate	0%	0%	0%	0%
Private Debt/Credit	0%	0%	0%	0%
Other	0%	0%	0%	0%

The Cash Lifestyle Strategy

Asset Class	Allocation (%) 25-year-old	Allocation (%) 45-year-old	Allocation (%) 55-year-old	Allocation (%) 1 day before retirement age (65)
Cash	0%	0%	0%	100%
Bonds	20%	20%	40%	0%
Listed Equities	80%	80%	60%	0%
Private Equity	0%	0%	0%	0%
Infrastructure	0%	0%	0%	0%
Property/Real Estate	0%	0%	0%	0%
Private Debt/Credit	0%	0%	0%	0%
Other	0%	0%	0%	0%

Core financial transactions

The Trustee has a duty to ensure that 'core financial transactions' are processed promptly and accurately.

Core financial transactions comprise the following:

- payment investment of contributions
- transfers into and out of the Fund
- investment switches within the Fund
- payments out of the Fund

Core financial transactions for the DC Section are undertaken by Aon, the administrator.

Core financial transactions for the AVC arrangements are undertaken by Clerical Medical, Prudential and Phoenix Life respectively.

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Controls and monitoring arrangements

The controls in place in relation to ensuring the promptness and accuracy of core financial transactions are:

The Trustee had Service Level Agreements (SLA) in place with Capita, the prior administrator, after which new ones were put in place with Aon when they took over. The SLA sets out the timeline standards expected for each of the Fund's main administration tasks, including the core financial transactions.

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

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

The Trustee receives quarterly reports on performance against the SLA from the administrator and reviews the latest report at each quarterly Governance Sub-Committee meeting. Where necessary, questions are raised to ensure service levels are met. The administration report enables the Trustee to see whether there are any unresolved administration issues each quarter and to clarify what actions are being taken.

In terms of accuracy, Capita worked to set controls and processes, including full member reconciliations which were undertaken annually in preparation for the Fund's Annual Report and Accounts. Capita also undertook monthly cash and unit reconciliation, investigating any discrepancies, as well as monitoring bank account overdrafts on a daily basis.

The Trustee continued to work through actions resulting from the Capita data breach in March 2023, issuing communications to members where required.

An additional measure that helps to monitor the accuracy of core financial transactions is the external audit of the Fund's annual report and accounts.

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Any material issues uncovered regarding inaccuracies with core financial transactions are included within the administrator's quarterly reporting to the Trustee.

Performance during the Fund year

The Trustee received quarterly reports from the administrator during the Fund year whereby Capita did not meet SLA targets of 90%, with overall performance for SLA attainment at 75%. The Trustee has viewed this poor performance seriously and took the decision to replace Capita as the administrator.

The Trustee was unable to assess Aon due to the limited period acting as the appointed administrator within the Fund year, having taken over in May 2024.

Assessment

The Trustee recognises the varied administrative performance from Capita, noting periods where core financial transactions were not processed promptly. However, in light of the change away from Capita to Aon, the Trustee is expecting a significant improvement. This will be monitored throughout the next Fund year and reported on within next year's report.

Member-borne charges and transaction costs

Members bear charges and transaction costs, which will differ depending on the investment options in which their pension savings are invested:

Charges: these are expressed as a percentage of the value of a member's holdings within an investment fund, and can be made up of a combination of charges, e.g. annual management charge and additional expenses. We refer to the total annual charge as the Total Expense Ratio (TER).
Transaction costs: these relate to the variable costs incurred within an investment fund arising from the trading activities of the fund, e.g. incurred in the buying and selling of securities, which are not accounted for in the TER charge.

Charges in relation to the DC Section

The following table provides details of the charges and transaction costs for each of the investment options provided through the DC Section over the Fund year (data sourced from each relevant investment manager). For the default, charges and transaction costs are shown for members aged 25, 45, 55 and 1 day before retirement age, all assuming retirement at age 65.

New default fund and self-select range

Investment option		TER (p.a.)	Transaction costs (p.a.)
P&G Default Lifestyle: Drawdown* (Default investment arrangement)	Overall default range	0.10% - 0.11%	0.00% - 0.01%
	Age 25	0.11%	0.00%
	Age 45	0.11%	0.00%
	Age 55	0.11%	0.00%
	1 day before retirement age	0.10%	0.01%
P&G Lifestyle Fund: Cash		0.11% - 0.18%	0.00% - 0.02%
P&G Lifestyle Fund: Annuity		0.11%	0.00% - 0.02%

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Investment option	TER (p.a.)	Transaction costs (p.a.)
ESG Lifestyle Fund: Drawdown	0.10%	0.03% - 0.05%
Global Equity Fund	0.11%	0.00%
Developed World Equity Fund	0.09%	0.00%
ESG Global Equity Fund	0.10%	0.05%
BlackRock Emerging Markets Equity Index Fund	0.26%	0.00%
HSBC Islamic Global Equity Index Fund	0.38%	0.01%
Balanced Fund	0.11%	0.00%
Property and Infrastructure Fund	0.21%	0.10%
Pre-Annuity Bond Fund	0.20%	0.00%
AM Passive Corporate Bond Fund	0.10%	0.00%
BlackRock All Stocks Gilts Index Fund	0.09%	0.04%
AM Short Term Inflation Linked Fund	0.08%	0.04%
AM Liquidity Fund	0.21%	0.02%

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

Old default fund and self-select range

Investment option	TER (p.a.)	Transaction costs (p.a.)
The Primary Default	0.08% - 0.09%	0.028% - 0.038%
The Additional Default	0.08% - 0.10%	0.005% - 0.033%
All World Screened Index Equity Sub-Fund	0.00%	0.013%
MPF Fundamental Index® Global Equity Sub-Fund	0.04%	0.013%
As Of Priced (Net) All World Developed Screened Index Equity Sub-Fund	0.07%*	0.007%
As Of Priced (Net) Emerging Markets Screened Index Equity Sub-Fund	0.24%	0.137%
As Of Priced (Net) Sterling Non-Gilts Bond All Stocks Screened Index Sub-Fund	0.10%	0.070%
MPF As Of Priced (Net) Sterling Liquidity Sub-Fund	0.10%*	0.005%
MPF As Of Priced (Net) UK Index Linked Gilts Over 5 Years Index Sub-Fund	0.05%*	0.025%
MPF World ESG Equity Index Sub-Fund	0.05%	0.013%

* Please note these figures are as at May 2024 when the funds closed.

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Charges in relation to AVCs

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

AVC provider	Investment option	TER (p.a.)	Transaction costs (p.a.)
Clerical Medical	Non-Equity Pension	0.495%	0.11%
	Managed Retirement Protection Pension Fund	0.495%	0.10%
	Halifax Pension Fund	0.495%	0.00%
	With Profits Single Fund	0.495%	0.22%
	With Profits Regular Fund	0.495%	0.22%
	Cash Pension Fund	0.495%	0.02%
	UK Growth Pension Fund	0.495%	0.23%****
	International Growth Pension Fund	0.495%	0.18%
	UK Equity Income Pension Fund	0.495%	0.23%****
	Far Eastern Pension Fund	0.495%	0.36%
	European Pension Fund	0.495%	0.06%
	North American Pension Fund	0.495%	-0.08%**
	UK Equity Tracker Pension Fund	0.495%	0.07%****
	Non-Equity Pension Fund	0.495%	0.11%
	Balanced Pension Fund	0.495%	0.19%
	Cautious Pension Fund	0.495%	0.12%
Phoenix Life	With-Profits Policy	1.00%	0.08%
	Building Society Account	Not applicable*	Not applicable*
Prudential	Prudential With-Profits Cash Accumulation (WPCA)	Not applicable*	0.16%
	Prudential Deposit Fund	Not applicable*	0.00%

* There are no explicit charges.

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

*** Please note these figures are as at 31 December 2023 as annual values were provided.

**** Please note these figures are as at 30 April 2024.

Impact of costs and charges

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

Net investment returns

The Trustee is required to disclose returns, net of charges and transaction costs, for the default investment arrangement and for each fund that members are able, or were previously able, to select and in which members' assets were invested during the Fund year. When preparing this section of the statement the Trustee has taken account of the relevant statutory guidance.

For the default investment arrangement, the underlying funds used and therefore the net returns changes over time. Net returns are shown over 1-year period to the end of the Fund year for a member aged 25, 45 and 55 at the start of the period and assuming a retirement age of 65. The Funds were launched in February 2024 and the performance figures below are based on actual returns from 1 March 2024 to 30 June 2024 and simulated returns prior to 1 March 2024. Simulated returns are calculated using the underlying manager returns and current strategic asset allocation.

New default fund and self-select range

New default investment arrangement – P&G Default Lifestyle: Drawdown

Age of member at start of period	Annualised Return –1 year to 30 June 2024
25	20.54%
45	20.54%
55	18.52%

Self-select funds

Investment fund	Annualised Return –1 year to 30 June 2024
P&G Lifestyle Fund: Annuity	3.05% - 20.45%
P&G Lifestyle Fund: Cash	5.41% - 20.45%
ESG Lifestyle Fund: Drawdown	14.16% - 20.16%
Global Equity Fund	20.4%
Developed World Equity Fund	21.4%
ESG Global Equity Fund	20.2%
BlackRock Emerging Markets Equity Index Fund	11.6%
HSBC Islamic Global Equity Index Fund	29.9%
Balanced Fund	15.1%
Property and Infrastructure Fund	4.3%
Pre-Annuity Bond Fund	7.3%
AM Passive Corporate Bond Fund	9.8%
BlackRock All Stocks Gilts Index Fund	4.4%
AM Short Term Inflation Linked Fund	5.7%
AM Liquidity Fund	5.4%

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Old default fund and self-select range

Investment option	Annualised Return –1 year to 30 June 2024	Annualised Return –3 year to 30 June 2024	Annualised Return –5 year to 30 June 2024
The Primary Default	8.17% - 16.85%	-0.53% - 6.56%	N/A
The Additional Default	4.30% - 16.85%	2.43% - 6.56%	N/A
All World Screened Index Equity Sub-Fund*	17.24%	N/A	N/A
As Of Priced (Net) All World Developed Screened Index Equity Sub-Fund**	23.17%	11.81%	N/A
As Of Priced (Net) Emerging Markets Screened Index Equity Sub-Fund**	7.31%	-1.84%	N/A
As Of Priced (Net) Sterling Non-Gilts Bond All Stocks Screened Index Sub-Fund**	5.73%	-3.50%	N/A
MPF As Of Priced (Net) Sterling Liquidity Sub-Fund**	4.30%	2.43%	N/A
MPF As Of Priced (Net) UK Index Linked Gilts Over 5 Years Index Sub-Fund**	-6.74%	-11.74%	N/A
MPF World ESG Equity Index Sub-Fund**	22.98%	12.13%	N/A
MPF UK Conventional Gilts Over 15 Years Index Sub-Fund	1.20%	-16.28%	-8.93%

* Please note the All World Screened Index Equity Sub-Fund was terminated 19th April 2024 and transferred to MPF Fundamental Index Global Equity Sub-Fund. As such, performance figures for the All World Screened Index Equity Sub-Fund have been provided for the year to 19th April 2024.

** Please note these figures are as 31 March 2024.

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AVC provider	Investment option	Annualised Return –1 year to 30 June 2024	Annualised Return –3 year to 30 June 2024	Annualised Return –5 year to 30 June 2024
Clerical Medical	Non-Equity Pension Fund	6.43%	-1.65%	-0.14%
	Managed Retirement Protection Pension Fund	1.74%	-17.60%	-10.11%
	Halifax Pension Fund	0.00%	0.00%	0.00%
	With Profits Single Fund	2.75%	0.92%	1.71%
	With Profits Regular Fund	N/A	N/A	N/A
	Cash Pension Fund	4.36%	2.17%	1.29%
	UK Growth Pension Fund	16.78%	12.03%	6.14%
	International Growth Pension Fund	20.73%	15.17%	10.34%
	UK Equity Income Pension Fund	14.94%	11.16%	6.62%
	Far Eastern Pension Fund	15.25%	6.07%	0.51%
	European Pension Fund	13.59%	15.84%	6.22%
	North American Pension Fund	25.66%	17.85%	13.70%
	UK Equity Tracker Pension Fund	12.77%	10.38%	6.80%
	Balanced Pension Fund	10.50%	5.83%	2.51%
	Cautious Pension Fund	8.72%	3.41%	1.08%
Phoenix Life	With-Profits Policy	7.00%	-1.71	2.06%
	Building Society Account	8.06%	-2.40%	0.12%
Prudential	Prudential With-Profits Cash Accumulation (WPCA)	0.00%	0.00%	0.00%
	Prudential Deposit Fund	0.00%	0.00%	0.00%

Value for members

The Trustee is required to assess annually the extent to which the charges and transaction costs borne by members represent good value.

Analysis was undertaken by the Trustee's professional advisers, Barnett Waddingham LLP, and the findings set out in a report dated 31 January 2025. The Trustee considered the report and confirmed its value for members assessment.

Recognising that low cost does not necessarily mean good value, the assessment considered whether the services for which members pay or share the costs are suitable for, relevant to and (likely to be) valued by members and whether performance of the services had been effective. Consideration was also made of the costs relative to other options available in the market.

Various investment-related services for which members do not directly bear the costs are nevertheless inextricably linked to creating the environment under which investment returns are delivered, e.g. strategy, monitoring and the investment governance structure, so these were included in the assessment.

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

DC Section

In relation to the DC Section, the member-borne charges and transaction costs relate to investment services only. All other charges, including the costs of administration and communication services are met by the Company.

In relation to the investment services, the assessment considered:

- the investment strategy, e.g. the design of the default and range of alternative options
- the arrangements for monitoring the performance of the investment options and reviewing the investment strategy
- the investment governance arrangements

The Trustee concluded that the DC Section offers excellent value in relation to the charges and transaction costs borne by members. This overall rating considers an absolute and relative assessment of the Fund.

In reaching this conclusion, the Trustee recognised:

- A robust investment governance structure is in place as well as an Investment Sub-Committee so the Trustee can give sufficient consideration to investment matters, as required, and report to the full Trustee Board at each meeting.
- The Trustee undertake regular monitoring of all investment options with assistance from their DC Section investment advisers, Barnett Waddingham.
- Members have access to an investment guide, providing an overview of investment choices.
- During the Reporting Period the Fund implemented a new default strategy and fund range. In addition, the transition of members assets was managed on a pre-funded basis with Aon meeting the transaction costs so there were no charges borne by the members as a result of the transfer of assets.
- The Trustee had support from their advisers, Aon and Barnett Waddingham through the changes noted and undertook significant work in respect of the engagement with members regarding the changes.

AVCs

In relation to AVCs, the member-borne charges and transaction costs relate to:

- investment services
- administration services and
- communication services

The assessment considered the broad value for members of these services, taking a proportionate approach that reflects the relatively low value of the AVC pension savings concerned.

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The Trustee concluded that the AVC arrangements offers reasonable value in relation to the charges and transaction costs borne by members.
In reaching this conclusion, the Trustee recognised:

- the range of investment options is limited and does not provide automatic protection over the years approaching retirement age via a lifestyle strategy
- all AVC providers deliver basic administration services
- communication services are basic and there is no online member access
- the costs are broadly in line with AVC arrangements of a similar size and closed nature and there is likely to be limited opportunity for the Trustee to change the service provider

Trustee knowledge and understanding

The Trustee Board

The Trustee Board comprises eleven Trustee Directors, who are a mixture of both member nominated and Company appointed. The composition of the Trustee Board demonstrates diversification of skills and experience. The diversification of the board is supported by the following details:

- Trustee Directors come from multiple different functions within P&G; Finance, R&D, Sales, IT and Communications.
- There are six men and five 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 Board comprises members who have been Trustees for varying periods of time. This range of service provides a wealth of experience coupled with new insight and questions.

On 1 September 2023, all 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. All the Trustees who resigned on 1 September 2023 were appointed as Directors of the corporate trustee, having been appointed on 12 July 2023.

Trustee knowledge and understanding requirements

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

Approach

The Trustee Directors aim to remain conversant with the Fund's Trust Deed and Rules as well as all other Fund documents such as the Statement of Investment Principles, the risk register and current policies, e.g. Conflicts of Interest. They do so through their experience in governing the Fund, as well as specific activities over the Fund year and access to professional advice.

The Trustee Directors aim to achieve and maintain knowledge and understanding of the law relating to pensions and trusts, the funding of occupational schemes and investment of Fund assets through a combination of training and taking professional advice.

A training log is maintained by the Fund Secretary in relation to training undertaken.

There is a formal Trustee Director selection process in place and new Directors are required to undertake training at the earliest opportunity after selection. All Trustee Directors have completed the Pension Regulator's toolkit which is an online training resource including modules on pension and trust law.

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The Trustee Directors consult with professional advisers as and when required, for example on consultancy, investment and legal matters. The professional advisers are engaged to pro-actively alert the Trustee Directors on relevant changes to pension and trust law. Professional advisers also provide support in relation to understanding and reviewing the Fund's documents; The Fund's appointed advisers provide updates on legislation and delivered training throughout the Fund year.

As a minimum, the Trustee meets four times a year, with Sub Committees also meeting in between to progress actions and monitor the administration, governance and investment performance.

Activities over the Reporting Period

During the course of the reporting period the Trustee considered setting stewardship priorities that aligned with the Company's values. The Trustee subsequently decided to continue delegating all stewardship activities, including voting and engagement to their appointed investment managers.

Following from regulation announced in October 2023, all DC Schemes are now required to include a policy on illiquid assets within the Statement of Investment Principles (SIP). The Trustee updated their SIP in May 2024 to reflect the Fund's policy on illiquid investments during the year, with advice from their investment consultant, Barnett Waddingham, and after consulting the employer, as required.

On 22 May 2024 there was a bulk transfer of members from the Fund's old strategy managed by State Street Global Advisors to the Procter & Gamble section of The Aon Master Trust.

Over the course of the year, the Trustee replaced their previous DC investment consultant, Aon, with Barnett Waddingham.

Prior to the administration transition to Aon, the Trustee undertook a thorough data cleanse exercise with Capita.

The Trustee scheduled engagement meetings with investment managers to ensure Trustee Directors are up to date with what is going on in the industry with regards to ESG.

As per the regulatory requirement, the Trustee undertook a triennial review of the AVC arrangements held within the Fund.

The Trustee put in place a Cyber Resilience Framework with the aim of reducing member data losses and reducing cyber risk for the Fund.

In line with legislation, the Trustee has completed the Task Force on Climate-Related Financial Disclosures (TCFD) report, allowing effective disclosure of climate-related risks and opportunities. It was published in December 2023.

The Trustee Directors reviewed the following Fund documents:

Risk Register

Payment Schedule

Member Booklet

Trustee ESG Beliefs

DC Subcommittee Beliefs

The Annual Report and Accounts

Cyber Policy

Member Nominated Director Policy

Lump Sum Death Benefit Form

- Statement of Investment Principles
- Implementation Statement

The Trustee Directors received training at meetings over the Fund year on the following topics:

- Gender Pensions Gap
- Suitability of AVC arrangements
- P&G Global Treasury
- Private investment markets
- Barnett Waddingham's provider assessment tool
- The General Code, focusing on governance, risk assessment member communications and compliance with new regulations.
- Living Pension Standard
- DWP guidance on approaching stewardship, consideration of financially material ESG factors and non-financial factors.
- Ongoing DC current issues including the Mansion House Pension Reform proposals, progression of a common value for Money framework and Government commitment to a lifetime provider model.
- Consideration of Environmental, Social and Governance (ESG) risks in relation to investment strategy

Two new Trustee Directors were appointed during the Fund year, whereby the induction process was utilised.

During the Fund year, the Trustee Directors took professional advice on:

- Reviewing the default investment arrangement as well as self-select options, with subsequent changes to the SIP.
- Mapping across member self-select funds to ensure suitability.
- The transition to Aon from their legal advisors, Womble Bond Dickinson.
- Abolition of the Lifetime Allowance.
- Preparation on the benefit specification for Aon to administer the Fund in place of Capita.
- Assessing the Fund's DC arrangements against the Pensions Regulator's Code of Practice 13 ("DC Code")
- Undertaking the annual value for members assessment.
- Disclosure of costs, charges and investments.

Assessment

The Trustee Directors consider that their combined knowledge and understanding, together with their access to professional advice, enables them to properly and effectively exercise their trustee functions in the following ways:

- The Trustee Directors are able to challenge and question advisers, service providers and other parties effectively

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Trustee decisions are made in accordance with the Fund rules and in line with trust law duties

The Trustee Directors' decisions are not compromised by such things as conflicts or hospitality arrangements

Alison Smith (Jan 31, 2025 14:35 GMT) 31-Jan-2025

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Alison Smith, Chair of the Trustee Date

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Appendix 1 – Illustrations on the impact of cost and charges

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

Parameters used for the illustrations

Pot size: pot sizes of £66,000 and £55,000 have been used; these represent pot values of an average active and deferred member respectively (rounded to the nearest £1,000).

Contributions: illustrations have been provided for active members assuming total regular contributions of 21% (the average for an active member), and for deferred members assuming no future contributions.

Pensionable salary: a starting pensionable salary of £52,000 has been used as this represents the median (rounded to the nearest £500) of active DC Section members. Pensionable salary is assumed to grow at 2.5% per year.

Timeframe: the illustrations are shown over a 45-, 25- and 20-year time frame as this covers the approximate duration that the youngest, average active and average deferred members respectively would take to reach retirement age.

Investment options: illustrations are provided for the default investment arrangement and the highest and lowest charge self-select funds.

Guidance to the illustrations

For each illustration, the savings pot has been projected twice: firstly for the assumed investment return gross of costs and charges; and secondly for the assumed investment return net of costs and charges.

Projected pot sizes are shown in today's terms, so do not need to be reduced further for the effects of future inflation. Inflation is assumed to remain constant throughout the term of the illustrations, at 2.5% per year. It is for this reason that real growth (after inflation) may be negative.

The real-terms rates of growth used in the illustrations are calculated by reference to the Financial Reporting Council's AS TM1 and as used for benefit statements.

The projected growth rates (gross, i.e. before inflation) as provided by Aon, along with the costs and charges used are as follows:

Fund/Strategy	Assumed return	TER	Transaction costs*
P&G Default Lifestyle: Drawdown	3.4% - 6.0%	0.10% - 0.11%	0.00% - 0.01%
Short Term Inflation Linked Fund (lowest charge)	2.0%	0.08%	0.04%
HSBC Islamic Global Equity Index Fund (highest charge)	6.0%	0.39%	0.01%

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

Values shown are estimates and not guaranteed.

The starting date for the illustrations is 30 June 2024.

The illustrations are presented in two different ways:

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

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

Youngest Active member

Years from taking benefits	P&G Default Lifestyle: Drawdown Starting pot size: £0 Future contributions: 9%		Short Term Inflation Linked Fund Starting pot size: £0 Future contributions: 9%		HSBC Islamic Global Equity Index Fund Starting pot size: £0 Future contributions: 9%	
	Before charges	After charges	Before charges	After charges	Before charges	After charges
0	£0	£0	£0	£0	£0	£0
1	£1,718	£1,717	£1,685	£1,684	£1,718	£1,714
5	£9,195	£9,170	£8,343	£8,317	£9,195	£9,105
10	£20,071	£19,961	£16,484	£16,385	£20,071	£19,671
15	£32,934	£32,658	£24,428	£24,210	£32,934	£31,931
20	£48,150	£47,598	£32,181	£31,800	£48,150	£46,158
25	£66,146	£65,178	£39,746	£39,161	£66,146	£62,666
30	£87,432	£85,864	£47,129	£46,301	£87,432	£81,822
35	£112,274	£109,876	£54,333	£53,227	£112,610	£104,051
40	£138,546	£135,106	£61,364	£59,944	£142,389	£129,845
45	£164,735	£160,057	£68,224	£66,460	£177,612	£159,775

Note on how to read this table: If a new employee began contributing into the new default investment option on 30 June 2024, when they came to retire in 45 years the savings pot could grow to £164,735 if no charges are applied but to £160,057 with charges applied.

Average Active member

Years from taking benefits	P&G Default Lifestyle: Drawdown Starting pot size: £66,000 Future contributions: 21%		Short Term Inflation Linked Fund Starting pot size: £66,000 Future contributions: 21%		HSBC Islamic Global Equity Index Fund Starting pot size: £66,000 Future contributions: 21%	
	Before charges	After charges	Before charges	After charges	Before charges	After charges
0	£66,000	£66,000	£66,000	£66,000	£66,000	£66,000
1	£78,168	£78,092	£75,403	£75,318	£78,168	£77,888
5	£131,137	£130,592	£112,559	£112,024	£131,137	£129,140
10	£208,181	£206,595	£157,994	£156,664	£208,181	£202,408
15	£299,008	£295,730	£202,331	£199,963	£299,308	£287,426
20	£399,029	£393,325	£245,597	£241,960	£407,093	£386,081
25	£502,725	£493,854	£287,819	£282,694	£534,581	£500,559

Note on how to read this table: If an active member had £66,000 invested in the new default investment option on 30 June 2024, when they came to retire in 25 years the savings pot could grow to £502,725 if no charges are applied but to £493,854 with charges applied.

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Average Deferred member

Years of investment	P&G Default Lifestyle: Drawdown Starting pot size: £55,000 Future contributions: No		Short Term Inflation Linked Fund Starting pot size: £55,000 Future contributions: No		HSBC Islamic Global Equity Index Fund Starting pot size: £55,000 Future contributions: No	
	Before charges	After charges	Before charges	After charges	Before charges	After charges
0	£55,000	£55,000	£55,000	£55,000	£55,000	£55,000
1	£56,878	£56,819	£54,732	£54,665	£56,878	£56,661
5	£65,054	£64,717	£53,672	£53,347	£65,054	£63,821
10	£76,173	£75,387	£52,375	£51,743	£76,945	£74,058
15	£86,969	£85,630	£51,110	£50,188	£91,011	£85,936
20	£96,803	£94,818	£49,876	£48,679	£107,647	£99,719

Note on how to read this table: If a deferred member had £55,000 invested in the new default investment option on 30 June 2024, after 20 years of membership the savings pot could grow to £96,803 if no charges are applied but to £94,818 with charges applied.