

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.

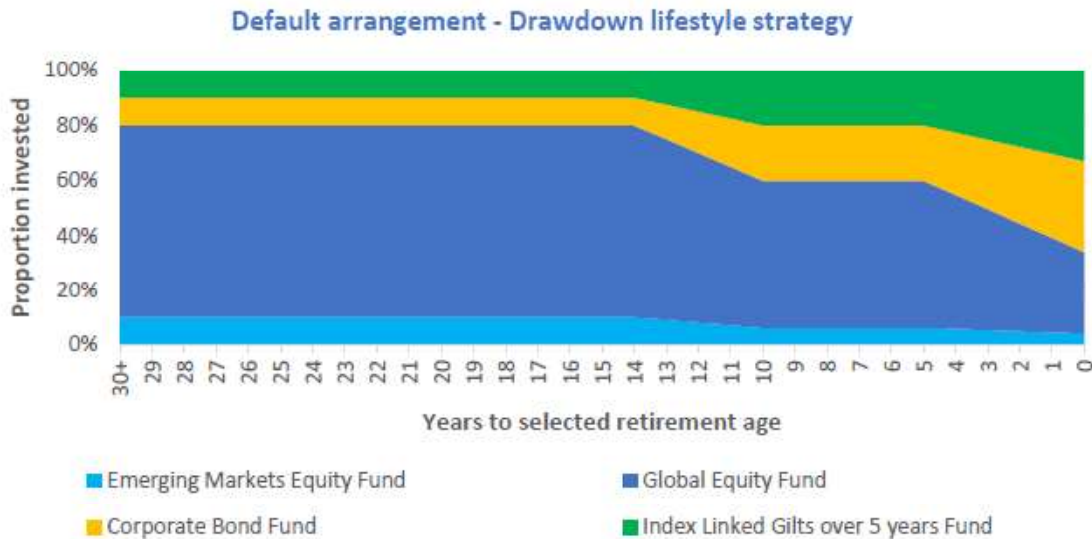
The aims and objectives of the SIP were taken into account for the investment strategy and performance review described below.

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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:

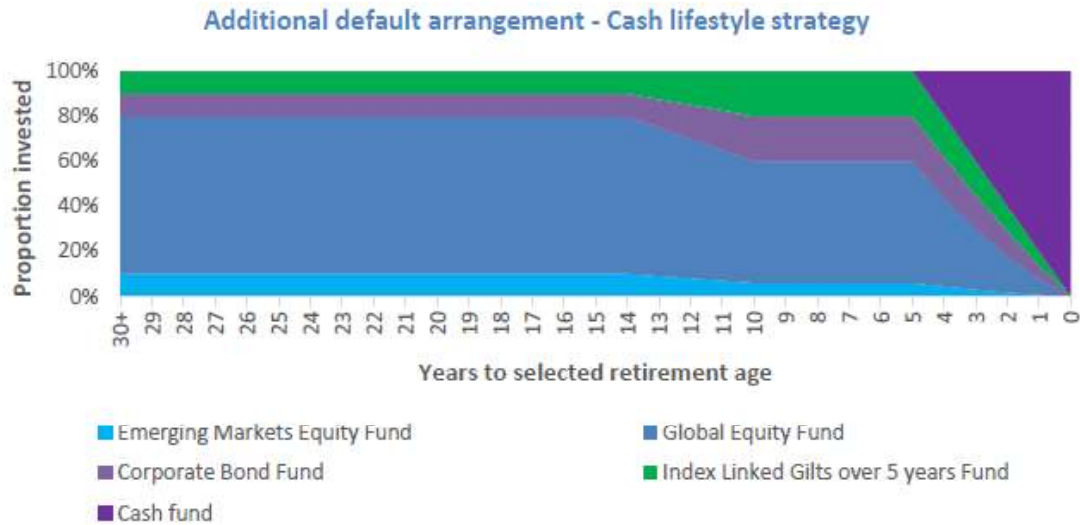


This arrangement is invested in 80% in equities (70% in the Global Equity Fund and 10% in the Emerging Markets Equity fund) and 20% in fixed interest investments (10% in the Corporate Bond fund and 10% in the Index-linked Over 5 years Gilt fund) until 14 years before a member's retirement date. At this 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:

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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.

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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.

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(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.

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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.

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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.

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(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
Prudential¹			
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

¹Prudential 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.

²TER 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.

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(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.

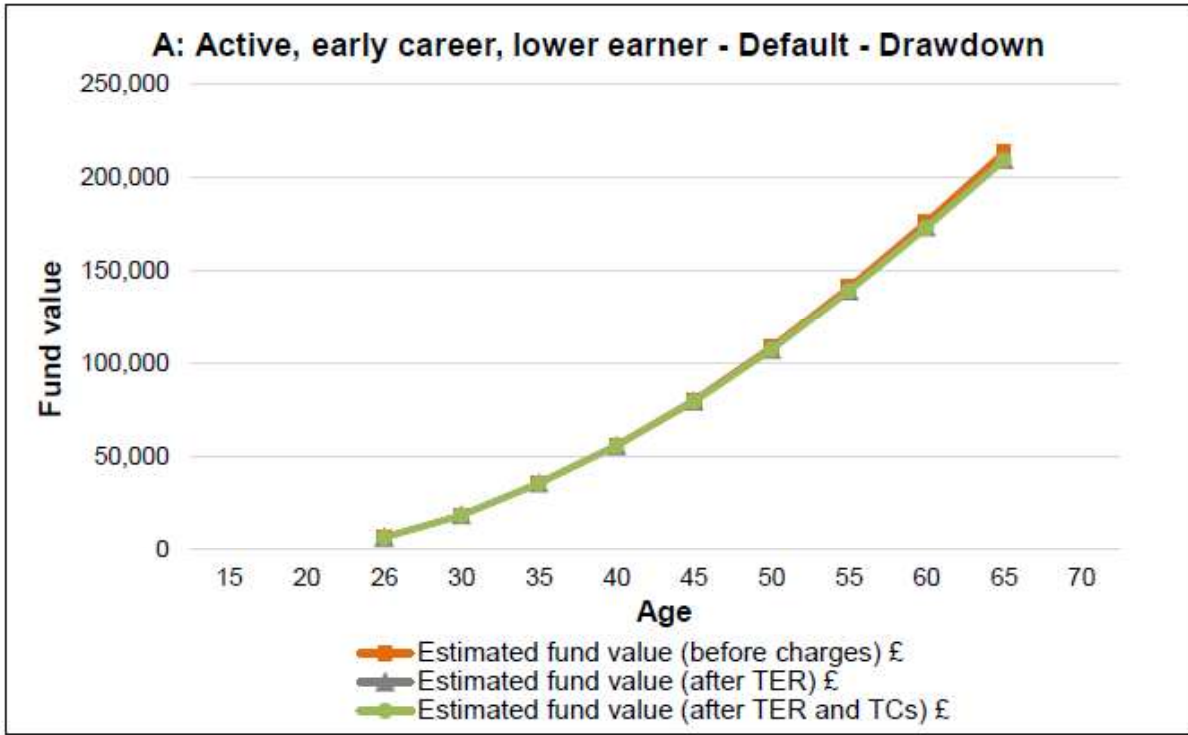
All projected fund values are shown in today's terms, and do not need to be reduced further for the effect of future expected inflation.

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.

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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

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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

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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

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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

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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

Chair's Statement

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

Chair's Statement

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

Chair's Statement

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			
Age	Phoenix Life With Profits		
	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			
Age	Phoenix Life With Profits		
	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

Chair's Statement

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			
Age	Prudential With Profits		
	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 assets 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 in the different underlying funds. All funds shown above are underlying funds.

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

Chair's Statement

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:

Scheme governance

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.

Investments

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.

Chair's Statement

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.

Chair's Statement

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.

Chair's Statement

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.

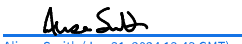
The Trustees together believe they have sufficient knowledge and understanding of the law relating to pensions and trusts and the relevant principles relating to the funding and investment of occupational schemes.

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