

## **Statement of Investment Principles – The Colgate-Palmolive Pension Plan (June 2023)**

### ***Introduction***

- 1 The Colgate-Palmolive Pension Plan (the 'Plan') is a Registered Pension Scheme for the purposes of the Finance Act 2004. It is a defined benefit (DB) plan with a DC underpin, which provides the facility for members to pay Additional Voluntary Contributions (AVCs).
- 2 This document is the Statement of Investment Principles ('SIP') made by the Trustees of the Plan in accordance with the requirements of Section 35 of the Pensions Act 1995 (as amended by the Pensions Act 2004 and regulations made under it).
- 3 The Trustees are responsible for all aspects of the operation of the Plan including this SIP. The SIP affects the long-term cost of the Plan and the level of contributions in the short-term. Before finalising this SIP, the Trustees took written advice from the Plan's Investment Consultant (Towers Watson Limited) and consulted Colgate-Palmolive (U.K.) Limited (the 'Company'). The ultimate power and responsibility for deciding investment policy, however, lies solely with the Trustees.
- 4 From time to time the Trustees may appoint a formal investment sub-committee ('ISC') with responsibility for focussing on all investment issues and bringing any decision to the wider Trustee Group for ratification where necessary. The sub-committee may liaise with the Parent Company Treasury team in the United States as an additional resource. The sub-committee members shall be reviewed on a regular basis. At this time a formal ISC has been appointed and its Terms of Reference have been agreed.
- 5 The Trustees will review this SIP at least every three years and without delay after any significant change in investment policy.

### ***Plan objectives***

- 6 The Trustees have considered (amongst other factors) the nature of the Plan's liabilities and the Plan's Statutory Funding Objective (SFO) when deciding on its investment strategy.

The Trustees' primary investment objective is to limit the risk of the assets not being sufficient to meet the liabilities. It aims to do this by ensuring adequate asset growth, noting that this will be made up of both investment returns and future contributions and by holding assets which match the Plan's liabilities.

- 7 The Trustees have previously adopted a de-risking strategy under which the Plan's growth assets were reduced and transferred into the Plan's matching assets as the funding improved. The Trustees hold the secondary funding objective of being fully funded on a self-sufficiency basis (measured as Gilts flat) having regard to buy-out. Given the reduced level of growth assets this automatic de-risking process has been paused to allow for a refined process to be developed.. The Trustees have taken high-level advice from their Investment Consultant on the appropriate bonds to hold, in order to more closely match the Plan's liability profile. The Trustees have agreed to embark on further refining the Government Bonds to reduce the existing yield curve risk as far as possible with physical assets as part of the 31 December 2022 actuarial valuation. A journey plan will be developed alongside this exercise.
- 8 DC underpin monies are notionally invested in the Plan's assets as a whole and granted returns broadly in line with the return on Plan assets gross of fees.
- 9 For the AVC section, the investment risk is borne by the member. The Trustees' primary investment objective for this section is therefore to provide a range of investment options, which broadly satisfy the risk profiles of all members.

Details of the current AVC fund options are set out in the Appendix.

10 The Trustees consider that the investment strategies shown on the following pages will ensure:

- There is a reasonable expectation of meeting their investment objectives, and
- The assets are appropriately diversified.

### **Investment strategy**

11 The target asset strategy held by the Trustees as at the date of this SIP is shown in the table below. The funds selected are all managed by Legal and General. The target allocations have been shown for each fund.

### **Target allocation**

<b>Fund</b>	<b>Target Allocation %</b>	<b>Benchmark Index Return</b>
<b>Equities</b>	<b>15.0</b>	
World developed equity fund*	15.0	FTSE Developed World Index
<b>Bonds</b>	<b>85.0</b>	
Long dated Index-linked gilts	37	Single Stock Fund <sup>1</sup>
Long dated Fixed-Interest gilts	29	Single Stock Fund <sup>2</sup>
Long dated Corporate Bond Fund	19	iBoxx Sterling Non-Gilts over 10 year index

\* 75% of the equity holding is invested in the Sterling Hedged equivalent fund

12 The Trustees have set a strategic benchmark allocation for Legal and General (as shown above). There is no automatic rebalancing (with the exception of the overseas equity hedging benchmark) and have put the following strategy in place:

- The Notional Income Service (“NIS”) (previously Notional Dividend Income Payments (“NDIP”)) enables regular notional income from the Plan’s investments to be drawn on an automatic basis. With effect from 1 October 2021 the Trustees have selected NIS payments in respect of all available assets, previously this was only in respect of UK equities and corporate bonds. These payments and employer contributions will be invested in a Liquidity Fund to assist with cashflow management.
- Rebalancing and the Liquidity Fund holding are to be considered on a quarterly basis at each Trustees’ meeting;
- The Trustees will review their stance on rebalancing at the quarterly Trustees’ meetings;
- Overseas equities are automatically rebalanced on a monthly basis to maintain the agreed hedged versus unhedged split of 75%/25%.

<sup>1</sup> Index-linked securities issued by the UK government: 2032 index-linked gilts, 2038 index-linked gilts, 2040 index-linked gilts, 2042 index-linked gilts, 2050 index-linked gilts, 2055 index-linked gilts, 2062 index-linked gilts and 2068 index-linked gilts.

<sup>2</sup> Fixed interest securities issued by the UK government; 2038 gilts, 2042 gilts and 2068 gilts.

The Trustees will review the de-risking strategy in conjunction with their Investment Consultant and Scheme Actuary following each actuarial valuation

### ***Investment managers***

- 13 In accordance with the Financial Services and Markets Act 2000, the Trustees will set general investment policy, but will delegate the responsibility for selection of specific investments to an appointed investment manager or managers. The investment manager(s) shall provide the skill and expertise necessary to manage the investments of the Plan competently.
- 14 The Plan may use different managers and mandates to implement its investment policies. The Trustees ensure that, in aggregate, its portfolio is consistent with the policies set out in this Statement, in particular those required under regulation 2(3)(b) of the Occupational Pension Schemes (Investment) Regulations (2005). The Trustees will also review the investment objectives and guidelines of any particular pooled vehicle for consistency with its policies, where relevant to the mandate in question.
- 15 To maintain alignment, managers are provided with the most recent version of the Plan's Statement of Investment Principles and are requested to confirm that the management of the assets is consistent with those policies relevant to the mandate in question, including the stewardship responsibilities set out below. .
- 16 Should the Trustees' monitoring processes reveal that an investment fund's objectives and guidelines, or an investment manager's approach to sustainable investment, do not appear to be sufficiently aligned with the Trustees' policies and in particular their priorities and themes, the Trustees will engage with the investment manager to ascertain the reasons for this and whether closer alignment can be achieved. If this is not possible, the Trustees may consider alternative options available in order to terminate and replace the manager.
- 17 For most of the Plan's investments, the Trustees expect the investment managers to invest with a medium to long time horizon, and to use their engagement activity to drive improved performance over these periods. The Trustees may invest in certain strategies (e.g. hedge fund strategies) where such engagement is not deemed appropriate, due to the nature of the strategy and/or the investment time horizon underlying decision making. The appropriateness of the Plan's allocation to such mandates is determined in the context of the Plan's overall objectives.
- 18 The Trustees appoint their investment managers with an expectation of a long-term partnership, which encourages active ownership of the Plan's assets. When assessing a manager's performance, the focus is on longer-term outcomes, and the Trustees would not expect to terminate a manager's appointment based purely on short term performance. However, a manager's appointment could be terminated within a shorter timeframe due to other factors such as a significant change in business structure or the investment team.
- 19 Managers are paid an ad valorem fee, in line with normal market practice, for a given scope of services which includes consideration of long-term factors and engagement. It is the Trustees' view that fees linked to investment performance increase complexity and in most cases do not materially improve alignment with long-term objectives. Such fee structures would therefore only be used in a limited number of cases.
- 20 The Trustees review the costs incurred in managing the Plan's assets regularly, which includes the costs associated with portfolio turnover. In assessing the appropriateness of the portfolio turnover costs at an individual manager level, the Trustees will have regard to the actual portfolio turnover and how this compares with the expected turnover range for that mandate.

### ***Sustainable investment***

- 21 The Trustees are not involved in the investment managers' day-to-day method of operation and do not directly seek to influence attainment of their performance targets. The Trustees will, however, monitor the performance of each manager relative to its benchmark. The Trustees understand that sustainability factors (those related to Environmental, Social and Governance ('ESG') considerations including climate change) and stewardship may impact the Plan's financial outcomes
- 22 When considering its policy in relation to stewardship including engagement and voting, the Trustees expects investment manager to address broad ESG considerations taking into account the nature of the assets held under the relevant investment mandate, but has identified climate and diversity, equality and inclusion as key areas of focus for the Trustees. The Trustees assess that ESG risks, and in particular climate change, pose a financial risk to the Plan and that focussing on these issues is ultimately consistent with the Trustee's fiduciary duties and the financial security of its members. Whilst the Trustees' policy is to delegate a number of stewardship activities to the investment manager and its investment managers, the Trustees recognise that the responsibility for these activities remains with the Trustees. The Trustees incorporate an assessment of how well the investment manager exercises these responsibilities as part of its overall assessment of its performance.
- 23 The Trustees have delegated responsibility for the selection, retention and realisation of investments to the investment managers, as well as the responsibility for the exercising of ownership rights (including voting rights) attaching to the investments. The Trustees recognise that with a largely passive portfolio, the managers take no material decisions on the holdings to be included in the portfolio. However, the Trustees expect the managers to engage with the companies and issuers in which they invest in relation to the financial and non-financial implications of sustainability issues to ensure these align with the Trustees' priorities and themes.
- 24 Accordingly, the Trustees' policy is to engage with the managers, with respect to relevant matters including capital structure of investee companies, actual and potential conflicts, other stakeholders and ESG impact of underlying holdings, in order to understand their policies on sustainability and stewardship, and review these policies regularly to ensure that the managers are carrying out their delegated responsibilities. The Trustees will also review monitoring reports on sustainability and stewardship from the managers (e.g. voting records) on a regular basis to ensure alignment.
- 25 In addition, the Trustees will seek to incorporate sustainability and stewardship amongst the criteria used when reviewing the Plan's investment strategy and, if relevant, the selection of investment managers, provided that the inclusion of these does not negatively impact the Plan's long-term objectives. This process was followed in selecting the global equity fund.
- 26 Other matters considered by the Trustee to be non-financial matters, such as members' views, are not taken into account.

## Managing risk

27 The Trustees recognise a number of risks involved in the investment of the Plan's assets:

Risk	How is it monitored?	How is it mitigated?
Deficit	By assessing the progress of the actual growth of the liabilities relative to the selected investment policy	By setting an investment policy with appropriate regard to the expected risk and return relative to the expected growth of liabilities
Liquidity	By the level of cashflow required by the Plan over a specified period	The Plan's administrators assess the level of cash required to limit the impact of the cash flow requirements on the investment policy. The trustees hold assets of appropriate liquidity
Currency	Through the level of exposure to non-Sterling denominated assets	Implementing a currency hedging programme to reduce the impact of exchange rate movements on the Plan's asset value
Interest rate and inflation	By comparing the likely movement in the Plan's liabilities and assets due to movements in inflation and interest rates	Holding assets that respond to changes in interest rates and inflation in a similar way to the liabilities
Sponsor	By receiving regular financial updates from the Company and periodic independent covenant assessments	Through an agreed contribution and funding schedule

Signed: Edward Jones  
Edward Jones (Jun 26, 2023 12:52 GMT+1)

Date: 26-Jun-2023

Authorised for and on behalf of the Trustees of the Plan

## Appendix – AVC options

- 1 The Plan has two AVC providers, one of which is historical (Clerical Medical), and the other with AVIVA (previously Friends Life). The Trustees previously held another historical policy with Equitable Life, this was transferred to Utmost Life and Pensions in January 2020 and then consolidated with the AVIVA AVC policies in March 2020. It should be noted that 'AVC' accounts were also used for some historical transfers in on a money purchase basis.
- 2 Since the Plan is closed to ongoing accrual, no new AVC contributions can be made, but members are still able to move their existing balances from the historical provider into AVIVA or between the AVIVA fund options.
- 3 Clerical Medical offer 'with profit' arrangements as Equitable Life did previously. AVIVA offers a range of investment options
- 4 The AVC range of investment options includes both specific asset options and Lifestyle options with AVIVA as follows:

### AVIVA Investment options

Aviva Pension BlackRock (60:40) Global Equity Index Tracker

Aviva Pension BlackRock UK Equity Index Tracker

Aviva Pension BlackRock Over 15 Year Gilt Index Tracker

Aviva Pension Cash

### 'My Future' lifestyle investment options

Aviva Pension My Future (My Future Growth and My Future consolidation)

Aviva Pension My Future Annuity

Aviva Pension My Future Cash Lump Sum

Aviva Pension My Future Drawdown

### 'My Future Focus' lifestyle investment options

Aviva Pension My Future Focus (My Future Growth and My Future Consolidation)

Aviva Pension My Future Focus Annuity

Aviva Pension My Future Focus Cash Lump Sum

Aviva Pension My Future Focus Drawdown

## **Statement of Investment Principles – The Colgate-Palmolive Pension Plan (May 2022)**

### ***Introduction***

- 1 The Colgate-Palmolive Pension Plan (the 'Plan') is a Registered Pension Scheme for the purposes of the Finance Act 2004. It is a defined benefit (DB) plan with a DC underpin, which provides the facility for members to pay Additional Voluntary Contributions (AVCs).
- 2 This document is the Statement of Investment Principles ('SIP') made by the Trustee of the Plan in accordance with the requirements of Section 35 of the Pensions Act 1995 (as amended by the Pensions Act 2004 and regulations made under it).
- 3 The Trustees are responsible for all aspects of the operation of the Plan including this SIP. The SIP affects the long-term cost of the Plan and the level of contributions in the short-term. Before finalising this SIP, the Trustees took written advice from the Plan's Investment Consultant (Towers Watson Limited) and consulted Colgate-Palmolive (U.K.) Limited (the 'Company'). The ultimate power and responsibility for deciding investment policy, however, lies solely with the Trustees.
- 4 From time to time the Trustees may appoint a formal investment sub-committee ('ISC') with responsibility for focussing on all investment issues and bringing any decision to the wider Trustee Group for ratification where necessary. The sub-committee may liaise with the Parent Company Treasury team in the United States as an additional resource. The sub-committee members shall be reviewed on a regular basis. At this time a formal ISC has been appointed and its Terms of Reference have been agreed.
- 5 The Trustees will review this SIP at least every three years and without delay after any significant change in investment policy.

### ***Plan objectives***

- 6 The Trustees have considered (amongst other factors) the nature of the Plan's liabilities and the Plan's Statutory Funding Objective (SFO) when deciding on its investment strategy.

The Trustees' primary investment objective is to limit the risk of the assets not being sufficient to meet the liabilities. It aims to do this by ensuring adequate asset growth, noting that this will be made up of both investment returns and future contributions and by holding assets which match the Plan's liabilities.

- 7 The Trustees have adopted a de-risking strategy under which the Plan's growth assets are gradually reduced and transferred into the Plan's matching assets. The Trustees hold the secondary funding objective of being self-sufficient, that is, fully funded on a gilts-flat discount rate, and moving towards a strategic benchmark that is more aligned to the Plan's liabilities on this basis. The Plan's benchmark will be modified when pre-defined trigger points of the Plan's funding level are reached in order to allow for pre-planned reductions in its equity holding towards a final portfolio which closely matches the Plan's liability profile. The Trustees have taken high-level advice from their Investment Consultant on the appropriate bonds to hold, in order to more closely match the Plan's liability profile.
- 8 DC underpin monies are notionally invested in the Plan's assets as a whole and granted returns broadly in line with the return on Plan assets gross of fees.
- 9 For the AVC section, the investment risk is borne by the member. The Trustees' primary investment objective for this section is therefore to provide a range of investment options, which broadly satisfy the risk profiles of all members.

Details of the current AVC fund options are set out in the Appendix.

10 The Trustees consider that the investment strategies shown on the following pages will ensure:

- There is a reasonable expectation of meeting their investment objectives, and
- The assets are appropriately diversified.

### **Investment strategy**

11 The target asset strategy held by the Trustees as at the date of this SIP is shown in the table below. The funds selected are all managed by Legal and General. The target allocations have been shown for each fund.

### **Target allocation**

<b>Fund</b>	<b>Target Allocation %</b>	<b>Benchmark Index Return</b>
<b>Equities</b>	<b>20.0</b>	
UK	2.4	FTSE All-Share
North American*	11.6	FTSE World North American Equity Index*
Europe (ex UK)*	2.9	FTSE Developed Europe (ex-UK) Equity Index*
Japan*	2.3	FTSE Japan Equity Index*
Developed Asia Pacific (ex Japan) (hedged)	0.8	FTSE World Asia-Pacific (ex-Japan) Equity Index – Sterling hedged
<b>Bonds</b>	<b>80.0</b>	
Long dated Index-linked gilts	37	Single Stock Fund <sup>1</sup>
Long dated Fixed-Interest gilts	24	Single Stock Fund <sup>2</sup>
Long dated Corporate Bond Fund	19	iBoxx Sterling Non-Gilts over 10 year index

- North American, Europe (UK) and Japan equity are invested 75% into the Sterling Hedged equivalent funds

<sup>1</sup> Index-linked securities issued by the UK government: 2032 index-linked gilts, 2038 index-linked gilts, 2040 index-linked gilts, 2042 index-linked gilts, 2050 index-linked gilts, 2055 index-linked gilts, 2062 index-linked gilts and 2068 index-linked gilts.

<sup>2</sup> Fixed interest securities issued by the UK government; 2038 gilts, 2042 gilts and 2068 gilts.

12 The Trustees have set a strategic benchmark allocation for Legal and General (as shown above). There is no automatic rebalancing (with the exception of the overseas equity hedging benchmark within each geographical region) and have put the following strategy in place:

- The Notional Income Service (“NIS”) (previously Notional Dividend Income Payments (“NDIP”)) enables regular notional income from the Plan’s investments to be drawn on an automatic basis. With effect from 1 October 2021 the Trustees have selected NIS payments in respect of all available assets, previously this was only in respect of UK equities and corporate bonds. These payments and employer contributions will be invested in a Liquidity Fund to assist with cashflow management.
- Rebalancing and the Liquidity Fund holding are to be considered on a quarterly basis at each Trustees’ meeting;
- The Trustees will review their stance on rebalancing at the quarterly Trustees’ meetings;
- Overseas equities are automatically rebalanced to maintain the agreed hedged versus unhedged split of 75%/25%; and

Depending on the timing of the trigger being breached, the Plan’s benchmark will be reviewed by the ISC and/or the entire Trustee board when pre-defined trigger points of the Plan’s funding level are reached. The ISC may recommend at that time that the pre-planned reductions in equity holdings are made, towards a final portfolio which closely matches the Plan’s liability profile. The Trustees will review the de-risking strategy in conjunction with their Investment Consultant and Scheme Actuary following each actuarial valuation

### ***Investment managers***

- 13 In accordance with the Financial Services and Markets Act 2000, the Trustees will set general investment policy, but will delegate the responsibility for selection of specific investments to an appointed investment manager or managers. The investment manager(s) shall provide the skill and expertise necessary to manage the investments of the Plan competently.
- 14 The Plan may use different managers and mandates to implement its investment policies. The Trustees ensure that, in aggregate, its portfolio is consistent with the policies set out in this Statement, in particular those required under regulation 2(3)(b) of the Occupational Pension Schemes (Investment) Regulations (2005). The Trustees will also review the investment objectives and guidelines of any particular pooled vehicle for consistency with its policies, where relevant to the mandate in question.
- 15 To maintain alignment, managers are provided with the most recent version of the Plan’s Statement of Investment Principles on an annual basis and are required to confirm that the management of the assets is consistent with those policies relevant to the mandate in question.
- 16 Should the Trustees’ monitoring processes reveal that an investment fund’s objectives and guidelines, or an investment manager’s approach to sustainable investment, do not appear to be sufficiently aligned with the Trustees’ policies, the Trustees will engage with the investment manager to ascertain the reasons for this and whether closer alignment can be achieved. If this is not possible, the Trustees may consider alternative options available in order to terminate and replace the manager.
- 17 For most of the Plan’s investments, the Trustees expect the investment managers to invest with a medium to long time horizon, and to use their engagement activity to drive improved performance over these periods. The Trustees may invest in certain strategies (e.g. hedge fund strategies) where such engagement is not deemed appropriate, due to the nature of the strategy and/or the investment time horizon underlying decision making. The appropriateness of the Plan’s allocation to such mandates is determined in the context of the Plan’s overall objectives.
- 18 The Trustees appoint their investment managers with an expectation of a long-term partnership, which encourages active ownership of the Plan’s assets. When assessing a manager’s performance,

the focus is on longer-term outcomes, and the Trustees would not expect to terminate a manager's appointment based purely on short term performance. However, a manager's appointment could be terminated within a shorter timeframe due to other factors such as a significant change in business structure or the investment team.

- 19 Managers are paid an ad valorem fee, in line with normal market practice, for a given scope of services which includes consideration of long-term factors and engagement. It is the Trustees' view that fees linked to investment performance increase complexity and in most cases do not materially improve alignment with long-term objectives. Such fee structures would therefore only be used in a limited number of cases.
- 20 The Trustees review the costs incurred in managing the Plan's assets regularly, which includes the costs associated with portfolio turnover. In assessing the appropriateness of the portfolio turnover costs at an individual manager level, the Trustees will have regard to the actual portfolio turnover and how this compares with the expected turnover range for that mandate.

### **Sustainable investment**

- 21 The Trustees are not involved in the investment managers' day-to-day method of operation and do not directly seek to influence attainment of their performance targets. The Trustees will, however, monitor the performance of each manager relative to its benchmark. The Trustees understand that sustainability factors (those related to Environmental, Social and Governance ('ESG') considerations including climate change) and stewardship may impact the Plan's financial outcomes. Whilst it is the Trustees' preference that all companies should be run in a socially responsible way, it takes the view that its primary responsibility is to act in the best financial interests of the members of the Plan.
- 22 The Trustees have delegated responsibility for the selection, retention and realisation of investments to the investment managers, as well as the responsibility for the exercising of ownership rights (including voting rights) attaching to the investments. The Trustees recognise that with a largely passive portfolio, the managers take no material decisions on the holdings to be included in the portfolio. However, the Trustees expect the managers to engage with the companies and issuers in which they invest in relation to the financial and non-financial implications of sustainability issues.
- 23 Accordingly, the Trustees' policy is to engage with the managers, with respect to relevant matters including capital structure of investee companies, actual and potential conflicts, other stakeholders and ESG impact of underlying holdings, in order to understand their policies on sustainability and stewardship, and review these policies regularly to ensure that the managers are carrying out their delegated responsibilities. The Trustees will also review monitoring reports on sustainability and stewardship from the managers (e.g. voting records) on a regular basis.
- 24 In addition, the Trustees will seek to incorporate sustainability and stewardship amongst the criteria used when reviewing the Plan's investment strategy and, if relevant, the selection of investment managers, provided that the inclusion of these does not negatively impact the Plan's long-term objectives.
- 25 Other matters considered by the Trustee to be non-financial matters, such as members' views, are not taken into account.

### **Managing risk**

- 26 The Trustees recognise a number of risks involved in the investment of the Plan's assets:

Risk	How is it monitored?	How is it mitigated?
Deficit	By assessing the progress of the actual growth of the liabilities relative to the selected investment policy	By setting an investment policy with appropriate regard to the expected risk and return relative to the expected growth of liabilities

Liquidity	By the level of cashflow required by the Plan over a specified period	The Plan's administrators assess the level of cash required to limit the impact of the cash flow requirements on the investment policy. The trustees hold assets of appropriate liquidity
Currency	Through the level of exposure to non-Sterling denominated assets	Implementing a currency hedging programme to reduce the impact of exchange rate movements on the Plan's asset value
Interest rate and inflation	By comparing the likely movement in the Plan's liabilities and assets due to movements in inflation and interest rates	Holding assets that respond to changes in interest rates and inflation in a similar way to the liabilities
Sponsor	By receiving regular financial updates from the Company and periodic independent covenant assessments	Through an agreed contribution and funding schedule

Signed:

Edward Jones  
Edward Jones (May 19, 2022 17:33 GMT+1)

Date: 19-May-2022

Authorised for and on behalf of the Trustees of the Plan

## Appendix – AVC options

- 1 The Plan has two AVC providers, one of which is historical (Clerical Medical), and the other with AVIVA (previously Friends Life). The Trustees previously held another historical policy with Equitable Life, this was transferred to Utmost Life and Pensions in January 2020 and then consolidated with the AVIVA AVC policies in March 2020. It should be noted that 'AVC' accounts were also used for some historical transfers in on a money purchase basis.
- 2 Since the Plan is closed to ongoing accrual, no new AVC contributions can be made, but members are still able to move their existing balances from the historical provider into AVIVA or between the AVIVA fund options.
- 3 Clerical Medical offer 'with profit' arrangements as Equitable Life did previously. AVIVA offers a range of investment options
- 4 The AVC range of investment options includes both specific asset options and Lifestyle options with AVIVA as follows:

### AVIVA Investment options

Aviva Pension BlackRock (60:40) Global Equity Index Tracker

Aviva Pension BlackRock UK Equity Index Tracker

Aviva Pension BlackRock Over 15 Year Gilt Index Tracker

Aviva Pension Cash

### 'My Future' lifestyle investment options

Aviva Pension My Future (My Future Growth and My Future consolidation)

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Aviva Pension My Future Cash Lump Sum

Aviva Pension My Future Drawdown

### 'My Future Focus' lifestyle investment options

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Aviva Pension My Future Focus Annuity

Aviva Pension My Future Focus Cash Lump Sum

Aviva Pension My Future Focus Drawdown

## **The Colgate-Palmolive Pension Plan Annual Implementation Statement for the year ending 31 December 2023**

### **1. Introduction and purpose of this Statement**

This document is the Annual Implementation Statement (“the implementation statement”) prepared by the Trustees of the Colgate-Palmolive Pension Plan (the “Plan”) covering the Plan year to 31 December 2023.

The purpose of this statement is to:

- set out the extent to which, in the opinion of the Trustees, the Plan’s Statement of Investment Principles (“SIP”) required under section 35 of the Pensions Act 1995, as amended, has been followed during the year;
- detail any reviews of the SIP that the Trustees have undertaken, and any changes made to the SIP over the year as a result of the review;
- describe the voting behaviour by, or on behalf of, the Trustees over the year; and
- set out the extent to which, in the opinion of the Trustees, the engagement policy within the SIP has been followed during the year.

A copy of this implementation statement will be made available within the Plan’s annual report and accounts for the year to 31 December 2023, and will be available alongside the SIP and Chair’s Statement on this website: <https://www.colgate.com/en-gb>.

### **2. Review of, and changes to the SIP**

During the year, the Trustees, having taken advice, decided to reduce the target equity allocation from 20% of the portfolio to 15%. The SIP was reviewed and updated in June 2023 to reflect this change. A further reduction in the equity allocation was agreed in the first half of 2024 and a revised SIP signed in June 2024.

### **3. Adherence to the SIP**

The Trustees have invested in accordance with the SIP in force during the year. In particular the Trustees believe the policies outlined in the SIP have been fully adhered to during the Plan year. The remaining parts of this implementation statement set out details of how this has been achieved. These details relate to those parts of the SIP which set out the Trustees’ policies, and not those which are statements of fact.

#### **Defined Benefits**

##### **Governance**

The Trustees are responsible for investment matters related to the Plan. Investment matters are dealt with by the Investment Subcommittee (ISC). Four quarterly Trustee meetings were held over the year along with four ISC meetings.

##### **Investment objectives**

The Trustees’ primary investment objective is to limit the risk of the assets not being sufficient to meet the liabilities.

The Trustees have adopted a de-risking strategy under which the Plan's growth assets are gradually reduced and transferred into the Plan's matching assets. In March 2023, the equity allocation was reduced from 20% to 15%, with the proceeds invested in gilts. With the subsequent improvement in the Plan's funding position, as monitored on an ongoing basis through the Willis Towers Watson Asset Liability Suite, the Trustees decided in the first half of 2024 to further reduce the target equity to 7.5%, the bulk of the proceeds to be invested in the corporate bond fund, with some monies being used to meet cashflow.

From 2022 onwards, the Trustees have agreed a strategic objective to achieve the Plan's long-term target of self-sufficiency having regard to buy-out. Following completion of the 31 December 2022 valuation the Trustees have also started to review the Plan's matching assets, with a view to refining their match to the Plan's liabilities.

### **Investment beliefs**

The Plan's SIP includes the Trustees' beliefs on responsible investing. The Trustees understand that sustainability factors (including those related to ESG and climate change) and stewardship may impact the Plan's financial outcomes.

The Trustees recognise that with a largely passive portfolio, the managers take no material decisions on the holdings to be included in the portfolio. However, the Trustees expect the managers to engage with the companies and issuers in which they invest in relation to the financial and non-financial implications of sustainability issues.

Accordingly, the Trustees' policy is to engage with the managers, with respect to relevant matters including capital structure of investee companies, actual and potential conflicts, other stakeholders and ESG impact of underlying holdings, in order to understand their policies on sustainability and stewardship and review these policies regularly to ensure that the managers are carrying out their delegated responsibilities. The Trustees will also review monitoring reports on sustainability and stewardship from the managers (e.g. voting records) on a regular basis, to ensure the managers' engagement aligns with the Trustees' views. The Trustees consider that their policies in relation to arrangements with asset managers have been followed during the year.

An investment beliefs session was carried out as part of the annual training day in February 2022 to confirm and challenge wider sustainable investment and climate beliefs to ensure they are aligned.

The Trustees consider that their policies in the SIP in relation to financially material considerations (including ESG consideration and climate change) have been followed during the year.

### **Investment Strategy**

Following a de-risking exercise in March 2023, the target investment allocation was changed to 15% equity assets, 37% to Index-Linked Gilts, 29% to Fixed-Interest Gilts and 19% to Corporate bonds. This is reflected in the SIP dated June 2023.

As stated in the SIP, there is no automatic rebalancing (with the exception of the overseas equity hedging benchmark within each geographical region which is automatically rebalanced to maintain the agreed hedged versus unhedged split of 75%/25%) and the following strategy has been put in place:

- The Notional Income Service (“NIS”) (previously Notional Dividend Income Payments (“NDIP”)) enables regular notional income from the Plan’s investments to be drawn on an automatic basis;
- The Trustees have selected NIS payments in respect of all available assets, previously this was only in respect of UK equities and corporate bonds. These payments and employer contributions will be invested in a Liquidity Fund to assist with cashflow management. Employer contributions have ceased, though, from March 2024 as agreed as part of the 31 December 2022 valuation;
- On a quarterly basis, at each Trustees’ meeting, the actual asset allocations are compared to the target holdings and any rebalancing considered appropriate discussed;
- The Liquidity Fund holding is considered on a quarterly basis at each Trustees’ meeting; and
- The Trustees review their stance on rebalancing at the quarterly Trustees’ meetings.

As noted above, in the first half of 2024 the Trustees decided to further reduce the equity allocation in light of the further improvement in the Plan’s funding position, and have started reviewing the bond portfolio with a view to refining the match to the Plan’s liabilities.

### **Investment Managers**

The Trustees have appointed one investment manager, Legal and General Investment Management (LGIM). The majority of the funds are held on a passive basis.

The Trustees are not involved in the investment managers’ day-to-day method of operation but their policy is to monitor the returns achieved by the manager relative to the respective fund benchmarks on a regular basis. During the year, the Trustees received quarterly reports showing portfolio returns relative to the benchmark from the investment manager. Any relevant investment manager updates have also been discussed at the Trustee meetings with the Scheme Actuary and Investment Consultant.

Over the year, there were no changes to the Plan’s investment managers and no selection exercise was undertaken.

The Trustees monitor the costs associated with managing the Plan’s assets on a regular basis, which includes the costs associated with portfolio turnover. In addition, the Trustees monitor the level of turnover within each mandate to ensure that this is consistent with the index that is being tracked. Over the year there were no specific issues that arose with the investment manager.

### **Realisation of investments**

The Trustees receive regular updates from the administrators regarding the likely cash flow position of the Plan. At each quarterly Trustee meeting the Trustees determine whether investment or disinvestment will be required. Procedures are adopted to manage the cash flow position, including the Notional Income Service described above.

The Trustees will, when possible, provide the investment managers with reasonable notice of future cash needs.

## **Investment risks**

The Trustees have identified several risks involved in the management of the Plan's assets which are taken into account when reviewing the investment arrangements.

**Deficit risk** was considered through the analysis undertaken by WTW as part of the investment strategy and journey plan review in 2018 and updated in 2020 as part of the ISC's deliberations in terms of the de-risking actions. This illustrated the expected progression of the growth in the assets relative to the liabilities as well as considering the downside risks under different strategies. This risk was considered again in 2023 and in 2024, prior to the reduction in the equity holdings in May 2023 and June 2024.

**Liquidity risk** is managed by the Trustees and Plan's administrators who measure and manage the level of cash held in order to limit the impact of cash flow requirements.

**Currency risk** is managed by implementing and monitoring a currency hedging programme to reduce the impact of exchange rate movements in the Plan's asset value.

**Interest rate and inflation mismatching risk** is managed by holding assets (bonds) that respond to changes to interest rates and inflation in a similar way to the liabilities. The Trustees are currently undertaking an exercise to refine the bond holdings to better match the liabilities.

**Sponsor risk** is managed by receiving regular financial updates from the Company.

## **Training Knowledge and Understanding**

The Trustees are provided with regular training updates at each Trustee meeting, including on current issues in investment. Over the year the Trustees received training on insurance and also on LGIM's approach to responsible investment

A training log is maintained and a self-assessment of training needs is carried out annually.

New ISC members are provided with additional training to ensure they are equipped with the knowledge and understanding to make investment decisions and, critically, challenge the advice provided by their advisers. There were no changes to the make up of the ISC during 2023. However, in 2024, Simon Voss stepped down as a Trustee and member of the ISC, and Fernando Herrera joined the ISC as a new Trustee of the Plan.

## **Defined Contribution money underpin**

DC underpin monies are notionally invested in the Plan's assets as a whole and granted returns broadly in line with the return on Plan assets gross of fees.

## **Additional Voluntary Contributions ("AVCs")**

The Trustees, in the past, provided a facility for active members to pay AVCs into the Plan. As there are no longer any active members, this option is no longer available. The assets attributable to these contributions are held separately from the main fund in the form of insurance contracts with life assurance companies. Members participating in this arrangement each receive an annual statement confirming the amounts held on their behalf and the movements in the year.

The Plan has two AVC providers, one of which is an historic with-profits arrangement with Clerical Medical; the main provider is Aviva (previously Friends Life).

Following a review of the AVC fund options with Aviva in March 2022, the Trustees decided to add an additional fund range called My Future Focus (MFF), which offers more active management and a stronger focus on ESG. As part of this exercise, the fee structure was reviewed and it was agreed that the general annual management charge (AMC) would be reduced from 0.5% pa to 0.45% pa. Note that two fund lifestyle options have slightly higher charges (0.49% for My Future and 0.55% for My Future Focus).

Within the AVC section, the investment risk is borne by the member. The Trustees' primary investment objective for this section is therefore to provide a range of investment options, which broadly satisfy the risk profiles of all members.

The Appendix sets out the fund options for the main policy with Aviva.

### **Risk**

The Trustees take advice from the Investment Consultant in relation to measuring the level of risk inherent to members via the investment options/funds offered.

The Trustees have considered risks for the AVCs of the Plan from a number of perspectives.

The Trustees provide the Plan's members access to information on the available investment funds with Aviva, which includes an explanation of the risks associated with investing.

### **Monitoring of AVC providers**

The Trustees monitor the performance of all the investment funds with Aviva annually via a report provided by the AVC provider, presented at Trustee meetings. This provides the Trustees with a breakdown of return and risk metrics of the funds. In addition to this, the Trustees currently receive information on fund values as part of a quarterly update provided by Aviva.

The Trustees feel that it maintains a proportionate monitoring approach for the AVC policies given they account for around £1.6m out of a total of invested assets of c. £153m as at 31 December 2023.

The Trustees had some concerns about the timeliness of providing information for the accounts and the accuracy of fees communicated to members. As regards the timeliness of providing information, the AVC provider noted certain constraints in relation to obtaining information from external managers, but agreed to be more transparent about timescales in future. As regards the accuracy of fees communicated to members, it was noted that the actual fees levied were correct and lower than those announced to members, and the AVC provider agreed to put in place a review process to ensure such a miscommunication could not happen in future.

The Trustees have also now ensured that the way in which members with AVCs can access the Chair Statement is made clear alongside the issuing of their benefit statements.

Apart from these, the Trustees had no other concerns.

#### **4. Voting and engagement (Defined Benefits excluding AVCs)**

The Trustees have delegated exercising the day-to-day voting and engagement activity relating to the assets to the Plan's investment managers. Voting is undertaken in line with the voting policy of the investment manager, LGIM.

As part of the Trustees' ongoing engagement with, and monitoring of the Plan's investment managers, the Trustees have set out the voting activities of the Plan's investment manager over the Plan Year, including detail of the manager's use of proxy voting. The Trustees recognise that with a largely passive portfolio, the managers take no material decisions on the holdings to be included in the portfolio. However, the Trustees expect the managers to engage with the companies and issuers in which they invest in relation to the financial and non-financial implications of sustainability issues.

The Trustees' policy is to engage with the managers to understand their policies on sustainability and stewardship and review these policies regularly to ensure that the managers are carrying out their delegated responsibilities in line with the Trustees' views and beliefs. The Trustees, in partnership with its investment advisor, has assessed the investment managers' voting and engagement policies. The Trustees consider these policies to be appropriate, and consistent with the Trustees' own policies and objectives, therefore ultimately in the best financial interests of the members.

During the year the Trustees receive regular sustainability and stewardship reporting from LGIM in line with the Trustees' policy as stated in the SIP.

#### **Summary of voting over the year**

Voting information on the Plan's bond holdings (managed by LGIM) is not provided as the vast majority of loan and debt securities do not come with voting rights. Therefore, voting information was only requested in relation to equity investments.

The Plan's equity investments are managed by LGIM via pooled funds on an index-tracking basis. Given the indexed nature of the mandates, LGIM are constrained in the equities they must hold in each fund.

A summary of the voting on behalf of the Plan over the year to 31 December 2023 is provided in the following table in respect of all the LGIM equity funds in which the Plan was invested over the year. We note that, of the funds below, the Plan was only invested in the World Developed Equity Index Fund at 31 December 2023, having disinvested from the other funds, investing the proceeds in the World Developed Equity Index Fund in May 2023. Voting data for the World Developed Equity Index Fund covers the twelve months to 31 December 2023, whereas the voting data for the other funds covers the twelve months to 30 June 2023.

This table shows the number of vote resolutions in which LGIM were eligible to participate for the specified fund, the percentage of those eligible vote resolutions that they exercised, and the percentages of the exercised votes where they voted for management, against management or where they abstained.

LGIM Fund	Number of votes eligible	% of votes exercised	% of votes for	% of votes against	% abstained/ other
World Developed Equity Index Fund	31,063	99.9%	78.2%	21.7%	0.1%
UK Equity Index Fund	10,510	99.9%	94.4%	5.6%	-
North America Equity Index Fund	8,422	99.7%	65.5%	34.5%	-
Europe (ex UK) Equity Index Fund	9,700	99.9%	80.2%	19.3%	0.5%
Japan Equity Index Fund	5,983	100.0%	88.6%	11.4%	-

Voting statistics are out of total eligible votes and are sourced from LGIM.

The table contained in Appendix B outlines two significant votes cast by the Plan's investment managers on the investors' behalf for the main funds above. The Trustees have endeavoured to select "significant" votes which align with the Trustees' identified priorities for voting and engagement – climate risk and diversity, equality and inclusion– where the data has allowed.

## Engagement

Across both public and private assets, LGIM have established a fully integrated framework for responsible investing to strengthen long-term returns and raise market standards. This is based on investment stewardship with impact and collaborative, active research across asset classes. Ongoing dialogue with companies is a fundamental aspect of LGIM's commitment to responsible investment. Engagement will be triggered in a variety of ways, such as regular catch-ups; analysis of responsible investment themes and voting issues; general knowledge of the company; or a media report. LGIM incorporate ESG assessments into their dialogue with companies, in order to push for real change and long-term sustainable value creation. Over 2023, the key themes covered by the manager included environment, diversity, executive remuneration and income equality.

Environment examples of engagement:

- ~300 companies identified as subject to potential voting sanctions for not meeting minimum standards under LGIM's Climate Impact Pledge;

- LGIM directly engaged with over 100 companies which it views as ‘dial-movers’ in relation to climate change given their size and potential to galvanise action.; and
- LGIM engaged with over 160 companies on the topic of deforestation and, for the first time, applied specific deforestation vote sanctions.

Examples of social issues:

- LGIM started a focused campaign on the living wage with a clear escalation strategy to encourage 15 global food retailers to reduce income inequality within their operations and supply chains;
- In December 2023, LGIM published its first Human Rights policy;
- Globally in 2023, LGIM opposed 52% of all management-proposed pay-related proposals due to the companies not meeting LGIM’s standards for fair and appropriate long-term performance-based pay.

LGIM’s voting and engagement activities are driven by ESG professionals and their assessment of the requirements in these areas seeks to achieve the best outcome for their clients. Their voting policies are reviewed annually and take into account feedback from their clients.

Every year, LGIM holds a stakeholder roundtable event where clients and other stakeholders (civil society, academia, the private sector and fellow investors) are invited to express their views directly to the members of the Investment Stewardship team. The views expressed by attendees during this event form a key consideration as LGIM continue to develop their voting and engagement policies and define strategic priorities in the years ahead. They also take into account client feedback received at regular meetings and/ or ad-hoc comments or enquiries.

All decisions are made by LGIM’s Investment Stewardship team and in accordance with their relevant Corporate Governance & Responsible Investment and Conflicts of Interest policy documents which are reviewed annually. Each member of the team is allocated a specific sector globally so that the voting is undertaken by the same individuals who engage with the relevant company. This ensures their stewardship approach flows smoothly throughout the engagement and voting process and that engagement is fully integrated into the vote decision process, therefore sending consistent messaging to companies.

### **Use of proxy voting service**

All voting data provided in this statement was produced by LGIM using data extracted from their third-party proxy-voting provider Institutional Shareholder Services’ (ISS) Proxy Exchange platform, an electronic voting platform used by LGIM’s Investment Stewardship team to vote its clients’ shares. Data relates to all votes cast in the 12-month period to 31 December 2023 by LGIM in line with their Corporate Governance & Responsible Investment Policy. All voting decisions are made by LGIM and they do not outsource any part of the strategic decisions. Use of ISS recommendations is purely to augment their own research and proprietary ESG assessment tools. To ensure their proxy provider votes in accordance with their position on ESG, LGIM have put in place a custom voting policy with specific voting instructions. These instructions apply to all markets globally and seek to uphold what we consider are minimum best practice standards which LGIM believe all companies globally should observe, irrespective of local regulation or practice.

LGIM retains the ability in all markets to override any vote decisions, which are based on their custom voting policy. They have strict monitoring controls to ensure their votes are fully and effectively executed in accordance with their voting policies, including regular manual checks of the votes, and electronic alerts to inform them of any rejected votes which may require further action.

For more information on how LGIM use the services of proxy providers, please refer to the following document:

[https://www.lgim.com/landg-assets/lgim/\\_document-library/capabilities/how-lgim-uses-proxy-voting-services.pdf](https://www.lgim.com/landg-assets/lgim/_document-library/capabilities/how-lgim-uses-proxy-voting-services.pdf).

## **Appendix A – Aviva AVC Investment Options**

### **Fund Range**

The following funds are available to the AVC members with Aviva.

- Aviva BlackRock 60:40 Global Equity Index Fund;
- Aviva BlackRock UK Equity Index Fund;
- BlackRock Over 15 Year Gilt Index Fund; and
- BlackRock Cash Fund.

### **Lifetime Investment Programmes**

The Plan offers members Lifetime Investment Programme strategy options which take the members from a Growth Phase through the Pre-Retirement Phase to their retirement portfolio over a period of 15 years for My Future and 10 years for My Future Focus.

- My Future;
- My Future Target Annuity;
- My Future Target Cash Lump sum;
- My Future Target drawdown;
- My Future Focus;
- My Future Focus Target Annuity;
- My Future Focus Target Cash Lump sum; and
- My Future Focus Target drawdown.

### **Default option**

- There is no default option.

## Appendix 2 – Significant votes

The following table outlines two significant votes cast by the Plan’s investment manager on the Trustees’ behalf in relation to the key equity funds in which the Plan was invested over 2023. Many of the votes have been deemed significant as they relate to issues around climate risk or Diversity Equality and Inclusion, in alignment with the Trustees’ views.

The commentary set out below is based on detail in the relevant manager’s reports on the votes cast. LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is their policy not to engage with our investee companies in the three weeks prior to an AGM as their engagement is not limited to shareholder meeting topics.

Significant votes cast	Coverage in portfolio
<p><b>Company 1: NVIDIA Corporation</b>  <b>Approx size of fund’s holding: 1.54% of portfolio</b>  <b>Resolution:</b> Elect Director Stephen C Neal  <b>Decision:</b> Against – Diversity and Average Board Tenure: A vote against is applied as LGIM expects a company to have at least one-third women on the Board. LGIM also expects a Board to be regularly refreshed in order to maintain an appropriate mix of independence, relevant skills, experience, tenure and background.  <b>Rationale for inclusion:</b> LGIM views gender diversity as a financially material issue for their clients, with implications for the assets LGIM manage on their behalf.</p> <p><b>Company 2: Exxon Mobil Corporation</b>  <b>Approx size of fund’s holding: 0.72% of portfolio</b>  <b>Resolution:</b> Shareholder resolution calling for a report on Asset Retirement Obligations under IEA Net Zero Emissions Scenario  <b>Decision:</b> For (against management recommendations) – Environment: LGIM was seeking greater clarity on the potential costs Exxon may incur in the event of an accelerated energy transition. In LGIM’s view, this is a highly relevant and financially material matter.  <b>Rationale for inclusion:</b> LGIM co-filed this resolution and pre-declared its vote intention for this resolution, demonstrating its significance. There was also regular communication with the company ahead of the meeting.</p>	<p>Legal and General Investment Management – World Developed Equity Index Fund</p>
<p><b>Company 1: BP Plc</b>  <b>Approx size of fund’s holding: 3.82% of portfolio</b>  <b>Resolution:</b> Re-elect Helge Lundas Director</p>	<p>Legal and General Investment Management – UK Equity Index Fund</p>

<p><b>Decision:</b> Against – Governance. A vote against is applied due to governance and board accountability concerns, particularly the processes around the decision to implement changes to the company’s climate transition strategy at the 2023 AGM.</p> <p><b>Rationale for inclusion:</b> LGIM considers this vote to be significant given their long-standing engagement with the company on the issue of climate.</p> <p><b>Company 2: Aviva Plc</b></p> <p><b>Approx size of fund’s holding: 0.48% of portfolio</b></p> <p><b>Resolution:</b> Approve Climate-Related Financial Disclosure</p> <p><b>Decision:</b> For - Climate change: LGIM voted in favour as it considered that Aviva’s report was in line with LGIM’s climate expectations.</p> <p><b>Rationale for inclusion:</b> LGIM is publicly supportive of so called "Say on Climate" votes, expecting transition plans put forward by companies to be both ambitious and credibly aligned to a 1.5C scenario. Given the high-profile of such votes, LGIM deem such votes to be significant</p>	
<p><b>Company 1: Amazon.com</b></p> <p><b>Approx size of fund’s holding: 2.47% of portfolio</b></p> <p><b>Resolution:</b> Report on Median and Adjusted Gender/Racial Pay Gaps</p> <p><b>Decision:</b> For (against management recommendations) – Diversity. A vote in favour is applied as LGIM expects companies to disclose meaningful information on its gender pay gap and the initiatives it is applying to close any stated gap. This is an important disclosure so that investors can assess the progress of the company’s diversity and inclusion initiatives. Board diversity is an engagement and voting issue, as LGIM believes cognitive diversity in business – the bringing together of people of different ages, experiences, genders, ethnicities, sexual orientations, and social and economic backgrounds – is a crucial step towards building a better company, economy and society.</p> <p><b>Rationale for inclusion:</b> LGIM views gender diversity as a financially material issue for our clients, with implications for the assets we manage on their behalf.</p> <p><b>Company 2: Tesla Inc</b></p> <p><b>Approx size of fund’s holding: 1.12% of portfolio</b></p> <p><b>Resolution:</b> Elect Director Robyn Denholm</p> <p><b>Decision:</b> Against – Diversity and Governance: LGIM voted against as it expects executive officers to include at least 1 female. It also voted against Robyn Denholm as audit committee chair and given concerns on the risk oversight function of the board, in light of the pledging of a significant amount of the company’s stock by certain directors and executives.</p> <p><b>Rationale for inclusion:</b> LGIM views gender diversity as a financially material issue for our clients, with implications for the assets we manage on their behalf.</p>	<p>Legal and General Investment Management – North America Equity Index Fund</p>

<p><b>Company 1: Novartis AG</b></p> <p><b>Approx size of fund's holding: 2.01% of portfolio</b></p> <p><b>Resolution:</b> Reelect Joerg Reinhardt as Director and Board Chair</p> <p><b>Decision:</b> Against – Diversity. Diversity: A vote against is applied as LGIM expects a company to have a diverse board, with at least one-third of board members being women. We expect companies to increase female participation both on the board and in leadership positions over time.</p> <p><b>Rationale for inclusion:</b> LGIM views gender diversity as a financially material issue for our clients, with implications for the assets we manage on their behalf.</p> <p><b>Company 2: Schneider Electric SE</b></p> <p><b>Approx size of fund's holding: 1.11% of portfolio</b></p> <p><b>Resolution:</b> Approve Company's Climate Transition Plan</p> <p><b>Decision:</b> Against – Climate change.: A vote against is applied as LGIM expects companies to introduce credible transition plans, consistent with the Paris goals of limiting the global average temperature increase to 1.5°C. This includes the disclosure of scope 1, 2 and material scope 3 GHG emissions and short-, medium- and long-term GHG emissions reduction targets consistent with the 1.5°C goal.</p> <p><b>Rationale for inclusion:</b> LGIM is publicly supportive of so called "Say on Climate" votes, expecting transition plans put forward by companies to be both ambitious and credibly aligned to a 1.5C scenario. Given the high-profile of such votes, LGIM deem such votes to be significant</p>	<p>Legal and General Investment Management – Europe (ex UK) Equity Index Fund</p>
<p><b>Company 1: Canon Inc</b></p> <p><b>Approx size of fund's holding: 0.56% of portfolio</b></p> <p><b>Resolution:</b> Elect Director Mitarai, Fujio</p> <p><b>Decision:</b> Against – Independence and Diversity: A vote against is applied due to the lack of independent directors on the board. Independent directors bring an external perspective to the board. Bringing relevant and suitably diverse mix of skills and perspectives is critical to the quality of the board and the strategic direction of the company. LGIM would like to see all companies have a third of the board comprising truly independent outside directors. A vote against is also applied due to the lack of meaningful diversity on the board.</p> <p><b>Rationale for inclusion:</b> LGIM views diversity as a financially material issue for their clients, with implications for the assets LGIM manage on their behalf.</p> <p><b>Company 2: Nexon Co. Ltd</b></p> <p><b>Approx size of fund's holding: 0.24% of portfolio</b></p> <p><b>Resolution:</b> Elect Director Owen Mahoney</p>	<p>Legal and General Investment Management – Japan Equity Index Fund</p>

**Decision:** Against – Diversity and accountability: A vote against is applied due to the lack of meaningful diversity on the board. A vote against has also been applied as the Company did not provide disclosure surrounding the use of former CEO as Advisor to the Board.

**Rationale for inclusion:** LGIM views diversity as a financially material issue for their clients, with implications for the assets LGIM manage on their behalf.

# The Colgate-Palmolive Pension Plan

## Annual Chair's Statement for the Plan Year ending 31 December 2023

This statement has been prepared by the Trustees of The Colgate-Palmolive Pension Plan (the "Plan") in accordance with the Occupational Pension Schemes (Scheme Administration) Regulations 1996. The Plan is a hybrid arrangement - the main benefit is Defined Benefit (DB), however the following aspects of the Plan are Defined Contribution (DC) in nature:

- the Plan's Additional Voluntary Contributions (AVC) arrangements with Aviva and Clerical Medical; and
- the old 'protected rights' (PR) and 'personal pension accounts' (PPAs) held within the Plan's assets.

Governance requirements apply to DC pension arrangements, to help members achieve a good outcome from their pension savings. The Trustees of The Colgate-Palmolive Pension Plan are required to produce a yearly statement (which is signed by the Chair of Trustees) to describe how, in relation to the DC benefits, the Trustees have complied with the statutory governance standards where applicable. These standards cover the following key aspects affecting the operation of the DC arrangements:

- The investment options in which members' funds are invested during the Plan year
- Charges and transaction costs borne by members, including an illustration of the cumulative effect of these costs and charges;
- The net return on investments;
- Assessing the value for members in relation to charges and transaction costs borne by members;
- The monitoring of core financial transactions; and
- How the Trustees ensure they have sufficient knowledge so that the DC arrangements, and the Plan as a whole, are well run.

This statement covers the Plan's financial year from 1 January 2023 to 31 December 2023.

### *Transferred in money purchase funds and other AVCs*

The Trustees, in the past, provided a facility for active members to pay AVCs into the Plan. As there are no longer any active members, this option is no longer available. Money purchase benefits that were transferred in were invested in the Plan's AVC arrangement. Members with transferred in money purchase benefits are able to invest in the range of funds held in the Plan's AVC arrangement. In addition members were able to contribute to the Plan's AVC arrangement. The Plan's main AVC provider is Aviva (previously known as Friends Life). There is also an historical arrangement with Clerical Medical and, until 31 December 2019, with Equitable Life Assurance Society (ELAS). All monies with ELAS were transferred to Utmost Pensions Ltd on 1 January 2020. All ELAS funds had been held in the with-profits arrangement and members were given uplifts to compensate them for the loss of guarantees on transfer to Utmost. In March 2020 the Trustees consolidated the previous ELAS funds with Aviva. Given market volatility at the time, the Trustees decided to transfer

the monies to the Cash Fund and affected members are encouraged to review their fund holdings.

### *Former “Protected Rights” and PPAs*

The Plan elected to contract-out on a money purchase basis from April 1997 to April 2012. During that period, contracted-out rebates payable by the members and the employers (due in each month following the month in which they were accrued) and age-related or flat rate rebates/incentive payments payable by HMRC (due in each tax year following the tax year in which they were accrued), together referred to as “protected rights” (or PR), were notionally invested in the Plan. In addition, an allowance for member contributions and an element of employer contributions are added to the PRs to form members’ “personal pension accounts” (or PPA). ‘Old PPA provisions’ were in force prior to 1997 and, where relevant, these monies became part of the member’s PPA. These PPAs and PRs form the money purchase underpins.

Contracting-out on a money purchase basis was abolished with effect from 6 April 2012, and from this date the Plan was contracted-out on the Reference Scheme Test basis (an earnings-related test). However, the PR balances were converted to ordinary money purchase balances and treated in the same way as PPA balances; these PR money purchase underpins still apply. When benefits are drawn, a member’s accrued PR and PPA balances are compared to their DB benefits earned during the relevant period(s) and acts as an underpin to their benefits. Some short service members (who previously received a refund of part of their contributions) have PR benefits only. The Plan was closed to new members and contributions in 2005 and closed to ongoing accrual from 1 April 2016.

### **The Default Investment strategy**

The Plan is not used as a Qualifying Scheme for auto-enrolment purposes as accrual ceased from 1 April 2016. There is no default investment strategy in place for any of the AVC Plans.

The Trustees are responsible for the Plan’s overall investment governance and, in line with requirements, have prepared a Statement of Investment Principles (SIP).

The SIP sets out the aims and objectives of the Plan’s investment strategy. In particular, it covers:

- The Trustees’ investment objectives and investment strategy;
- Policies on managing risk; and
- Details of the AVC options.

The Plan’s SIP was last updated in June 2024 following changes to the DB asset allocation. A copy of the latest SIP, along with a copy of this statement and implementation statement, is available on the Company’s website: <https://www.colgate.com/en-gb>

### *Transferred in money purchase funds and AVCs*

Transferred in money purchase benefits and members' additional contributions are invested in the Plan's AVC arrangement. When transferring in money purchase benefits, commencing AVCs members were required to make a choice in respect of the investment of their funds.

The Trustees receive regular updates from their Professional Adviser with regards to market practice for lifestyle investment strategies in AVC trust-based pension schemes. A review of the investment strategy offered through Aviva was undertaken in June 2017 focusing on the lifestyle options available to members. The Trustees elected to give members a wider choice of lifestyle funds with Aviva, targeting different options at retirement; this became available in May 2017 and was communicated to members in 2018. Following a further review, and with effect from 1 April 2022, the Trustees added an additional lifestyle investment programme, My Future Focus, which aligns with the default option for the separate Colgate-Palmolive DC arrangement and has a more ESG focus than the existing lifestyle range.

The SIP sets out the AVC investment options available to members. Whilst there is no default investment strategy for the AVC arrangements, around 40% of the AVCs held by Aviva are currently invested in the Aviva Pension BlackRock UK Equity Index Tracker fund; the next largest funds are the Aviva Pension BlackRock (60:40) Global Equity Index Tracker fund and the Aviva Pension Cash fund.

In addition to the strategy review, the Trustees review matters relating to the AVC arrangement with Aviva on a quarterly basis.

### *PR and PPAs*

Members of the Plan are not offered investment options with regards to their PR and PPA balances. Rather, these are credited with the gross returns (positive or negative) earned by the Plan. The Trustees monitor the performance of the Plan assets at least quarterly.

From time to time the Trustees undertake a formal investment strategy review.

## **Financial transactions**

### *Transferred in money purchase benefits, AVCs and PR and PPA accounts*

Core Financial Transactions include (but are not limited to):

- Transfers Out;
- Investment Switches; and
- Payments out of the Plan in respect of members.

Processing of core financial transactions is carried out by the administrators of the Plan, Aptia UK Limited (still known as Mercer). Members with AVCs held in Aviva are able to switch funds via the provider's member website [www.aviva.co.uk/membersite](http://www.aviva.co.uk/membersite).

The Plan's administrators have confirmed to the Trustees that there are adequate internal controls to ensure that core financial transactions relating to the Plan, being payments to the members/beneficiaries, were processed promptly and accurately during the Plan Year. There are no further contributions invested into the AVC Plans or PR and PPA accounts so the monitoring of investing funds is not necessary.

The Trustees regularly monitor the core financial transactions of the Plan throughout the year, through the receipt of quarterly reports from the Plan's administrators, which are reviewed at Trustees' meetings. Service Level Agreements (SLAs) are in place with the administrator and provider which, inter alia, covers the accuracy and timeliness of all core transactions.

The key processes adopted by the provider to help meet the SLAs are as follows:

- Daily monitoring of bank accounts; and
- Two individuals checking all investment and banking transactions.

The SLAs are monitored by the Trustees at each of the Quarterly Trustee meetings. If any errors or unreasonable delays or responses are identified, the Trustees hold the administrators or investment manager, as appropriate, to account and seek to ensure that such issues are rectified and prevented from reoccurring. The Plan's accounts are also audited annually by a third party.

Using information provided by the administrator/provider, the Trustees are satisfied that over the period covered by this statement:

- The administrator was operating appropriate procedures, checks and controls and operating within the agreed SLA;
- There has been no material administration errors in relation to processing core financial transactions with relation to the DC arrangement; and
- All core financial transactions have been processed promptly and accurately during the Plan year.

Any member complaints received are handled according to the Trustees' dispute resolution process – being considered by the administrator in the first instance and then by the Trustees if required or on appeal.

### **Member borne charges and transaction costs**

The Trustees are required to set out the on-going charges borne by members in this statement, which are annual fund management charges plus any additional fund expenses, such as custody costs, but excluding transaction costs; this is also known as the total expense ratio ("TER"). The TER is paid by members and reflected in the unit price of the funds. The stated charges also include any costs eg administration and investment costs.

The Trustees are also required to separately disclose transaction cost figures that are borne by members. In the context of this statement, the transaction costs shown are those incurred when the Plan's fund managers buy and sell assets within investment funds.

### *Transferred in money purchase benefits and AVCs*

#### *Charges – Total Expense Ratios*

The Administration Regulations require the Trustees to assess the charges and transaction costs borne by the members with transferred in money purchase benefits and other AVC balances and the extent to which those charges and costs represent good value for members.

The Trustees have reviewed the fees payable by members of the Plan and will continue to do so to ensure charges are competitive based on the size of the arrangement.

The Trustees make available a range of funds through Aviva which may be chosen by members. These funds attracted annual charges of 0.50% pa up to 31 March 2022. As part of the fund review carried out in March 2022, the fee structure was reviewed and as a result the general annual management charge (AMC) was reduced from 0.5% pa to 0.45% pa with effect from 1 April 2022. Note that the My Future Focus lifestyle fund range has a slightly higher charge of 0.55% pa. However, for the period up to and including the Plan year ending 31 December 2023 there were no investments in the My Future Focus lifestyle fund range.

#### *Transaction charges*

Aviva have provided transaction costs that may be incurred by Plan members. See the appendix to this Statement for the transaction costs.

#### *Former “Protected Rights” and PPA accounts*

The Plan returns credited to PR and PPA accounts are the Plan returns gross of investment fees. Other Plan expenses were met by the Company.

#### *Illustration of charges and transaction costs*

Over a period of time, the charges and transaction costs that are taken out of a member's pension savings reduce the amount available to the member at retirement. The Trustees have set out in the appendix to this Statement illustrations of the potential impact of management and transaction charges on members' Aviva fund values. The illustrations have been prepared in accordance with the relevant DWP's statutory guidance on “Reporting costs, charges and other information; guidance for trustees and managers of occupational pension schemes” on the projection of an example member's pension savings.

As each member has a different amount of savings within the Plan and the amount of any future investment returns and future costs and charges cannot be known in advance, the Trustees have had to make a number of assumptions about what these might be. The assumptions are explained in the Appendix.

In preparing these examples, we obtained the information from Aviva. The illustrations have been carried out for the three funds that have the highest holdings by value in the Plan year ending 31 December 2023.

We have not shown detailed illustrations for the legacy Clerical Medical AVC funds as the fund values are relatively small compared to those held with Aviva. Clerical Medical

investments comprise 0.1% of the total investments. These funds are with-profits and the charges will vary over time depending on the performance of the fund.

An example has also been prepared for the PR and PPAs members, although it should be noted that the members incur no direct charges so the illustration is a projection of fund values.

## **Value for members**

### *Transferred in money purchase benefits, AVCs and PR and PPA accounts*

The Trustees are committed to ensuring that members receive value for members (VFM) from the Plan. Whilst there is no precise legal definition of 'good value', the Trustees consider it broadly means that the combination of charges and transaction costs paid by members, and the quality of the services provided to members in return for those charges and transaction costs, is appropriate for and meets the needs of the Plan's members.

The Trustees also recognise that good value for members does not necessarily mean the lowest charges and transaction costs, and the overall quality and appropriateness of the services received by members in return for the charges and transaction costs incurred must also be considered. In undertaking the assessment, the Trustees considered the administration service provided and the communications support.

As part of the above, the Trustees are required to undertake a 'value for member' assessment each year. The Trustees review all member-borne charges (including transaction costs) annually, with the aim of ensuring that members are obtaining value for their money, given the circumstances of the Plan.

In addition, in carrying out the assessment over the course of 2023, the Trustees also considered the other benefits members receive in relation to their DC balances for which they do not meet the cost. These include the:

- Trustees' oversight and governance duties for the Plan, which include compliance with relevant legislation and the holding of regular Trustee meetings to monitor the Plan and address any material issues that may impact members' benefits;
- Appointment of professional advisers to assist and support the Trustees in their roles and responsibilities;
- Regular review of investment options available to members to ensure they remain appropriate;
- The Trustees have Service Level Agreements in place with their administrators and with Aviva, to ensure performance is monitored on a quarterly basis. Any issues are raised as appropriate;
- The range of investment options and strategies; and
- The quality of support services such as the Aviva website where members can access fund information online, the efficiency of administration processes and the extent to which the administrator met or exceeded its service level standards for the Plan year.

The Trustees believe that members receive good value in relation to the investment funds for AVC benefits for the following reasons:

- The costs and charges deducted from members provide good value in relation to the benefits and services they receive, when compared to other options available in the market;
- The standard charges for the Aviva funds available reduced with effect from 1 April 2022 to 0.45%pa which is below the charge cap of 0.75%pa for default funds set out in the Occupational Pension Scheme (Charges and Governance) Regulation 2015 and the Trustees investment advisers have confirmed that the fund charges are competitive for the types of funds available to members;
- The Trustees believe the transaction costs provide value for members as the ability to transact forms an integral part of the investment approaches, and we expect this to lead to greater returns net of fees over time;
- The returns on the investment funds members can choose during the period covered by this statement have been consistent with their stated objectives; and
- A small number of members invest in Clerical Medical funds, but as this arrangement is a with-profits arrangement the details of the explicit charges for these funds are not available. Clerical Medical advise on their website that there are no explicit fund charges; instead they deduct an amount to cover the expenses of running traditional policies, including investment management expenses, when they are calculating bonuses. They review the level each year to reflect actual expenses, and periodically check that the deductions are not out of line with comparable rates charged by other companies.

As detailed in the previous section covering the processing of financial transactions, the Trustees are comfortable with the quality and efficiency of the administration processes.

Overall, the Trustees believe that members of the Plan are receiving fair value for money for the charges and costs that they incur.

In order to maintain 'value for members' the Trustees will continue to operate an appropriate governance framework for the AVC plans and to review the costs and transaction charges deducted under each of the AVC plans to ensure they continue to represent value for members.

#### *Former "Protected Rights" and PPAs*

The Trustees are confident that members do receive value under the internal accounts in that there are no deductions for expenses in respect of PR and PPA accounts. However, the Trustees also acknowledge the special circumstances of the PR and PPA accounts and recognise there are no investment options available within the Plan to members under this arrangement.

#### **Net investment reporting**

For scheme years ending on or after 1 October 2021, Trustees must have regard to the DWP's Statutory Guidance on net investment reporting. Aviva have provided net return information for the funds that members were able to select and in which assets relating to members were invested in over the year to 31 December 2023. Net investment returns refer to the returns on funds minus all transaction costs and member borne charges.

The figures for net investment returns used in the table below are based on those provided by Aviva over the past five years. Given that Clerical Medical has not been able to provide the relevant data, these are not included below.

For the arrangements where returns vary with age such as for lifestyle strategies, returns are shown over the Plan year for a member aged 25, 45 and 55 at the start of the period over which the returns are shown to the end of the Plan Year and over 5 years.

<b>Fund option</b>	<b>Net Investment Return 5 Years to 31<sup>st</sup> December 2023 (pa)</b>	<b>Net Investment Return 1 Year to 31<sup>st</sup> December 2023 (pa)</b>
<b>Aviva Pension BlackRock (60:40) Global Equity Index Tracker</b>	8.0%	10.0%
<b>Aviva Pension BlackRock UK Equity Index Tracker</b>	6.2%	7.4%
<b>Aviva Pension BlackRock Over 15 Year Gilt Index Tracker</b>	-6.8%	1.1%
<b>Aviva Pension Cash</b>	1.0%	4.4%

<b>Age of Member</b>	<b>Net Investment Return 5 Years to 31<sup>st</sup> December 2023 (pa)</b>	<b>Net Investment Return 1 Year to 31<sup>st</sup> December 2023 (pa)</b>
<b>25</b>	6.2%	7.4%
<b>45</b>	6.2%	7.4%
<b>55</b>	1.6%	7.7%

### **Trustee knowledge and understanding (TKU)**

The Board of Trustees maintains a strong process to enable it to properly fulfil its role and responsibilities and to ensure the individual Trustees have sufficient knowledge and understanding to run the Plan effectively. The Trustees' approach to meeting the TKU requirements are outlined below:

#### **New Trustees**

There is a structured induction programme in place; Plan specific training is provided. In addition each new trustee must complete the relevant modules of the Pensions Regulator's Trustee Toolkit (on-line training). The objectives are to:

- Provide new trustees with a balanced, accurate, high-level and real-life overview of the Plan and its governance processes to enable them to become effective in their new role as quickly as possible;
- Ensure new trustees have an understanding of the Plan, its infrastructure, membership and the regulatory environment in which it operates;
- Build an understanding of the internal and external environment, and the key challenges and issues facing the Company and the Plan; and
- Facilitate building relationships with the other Trustees and advisors.

No new trustees were appointed over the Plan year in question, but one Trustee stepped down in March 2024 and a new Trustee was appointed in his stead.

### **All Trustees**

In addition, the following arrangements are in place for all trustees:

- Encouraging all Trustees to complete relevant updates and new modules of the Pension Regulator’s Trustee Toolkit when added;
- Maintaining a rolling programme of Trustee training which is delivered within Trustees’ meetings and during the annual Trustee Training day;
- Recording all training and attendance at appropriate seminars in the Trustee training log;
- The Trustees, with the help of their advisers, regularly consider training requirements to identify and address any knowledge/skills gap. The Trustees’ advisers proactively raise any changes in governance requirements and other relevant matters as they become aware of them. The Trustees’ advisers would typically deliver training on such matters at Trustee meetings if they were material. During the period covered by this statement, the Trustees received training (from their advisers except where indicated) on the following topics
  - Quarterly updates on developments in pensions and current issues in investment;
  - Insurance training – July and September 2023;
  - Investment training, particularly in relation to LGIM’s approach to responsible investment – September 2023 (LGIM);
- The Trustees also carry out a quarterly assessment of progress against their strategic objectives and an annual evaluation of the performance and effectiveness of the Trustee Board as a whole.

### **Training relating to the AVC Plans**

The Trustees’ advisers proactively raise any changes in governance requirements and other matters relevant to the AVC Plans. The Trustees’ advisers would typically deliver training on such matters at a Trustee meeting or the annual training day.

The Trustees operate an Investment Subcommittee (ISC) which will recommend to the full Trustee Board implementation decisions relating to investments, including the DC investments.

**Conclusion**

As a result of the training undertaken, the specialist skills of the individual Trustees and the professional advice available, we are confident that the combined knowledge and understanding enables the Board of Trustees to exercise properly our functions as Trustee of the Plan.

All Trustees are familiar with and have access to copies of the current Plan governing documentation, including the Trust Deed and Rules (together with any amendments), the SIP and the principles for funding and investment of occupational schemes and key policies and procedures that relate to governance and administration of the Plan. In particular, the Trustees refer to the Trust Deed and Rules as part of considering and deciding to make any changes to the Plan and, where relevant, deciding individual member cases; the SIP is formally reviewed at least every three years and as part of making any changes to the Plan’s investments.

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

**Approved by the Trustees and signed on their behalf by;**

EJ <u>Edward Jones</u> <small>Edward Jones (Jul 11, 2024 14:50 GMT+1)</small>	DATE	11-Jul-2024
Chairman of the Trustees		
The Colgate-Palmolive Pension Plan		

## **Appendix – Aviva cost and charge analysis**

### **Example illustrations of charges on accumulated funds**

Plan name: The Colgate-Palmolive Pension Plan

Plan year end date: 31 December 2023

The table below sets out transaction costs and certain charges which apply to selected funds together with illustrated examples of the cumulative effect of these costs and charges incurred by members. Where we refer to charges in the below, this will also include any expenses.

#### **Fund transactional costs and charges total (%)**

	Aviva Pension BlackRock (60:40) Global Equity Index Tracker	Aviva Pension BlackRock UK Equity Index Tracker	Aviva Pension Cash
AMC	0.45%	0.45%	0.45%
Additional expenses	0.00%	0.00%	0.00%
Transaction Costs	0.040%	0.075 %	0.010%

AMC is the annual management charge which is the yearly charge to cover administration costs and to pay the fund manager for managing the funds.

The additional expenses include management fees and expenses that vary with the day-to-day costs of running the fund.

Transaction costs arise when a fund manager buys or sells the underlying assets of a fund.

#### **The purpose of these example illustrations**

The purpose of the examples is to show how fund related costs and charges can affect the overall value of the funds that the Plan invests in over time.

#### **Illustrations showing the impact of fund transaction costs and charges in a projected pension fund in today's money (£)**

The “before charges” column shows the projected pension fund without any transaction costs, charges or rebates being applied.

The “after all charges” column shows the projected pension fund after transaction costs, charges and rebates that have been applied.

Years	Aviva Pension BlackRock (60:40) Global Equity Index Tracker		Aviva Pension BlackRock UK Equity Index Tracker		Aviva Pension Cash	
	Before Charges £	After all charges £	Before Charges £	After all charges £	Before Charges £	After all charges £
1	10,439	10,435	10,439	10,431	9,854	9,808
3	11,376	11,209	11,376	11,198	9,567	9,436
5	12,397	12,096	12,397	12,075	9,289	9,078
10	15,367	14,631	15,367	14,580	8,629	8,241
15	19,050	17,697	19,050	17,606	8,016	7,481
20	23,616	21,405	23,616	21,259	7,446	6,791
25	29,275	25,891	29,275	25,669	6,917	6,165
30	36,291	31,317	36,291	30,996	6,426	5,596

### About these illustrations

For these illustrations we've assumed;

- The starting age is 35 and the retirement age is 65;
- No future contributions are made;
- Projected pension fund values are shown in today's terms, and do not need to be reduced further for inflation. Inflation is assumed to be 2.5% each year;
- The starting pension fund value in the first year is £10,000; and
- Each illustration has been produced on the basis this is the only fund invested in and that all transaction costs and charges are deducted from that fund.

The growth rate for each fund is set out below. These are for illustrative purposes only and are not guaranteed. The investment growth achieved may be more or less than this and may vary depending on the type of fund.

Aviva Pension BlackRock (60:40) Global Equity Index Tracker	7.0%
Aviva Pension BlackRock UK Equity Index Tracker	7.0%
Aviva Pension Cash	1.0%

If the growth rate we've used is:

- The same as the rate of inflation, this reduces the growth rate, after making an allowance for inflation, to 0%;
- Less than the rate of inflation, this produces a negative growth rate after making an allowance for inflation.

## **Appendix – PR and PPA accounts illustrations**

### **Example illustrations of charges on accumulated funds**

Plan name: The Colgate-Palmolive Pension Plan  
Plan year end date 31 December 2023

### **Fund transaction costs and charges**

The Plan returns credited to PR and PPA accounts are the Plan returns gross of investment fees and all Plan expenses are met by the Company. The member pays no charges.

### **The purpose of these example illustrations**

The purpose of the example is to show how fund related costs and charges can affect the overall value of the funds that the Plan invests in over time. As the member does not pay any charge the table just shows the projected fund based on the current expected returns on the Fund.

### **Illustrations showing the projected pension fund in today's money (£)**

The “before charges” column shows the projected pension fund without any transaction costs, charges or rebates being applied.

The “after all charges” column shows the projected pension fund after transaction costs, charges and rebates that have been applied. As charges are not paid by the member there is no difference in the projected funds.

Years	Plan assets	
	Before Charges £	After all charges £
1	10,215	10,215
3	10,658	10,658
5	11,120	11,120
10	12,366	12,366
15	13,751	13,751
20	15,292	15,292
25	17,005	17,005
30	18,910	18,910

## About these illustrations

For these illustrations we've assumed;

- The starting age is 35 and the retirement age is 65;
- No future contributions are made;
- Projected pension fund values are shown in today's terms, and do not need to be reduced further for inflation. Inflation is assumed to be 2.5% each year; and
- The starting pension fund value in the first year is £10,000.

The growth rate for the fund is set out below. These are for illustrative purposes only and are not guaranteed. The investment growth achieved may be more or less than this.

Fund	4.70%
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The return assumes the investment strategy remains unchanged over the period of projection.

If the growth rate we've used is:

- The same as the rate of inflation, this reduces the growth rate, after making an allowance for inflation, to 0%;
- Less than the rate of inflation, this produces a negative growth rate after making an allowance for inflation.