

Statement of Investment Principles – The Colgate-Palmolive Pension Plan (September 2020)

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 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 advice from their Investment Consultant on the appropriate bonds to hold, in order to 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 its 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

Fund	Target Allocation %	Benchmark Index Return
Equities	50.0	
UK	22.0	FTSE All-Share
North American (hedged)	12.4	FTSE World North American Equity Index – Sterling hedged
North American	4.1	FTSE World North American Equity Index
Europe (ex UK) (hedged)	4.9	FTSE Developed Europe (ex-UK) Equity Index – Sterling hedged
Europe (ex UK)	1.6	FTSE Developed Europe (ex-UK) Equity Index
Japan (hedged)	2.6	FTSE Japan Equity Index – Sterling hedged
Japan	0.9	FTSE Japan Equity Index
Developed Asia Pacific (ex Japan) (hedged)	1.5	FTSE World Asia-Pacific (ex-Japan) Equity Index – Sterling hedged
Bonds	50.0	
Long dated Index-linked gilts	15.0	Single Stock Fund ¹
Long dated Fixed-Interest gilts	5.0	Single Stock Fund ²
Long dated Corporate Bond Fund	30.0	iBoxx Sterling Non-Gilts over 10 year index

¹ 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 and 2062 index-linked gilts.

² Fixed interest securities issued by the UK government; 2038 gilts and 2042 gilts.

- 12 The Trustees have set a strategic benchmark allocation for Legal and General (as shown above). Following market volatility in 2008 the Trustees suspended 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. The Trustees have selected NIS payments in respect of UK equity and corporate funds only. 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: Dean Pratt

Date: 28 September 2020

Authorised for and on behalf of the Trustees of the Plan

Appendix – AVC options

- 1 The Plan has two AVC providers, one of which are historic (Clerical Medical), and the other with AVIVA (previously Friends Life). The Trustees previously held another historic 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 historic 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 historic 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 BlackRock (60:40) Global Equity Index

Aviva BlackRock UK Equity Index

Aviva BlackRock Over 15 Year Gilt Index

Aviva Cash

'My Future' lifestyle investment options

My Future

My Future Target Annuity

My Future Target Cash Lump Sum

My Future Target Drawdown

The Colgate-Palmolive Pension Plan

Chair's Statement 2019

This statement has been prepared by the Trustees of The Colgate-Palmolive Pension Plan (the "Plan") to demonstrate how the Plan has complied with the legal requirements which came into force in April 2018. The Plan is a final salary arrangement, however the following aspects of the Plan fall under these new governance rules.

- The transferred in and other money purchase funds held within the Plan's Additional Voluntary Contributions (AVC) arrangement; and
- The old 'protected rights' (PR) and 'personal pension accounts' (PPAs) held within the Plan's assets

Transferred in money purchase funds and other AVCs

Historically members were permitted to transfer benefits from other pension arrangements into the Plan. 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 historic 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 in January 2020. All funds had been held in the with-profits arrangement and members were given uplifts to compensate them for the loss of guarantees. In March 2020 the Trustees consolidated the previous ELAS funds with AVIVA, transferring the monies to the Cash Fund.

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 the 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.

PRs were abolished with effect from 6 April 2012, and PRs became ordinary defined contribution balances. When benefits are drawn, a member's accrued PR and PPA balance is compared to their DB benefits earned during the relevant period 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 1st April 2016.

Investment strategy

The Statement of Investment Principles (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 September 2019 and is included in the Annual Report and Accounts.

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 and therefore they were not provided with a default arrangement.

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.

The SIP sets out the AVC investment options available to members. Whilst there is no default investment strategy for the AVC arrangements, over half of the AVCs held by AVIVA are currently invested in the AV BlackRock UK Equity Index Tracker fund; the next largest fund selected is the AV BlackRock (60:40) Global Equity Index Tracker fund.

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.

Core Financial transactions

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

Processing of core financial transactions (such as payments to members and beneficiaries between investments) is carried out by the administrators of the Plan, Mercer Limited. Members with AVCs held in AVIVA are able to switch funds via the provider's website.

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 are processed promptly and accurately.

The Trustees regularly monitor the core financial transactions of the Plan throughout the year, through the receipt of regular reports from the Plan's administrators, which are reviewed at Trustees' meetings. A Service Level Agreement (SLA) is in place with the administrators which, inter alia, covers the accuracy and timeliness of all core transactions. The SLAs are regularly monitored by the Trustees. 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.

Now the Plan is closed to future accrual, the Plan's AVC arrangement is reviewed on an annual basis.

The Trustees are satisfied that the requirement to process core financial transactions promptly and accurately has been met during the year.

Charges and transaction costs

Transferred in money purchase benefits and AVCs

Charges – Total Expense Ratios

The Administration Regulations require the Trustees to make an assessment of 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 attract annual charges of 0.50% pa.

Before the transfer of funds to Utmost, the Equitable Life With-Profits Fund applied a 1% p.a. administration charge, which is taken into account before it declares its annual bonus. As a result, members did not see any explicit charges being deducted but the charge reduced the non-guaranteed annual bonus that is declared. Further, there are additional charges of 0.5% p.a. levied for the cost of guarantees (0.5% in 2018) and charges relating to transaction costs. The total charges impact on policyholders is stated to be 1.03%.

Whilst these charges are deducted from the returns that are applied each year to the Policy Value, members' benefits were also subject to the underpin of the Guaranteed Value which increases each year by 3.5%.

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 are met by the Company.

Charges – example impact

Please see the appendix to this Statement for examples of the potential impact of management and transaction charges on members' AVIVA fund values. In preparing these examples, we obtained the information from AVIVA. The illustrations have been carried out for the two funds that have the highest holdings by value.

Up until 31 December 2019 Equitable Life pots had a Guaranteed Value which attracts a guaranteed return of 3.5% per annum net of charges. That value therefore grew by 3.5% each year and growth is the same before and after charges.

We have not shown detailed illustrations for Equitable Life or Clerical Medical AVC funds as the fund values are relatively small compared to those held with AVIVA. Further, with effect from January 2020 the funds held with Equitable Life were transferred to Utmost Life and Pensions and in return for giving up their with-profit guarantee, their policy values were enhanced. Accordingly, a projection based on the current terms does not seem relevant.

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 (i.e. costs and charges deducted from members' pots provide good value in relation to the benefits and services provided by or on behalf of the Plan) compared to plans of a similar size or structure.

The Trustees have assessed the extent to which the Plan provides value for members, taking into account the charges and transaction costs. The Trustees believe that members get 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;
- Members are part of a well governed scheme which receives a comprehensive administration service;
- The charges for the AVIVA funds available are 0.50%pa, i.e. below the charge cap of 0.75%pa for default funds set out in the Occupational Pension Scheme (Charges and Governance) Regulation 2015.
- Whilst the Trustee considers the Equitable Life With-Profits Fund to be relatively high cost, the cost is offset by the benefits of using this fund such as the value of capital guarantees, the guaranteed investment return of 3.5% p.a., and the anticipated enhancement to policy values as a result of the Equitable Life's 'Guarantee Exchange Scheme'. In January 2020 the monies with Equitable Life were transferred to Utmost and as part of the process, Equitable Life increased the enhancement to the policy values (ranging from 70-90% of the policy value).
- A small number of members invest in Clerical Medical funds, but details of the charges for these funds are not available.

Where information is not readily available, the Trustees will continue to pursue the missing information.

Former "Protected Rights" and PPAs

The Trustees are confident that members do get 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.

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 include:

- Introductory training for new Trustees;
- As appropriate, training in line with the Pension Regulator's Trustee Toolkit;
- Maintaining a rolling programme of Trustee training which is delivered within Trustees' meetings where appropriate;
- Recording all training and attendance at appropriate seminars in the Trustee training log in order to support the Chair's statement;
- Reviewing the training programme regularly following an assessment of Trustee knowledge, understanding and skills.

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. In particular, the Trustees are conversant with the Trust Deed and Rules, the current Statement of Investment Principles, the documents detailing the Trustees' policies, pensions and trust law, and the principles for funding and investment of occupational schemes.

Approved by the Trustees and signed on their behalf by;

Signed: Shirley Knobel
Chairman of the Trustees
The Colgate-Palmolive Pension Plan

Date: 30 July 2020

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 2019

The table below sets out transaction costs and certain charges which apply to selected funds together with illustration 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 (%)

	BlackRock (60:40) Global Equity Index Tracker	BlackRock UK Equity Index Tracker
AMC	0.50%	0.50%
Additional expenses	0.00%	0.00%
Transaction Costs	0.0465%	N/A*

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 costs provided represent those incurred by the Aviva fund in buying and selling units in the underlying fund(s) but do not include the costs incurred by the underlying fund in buying and selling its holdings. The transaction cost information provided for the UK Equity Fund showed the fund had generated negative costs, ie more units have been sold than purchased. This is not suitable for the purposes of the illustrations so transaction 'costs' have been ignored.

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.

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	BlackRock (60:40) Global Equity Index Tracker		BlackRock UK Equity Index Tracker	
	Before Charges £	After all charges £	Before Charges £	After all charges £
1	10,293	10,236	10,293	10,241
3	10,904	10,726	10,904	10,741
5	11,552	11,240	11,552	11,266
10	13,344	12,633	13,344	12,692
15	15,414	14,199	15,414	14,298
20	17,806	15,959	17,806	16,108
25	20,569	17,937	20,569	18,146
30	23,761	20,160	23,761	20,443

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;
- 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.

BlackRock (60:40) Global Equity Index Tracker	5.50%
BlackRock UK Equity Index Tracker	5.50%

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 2019

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	10,171	10,171
3	10,521	10,521
5	10,883	10,883
10	11,845	11,845
15	12,891	12,891
20	14,030	14,030
25	15,269	15,269
30	16,618	16,618

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.

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	4.25%
------	-------

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.