

SERVIER LABORATORIES LIMITED PENSION FUND

Annual Chair's Statement for the Servier Laboratories Limited Pension Fund (the 'fund')

Governance requirements apply to defined contribution ('DC') pension arrangements, to help members achieve a good outcome from their pension savings. The Trustees of the fund are required to produce a yearly statement (which is signed by the Chair of Trustees) to describe how these governance requirements have been met in relation to:

- the investment options in which members' funds are invested Including the default strategy and the other funds members can self-select;
- the processing of core financial transactions;
- the charges and transaction costs borne by members;
- an illustration of the cumulative effect of these costs and charges;
- a 'value for members' assessment; and
- Trustee knowledge and understanding.

This statement issued by the fund covers the period from 1 April 2023 to 31 March 2024. It covers the DC Section of the Fund.

Areas that we have considered when drafting this statement:

1. The Default arrangement
2. Net investment returns
3. Member-borne charges and transaction costs
 - i. Default arrangement
 - ii. Self-select funds
 - iii. Illustrations of the cumulative effect of these costs and charges
4. Value for Members assessment
5. Processing of core financial transactions
6. Trustee's knowledge and understanding

As required the Trustees have published this Chair's Statement on a website where individuals can view, download and print a copy. The Chair's Statement can be accessed at <https://www.servier.co.uk/about-servier-uk/>

1. The Default Arrangement

The Scheme is used as a Qualifying Workplace Pension Scheme for auto-enrolment. The default strategy is provided for members who join the Scheme and do not choose an investment option for their contributions. Members can also choose to invest in the default strategy.

The Trustees are responsible for investment governance. This includes setting and monitoring the investment strategy for the Scheme's default strategy.

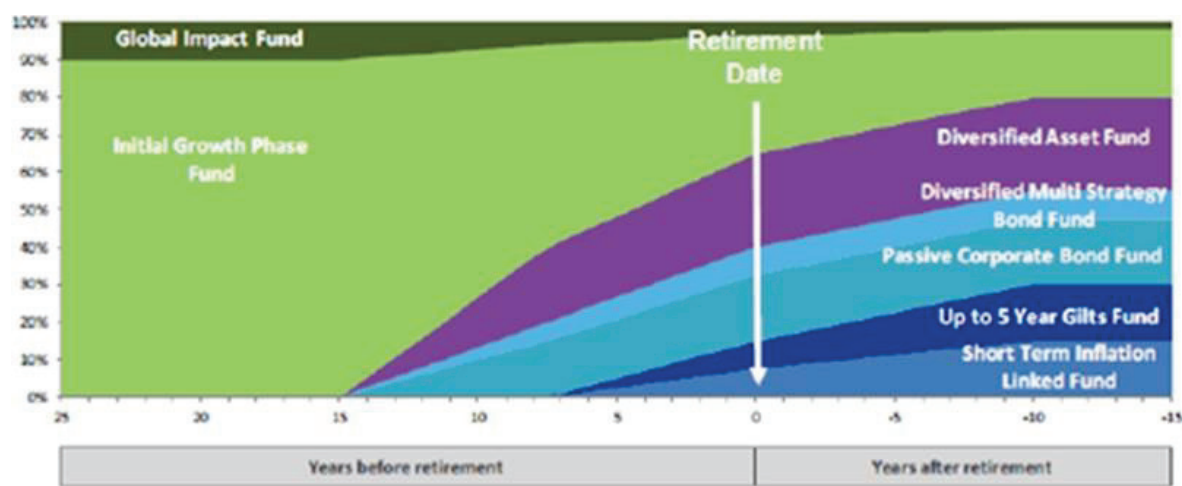
The latest Statement of Investment Principles (SIP) for the Scheme which governs decisions about investments in the Scheme, including the specific requirements of the default strategy together with the details of how the default is currently invested, is appended to this statement. The SIP was last updated on 31 March 2023. (*Note: an updated SIP was approved outside of the reporting period of this statement on 10 July 2024.*)

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The aims and objectives of the default strategy, as stated in the SIP, are as follows:

- To maximise the value of members' assets at retirement
- To maintain the purchasing power of members' savings in real (i.e. post-inflation) terms; and
- To provide protection for accumulated assets in the years approaching retirement against:
 - Sudden (downward) volatility in the capital value
 - Fluctuations in the cost of securing an income and / or cash in retirement.

The default strategy is the **Retirement Pathway Fund** targeting drawdown and is illustrated below:



Source: Aon Investments Limited, for illustration purposes only

Each member is allocated to the relevant Retirement Pathway Fund with a target date that most closely matches their selected retirement date. For example, a member who is due to reach their selected retirement date in 2029 would be allocated to the Aon Managed Retirement Pathway 2028-30.

The above chart shows the different underlying funds that a member's retirement savings are invested in during their membership. The switching of a member's retirement savings across these different underlying funds happens automatically on a member's behalf within each Retirement Pathway Fund.

The Retirement Pathway Fund aims to provide members with the potential for higher levels of growth during the accumulation of their retirement savings through exposure to growth assets, including equities (equities are stocks and shares of companies). As a member gets closer to retirement, the Retirement Pathway Fund gradually diversifies into other types of investments with an aim to reduce volatility, whilst continuing to aim to provide growth.

It is the Trustees' policy to review the Scheme's investment strategy, including the default strategy, and all fund options on a regular basis or following any significant changes in the demographic profile of the Scheme members. In setting the default strategy, the Trustees considered analysis of the existing membership of the DC Section, including consideration of factors such as age, accumulated fund values and term to retirement.

As at 31 March 2024, the last investment strategy review (including a review of the default strategy) for the Scheme was completed during the reporting period on 11 July 2023. The default strategy review considered the suitability of the default strategy taking into account the level of retirement savings that an average saver could expect based on expected future investment returns, the way in which members are likely to take their benefits at retirement and the level of investment risk (i.e. volatility) that the default strategy takes throughout. The review concluded that both the default strategy and self-select fund choice remained suitable for members. An investment strategy review is undertaken for the Scheme at least every three years, as prescribed by the Regulations. Therefore, the next review is due by 11 July 2026.

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The Trustees delegate the investment management to Aon Investments Limited. Aon Investments Limited is responsible for managing the underlying investments of the default strategy and self-select funds. Aon Investments Limited will report changes to the Trustees, via the quarterly investment reports, manager presentations and ad-hoc updates between quarters.

In addition to the strategy review, the Trustees also review the performance of the default strategy and investment options against their aims, objectives and policies on a quarterly basis. This is through the Fund's quarterly investment reports provided by the delegated investment manager. This review includes an analysis of fund performance to check that the risk and return levels meet expectations. The performance is considered against the aims and objectives of the default strategy including analysis of fund performance to check that the risk and return levels meet expectations. Performance is reviewed against both the set benchmarks for individual funds and a long-term return objective (which varies depending on how close a member allocated to that Pathway is to retirement) that have been agreed with the investment manager.

The last review of the performance of the default strategy's performance was at the Trustees' meeting on 10 July 2024, when the quarterly investment report for the period ending 31 March 2024 was reviewed. With the exception of investments in government bonds, the markets had seen positive performance over Q1, 2024, resulting in positive returns for the Aon Managed Retirement Pathway Funds over the quarter, one, three and five years. Investment returns achieved by members further from retirement were ahead of the relevant long-term return objective of CPI +4% p.a. over the 5 year period. For members closer to retirement, the lower allocation to growth assets, exposure to the bond market falls in 2022 and high levels of inflation meant that the performance is behind the relevant long-term return objective. Following discussions with the Investment Consultant, the Trustees remain comfortable for the reasons for this underperformance and as such no further action was felt necessary at the current time. The performance of the default strategy is consistent with the aims and objectives of the default strategy as stated in the SIP. More detail can be found in Section 4.

1.1 Specified performance based-fees

Where a fee is calculated by reference to the returns from investments held by the Scheme and is not calculated by reference to the value of the member's rights under the Scheme, the Trustees must state the amount of any such performance-based fees in relation to each default arrangement.

During the Scheme Year the Scheme was not subject to any performance based-fees.

1.2 Default arrangement asset allocation

The Trustees are required to disclose their full asset allocations of investments for each default arrangement. The table below shows the percentage of assets allocated in the default strategy, the Retirement Pathway Fund, to specified asset classes over the year to 31 March 2024. The specified asset classes are:

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The specified asset classes are:

Asset class	Average asset allocation over year to 31 March 2024 (%)			
	25 years old	45 years old	55 years old	NRA
Cash	0.5%	0.5%	1.4%	2.8%
Bonds				
<i>Corporate bonds</i>	0.0%	0.0%	4.3%	10.7%
<i>Fixed interest government bonds</i>	0.0%	0.0%	1.4%	8.3%
<i>Index-linked government bonds</i>	0.0%	0.0%	2.2%	20.3%
<i>Other bonds</i>	0.0%	0.0%	2.9%	7.5%
Listed equities				
<i>UK equities</i>	2.9%	2.9%	2.4%	1.2%
<i>Developed market equities (excluding UK)</i>	77.9%	77.9%	65.5%	31.2%
<i>Emerging markets</i>	9.7%	9.7%	8.1%	3.8%
Private equity				
<i>Venture capital</i>	0.0%	0.0%	0.0%	0.0%
<i>Growth equity</i>	0.0%	0.0%	0.0%	0.0%
Infrastructure	1.3%	1.3%	1.1%	0.4%
Property	7.6%	7.6%	6.1%	2.3%
Private debt	0.0%	0.0%	0.0%	0.0%
Other	0.0%	0.0%	4.5%	11.5%

Source: Aon Investments Limited, Figures may not add up to 100% due to rounding.

2. Net Investment Returns

The Trustees are required to report the net investment returns for each fund Fund members were invested in during the reporting period. Net investment return refers to the returns on funds minus all member-borne transaction costs and charges.

The net investment returns shown below have been prepared having regard to statutory guidance. It is important to note that past performance is not a guarantee of future performance. A member's fund value can fall as well as rise in value.

As well as the default, the Trustees also make available a range of self-select investment options. Net returns of these funds have been included below.

2.1 - Default Strategy - Retirement Pathway Fund

Performance to 31 March 2024	Annualised returns (%)	
	1 year	5 years
Age of member at the start of the period		
25	15.2	8.2
45	15.2	8.2
55	12.4	5.4

Source: Aon Investments Limited.

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2.2 – Self-select funds

Performance to 31 March 2024 Fund name	Annualised returns (%)	
	1 year	5 years
Aon Managed Retirement Pathway to Cash 2019-2021 Fund	4.9	1.6
Aon Managed Retirement Pathway to Cash 2022-2024 Fund	4.8	3.2
Aon Managed Retirement Pathway to Cash 2025-2027 Fund	7.7	n/a
Aon Managed Retirement Pathway to Cash 2028-2030 Fund	11.3	n/a
Aon Managed Retirement Pathway to Annuity Perpetual Fund	3.7	-2.2
Aon Managed Retirement Pathway to Annuity 2019-2021 Fund	3.9	-2.2
Aon Managed Retirement Pathway to Annuity 2022-2024 Fund	3.9	-0.5
Aon Managed Retirement Pathway to Annuity 2025-2027 Fund	7.7	n/a
Aon Managed Retirement Pathway to Annuity 2028-2030 Fund	11.3	n/a
Aon Managed Passive Corporate Bond Fund	6.2	-0.5
Aon Managed Long Term Inflation Linked Fund	-7.8	-6.8
Aon Managed Pre-Retirement Bond Fund	3.3	-3.5
LGIM Ethical Global Index Fund	22.3	13.7
HSBC Islamic Global Equity Index Fund	29.6	16.9
Aon Managed Active Global Equity Fund	15.4	10.4
Aon Managed Global Equity Fund	16.6	9.2
Aon Managed Diversified Multi-Asset Fund	9.1	3.9
Aon Managed Diversified Multi Strategy Bond Fund	5.5	1.7
Aon Managed Liquidity Fund	5.0	1.5
Aon Managed Property and Infrastructure Fund	5.1	1.8
Aon Managed Global Impact Fund	13.5	n/a

Source: Aon Investments Limited. Performance up to 5 years is unavailable for the Aon Managed Retirement Pathway to Cash 2025-2027 Fund and 2028-2030 Fund, Aon Managed Retirement Pathway to Annuity 2025-2027 Fund and 2028 – 2030 Fund, Aon Managed Global Impact Fund as the funds have not been in existence for that length of time..

3. Member-borne Charges and Transaction costs

The Trustees are required to set out and assess the costs associated with the Fund, which are paid by the members. These costs comprise charges and transaction costs.

- **Charges** – these include the Annual Management Charge ('AMC' – the annual fee charged by the investment manager for investing in a fund), as well as **additional fund expenses**. Together the AMC and the additional fund expenses make up the Total Expense Ratio (TER), which is the total cost of investing in the fund. The AMC and TER information is readily available as these charges are explicit and are a percentage of members' funds. The TER is paid by the members and is reflected in the unit price of the funds.

- **Transaction costs** – are costs which are incurred within the day-to-day management of the assets by the fund manager. This covers such things as the cost of buying and selling securities within the fund. Transaction costs are incurred on an on-going basis and are implicit within the performance of the fund and are reflected in the unit prices paid by members. Where transaction costs have been provided as a negative cost, these have been set to zero in this statement.

When preparing this section of the statement the Trustees have taken account of the relevant statutory guidance.

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Details of the TERs and Transaction costs are below for members' information. We have also included some illustrations to demonstrate the impact of these costs on a members' pension pot over time. We have selected a number of example members to be representative of our membership for illustration purposes only. These illustrations are provided below.

TERs and transaction costs for the default strategy (Retirement Pathway Fund, Drawdown)

The TERs that were applicable to the default strategy, as at 31 March 2024, ranged from 0.29% p.a. to 0.31% p.a. Transaction costs ranged between 0.03% to 0.11% across all the Retirement Pathway Funds. Details of the TERs and the transaction costs to 31 March 2024 were as follows:

Fund name	AMC (% pa) as at 31 March 2024	TER (% pa) as at 31 March 2024 (including AMC)	Transaction costs as at 31 March 2024 (%)	Total costs as at 31 March 2024 (%)
Aon Managed Retirement Pathway Perpetual	0.28	0.30	0.11	0.41
Aon Managed Retirement Pathway 2013-2015	0.28	0.30	0.11	0.41
Aon Managed Retirement Pathway 2016-2018	0.28	0.30	0.11	0.41
Aon Managed Retirement Pathway 2019-2021	0.28	0.30	0.11	0.41
Aon Managed Retirement Pathway 2022-2024	0.28	0.31	0.10	0.41
Aon Managed Retirement Pathway 2025-2027	0.28	0.31	0.10	0.41
Aon Managed Retirement Pathway 2028-2030	0.28	0.31	0.09	0.40
Aon Managed Retirement Pathway 2031-2033	0.28	0.31	0.08	0.39
Aon Managed Retirement Pathway 2034-2036	0.28	0.31	0.06	0.37
Aon Managed Retirement Pathway 2037-2039	0.28	0.31	0.04	0.35
Aon Managed Retirement Pathway 2040-2042	0.28	0.31	0.03	0.34
Aon Managed Retirement Pathway 2043-2045	0.28	0.31	0.03	0.34
Aon Managed Retirement Pathway 2046-2048	0.28	0.31	0.03	0.34
Aon Managed Retirement Pathway 2049-2051	0.28	0.31	0.03	0.34
Aon Managed Retirement Pathway 2052-2054	0.28	0.31	0.03	0.34
Aon Managed Retirement Pathway 2055-2057	0.28	0.31	0.03	0.34
Aon Managed Retirement Pathway 2058-2060	0.28	0.31	0.03	0.34
Aon Managed Retirement Pathway 2061-2063	0.28	0.31	0.03	0.34
Aon Managed Retirement Pathway 2064-2066	0.28	0.31	0.03	0.34
Aon Managed Retirement Pathway 2067-2069	0.28	0.31	0.03	0.34
Aon Managed Retirement Pathway 2070-2072	0.28	0.31	0.03	0.34

Source: Aon Investments Limited

These TERs for the default strategy can fluctuate but are subject to a maximum of 0.42% pa. Importantly, this range is well within the charge cap set by the regulations of 0.75% p.a.

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TERs and transaction costs for the self-select funds

In addition to the Retirement Pathway Fund targeting Drawdown, the Trustees also make available 2 other Retirement Pathway funds targeting Cash or Annuity and 12 self-select funds, which may be chosen as an alternative to the default Retirement Pathway strategies. A full breakdown of the TERs for the funds available as at 31 March 2024 and the transaction costs to 31 March 2024 are listed in the table below:

Fund Name	AMC (% pa) as at 31 March 2024	TER (% pa) as at 31 March 2024 (including AMC)	Transaction costs as at 31 March 2024 (%)	Total costs as at 31 March 2024 (%)
Aon Managed Retirement Pathway to Annuity Perpetual	0.28	0.29	0.00	0.29
Aon Managed Retirement Pathway to Annuity 2019-2021	0.28	0.29	0.00	0.29
Aon Managed Retirement Pathway to Annuity 2022-2024	0.28	0.29	0.00	0.29
Aon Managed Retirement Pathway to Annuity 2025-2027	0.28	0.30	0.04	0.34
Aon Managed Retirement Pathway to Cash 2019-2021	0.28	0.31	0.02	0.33
Aon Managed Retirement Pathway to Cash 2022-2024	0.28	0.31	0.02	0.33
Aon Managed Retirement Pathway to Cash 2025-2027	0.28	0.31	0.05	0.36
Aon Managed Long Term Inflation Linked Fund	0.17	0.18	0.00	0.18
Aon Managed Pre-Retirement Bond Fund	0.29	0.29	0.00	0.29
Aon Managed Liquidity Fund	0.17	0.20	0.02	0.22
Aon Managed Active Global Equity Fund	0.73	0.82	0.06	0.88
Aon Managed Global Impact Fund	0.64	0.76	0.09	0.85
Aon Managed Global Equity Fund	0.20	0.22	0.02	0.24
Aon Managed Diversified Multi-Asset Fund	0.27	0.30	0.17	0.47
Aon Managed Diversified Multi-Strategy Bond Fund	0.35	0.41	0.45	0.86
Aon Managed Property and Infrastructure Fund	0.35	0.36	0.11	0.47
Aon Managed Passive Corporate Bond Fund	0.17	0.18	0.00	0.18
Aegon HSBC Islamic Global Equity Index Fund	0.35	0.35	0.01	0.36
Aegon LGIM Ethical Global Equity Index Fund	0.35	0.36	0.00	0.36

Source: Aon Investments Limited. Where transaction costs are negative these are treated as 0% for the purpose of the Statement.

Illustration of the effect 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 can reduce the amount available to the member at retirement. The Trustees have set out below illustrations of the impact of charges and transaction costs on different investment options in the Scheme.

The illustrations have been prepared having regard to statutory guidance, selecting suitable representative members, and are based on a number of assumptions about the future which are set out below.

Members should be aware that such assumptions may or may not hold true, so the illustrations do not promise what could happen in the future and fund values are not guaranteed. Furthermore, because the illustrations are based on typical members of the Scheme they are not a substitute for the individual and personalised illustrations which are provided to members in their annual Benefit Statements.

The assumptions are explained below:

- The "before charges" figures represent the savings projection assuming an investment return with no deduction of member-borne fees or transaction costs. The "after charges" figures represent the savings projection using the same assumed investment return but after deducting member-borne fees and an allowance for transaction costs.
- The transaction cost figures used in the illustrations are based on those provided by the managers over the past 5 years.

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The illustrations are shown for the default strategy; the Aon Managed Retirement Pathway since this is the arrangement with the most members invested in it, as well as a range of funds from the Scheme's self-select fund range. The self-select funds shown in the illustrations are:

- A - the fund with the lowest annual member-borne costs – this is the *Aon Managed Passive Corporate Bond*.
- B - the fund with highest annual member-borne costs – this is the *Aon Managed Active Global Equity Fund*
- C - the self-select fund with the greatest assets invested in it – this is the *Aon Managed Global Equity Fund*.

We have shown an illustration for:

- Illustration 1 - for an active member with a fund value of £145,000. This represents the 'median' active member (i.e. someone contributing to the Scheme).
- Illustration 2 - for a member with a fund value of £1,100. This represents the youngest member who has only been in the Scheme for a short while and still has many years to retirement.
- Illustration 3 - for members who have left the Scheme, with a fund value of £37,500. This represents the 'median' deferred member (i.e. someone no longer contributing to the Scheme).

Illustration 1

Projected pension pot in today's money £								
Fund choice								
	Default strategy		Fund A		Fund B		Fund C	
Age	Before charges	After all charges + costs deducted	Before charges	After all charges + costs deducted	Before charges	After all charges + costs deducted	Before charges	After all charges + costs deducted
47	145,000	145,000	145,000	145,000	145,000	145,000	145,000	145,000
50	216,820	214,870	205,790	204,040	216,290	211,620	216,290	214,920
55	376,420	368,570	338,010	331,610	378,340	360,030	378,340	372,910
60	561,940	543,780	492,610	478,880	583,060	541,150	583,060	570,480
65	753,800	720,590	658,860	634,680	825,200	746,640	825,200	801,360

The starting pot size used is £145,000 and starting salary is assumed to be £80,800. See below for the other assumptions used. Average age of active members is age 47.

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Illustration 2

Projected pension pot in today's money £								
Fund choice								
	Default strategy		Fund A		Fund B		Fund C	
Age	Before charges	After all charges + costs deducted	Before charges	After all charges + costs deducted	Before charges	After all charges + costs deducted	Before charges	After all charges + costs deducted
24	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100
25	4,430	4,430	4,380	4,370	4,430	4,410	4,430	4,430
30	26,340	26,060	24,770	24,520	26,260	25,590	26,260	26,070
35	53,290	52,240	47,530	46,670	53,000	50,510	53,000	52,260
40	91,790	89,220	78,160	76,190	91,080	85,100	91,080	89,290
45	150,480	145,250	123,390	119,620	149,030	136,970	149,030	145,380
50	226,700	217,100	178,170	171,660	224,020	202,140	224,020	217,340
55	326,520	310,210	249,370	238,900	325,620	288,700	325,620	314,250
60	438,020	412,120	332,090	316,130	452,250	393,230	452,250	433,910
65	550,350	512,080	421,040	397,840	602,030	511,820	602,030	573,740

The starting pot size used is £1,100 and starting salary is assumed to be £40,000. See below for the other assumptions used. The projection is for 41 years, being the duration that the youngest scheme member has until they reach the scheme's Normal Pension Age.

Illustration 3

Projected pension pot in today's money £								
Fund choice								
	Default strategy		Fund A		Fund B		Fund C	
Age	Before charges	After all charges + costs deducted	Before charges	After all charges + costs deducted	Before charges	After all charges + costs deducted	Before charges	After all charges + costs deducted
47	37,500	37,500	37,500	37,500	37,500	37,500	37,500	37,500
50	41,590	41,160	39,170	38,790	41,470	40,450	41,470	41,170
55	48,850	47,490	42,120	41,030	49,060	45,890	49,060	48,110
60	55,700	53,130	45,300	43,410	58,020	52,060	58,020	56,220
65	61,740	57,750	48,710	45,920	68,630	59,070	68,630	65,700

No allowance is made for future contributions. The average age of deferred members is 47. See below for the other assumptions used.

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Assumptions for illustrations:

- The projected fund values shown are estimates for illustrative purposes only and are not guaranteed. The illustration does not indicate the likely variance and volatility in the possible outcomes from each fund. The numbers shown in the illustration are rounded to the nearest £100 for simplicity.
- Projected pension pot values are shown in today's terms, and do not need to be reduced further for the effect of future inflation.
- Annual salary growth and inflation is assumed to be 2.5%. Salaries could be expected to increase above inflation to reflect members becoming more experienced and being promoted. However, the projections assume salaries increase in line with inflation to allow for prudence in the projected values.
- For illustrations 1 & 2, total contribution rates are based on the 'Staff' enhanced category and assumes that every 5 years the member moves service category and every 10 years the member moves age category. Contributions are payable by active members only, from their current age to a retirement age of 65. No allowance is made for additional employee contributions.
- The projected annual returns (before charges) used are as follows:

Fund	Assumed annual growth rate
Default Strategy	
• Aon Managed Global Impact Fund	7.0%
• Aon Managed Initial Growth Phase Fund	6.0%
• Aon Managed Diversified Asset Fund	4.0%
• Aon Managed Diversified Multi Strategy Bond Fund	2.0%
• Aon Managed Passive Corporate Bond Fund	4.0%
• Aon Managed Short Term Inflation Linked Fund	2.0%
• Aon Managed up to 5-year UK Gilt Index Fund	2.0%
Fund A - Aon Managed Passive Corporate Bond Fund	4.0%
Fund B - Aon Managed Active Global Equity Fund	6.0%
Fund C - Aon Managed Global Equity Fund	6.0%

Members are advised to consider both the level of costs and charges and the expected return on assets (i.e. the risk profile of the strategy) in making investment decisions and not in isolation.

4. Value for members assessment

The Trustees are required to assess the extent to which member-borne charges and transaction costs represent good value for members. As part of this process the Trustees must consider the investment performance after charges and costs (referred to as the 'net investment performance') of similar funds under three alternative 'large' pension schemes compared to the investment performance that members of the Scheme have received. In addition, as part of this value for members assessment, the Trustees assess the following Governance and Administration areas:

1. Level of trustee knowledge, understanding and skills to operate the pension scheme effectively;
2. Effectiveness of management of conflicts of interest;
3. Appropriateness of the default strategy;
4. Quality of investment governance;
5. Quality of member communications;
6. Promptness and accuracy of core financial transactions and
7. Quality of record keeping

Where it is found through the Trustees' assessment that the Scheme did not offer good value for members considering all these areas then the Trustees would be required to take some action to resolve this.

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It should be noted that the Servier Laboratories Limited (“the Sponsor”) pays for the majority of services related to running the Scheme including (but not limited to) administration services, audit costs, communication costs and professional advice including legal, actuarial and investment advice. By the Company meeting these costs this reduces the charge that the members would otherwise pay. The charges paid by members are to meet the cost of investing their pension pots. In limited circumstances members may incur an administration charge, such as where more than one investment switch is made in a 12-month period. Therefore, the Trustees have a legal duty to assess whether the investment costs borne by members represents Value for Members in this Statement. However, members also benefit for the wider services that the Company pays for and as such the Trustees also take a view of whether all of the services that members benefit from represent good value.

The Trustees review all member-borne charges (including transaction costs where available) annually, with the aim of ensuring that members are obtaining value for money given the circumstances of the Scheme. The date of the last review was October 2024 when the Trustees considered the charges and net investment returns that members of the scheme are subject to against three comparable schemes. The review also considers other areas including governance and administration. The Trustees note that value for money does not necessarily mean the lowest fee, and the overall quality of the service received has also been considered in this assessment.

Value for Members Assessment

As highlighted above, members of the Scheme only pay a charge to meet the cost of investing their pension pot. The Trustees believe that a well-designed investment portfolio that is subject to regular performance monitoring and assessment of suitability for the membership will make a large contribution to the delivery of good member outcomes.

To assess if this meets good value the Trustees have taken into account:

Cost and charges	<ul style="list-style-type: none">The cost and charges paid by members of the Scheme are comparable to the 3 alternative large schemes analysed by the Trustees. The outcome is that the Scheme offers value for members..
The net investment performance of the funds compared to those of three alternative large pension schemes	<ul style="list-style-type: none">The net investment returns of the funds available under the Scheme have been compared to the net investment returns of funds available from 3 alternative large schemes. This has led the Trustees to conclude that the net returns for the default strategy and self-select funds have performed well compared to the three comparator schemes’ net returns.
The performance of the funds compared to the relevant objectives of the fund	<ul style="list-style-type: none">The default strategy aims to reduce risk in the approach to retirement.The default strategy objective includes providing the opportunity for real growth which is measured as growth above inflation. Although inflation reduced over the year, we continued to see high inflation rates over the period to 31 March 2024. The Trustees monitor this over the longer-term (i.e. 3 and 5 year periods). Over the five year period to 31 March 2024, real returns above inflation have been achieved. Three year returns against inflation have been positive for members in the growth phase. For members closer to retirement, returns have been below inflation due to the recent high inflation environment.As well as providing real returns, the default strategy has long-term objectives. These long-term objectives set out the level of growth above inflation that the funds aim to achieve. For example, for a member more than 30 years from retirement, the default strategy aims to provide growth of 4% above inflation. These targets have been achieved for

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	<p>members 30 years from retirement since inception and over the 5-year periods. For members ten years from retirement this target has been met since inception but not over the 3 and-5 year periods. For members at retirement, these objectives have not been met, this is due to the lower allocation to growth assets, exposure to the bond market falls in 2022 and high levels of inflation meant that the performance is behind the relevant long-term return objective Despite the underperformance, the Trustees note that the performance is broadly in line or ahead of the performance of the default strategies of the three comparator funds.</p> <ul style="list-style-type: none"> • The Trustees remain comfortable that the default strategy should achieve its targets over the longer-term despite the difficult economic environment in recent years. • There were some self-select funds that did not meet their objectives over the year. Where these funds have not met their objectives, steps have been taken to identify the reason for this and where deemed appropriate changes have been made to the funds.
<p>Governance and delegated management of funds offered</p>	<ul style="list-style-type: none"> • The management of the investment funds is delegated to Aon Investments Limited, who will decide on which underlying funds to invest in to meet the fund's objective. • The delegated fund manager has demonstrated that it is actively governing the funds. For example, during the year, Aon Investments Limited reduced the allocation to multi-factor equities with a corresponding increase in exposure to Climate Transition equities. Aon Investments Limited has stated that it will continue to reduce the allocation to Multi Factor Equities over Q2 2024. • All actively managed funds invest in underlying funds that are 'Buy' rated by the Trustees' investment advisers. Where an underlying fund's rating has been downgraded the delegated manager will take steps to replace the fund within a reasonable time period. When taking such decisions Aon Investments Limited will look to reduce the transaction costs of replacing a fund as far as possible.
<p>The design of the default strategy and how this reflects the membership</p>	<ul style="list-style-type: none"> • A default strategy is offered which is designed to be appropriate for a member requiring flexibility in retirement. This reflects the above-average fund size for the average member of the Scheme. Data, such as that collated by the Office for National Statistics, of how members take benefits at retirement suggests that members with larger funds are more likely to take their retirement benefits via drawdown.
<p>The range of funds offered</p>	<ul style="list-style-type: none"> • Drawdown may not suit all members' needs so alternative options for members are available for those who intend to take their benefits in a different way. Members can choose from three Retirement Pathway options to match how they intend to take their benefits at retirement. • Members can select a Retirement Pathway fund where the investment of their pension pot is managed on their behalf. • A good range of self-select funds are available covering the main types of investments available to members of a DC scheme. • These include different types of investment management (i.e. lower cost passive funds where the fund aims to provide performance in line with an index and higher cost

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	<p>active funds where the manager is trying to add value to the performance).</p> <ul style="list-style-type: none"> • The Trustees make changes to the self-select range to reflect members' requirements. The self-select fund range is reviewed every three years.
The ability to switch investments	<ul style="list-style-type: none"> • Members can switch investments at any time (please note that the first switch in any 12-month period is free of charge, however members will incur a fee for any additional switch requests made within this period). • The Retirement Pathway funds are mirrored until 5 years before retirement so members can switch Retirement Pathway funds prior to 5 years before retirement without incurring transaction costs. The Trustees expect that members are likely to know how they intend to take their retirement benefits 5 years from retirement.
The information available to members regarding the available funds	<ul style="list-style-type: none"> • Fund factsheets are produced quarterly for members and these are available to download or can be requested via the Secretary to the Trustees. Unit prices are available online and are usually updated daily where possible. • A member-friendly guide to investments for the Scheme has been produced and issued to members.

Based on the assessment set out above, the Trustees are happy that the charge that members pay represents **good value** for 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 the Trustees expect this to lead to greater investment returns net of fees over time.

Trustees' view on whether the Scheme offers good value

The Trustees also look at whether overall the Scheme offers good value to members. In addition to considering investment options, the Trustees also consider a number of other areas, which include:

Area	Examples of the areas considered by the Trustees
<p>Scheme Governance <i>The Trustees believe in having robust processes and structures in place to support effective management of risks and ensure members' interests are protected, increasing the likelihood of good outcomes for members</i></p>	<ul style="list-style-type: none"> • The Trustees regularly meet to discuss the Scheme and discussions at these meetings are documented in writing. The Trustees' professional advisers also attend these meetings to give advice and guidance to the Trustees. • All Trustees receive training both at outset and ongoing and are required to complete an agreed number of training hours per year to ensure that they can fulfil their duties. • The Trustee Board includes both Company and member-nominated Trustees. • The Trustees have processes in place to deal with conflicts of interest and have a risk register that helps the Trustees to mitigate any risks related to running the Scheme. • The Trustees have started a detailed review of all of their policies in place as part of ensuring they have an effective system of governance.
<p>Investment Governance <i>A well-designed investment portfolio that is subject to regular performance monitoring and assessment of suitability for the membership will make a large contribution</i></p>	<ul style="list-style-type: none"> • See comments made in the table above

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<i>to the delivery of good member outcomes.</i>	
<p>Administration <i>The Trustees believe that good administration and record keeping play a crucial role in ensuring that scheme members receive the retirement income due to them. In addition, that the type and quality of service experienced by members has a bearing on the level of member engagement.</i></p>	<ul style="list-style-type: none"> As highlighted in section 5, the Trustees are comfortable with the quality and efficiency of the administration processes.
<p>Member communications and engagement <i>The Trustees believe that effective member communications and delivery of the right support and tools helps members understand and improve their retirement outcomes.</i></p>	<ul style="list-style-type: none"> All members have access to a DC retirement modeller tool, accessible online. Members are issued with a member-friendly annual benefit statement to enable members to see the key information about their retirement savings. The Trustees provide a topical and informative insert with the annual benefit statements. This includes some information about the current difficult economic environment. The Trustees continually consider what communication methods can be used to help support members. A good level of support is given to members coming up to retirement. This includes access to online information and tools and personalised written communication. The communication issued to members looking to transfer has been enhanced to help members avoid being a victim of pension scams. Wording around pension scams has been included in the benefit statement update.

The above sets out some of the areas considered by the Trustees in coming to the conclusion that the Scheme represents **good value** for members.

5. Processing of Core Financial Transactions

The Trustees have a specific duty to ensure that core financial transactions are processed promptly and accurately.

What are core financial transactions?

Transactions we consider include:

- investment of contributions to the Scheme;
- transfer of members' funds in and out of the Scheme,
- transfers between different investments within the Scheme, and
- payments to and in respect of members, such as on retirement or death.

The Sponsor is responsible for ensuring that contributions are paid over to the Scheme promptly and the timing of such payments is monitored quarterly through reports submitted by the Scheme administrator, Aon Solutions UK Limited.

Aon carry out the bulk of these core financial transactions. Service Level Agreements (SLAs) are in place around the processing of these transactions. These SLAs detail a number of key administration processes to be performed and the target timescale within which each of these processes needs to be completed.

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There are SLAs in place for all core financial transactions. Under the current SLA, Aon aims to accurately complete the settlement of all financial transactions within 5 working days and issue quotations of benefits within 10 working days.

To enable the Trustees to monitor the processing of core financial transactions, the Trustees receive a quarterly stewardship report from Aon that contains information on the core financial transactions for the Scheme and the SLAs. These reports are reviewed by the Trustees at the regular board meetings to ensure compliance. The Trustees are comfortable that the SLAs are appropriate.

Administration summary for the year:

- **687** work items received
- **87%** completed in agreed time levels

During the period covered by this statement, the administrator completed 87% of cases within the agreed SLA. The Trustees understand that it is not always possible for cases to be dealt with within the SLA due to external factors, such as waiting for additional information from members and third parties. The Administrator has underperformed the target of 95%. The Administrator has confirmed that the underperformance was due to an increase in the volume of member requests across, possibly due to Trustees encouraging member engagement during the periods of inflationary pressure. The Administrator has confirmed that they have taken the following actions to increase and improve performance:

- Additional resource is being recruited and they will focus on deaths claims, retirements and Scheme transfers.
- Overtime is being granted for more senior staff in the UK and Krakow to provide additional support.
- Where possible they are reducing internal meetings.
- 'Processing days' which have previously been used successfully to increase productivity in Birmingham and Sheffield will continue for the foreseeable future.

The Trustees continue to monitor this progress through the quarterly stewardship reports.

Member expectations are currently being managed in the meantime where any delay is expected to take place.

Two member complaints were raised over the year, both through the Scheme's Internal Dispute Resolution Procedure:

- One member raised a complaint relating to their transfer out of the Scheme not proceeding. The Trustees explained that as part of the due diligence that trustee boards are legally required to take, certain circumstances can raise a red flag which could mean that the member is subject to a pension scam. Where this happens the member is asked to provide additional details to enable the Trustees to carry out a further investigation. In this case, the member had failed to supply the additional information requested and therefore, the Trustees could not proceed with the transfer out as requested by the member. The complaint was not upheld.
- The second member complaint was regarding a delay to their retirement settlement. It was investigated and identified that the member had not confirmed which retirement option they wished to select. Following further communication with the member, the Trustees are happy to report that the benefits have now been settled and the case has been closed.

In terms of the accuracy of core financial transactions, the Trustees have reassurance from Aon that suitable controls are in place. These include:

- a full member and Scheme reconciliation being undertaken annually as part of the annual preparation of the Trustee Report & Accounts
- monthly reconciliations of the DC units held by the investment managers against Aon's records,
- daily monitoring of bank accounts,
- full reconciliation of bank statements,
- a dedicated contribution processing team,
- all transactions are recorded in the Scheme's Cash Tracker,
- a peer-review process for checking calculations and investment and banking transactions.

Aon's administration controls are independently audited on an annual basis. The last review covered the period 1 October 2022 to 30 September 2023 and considered the suitability and effectiveness of the administration system and general IT controls adopted by Aon. This was shared with the Trustees. The audit found that the controls in place were suitable. A bridging letter covering the period 1 October 2024 to 31 March 2024 has been produced confirming that Aon's administration system and general IT controls had remained unchanged over this period.

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In addition, the Secretary to the Trustees also reviews core financial transactions that go through the Trustees' Bank Account statements on a monthly basis, which enables the Trustees to monitor that payments are being invested/ settled within acceptable timeframes and payments in/out of the account are as expected. The contributions are reconciled on a monthly basis by the Company. In addition, the Trustees receive an annual Scheme Audit Report from the Auditor, an independent party that audits the pension scheme.

Accurate data is fundamental to the accuracy and timeliness of core financial transactions. To help with this the Trustees use a track and trace service that validates address details on a monthly basis. The Trustees also undertake an annual review of common data (such as date of birth, address and National Insurance number) and scheme-specific data (such as date of leaving and benefit details) held by the administrators on the Trustees' behalf. The last report was as April 2023 and the Trustees have a plan for actioning the data gaps based on a priority of the impact that these will have on settling members' benefits.

The Trustees are satisfied that during the period of this report, that:

- Although the administrator was operating outside of the target SLAs, appropriate procedures, checks and controls are in place along with an action plan to improve SLA performance going forward;
- there have been no material administration errors in relation to processing core financial transactions; and
- all member complaints have been processed and resolved promptly during the Scheme year.

The Regulations require the Trustees to have appropriate knowledge and understanding to run the Scheme effectively. The Trustees recognise the importance of training and development and have put in place arrangements for ensuring that the Trustees take personal responsibility for keeping themselves up-to-date with relevant developments.

The comments in this section relate to the Scheme as a whole and not solely the DC Section.

The Trustees have a formal training policy in place that was updated over the Scheme year. Under this policy all Trustees are required to complete the Pensions Regulator's online training and must attend formal or informal training totalling a minimum of 15 hours each year. When a Trustee has not been appointed for the full Scheme year, the minimum number of hours is reduced to reflect this. Each Trustee is required to maintain a training log detailing attendance of both internal and external training courses. The training log is for the period 1 April to 31 March. Training logs are submitted to the Chair of Trustees who checks that the required level of training has been met. The Chair of Trustees is happy to report that all Trustees had exceeded the required level of training during the period 1 April 2023 to 31 March 2024.

There is an appropriate induction process in place for new Trustees. There were no new Trustees during the period of this Statement. The induction process was updated in 2023 (and approved in July 2023) as part of the Trustees' ongoing review to ensure that an effective system of governance is maintained. New Trustees are required to attend a formal training course within 6 months of appointment. During the year, two of the Trustees attended external training courses through Aon covering the key areas that the Pensions Regulator expects Trustees to be able to demonstrate knowledge of.

To help Trustees to acquire and maintain an appropriate level of knowledge Trustees can use the Pensions Regulator's online training toolkit. As part of the Trustees' training protocols, all new Trustees are required to complete the Pensions Regulator's online training modules within 12 months of appointment. It has been agreed that existing Trustees will continually complete the Pensions Regulator's online training modules on a rolling three-year basis to maintain their knowledge. The Trustees reflect the modules undertaken on their training logs.

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In addition, the existing Trustee attended a range of conferences and seminars. The Trustees also receive additional training from advisers through the main board meetings where relevant. Topics covered include the requirements of Pensions Dashboards and cyber risks. Four meetings in total were held during the year. The Trustees also read articles on pension related issues.

On 10 July 2024, the Chair of Trustees carried out his annual assessment of the effectiveness of the Trustee Board, including looking at the overall skills of the Trustees that sit on the Board. The Chair uses the Pensions Regulator's Sample board evaluation questions and Sample board skills matrix to carry out this evaluation. In addition, this year, the Chair also supplemented this by using Aon's Trustee Knowledge and Understanding Gap Indicator. The Chair is pleased to report that the Board has the relevant level of skills and knowledge and will continue to do so via the rolling three-year training plan referred to above. The Chair has highlighted four important areas for future training over the next Scheme year and this will be incorporated into the training plan. These are; DC Decumulation (supporting members through their retirement journey), security of the investments, options for securing benefits that are final salary in nature and good governance.

In addition, the Chair considered the extent to which the Board incorporates Equity, Diversification and Inclusion (ED&I) into running the Scheme, including as part of Board Effectiveness. The Chair concluded the Trustee Board is well diversified, with a good range of experience and skills and all Trustees are given equal opportunity to raise their views during meetings. Member Nominated Trustee communication has been updated to make it clear that the Board will take into account any changes that need to be made to the running of meetings Trustees' Meetings to ensure that this is not a barrier to interested individuals joining the Board. For example, the ability to be able to attend meetings virtually or around the timings of meetings.

The Trustee board is currently made up of three Trustees with varying skill sets. With the exception of one Trustee, all Trustees are also members of the Scheme.

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

- Approved the Trustees' Report and Accounts.
- Increased their understanding around the law relating to pensions and trusts through updating the risk register.
- The Trustees also received training on the new requirements for Pensions Dashboards (an online tool that will enable individuals to see all of their pension benefits in one place in the future).
- Reviewed quarterly administration reports to monitor service delivery against agreed service levels standards and assessing the member experience.
- Established the following new and updated policies in line with the General Code of Practice:
 - Conflicts of Interest Policy
 - Internal Dispute Resolution Procedures Policy
 - Remuneration Policy
 - Disclosure Policy
 - Managing Advisers and Providers Policy
- Updated the Scheme Member Booklet.

To show how the Trustees have demonstrated that they have sufficient knowledge and understanding of principles relating to investment of DC schemes they also undertook the following actions:

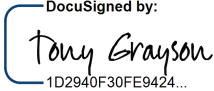
- Produced an Implementation Statement which sets out how the Trustees have met their investment objectives set out in the Statement of Investment Principles.
- Reviewed and discussed the changes made to the default strategy by the delegated manager.
- Reviewed the quarterly investment reports to assess fund performance against benchmarks, and funds against overall Scheme aim and objectives, as set out in the Statement of Investment Principles.
- Received quarterly investment market outlooks.

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

The Trustees consider that they meet the Pension Regulator's Trustee Knowledge and Understanding requirements and are confident that their combined knowledge and understanding, together with the support of their advisers, enables them to properly exercise their functions as the Trustees of the Scheme.

Signed on behalf of the Chairman of the Trustees of the Servier Laboratories Limited Pension Fund

Chairman of the Trustees 1D2940F30FE9424...

Oct 28, 2024