

Annual governance statement from the Chair of Trustee of the Piramal Healthcare UK Pension Fund ('the Fund') for the year ending 31 December 2025

Introduction

Governance standards apply to defined contribution pension arrangements like the Defined Contribution Section of our Fund. These are designed to help members achieve a good outcome from their pension savings.

As Chair of the Trustee of the Fund, I have to provide you with a yearly statement which explains what steps the Trustee (with guidance from our professional advisers) has taken to meet these standards within the Defined Contribution Section of the Fund. The information included in my statement is set out in law and regulation.

This statement covers the period from 1 January 2025 to 31 December 2025.

The Trustee is committed to having high governance standards and we hold regular meetings to monitor the controls and processes in place in connection with the Defined Contribution Section of the Fund's investments and administration.

I welcome this opportunity to explain what the Trustee does to help to ensure the Defined Contribution Section of the Fund is run as effectively as it can be.

Summary of the annual governance statement by the Chair of Trustee

For the Fund year to 31 December 2025, the Trustee of the Fund has reviewed the following areas and our main conclusions are as follows:

The default investment strategy and self-select fund range	The Trustee has not carried out a review of the Defined Contribution Section's default investment strategy and self-select fund range in the Fund year to 31 December 2025. The last review concluded in September 2023 and no changes were made. The next review will take place in the Fund year to 31 December 2026. The Trustee has included the percentage of assets in the default arrangement allocated to various types of assets class at different ages, as specified in legislation. This is to improve transparency so that members have access to all relevant information surrounding the investments being made with their pension savings and the outcomes these investments could have on their future retirement.
Charges and transaction costs	The charges that members pay to invest in the investment funds in the Defined Contribution Section range from 0.10% to 0.38% per annum. Annual transaction costs over the previous Fund year to 31 December 2025 are between 0.01% and 0.15%. The Company currently pays for all other costs and charges.
Performance of the investment options	Tables showing information about the net return on investments (i.e. after the deduction of any charges and transaction costs paid for by Defined Contribution Section members) have been included. This information is included to help members understand how their investments are performing.
Value for members	This year the Trustee has again carried out a detailed assessment of value for members on a prescribed basis applicable to smaller pension arrangements. Our assessment concluded that the Defined Contribution Section of the Fund represents good value for members in relation to charges and transaction costs, net investment returns, and governance and administration. Please note, though, that the value for members assessment may vary from year to year, as it is heavily influenced by investment performance, which can go down as well as up.
Core financial transactions	Overall, the Trustee is confident that the processes and controls in place within Gallagher, the Fund administrator, are robust and will ensure that the financial transactions which are important to members are dealt with properly. We will, however, continue working with Gallagher to review service levels, monitor transactions and reporting on core financial transaction processing.
Trustee knowledge and understanding	The Fund has a training programme to ensure that the Trustee meets the legal knowledge and understanding requirements and, as a whole understands the Fund and its documents. I am confident that the combined knowledge and understanding of the Trustee enables us to properly exercise our functions as Trustee to the Fund.

Further information

Full explanations of each of the above can be found in the annual governance statement by the Chair of Trustee for the year ending 31 December 2025, which can be found here:

<https://www.piramalpharmasolutions.com/facilities/api-development-services-morpeth>

1) Default investment strategies

A default investment arrangement is set up by the Trustee and provided for members who do not choose an investment option. The Fund has no active members and is closed to new members.

The Trustee is responsible for investment governance. This includes setting and monitoring the investment strategy for the default arrangements. We take professional advice from regulated investment advisers.

Setting an appropriate investment strategy

Details of the strategy and objectives of the default investment arrangement are recorded in a document called the Statement of Investment Principles (SIP). A copy of the latest Statement of Investment Principles dated July 2025 is included with this statement.

We continue to use the 'Default Lifestyle Programme' as the default arrangement.

When deciding on an investment strategy, the Trustee recognises that the majority of members do not take active investment decisions and instead invest in the default option. Therefore, the Trustee's primary objective in deciding on an investment strategy is to ensure that the strategy is appropriate for a typical member, taking into account factors such as the size of members' pension savings within the Defined Contribution Section, members' current level of income and likely expectations for income post-retirement etc. When choosing the default strategy, it is the Trustee's policy to consider a range of asset classes, together with their expected returns and the expected volatility of those returns, the suitability of styles of investment management, and the need for diversification. The Trustee also recognises that there are various investment and operational risks and gives qualitative and quantitative considerations to such risks.

The Default Lifestyle Programme has been designed for members who wish to retain flexibility in the way in which they take their benefits at retirement, by providing an investment mix at retirement that is a reasonable fit for taking benefits as cash, a Fund pension, an annuity or drawdown. The Trustee recognises that, given DC members rights to a Fund pension with at least a proportion of their benefits having fixed conversion terms, taking a Fund pension is likely to be more popular with members than otherwise would be the case from industry experience.

The aim of the Default Lifestyle Programme is to provide members with the potential for higher levels of growth during the accumulation of their pension savings through exposure primarily to equity funds and then to gradually diversify their investments in the years approaching retirement to reduce volatility and provide a broad base of assets from which members can flexibly take their benefits. The Trustee acknowledges that a member would need to transfer their pension savings to an external arrangement to access drawdown as an option.

The Default Lifestyle Programme consists of an accumulation phase, a consolidation phase (beginning 10 years from a member's planned retirement age) and a pre-retirement phase (beginning five years from a member's planned retirement age). In broad terms the accumulation phase focuses on growing the value of a member's fund and the later phases switch funds into investments with lower volatility.

Reviewing the default investment arrangement

The Trustee is expected to review the strategy and objectives of the default investment arrangement regularly, and at least once every three years, and consider the needs of the membership when designing it.

The Trustee last formally reviewed the default investment arrangement during the Fund year to 31 December 2023. The review was completed in September 2023. This resulted in no changes to the default investment strategy or self-select fund range.

Please note however that the Trustee replaced the now closed SSgA Emerging Markets Equity Index Fund with the Legal & General Future World Emerging Markets Index Fund on 31 July 2025. The SSgA UK Equity Fund was also withdrawn from the self-select range over the last Fund year.

The next review of the default investment arrangement is due in the Fund year to 31 December 2026.

The Trustee also reviews the investment objectives and the performance of the default investment arrangement on a half yearly basis, taking advice from the Trustee's investment consultant. The Trustee considered that the funds in the default investment arrangement had achieved good returns over the year to 31 December 2025.

Asset allocation of the default investment arrangement

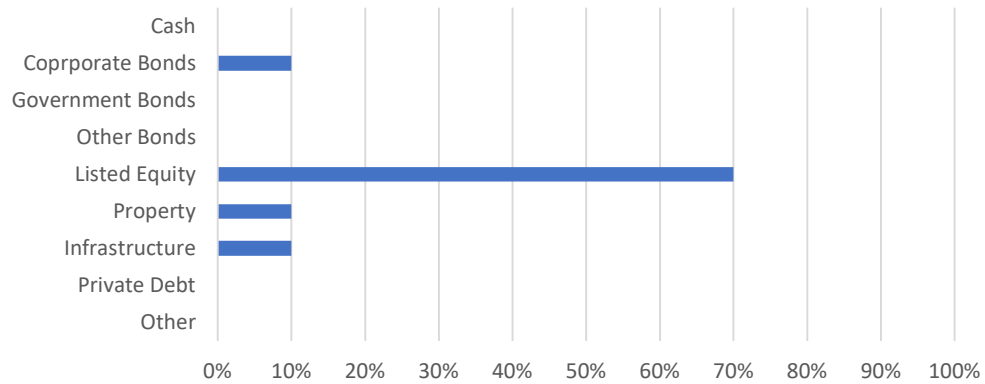
We are required to provide the percentage of assets allocated in the default arrangement to specified asset classes and show how the asset allocations change at different ages. This is to show members the different asset allocation phases that take place as pension savings accumulate in the default arrangement up to and at retirement.

We have prepared the below table and graph having taken account of the statutory guidance effective from 30 January 2023 issued by the Department of Work and Pensions¹ in preparing this section of our statement.

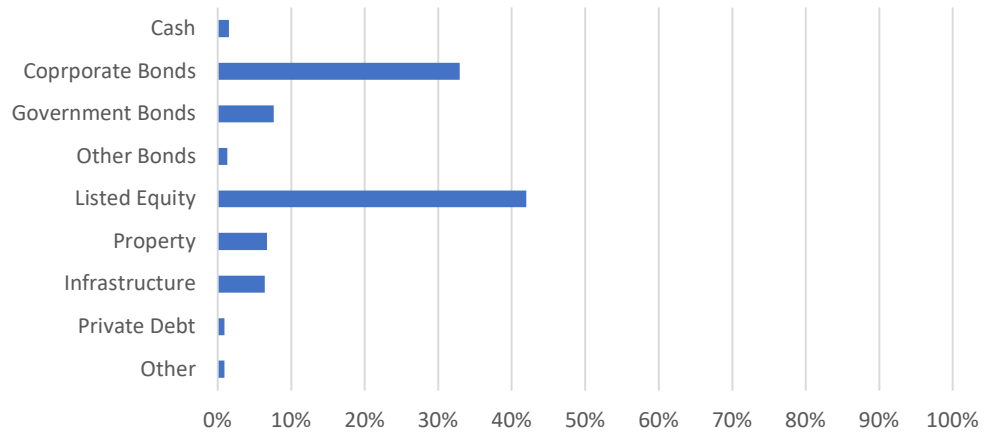
Asset class	Percentage allocation- average 25 year old (%)	Percentage allocation- average 45 year old (%)	Percentage allocation- average 55 year old (%)	Percentage allocation- 1 day prior to State Pension Age (%)
Cash	0.0%	0.0%	1.5%	41.8%
Bonds	0.0%	0.0%	0.0%	0.0%
Corporate bonds	10.0%	10.0%	32.9%	33.4%
Government bonds	0.0%	0.0%	7.6%	9.1%
Other bonds	0.0%	0.0%	1.3%	1.5%
Listed equities	70.0%	70.0%	42.0%	8.4%
Private equity	0.0%	0.0%	0.0%	0.0%
Venture capital / growth equity	0.0%	0.0%	0.0%	0.0%
Buyout funds	0.0%	0.0%	0.0%	0.0%
Property	10.0%	10.0%	6.7%	2.0%
Infrastructure	10.0%	10.0%	6.4%	1.6%
Private debt	0.0%	0.0%	0.9%	1.0%
Other	0.0%	0.0%	0.9%	1.1%

¹ <https://www.gov.uk/government/consultations/broadening-the-investment-opportunities-of-defined-contribution-pension-schemes/outcome/statutory-guidance-disclose-and-explain-asset-allocation-reporting-and-performance-based-fees-and-the-charge-cap#:~:text=Where%20a%20scheme%20has%20more,end%20of%20the%20scheme%20year>

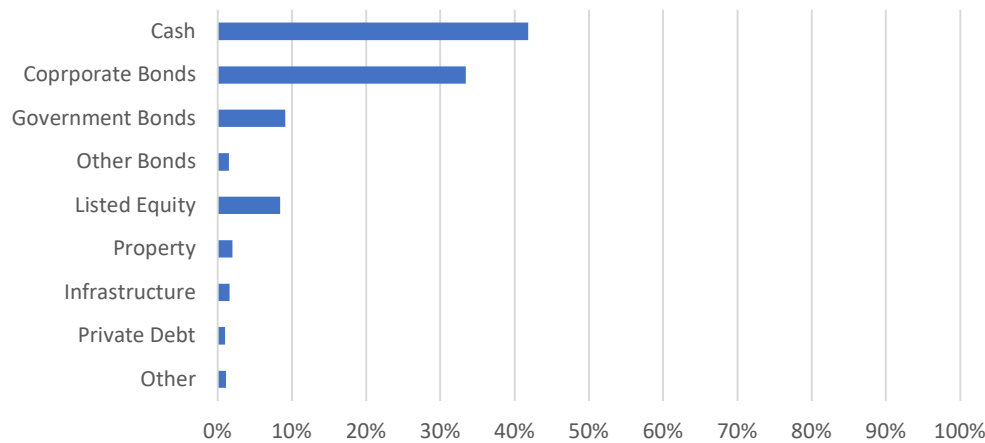
Percentage Allocation for an average 25 & 45 year old



Percentage Allocation for an average 55 year old



Percentage Allocation 1 day prior to State Pension Age



Self-select investment choices

In addition to the default lifestyle arrangement, the Trustee allows members to self-select from a range of funds. Members may wish to take financial advice before choosing between these funds

Fund Name
Future World Fund*
Future World Emerging Market Equity Index Fund*
Retirement Income Multi-Asset Fund*
Future World Annuity Aware Fund (previously called the Pre-Retirement Fund)
Corporate Bond Fund*
Cash Fund*

*Funds used within the default Lifestyle strategy.

Two additional funds are used in the default Lifestyle strategy which are not available for members to self-select from – these are the Global Real Estate Equity Index and the Infrastructure Equity MFG

2) Charges and transaction costs paid by members

The Trustee is required to explain the charges and transaction costs (i.e. the costs of buying and selling investments) in the Defined Contribution Section that are paid by members rather than the employer. In the Fund, members typically pay for investment management and investment transactions, while the employer pays all the other costs of running the Fund such as administration and governance.

The investment management and transaction costs can be explained like so:

- The total ongoing charges figure is the total cost of investing in any fund or strategy and includes the Annual Management Charge (direct charges) and any additional fund expenses (indirect charges). The ongoing charges figure for the default investment strategy is compared against the 0.75% charge cap set by legislation.
- Transaction costs are the costs incurred as a result of the buying, selling, lending or borrowing of investments *within* each fund or strategy. They include taxes and levies (such as stamp duty), broker commissions (fees charged by the executing broker in order to buy and sell investments) and costs of borrowing or lending securities, as well as any differences between the actual price paid and the quoted 'mid-market price' at the time an order was placed. These costs will vary between members depending on the funds invested in, the transactions that took place within each fund and the date at which the transactions took place. Unlike the ongoing charges figures, transaction costs are not compared against the 0.75% charge cap set by legislation – instead, the reported performance of the fund is typically net of these transaction costs. It should be noted that the transaction costs are likely to vary from fund to fund and from year to year.
- In addition, there can be switching costs incurred as a result of the buying and selling of funds. This may relate either to member-driven trades (e.g. a self-select member switching between investment funds) or to automatic trades (e.g. those associated with fund switches resulting from progression along a lifestyle glidepath). These costs relate to the difference between the fund price used to place the trade and the price which would have applied to that fund on that day had the trade not been placed. These are implicit costs which are not typically visible to members.

The level of ongoing charges applicable to the Defined Contribution Section's default investment arrangement during the last Fund year was 0.212% to 0.275%. Transaction costs were between 0.027% at retirement and 0.050%.

The assets held in the default investment arrangement vary depending upon how close a member is to retirement as we have described earlier in this statement. An indication of how these costs change over time is shown below:

Years to retirement	Ongoing Charge	Transaction cost	Total cost
10 or more years to retirement (accumulation phase)	0.275%	0.050%	0.325%
Between 5 and 10 years to retirement (consolidation phase)	0.258% - 0.275%	0.042% - 0.050%	0.300% - 0.325%
Between 0 and 5 years to retirement (pre retirement phase)	0.212% - 0.258%	0.027% - 0.050%	0.239% - 0.300%

The level of charges applicable to the Defined Contribution Section's other investment funds that members were invested in during the last Fund year were as follows:

Fund Name	Ongoing Charge	Transaction cost	Total cost
Future World Fund	0.2425%	0.0442%	0.2867%
Future World Emerging Market Equity Index Fund	0.2925%	0.1445%	0.4370%
Retirement Income Multi-Asset Fund	0.3798%	0.0598%	0.4396%
Corporate Bond Index Fund	0.1025%	0.0097%	0.1122%
Cash Fund	0.1674%	0.0169%	0.1843%

The transaction costs shown above were confirmed by the underlying investment managers used for the Fund on the Mobius platform.

Switching between different investment funds in the Fund

The funds used by the Defined Contribution Section of the Fund operate on a single-swinging price basis with no explicit switching costs charged to members. However, implicit costs will apply when trades are placed, which will be reflected in the prices that members receive when placing their trades. These implicit costs will vary between members depending on what switches took place for each member and the date at which these occurred. The Trustee is not able to track what switching costs have been incurred in practice for particular members. It should be noted that not all switches will incur these costs, with many taking place at nil cost.

Completeness of transaction cost information

Where information about the member costs and charges is not available, we have to make this clear to you, together with an explanation of what steps we are taking to obtain the missing information. We are pleased to report that there was no information unavailable, albeit we have used transaction cost data for the Fund year from the underlying managers rather than from Mobius, as Mobius were not able to provide transaction costs for the year to 31 December 2025 in time for the production of this statement.

Examples of the impact of costs and charges

We are required to provide illustrative examples of the cumulative effect over time of the application of the charges and costs on members' savings.

We have prepared the following examples having taken account of the updated statutory guidance effective from 1 October 2021 issued by the Department of Work and Pensions² in preparing this section of our statement.

Example member 1

For a deferred member with 9 years to retirement with a retirement age of 62, the estimated impact of charges on projected fund values is shown below. Projections are based on a current fund value of £50,000 and are shown in current money terms.

Cost and charges illustration as at 31 December 2025									
Sample projected pension pot for selected funds in today's money									
Fund choice									
	Default Lifestyle Programme			Retirement Income Multi-Asset Fund			Corporate Bond Index Fund		
	The default moves assets into a diversified asset allocation in the ten years preceding retirement			Fund with highest charge			Fund with lowest charge		
Age	Before charges	After all charges & costs deducted	Effect of charges and costs	Before charges	After all charges & costs deducted	Effect of charges and costs	Before charges	After all charges & costs deducted	Effect of charges and costs
	£	£	£	£	£	£	£	£	£
53	50,000	50,000	-	50,000	50,000	-	50,000	50,000	-
55	53,000	52,638	362	51,474	51,000	474	51,474	51,276	198
60	59,228	57,866	1,362	55,352	53,589	1,763	55,352	54,612	740
62	60,635	58,902	1,733	56,984	54,660	2,324	56,984	56,006	978

Notes

1. Projected pension pot values are shown in today's terms, and do not need to be reduced further for the effect of future inflation.
2. The starting pot size is assumed to be £50,000.
3. Inflation is assumed to be 2.5% each year.
4. No contributions are expected given the illustration is in relation to a deferred member.
5. Values shown are estimated and are not guaranteed.
6. The projected growth rate before expenses from each fund, which is based on AS TM1 is as follows:
Default Lifestyle Programme: 3.04% above inflation
Retirement Income Multi-Asset Fund: 1.46% above inflation
Corporate Bond Index Fund: 1.46% above inflation
7. Negative transaction costs have been treated as zero in line with how the FCA treats transaction costs for contract-based pension schemes.

² <https://www.gov.uk/government/publications/reporting-costs-charges-and-other-information-guidance-for-trustees-and-managers-of-occupational-pension-schemes/reporting-of-costs-charges-and-other-information-guidance-for-trustees-and-managers-of-occupational-schemes-effective-from-1-october-2021>

Example member 2

For a deferred member with 19 years to retirement with a retirement age of 62 invested in the default Lifestyle programme, the estimated impact of charges on projected fund values is shown below. Projections are based on a current fund value of £50,000 and are shown in current money terms.

Cost and charges illustration as at 31 December 2025									
Sample projected pension pot for selected funds in today's money									
Fund choice									
	Default Lifestyle Programme			Retirement Income Multi-Asset Fund			Corporate Bond Index Fund		
	The default moves assets into a diversified asset allocation in the ten years preceding retirement			Fund with the highest charge			Fund with the lowest charge		
Age	Before charges	After all charges & costs deducted	Effect of charges and costs	Before charges	After all charges & costs deducted	Effect of charges and costs	Before charges	After all charges & costs deducted	Effect of charges and costs
	£	£	£	£	£	£	£	£	£
43	50,000	50,000	-	50,000	50,000	-	50,000	50,000	-
45	53,271	52,905	366	51,474	51,000	474	51,474	51,276	198
50	62,417	60,929	1,488	55,352	53,589	1,763	55,352	54,612	740
55	72,760	69,816	2,944	59,523	56,309	3,214	59,523	58,164	1,359
60	81,311	76,749	4,562	64,008	59,167	4,841	64,008	61,947	2,061
62	83,242	78,124	5,118	65,895	60,350	5,545	65,895	63,528	2,367

Notes

1. Projected pension pot values are shown in today's terms, and do not need to be reduced further for the effect of future inflation.
2. The starting pot size is assumed to be £50,000.
3. Inflation is assumed to be 2.5% each year.
4. No contributions are expected given the illustration is in relation to a deferred member.
5. Values shown are estimated and are not guaranteed.
6. The projected growth rate before expenses from each fund, which is based on AS TM1 is as follows:
Default Lifestyle Programme: 3.22% above inflation for the growth stage
Retirement Income Multi-Asset Fund: 1.46% above inflation
Corporate Bond Index Fund: 1.46% above inflation
7. Negative transaction costs have been treated as zero in line with how the FCA treats transaction costs for contract-based pension schemes.

3) Past performance of the investment options

We have calculated the return on investments after the deduction of any charges and transaction costs paid for by the members. We have done this for the default investment arrangement and for each self-select fund which members are now able, or were previously able, to select and in which Fund members have been invested during the Fund year.

The net returns to 31 December 2025 are shown in the tables below and have been included to help members understand how their investments are performing. Please note that past performance is no indicator of future performance. We have prepared the following tables, having taken account of the statutory guidance issued by the Department of Work and Pensions³.

Annualised net returns (%) for the default investment arrangement over periods to 31 December 2025

Age of member at the start of the five year period ending 31 December 2025*	5 years (2020-2025)	1 year (2025)
Age 25	8.3%	15.0%
Age 45	8.3%	15.0%
Age 55	3.3%	7.1%

*As the default investment arrangement is a lifestyle strategy made up of different investment funds, the returns vary by the age of the member, so we have shown the returns at three example ages in line with regulatory guidance.

Annualised net returns (%) for the self-select funds over periods to 31 December 2025

Investment Fund	5 years (2020-2025)	1 year (2025)
Future World Fund	11.1%	16.9%
Future World Emerging Markets Equity Index Fund	4.4%	23.9%
Retirement Income Multi-Asset Fund	4.0%	10.9%
Corporate Bond Fund	-1.3%	6.9%
Cash Fund	3.0%	4.3%

Notes for both tables:

1. Figures have been collected for the periods to 31 December 2025.
2. The Fund replaced the now closed SSgA Emerging Markets Equity Index Sub-Fund with the L&G Future World Emerging Markets Index Fund on 31 July 2025. The longer term performance for the emerging market element of the default strategy has been calculated using a composite of SSgA Emerging Markets Equity Index Sub-Fund figures until 31 July 2025 and L&G Future World Emerging Markets Index Fund figures thereafter.
3. Figures post inception are calculated based on changes to unit prices, given the unit prices incorporate all fees and charges, as well as the impact of price swings and hence switching costs for the lifestyle strategy. As such, they may differ from figures reported by underlying investment managers.
4. Composite performance figures for the lifestyle strategy assume allocations are in line with the switching matrix at each quarter end. We have not allowed for deviations due to market movements in the preceding period.
5. One further self-select fund is also available (L&G Future World Annuity Aware Fund) however this fund did not contain any investments during the Scheme year. The SSgA UK Screened Index Equity Fund was withdrawn from the self-select fund range over the year.
6. Performance for the Future World Emerging Markets Equity Index Fund is sourced from the underlying manager (L&G).
7. For the lifestyle strategy figures, a default retirement age of 62 has been used.

³https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/994897/completing-the-annual-value-for-members-assessment-and-reporting-of-net-investment-returns.pdf

4) Core financial transactions

The Trustee is required to report to you about the processes and controls in place in relation to 'core financial transactions'. The law specifies that these include the following:

- transferring assets relating to members out of the Defined Contribution Section of the Fund;
- transferring assets between different investments within the Defined Contribution Section of the Fund; and
- making payments from the Defined Contribution Section of the Fund to, or on behalf of, members.

The Trustee must ensure that these important financial transactions are processed promptly and accurately. In practice we delegate responsibility for this to the Fund's administrator, Gallagher. This administration service includes key financial tasks such as paying benefits (or making transfers) and keeping track of changes in members' circumstances.

There is a service level agreement in place between the Trustee and Gallagher which provides for Gallagher to ensure accurate and timely processing of the core financial transactions for which it is responsible. Where no specific service level agreement has been agreed, Gallagher adheres to its standard in-house service levels. Gallagher is also required to carry out services in accordance with good industry practice and, more specifically, payments in respect of members must reach the recipients as agreed with the Trustee and in accordance with the Fund's trust deed and rules.

In order to monitor this service, the Trustee receives quarterly reports which include details of transactions made via the Trustee's bank account on a regular basis, reporting on service levels, unit reconciliations and telephony statistics.

As administrator, Gallagher prepares a regular report (AAF 01/06) setting out its internal controls in respect of pensions administration which is independently audited.

The following are example service standards that apply to the core pension administration service:

Transaction	Service Standard (working days) following receipt of full data
Death cases	2 Days
Investment changes/switches	5 Days
Retirement cases	15 Days
Transfers out cases	15 Days

On average, around 98% of all tasks were completed within target during the Fund year to 31 December 2025 and 100% of core financial transactions were completed within target.

Any mistakes or delays are investigated thoroughly, and action is taken to put things right as quickly as possible.

The Fund Auditor tests a sample of financial transactions for accuracy and timeliness as part of the annual audit process.

I am pleased that in the last Fund year there have been no material administration service issues which need to be reported by the Trustee and core financial transactions have been processed within a reasonable time.

Overall, we are confident that the processes and controls in place with the administrator are robust and will ensure that the financial transactions which are important to members are dealt with properly.

5) Trustee knowledge and understanding

The law requires the Trustee Directors to be conversant with the Fund's documents and to possess, or have access to, sufficient knowledge and understanding of the law relating to pensions and trusts and the principles relevant to funding and investment to be able to run the Fund effectively.

The Trustee Directors meet all the knowledge and understanding requirements and understand the Fund and its documents. The Trustee Directors are aware that they must have a working knowledge of the trust deed and rules of the Fund, the Statement of Investment Principles and the documents setting out the Trustee's current policies. They are also aware that they must have sufficient knowledge and understanding of the law relating to pensions and trusts and of the relevant principles relating to the funding and investment of occupational pension schemes. The Trustee Directors do this by regularly reviewing the relevant Fund documents. For example the Statement of Investment Principles is reviewed annually.

We take our training and development responsibilities seriously and keep a record of the training completed by each member of the Trustee Board.

- All of the Trustee Directors have completed The Pensions Regulator's on-line trustee toolkit. New trustee directors are required to complete the toolkit within 6 months of becoming a member of the Trustee Board. Trustee directors must review the toolkit on an on-going basis to ensure their knowledge remains up to date.
- We have a training log for each Trustee Director and review regularly and update with our training activities.
- The Trustee Directors receive "on-the-job" training. This means that as new topics arise their professional advisers attending the Trustee meetings will provide wider briefing notes and topical digests, as well as training during the meeting so that the Trustee Directors may engage on such topics in an informed manner.
- An induction process is in place for newly appointed Trustee Directors which requires undertaking the Trustee toolkit as the initial training, alongside on the job training as required in Trustee meetings, and offline support from the Trustee Chair as necessary. In addition, new Trustee Directors are encouraged to attend relevant training courses provided by the Fund's advisors, administrators and lawyers.
- A professional Trustee is appointed who is a member of the Association of Professional Pensions Trustees and who undertakes professional CPD. The professional trustee brings to the Board his experience of wider industry best practice and his experience from his roles on other DC arrangements.
- The Trustee has previously assessed the Defined Contribution Section against the standards set out in the code of practice for trustees of pension schemes providing money purchase benefits (the DC code) and related guides and established an action plan to ensure we can demonstrate that we are offering a quality scheme. In early 2024 The Pensions Regulator released a new general code to replace several codes including the DC Code. The Trustee has reviewed the new code and is undertaking an Own Risk Assessment covering the period up to 31 December 2025 later this year, which is intended to demonstrate an effective system of governance is in place and that our internal controls are fit for purpose.
- The Trustee aims to carry out a Trustee Knowledge and Understanding self-assessment every 3 years to determine the areas on which training should be focused at Trustee Board and individual level.

Relevant advisers attend meetings and are in frequent contact with the Trustee Board to provide information on topics under discussion, either specific to the Fund or in respect of pension or trust law.

During the Fund year, training and development which impacted the Defined Contribution Section took place on the following topics:

- The role of, and new legal requirements for, the Effective System of Governance (ESOG) and Own Risk Assessment
- The potential benefit restructuring needs and options for DC members to enable an Insurer Buy-In - legal and actuarial aspects
- The current rebalancing rules for the Corporate Bond fund in the default option
- The latest thinking of pension fraud prevention
- The planned 2027 pension pot inheritance tax status change

As a result of the training activities which have been completed by the Trustee Directors individually and collectively and taking into account the professional advice available to the Trustee Board, I am confident that the combined knowledge and understanding of the Trustee Board enables us to properly exercise our functions as a Trustee Board.

6) Assessing value for members

As part of our assessment of the charges and transaction costs, the Trustee is required to consider the extent to which costs and charges within the Defined Contribution Section represent good value for members when compared to other options available in the market.

The Trustee has conducted three tests in assessing value for members for the Fund year to 31 December 2025:

1. a comparison of our reported **costs and charges** with the three comparison schemes;
2. a comparison of our reported **net investment returns** with the three comparison schemes; and
3. a consideration of the Fund against key **governance and administration** criteria.

Based on our assessment, we conclude that the Defined Contribution Section of the Fund offered satisfactory value for members over the year to 31 December 2025, when measured against the definition required by legislation, using the three comparison schemes selected by the Trustee and using our interpretation of the updated statutory guidance on “Completing the annual Value for Members assessment and Reporting of Net Investment Returns”.

Appendix A sets out the approach that the Trustee has taken, the conclusions reached and an explanation of how and why we have reached those conclusions.

Feedback

If you have any questions about anything that is set out in this Statement, or any suggestions about what can be improved, please do let us know. The Trustee will also discuss this analysis with the Company to obtain their views.

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Signed for and on behalf of the Trustee of the Piramal Healthcare UK Pension Fund by Mark Garrod, Chair of the Trustee.

Approved by the Trustee on

Appendix A – assessing value for members

The Trustee has carried out the detailed value for members assessment which applies to the Defined Contribution Section of the Fund, as a result of the Fund holding total assets under £100 million as at the Fund year-end of 31 December 2025.

In carrying out the assessment, the Trustee has had regard to the Department for Work and Pensions' updated statutory guidance on "Completing the annual Value for Members assessment and Reporting of Net Investment Returns"⁴.

This section sets out the approach that the Trustee has taken, the conclusions we have reached and an explanation of how and why we have reached those conclusions.

Our approach

Assisted by our advisers and in line with the statutory guidance, we have taken the following approach:

1. We have collated information on costs and charges and net investment returns within the Defined Contribution Section of the Fund, as well as key governance and administration criteria within the Fund;
2. We have collated information on costs and charges and net investment returns within three comparison schemes, selected using clear rationale agreed by the Trustee;
3. We have assessed the value that members receive by comparing the Defined Contribution Section of the Fund's costs and charges and net investment returns relative to the comparison schemes and assessing the key governance and administration criteria on an absolute basis, having due regard to the updated statutory guidance; and
4. We have reflected on our key findings, before deciding whether the Defined Contribution Section of the Fund provides overall value for members and agreeing any actions that are required following the assessment.

For the avoidance of doubt, under the updated statutory guidance, trustees of occupational DC pension schemes / DC sections who are not able to demonstrate that the pension scheme (or DC section) delivers value for members on all three areas (costs and charges; net investment returns; administration and governance) are expected to conclude that their pension scheme (or DC section) does not provide good value for members.

Such trustees should look to wind up their pension scheme (or DC section) and/or transfer the rights of the members with DC benefits into a larger pension scheme or set out the immediate action they will take to make improvements to the existing scheme / or DC section (if the improvements identified are not made within a reasonable period, for example, within the next scheme year, then those trustees would be expected to wind up and/or transfer members' benefits to another pension scheme).

Preparations for the assessment

The Trustee received support from advisers around how to undertake the new detailed value for members assessment and also considered the updated statutory guidance.

A number of key decisions were made as part of these preparations, in two main areas which were: selecting the three comparison schemes and interpreting the statutory guidance.

⁴https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/994897/completing-the-annual-value-for-members-assessment-and-reporting-of-net-investment-returns.pdf

1. Selecting the three comparison schemes

In order to carry out the value for members assessment, the Trustee's first step was to select three comparison schemes.

We took advice from our pension advisers in this regard to ensure that we conducted an appropriate selection process, as our pension advisers have the relevant market knowledge of defined contribution pension arrangements.

In line with the statutory guidance, the comparison schemes selected were all greater than £100 million in size and of a different structure to the Defined Contribution Section of the Fund, to ensure that a meaningful comparison was made with a larger pension arrangement.

As Trustee, we were required to set clear rationale for the schemes that we would select as comparators. On top of the statutory guidance requirements, the Trustee selected the following criteria for the comparison schemes:

- The comparison schemes would all be Master Trusts, as these are schemes that differ in structure to the Defined Contribution Section of the Fund (a trust-based occupational pension scheme) and would be able to accept a bulk transfer of members' assets without member consent;
- The comparison schemes would support in-scheme drawdown (i.e. the ability for individuals to flexibly access their savings without changing pension schemes);
- The comparison schemes would have comparable scheme profiles to the Defined Contribution Section of the Fund (i.e. a significant proportion – say, 10% – of schemes that are of comparable size to the Defined Contribution Section of the Fund);
- Finally, the comparison schemes would be able to provide the net investment return, charges and transaction costs required by the Trustee. From a practical point of view, the Trustee selected from a long-list of Master Trusts who have engaged with the latest round of our adviser's annual provider market data gathering exercise (i.e. the Trustee implicitly assumed that providers who did not engage with their advisers would not be able or willing to provide the data required).

By applying this clear rationale within the comparison scheme selection process, the Trustee selected the following comparison schemes:

- L&G Worksave Master Trust;
- AON Master Trust; and
- The People's Pension.

The statutory guidance states that "Trustees of specified schemes are of course at liberty to choose their own comparison schemes, each time they conduct the value for members assessment". As a result, the Trustee reserves the right to select different clear rationale and choose different comparison schemes for future Fund years.

2. Interpreting the statutory guidance

A number of key decisions were made as part of the Trustee's preparations, primarily around interpreting the statutory guidance.

The Trustee made the following key decisions for this Fund year (where this relates to a particular paragraph of the statutory guidance, the relevant paragraph number is shown in [square brackets]):

- The Trustee notes that charges and transaction costs will vary by age for members in the 25 years prior to normal retirement date for the default investment arrangement. The Trustee has therefore shown the highest charges and costs which apply in the accumulation phase of the default investment strategy. [57];

- The Trustee has relied entirely on the data supplied by the providers of the comparison schemes [58/69];
- The Trustee has requested comparison data as at 31 December 2025;
- The Trustee has agreed that the charges and transaction costs over the year to 31 December 2025 are not unusually high for a reason that is unlikely to be repeated and so have used the last year's transaction costs rather than taking an average over the last 5 years [61];
- Where the Trustee has performed comparisons using the Defined Contribution Section of the Fund's default investment arrangement, we have compared them against the default arrangement put forward by each comparison scheme, where these schemes have different options for default arrangements [62/72];
- In the absence of a clear definition in the statutory guidance, the Trustee has defined self-select funds as "popular" or "frequently invested" if more than 5% of members are invested in the self-select funds [63/73/76/77];
- The Trustee has given the total charges and transaction costs and net investment returns in the default lifestyle arrangement a weighting of 100%, given that no self-select fund in the Defined Contribution Section of the Fund has sufficient members investing in it to be considered "popular" or "frequently invested" under the above definition [64/74];
- The Trustee has placed more weight on the net investment returns over charges and transaction costs by weighting net investment returns by 80% and charges and transaction costs by 20% when assessing value for members [67];
- The Trustee has not been able to source 10-year and 15-year data to assess longer-term investment performance (10-year and 15-year data was not consistently provided) and have also only been able to assess accurately the 1-year performance as Fund data over a 5-year period is not currently available for the reason stated earlier in this statement. Longer term 5-year performance has been simulated and will be replaced with accurate data in future years when data is available thus placing more weight on the longer-term performance by weighting five-year net investment returns by 80% and short-term one-year returns by 20% [68];
- The Trustee has assumed that funds being compared that have charges and transaction costs with an absolute difference within 0.05% or that have net investment returns with an absolute difference within 0.5% are considered to be "closely comparable" [65/75];
- The Trustee was not provided with sufficient data by the comparison schemes to assess whether the demographic profile of the Defined Contribution Section of the Fund differed sufficiently to those of the comparison schemes to support a "clear strategic choice" that explains differences in performance [77];
- When assessing the value delivered by their governance and administration offering within the Defined Contribution Section of the Fund, the Trustee has considered and assessed the Defined Contribution Section of the Fund against the seven key metrics of Administration and Governance set out in the updated statutory guidance and note that the guidance also sets out an expectation that all [seven] of the metrics for administration and governance are satisfied for a pension scheme to be able to demonstrate satisfactory value for members [111/112]. In making this assessment, the Trustee has assumed the following:
 - I. When assessing the **promptness and accuracy of core financial transactions**, the Trustee has placed greater weight on the proportion of member transactions that have been completed accurately and within required timeframes set in legislation compared to the proportion of member transactions that have been completed according to any service level agreements (SLA) when assessing whether the Defined Contribution Section of the Fund would represent "satisfactory value" for members in this area [81-85];
 - II. When assessing the **quality of record keeping**, the Trustee has assumed that satisfactory assessments for the majority of criteria set out in the updated statutory guidance would represent "satisfactory value" for members in this area. The Trustee have also assumed that the lack of any regulatory action by The Pensions Regulator in light of the data scores for common and scheme-specific data reported in the Defined Contribution Section of the Fund's historic annual scheme returns indicates that the Fund's data scores are "satisfactory value" for members [86-96];
 - III. When assessing the **appropriateness of the default investment strategy**, the Trustee has considered all of the points within the updated statutory guidance and assumed that satisfactory

assessments for the majority of criteria set out in the updated statutory guidance would represent “satisfactory value” for members in this area [97-99];

- IV. When assessing the **quality of investment governance**, the Trustee has considered all of the points within the updated statutory guidance and assumed that satisfactory assessments for the majority of criteria set out in the updated statutory guidance would represent “satisfactory value” for members in this area [100-101];
- V. When assessing the **level of trustee knowledge, understanding and skills to operate the Fund effectively**, the Trustee has assumed that satisfactory assessments for the majority of criteria set out in the updated statutory guidance would represent “satisfactory value” for members in this area [102-104];
- VI. When assessing the **quality of communication with Fund members**, the Trustee has assumed that concluding that they have met their statutory obligations and have also achieved satisfactory assessments for the majority of criteria set out in the updated statutory guidance would represent “satisfactory value” for members in this area [105-107];
- VII. When assessing the **effectiveness of management of conflicts of interest**, the Trustee has assumed that having all four of the controls set out in the updated statutory guidance in place and being able to show how these have been followed and are effective in practice would represent “satisfactory value” for members in this area [108-110];

The Trustee will revisit these decisions in future Fund years, allowing for emerging industry-wide practices or case studies, particularly around the approach that The Pensions Regulator ends up taking when assessing how trustees carried out the new detailed value for member assessments.

Process followed for the assessment, including key factors considered

The Trustee requested the required information from each of the comparison schemes in order to undertake the relative assessment of costs and charges and net investment returns against the Defined Contribution Section of the Fund. The Trustee also requested the assistance of advisers to assist in assessing the Fund against the criteria set out in the updated statutory guidance.

The assessment then involved three tests:

1. a comparison of our reported **costs and charges** with the three comparison schemes;
2. a comparison of our reported **net investment returns** with the three comparison schemes; and
3. a consideration of the Defined Contribution Section of the Fund against key **governance and administration** criteria.

The Trustee has also had discussions with at least one of the comparison schemes about a transfer of the members’ rights if the Defined Contribution Section of the Fund should ever be wound up (please note that this is a requirement of the statutory guidance, rather than a reflection of the future ambitions of the Trustee).

The outcomes from our assessment

Test 1: costs and charges

The Trustee has identified the costs and charges that members pay for directly, as well as the costs and charges that are paid for by the Company.

It is the current policy of the Trustee and the Company that the only costs and charges that are paid by members are fund management charges and transaction costs for the investment funds used within the Defined Contribution Section of the Fund.

For all other costs and charges, the Fund bears the full cost. This covers such areas as:

- wider investment support and governance (e.g. the costs of regularly reviewing and updating funds available to members, etc);

- administration of the Defined Contribution Section of the Fund (e.g. the costs of updating and maintaining member records, processing contributions and pension payments, dealing with member queries, producing annual financial statements, etc);
- member communications (e.g. the costs of producing and issuing member booklets, annual benefit statements, etc); and
- the management and governance of the Defined Contribution Section of the Fund (e.g. the expenses of the Trustee, the costs of legal/actuarial advisers and annual audit, etc).

The Trustee has gathered information about costs and charges from the three comparison schemes and compared them with the costs and charges paid by the members directly in the Defined Contribution Section of the Fund.

A summary of the comparison is shown in the table below.

For the year to 31 December 2025	Ongoing charges figures	Transaction costs	Total of ongoing charges figures and transaction costs
Our default investment arrangement (accumulation phase with the highest cost)			
	0.275%	0.050%	0.325%
Default investment arrangements proposed for the comparison schemes			
The People's Pension	0.50%	0.09%	0.59%
AON Master Trust	0.29%	0.04%	0.33%
L&G Worksave Master Trust	0.26%	0.00%	0.26%
Average of the three comparison schemes	0.35%	0.04%	0.39%

Notes:

1. Figures have been collected for the periods to 31 December 2025.
2. Figures have been shown for the following strategies for each of the three comparison schemes:
 - The People's Pension Global Investments (up to 85% shares) Fund
 - AON Master Trust Aon Mgd Core Ret Pthwy 2034-2036
 - L&G Worksave Master Trust: LGIM 2030-2035 Target Date Fund

The Trustee has given greater weight in the comparison to the total charges and transaction costs in the default arrangement than self-select funds in which smaller numbers of members are invested. We have weighted 100% of the comparison to the default investment arrangement since no self-select fund in the Defined Contribution Section of the Fund has sufficient members investing in it to be considered "popular" or "frequently invested" under the definition set out earlier in this section.

Our conclusion on costs and charges is that the total charges and transaction costs are lower than or comparable with the average for the comparator schemes, so it is reasonable to assume that **the Defined Contribution Section of the Fund as a whole represents good value for members from the standpoint of costs and charges.**

Test 2: Investment returns (fund performance)

The Trustee has gathered past performance of the investment options within the Defined Contribution Section of the Fund and included this in the earlier section entitled "Past performance of the investment options".

The Trustee has also gathered information about investment returns (after the deduction of any charges and transaction costs) for the investment options of the three comparison schemes and compared them with the net investment returns in the Defined Contribution Section of the Fund.

The Trustee has given greater weight in the comparison to the net investment returns in the default investment arrangement than self-select funds in which smaller numbers of members are invested. We have weighted 100% of the comparison to the default investment arrangement since no self-select fund in the Defined Contribution Section of the Fund has sufficient members investing in it to be considered “popular” or “frequently invested” under the definition set out earlier in this section.

We have, therefore, compared our default investment arrangement with the default investment arrangement proposed for each of the three comparison schemes.

The Trustee has compared net investment returns in the short term (i.e. over a one-year period to the year ending 31 December 2025) to give an immediate indication of performance trend; and simulated longer term performance over a five-year period to give an approximation of what the performance may have been.

The Trustee plans to include accurate five-year and longer-term performance (e.g. 10 and 15 years) when this data is available. A summary of the comparison is shown in the table below.

For the period to 31 December 2025	One-year net investment return (annualised)	Simulated Five-year net investment return (annualised)
Our default investment arrangement		
Accumulation phase	15.0%	8.3%
A typical member with 9 years to retirement (entering the Consolidation phase)	13.1%	7.7%
Default investment arrangements proposed for the comparison schemes		
The People’s Pension	14.7%	7.8%
AON Master Trust	11.2%	9.3%
L&G Worksave Master Trust	11.7%	4.6%
Average of the three comparison schemes	12.5%	7.2%

Notes:

- Figures have been collected for the periods to 31 December 2025.
- Figures have been shown for the following strategies for each of the three comparison schemes:
 - The People’s Pension Global Investments (up to 85% shares) Fund
 - AON Master Trust Aon Mgd Core Ret Pthwy 2034-2036
 - L&G Worksave Master Trust: LGIM 2030-2035 Target Date Fund

The one-year and five-year net return figures for our default investment arrangement outperformed the average of the comparator default investment arrangements.

Our conclusion on net investment performance is that the net investment returns for the default option (which represents the majority of the funds invested in the Defined Contribution Section of the Fund) is better than or comparable with the average of the three comparator schemes, so it would be reasonable to assume that **the Defined Contribution Section of the Fund as a whole represents good value for members this year from an investment returns perspective.**

Test 3: Governance and administration

The Trustee has assessed the value delivered by our governance and administration offering as the third and final part of our assessment of value for members. Effective scheme governance is essential for the operational and financial sustainability of the Fund, for good outcomes from investment, and for the trust and confidence of our members.

Our assessment for governance and administration is based on seven key metrics as prescribed by legislation. Unlike the assessments for costs and charges and for net investment returns, this assessment does not involve a comparison with other schemes. We have, however, taken advice from our pensions advisers as a reference for “best practice” and used this to explain our interpretation earlier in this section of the requirements set out in paragraphs 78 to 110 of the statutory guidance.

A summary of the comparison is shown in the table below.

Metric	Description	Rating	Main reason
1.	Promptness and accuracy of core financial transactions	Metric satisfied	The Trustee monitors the activity of the administrators, Gallagher, and there are no current issues.
2.	Quality of record keeping	Metric satisfied	The Trustee believes that the requirements of this metric have been met. We monitor and aim to improve the Fund-specific record keeping data scores and will ensure its cyber risk policy is up to date.
3.	Appropriateness of the default investment strategy	Metric satisfied	The Trustee believes that the requirements of this metric have been met. The Trustee completed a review of the default investment strategy during the Fund year to 31 December 2023 and the next review will take place in the Fund year to 31 December 2026.
4.	Quality of investment governance	Metric satisfied	The Trustee believes that the requirements of this metric have been met.
5.	Level of trustee knowledge, understanding and skills to operate the pension scheme effectively	Metric satisfied	The Trustee believes that the requirements of this metric have been met.
6.	Quality of communication with scheme members	Metric satisfied	The Trustee believes that the requirements of this metric have been met.
7.	Effectiveness of management of conflicts of interest	Metric satisfied	The Trustee believes that the requirements of this metric have been met.

Having considered all seven metrics within the theme of governance and administration, the Trustee has concluded that **the overall governance and administration of the Defined Contribution Section of the Fund provides good value for members.**

Final conclusions and points to note

The Trustee has concluded that the Defined Contribution Section of the Fund offered good value for members over the year to 31 December 2025, as set out in detail in this section (good value for members on costs & charges, governance & administration and net investment returns over the periods considered against the average of the three comparator schemes chosen this year).

It should be noted, though, that the value for members assessment under the new detailed framework may vary from year to year, as it is heavily determined by short-term and long-term assessments of relative costs and charges and relative net investment returns, which in themselves are heavily influence by the choice of the three comparison schemes.

As a reminder, should the Trustee feel in any future year that we are not able to demonstrate that the Defined Contribution Section of the Fund delivers value for members on all three areas (costs and charges; net investment returns; administration and governance), then the updated statutory guidance – and The Pensions Regulator – would expect the Trustee to conclude that the Defined Contribution Section of the Fund does not provide good value for members under the updated statutory guidance.

If the Trustee was to conclude that the Defined Contribution Section of the Fund does not provide good value for members at any Fund year end in the future, the updated statutory guidance – and The Pensions Regulator – would expect that the Trustee looks to wind up the Defined Contribution Section of the Fund and either:

- transfer the rights of the Defined Contribution Section of the Fund members into a larger pension scheme; or
- set out the immediate action the Trustee will take to make improvements to the Defined Contribution Section of the Fund (if the improvements identified are not made within a reasonable period, for example within the next Fund year, then the Trustee would be expected to wind up and/or transfer members' benefits to a larger pension scheme).