Implementation Statement (“IS”)

Piramal Healthcare UK Pension Fund (the “Fund”)

Fund Year End – 31 December 2024

The purpose of the Implementation Statement is for us, the Trustee of the Piramal Healthcare UK Pension Fund, to explain what we have done during the year ending 31 December 2024 to achieve certain policies and objectives set out in the Statement of Investment Principles (“SIP”). It includes:

1. A summary of any review and changes made to the SIP over the year;
2. How our policies in the SIP have been followed during the year; and
3. How we have exercised our voting rights or how these rights have been exercised on our behalf, including the use of any proxy voting advisory services.

Our conclusion

Based on the activity we have undertaken during the year, we believe that the policies set out in the SIP have been implemented effectively.

In our view, the Fund’s material investment managers were able to disclose adequate evidence of voting and engagement activity, and the activities completed by our managers align with our Responsible Investment policy, and that our voting policy has been implemented effectively in practice.

Changes to the SIP during the year

We believe that our current SIP remains comprehensive in its coverage of the Fund’s investment strategy, Responsible Investment (“RI”) and investment management oversight.

The Fund’s latest SIP can be found at the bottom of the webpage here:

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

What is stewardship?

Stewardship is investors using their influence over current or potential investees/issuers, policy makers, service providers and other stakeholders to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.

This includes prioritising which Environmental Social Governance (“ESG”) issues to focus on, engaging with investees/issuers, and exercising voting rights.

Differing ownership structures means stewardship practices often differ between asset classes.

How the policies in the SIP have been followed

The Trustee recognises that the key risk to the Fund is that it has insufficient assets to make provisions for 100% of its liabilities (“funding risk”). The Trustee identified a number of risks which have the potential to cause a deterioration in the Fund’s funding level and therefore contribute to funding risk. The Trustee’s policy is to monitor these risks periodically. These are as follows:

Overriding principle	Actions taken by the Trustee
The risk of a significant difference in the sensitivity of asset and liability values to changes in financial and demographic factors ("mismatching risk").	The Trustee and its advisers considered this mismatching risk when setting the investment strategy and monitors the LDI portfolio (which hedged 100% of interest rate and inflation risk as a proportion of solvency liabilities) on an ongoing basis.
The risk of a shortfall of liquid assets relative to the Fund's immediate liabilities ("cash flow risk").	The Trustee and its advisers have received regular updates from the administration team regarding the Fund's cashflow position and whether a disinvestment from the Fund's assets will be required to meet upcoming cashflow requirements. This is well managed, taking into account the timing of future payments in order to minimise the probability that this risk occurs.
The failure by the asset managers to achieve the rate of investment return assumed by the Trustee ("manager risk").	This risk is considered by the Trustee and its advisers both upon the initial appointment of the asset managers and on an ongoing basis thereafter. The Trustee receives quarterly reporting on each of the Fund's managers performance and on any relevant updates.
The failure to spread investment risk ("risk of lack of diversification").	The Trustee and its advisers considered this risk when setting the Fund's investment strategy. The Trustee has appointed a multi-manager fund, with discretion to overriding the investment managers to make decisions relating to the fund structure. This allocation assists in providing diversification from investing in a number of underlying managers and asset classes.
The possibility of failure of the Fund's sponsoring employers ("covenant risk").	The Trustee and its advisers considered this risk when setting investment strategy and has consulted with the sponsoring employer as to the suitability of the proposed strategy which is low-risk. Covenant risk is mitigated through a combination of this low-risk investment strategy alongside additional security provided by a Company guarantee.
The risk of fraud, poor advice or acts of negligence ("operational risk").	The Trustee has sought to minimise such risk by ensuring that all advisers and third-party service providers are suitably qualified and experienced, and that suitable liability and compensation clauses are included in all contracts for professional services received. The Trustee has provided the Fund's investment advisor with a set of objectives as per the relevant CMA order, some of which assess the quality of advice and operational performance of the advisor.

The risk that environmental, social and governance factors including climate change negatively impact the value of investments held if not understood and evaluated properly.	The Trustee considers this risk by taking advice from their investment adviser when setting the Fund's asset allocation, when selecting managers and when monitoring their performance. Monitoring of performance is both through regular meetings with Investment Managers, for which a checklist is used, and through the voting and engagement activities of the Investment Managers, which are reviewed The Trustee also has in place a RI Policy which is reviewed annually (with the last review taking place in June 2024). This policy is shared with the Fund's investment managers.

The Trustee also regularly monitors the Fund's investments to consider the extent to which the investment strategy and decisions of the asset managers are aligned with the Trustee's policies, including those on non-financial matters.

In June 2024, the Trustee reviewed the Fund's RI Policy to include more emphasis on taking a proactive approach, and to include an action for the Trustee to monitor the exclusion policies and practices of their DB investment managers for alignment of their own actions as well as the views of the Trustee.

Over 2024, two of the three of the Fund's investment managers presented at a Trustee meeting and provided an update in relation to their work in RI. In particular, the managers were asked to present on how their RI policies align with the Trustee's RI policy which was shared with them in 2024, and again ahead of each meeting.

The Trustee's current agreed asset allocation strategy was chosen to meet the objectives set out in the SIP. This can be seen below:

Asset Class	**Target Weighting %**	**Range %**	**% as at 31.12.24**
Return seeking assets	**0.0**	**0.0 – 15.0**	**12.2**
Multi-strategy Growth Fund	0.0	0.0 – 15.0	12.2
Income producing assets	**15.0**	**0.0 – 30.0**	**14.3**
Direct Lending	15.0	0.0 – 30.0	14.3
Risk reducing assets	**85.0**	**60.0 – 100.0**	**73.4**
LDI*	77.5	50.0– 85.0	67.7
Synthetic Leveraged Credit Fund**	7.5	0.0 – 15.0	5.7

*The LDI allocation also includes the cash allocated to the LGIM Sterling Liquidity Fund.

**The Synthetic Leveraged Credit mandate the Fund is invested with, is four times leveraged, therefore the Fund has a target exposure of 30%.

As at 31 December 2024, the weightings for the Multi-strategy Growth Fund, Direct Lending and Synthetic Leveraged Credit allocations were within their strategic ranges.

The Fund has committed a set amount of capital to the Direct Lending allocation. Hayfin, the investment manager, has confirmed that no further capital calls will be made. The allocation to these portfolios will change as underlying investments are realised and monies returned to the Trustee. The Trustee expects the Direct Lending allocation to decrease in the medium to long term as this investment distributes cash as the investment period comes to an end. The distributions made are used to meet cashflow requirements from the Fund and hence the investment has to date had no negative impact on the Fund's ability to meet cashflow requirements, neither is it expected to in the future. The Trustee monitors the availability of liquid assets and asset allocation on a regular basis.

Our managers’ voting activity

Good asset stewardship means being aware and active on voting issues, corporate actions and other responsibilities tied to owning a company’s stock. We believe that good stewardship is in the members’ best interests to promote best practice and encourage investee companies to access opportunities, manage risk appropriately, and protect shareholders’ interests. Understanding and monitoring the stewardship that investment managers practice in relation to the Fund’s investments is an important factor in deciding whether a manager remains the right choice for the Fund.

Voting rights are attached to listed equity shares, including equities held in multi-asset funds. We expect the Fund’s equity-owning investment managers to responsibly exercise their voting rights.

Why is voting important?

Voting is an essential tool for listed equity investors to communicate their views to a company and input into key business decisions. Resolutions proposed by shareholders increasingly relate to social and environmental issues

Source: UN PRI

Voting statistics

The table below shows the voting statistics for the Fund’s material fund with voting rights for the year to 31 December 2024, and prior periods for comparison.

		Number of resolutions eligible to vote on	**% of resolutions voted**	**% of votes against management**	**% of votes abstained from**
Willis Towers Watson - Partner’s Fund	2024	25,675	99.0%	12.4%	0.7%
	2023	25,915	93.8%	12.8%	0.3%
	2022	24,388	94.2%	13.5%	0.4%

Source: Investment Manager

Use of proxy voting advisers

Many investment managers use proxy voting advisers to help them fulfil their stewardship duties. Proxy voting advisers provide recommendations to institutional investors on how to vote at shareholder meetings on issues such as climate change, executive pay and board composition. They can also provide voting execution, research, record keeping and other services.

Responsible investors will dedicate time and resources towards making their own informed decisions, rather than solely relying on their adviser’s recommendations.

The table below describes how the Fund’s investment manager uses proxy voting advisers.

Why use a proxy voting adviser?

Outsourcing voting activities to proxy advisers enables managers that invest in thousands of companies to participate in many more votes than they would without their support.

	Description of use of proxy voting adviser *(in the managers’ own words)*
Willis Towers Watson	For the Willis Towers Watson – Partner’s Fund the equity exposure comes from four main areas: - The manager’s global equity portfolio where EOS at Federated Hermes (“EOS”) provides voting recommendations to enhance engagement and help achieve responsible ownership. EOS’s voting recommendations are informed by its extensive research and experience in the area of stewardship as well as its long-term engagement activities with companies. The underlying managers must provide an explanation and note their rationale when they choose to vote differently to the recommendation. The underlying managers in this portfolio use Institutional Shareholder Services’ (“ISS”) ‘ProxyExchange’ electronic voting platform to facilitate voting. - Our China equity manager uses Glass Lewis service where they have created a bespoke policy - Our emerging markets equity managers use ISS, Glass Lewis, SES and Broadridge Proxy Edge platforms for information and to facilitate voting - Our long-short equity managers use ISS to provide corporate research and to facilitate the voting process.

Source: Investment Manager

Significant voting example

To illustrate the voting activity being carried out on our behalf, we asked the Fund's investment manager to provide a selection of what it considers to be the most significant votes in relation to the Fund's material fund with voting rights. An example of a significant vote can be found in the appendix.

Our managers’ engagement activity

Engagement is when an investor communicates with current (or potential) investee companies (or issuers) to improve their ESG practices, sustainability outcomes or public disclosure. Good engagement identifies relevant ESG issues, sets objectives, tracks results, maps escalation strategies and incorporates findings into investment decision-making.

The table below shows some of the engagement activity carried out by the Fund’s material managers. The managers have provided information for the most recent calendar year available. Some of the information provided is at a firm-level i.e. is not necessarily specific to the funds invested in by the Fund.

Funds	**Number of engagements**		**Themes engaged on at a fund-level**
	Fund specific	**Firm level**	
Willis Towers Watson - Partner’s Fund			*Not provided*
Hayfin Capital Management (“Hayfin”) - Direct Lending Fund II	2	~20	Environment - Climate change Strategy, Financial and Reporting - Risk management
Hayfin - Direct Lending Fund III	1	~20	Environment - Climate change

Source: Investment Managers.

Data limitations

At the time of writing, the following managers did not provide all the information we requested:

- Willis Towers Watson did not provide the engagement information requested as per the Investment Consultants Sustainability Working Group ("ICSWG") best practice industry standard template. The investment manager did provide comprehensive reports covering both firm- and fund-level engagement information; however, this was for the calendar year ending 2023 and was not relevant to the reporting period of this statement.
- Hayfin did not provide complete fund-level engagement data for Direct Lending Fund II and Direct Lending Fund III. Hayfin outlined that its borrower engagement framework was set up and has been running for its Direct Lending Fund IV vintages and onwards. The fund-level engagement statistics for Direct Lending Funds II and III are shown for where there was an overlap with Direct Lending Fund IV.

This report does not include commentary on certain asset classes such as synthetic leveraged credit, gilts or cash because of the limited materiality of stewardship to these asset classes.

Appendix – Significant Voting Example

In the table below is an example of a significant vote provided by the Fund's investment manager which manages the material fund with voting rights. We consider a significant vote to be one which the investment manager considers significant. Investment managers use a wide variety of criteria to determine what is considered a significant vote, which is outlined in the example below in the investment manager's own words.

Willis Towers Watson - Partners Fund	**Company name**	Meta Platforms, Inc
	Date of vote	29 May 2024
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	1.0%
	Summary of the resolution	Report on Framework to Assess Company Lobbying Alignment with Climate Goals
	How you voted	Against Management
	Where you voted against management, did you communicate your intent to the company ahead of the vote?	No
	Rationale for the voting decision	Shareholder proposal promotes better management of ESG opportunities and risks
	Outcome of the vote	Failed
	Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome?	None to report
	On which criteria have you assessed this vote to be "most significant"?	Vote against management, large holding in portfolio

Source: Investment Manager