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July 2021

2020 Annual Chair's Statement for the Piramal Healthcare UK Pension Fund (Defined Contribution Section) ("the Fund")

The Occupational Pension Schemes (Scheme Administration) Regulations 1996 ("the Administration Regulations") were amended by the Occupational Pension Scheme (Charges and Governance) Regulations 2015 (the "Regulations") which introduced new minimum governance standards that apply to all trust-based Defined Contribution (DC) schemes, such as the Fund.

The requirements include ensuring that schemes:

- meet the new governance standards,
- explain how they have done so in an annual statement (i.e., this "Chair's statement"),
- have an appointed Chair who signs the annual statement, and
- are compliant with the new charge controls where they are being used by employers to comply with their duties under automatic enrolment legislation.

The trustee body of any registered pension scheme providing DC benefits must have a chair of trustees who will have a single additional regulatory responsibility compared to other trustees, which is to sign off on an annual Chair's statement, which should be included in the annual report.

This is the sixth Fund Chair's statement which covers the period from 1 January 2020 to 31 December 2020 and describes how the Trustee of the Fund has met the statutory, governance and charge requirements in relation to:

- The Default Investment Strategy,
- Processing of core financial transactions
- Charges and transaction costs paid by members
- Value for Members assessment, and
- Trustee knowledge and understanding.

From November 2019, all known "pure DC" members were bulk transferred into the Aon Master Trust. In addition, seventeen additional "pure DC" short-service leavers were bulk transferred to the Aon Master Trust in February 2021. These bulk transfers left a much-reduced deferred member population with DC-type benefits in the Fund (39 at the start of 2020, 37 at the end), all of whom have the right to a Fund pension using attractive fixed conversion factors for at least a proportion of their DC or combined DB and DC savings. Of the members at the end of 2020, 11 are defined benefit members who have AVCs. These members' AVC accounts are managed in the same way as the other DC accounts, and as such are covered by all the comments in this statement. The value of all DC investments was also much lower at ~£1.3m, versus ~£30m before the bulk transfers. As a result, the Trustee has developed and implemented new Administration and Investment Strategies during 2020 to better meet the needs of those remaining members.

On 1st June 2020, the Fund's administrator was switched from Willis Towers Watson to Buck. This enabled all DC members to be given the ability from September 2020 onwards to view and manage their benefits online via the Buck member portal. The DC investment platform provider was changed from Phoenix to Mobius in August 2020, with a new default fund and life-styling strategy implemented at the same time.

The Trustee changed its DC Investment Advisor over H1 2020, from Aon to Buck, and Buck advised the Trustee on the new DC Investment Strategy.

1. The Default Investment Strategy

The Trustee is responsible for investment governance. This includes setting and monitoring the Fund's Default Investment Strategy which is provided for existing deferred members who have not chosen the self-select option. The Fund no longer has active members and is closed to new members.

The 'Default Lifestyle Programme' is the Trustee's Default Investment Strategy and has been designed for members who wish to retain flexibility in the form 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, taking a Fund pension (annuity) is likely to be more popular with members than may otherwise have been assumed from industry experience.

The aim of the Default Lifestyle Programme as detailed in both the September 2019 and September 2020 SIPs is to provide members with the potential for higher levels of growth during the accumulation of their retirement 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 the member would need to transfer their retirement savings to an external arrangement to access drawdown as an option.

The Default Lifestyle Programme consists of an accumulation phase, a transition (2019 SIP) / consolidation (2020 SIP) 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 the members' funds and the latter phases switch funds into investments with a greater protection focus.

In addition to the Default Investment Strategy there are 7 self-select funds.

The latest May 2021 Statement of Investment Principles (SIP) for the Fund, which governs decisions about investments in the Fund, is appended to this statement.

It is the Trustee's policy to review the Fund's investment options, including the funds underlying the default strategy, on a regular basis. Performance of the funds underlying the default strategy of the Fund has been monitored during the period under review on pre- and post-August platform switch basis and reported through the Fund's Investment Sub-Committee (ISC) and Trustee monitoring reports.

The Trustee reviewed the default fund, and the life-styling schedule, on April 24th, 2020, to determine if any short-term changes were needed in the light of the Covid-19 impact on funds and member DC pots. It concluded that no short-term change to the default fund or life-styling in place at that time was appropriate or necessary.

An investment strategy review is undertaken for the Fund at least every three years, as prescribed by the Regulations. The last investment strategy review, including a review of the funds underlying the default strategy, was completed on April 24th, 2020, and implemented on August 13th, 2020. The significant changes to the Investment Strategy made as a result of this review are as follows:

- Equity content of default in growth phase reduced from 100% to 70%, with diversification added through 10% each in real estate, infrastructure, and corporate bonds.
- Final default retirement investment mix changed from solely drawdown-focus to better suit all pension flexibility options. The old/new mix was equities (35/0), multi-asset (20/30), corporate bonds (25/30, index-linked gilts (20/0) and cash (0/40).
- A reduction of the self-select funds range to 7 from 9, for simplicity, and given the much smaller expected investment value.

2. Processing of Core Financial Transactions

The Trustee has a specific duty to ensure that core financial transactions are processed promptly and accurately. These transactions include, but are not limited to:

- investment of contributions to the Fund;
- transfer of member assets into and out of the Fund;
- transfers between different investments within the Fund; and
- payments to and in respect of members.

No member contributions were received during the year.

The Trustee had a contract, which included a service level agreement (SLA), in place with Willis Towers Watson, and now has a contract including an SLA with Buck. Both contracts cover timeliness and accuracy of financial transactions. Those covered by the current Buck agreement, and relevant to DC, include;

- bank receipts, checked daily
- payment of benefits and invoices as required, daily
- ensuring cleared funds match benefit and other payments, daily
- reconciliation of bank accounts, monthly
- cash book and nominal ledger, input, and validation daily
- complete transfers out and in on receipt of correct documentation * (5 business days following receipt of all documentation)
- quarterly DC default lifestyling switches
- reconciliation of IA member unit holdings with providers, * (monthly)
- obtain necessary mandate authorisations for all non-routine payments
- obtain, reconcile, and record all investment managers' transactions, * (when they occur)
- generation of quaranteed Fund pension quotations * (10 business days), and implementation of putting pensions into payment * (5 business days following receipt of all documentation)

To enable the Trustee to monitor the processing of core financial transactions, the Trustee (received) receives quarterly administration reports from (Willis Towers Watson - WTW) Buck on key aspects of the administration which includes performance against the agreed service levels in relation to the financial transactions marked with a * above (for Buck). Buck manages the Fund bank account as required daily and reconcile monthly bank statements with their internal cash ledger. They have in place a strict payment authorisation processes that involves more than a single individual. For the first part of 2020, WTW's SLAs and procedures were broadly the same as Buck's. The Trustee holds an annual review of administration with Buck, the first of which was held in March 2021.

The Buck SLA performance to date (over H2 2020) was ~90-91% vs a target of 95%, but both the Trustee and Buck expect this to improve now that Buck have experience in operating the Fund and the member blackouts incurred for the administration and DC platform provider switches are complete. The WTW SLA performance over Q1 2020 was 94% versus a target of 95%, and Q2 SLA data is not available due to the administrator switch on June 1st.

The Trustee is aware of one instance of a late transfer-out quotation to a member, which was caused in part by an error by the previous administrators, and in part to the Mobius switch black-out. The transfer payment was made promptly following the member's acceptance of the quotation.

Both WTW and Buck responded well to the Covid-19 pandemic and lockdowns, with 100% homeworking instigated by both providers from the start of the first lockdown. The Trustee believes there has been no significant or ongoing impact on the service provided to members as a result.

The Trustee is satisfied that core financial transactions were processed promptly and accurately over the last year, other than because of the two required black-out periods needed for administrator and investment provider switches), about which members were given due notice in writing, and due to delays caused by the validation of some member records following the switch of administrator.

3. Charges and Transaction costs paid by members

The Trustee is required to assess the costs associated with the Fund, which are paid by the members. All non-investment related fees are currently paid by the principal employer, so these costs only comprise charges and transaction costs as follows:

Charges: The Total Expense Ratio (TER) is the total cost of investing in the fund and includes the publicised Annual Management Charge and additional fund expenses. The TER information is readily available and is clearly stated in fund literature. It is expressed as a percentage of members' funds.

Transaction costs: as defined by the Financial Conduct Authority:

- explicit transaction costs are the costs that are directly charged to or paid by the fund and may include taxes and levies (such as stamp duty), broker commissions (fees charged by the executing broker to buy and sell investments) and costs of borrowing or lending securities.
- implicit transaction costs are calculated as the difference between the actual price paid (execution price) and the quoted 'mid-market price' at the time the order was placed (arrival price). This method, although reasonable if observed over a long period of time, can result in a volatile measure from one year to another and can even result in a profit, known as "negative costs".

This can happen, for example when buying an asset, if the actual price paid ends up being lower than the mid-market price at the time of placing the order, because something has happened in the market that pushes the price of the asset down - such as some negative publicity or a big sell order by someone else. Transaction costs are incurred on an on-going basis and the reported performance of the fund will take account of these costs.

The TERs and transaction costs that were applicable to the Fund's old and new default arrangements can be found in the table below. The old default fund costs given are those for H1 2020 and those for the new default fund cover the new funds inception to year-end. The table also includes the other two old lifestyle options. Full transaction cost data has been received for 2020 for both sets of funds. A small proportion of the transaction costs for two funds during 2019 were not available for the previous year's Chair's Statement, and was flagged in that statement, but given the termination of those funds during 2020 the Trustee has not pursued obtaining the missing historic data.

Importantly, the TER range for the Fund's old and new default arrangements are within the charge cap set by the regulations of 0.75% p.a. The reason a range exists is that a member's account will be invested in different investment funds at different points over the period leading to retirement through investment in the Default Investment Strategy.

Lifestyle strategy (Old up to 12.8.20, New from 13.8.20)	T.E.R range (% p.a.)*	Transaction costs (%)	Total costs and charges (%)
Old Drawdown Lifestyle strategy (default arrangement) – up to 10 years prior to retirement	0.170	0.075	0.245
Old Drawdown Lifestyle strategy (default arrangement) – range between 5 and 10 years prior to	0.170 – 0.307	0.0750 – 0.195	0.246 – 0.503

retirement			
Old Drawdown Lifestyle strategy (default arrangement) – range between 0 and 5 years prior to retirement	0.301 – 0.307	0.195 – 0.199	0.500 – 0.503
Old Annuity Lifestyle strategy	0.119 – 0.307	0.008 – 0.195	0.127 – 0.503
Old Cash Lifestyle strategy	0.100 – 0.307	-0.003 – 0.195	0.097 – 0.503
New Lifestyle Programme (default arrangement) – up to 10 years prior to retirement	0.267	0.140	0.407
New Lifestyle Programme (default arrangement) – range between 5 and 10 years prior to retirement	0.247 - 0.267	0.140 - 0.226	0.407 - 0.473
New Lifestyle Programme (default arrangement) – range between 0 and 5 years prior to retirement	0.214 - 0.247	0.187 - 0.226	0.393 - 0.473

* % p.a. of assets under management, depending on the combination of funds relating to each member's term to retirement age.

In addition to the above old and new lifestyle strategies, the Trustee also made available alternative self-select funds during the year, which could be chosen as an alternative to the default lifestyle. These funds were also changed in August 2020 on the switch from Phoenix to Mobius as platform provider. The old and new self-select funds attracted TERs and transaction costs at the levels shown in the table below. The old Phoenix fund data is for H1 2020.

Old Funds	**TER (% p.a.)**	**Transaction costs (%)**	**Total costs and charges (%)**
Adventurous Fund	0.170	0.075	0.245
Balanced Fund	0.560	0.284	0.844
Passive UK Equity Fund	0.100	0.041	0.141
Passive Overseas Equity Fund	0.125	0.007	0.132
Diversified Growth Fund	0.950	0.492	1.442
Annuity Fund	0.125	0.012	0.137
Corporate Bond Fund	0.125	0.236	0.361
Index-Linked Gilt Fund	0.100	0.078	0.178
Cash Fund	0.100	0.000*	0.100

New Funds	**TER (% p.a.)**	**Transaction costs (%)**	**Total costs and charges (%)**
UK Equity Index Fund	0.0625	0.000*	0.0625
Global Equity “Future World” Fund	0.2425	0.112	0.3537
Emerging Market Equity Index Fund	0.2125	0.000*	0.2125
Diversified Growth Multi-Asset Fund	0.3525	0.184	0.5365
Corporate Bond Index Fund	0.1025	0.439	0.5415
Index-Linked Gilt “Pre-Retirement” Fund	0.1025	0.010	0.1125
Cash Fund	0.1725	0.001	0.1735

Sources: Phoenix Life and Mobius Life
* Transaction costs for these Funds were slightly negative. We have assumed these costs are zero, as per the Regulations.

The high transaction cost for the new corporate bond index fund was due to an Indirect anti-dilution offset charge of £883.

Illustration of the cumulative effect over time of costs and charges on member fund values

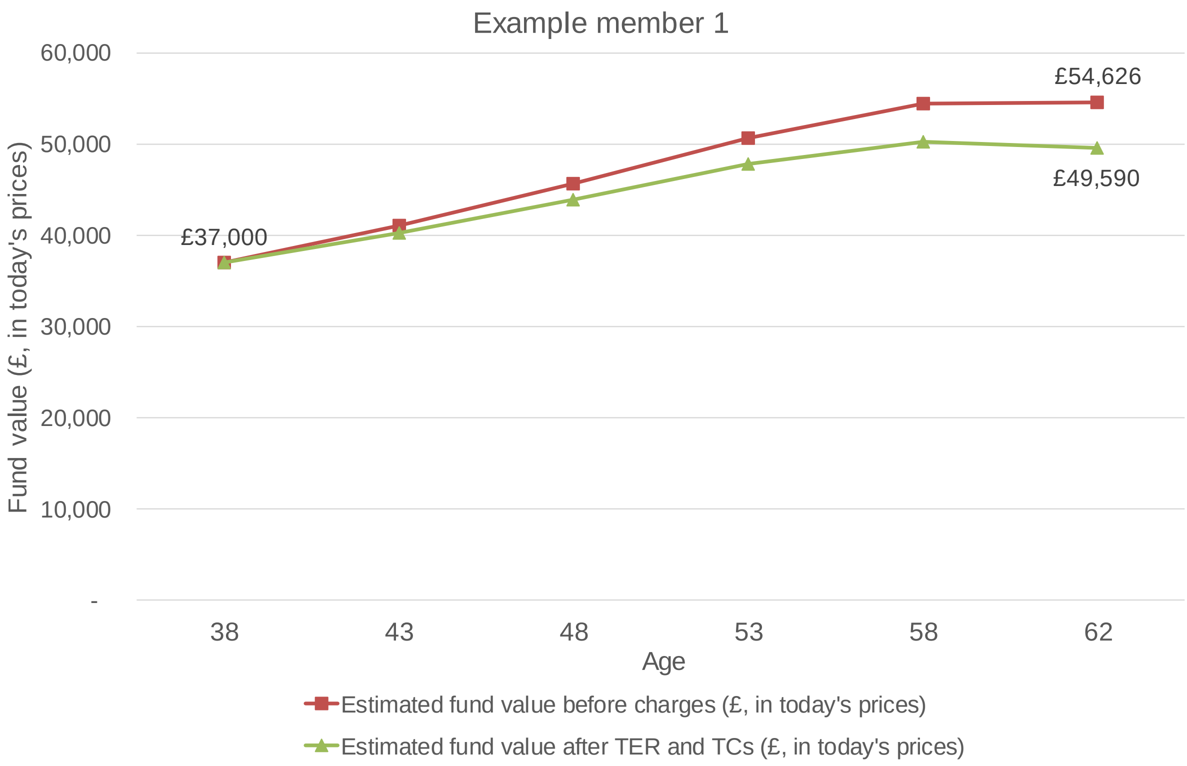
From 6 April 2018, the Occupational Pension Schemes (Administration and Disclosure) (Amendment) Regulations 2018 introduced new requirements relating to the disclosure and publication of the level of charges and transaction costs by the trustees and managers of a relevant scheme. These changes are intended to improve transparency on costs. As part of the changes, the Trustee is required to illustrate the cumulative effect over time of the application of transaction costs and charges on the value of a member's benefits. The projected fund values shown below are estimates for illustrative purposes only and are not guaranteed.

We have produced the following illustrations to demonstrate the effect of the costs and charges set out above for investment funds and strategies available through Phoenix CIS on 2 different combinations of terms to retirement and accumulated fund value. Following the bulk transfer in November 2019, there are no longer any active members in the Fund, and we have therefore not included an illustration representing an active member. The illustrations have been prepared with regard to the statutory guidance.

A large proportion of current members were invested in the default Drawdown Lifestyle strategy, and are now in the Default Lifestyle Programme, both of which automatically transition members' funds between the underlying funds as members approach retirement age. We therefore chose the latter option for the illustrations, as this is the current default. Members are also offered a series of self-select funds which, as the tables on previous pages show, carry a variety of TERs and transaction costs.

Example member 1

For a deferred member with 24 years to retirement (assuming the current Fund DC default retirement age of 62) and invested in the default Lifestyle programme, the estimated impact of charges on projected retirement values is shown below. Projections are based on a current fund value of £37,000 are shown in current money terms. This illustration reflects the youngest scheme member at the end of 2020.

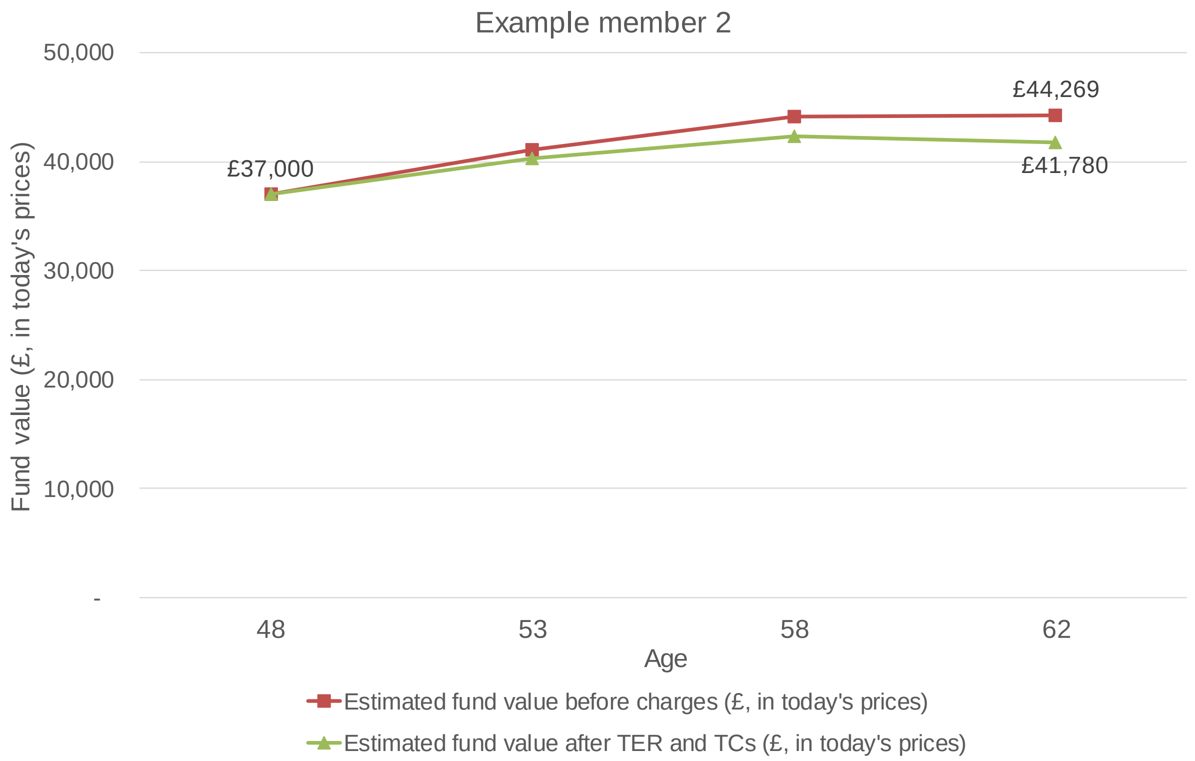


As the projected fund values above are dependent on investment returns as well as the level of costs and charges, we have also included some comparison illustrations below. For comparison purposes, we have demonstrated the effect on the projected values if the member were invested in the Global Equity fund (which has the equal highest expected return), the Diversified Growth fund (which has the highest anticipated ongoing charges), and the Cash fund (which has the lowest expected return and charges). .

	Default Lifestyle Strategy			Global Equity "Future World" Fund			Diversified Growth Multi-Asset Fund			Cash Fund		
Age	Estimated fund value before charges (£, today's prices)	Estimated fund value after TER and TCs (£, today's prices)	Effect of TER and TC charges (£, today's prices)	Estimated fund value before charges (£, today's prices)	Estimated fund value after TER and TCs (£, today's prices)	Effect of TER and TC charges (£, today's prices)	Estimated fund value before charges (£, today's prices)	Estimated fund value after TER and TCs (£, today's prices)	Effect of TER and TC charges (£, today's prices)	Estimated fund value before charges (£, today's prices)	Estimated fund value after TER and TCs (£, today's prices)	Effect of TER and TC charges (£, today's prices)
38	37,000	37,000	-	37,000	37,000	-	37,000	37,000	-	37,000	37,000	-
39	37,786	37,640	147	37,904	37,776	127	37,126	36,932	194	36,369	36,307	63
40	38,589	38,290	299	38,829	38,568	261	37,253	36,865	388	35,749	35,626	123
41	39,409	38,952	457	39,777	39,377	400	37,380	36,798	582	35,140	34,958	182
42	40,246	39,625	621	40,749	40,203	545	37,508	36,731	777	34,541	34,303	238
43	41,101	40,310	791	41,744	41,047	697	37,636	36,664	972	33,953	33,660	292
48	45,657	43,916	1,741	47,096	45,536	1,560	38,283	36,330	1,953	31,156	30,622	534
53	50,717	47,845	2,873	53,134	50,516	2,617	38,941	36,000	2,941	28,590	27,858	732
58	54,445	50,269	4,176	59,946	56,041	3,904	39,611	35,673	3,937	26,235	25,344	891
62	54,626	49,590	5,036	66,019	60,893	5,126	40,154	35,413	4,741	24,492	23,497	995

Example member 2

For a deferred member with 14 years to retirement (assuming the current Fund DC default retirement age of 62) and invested in the default Lifestyle programme, the estimated impact of charges on projected retirement values is shown below. Projections are based on a current fund value of £37,000 and are shown in current money terms. This illustration reflects the average remaining deferred scheme member as of the end of 2020.



As the projected fund values above are dependent on investment returns as well as the level of costs and charges, we have also included some comparison illustrations below. For comparison purposes, we have demonstrated the effect on the projected values if the member were invested in the Global

Equity fund (which has the equal highest expected return), the Diversified Growth fund (which has the highest anticipated ongoing charges), and the Cash fund (which has the lowest expected return and charges).

	Default Lifestyle Strategy			Global Equity "Future World" Fund			Diversified Growth Multi-Asset Fund			Cash Fund		
Age	Estimated fund value before charges (£, today's prices)	Estimated fund value after TER and TCs (£, today's prices)	Effect of TER and TC charges (£, today's prices)	Estimated fund value before charges (£, today's prices)	Estimated fund value after TER and TCs (£, today's prices)	Effect of TER and TC charges (£, today's prices)	Estimated fund value before charges (£, today's prices)	Estimated fund value after TER and TCs (£, today's prices)	Effect of TER and TC charges (£, today's prices)	Estimated fund value before charges (£, today's prices)	Estimated fund value after TER and TCs (£, today's prices)	Effect of TER and TC charges (£, today's prices)
48	37,000	37,000	-	37,000	37,000	-	37,000	37,000	-	37,000	37,000	-
49	37,786	37,640	147	37,904	37,776	127	37,126	36,932	194	36,369	36,307	63
50	38,589	38,290	299	38,829	38,568	261	37,253	36,865	388	35,749	35,626	123
51	39,409	38,952	457	39,777	39,377	400	37,380	36,798	582	35,140	34,958	182
52	40,246	39,625	621	40,749	40,203	545	37,508	36,731	777	34,541	34,303	238
53	41,101	40,310	791	41,744	41,047	697	37,636	36,664	972	33,953	33,660	292
58	44,122	42,352	1,770	47,096	45,536	1,560	38,283	36,330	1,953	31,156	30,622	534
62	44,269	41,780	2,489	51,867	49,479	2,389	38,809	36,066	2,742	29,086	28,390	695

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 fund/strategy) in making investment decisions and not in isolation.

Assumptions for illustrations:

The following assumptions have been made for the purposes of the above illustrations:

1. *Accumulated fund values are shown in today's terms, and do not need to be reduced further for the effect of future inflation.*
2. *Inflation is assumed to be 2.5% each year.*
3. *The transaction costs, as defined in regulation 2(1) of the Occupational Pension Schemes (Charges and Governance) Regulations 2015, should be based on an average of the previous 5 years' transaction costs or, where data is available for fewer than 5 years, an average of transactions costs over the years for which data is available. Currently, less than 5 years of transaction cost information is available from providers, however we expect data provision to improve over time. For all new Mobius funds, only 2020's transaction cost information is available and as such, the transaction costs in the table above (which have been used in producing the above illustrations) reflect these costs.*
   The assumed growth rates (gross of costs and charges), TERs and average transaction costs used in the illustrations are as follows:

	Assumed growth rates (%)	TER (%)	Average Transaction Costs (%)
Global Equity "Future World" Fund	5.00%	0.24%	0.11%
Emerging Market Equity Index Fund	5.00%	0.21%	0.00%*
Global Real Estate Equity Index Fund	5.00%	0.29%	0.12%
Infrastructure Equity Fund	5.00%	0.60%	0.17%
Diversified Growth Multi-Asset Fund	2.85%	0.35%	0.18%
Corporate Bond Index Fund	1.75%	0.10%	0.44%
Cash Fund	0.75%	0.17%	0.00%

* Transaction costs for this fund were negative so we have assumed these costs are zero, as per the Regulations.

4. Value for Members and Value for Money Assessments

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4.1 Value for Members

The Trustee is required to assess the extent to which member borne charges and transaction costs represent good value for members. It is difficult to give a precise legal definition of “good value”, but the Trustee considers that it broadly means “that the combination of costs and the quality of what is provided in return for those costs is appropriate for the Scheme membership as a whole, when compared to other options available in the market”. The assessment was undertaken taking account of the Pensions Regulator’s Code of Practice No.13 (Governance and administration of occupational trust-based schemes providing money purchase benefits).

The Trustee reviews all member-borne charges (including transaction costs) annually, with the aim of ensuring that members are obtaining value for money given the circumstances of the Fund. The date of the last review, covering 2020, was June 3rd, 2021.

The background to this DC Fund is that it only exists because certain DB members have DC AVCs, and the DC members remaining all have the right to attractive in-scheme fixed conversion factors for at least some of their DC benefits. All other historic Fund DC members, who did not have the above rights, were bulk transferred to the Aon Master Trust in late 2019 or early 2021. The Trustee took legal advice at the time which stated that transferring the remaining members was not a realistic option whilst retaining their in-scheme fixed conversion factor rights.

The factors the Trustee considered to assess the “Value for Members” are given below.

Member Costs

The Trustee’s DC investment advisers have confirmed that the fund charges are competitive for the types of funds available to members. The new Mobius default fund charges are higher on average than the previous Phoenix default fund costs, but there are two key reasons for this.

1) The small size of the Fund (~£1.3m) was too small for Phoenix and a new provider had to be found. Mobius was the cheapest of the three new providers considered for ongoing member costs and judged by the Trustee to be the best value.
2) The Trustee agreed to utilise the L&G Future World Equity fund as the main equity element of the default fund (total costs of 0.3537%) rather than a cheaper equity world index tracker fund (typically 0.1-0.2% total costs), as it believes the ESG focus of the L&G fund will produce better risk-adjusted returns in the long-term.

The Trustee believes the transaction costs provide value for members as the ability to transact forms an integral part of the investment approaches, and expect this to lead to greater investment returns net of fees over time.

Fund Choices and Performance

The Trustee believes the new lifestyle default fund, coupled with the seven available self-select funds, meets the needs of the current small membership. The default is designed to give members the flexibility to decide how they take their benefits up to the point of retirement. The Trustee‘s assessment included a review of the performance of the Scheme’s new investment funds (after all charges) in the context of their investment objectives. The returns on the new investment funds members can choose during the period August to December 2020 have been consistent with their stated investment objectives, and the average return from the August inception to the year-end was 6.1% after costs. The average return in the old Phoenix funds from the start of the year to the August switch was -2.9%. The average return over the year was therefore 3.0%.

For the fund(s) comprising the default strategy prior to lifestyling, there was a loss of 4.3% up to August (in the old Adventurous fund), followed by a gain of 6.85% from August to year-end, giving a gain of 2.2% over 2020.

All current members are deferred, and hence contribution rates are not relevant.

Overall, the Trustee believes that Fund provides good Value for Members. The Trustee believes this because the investment costs incurred by members are judged by their DC investment advisor to be good value compared to similar small schemes, and the returns are broadly in-line with the stated objectives.

4.2 Value for Money
The sponsoring employer pays for the non-investment costs, and in 2020 these costs totalled £84k. These provide the following functions and benefits that are associated with the DC section.

Administration
The Trustee changed administrator during 2020 with the aim of improving the overall member experience. Whilst the new administrator Buck has taken time to become familiar with the Fund, the Trustee is confident that the member experience will be improved as a result of the switch. As detailed in the earlier section covering processing of financial transactions, the Trustee is comfortable with the quality and efficiency of the administration processes.

Member communications and engagement (including support at retirement)
The switch to Buck has allowed the member to have online access to their pension benefits and fund details for the first time and to undertake certain transactions online. The member portal also allows the Trustee to communicate more easily with members on topical items such as pension scams. The Trustee has plans to introduce both an online retirement modeller and IFA support for members over 55 during 2021.

Governance
The Trustee has invested considerable time and resource during 2020 into establishing a new administrator, DC platform provider, online member portal, and introducing a new DC investment strategy that better meets the needs of the current DC membership.

In-Scheme Pension – Member Benefit
The total value at 31.12.2020 of the member DC benefits which have the right to be converted to a scheme pension using fixed conversion factors was £791k, and across the 37 members in the DC section that equates to £21.4k each. On the open market that could buy a joint life increasing pension of around £475 - £535 p.a. (annuity conversion rate of 40-45). The equivalent in-scheme increasing pension at 60, using the fixed joint life (50% spouse pension) conversion factor of 14.85, is £1,441 p.a. The Trustee was advised that it is not possible to retain this benefit if qualifying members are transferred to a Master Trust.

Overall, the Trustee believes that members of the Fund are receiving good value for money for the charges and cost that they incur. The Trustee believes this because:

a. Membership of the Fund's DC section retains for DC members their significant in-scheme pension financial benefits.
b. The costs incurred by members are judged to be good value compared to similar small schemes by their DC investment advisor.
c. The member support and communications has improved over 2020, primarily through the provision of the online member portal.

5. Trustee Knowledge and Understanding

The Regulations require the individual Trustee Directors to have appropriate knowledge and understanding to run the Fund effectively. The induction process for new Trustee Directors is that they undertake the Trustee toolkit as their initial basic training, alongside on-the-job training as required in Trustee meetings, and offline support from the Trustee Chair and Secretary, as necessary. In addition, they are encouraged to attend relevant training and awareness courses provided by the Fund's advisors, administrator, and lawyers.

New Trustee Directors are also sent copies of all key documents for retention and reference on appointment. Key documents are available for reference during Trustee meetings. In addition, all available Trustee Directors are involved when any key documents are revised, such as the SIP, which is reviewed annually. As a result, all Trustee Directors are sufficiently familiar with the key Fund documents.

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All Trustee Directors have sufficient working knowledge of Trust and Pensions law through the relevant Trustee Toolkit modules, supported by relevant legal training on relevant topics by the Fund's legal advisor every year. Relevant training provided in 2020 were the SIP requirement changes, Implementation Statements, the Pension Schemes Bill, whistleblowing, notifiable events, and Trustee liability.

All Trustee Directors have sufficient working knowledge of the relevant principles of funding and investment through the relevant Trustee Toolkit modules, and discussion on investment matters at Trustee, and for some directors, Investment Sub-Committee, meetings. From June 2020 all Directors will be involved in all investment matters. All directors were fully involved in the review and revision of the SIP, and the supporting Statement of Investment Arrangements in September 2020, and should therefore have sufficient working knowledge of the SIP.

As at end of 2020, there were five Individual Trustee Directors, three of whom have held this role for at least ten years and as such have a great deal of experience. One of the five Trustee Directors is an Independent (professional) Trustee who is a member of the Association of Professional Pensions Trustees and who undertakes over 25 hours per annum of professional CPD alongside specific training around the Plan's DC arrangements. Additionally, the professional trustee brings to the Board his experience of wider industry best practice and his experience from his roles on other DC arrangements.

One Trustee Director was newly appointed as a DC member-nominated director during 2018, and their training during 2020 has primarily been "on-the-job" supplemented by the Trustee Toolkit.

The other DB member-nominated Trustee director was appointed in March 2020. This Director completed the Trustee toolkit training by the end of 2020 as well as "on-the-job" learning from involvement in all meetings and decisions since their appointment.

The Trustee recognises the importance of training and development and has put in place arrangements for ensuring that Trustee Directors take personal responsibility for keeping themselves up to date with relevant developments and carry out a self-assessment of training needs. The Trustee Directors have responsibilities over both the Defined Benefit ('DB') and Defined Contribution ('DC') sections of the Fund and they aim to ensure enough training is taken on both DB and DC specific issues. The Trustee takes the view that the incomplete toolkit training of one member-nominated director is not an undue risk to the overall effective decision-making of the Trustee.

Training logs, which record all relevant training completed, are maintained by Trustee Directors and these are reviewed and updated regularly. Trustee Directors are also encouraged to complete the Pensions Regulator's Toolkit training online, and as of 31 December 2020, three out of the four non-professional trustee directors had done so.

The Trustee Board also aims to carry out a Trustee Knowledge and Understanding (TKU) self-evaluation every ~3 years to determine the areas on which training should focus both at Trustee Board and individual level. This Gap analysis is presented in the form of a survey to be completed by the Trustee Directors, which compares their current level of knowledge against the Pensions Regulator's TKU framework. The last review was carried out in June 2017, and the next review was planned for Q3 2020 but was delayed due to Covid-19. The intention is to complete this next in H2 2021.

The Trustee Board holds regular Trustee's meetings and detailed minutes of the four quarterly meetings held during 2020, as well as all other interim Trustee and Investment Sub-Committee meetings, are available. At the quarterly meetings, the Trustee received specific DC training including on Responsible Investing, SIP requirements, Implementation statements, DC strategy review process and requirements, and possible buy-out options for members with DC pots. In addition to the experience within the Trustee board, the Trustee works closely with its appointed professional advisers throughout the year to ensure that it runs the Fund and exercises its functions properly. Its professional advisers also attend the Trustee's meetings as and when required.

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The Trustee Board's independent professional trustee director led a questionnaire-based Trustee Effectiveness review in January 2020, with several specific Board-effectiveness improvement actions put in place as a result.

Taking into consideration the training activities completed by the Trustee board together with the professional advice available to the Trustee, the Trustee considers that it has met the Pension Regulator's TKU requirements (as set out under Code of Practice No 7) during the Fund year and is confident that the combined knowledge and understanding of the Trustee board, together with the input from its specialist advisers, enables it to properly exercise its functions as the Trustee of the Fund.

Overall, the Trustee is confident that all requirements of the Regulations as they apply are being met, and in many areas exceeded, in the interests of members of the Fund.

Signed on behalf of the Trustee of the Piramal Healthcare UK Pension Fund

Mark T Garrod

Chair of the Trustee

Date of signing July 19th, 2021 ------------------------------