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2021 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 seventh Fund Chair's statement which covers the period from 1 January 2021 to 31 December 2021 and describes how the Trustee of the Fund has met the statutory, governance and charge requirements in relation to:

- The Default Investment Strategy,
- Stating the net return on Investments (new for this 2021 statement)
- Processing of core financial transactions
- Charges and transaction costs paid by members
- Value for Members assessment, and
- Trustee knowledge and understanding.

The deferred member population with DC-type benefits in the Fund (37 at the start of 2021, 34 at the end) all 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 2021, 8 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 ~£1.3m at the end of 2021. The Trustee believes the Administration and Investment Strategies implemented during 2020 remain suitable for the needs of all members with DC-type benefits.

In addition to the 37 members with DC-type benefits at the start of 2021, there were also 17 members with pure DC benefits who had their benefits re-instated during 2020. These members were all bulk transferred to the Aon DC Master Trust early in 2021.

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 the September 2020, May 2021 and August 2021 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 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 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 August 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 and reported to the Trustee via 6-monthly monitoring reports.

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

- Equity content of default investment strategy in growth phase reduced from 100% to 70%, with diversification added through 10% each in real estate, infrastructure, and corporate bonds.
- The final default investment strategy 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.

The next investment strategy review is scheduled for H2 2023.

During 2021 the Trustee discovered a mismatch between the Rules (60) and current practice (62) in relation to the default retirement age for Investment Account (DC) members. To minimise any disruption or confusion for members, the Trustee decided to amend the Rules to age 62, so that no one-off change to any members' asset allocation was required. It was confirmed that there was no practical change for any DC member, who could still take their benefits from age 55 onwards. The appropriate member consultation was undertaken prior to this Rule change being implemented.

2. Stating the Net Return on Investments

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 Lifestyle Programme and for each self-select fund which members are now able, or were previously able, to select and in which members have been invested during the year.

The net returns to the year ending 31 December 2021 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 Pensions.

Annualised net returns (%) for the Default Lifestyle Programme over periods to the scheme year ending 31 December 2021

Age of member at the start of the period*	20 years (2001-2021) [if available]	15 years (2006-2021) [if available]	10 years (2011-2021) [if available]	5 years (2016-2021)	1 year (2021)
Age 25					15.5%
Age 45					15.5%
Age 55					12.4%

Sources: Mobius Life, L&G.
*As the default investment option is a lifestyle strategy made up of different investment funds, the returns vary by age, so we have shown the returns at three example ages in line with regulatory guidance.

Annualised net returns (%) for the self-selection investment options over periods to the scheme year ending 31 December 2021

Investment options	20 years (2001-2021) [if available]	15 years (2006-2021) [if available]	10 years (2011-2021) [if available]	5 years (2016-2021)	1 year (2021)
Global Equity “Future World” Fund					23.3%
Emerging Market Equity Index Fund					-1.4%
Diversified Growth Multi-Asset Fund					5.8%
Corporate Bond Index Fund					-3.2%
Cash Fund					0.0%

Sources: Mobius Life, L&G.
Note: Two further self-select funds are also available (UK Equity Index Fund and Index-Linked Gilt “Pre-Retirement” Fund) – however, these funds did not contain any investments during the Scheme year. net investment returns have been calculated for the one-year period to 31 December 2021, as this reflects the longest complete yearly period that the Fund has been investing through the Mobius platform. Additional years’ history will be added in future years.

Methodology:

1. *The Fund updated its investment strategy in August 2020, changing both the Default Lifestyle Programme and the range of self-select funds available. The figures shown reflect the historic performance of the current Default Lifestyle Programme (where available) as this is deemed to be of more relevance for making intra-scheme comparisons. Due to the nature of the funds used, it is not possible to report on figures from prior to the date of inception on a consistent basis with the above. As such, figures are shown for one year only. Longer term figures will be added in future years, as these become available.*
2. *Figures shown 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 Default Lifestyle Programme. As such, they may differ from figures reported by underlying investment managers.*

3. *Composite performance figures for the Default Lifestyle Programme 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.*
4. *For the Default Lifestyle Programme figures, a default retirement age of 62 has been used, in line with previous Chair's Statements.*

3. 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 has a contract including an SLA with Buck. This contract covers 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 receives quarterly administration reports from 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. 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 process that involves more than a single individual. The Trustee holds an annual review of administration with Buck, the first of which was held in March 2021.

The Buck SLA performance over 2021 was 94% vs a target of 95%. The Trustee and Buck expect future performance to be at least in line with the performance over H2 2021 (95%) now that Buck have completed all implementation tasks that carried over into 2021.

Buck continued to respond well to the Covid-19 pandemic and 2021 lockdown, with 100% homeworking instigated by them 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.

4. 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 (TCs): 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 2021 TERs and transaction costs that were applicable to the Fund's default arrangement can be found in the table below. Full transaction cost data has been received for 2021.

Importantly, the TER range for the Fund's default arrangement 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	**T.E.R range (% p.a.)***	**Transaction costs (%)**	**Total costs and charges (%)**
Lifestyle Programme (default arrangement) – up to 10 years prior to retirement (accumulation phase)	0.267	0.040	0.306
Lifestyle Programme (default arrangement) – range between 5 and 10 years prior to retirement (consolidation phase)	0.267 - 0.270	0.022 - 0.040	0.292 - 0.306
Lifestyle Programme (default arrangement) – range between 0 and 5 years prior to retirement (pre-retirement phase)	0.233 - 0.270	0.003 - 0.022	0.236 - 0.292

* % 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. The current self-select funds attracted TERs and transaction costs for 2021 at the levels shown in the table below.

New Funds	**TER (% p.a.)**	**Transaction costs (%)**	**Total costs and charges (%)**
UK Equity Index Fund	0.0625**	Not Available**	N/A
Global Equity "Future World" Fund	0.2425	0.050	0.2925

Emerging Market Equity Index Fund	0.2125	0.000	0.2125
Diversified Growth Multi-Asset Fund	0.4425	0.010	0.4525
Corporate Bond Index Fund	0.1025	0.000*	0.1025
Index-Linked Gilt "Pre-Retirement" Fund	0.1025**	Not Available**	N/A
Cash Fund	0.1725	0.000	0.1725

Sources: Mobius Life, L&G.
* Transaction costs for this Fund was slightly negative. We have assumed these costs are zero, as per the Regulations.
** AMCs only given. Additional expenses and transaction costs for these 2 funds were not reported as neither are currently invested in by members.

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 Mobius on 2 different combinations of terms to retirement and accumulated fund value.

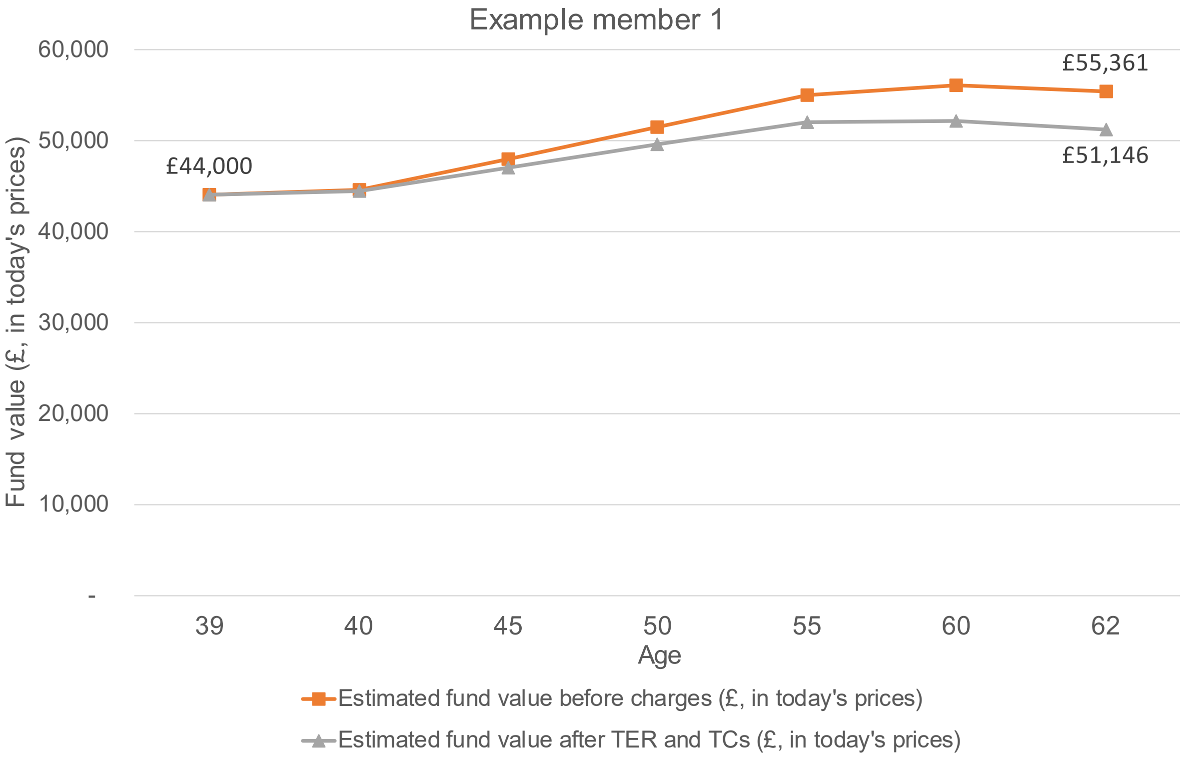
Following the bulk transfer in November 2019, there are no longer any active members in the Fund, and we have therefore not included an illustration representing an active member. The illustrations have been prepared with regard to the statutory guidance.

A large proportion of current members are now invested in the Default Lifestyle Programme, which automatically transitions members' funds between the underlying funds as members approach retirement age.

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 (TCs).

Example member 1

For a deferred member with 23 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 £44,000 are shown in current money terms. This illustration reflects the youngest scheme member at the end of 2021.

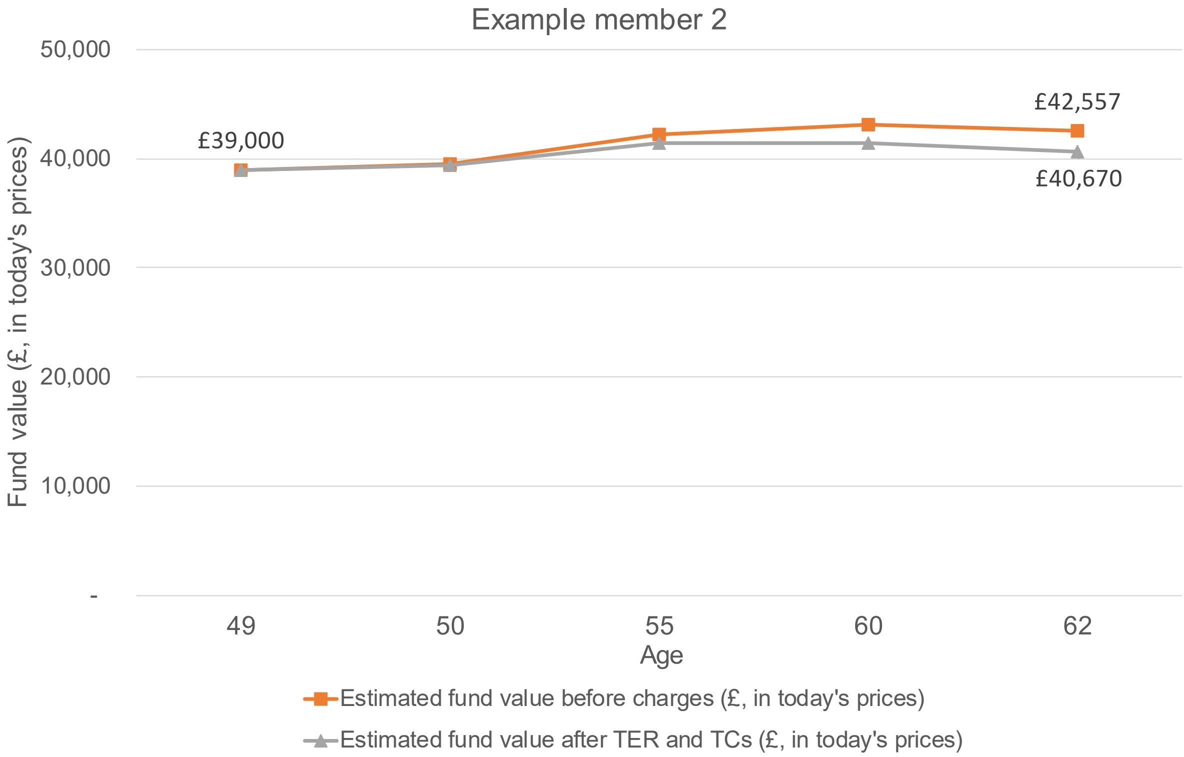


As the projected fund values above are dependent on investment returns as well as the level of costs and charges, we have also included some comparison illustrations below. For comparison purposes, we have demonstrated the effect on the projected values if the member were invested in the Default Lifestyle Programme, the Diversified Growth Multi-Asset Fund (which has the highest anticipated ongoing charges), and the Corporate Bond Index Fund (which has the lowest anticipated ongoing charges).

	Default Lifestyle Strategy			Diversified Growth Multi-Asset Fund			Corporate Bond Index Fund		
Age	Estimated fund value before charges (£, in today's prices)	Estimated fund value after TER and TCs (£, in today's prices)	Effect of TER and TCs (£, in today's prices)	Estimated fund value before charges (£, in today's prices)	Estimated fund value after TER and TCs (£, in today's prices)	Effect of TER and TCs (£, in today's prices)	Estimated fund value before charges (£, in today's prices)	Estimated fund value after TER and TCs (£, in today's prices)	Effect of TER and TCs (£, in today's prices)
39	44,000	44,000	-	44,000	44,000	-	44,000	44,000	-
40	44,631	44,480	151	44,052	43,820	232	43,549	43,420	129
45	47,925	46,962	963	44,310	42,929	1,381	41,364	40,635	729
50	51,461	49,582	1,879	44,570	42,057	2,513	39,288	38,029	1,259
55	54,950	52,045	2,906	44,831	41,202	3,629	37,317	35,590	1,727
60	56,081	52,159	3,922	45,095	40,365	4,729	35,444	33,307	2,137
62	55,361	51,146	4,215	45,200	40,035	5,165	34,722	32,435	2,286

Example member 2

For a deferred member with 13 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 £39,000 and are shown in current money terms. This illustration reflects the average remaining deferred scheme member as of the end of 2021.



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 Default Lifestyle Programme, the Diversified Growth Multi-Asset fund (which has the highest anticipated ongoing charges), and the Corporate Bond Index Fund (which has the lowest anticipated ongoing charges).

	Default Lifestyle Strategy			Diversified Growth Multi-Asset Fund			Corporate Bond Index Fund		
Age	Estimated fund value before charges (£, in today's prices)	Estimated fund value after TER and TCs (£, in today's prices)	Effect of TER and TCs (£, in today's prices)	Estimated fund value before charges (£, in today's prices)	Estimated fund value after TER and TCs (£, in today's prices)	Effect of TER and TCs (£, in today's prices)	Estimated fund value before charges (£, in today's prices)	Estimated fund value after TER and TCs (£, in today's prices)	Effect of TER and TCs (£, in today's prices)
49	39,000	39,000	-	39,000	39,000	-	39,000	39,000	-
50	39,559	39,426	134	39,046	38,840	205	38,600	38,486	114
55	42,242	41,384	858	39,275	38,051	1,224	36,663	36,018	646
60	43,111	41,475	1,636	39,505	37,278	2,227	34,824	33,708	1,116
62	42,557	40,670	1,888	39,598	36,973	2,625	34,114	32,825	1,288

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 and 2021 transaction cost information are available and the transaction costs in the table above (which have been used in producing the above illustrations) are those for 2021.*
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	4.25%	0.24%	0.08%
Emerging Market Equity Index Fund	4.25%	0.21%	0.00%*
Global Real Estate Equity Index Fund	4.25%	0.29%	0.08%
Infrastructure Equity Fund	4.25%	0.60%	0.11%
Diversified Growth Multi-Asset Fund	2.62%	0.44%	0.10%
Corporate Bond Index Fund	1.45%	0.10%	0.20%
Cash Fund	0.30%	0.17%	0.00%

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

5. Value for Members and Value for Money Assessments

5.1 <u>Value for Members</u>
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 2021, was April 27th, 2022.

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 current Mobius default fund charges are impacted in part by the following factors:

1) The small size of the Fund. Mobius was the cheapest of the three new providers considered in H1 2020 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 0.2925%) 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 investment funds (after all charges) given in Section 2 of this Statement, in the context of their investment objectives. One key performance figure is the pre-lifestyling annual return for 2021 of 18.1% (assuming strategy allocations), which was very slightly lower than the benchmark of 18.5%.

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.

5.2 Value for Money

The sponsoring employer paid for the non-investment costs up to 31st July 2021, with the Fund picking these up from August 2021 onwards in line with the latest Schedule of Contributions (dated 20th July 2021). For the period January-July 2021 these costs totalled £28k. From August 2021 onwards the DC cost actuals are no longer available as they are not split out from the Fund's other costs, but they are estimated to be ~£12k, giving a total for 2021 of £40k. These costs provide the following functions and benefits that are associated with the DC section.

Administration
The Trustee is confident that the member experience has been improved as a result of the switch of administrators in 2020. 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 introduced free-to-member IFA support for members over 55 during 2021 and plans to introduce online retirement and transfer illustrations for all members in H1 2022.

Member Options
The Trustee introduced during 2021 the option for members of exchanging future pension increases for a higher initial pension (PIE) for all members at the point of taking their benefits as a scheme pension. This gives members more flexibility on how they take their benefits.

Governance
The Trustee has invested considerable time and resource during 2021 into developing member options and improving the support members (including all DC members) get before and at retirement.

In-Scheme Pension – Member Benefit
The total value at 31.12.2021 of the member DC benefits which have the right to be converted to a scheme pension using fixed conversion factors was £874k, and across the 34 members in the DC section that equates to £25.7k each. The factor applicable to get a CETV at the end of 2021 was 2.52, giving a full-market average value of £64.8k. On the open market that could buy a joint life increasing pension of around £1,440 p.a. (annuity conversion rate 45 assumed). The equivalent in-scheme increasing pension at 60, using the fixed joint life (50% spouse pension) conversion factor of 14.85, is £1,730 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 2021, including through the provision of IFA support for those over age 55.

6. 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 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.

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 2021 were the SIP requirement changes, Implementation statements, the proposed Single Code of Practice, the Pensions Schemes Act 2021, and the revised Transfer Rights.

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 meetings. From June 2021 all Directors are being involved in all investment matters, following the dissolution of the Investment Sub-Committee. All available directors were fully involved in the review and revision of the SIP in May and August 2021 and should therefore have sufficient working knowledge of the SIP.

As at end of 2021, there were four Individual Trustee Directors, two of whom have held this role for at least ten years and as such have a great deal of experience. One of those two 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, although their training and involvement during 2021 was limited due to absence from work and their

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Trustee role. This director resigned from his Trustee role in March 2022 for work reasons, and there are no immediate plans to appoint a replacement.

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 (who has now resigned) was 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 2021, two out of the three 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 Q4 2021, with the items raised as potential training needs were the law relating to pensions, strategic asset allocation, fund management, and a working knowledge of the Fund’s trust documentation.

The Trustee Board holds regular Trustee's meetings and detailed minutes of the four quarterly meetings held during 2021, 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 SIP requirement changes, Implementation statements, the proposed Single Code of Practice, the Pensions Schemes Act 2021, and the revised Transfer Rights. 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.

The Trustee Board’s independent professional trustee director led a questionnaire-based Trustee Effectiveness review in early 2020, with several specific Board-effectiveness improvement actions put in place as a result. The next such review is planned for Q4 2022.

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

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Chair of the Trustee

Date of signing ____________________