

SERVIER LABORATORIES LIMITED PENSION FUND

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

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

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

This statement issued by the fund covers the period from 1 April 2022 to 31 March 2023. It covers the DC Section of the Fund.

Areas that we have considered when drafting this statement:

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

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

The Trustees are aware of the current high inflation conditions and the impact this is having in terms of investments and cost of living. The Trustees have been closely monitoring investment performance. In addition, the Trustees have communicated with members regarding the impact and have provided members with details of where additional information can be found to help navigate through the current cost of living challenges.

1. The Default Arrangement

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

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

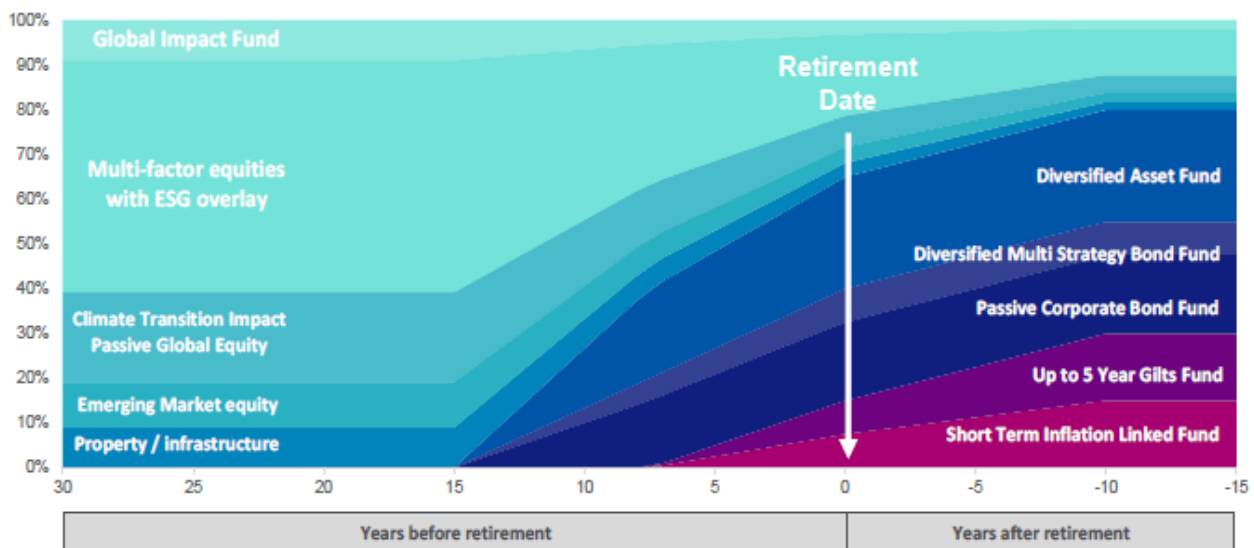
The latest Statement of Investment Principles (SIP) for the Fund which governs decisions about investments in the Fund, including the specific requirements of the default strategy together with the details of how the default is currently invested, is appended to this statement. The SIP was last updated on 31 March 2023.

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

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

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



Source: Aon Investments Limited, for illustration purposes only

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

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

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

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

An investment strategy review is undertaken for the Fund at least every three years, as prescribed by the Regulations.

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As at 31 March 2023, the last investment strategy review (including a review of the default strategy) for the Fund was completed on 28 February 2020.

In the Fund year the Trustees appointed an independent adviser to carry out a review of the suitability of Aon Investments Limited. This review took into account the default strategy, Aon Investments Limited's investment expertise and protocols and costs and charges against the wider market. The independent review concluded that Aon Investments Limited remained a suitable investment manager for the DC section of the Fund.

Following the review of the suitability of Aon Investments Limited, the Trustees commenced the review of the investment strategy. This review concluded on 11 July 2023 so after the Fund year end covered by this Statement. The review concluded that the default strategy and self-select fund choice remained suitable for members. The next review is due by 11 July 2026.

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

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

The last review of the performance of the default strategy's performance was at the Trustees' meeting on 11 July 2023, when the quarterly investment report for the period ending 31 March 2023 was reviewed. Over the quarter, the default strategy generated strong positive returns for all members, reflecting positive returns from most asset classes. Longer term (i.e. 3 and 5 years to 31 March 2023), the default strategy has generated positive returns albeit for some funds, this is behind their long-term inflation linked return objectives, reflecting a sharp rise in inflation combined with falling markets over 2022. The performance is consistent with the aims and objectives of the default strategy as stated in the SIP. More detail can be found in Section 4.

2. Net Investment Returns

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

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

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

2.1 - DC Default - Retirement Pathway Fund

Performance to 31 March 2023	Annualised returns (%)	
	1 year	5 years
Age of member at the start of the period		
25	(2)	7.4
45	(2)	7.4
55	(3.4)	4.7

Source: Aon Investments Limited. Performance up to 5 years is only available

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2.2 – Self-select funds

Performance to 31 March 2023	Annualised returns (%)	
Fund name	1 year	5 years
Aon Managed Retirement Pathway to Cash 2019-2021 Fund	1.9	1.1
Aon Managed Retirement Pathway to Cash 2022-2024 Fund	0.2	3.4
Aon Managed Retirement Pathway to Cash 2025-2027 Fund	(2.6)	-
Aon Managed Retirement Pathway to Annuity Perpetual Fund	(14.5)	(2.2)
Aon Managed Retirement Pathway to Annuity 2019-2021 Fund	(14.4)	(2.1)
Aon Managed Retirement Pathway to Annuity 2022-2024 Fund	(12.7)	(0.1)
Aon Managed Retirement Pathway to Annuity 2025-2027 Fund	(5.8)	-
Aon Managed Passive Corporate Bond Fund	(10.5)	(1.0)
Aon Managed Long Term Inflation Linked Fund	(29.6)	(4.2)
Aon Managed Pre-Retirement Bond Fund	(19.8)	(3.3)
LGIM Ethical Global Index Fund	0.5	11.7
HSBC Islamic Global Equity Index Fund	(3.2)	14.8
Aon Managed Active Global Equity Fund	0.1	9.5
Aon Managed Global Equity Fund	(0.1)	7.9
Aon Managed Diversified Multi-Asset Fund	(3.9)	2.2
Aon Managed Diversified Multi Strategy Bond Fund	(0.6)	0.3
Aon Managed Liquidity Fund	2.0	0.6
Aon Managed Property and Infrastructure Fund	(16.0)	4.4
Aon Managed Global Impact Fund	(4.7)	-

Source: Aon Investments Limited. Performance up to 5 years is only available, except for the Aon Managed Global Impact Fund where performance for 1 year is only available.

3. Member-borne Charges and Transaction costs

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

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

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

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

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

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

The TERs that were applicable to the default strategy, as at 31 March 2023, ranged from 0.29% p.a. to 0.33% p.a. Transaction costs ranged between 0.09% to 0.16% across all the Retirement Pathway Funds. Details of the TERs and the transaction costs to 31 March 2023 were as follows:

Fund name	AMC (% pa) as at 31 March 2023	TER (% pa) as at 31 March 2023 (including AMC)	Transaction costs as at 31 March 2023 (%)	Total costs as at 31 March 2023 (%)
Aon Managed Retirement Pathway Perpetual	0.28	0.29	0.15	0.44
Aon Managed Retirement Pathway 2013-15	0.28	0.30	0.15	0.45
Aon Managed Retirement Pathway 2016-18	0.28	0.30	0.15	0.45
Aon Managed Retirement Pathway 2019-21	0.28	0.31	0.16	0.47
Aon Managed Retirement Pathway 2022-24	0.28	0.31	0.15	0.46
Aon Managed Retirement Pathway 2025-27	0.28	0.32	0.15	0.47
Aon Managed Retirement Pathway 2028-30	0.28	0.32	0.14	0.46
Aon Managed Retirement Pathway 2031-33	0.28	0.33	0.13	0.46
Aon Managed Retirement Pathway 2034-36	0.28	0.33	0.11	0.44
Aon Managed Retirement Pathway 2037-39	0.28	0.33	0.09	0.42
Aon Managed Retirement Pathway 2040-42	0.28	0.33	0.09	0.42
Aon Managed Retirement Pathway 2043-45	0.28	0.33	0.09	0.42
Aon Managed Retirement Pathway 2046-48	0.28	0.33	0.09	0.42
Aon Managed Retirement Pathway 2049-51	0.28	0.33	0.09	0.42
Aon Managed Retirement Pathway 2052-54	0.28	0.33	0.09	0.42
Aon Managed Retirement Pathway 2055-57	0.28	0.33	0.09	0.42
Aon Managed Retirement Pathway 2058-60	0.28	0.33	0.09	0.42
Aon Managed Retirement Pathway 2061-63	0.28	0.33	0.09	0.42
Aon Managed Retirement Pathway 2064-66	0.28	0.33	0.09	0.42
Aon Managed Retirement Pathway 2067-69	0.28	0.33	0.09	0.42
Aon Managed Retirement Pathway 2070-72	0.28	0.33	0.09	0.42

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

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TERs and transaction costs for the self-select funds

In addition to the Retirement Pathway fund targeting drawdown, the Trustees also make available 2 other Retirement Pathway funds targeting Cash or Annuity and 12 self-select funds, which may be chosen as an alternative to the Retirement Pathway strategies. A full breakdown of the TERs for the funds available as at 31 March 2023 and the transaction costs to 31 March 2023 are listed in the table below:

Fund Name	AMC (% pa) as at 31 March 2023	TER (% pa) as at 31 March 2023 (including AMC)	Transaction costs as at 31 March 2023 (%)	Total costs as at 31 March 2023 (%)
Aon Managed Retirement Pathway to Annuity Perpetual	0.28	0.29	0.02	0.31
Aon Managed Retirement Pathway to Annuity 2019-2021	0.28	0.29	0.02	0.31
Aon Managed Retirement Pathway to Annuity 2022-2024	0.28	0.30	0.03	0.33
Aon Managed Retirement Pathway to Annuity 2025-2027	0.28	0.32	0.10	0.42
Aon Managed Retirement Pathway to Cash 2019-2021	0.28	0.31	0.14	0.45
Aon Managed Retirement Pathway to Cash 2022-2024 Fund	0.28	0.31	0.01	0.32
Aon Managed Retirement Pathway to Cash 2025-2027	0.28	0.31	0.02	0.33
Aon Managed Long Term Inflation Linked Fund	0.17	0.17	0.08	0.25
Aon Managed Pre-Retirement Bond Fund	0.29	0.29	0.02	0.31
Aon Managed Liquidity Fund	0.17	0.20	0.01	0.21
Aon Managed Active Global Equity Fund	0.73	0.74	0.02	0.76
Aon Managed Global Impact Fund	0.64	0.72	0.08	0.80
Aon Managed Global Equity Fund	0.20	0.25	0.07	0.32
Aon Managed Diversified Multi-Asset Fund	0.27	0.29	0.24	0.53
Aon Managed Diversified Multi-Strategy Bond Fund	0.35	0.38	0.54	0.92
Aon Managed Property and Infrastructure Fund	0.45	0.46	0.21	0.67
Aon Managed Passive Corporate Bond Fund	0.17	0.18	0.06	0.24
Aegon HSBC Islamic Global Equity Index Fund	0.35	0.35	0.00	0.35
Aegon LGIM Ethical Global Equity Index Fund	0.35	0.36	0.01	0.37

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Illustration of the effect of charges and transaction costs

Over a period of time, the charges and transaction costs that are taken out of a member's pension savings can reduce the amount available to the member at retirement. The Trustees have set out below illustrations of the impact of charges and transaction costs on different investment options in the Fund.

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

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

The assumptions are explained below:

- The 'before charges' figures represent the savings projection assuming an investment return with no deduction of member-borne fees or transaction costs. The 'after charges' figures represent the savings projection using the same assumed investment return but after deducting member-borne fees and an allowance for transaction costs.
- The transaction cost figures used in the illustrations are based on those provided by the managers over the past 4 years.

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

- A - the fund with the lowest annual member-borne costs – this is the *Aon Managed Long Term Inflation Linked Fund*.
- B - the fund with highest annual member-borne costs – this is the *Aon Managed Active Global Equity Fund*
- C - The self-select fund with the greatest assets invested in it – this is the *Aon Managed Global Equity Fund*.

We have shown an illustration for:

- Illustration 1 - For an active member with a fund value of £160,300. This represents an 'average' active member (i.e. someone contributing to the Fund).
- Illustration 2 - For members with a fund value of £5,000. This represents a younger member who has only been in the Fund for a short while and still has many years to retirement.
- Illustration 3 – For members who have left the Fund, with a fund value of £37,200. This represents an 'average' deferred member (i.e. someone no longer contributing to the Fund).

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Illustration 1

Projected pension pot in today's money								
Fund choice								
	Default arrangement		Fund A		Fund B		Fund C	
Age	Before charges	After all charges + costs deducted	Before charges	After all charges + costs deducted	Before charges	After all charges + costs deducted	Before charges	After all charges + costs deducted
47	160,300	160,300	160,300	160,300	160,300	160,300	160,300	160,300
50	228,290	226,100	208,780	207,630	225,430	220,910	234,090	232,410
55	381,780	373,380	311,420	307,580	370,820	353,980	404,690	397,950
60	575,210	556,230	424,990	417,350	550,510	513,480	628,340	612,510
65	804,000	768,650	538,550	525,980	758,090	690,870	905,600	874,930

The starting pot size used is £160,300 and starting salary is assumed to be £73,700. See below for the other assumptions used. Average age of active members is age 47.

Illustration 2

Projected pension pot in today's money								
Fund choice								
	Default arrangement		Fund A		Fund B		Fund C	
Age	Before charges	After all charges + costs deducted	Before charges	After all charges + costs deducted	Before charges	After all charges + costs deducted	Before charges	After all charges + costs deducted
40	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
45	41,020	40,590	37,240	37,020	40,460	39,570	42,160	41,830
50	89,100	87,360	74,520	73,720	86,830	83,340	93,840	92,450
55	156,940	152,560	121,870	120,060	151,240	142,640	169,150	165,520
60	242,670	233,740	174,260	170,920	231,060	213,910	268,130	260,480
65	344,070	328,030	226,650	221,260	323,260	293,170	390,820	376,610

The starting pot size used is £5,000 and starting salary is assumed to be £34,000. See below for the other assumptions used. The projection is for 40 years, being the duration that the youngest fund member has until they reach the fund's Normal Pension Age.

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Illustration 3

Projected pension pot in today's money								
Fund choice								
	Default arrangement		Fund A		Fund B		Fund C	
Age	Before charges	After all charges + costs deducted	Before charges	After all charges + costs deducted	Before charges	After all charges + costs deducted	Before charges	After all charges + costs deducted
47	37,200	37,200	37,200	37,200	37,200	37,200	37,200	37,200
50	41,140	40,700	37,200	36,970	40,560	39,650	42,320	41,980
55	48,660	47,280	37,200	36,580	46,860	44,090	52,460	51,340
60	57,560	54,920	37,200	36,200	54,130	49,040	65,030	62,790
65	68,080	63,800	37,200	35,830	62,530	54,540	80,620	76,800

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

Assumptions for illustrations:

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

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The projected annual returns used are as follows:

Fund	Assumed annual gross growth rate
Default Strategy <ul style="list-style-type: none"> • Illustration 1: Active member aged 47 – invested in the Aon Managed Retirement Pathway 2040-2042 Fund • Illustration 2: Active member aged 40 –invested in the Aon Managed Retirement Pathway 2046-2048 Fund • Illustration 3: Deferred member aged 47 – invested in the Aon Managed Retirement Pathway 2040-2042 Fund 	6.0% 6.0% 6.0%
Fund A - Aon Managed Liquidity Fund	2.5%
Fund B - Aon Managed Diversified Multi-Strategy Bond Fund	5.5%
Fund C - Aon Managed Global Equity Fund	7.0

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

4. Value for members assessment

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

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

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

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

The Trustees review all member-borne charges (including transaction costs where available) annually, with the aim of ensuring that members are obtaining value for money given the circumstances of the Fund. The date of the last review was 14 September 2023. The Trustees note that value for money does not necessarily mean the lowest fee, and the overall quality of the service received has also been considered in this assessment.

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Value for Members Assessment

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

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

Cost and charges	The cost and charges paid by members of the Fund are comparable to the 3 alternative large funds analysed by the Trustees.
The net investment performance of the funds compared to those of three alternative large pension funds	The net investment returns of the funds available under the Fund have been compared to the net investment returns of funds available from 3 alternative large funds. This has led the Trustees to conclude that the net returns for the default strategy and self-select funds have performed well compared to the three comparator funds' net returns.
The performance of the funds compared to the relevant objectives of the fund	<ul style="list-style-type: none"> ✓ The default strategy aims to reduce risk in the approach to retirement. However, the strategy did not achieve this over the year to 31 March 2023 due to negative market conditions created by events such as high inflation and the war in Ukraine. ✓ The default strategy objective includes providing the opportunity for real growth which is measured as growth above inflation. Inflation soared during 2022 peaking in October 2022 at 11.1%. The Trustees monitor this over the longer-term (i.e. 3 and 5 year periods to 31 March 2023). Over these periods, with the exception of members at retirement, real returns above inflation have been achieved. For members at retirement returns are slightly below inflation over both the 3 and 5 years due to current high inflation levels. ✓ As well as providing real returns, the default strategy has long-term objectives. These long-term objectives set out the level of growth above inflation that the funds aim to achieve. So for example, for a member more than 30 years from retirement, the default strategy aims to provide growth of 4% above inflation. These targets have been achieved for members over a three-year period (except for those at retirement), but have not been achieved over the 5 year period. ✓ The Trustees remain comfortable that the default strategy should achieve its targets over the longer-term despite the current difficult economic environment. ✓ There were some self-select funds that did not meet their objectives over the year. Where these funds have not met their objectives, steps have been taken to identify the reason for this and where deemed appropriate changes have been made to the funds.
Governance and delegated management of funds offered	<ul style="list-style-type: none"> ✓ The management of the investment funds is delegated to Aon Investments Limited, who will decide on which underlying funds to invest in to meet the fund's objective. ✓ The delegated fund manager has demonstrated that it is actively governing the funds. For example, during the year, changes were made to the Aon Managed Diversified (Multi) Asset Fund to reflect market outlook. ✓ All actively managed funds invest in underlying funds that are 'Buy' rated by the Trustees' investment advisers. Where an underlying fund's rating has been downgraded the delegated manager has taken positive steps to replace the fund within a reasonable time period. When taking such decisions Aon Investments Limited will look to reduce the transaction costs of replacing a fund as far as possible.

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<p>The design of the default strategy and how this reflects the membership</p>	<ul style="list-style-type: none"> ✓ A default is offered which is designed to be appropriate for a member requiring flexibility in retirement. This reflects the above-average fund size for the average member of the Fund. Data, such as that collated by the Office for National Statistics, of how members take benefits at retirement suggests that members with larger funds are more likely to take their retirement benefits via drawdown.
<p>The range of funds offered</p>	<ul style="list-style-type: none"> ✓ Drawdown may not suit all members' needs so alternative options for members are available for those that intend to take their benefits in a different way. Members can choose from three Retirement Pathway options to match how they intend to take their benefits at retirement. ✓ Members can select a Retirement Pathway fund where the investment of their pension pot is managed on their behalf. ✓ A good range of self-select funds are available covering the main types of investments available to members of a DC fund. ✓ These include different types of investment management (i.e. lower cost passive funds where the fund aims to provide performance in line with an index and higher cost active funds where the manager is trying to add value to the performance). ✓ The Trustees make changes to the self-select range to reflect members' requirements. The self-select fund range is reviewed every three years.
<p>The ability to switch investments</p>	<ul style="list-style-type: none"> ✓ Members can switch investments at any time (please note that the first switch in any 12-month period is free of charge, however members will incur a fee for any additional switch requests made within this period). ✓ The Retirement Pathway funds are mirrored until 5 years before retirement so members can switch Retirement Pathway funds prior to 5 years before retirement without incurring transaction costs. The Trustees expect that members are likely to know how they intend to take their retirement benefits 5 years from retirement.
<p>The information available to members regarding the available funds</p>	<ul style="list-style-type: none"> ✓ Fund factsheets are produced quarterly for members and these are available to download or can be requested via the Secretary to the Trustees. Unit prices are available online and are usually updated daily where possible. ✓ A member friendly guide to investments for the Fund has been produced and issued to members.

Based on the assessment set out above, the Trustees are happy that the charge that members pay represents **good value** for members.

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

Trustees' view on whether the Fund offers good value

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

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Area	Examples of the areas considered by the trustees
<p>Fund Governance The Trustees believe in having robust processes and structures in place to support effective management of risks and ensure members' interests are protected, increasing the likelihood of good outcomes for members.</p>	<ul style="list-style-type: none"> ✓ The Trustees regularly meet to discuss the Fund and discussions at these meetings are documented in writing. The Trustees' professional advisers also attend these meetings to give advice and guidance to the Trustees. ✓ All Trustees receive training both at outset and ongoing and are required to complete an agreed number of training hours per year to ensure that they can fulfil their duties. ✓ The Trustee Board includes both Company and member nominated Trustees. ✓ The Trustees have processes in place to deal with conflicts of interest and have a risk register that helps the Trustees to mitigate any risks related to running the Fund. ✓ The Trustees have started a detailed review of all of their policies in place as part of ensuring they have an effective system of governance.
<p>Investment Governance A well-designed investment portfolio that is subject to regular performance monitoring and assessment of suitability for the membership will make a large contribution to the delivery of good member outcomes.</p>	<ul style="list-style-type: none"> ✓ See comments made above
<p>Administration The Trustees believe that good administration and record keeping play a crucial role in ensuring that fund members receive the retirement income due to them. In addition, that the type and quality of service experienced by members has a bearing on the level of member engagement.</p>	<ul style="list-style-type: none"> ✓ As highlighted in section 5, the Trustees are comfortable with the quality and efficiency of the administration processes.
<p>Member communications and engagement The Trustees believe that effective member communications and delivery of the right support and tools helps members understand and improve their retirement outcomes.</p>	<ul style="list-style-type: none"> ✓ All members have access to DC retirement modeller tool, accessible online. ✓ Members are issued with a member-friendly annual benefit statement to enable members to see the key information about their retirement savings. ✓ The Trustees have provided a topical and informative insert to be issued with the annual benefit statements. ✓ The Trustees continually consider what communication methods can be used to help support members. ✓ A good level of support is given to members coming up to retirement. This includes access to online information and tools and personalised written communication. ✓ The communication issued to members looking to transfer has been enhanced to help members avoid being a victim of pension scams. Wording around this risk has been included in the benefit statement update.

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

5. Processing of Core Financial Transactions

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

What are core financial transactions?

Transactions we consider include:

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

Servier Laboratories Limited ('the Sponsor') is responsible for ensuring that contributions are paid over to the Fund promptly and the timing of such payments is monitored quarterly through reports submitted by the Fund administrator, Aon Solutions UK Limited.

Aon carry out the bulk of these core financial transactions. Service Level Agreements (SLAs) are in place around the processing of these transactions. These SLAs detail a number of key administration processes to be performed and the target timescale within which each of these processes needs to be completed. There are SLAs in place for all core financial transactions. Under the current SLA, Aon aims to accurately complete the settlement of all financial transactions within 5 working days and issue quotations of benefits within 10 working days.

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

Administration summary for the year:

- **591** work items received
- **99%** completed in agreed time levels

During the year of this report, the administrator completed 99% of cases within the agreed SLA. The Trustees understand that it is not always possible for cases to be dealt with within the SLA due to external factors, such as waiting for additional information from members and third parties. The Trustees are pleased to see that the administration team have significantly exceeded their expected SLA target of 95%. There were no administration issues during the year that required the Trustees to take action. As reported in last year's Chair's Statement, one member previously raised a complaint relating to the timescale it took for a transfer payment to be made. Whilst the complaint was made outside the period of this year's Statement it has been noted as additional information relating to the complaint was provided during this Statement year. The Trustees remain reassured that the delay was a result of the receiving fund not providing the necessary documentation to Aon to enable the transfer to be completed. The case was reviewed by the Pensions Ombudsman's Early Resolution service who came to the same conclusion.

The Trustees agreed to a new retirement process which will help members set up an appointment at retirement with Pensions Wise. The Trustees also appointed a new annuity broker to help support DC members with GMP underpins secure their benefits at retirement.

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

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

Aon's administration controls are independently audited on an annual basis. The last review covered the period 1 October 2021 to 30 September 2022 and considered the suitability and effectiveness of the administration system and general IT controls adopted by Aon. This was shared with the Trustees. There was one exception noted which led to additional controls being introduced in September 2022. The audit found that the controls in place were suitable. A bridging letter covering the period 1 October 2022 to 31 March 2023 has been produced confirming that Aon's administration system and general IT controls had remained unchanged over this period.

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

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

6. Trustees' Knowledge and Understanding

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

- the administrator was operating appropriate procedures, checks and controls and operating within the agreed SLA;
- there have been no material administration errors in relation to processing core financial transactions; and
- all core financial transactions have been processed promptly and accurately during the Fund year.

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

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

The Trustees have a formal training policy in place dated June 2015. Under this policy all Trustees are required to complete the Pensions Regulator's online training and must attend formal or informal training totalling a minimum of 15 hours each year. When a Trustee has not been appointed for the full Fund year, the minimum number of hours is reduced to reflect this. Each Trustee is required to maintain a training log detailing attendance of both internal and external training courses. The training log is for the period 1 April to 31 March. Training logs are submitted to the Chair of Trustees who checks that the required level of training has been met. The Chair of Trustees is happy to report that all Trustees had undertaken the required level of training during the period 1 April 2022 to 31 March 2023.

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There is an appropriate induction process in place for new Trustees. There were two new Trustees during the period of this Statement who went through this induction process. The induction process was updated in 2023 (and approved in July 2023) as part of the Trustees' ongoing review to ensure that an effective system of governance is maintained. New Trustees are required to attend a formal training course within 6 months of appointment. Both newly appointed Trustees have attended external training courses through Aon covering the key areas that the Pensions Regulator expects Trustees to be able to demonstrate knowledge of.

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

In addition, the existing Trustee attended a range of conferences and seminars. The Trustees also receive additional training from advisers through the main board meetings – three meetings in total were held during the year. The Trustees also read articles on pension related issues.

On 26 June 2023, the Chair of Trustees carried out his annual assessment of the effectiveness of the Trustee Board, including looking at the overall skills of the Trustees that sit on the Board. The Chair uses the Pensions Regulator's Sample board evaluation questions as a template to carry out this evaluation. The Chair is pleased to report that the Board has the relevant level of skills and knowledge and will continue to do so via the rolling three-year training plan referred to above. Two areas that the Chair identified were time pressures on the Trustees and also the ability to evaluate board decisions/performance. During the year, the Trustees agreed to appoint a delegated fund manager for the Defined Benefits Section assets which will help to address both of these concerns by freeing up time for the Trustees to focus on other areas and delegating the day-to-day investment decisions to a professional manager. In addition the Trustees agreed to hold an additional meeting each year with a focus on governance.

The Trustee board is currently made up of three Trustees with varying skill sets. With the exception of one Trustee, all Trustees are also members of the Fund. The Trustees considered the diversity of the Board as part of the annual evaluation of the Board carried out on 26 June 2023 and concluded that the Board is diverse and has a good range of experience and skills.

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

- Approved the Trustees' Report and Accounts.
- Increased their understanding around the law relating to pensions and trusts through updating the risk register.
- The Trustees also received training on the new requirements for Pensions Dashboards (an online tool that will enable individuals to see all of their pension benefits in one place in the future).
- Reviewed quarterly administration reports to monitor service delivery against agreed service levels standards and assessing the member experience.
- Carried out a gap analysis of the Trustees' current processes against best practice set out in the new Pensions Regulator's Code expected to be finalised later in 2023 and setting up a plan to bridge any gaps.
- Undertook further discussions around the different approaches to equalising Guaranteed Minimum Pensions (GMPs) including the impact that this would have on DC members with GMP underpins demonstrating knowledge of the principles relating the implications of contracting out and funding of DC funds.
- Updated the Fund Member Booklet.
- Carried out the triennial valuation which included funding for DC members with GMP underpins.
- Carried out their first prescribed value for money assessment (relating to the 2021/22 Fund Year).
- Reviewed and approved documentation setting out procedures to avoid adviser conflicts of interest.

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

- Carried out an independent review of the appointment of Aon Investments Limited as the investment manager.
- Reviewed and updated the Statement of Investment Principles.
- Produced an Implementation Statement which sets out how the Trustees have met their investment objectives set out in the Statement of Investment Principles.
- Reviewed and discussed the changes made to the default arrangement by the delegated manager.
- Initiated an investment strategy review for the DC Section.
- Reviewed the quarterly investment reports to assess fund performance against benchmarks, and funds against overall Fund aim and objectives, as set out in the Statement of Investment Principles.
- Received quarterly investment market outlooks.
- Reviewed which approach to take for settling benefits at retirement for DC members with a GMP underpin and concluded that these should be settled via an annuity outside of the Fund.

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

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

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

Tony Grayson

Chairman of the Trustees

Date: 24 October 2023