

# Annual Chair's Statement for the DC Section of the Servier Laboratories Limited Pension Fund (the "Scheme")

Governance requirements apply to defined contribution ("DC") pension arrangements to help members achieve a good outcome from their pension savings. The Trustees of the Scheme 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 including the default strategy and the other funds members can self-select;
- the processing of core 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 Trustees, covers the period from **1 April 2024 to 31 March 2025** and is in relation to the DC Section of the Scheme.

## 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

The Occupational Pension Schemes (Scheme Administration) Regulations 1996 ("the Administration Regulations") requires the Trustee to prepare an annual statement regarding governance and include this in the annual Trustee report and accounts. The governance requirements apply to all defined contribution ("DC") pension arrangements and aim to help members achieve a good outcome from their pension savings. 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/>

## 1. The Default Arrangement

The Scheme is used as a Qualifying Workplace Pension Scheme for auto-enrolment. The default strategy is provided for members who either select the strategy or join the Scheme and do not choose an investment option for their contributions.

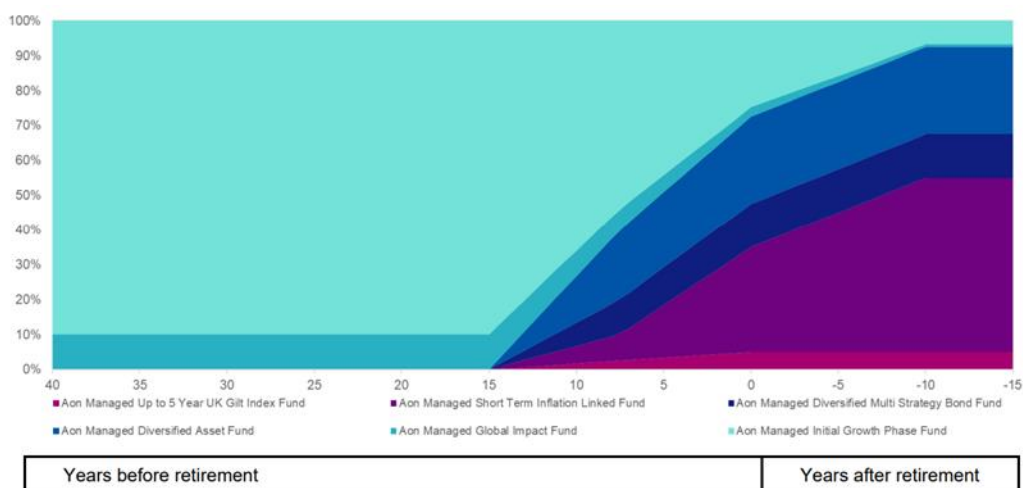
The Trustees are responsible for investment governance. This includes setting and monitoring the investment strategy for the Scheme's default strategy.

The latest Statement of Investment Principles (SIP) for the Scheme which governs decisions about investments in the Scheme, 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 10 July 2024. The main amendment made to the SIP was to explain the Trustees' approach to investing in illiquid assets. Illiquid assets tend to be long-term investments that cannot quickly be converted to cash (for example

investing in commercial property).or easily traded (for example private investments that are not traded on a stock market). 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. For 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 Scheme'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 Scheme 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.

As at 31 March 2025, the last investment strategy review (including a review of the default strategy) for the Scheme was completed on **11 July 2023**. The default strategy review considered the suitability of the default strategy taking into account the level of retirement savings that an average saver could expect based on expected future investment returns, the way in which members are likely to take their benefits at retirement and the level of investment risk (i.e. volatility) that the default strategy takes throughout. The review concluded that both the default strategy and self-select fund choice remained suitable for members. An investment strategy review is undertaken for the Scheme at least every three years, as prescribed by the Regulations. Therefore, 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 strategy 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 and investment options against their aims, objectives and policies on a quarterly basis. This is through the Scheme'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 strategy including analysis of fund performance to check that the risk and return levels meet expectations. Performance is reviewed against both the set benchmarks for individual funds 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.

At the Trustees' meeting on 16 July 2025, the Trustees reviewed how the default investment strategy was performing, based on the latest quarterly investment report (covering up to 31 March 2025). During the first quarter of 2025, investment markets were unsettled due to political events like proposed US tariffs. This caused most types of investments to fall in value, and as a result, the default funds experienced negative returns for that quarter. However, it's important to note that the default funds still outperformed their benchmarks during this time.

The funds recovered these losses in the second quarter of 2025. Looking at the longer-term position, over the five years to 31 March 2025, the funds have grown in value and have outpaced inflation. Overall, the Trustees are comfortable that the investment strategy is performing as expected and continues to meet the goals set out in our Statement of Investment Principles (SIP). For more details, please see Section 4.

### 1.1 Specified performance based-fees

Where a fee is calculated by reference to the returns from investments held by the Scheme and is not calculated by reference to the value of the member's rights under the Scheme, the Trustees must state the amount of any such performance-based fees in relation to each default arrangement. **During the Scheme Year the Scheme was not subject to any performance based-fees.**

### 1.2 Default arrangement asset allocation

The Trustees are required to disclose their full asset allocations of investments for each default arrangement. The table below shows the percentage of assets allocated in the default strategy, the Retirement Pathway Fund, to specified asset classes over the year to 31 March 2025. The specified asset classes are:

Asset class	Average asset allocation over year to 31 March 2025 (%)			
	25 years old	45 years old	55 years old	NRA (age 65)
<b>Cash</b>	0.3%	0.3%	1.5%	2.6%
<b>Bonds</b>				
<i>Corporate bonds</i>	0.0%	0.0%	0.7%	1.3%
<i>Fixed interest government bonds</i>	0.0%	0.0%	2.5%	6.4%
<i>Index-linked government bonds</i>	0.0%	0.0%	4.8%	26.3%
<i>Other bonds</i>	0.0%	0.0%	5.1%	9.7%
<b>Listed equities</b>				
<i>UK equities</i>	3.0%	3.0%	2.4%	1.3%
<i>Developed market equities (excluding UK)</i>	78.9%	78.9%	62.7%	33.3%
<i>Emerging markets</i>	9.0%	9.0%	7.1%	3.8%
<b>Private equity</b>				
<i>Venture capital</i>	0.0%	0.0%	0.0%	0.0%
<i>Growth equity</i>	0.0%	0.0%	0.0%	0.0%
<b>Infrastructure</b>	1.4%	1.4%	1.0%	0.4%
<b>Property</b>	7.6%	7.6%	5.7%	2.5%
<b>Private debt</b>	0.0%	0.0%	0.0%	0.0%
<b>Other</b>	0.0%	0.0%	6.5%	12.5%

Source: Aon Investments Limited, Figures may not add up to 100% due to rounding.

## 2. Net Investment Returns

The Trustees are required to report the net investment returns for each fund Scheme 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 strategy, the Trustees also make available a range of self-select investment options. Net returns of these funds have been included below.

### 2.1 - Default Strategy - Retirement Pathway Fund

Performance to 31 March 2025	Annualised returns (%)	
Age of member at the start of the period	1 year	5 years
25	3.4	11.0
45	3.4	11.0
55	4.0	10.5

Source: Aon Investments Limited.

### 2.2 – Self-select funds

Performance to 31 March 2025	Annualised returns (%)	
Fund name	1 year	5 years
Aon Managed Retirement Pathway to Cash 2022-2024 Fund	5.0	4.5
Aon Managed Retirement Pathway to Cash 2025-2027 Fund	5.0	6.4
Aon Managed Retirement Pathway to Cash 2028-2030 Fund	4.8	N/A
Aon Managed Retirement Pathway to Annuity Perpetual Fund	-1.4	-3.3
Aon Managed Retirement Pathway to Annuity 2022-2024 Fund	-1.3	-0.6
Aon Managed Retirement Pathway to Annuity 2025-2027 Fund	0.9	4.7
Aon Managed Retirement Pathway to Annuity 2028-2030 Fund	4.4	N/A
Aon Managed Passive Corporate Bond Fund	2.6	-0.5
Aon Managed Long Term Inflation Linked Fund	-9.3	-9.8
Aon Managed Pre-Retirement Bond Fund	-3.4	-5.3
LGIM Ethical Global Equity Index Fund	3.2	15.3
HSBC Islamic Global Equity Index Fund	3.4	16.3
Aon Managed Active Global Equity Fund	-2.4	11.6
Aon Managed Global Equity Fund	4.2	12.1
Aon Managed Diversified Multi-Asset Fund	7.7	5.9
Aon Managed Diversified Multi Strategy Bond Fund	6.4	3.5
Aon Managed Liquidity Fund	5.0	2.4
Aon Managed Property and Infrastructure Fund	3.9	5.6
Aon Managed Global Impact Fund	-3.6	N/A

Source: Aon Investments Limited. Performance up to 5 years is unavailable for the Aon Managed Retirement Pathway to Cash 2028-2030 Fund, the Aon Managed Retirement Pathway to Annuity 2028 – 2030 Fund and the Aon Managed Global Impact Fund as the funds have not been in existence for that length of time.

### 3. Member-borne Charges and Transaction costs

The Trustees are required to set out and assess the costs associated with the Scheme, 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.

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 2025, ranged from 0.30% p.a. to 0.31% p.a. Transaction costs ranged between 0.07% to 0.08% across all the Retirement Pathway Funds. Details of the TERs and the transaction costs to 31 March 2025 were as follows:

Fund name	AMC (% pa) as at 31 March 2025	TER (% pa) as at 31 March 2025 (including AMC)	Transaction costs as at 31 March 2025 (%)	Total costs as at 31 March 2025 (%)
Aon Managed Retirement Pathway Perpetual	0.28	0.30	0.08	0.38
Aon Managed Retirement Pathway 2013-2015	0.28	0.30	0.08	0.38
Aon Managed Retirement Pathway 2016-2018	0.28	0.30	0.08	0.38
Aon Managed Retirement Pathway 2019-2021	0.28	0.30	0.08	0.38
Aon Managed Retirement Pathway 2022-2024	0.28	0.30	0.08	0.38
Aon Managed Retirement Pathway 2025-2027	0.28	0.31	0.08	0.39
Aon Managed Retirement Pathway 2028-2030	0.28	0.31	0.08	0.39
Aon Managed Retirement Pathway 2031-2033	0.28	0.31	0.08	0.39
Aon Managed Retirement Pathway 2034-2036	0.28	0.31	0.07	0.38
Aon Managed Retirement Pathway 2037-2039	0.28	0.31	0.07	0.38
Aon Managed Retirement Pathway 2040-2042	0.28	0.31	0.07	0.38
Aon Managed Retirement Pathway 2043-2045	0.28	0.31	0.07	0.38
Aon Managed Retirement Pathway 2046-2048	0.28	0.31	0.07	0.38
Aon Managed Retirement Pathway 2049-2051	0.28	0.31	0.07	0.38
Aon Managed Retirement Pathway 2052-2054	0.28	0.31	0.07	0.38
Aon Managed Retirement Pathway 2055-2057	0.28	0.31	0.07	0.38
Aon Managed Retirement Pathway 2058-2060	0.28	0.31	0.07	0.38
Aon Managed Retirement Pathway 2061-2063	0.28	0.31	0.07	0.38
Aon Managed Retirement Pathway 2064-2066	0.28	0.31	0.07	0.38
Aon Managed Retirement Pathway 2067-2069	0.28	0.31	0.07	0.38
Aon Managed Retirement Pathway 2070-2072	0.28	0.31	0.07	0.38
Aon Managed Retirement Pathway to Annuity Perpetual	0.28	0.28	0.00	0.28

Source: Aon Investments Limited

These TERs for the default strategy 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.

### 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 default Retirement Pathway strategies. A full breakdown of the TERs for the funds available as at 31 March 2025 and the transaction costs to 31 March 2025 are listed in the table below:

Fund Name	AMC (% pa) as at 31 March 2025	TER (% pa) as at 31 March 2025 (including AMC)	Transaction costs as at 31 March 2025 (%)	Total costs as at 31 March 2025 (%)
Aon Managed Retirement Pathway to Annuity 2022-2024	0.28	0.28	0.00	0.28
Aon Managed Retirement Pathway to Annuity 2025-2027	0.28	0.29	0.02	0.31
Aon Managed Retirement Pathway to Cash 2022-2024	0.28	0.28	0.01	0.29
Aon Managed Retirement Pathway to Cash 2025-2027	0.28	0.29	0.03	0.32
Aon Managed Long Term Inflation Linked Fund	0.17	0.18	0.00	0.18
Aon Managed Pre-Retirement Bond Fund	0.29	0.29	0.00	0.29
Aon Managed Liquidity Fund	0.17	0.17	0.01	0.18
Aon Managed Active Global Equity Fund	0.73	0.75	0.10	0.85
Aon Managed Global Impact Fund	0.64	0.76	0.11	0.87
Aon Managed Global Equity Fund	0.19	0.21	0.05	0.26
Aon Managed Diversified Multi-Asset Fund	0.27	0.30	0.00	0.30
Aon Managed Diversified Multi-Strategy Bond Fund	0.36	0.42	0.38	0.80
Aon Managed Property and Infrastructure Fund	0.35	0.36	0.16	0.52
Aon Managed Passive Corporate Bond Fund	0.17	0.18	0.00	0.18
HSBC Islamic Global Equity Index Fund	0.35	0.35	0.00	0.35
LGIM Ethical Global Equity Index Fund	0.35	0.35	0.01	0.36

Source: Aon Investments Limited. Where transaction costs are negative these are treated as 0% for the purpose of the Statement.

### 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 Scheme.

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 Scheme 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 (i.e. TERs) 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 5 years.

The illustrations are shown for the default strategy; 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 Scheme's self-select fund range. The self-select funds shown in the illustrations are:

- A – the fund with the lowest annual member-borne costs – from the three funds with the lowest charge we have chosen to illustrate the *Aon Managed Passive Corporate Bond Fund* as it has the largest value of assets under management of the three.



- B - the fund with highest annual member-borne costs – this is the *Aon Managed Global Impact 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 £99,000. This represents the 'median' active member (i.e. someone contributing to the Scheme).
- Illustration 2 - for a member with a fund value of £4,600. This represents the youngest member who has only been in the Scheme for a short while and still has many years to retirement.
- Illustration 3 - for members who have left the Scheme, with a fund value of £37,900. This represents the 'median' deferred member (i.e. someone no longer contributing to the Scheme).

#### Illustration 1

Projected pension pot in today's money £								
Fund choice								
	Default strategy		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
48	99,000	99,000	99,000	99,000	99,000	99,000	99,000	99,000
50	144,900	144,010	139,960	139,480	147,030	144,940	144,660	144,050
55	298,050	292,750	274,020	271,360	315,100	302,400	300,750	297,190
60	474,670	460,830	431,310	424,820	537,560	503,500	499,170	489,840
65	650,000	623,560	600,450	588,190	813,340	742,690	733,850	714,970

The starting pot size used is £99,000 and starting salary is assumed to be £85,500. See below for the other assumptions used. Average age of active members is age 48.

#### Illustration 2

Projected pension pot in today's money £								
Fund choice								
	Default strategy		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
25	4,600	4,600	4,600	4,600	4,600	4,600	4,600	4,600
30	27,380	27,090	25,800	25,650	28,080	27,390	27,300	27,110
35	55,410	54,300	49,480	48,930	58,180	55,460	55,110	54,350
40	95,440	92,730	81,340	80,080	102,380	95,570	94,710	92,860
45	156,480	150,940	128,380	125,950	170,910	156,740	154,970	151,190
50	235,730	225,570	185,360	181,150	262,750	236,220	232,960	226,040
55	338,340	321,070	259,420	252,620	390,340	344,200	338,620	326,830
60	448,430	421,230	345,450	335,080	555,390	479,370	470,310	451,290
65	551,480	512,180	437,960	422,850	759,990	640,120	626,070	596,730

The starting pot size used is £4,600 and starting salary is assumed to be £41,600. See below for the other assumptions used. The projection is for 40 years, being the duration that the youngest scheme member has until they reach the scheme's Normal Pension Age.

### Illustration 3

Projected pension pot in today's money £								
Fund choice								
	Default strategy		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	37,900	37,900	37,900	37,900	37,900	37,900	37,900	37,900
50	40,610	40,320	39,020	38,860	41,300	40,620	40,530	40,340
55	47,510	46,320	41,960	41,370	51,200	48,310	47,940	47,140
60	53,450	51,090	45,120	44,040	63,470	57,460	56,710	55,080
65	57,810	54,140	48,520	46,880	78,680	68,340	67,070	64,370

No allowance is made for future contributions. The average age of deferred members is 48. 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.
- The projected annual returns (before charges) used are as follows:

Fund	Assumed annual growth rate
Default Strategy	
• Aon Managed Global Impact Fund	7.0%
• Aon Managed Initial Growth Phase Fund	6.0%
• Aon Managed Diversified Asset Fund	4.0%
• Aon Managed Diversified Multi Strategy Bond Fund	2.0%
• Aon Managed Passive Corporate Bond Fund	4.0%
• Aon Managed Short Term Inflation Linked Fund	2.0%
• Aon Managed up to 5-year UK Gilt Index Fund	2.0%
Fund A - Aon Managed Passive Corporate Bond Fund	4.0%
Fund B - Aon Managed Global Impact Fund	7.0%
Fund C - Aon Managed Global Equity Fund	6.0%

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 schemes compared to the investment performance that members of the Scheme 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 scheme effectively;
2. Effectiveness of management of conflicts of interest;
3. Appropriateness of the default 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 Scheme 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 Servier Laboratories Limited ("the Sponsor") pays for the majority of services related to running the Scheme 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 are 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 Scheme. The date of the last review was September 2025 when the Trustees considered the charges and net investment returns that members of the Scheme are subject to against three comparable schemes. The review also considers other areas including governance and administration. 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. The Trustees concluded that the Scheme does offer good value for members and more details are set out below.

### Value for Members Assessment

As highlighted above, members of the Scheme 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	<ul style="list-style-type: none"><li>• The cost and charges paid by members of the Scheme are comparable to the 3 alternative large schemes analysed by the Trustees. The outcome is that the Scheme offers value for members.</li></ul>
The net investment performance of the funds compared to those of three alternative large pension schemes	<ul style="list-style-type: none"><li>• The net investment returns of the funds available under the Scheme have been compared to the net investment returns of funds available from 3 alternative large schemes. 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 schemes' net returns.</li><li>•</li></ul>
The performance of the funds compared to the relevant	<b>Default Strategy</b> <ul style="list-style-type: none"><li>• The default strategy aims to reduce risk in the approach to</li></ul>

objectives of the fund	<p>retirement.</p> <ul style="list-style-type: none"> <li>• The default strategy objective includes providing the opportunity for real growth which is measured as growth above inflation for those further from retirement. The Trustees monitor this over the longer-term (i.e. 3- and 5-year periods). Over the three- and five-year period to 31 March 2025, real returns above inflation have been achieved for members in the growth phase. The default strategy has a Long-Term Return Objective to achieve returns of 4% per year above inflation for members in the growth phase. Over the past five years, this target was exceeded. However, over the past three years, the target was not met because inflation was unusually high in 2022 and 2023.</li> <li>• For members closer to retirement, the main aim of the default strategy is to help protect their savings from sudden ups and downs in the market, and from changes in the cost of securing an income and/or cash at retirement. To do this, the strategy gradually moves investments into assets that are linked to inflation and are generally lower risk in the approach retirement.</li> <li>• The Long-Term Return Objective for members at retirement is to achieve returns of 2.5% per year above inflation. Over the five years up to 31 March 2025, the strategy has broadly met this goal. However, over the past three years, this target was not met, mainly because inflation was unusually high during that time.</li> <li>• The Trustees remain comfortable that the default strategy should achieve its targets over the longer-term despite the market turmoil and challenging economic and political environment.</li> </ul> <p><b>Self-select funds</b></p> <ul style="list-style-type: none"> <li>• There were some self-select funds that did not meet their objectives over the year. Where these funds have not met their objectives, steps are taken to identify the reason for this, and advice is sought on whether any action is needed by the Trustees. Over the Scheme year no action was required.</li> <li>• The funds are actively managed to help achieve their objectives. Over the year, the fund manager made changes to funds, where deemed appropriate, as part of that active management. For example, over the past year, the manager of the Aon Managed Global Equity Fund increased investments in larger companies that are focused on the energy transition. This was done to help the fund meet its performance goals.</li> </ul>
Governance and delegated management of funds offered	<ul style="list-style-type: none"> <li>• 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.</li> <li>• The delegated fund manager has demonstrated that it is actively governing the funds. For example, during the year, Aon Investments Limited gradually reduced the allocation to multi-factor equities with a corresponding increase in exposure to climate transition equities. Additionally, changes were made to some of the bond holdings in anticipation of further reduction of interest rates expected to take place over the next 12-18 months.</li> <li>• 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 will take 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.</li> </ul>

The design of the default strategy and how this reflects the membership	<ul style="list-style-type: none"> <li>A default strategy 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 Scheme. 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.</li> </ul>
The range of funds offered	<ul style="list-style-type: none"> <li>Drawdown may not suit all members' needs so alternative options for members are available for those who 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.</li> <li>Members can select a Retirement Pathway fund where the investment of their pension pot is managed on their behalf.</li> <li>A good range of self-select funds are available covering the main types of investments available to members of a DC scheme.</li> <li>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).</li> <li>The Trustees make changes to the self-select range to reflect members' requirements. The self-select fund range is reviewed every three years.</li> </ul>
The ability to switch investments	<ul style="list-style-type: none"> <li>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).</li> <li>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.</li> </ul>
The information available to members regarding the available funds	<ul style="list-style-type: none"> <li>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.</li> <li>A member-friendly guide to investments for the Scheme has been produced and is available to members.</li> </ul>

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 Scheme offers good value

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

Area	Examples of the areas considered by the Trustees
<p><b>Scheme Governance</b>  <i>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</i></p>	<ul style="list-style-type: none"> <li>• The Trustees regularly meet to discuss the Scheme 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.</li> <li>• 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.</li> <li>• The Trustee Board includes both Company and member-nominated Trustees.</li> <li>• 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 Scheme.</li> <li>• The Trustees have undertaken a detailed review of all of their policies in place as part of ensuring they have an effective system of governance. This exercise was significant and was completed after the end of the reporting period of this document.</li> </ul>
<p><b>Investment Governance</b>  <i>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.</i></p>	<ul style="list-style-type: none"> <li>• See comments made in the table above</li> </ul>
<p><b>Administration</b>  <i>The Trustees believe that good administration and record keeping play a crucial role in ensuring that scheme 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.</i></p>	<ul style="list-style-type: none"> <li>• As highlighted in section 5, the Trustees are comfortable with the quality and efficiency of the administration processes.</li> </ul>
<p><b>Member communications and engagement</b>  <i>The Trustees believe that effective member communications and delivery of the right support and tools helps members understand and improve their retirement outcomes.</i></p>	<ul style="list-style-type: none"> <li>• All members have access to a DC retirement modeller tool, accessible online.</li> <li>• Members are issued with a member-friendly annual benefit statement to enable members to see the key information about their retirement savings.</li> <li>• The Trustees provide a topical and informative insert with the annual benefit statements. This includes some information about how to protect against pension scams and the Pensions Dashboards</li> <li>• The Trustees continually consider what communication methods can be used to help support members.</li> <li>• 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.</li> <li>• The Trustees have undertaken training around further support that can be offered to members in the approach to retirement and will consider this further in due course.</li> </ul>

The above sets out some of the areas considered by the Trustees in coming to the conclusion that the Scheme 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 Scheme;
- transfer of members' funds in and out of the Scheme,
- transfers between different investments within the Scheme, and
- payments to and in respect of members, such as on retirement or death.

The Sponsor is responsible for ensuring that contributions are paid over to the Scheme promptly and the timing of such payments is monitored quarterly through reports submitted by the Scheme 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 the core financial transactions for the Scheme 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:

- **714** work items received
- **90%** completed in agreed time levels

During the period covered by this statement, the administrator completed 90% of cases within the agreed SLA, with an improving trend (SLA performance over Q4 2024 and Q1 2025 was 95% and 94% respectively).

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. Whilst the Administrator has underperformed the target of 95% the Trustees are pleased to see an improvement from last year of 3% (from 87% to 90%) as a result of the steps outlined in previous reporting periods to improve the position. This is particularly welcomed given that the level of cases continues to rise year on year (an increase of 4% in the number of cases), particularly in cases such as retirement and transfer cases that typically take longer to process due to the complexity of such cases. The Trustees are pleased to see new initiatives being used to help improve efficiency. An example of this is the introduction of digital mail over the reporting year, which enables payslips to be issued to pensioners electronically. This is due to be expanded to include online digital forms for retirement and transfer cases.

No member complaints were raised over the year.

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

- a full member and Scheme 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 Scheme'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 2023 to 30 September 2024 and considered the suitability and effectiveness of the administration system and general IT controls adopted by Aon. The audit considers whether documentation and operation are in line with quality assurance policies and procedures and operations are in line with the Business Continuity Plan. The results of the audit were shared with the Trustees. The audit found that the controls in place were suitable with no control exceptions noted. Bridging letters covering the period 1 October 2024 to 31 March 2025 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 Scheme Audit Report from the Auditor, an independent party that audits the pension scheme. The last post audit report dated 5 November 2024 was for the year end 31 March 2024 and there were no matters that needed to be raised with the Trustees.

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 scheme-specific data (such as date of leaving and benefit details) held by the administrators on the Trustees' behalf. The last report was as November 2024 and the Trustees have a plan for actioning the data gaps based on a priority of the impact that these will have on settling members' benefits.

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

- Although the administrator was operating outside of the target SLAs, appropriate procedures, checks and controls are in place along with an action plan to improve SLA performance going forward;
- there have been no material administration errors in relation to processing core financial transactions; and
- No member complaints have been raised during the Scheme year.

## 6. Trustees' Knowledge and Understanding

The Regulations require the Trustees to have appropriate knowledge and understanding to run the Scheme 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 Scheme as a whole and not solely the DC Section.

The Trustees have a formal training policy in place that was updated over the Scheme year. 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 Scheme 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 exceeded the required level of training during the period 1 April 2024 to 31 March 2025.

There is an appropriate induction process in place for new Trustees. There was one new Trustee appointed



during the period of this Statement who went through the 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. During the year, two of the Trustees 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 also 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 where relevant. Topics covered include the updates to the funding code, cyber risks for pension plans and security of DC assets. Five meetings in total were held during the year. The Trustees also read articles on pension related issues.

On 9 July 2025, 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 and Sample board skills matrix to carry out this evaluation. In addition, this year, the Chair also supplemented this by using Aon's Trustee Knowledge and Understanding Gap Indicator. 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. The Chair has highlighted three important areas for future training over the next Scheme year and this will be incorporated into the training plan. These are:

- DC Decumulation (supporting members through their retirement journey) – this training was carried out in May 2025,
- Effective System of Governance
- Further investment training for the defined benefit section.

In addition, the Chair considered the extent to which the Board incorporates Equity, Diversity and Inclusion (ED&I) into running the Scheme, including as part of Board Effectiveness. The Chair concluded the Trustee Board is well diversified, with a good range of experience and skills and all Trustees are given equal opportunity to raise their views during meetings. Member Nominated Trustee communication has been updated to make it clear that the Board will take into account any changes that need to be made to the running of Trustees' Meetings to ensure that this is not a barrier to interested individuals joining the Board. For example, the ability to be able to attend meetings virtually or around the timings of meetings.

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 Scheme.

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 scheme 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 Funding Code and the new requirements on Trustees to report to the Pensions Regulator.
- Reviewed quarterly administration reports to monitor service delivery against agreed service levels standards and assessing the member experience.
- Established the following new and updated policies in line with the General Code of Practice:
  - Trustees appointment & removal policy
  - Trustee notifiable events policy
  - Trustee knowledge & induction policy

- Risk management framework
- MNT nomination or selection process
- Updated the Scheme's Internal Dispute Resolution Procedure
- Updated the Scheme Member Booklet.
- Developed an incident response plan and Cyber-related risk policies

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

- Produced an Implementation Statement which sets out how the Trustees have met their investment objectives set out in the Statement of Investment Principles.
- Updated the Statement of Investment Principles
- Reviewed and discussed the changes made to the default strategy by the delegated manager.
- Reviewed the quarterly investment reports to assess fund performance against benchmarks, and funds against overall Scheme aim and objectives, as set out in the Statement of Investment Principles.
- Received quarterly investment market outlooks.

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 Scheme and exercise their functions properly. Their professional advisers also attend all Trustees' meetings.

The Trustees collectively believe they have sufficient knowledge and understanding of the law relating to pensions and trusts and the relevant principles relating to the funding and investment of occupational schemes.

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 Scheme.

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

Chairman of the Trustees

Date: 29/09/2025