

Galderma UK Limited Section of the Pensions Master Plan

Implementation Statement

For the year ended 31 March 2025

Introduction

This Implementation Statement (the "Statement") has been prepared by the Section Trustee (the "Trustee") of the Galderma (UK) Section of The Pensions Master Plan (the "Section") to demonstrate how the Trustee has acted on certain policies within its Statement of Investment Principles ("SIP").

Each year, the Trustee must produce an Implementation Statement that demonstrates how it has followed certain policies within the Section's SIP over the year. This Statement covers the year from 1 April 2024 to 31 March 2025.

This Statement has been prepared in accordance with the Occupational Pension Schemes (Investment and Disclosure) Regulations 2005 Amendments and is in respect of the Defined Benefit investments held by the Section.

Trustees of pension schemes are required to provide details of how, and the extent to which, their SIP policies on engagement with investee companies have been followed over the year, including (where applicable) a description of their voting behaviour, the most significant votes cast and any use of proxy voting on their behalf over the year.

Due to the Section not being invested in any equity holdings, there were no investments over the year that carried any voting rights.

The Section entered into a buy-in policy with the Insurance Provider, Legal and General Assurance Society Ltd ("LGAS") on 11 December 2023. This policy is designed to meet all members benefit payments as they fall due, with the exception of one ill-health member. For this ill-health member, it has been agreed that the Principal Employer will be responsible for making future payments (via an additional monthly contribution to the Section equal to the pension amount). The buy-in policy was agreed on 11 December 2023, with the Section's assets at the time novated to Legal and General Investment Management Ltd ("LGIM") on 14 December 2023.

The Section's residual assets are held in the Section's bank account.

Changes to the SIP

This Statement should be read in conjunction with the Section's SIP covering the year under review, which provides details of the Section's investment policies along with details of its governance structure and objectives.

As mentioned above, the majority of the Section's assets are invested in the buy-in policy with the insurer LGAS. Following the purchase of the buy-in policy, the Section has held any remaining other assets in the Trustee bank account to meet ongoing expenses

The SIP was last updated in December 2023 to reflect the changes in the investment strategy mentioned above.

The Section's SIP includes policies on: -

- How "financially material considerations" including environmental, social and governance ("ESG") considerations are taken into account when making investment decisions for the Section.
- The extent to which non-financial matters are taken into account in the investment decision-making process.
- Stewardship and voting policy, including details on monitoring and engaging with the investee companies in which they invest (and other relevant stakeholders) on relevant matters (including performance, strategy, capital structure, the management of actual or potential conflicts of interest, risks, corporate governance, and governance, social and environmental issues concerning the Trustee's investments)

- A policy on monitoring the Section’s asset managers, particularly concerning financial arrangements and ESG factors.
- A policy covering the duration of arrangements with the Section’s investment manager.

This Implementation Statement reviews the voting and engagement activities covering the 12-month period to the Section year-end and the extent to which the Trustee believes the policies within the SIP have been followed.

The Trustee acknowledges the importance of ESG factors and climate change and notes that, as the majority of the assets are invested in the buy-in policy, there is limited scope for the Trustee to incorporate ESG into the Section’s investment Strategy.

It was therefore LGAS that was responsible for the policy on taking ESG considerations into account in the selection, retention and realisation of investments that back the buy-in policy and for the exercise of rights (including any voting rights).

The Trustee’s policy in relation to any rights (including voting rights) attaching to its investments is to exercise those rights to protect the value of the Section’s interests in the investments.

How the policies in the SIP have been followed over the Section year

In the opinion of the Trustee, the policies in the SIP have been followed throughout the year to 31 March 2025 for the Section. The investments held by the Section (the direct buy-in policy) did not carry any voting rights and the Section had no exposure to investee companies in order to influence practice over the year. The Trustee also had no ability to influence the selection or engagement activities undertaken on the underlying investments held by LGAS as the buy-in policy provider.

The Trustee’s policies on investment objectives:

The Trustee’s primary investment objectives for Section are:

Objectives	Assessment
To ensure all obligations to the beneficiaries of the Section are met in a timely manner.	The Trustee has entered into a buy-in policy with an insurance provider, with this policy designed to meet all members’ benefit payments as they fall due. This decision was made to help meet and maintain the Section’s cashflow and investment objectives.
To invest the Section’s assets appropriately to run the Section on a low risk basis to lessen funding level volatility and to reduce the likelihood of placing any reliance on the Sponsor.	The Trustee has entered into a buy-in policy with an insurance provider, and as such can be considered to be invested on a low-risk basis with matching to the liabilities.

Proxy voting

The Trustee did not employ a proxy-voting service nor set stewardship priorities during the Section year to 31 March 2025 as the Section’s invested assets did not have any voting rights. The Trustee does not have visibility or control over the assets held by LGAS underlying the buy-in policies.

Voting and Engagement

Given the buy-in policy, the Trustee is not able to influence the selection of underlying investments held by the insurer and as such does not having oversight of how the insurer carries out voting and engagement.

The Trustees expect the insurer to:

- Where relevant, assess the integration of ESG factors in the investment process; and
- Use its influence to engage to ensure the Section’s assets are not exposed to undue risk.

The Section’s residual surplus assets, not novated to LGAS, has been allocated into the Section’s bank account and as such have no related engagement with counterparties.

Extent to which Trustee's policies have been followed during the year

Given the buy in policy held by the Section over the year did not result in direct voting or engaging on the Trustee's behalf, the implementation of these policies were not applicable over the Section year.

This report demonstrates that the Galderma UK Limited Section of the Pensions Master Plan has adhered to its investment principles and its policies for managing financially material consideration including ESG factors and climate change.

August 2025

