SUMMER 2022

pensions@bms

From the Trustee of the Bristol-Myers Squibb Pension Plan (the Plan)

Contents

2022 Plan update

Welcome to this year's Plan newsletter. The major global events we've experienced since last year have, in turn, affected the UK economy and global financial markets.

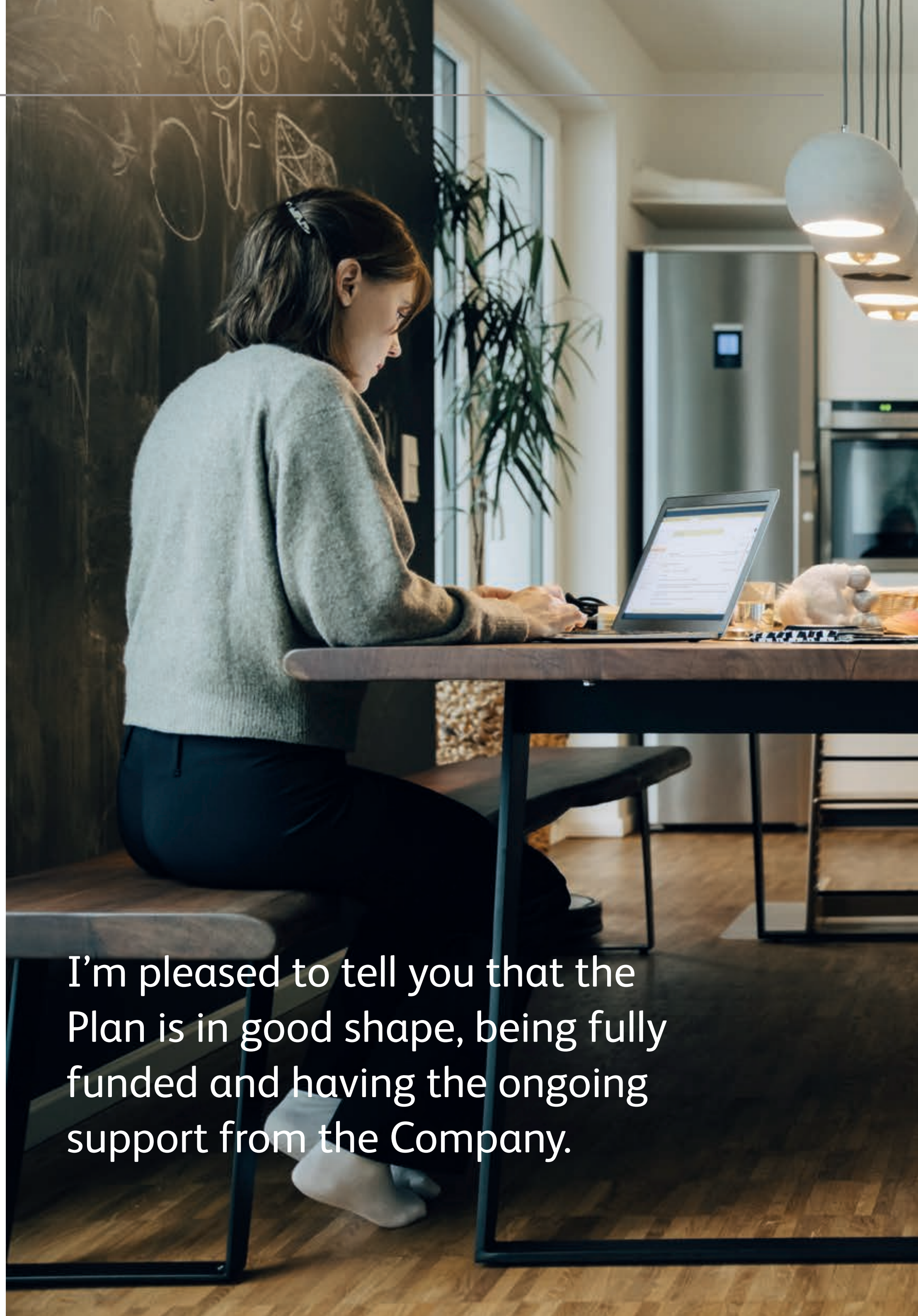
Back in the black

The Funding review carried out by the Plan Actuary showed that the Plan is back in surplus at 1 January 2022, with a funding level of 101%. This means it has sufficient assets to pay members' benefits in full when they are due. The Company paid a contribution of £15.7 million in 2021 and has also committed to paying a further £10 million by 31 January 2023 to help the Plan to reach our target of being self-sufficient. Turn to page 4 for a full update.

The current economic environment

As we're all aware, inflation and the cost of living is rising, particularly food, gas and electricity. Interest rates have also risen and you may be asking what this means for pension investments. The Additional Voluntary Contributions (AVCs) are invested in defined contribution funds and they have performed creditably in the current environment, despite the significant volatility of recent months. Rising prices for goods and services are generally termed as inflation and, to help control inflation, the Bank of England can raise interest rates. While this increases the cost of spending through borrowing, it also improves the value gained from saving.

However, pension investments aren't immune to the effects of inflation and some investments fare better than others – for example, equities (shares) have historically increased over the long term by more than inflation, and there's no reason to believe this trend will not continue, although this cannot be guaranteed. In contrast, long-term investments in cash have not typically fared so well, due to inflation eroding its buying power. Our Plan's strategy of investing in a broad asset range, supported by the collective expertise provided by the Plan's investment managers, helps to manage investment risk, and our liability hedging approach aims to limit the effects of inflation. See page 6 for more information.



I'm pleased to tell you that the Plan is in good shape, being fully funded and having the ongoing support from the Company.

What about the conflict in Ukraine?

Naturally, we are concerned with those worse affected by the deeply distressing events in the region. Although the current situation is leading to investment market volatility, remember that pensions are long-term investments and we have historically seen the value of investments increase over time (although this can't be guaranteed). Our Plan's investments remain fairly stable and the Trustee seeks to manage investment risk as part of its ongoing strategy.

Trustee update

We've had some changes to our Trustee board over the past year with a couple of Trustees leaving and others changing their Company or Member-Nominated status. See page 11 for more details.

While there is increased volatility in the markets, please be assured that the Trustee continues to focus on the financial health of the Plan and act in members' best interests. We hope you find this newsletter a helpful update.

Stephen Allaker
Chairperson

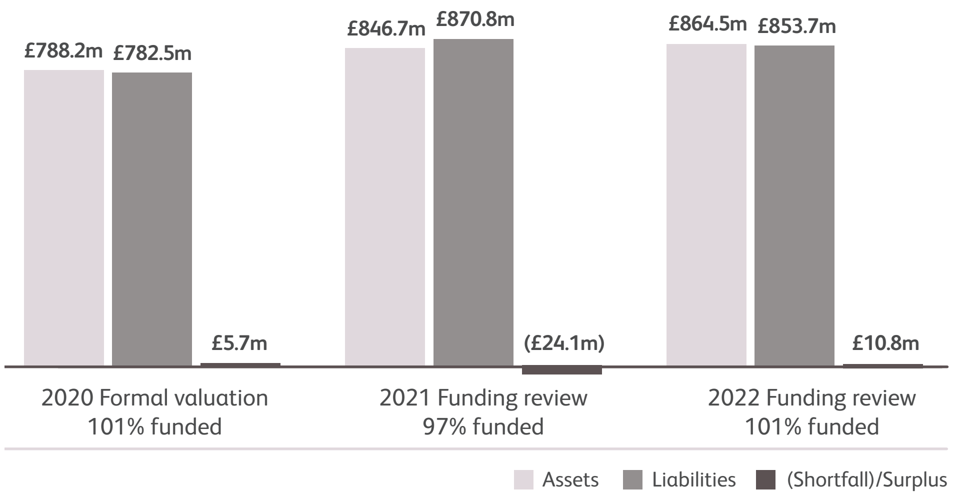
Financial health check

The results of the Plan's Funding review as at 1 January 2022 showed that the Plan had a surplus of £10.8 million and was 101% funded. This compares to a shortfall (or deficit) of £24.1 million last year. This turnaround was considerably supported by the Company contribution of £15.7 million during the year.

Plan funding

Funding reviews are carried out in the interim years between formal valuations, which are undertaken every three years. The Funding review provides a reasonable indication of how the funding position might have moved since the last assessment but is not as detailed or robust as a full valuation. The next formal valuation is due next year and we'll update you on progress in our Plan newsletter.

The chart shows the Plan had a surplus of £10.8 million and was 101% funded at 1 January 2022. During the year, the returns on gilts (bonds, effectively, which are very low risk) reduced, which increased the cost of providing Plan benefits. This was compounded by rising inflation. However, the Plan's hedging strategy helped to reduce exposure to investment risk and limit potential losses. The Plan's assets were also considerably increased by the Company contribution of £15.7 million. Here are the results of the Funding review at 1 January 2022.



Terms explained

Assets include shares, Government bonds, property, and cash.

Liabilities are the costs of providing your Plan benefits earned to date.

Funding level is the percentage of the Plan's liabilities that the assets would cover.

If you'd like to see the Actuarial Report, please contact the Plan Administrator (see page 12).

The recovery plan

As the Plan was fully funded when the formal 2020 valuation was completed, a recovery plan was not required. However, the Plan is aiming to reach full funding status and so achieve its (higher) self-sufficiency target by 2030. To support the Plan's self-sufficiency target, in addition to the £15.7 million paid during the last 12 months, the Company has agreed to pay a contribution of £10 million by 31 January 2023, although this may be paid later this year.

Questions?

What would happen if the Plan has to wind up?

Although the Company and the Trustee have no intention of winding up the Plan, we're required to monitor the Plan's wind-up position, in the event that the Company would no longer be able to support it. Should this happen, a wind-up of the Plan is likely to begin and responsibility for paying members' pension benefits would be transferred to an insurance company. As at 1 January 2020 (the latest formal valuation) the Plan's assets would have covered around 82% of the estimated amount needed to buy members' benefits from an insurance company.

Why is this different from the funding level?

This is because it's more costly to wind up the Plan than provide benefits through the Plan, partly because the insurer needs to make a profit. So the winding-up position is lower than the funding level. If the Plan wound up voluntarily, the Company would be required to pay in funds to meet 100% of the benefits and, should the Company become insolvent and unable to provide sufficient funds to secure 100% of benefits, the Plan would possibly enter the Pension Protection Fund (PPF).

What's the Pension Protection Fund (PPF)?

The PPF aims to pay compensation to members of discontinued pension schemes or where companies have become insolvent and cannot afford to pay members' benefits through an insurance company. If the Plan were to enter the PPF, the amount members receive may be less than their Plan benefits but the PPF rules are complex and the amount payable depends on the Plan rules and a number of factors. To find out more, visit **www.ppf.co.uk** or call **0345 600 2541**.

Is there anything else I need to know?

By law we must confirm that the employers have not taken any money out of the Plan, and The Pensions Regulator has not intervened in the running of the Plan, since the last Summary Funding Statement.

Plan investments

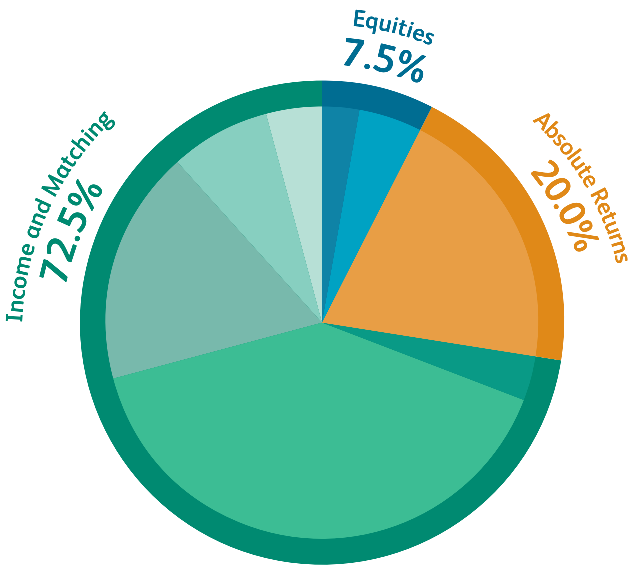
The Trustee regularly reviews the Plan's investment strategy, supported by Mercer, their Investment adviser. This includes assessing the Plan's investment approach and funds, with a view to setting appropriate levels of risk and return.

The Plan's investment strategy is designed to align with our long-term goal of fully funding the Plan on a self-sufficiency basis by 2030.

Over 2022 to date, the Plan's target allocation to equity has been changed to focus more closely on global equity, which should provide a more diverse exposure to different drivers of investment return (and risk) going forward. The target allocation to UK equities has been reduced from 5% to 3%, and the target allocation to global equities has been increased from 2.5% to 4.5% (as percentages of the Plan's total investment portfolio).

The chart below shows the Plan's current benchmark allocations as at 31 May 2022. It is important to note that the actual split of the Plan's assets will vary over time, as fund prices go up and down.

The Plan's investments at 31 May 2022.



UK Equities	3.0%
Global Equity	4.5%
Diversified Growth	20.0%
Private Debt	3.5%
Buy and Maintain Credit	40.0%
*LDI and Cash	17.5%
**High Grade ABS	7.5%
Secured Finance	4.0%

High inflation and its effect on investments

There has been significant volatility in markets over 2022 to date and, while markets have been challenging, the Plan's funding position has remained robust. The Plan invests across a diverse range of assets and investment managers, which helps to manage risk arising from changes in financial markets. Additionally, the high levels of liability hedging mean the Plan is well equipped to manage the impact of rising inflation.

The Plan's investments

The Statement of Investment Principles (SIP) will tell you more about the Plan's investments. You'll find the full Chair's Statement and SIP at **www.psgovernance.com/communications/Bristol-Myers-Squibb.html**

* LDI: Liability-driven investments aim to manage risk and minimise the impact of the Plan on the Company's financial health.

** High Grade ABS: Asset-backed securities use a pool of assets to generate a cash flow.

Fund performance

The table shows the performance of the Plan's investment funds over one, three and five-year periods to 31 March 2022 relative to their set benchmarks. 31 March 2022 is used as the reference date here rather than 31 May 2022 because this is the latest complete performance information available at the time of writing.

Fund name	1 year %	3 years % p.a.	5 years % p.a.
The Bristol-Myers Squibb Pension Plan	0.9%	3.4%	3.8%
Benchmark	0.9%	4.0%	4.2%
Majedie UK Equity	5.8%	3.4%	2.3%
Benchmark	13.0%	5.3%	4.7%
Cantillon Global Equity	10.1%	13.9%	14.2%
Benchmark	15.4%	14.6%	11.3%
Mercer Passive Global Equity	15.6%	15.1%	12.0%
Benchmark	15.4%	14.6%	11.6%
Insight Broad Opportunities	3.8%	3.8%	3.4%
Benchmark	0.1%	0.4%	0.5%
Ruffer Absolute Return	4.5%	n/a	n/a
Benchmark	0.1%	n/a	n/a
H2O Absolute Return Bonds	(40.9%)	(15.4%)	(7.8%)
Benchmark	0.1%	0.3%	0.4%
Mercer PIP IV Private Debt	12.2	7.4	5.8
Benchmark	0.1%	0.4%	0.5%
Wellington Buy and Maintain Global Credit	(7.0%)	0.9%	1.8%
Benchmark	(6.9%)	1.0%	2.0%
Insight Liability Driven Investment	13.2%	5.8%	8.1%
Benchmark	13.2%	5.9%	8.2%
Insight Liquidity Fund	0.1%	0.1%	n/a
Benchmark	0.0%	0.0%	n/a
Insight High Grade ABS	0.5%	0.9%	n/a
Benchmark	0.1%	0.2%	n/a
Insight Secured Finance II	2.0%	2.0%	n/a
Benchmark	0.1%	0.3%	n/a

Please note

Figures are shown net of fees (which are paid for by the Plan) and based on performance provided by the Plan's investment managers, Mercer estimates and Refinitiv.

Where 'n/a' is shown, this is because we don't have performance figures as the Plan has not been invested in these funds over the complete periods shown.

Pension news

Minimum Pension Age increasing

From April 2028, the earliest age at which UK pension scheme members can draw their pension benefits is rising to age 57 (from 55). So if you're in your forties now, you should factor this into your retirement planning. From 2028 onwards, the Government aims for the minimum pension age to be 10 years below State Pension Age, which is also rising.

State Pension Age is rising

If you were born between 6 October 1954 and 5 October 1960, your State Pension Age (SPA) will rise to your 66th birthday, regardless of whether you're male or female. The Government also plans to phase in a further increase to SPA between 2026 and 2028 to age 67, then to age 68 by 2046. Visit **www.gov.uk/state-pension-age** for more details.

Guaranteed Minimum Pension equalisation

Guaranteed Minimum Pension (GMP) equalisation affects members of a defined benefit pension scheme (such as ours) between 1978 and 1997. There is a project underway to recalculate some members' pensions on this basis and whilst good progress has been made during the year, further work is still required and may take some time to complete. We'll write to you if you're affected.

Paid-for financial advice

The Trustee, with Company support, have appointed Origen Financial Services to provide impartial, qualified financial advice at no cost to any member over age 55 as part of their retirement process. Origen is registered with the Financial Conduct Authority.

If you are 55 or over you will receive information from the Plan with instructions on how you can contact Origen to receive your financial advice, paid for by the Plan. There are limits to this service, and you will be informed of these.

Pension scams – don't be conned

Pension scammers are seasoned experts at trying to part pension scheme members from their retirement savings. They use a number of techniques to trick you, so here's what to look out for.

- Cold calling – since January 2019 this is now illegal. Be wary of any unsolicited approaches, whether it's by phone, text message, email, or in person.
- If a firm doesn't want you to call them back, that's a warning sign.
- Being forced into a quick decision, so creating pressure to transfer your pension quickly, or couriering documents for example.
- Where contact details provided are only mobile phone numbers or a PO box address.
- Any claims they can help you (or a relative) unlock a pension before age 55 (sometimes known as 'pension liberation' or 'pension loans'). Generally, you can't access your pension before 55 (unless you have a protected minimum pension age of 50) other than for early retirement, sickness, or disability.
- Any claims around tax loopholes or extra tax savings.

Taking your money early could result in tax charges of more than half the value of the money you take out, on top of a significant charge for agreeing to the arrangements. So protect your savings and take a look at the Financial Conduct Authority's ScamSmart site at **www.fca.org.uk/scamsmart** And if you're worried or suspect a scam, contact **www.actionfraud.police.uk** or call **0300 123 2040**.

DC Chair's Statement

Although our Scheme is a Defined Benefit pension plan, there are Defined Contribution benefits in the form of Additional Voluntary Contributions (AVCs) and individual transfers-in. Legislation requires the Trustee Chairperson to produce an annual governance statement for these Defined Contribution (DC) benefits, setting out the activities undertaken during each calendar year and confirming how the Trustee has fulfilled their governance duties. A key part of this assessment is whether the Scheme offers good value for members. The DC Chair's Statement is available on the publicly accessible website at **www.psgovernance.com/communications/Bristol-Myers-Squibb.html**

Value for members

This assessment includes the value offered by the services members pay for, such as access to the DC investment funds and the broader value offered by the Scheme, for example Trustee oversight of the DC benefits. There are four sub-sections: Governance, Administration, Investment and Communications. We achieved a 'High' rating for all areas except Administration, which was rated as 'Fair' in the year to 31 December 2021. The Trustee continues to work with the Plan Administrator to improve this area and remains committed to ensuring the Plan provides value for money for members.

Statement of Investment Principles

In the Statement of Investment Principles (SIP) you'll find an update on the extent to which the Trustee has followed the Scheme's investment objectives during the year. These include holding sufficient assets to make all benefit payments in full, limiting asset risk (particularly assets failing to meet long-term liabilities), ensuring appropriate liquidity to generate income and capital growth, as well as minimising long-term costs by maximising asset returns. The SIP can be found here: **www.psgovernance.com/communications/Bristol-Myers-Squibb.html**

Implementation Statement

There's also a requirement to share an Implementation Statement in the annual report. It explains how the Trustee has acted on the investment principles within the SIP (see above), including how the Plan's investments have followed any ethical, social and environmental policies agreed by the Trustee. This is also available on the publicly accessible website at **www.psgovernance.com/communications/Bristol-Myers-Squibb.html**

Assessing Prudential as an investment provider for AVCs

The Prudential Assurance Company provides the investment range for the Additional Voluntary Contributions (AVCs) held in the Plan. As they are counted as defined contribution (DC) benefits, they're required to be included in the DC Chair's Statement (left). As at 31 December 2021, there was approximately £6.3 million invested with Prudential, with over 90% of this held in the With-profits and Deposit Funds. The Value for money rating provided was 'High'.

Prudential Additional Voluntary Contributions (AVCs) Investment performance

The performance for the one, three and five-year periods to the end of 2021 for all funds other than the With-Profits Fund was as follows:

Returns as at 31 December 2021			
Fund name	**1 year %**	**3 years % p.a.**	**5 years % p.a.**
Prudential Deposit Fund	**0.10**	**0.37**	**0.39**
Bank of England Base Rate	0.11	0.36	0.40
Prudential UK Equity Passive S3	**18.2**	**8.3**	**5.5**
FTSE All-Share Index	18.3	8.3	5.4
Prudential International Equity S3	**14.8**	**12.4**	**8.7**
(ABI) Global Equities	18.0	16.1	10.6
Prudential Long Term Bond S3	**-6.1**	**7.7**	**5.2**
Composite benchmark	-6.5	7.1	4.8
Prudential Long Term Gilt Passive S3	**-7.1**	**5.8**	**4.1**
FTSE Actuaries UK Conventional Gilts Over 15 Years	-7.3	5.7	4.1
Prudential Dynamic Growth I S3*	**1.0**	**7.1**	**5.4**
(ABI) Mixed Investment 0-35% Shares	2.5	4.5	2.8

* Replaced the Property Fund following its closure in June 2021.

The With-Profits Fund differs to the other Prudential funds in that members receive annual bonuses and a non-guaranteed final bonus, depending on when they leave the policy. As at 6 April 2022, an estimate of overall annualised bonuses is as follows (for more information visit www.pru.co.uk/pdf/BTBQ00068.pdf).

Fund name	**1 year %**	**3 years % p.a.**	**5 years % p.a.**
Prudential With-Profits	6.30	6.20	3.70

Please note that the above fund performance is not necessarily the same as the Net Investment Returns (NIR) as shown in the Chair's Statement for the Plan. This is due to differing assumptions used.

Meet the Trustees

Changes to your Trustee Board

There have been a number of changes during the year, with some Trustees stepping down and new arrivals welcomed. We have said goodbye to Scott Grisin and Helen Johnson and would like to thank them for their contributions. In their stead, Ashish Saraogi and Gareth Jones have joined the team and we look forward to benefiting from their collective experience.

As well as new faces, we've made some adjustments to the Board structure with changes to the Company-nominated and Member-nominated Trustees; Daphne Lucas-Lee has been elected as a Member-Nominated Trustee (having previously served as a Company-Nominated Trustee) and Mike Tobyn is now a Company-nominated Trustee (rather than Member-nominated). So we now have eight Trustees looking after the Plan (see below).

Trustee role

The Trustees carry out regular training as part of their role, such as The Pensions Regulator's Trustee Toolkit. These online modules help to make sure they're up to date with evolving pension legislation and the many areas they need to address. A key part of their role is to ensure there's enough money in the Plan to pay members' pensions when they are due and to work with the Company to agree the recovery plan. They are supported by external advisers, such as investment and administration.

Company nominated

Stephen Allaker – Chairperson
Finance Director, CEETI (Central & Eastern Europe, Turkey, Israel and India)

Trish Byrne
Senior Manager, Benefits UK, Ireland & CEETI (Central & Eastern Europe, Turkey & Israel)

Gareth Jones
Country Controller, UK/IRE

Ashish Saraogi
Director Investments, Treasury Operations and Global Benefits

Mike Tobyn
Senior Scientific Director, Drug Product Development

Member nominated

Geoff Cottrell
Pensioner, previously National Trade and Relationship Manager, Commercial Business Group of UK Pharma

Ian Howells
Pensioner, previously Executive Director BFS EMEA & Asia

Daphne Lucas-Lee
Deferred, previously Total Reward Lead UK & MEA

Useful contacts and information

Plan details

For questions on your Plan membership or benefits, or if your personal details have changed, you can contact the Plan Administrator at:

01737 788112 (9am – 5pm, Monday to Friday)

bmspensionplan@willistowerswatson.com

Bristol-Myers Squibb Pension Plan
Willis Towers Watson
PO Box 545
Redhill
Surrey
RH1 1YX

When contacting the Plan Administrator, please quote your full name, address (including postcode), date of birth and National Insurance number (or pension number if you're receiving your pension) – this will help us to deal with your query more efficiently.

Should there be an unresolved dispute regarding your Plan benefits, the Plan's Internal Dispute Resolution Procedure is available upon request.

If you need a different form of communication (for example larger font or audio) or have any feedback regarding this newsletter, please get in touch with the Plan Administrator and we will try out best to accommodate your request.

MoneyHelper

The MoneyHelper website combines the former Money Advice Service, Pension Wise, and The Pensions Advisory Service sites at **www.moneyhelper.org.uk**

You'll find details on money, savings, and pension planning such as free, impartial guidance and sources of help and information.

Pension Wise

If you have Additional Voluntary Contributions (AVCs)* and are age 50 or over, you may be interested in speaking to Pension Wise. This is a free, impartial service that offers guidance about your options for defined contribution pensions.

It's easy to set up an appointment by calling **0800 138 3944** or completing the online booking form at **www.moneyhelper.org.uk/en/pensions-and-retirement/pension-wise/book-a-free-pension-wise-appointment**

* As our Plan is a Defined Benefit pension plan, this would only apply to AVCs.

Data Protection

The Trustee holds and processes personal data about Plan members and beneficiaries in order to run the Plan. The use of this data is regulated by data protection legislation which places certain responsibilities on people who have control over the data (known as 'data controllers'). In processing this data we comply with the relevant data protection legislation.

The Trustee may also share information with BMS and its auditors and advisers to ensure the Plan is being run in a cost-effective way and to offer certain options to members. The data we hold is to help the Trustee to calculate and pay the benefits the members are entitled to, which may include your name, address, salary, years of service with the Plan, date of birth, National Insurance number, gender, marital status, employment history, bank details and contact details.

Visit **www.psgovernance.com/communications/Bristol-Myers-Squibb.html** to see the Privacy Policy.