Bristol-Myers Squibb Pension Plan

Statement of Investment Principles – February 2024

1. Introduction

Pensions Act

1.1 Under the Pensions Act 1995, subsequently amended by the Pensions Act 2004 ("the Pensions Act"), trustees are required to prepare a statement of the principles governing investment decisions. This document contains that statement and describes the investment policy pursued by the Trustee of the Bristol-Myers Squibb Pension Plan ("the Plan").

1.2 Before preparing this document, the Trustee has consulted the Principal Employer (Bristol-Myers Squibb Pharmaceuticals Limited) and the Trustee will consult the Principal Employer before revising this document. The Principal Employer has been nominated by the other participating employers to act for this purpose. However, the ultimate power and responsibility for deciding the investment policy for the Plan lies solely with the Trustee.

1.3 In preparing this document, the Trustee has received advice from the Plan's Investment Consultants (Mercer Limited) and the Scheme Actuary (Mike Butterfield, Willis Towers Watson). The Trustee intends to review this document, in consultation with the Investment Consultants and Scheme Actuary, at least once a year, or immediately following a significant change in investment policy. These include changes in the Plan's liabilities and finances and in the attitude to risk of the Trustee and Principal Employer.

1.4 For preparing this document the Trustee has had regard to the requirements of the Pensions Act concerning diversification of investments and suitability of investments and the Trustee will consider those requirements in any review of this document or any change in its investment policy. The Trustee will refer to this document where necessary to ensure that it exercises its powers of investment so as to give effect to the principles set out in it as far as is reasonable.

Financial Services and Markets Act 2000

1.5 In accordance with the Financial Services and Markets Act 2000, the Trustee sets general investment policy, but delegates the responsibility for selection of specific investments to the appointed investment managers.

Occupational Pension Schemes (Investment) Regulations 2005

1.6 When choosing investments, the Trustee and the investment managers are required to have regard to the criteria for investment set out in the Occupational Pension Schemes (Investment) Regulations 2005 (as amended) and the principles contained in this Statement.

2. Governance and Division of Responsibilities

2.1 The Trustee has ultimate responsibility for decision-making on investment matters.

2.2 The Trustee’s investment responsibilities include:

- Reviewing, at least every year and in a timely manner after any significant change in investment policy, the content of this document and modifying it if deemed appropriate, in consultation with the Principal Employer and with written advice from the Investment Consultants.

- Reviewing the suitability of the investment policy following the results of each actuarial review, and/or asset liability study in consultation with the Investment Consultants and Scheme Actuary.

- Strategically allocating the assets and the cashflow of the Plan between investment mandates and making periodic adjustments to the portfolio allocations.

- Assessing the quality of the performance and processes of the investment managers by means of regular reviews of the investment results and other information in consultation with the Investment Consultants and the Scheme Actuary. The Trustee regularly meets with the Plan’s investment managers.

- Appointing (and dismissing) investment managers.

- In addition to the considerations articulated within this Statement, the Trustee will formulate a forward-looking business plan that provides greater detail on the processes and structure in place governing the Plan’s investments.

2.3 The Trustee carries out detailed and technical consideration of investment matters, aided by advice and input from their Investment Consultants. Any investment issues arising will be discussed by the Trustee.

2.4 Only persons or organisations, who the Trustee believes have the necessary skills, information and resources, are actively involved in taking investment decisions affecting the Plan. The Trustee of the Plan draws on the expertise of its internal advisers, and where necessary employs the skills and expertise of external advisers including the investment managers, Investment Consultants and Scheme Actuary.

Investment Managers

2.5 The investment managers’ responsibilities include:

- Within any guidelines given by the Trustee, managing the Plan’s assets, implementing changes in the asset mix and selecting securities within each asset class.

- Providing the Trustee with monthly statements of the assets along with a quarterly report on actions and future strategy, and any changes to the investment processes applied to their portfolios.

- Informing the Trustee of any material changes in the internal objectives and guidelines of any pooled funds used by the Plan and managed by the investment manager or an associated company.

Custodian

2.6 The role of a custodian is to ensure the safe keeping of the assets and facilitate all transactions entered into by the appointed investment managers. The majority of the Plan's assets are managed via pooled funds. Where this is the case, custody arrangements for the Plan's investments have been made by each investment manager with their preferred custodian.

The Trustee has appointed Northern Trust as custodian to the Plan for the segregated mandates.

Investment Consultants

2.7 The role of the Investment Consultants is, on request, to make recommendations or give advice to the Trustee in the following areas:

- The regular updating of the Statement of Investment Principles
- The development of a clear investment strategy for the Plan
- The construction of a strategic asset allocation benchmark given the liabilities of the Plan, funding position and the risk and return objectives of the Trustee
- The construction of an overall investment management structure or funds that meets the objectives of the Trustee
- The selection and appointment of appropriate investment management organisations
- Upon request, advice in relation to the Plan's AVC investment medium
- The Investment Consultants' current views of the investment managers employed by the Plan and ad hoc updates on developments within the Plan's investment managers when they occur
- Potential new areas or tools of investment
- Trustee education
- General advice in respect of the Plan's investment activities

In addition, the Investment Consultants prepare the Plan's investment report and attend the Trustee meetings on a regular basis.

Fees payable to advisors and investment managers

2.8 The investment manager fees for the Plan are charged on an ad valorem basis as a percentage of the assets under management. The Investment Consultants and Scheme Actuary are remunerated through a combination of time based fees and fixed fees for specific projects.

2.9 The Trustee believes that these fee structures are appropriate and in line with standard market practice. The fees will be reviewed periodically. See Section 4 for further comment on investment management fees.

3. Investment Objectives

3.1 Investment Objectives

The Trustee's investment objective is to invest the Plan's assets in the best interests of the members and beneficiaries, and in the case of a potential conflict of interest between members and beneficiaries and the Principal Employer, in the sole interest of the members and beneficiaries. Within this framework the Trustee has agreed a number of objectives to help guide them in their strategic management of the assets and control of the various risks to which the Plan is exposed. The Trustee's primary strategic objectives are as follows:

- Hold sufficient assets to make all benefit payments in full.
- To attain full funding on a self-sufficiency basis (defined as "gilts + 0% p.a.") by 2030 with a 75% probability.
- To limit the risk of the assets failing to meet the liabilities over the long term, in particular in relation to the scheme-specific funding measure, the Statutory Funding Objective Valuation ("SFO").
- To ensure appropriate liquidity which will generate income and capital growth to meet, together with new contributions from the Principal Employer, the cost of accrued benefits which the Plan provides (as defined by the actuarial assumptions in accordance with the Statement of Funding Principles) recognising that the Plan was closed in 2012.
- To minimise the long term costs of the Plan by maximising the return on the assets whilst having regard to the objectives above.

3.2 Risk Measurement and Management

The Trustee has considered risk from a number of perspectives. They consider the following risks to be potentially financially material to the Plan over its anticipated remaining timeframe. These considerations are taken into account in the decision relating to the selection, retention and realisation of investments.

- Asset and Liability mismatch. The primary risk upon which the Trustee focus is that arising through a mismatch between the Plan's assets and its liabilities. This mismatch arises mainly from investing in assets other than bonds (or bond-like investments) with comparable sensitivity to changes in interest rates and / or inflation as the liabilities.
- The Trustee's willingness to take investment risk is dependent on the continuing financial strength and support of the Principal Employer. The Trustee considers the strength of the covenant and its impact on the investment arrangements on a triennial basis, with an informal review occurring annually.
- Investment Risk. The Trustee recognises that whilst increasing risk improves potential returns over a long period, it also increases the risk of a shortfall in returns relative to that required to cover the Plan's accruing liabilities as well as producing more short-term volatility in the Plan's funding position. The Trustee therefore

recognises the importance of achieving a balance between risk and return and seeks to minimise risk for the required level of return.

- Lack of diversification risk. The Trustee believes that diversification limits the impact of a single risk. The broad approach is to invest across a small range of funds which are invested in different asset classes and managed by different organisations that seek to diversify on behalf of the Trustee.

- Risks arising from environmental, social and corporate governance (“ESG”) issues including climate change and stewardship. The Trustee believes that these risks present threats but also opportunities, and that they are only one risk to which the Plan is exposed. See Section 6 for dedicated comments on these risks and the Trustee’s approach.

- Credit default risk. Arises through exposure to corporate bond and private debt markets. The Trustee believes it has mitigated this risk from the corporate bond mandate by focusing primarily on investment grade credit, limiting the credit portfolio to a maximum of 15% invested in non-investment grade. The buy and maintain approach of the credit mandate also avoids forced selling of bonds that have been downgraded but still represent value. Default risk within the private debt portfolio is managed by being sufficiently diversified.

- Liquidity Risk – the risk that the Plan’s assets cannot be realised for cash in an appropriate timeframe to meet necessary outgoings and other cashflow requirements. This is managed via the use a cashflow generative portfolio (see below) as well as a dedicated cash holding and the diversification of invested assets across a number of liquid markets.

- Active management risk. As the Trustee believes that active management can add value, active managers are employed to manage the Plan’s assets. This introduces the risk that returns are behind expectations. Section 4 sets outlines ways in which the Trustee monitors and manages active management risk.

- Currency risk. This risk is inherent in investment in overseas bond markets. The Trustee acknowledges that a portion of the Plan’s assets are exposed to this risk but that the long-term nature of the Plan’s investments mitigates this risk.

- Custody risk. The safe custody of the Plan’s assets is delegated to professional custodians (either directly or via the use of pooled vehicles).

- Counterparty risk management is delegated to the Plan’s investment managers but is managed via the use of a diverse range of counterparties, maturity dates, internal credit rating assessment and continuous ongoing monitoring.

- Risk of managers investing inappropriately. The documents governing the manager appointments include a number of guidelines which, among other things, are designed to ensure that only suitable investments are held by the Plan. The managers are prevented from investing in asset classes outside their mandate without the Trustee’s prior consent. The managers are authorised by the appropriate regulator.

The Trustee in conjunction with their investment consultant undertakes regular risk monitoring including quantifying investment risk using measures such as Value at Risk. Risk assessment is included within the quarterly monitoring reporting received by the Trustee. Further details on the monitoring of the Plan's active managers are included in Section 4.

Investment in derivatives is permitted for risk reduction purposes or to facilitate efficient portfolio management. In particular, the Trustee has agreed that they are comfortable with the use (within pooled funds) of financial derivatives for the purpose of managing the risk of changes in long term interest rates and inflation expectations within the liability driven investment strategy. In addition, they are comfortable with derivatives within the segregated buy and maintain mandate for the use of controlling overseas currency and interest rate risk.

Should there be a material change in the Plan's circumstances, the Trustee will review whether and to what extent the investment arrangements should be altered.

3.3 Investment Strategy

Full details of the investment strategy are given within the Investment Policy Implementation Document ("IPID"). The Trustee has determined, based on expert advice from their Investment Consultants, a benchmark mix of assets. The aim of this strategy is to:

- capture the long-term growth expected from the Plan's income-generating assets above that of the liabilities;
- better match a significant portion of the liabilities to changes in interest rates and inflation expectations with a Liability Driven Investment strategy;
- better match the Plan's benefit outgo through the Buy and Maintain Global Corporate Bond mandate; and
- hold suitably liquid future investments to enable the Trustee to achieve the long term target of securing members' benefits with an insurer should this be in the best interest of the Plan's members at a particular point in time.

The Trustee believes that the investment strategy reduces funding level volatility and will increase the probability of the Plan's ability to meet its investment objectives. The expected long-term return on the Plan's current strategy is Gilts + c.1.0% p.a., based on analysis conducted by Mercer as at 31 March 2023.

The target strategic benchmark for the main assets of the Plan is shown in the table below. The Interim Benchmark Allocation reflects the nature of the investment in Private Debt which is being built up over time and that assets are being held to fund this investment in the Mercer Cash fund in the interim period. The target benchmark allocation reflects the Trustee decision not to recommit to Private Debt, but to let this investment fall away over time and for the proceeds to be invested in the Insight Liability-Driven Investment ("LDI") portfolio.

The Plan's allocation is reviewed quarterly at each Trustee meeting, and the Trustee also receives monthly updates. If any of the Plan's allocations are materially out of line with the target levels, the Trustee will consult with their investment consultant to consider whether any action should be taken.

Non-financial considerations (i.e. member views) are not taken into account in the selection, retention and realisation of investments.

Asset Class	Interim Benchmark Allocation %	Target Benchmark Allocation %
Absolute Return portfolio	**0.0**	**0.0**
Absolute Return Bonds*	0.0	0.0
Income and Matching portfolio	**100.0**	**100.0**
Cash**	0.0	0.0
Private Debt**	5.0	0.0
Liability Driven Investment***	55.0	60.0
Buy and Maintain Global Credit	40.0	40.0
Total	**100.0**	**100.0**

** The Plan previously held a strategic allocation to absolute return bonds via the H2O Adagio Fund. The Trustee sold down the majority of these holdings in October 2020 and they are no longer held as a strategic allocation. However, a portion of the fund was held in illiquid private placements which have been moved into a "side pocket" fund by H2O. The Trustee is currently not able to dispose of these holdings and therefore remains exposed to H2O.*

*** The Plan has made a strategic commitment to private debt that is being funded over time. The Mercer Cash fund is used solely to fund private debt drawdowns and therefore there is no strategic allocation to the Mercer Cash fund.*

**** The Plan's liability driven investment portfolio is constructed relative to a Plan-specific liability benchmark and is designed to target hedge ratios of 90%, relative to liabilities values on a gilts + 0% p.a. basis, when taken in combination with the interest rate protection provided by the Buy and Maintain Global Credit portfolio. This means that movements in the value of the portfolio arising from changes in interest rate and inflation expectations over time are expected to match 90% of a commensurate movement in the value of the liabilities.*

The Plan may hold cash outside of the benchmark allocation detailed above, in order to efficiently manage the ongoing benefit payments to the Plan's members and other outgoings. Further details of how this cash is invested can be found in Section 5 and also in the IPID.

4. Management of the Assets

4.1 Appointment of Investment Managers

Investment managers are appointed based on their capabilities and, therefore, their perceived likelihood of achieving the expected return and risk characteristics required for the asset class the Trustee has appointed them for.

For active mandates, the Trustee looks to their investment consultant for their forward looking assessment of a manager's ability to outperform over a full market cycle. This view will be based on the investment consultant's assessment of the manager's idea generation, portfolio construction, implementation and business management, in relation to the particular investment fund that the Plan invests in. The investment consultant's manager research ratings assist with due diligence and questioning managers during presentations to the Trustee. These ratings are used in decisions around selection, retention and realisation of manager appointments.

If the investment objective for a particular manager's fund changes, the Trustee will review the fund's appointment to ensure it remains appropriate and consistent with the Trustee's wider investment objectives. Some appointments are actively managed and the managers are incentivised through remuneration (an appointment will be reviewed following periods of sustained underperformance or significant outperformance). The Trustee will review the appropriateness of using actively managed funds (on an asset class basis) each year.

Where the Trustee invests in pooled investment vehicles they accept that they have no ability to specify the risk profile and return targets of the manager, but appropriate mandates can be selected to align with the overall investment strategy. For segregated mandates such as the Wellington mandate, the manager is incentivised as failure over a prolonged period to meet the Trustee's specified requirements in terms of return and risk expectation will likely lead to termination.

4.2 Monitoring of Investment Managers

The Trustee meets with the investment managers on average every year (but for key mandates such as those in liability driven investment and credit this may be more frequently than yearly) and will consider decisions taken as well as the investment managers' engagement activity, and can challenge such decisions to try to ensure the best long term performance over the medium to long term.

The Trustee will also consider the investment consultant's assessment of how each investment manager embeds ESG into its investment process and how the manager's responsible investment philosophy aligns with the Trustee's responsible investment policy as set out in section 6 below. This includes the investment managers' policy on ESG and voting/engagement. The Trustee will use this assessment in decisions around selection, retention and realisation of manager appointments. See section 6 for further details.

The Trustee is a long-term investor and is not looking to change the investment arrangements on a frequent basis.

Investment managers are aware that their continued appointment is based on their success in delivering the mandate for which they have been appointed to manage. There is no set duration for the manager appointments, with the exception of the Private Debt investment that has a natural lifecycle. The Trustee will retain an investment manager unless:

- There is a strategic change to the overall strategy that no longer requires exposure to that asset class or manager;
- The manager appointment is reviewed and the Trustee decides to terminate for a more suitable appointment.

The Trustee receives investment manager performance reports on a quarterly basis, which present performance information over 3 months, 1 year, 3 years, 5 years and since inception. The Trustee reviews the absolute performance, relative performance against a suitable index used as the benchmark, and against the manager's stated target performance (over the relevant time period) on a net of fees basis over a full market cycle. The Trustee's focus is on long term performance but may put a manager 'on watch' if there are short term performance concerns.

If a manager is not meeting performance objectives, or their investment objectives for the mandate have changed, the Trustee may ask the manager to review their fees.

The Trustee will ask investment managers to include portfolio turnover and turnover costs in their presentations and reports to the Trustee going forward. The Trustee will engage with a manager if portfolio turnover is higher than expected. This will be assessed by comparing portfolio turnover relative to the manager's specified portfolio turnover range in the investment guidelines or prospectus, where applicable.

Further details of the appointed managers and their respective benchmarks can be found in the IPID which is available to members upon request.

Details of Additional Voluntary Contribution Arrangements are outlined in the IPID.

5. Realisation of Assets and Cashflow Management

The Trustee bank account is used for the payments of pensions. The Plan maintains a separate cash holding within a Liquidity Fund at Insight that is used to manage additional outgoings. For material cashflows or any disinvestments for which the Liquidity Fund has insufficient assets, the Trustee will seek advice from its investment consultant.

The Plan's investment managers have discretion in the timing of realisations of investments within their portfolios.

6. Responsible Investment and Corporate Governance

The Trustee believes that good stewardship is in the best interests of the Plan's beneficiaries and aligned with fiduciary duty, as it can enhance long-term portfolio performance and preserve value for companies and markets as a whole.

The Trustee believes that environmental, social and corporate governance ("ESG") issues may have a material impact on investment risk and return outcomes and should therefore be considered as part of the Plan's investment process. The Trustee also recognises that long-term sustainability issues, particularly climate change, present risks and opportunities that increasingly may require explicit consideration. When setting investment strategy, ESG factors including climate change will be considered alongside a number of other factors that may influence investment strategy.

The Trustee has given appointed investment managers full discretion in evaluating ESG factors, including climate change considerations, and exercising voting rights and stewardship obligations including engagement, attached to the investments, in accordance with their own corporate governance policies and current best practice, including the UK Corporate Governance Code and UK Stewardship Code. However the Trustee undertakes monitoring of the managers as outlined below. The Trustee will, where it is deemed necessary, engage the managers in discussion on their policies. It will however be made clear to the managers that any decisions taken by them should be in the best long term financial interest of the Plan and its members.

The Trustee is supportive of the UK Stewardship Code (the "Code"). The Trustee expects its managers who are authorised in the UK to comply with the UK Stewardship Code, including public disclosure of support via an external website. The Trustee will monitor its managers' adherence to the Code on an annual basis.

The Trustee, working with their investment consultant, considers, amongst other factors, how ESG, climate change and stewardship is integrated within investment processes when appointing new investment managers and monitoring or terminating existing investment managers. The Trustee will also periodically review the responsible investment policies of the managers.

Where relevant, the Plan's investment managers exercise voting rights and undertake engagement (collaborative or other) in accordance with their own corporate governance policy, together with climate change considerations, including escalation procedures to protect investment value. Each relevant manager provides the Trustee with their policies reporting on voting and engagement activities on a regular basis.

The Trustee has not set any investment ESG related restrictions on the appointed investment managers in relation to particular products or activities, but may consider this in future.

7. **Review Of This Statement**

The Trustee will review this Statement in response to any material changes to any aspects of the Plan, its liabilities, finances and the attitude to risk of the Trustee and the Principle Employer which they judge to have a strong bearing on the stated Investment Policy.

This review will occur no less than once a year and any such review will again be based on written, expert investment advice and the Principal Employer will be consulted.

Signed: ______________________________ Date: ____________________________

Name: ______________________________

Signed: ______________________________ Date: ____________________________

Name: ______________________________

For and on behalf of Bristol-Myers Squibb Trustees Limited