Monsanto Pension Plan (the 'Plan')
Statement of Investment Principles
As at January 2025

Investment Objective
The Trustee aims to invest the assets of the Plan prudently to ensure that the benefits promised to members are provided. In setting the investment strategy, the Trustee first considered the lowest risk asset allocation that it could adopt in relation to the Plan's liabilities. The asset allocation strategy selected is designed to achieve a higher return than the lowest risk strategy while maintaining a prudent approach to meeting the Plan's liabilities.

STRATEGY

The Plan's investment objective is currently being implemented using the **asset allocation strategy** as set out in the table below. The Trustee considers the strategy excluding the annuity policies when considering how to meet the residual liabilities.

This strategy has been decided upon by the Trustee in order to suitably manage the Plan's assets.

The investment objective was determined by considering a number of factors. These included the actuarial characteristics of the Plan, the strength of the funding position, strength of employer covenant, the sponsoring employer's views on risk and return, and the need for sufficient diversification. Written advice from the Plan's investment advisers was also considered when choosing the investment objective.

It is the Trustee's policy to consider:

- A full range of asset classes;
- The risks and rewards of a range of alternative asset allocation strategies;
- The suitability of each asset class; and
- The need for appropriate diversification.

It is the Trustee's policy to review the investment objective at regular intervals.

Asset Allocation Strategy			
Asset Class	**Target Weighting %**	**Target Weighting % (excluding annuity)**	**Range**
Growth Assets	**5.0**	**10.0**	**+/- 5.0**
Global Equities	5.0	10.0	
Matching Assets	**45.0**	**90.0**	**+/- 5.0**
Liability Driven Investment (Including Cash*)	25.0	50.0	
Corporate Bonds	20.0	40.0	
Annuity Policy	50.0	-	

**The Trustee has agreed a minimum cash buffer of £5m and this will be monitored regularly.*

This Statement of Investment Principles is produced to meet the requirements of the Pensions Acts 1995 & 2004, the Occupational Pension Schemes (Investment) Regulations 2005 and to reflect the Government's Voluntary Code of Conduct for Institutional Investment in the UK. The Trustee also complies with the requirements to maintain and take advice on the Statement and with the disclosure requirements.

The Plan's Liability Driven Investment Strategy has been developed such that it reduces the sensitivity of the Plan's funding level to changes in both interest rates and inflation via investment in a portfolio of leveraged fixed and inflation linked gilts determined appropriately to match the duration, nature and cashflow profile of the Plan's liabilities. The Plan has the flexibility to invest in non-leveraged fixed and inflation linked gilts if appropriate.

The Trustee has purchased three insurance contracts from Scottish Widows. These insurance contracts ('Buy-in') are agreements for Scottish Widows to pay the Plan an amount equivalent to the liabilities as they fall due. As such, the assets are invested in a manner appropriate to the nature and duration of the expected future retirement benefits payable under the Plan. The asset protects the Plan from the interest rate, inflation and longevity risk associated with the members covered by the policy.

IMPLEMENTATION

The Trustee has delegated all day-to-day decisions about the investments that fall within each mandate to the relevant fund manager through a written contract. These duties include the realisation of investments, as determined by the fund managers' strategy.

The fund manager structure and investment objectives are held within Schedule 1 and will be updated from time to time to reflect the investment strategy of the Plan.

The Trustee expects the fund managers to manage the assets delegated to them under the terms of their respective contracts and to give effect to the principles in this statement so far as is reasonably practical.

The Trustee's policy is to allow no more than 5% direct self-investment and no direct investment in the parent company, Pfizer, in any segregated portfolio in order to avoid any potential conflict of interest.

The Buy-in Provider, Scottish Widows, agreed to take on a portion of the liabilities in exchange for premia which were paid from the assets of the Plan.

The Trustee regards the safekeeping of the Plan's assets as being of paramount importance. Accordingly, the Trustee has appointed Northern Trust as the Plan's custodian. The custodian provides safekeeping for all the Plan's assets that are held in segregated accounts and performs administrative duties such as the collection of interest and dividends and dealing with corporate actions. The Trustee has satisfied itself that this custodian meets its criteria with regard to the safekeeping of the assets.

RISK MEASUREMENT AND MANAGEMENT

The Trustee recognises that the key risk to the Plan is that it has insufficient assets to meet the benefits promised (i.e., the liabilities). This risk is known as funding risk. The Trustee has identified a number of risks which have the potential to cause deterioration in the Plan's funding level and therefore contribute to funding risk. These are as follows:

- The risk of a significant difference in the sensitivity of asset and liability values to changes in financial and demographic factors ("mismatching risk") is acknowledged by the Trustee and its investment consultant. The Trustee continues to assess this mismatching risk when setting and reviewing the Plan's investment strategy.
- The risk of a shortfall of liquid assets relative to the Plan's immediate liabilities ("cash flow risk"). The Trustee and its investment consultant monitor the Plan's cash flows to minimise the probability that this occurs, and this risk is minimised by investing the Plan's assets that are either highly liquid or that generate cashflows to meet anticipated cash outflows.
- The failure by the fund managers to achieve the rate of investment return assumed by the Trustee ("manager risk"). This risk is considered by the Trustee and its advisers both upon the initial appointment of the fund managers and on an ongoing basis thereafter.
- The failure to spread investment risk ("risk of lack of diversification"). The Trustee and its investment consultant considered this risk when setting the Plan's investment strategy.
- The possibility of failure of the Plan's sponsoring employer ("covenant risk"). The Trustee and its investment consultant considered this risk when reviewing the investment strategy. The sponsoring employer was consulted as to the suitability of the proposed strategy at the time it was agreed.
- The risk of fraud, poor advice or acts of negligence ("operational risk"). The Trustee has sought to minimise such risk by ensuring that all advisers and third party service providers are suitably qualified and experienced and that suitable liability and compensation clauses are included in all contracts for professional services received.
- The risk that Scottish Widows will not honour their obligations ("counterparty risk"). The Trustee received appropriate advice associated with this risk from Willis Towers Watson at the time of the purchase of the annuity contract.

Due to the complex and interrelated nature of these risks, the Trustee considers the majority of these risks in a qualitative rather than quantitative manner as part of the formal investment strategy review and funding review. Some of these risks may also be modelled explicitly during the course of such reviews.

As the Trustee invests part of the Plan's assets in pooled investment vehicles it accepts that it has 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

The Trustee monitors the performance of the Plan's investments against the liabilities monthly. Additionally, the Trustee receives quarterly reports showing:

- Changes in the funding level since the previous valuation;
- Performance of individual fund managers versus their respective targets as measured by an independent performance measurer; and
- Any significant issues with the fund managers that may affect their ability to meet the performance targets set by the Trustee.

In addition, the Trustee also monitors the sponsoring employer's covenant.

GOVERNANCE

The Trustee of the Plan is responsible for the investment of the Plan's assets. The Trustee takes some decisions itself and delegates others. When deciding which decisions to take itself and which to delegate, the Trustee has taken into account whether it has the appropriate training and expert advice in order to take an informed decision. The Trustee has established the following decision-making structure:

<table>
<tr><td colspan="2"><u>Trustee</u>
• Set structures and processes for carrying out its role.
• Select and monitor planned asset allocation strategy.
• Select direct investments (see below).
• Consider recommendations from the Investment Adviser.</td></tr>
<tr><td><u>Investment Adviser</u>
• Advises on all aspects of the investment of the Plan assets, including implementation.
• Advises on this Statement of Investment Principles.
• Provides required training.</td><td><u>Fund Manager(s)</u>
• Operate within the terms of this statement and their written contracts.
• Select individual investments with regard to their suitability and diversification.
• Advise Trustee on suitability of the indices in their benchmark.</td></tr>
</table>

The Pensions Act 1995 distinguishes between investments where the management is delegated to a fund manager with a written contract and those where a product is purchased directly, e.g. the purchase of an insurance policy or units in a pooled vehicle. The latter are known as **direct investments.**

When choosing investments, the Trustee and the fund managers (to the extent delegated) are required to have regard to the criteria for investment set out in the Occupational Pension Schemes (Investment) Regulations 2005 (regulation 4). The 2005 Regulations replace existing Occupational Pension Schemes (Investment) Regulations 1996 and extend the provisions of the Pensions Acts 1995 and 2004.

The Regulations require all investments to be considered by the Trustee (or, to the extent delegated, by the managers) against the following criteria:

- The best interests of the members and beneficiaries;
- Security;
- Quality;
- Liquidity;
- Profitability;
- Nature and duration of liabilities;
- Tradability on regulated markets;
- Diversification; and
- Use of derivatives.

The Trustee expects the fund manager of the underlying assets to carry out the powers of investment delegated to them with a view to giving effect to the principles in this statement so far as is reasonably practicable.

The Trustee's policy is to review its direct investments and to obtain written advice about them at regular intervals. These include vehicles available for members' AVCs. When deciding whether or not to make any new direct investments the Trustee will obtain written advice and consider whether future decisions about those investments should be delegated to the fund managers.

The written advice will consider the suitability of the investments, the need for diversification and the principles contained in this statement. The Trustee's investment adviser, Mercer, has the knowledge and experience required under the Pensions Act 1995.

The Trustee has appointed Aegon, Clerical Medical (with fund management being undertaken by Scottish Widows) and Utmost Life and Pensions to operate a range of funds for members' AVCs. They are paid through a percentage of fund charge, which has been negotiated for competitiveness and is reviewed regularly.

In addition, the fund manager pays commissions to third parties on many trades it undertakes in the management of the assets.

As life companies and pooled fund managers Aegon, Clerical Medical and Utmost Life and Pensions have appointed custodians for each of the investment funds available. The custodians provide safekeeping for all the funds' assets and perform administrative duties, such as the collection of interest and dividends and dealing with corporate actions.

Responsible Investment

In setting the Plan's investment strategy, the Trustee's primary concern is to act in the best financial interests of the Plan and its beneficiaries, seeking the best return that is consistent with a prudent and appropriate level of risk. The Trustee believes that in order to fulfil this commitment and to protect and enhance the value of the Plan's investments, it is important to act as a responsible steward of the assets in which the Plan invests.

Environmental, social and governance (ESG) considerations

The Trustee further acknowledges that an understanding of financially material considerations including environmental, social and corporate governance ("ESG") factors (such as climate change, the transition to a low carbon economy and the potential negative effects of environmental risks beyond carbon management, such as biodiversity loss and water pollution) and risks related to these factors can contribute to the identification of investment opportunities and financially material risks. This includes the risk that ESG factors, including climate change, negatively impact the value of investments held if not understood and evaluated properly. The Trustee considers this risk by taking advice from Mercer as their investment adviser when setting the Plan's asset allocation, when selecting managers and when monitoring their performance.

The Trustee has agreed the following set of belief statements in connection with ESG and sustainability matters:

- We believe that the Plan is exposed to the risks posed by climate change, corporate governance and failures of social responsibilities and this could impact the Plan's investments over its time horizon. This is a risk that can be considered and prepared for.
- Our fiduciary duty requires us to take all financially material risks into account, including ESG and sustainability issues.
- Our fund managers should integrate ESG factors into their investment process.
- Our fund managers should consider sustainability issues related to the companies they invest in as doing so is likely to improve risk-adjusted returns in the long-term.
- Poorly governed companies are more likely to underperform; good stewardship can lead to better risk-adjusted returns.

To this end, as part of their delegated responsibilities, the Trustee expects the Plan's fund managers to take into account corporate governance, social, and environmental considerations (including long-term risks posed by sustainability concerns including climate change risks) in the selection, retention and realisation of investments. Any decision made by the Plan's fund managers should not apply personal ethical or moral judgments to these issues but should consider the sustainability of business models that are influenced by them. Where relevant, the Trustee takes advice from Mercer in relation to their fund managers' capabilities with regard to these matters.

Stewardship Policy – Voting and Engagement

The Trustee recognises the importance of its role as a steward of capital and the need to ensure the highest standards of governance and promoting corporate responsibility in the underlying companies in which its investments reside. The Trustee recognises that ultimately this protects the financial interests of the Plan and its beneficiaries.

The Trustee regularly reviews the suitability of the Plan's appointed investment managers and take advice from their investment consultant with regard to any changes. This advice includes consideration of broader stewardship matters and the exercise of voting rights by the appointed managers. If an incumbent manager is found to be falling short of the standards the Trustee has set out in this policy, the Trustee undertakes to engage with the manager and seek a more sustainable position but may look to replace the manager.

The Trustee reviews the stewardship activities of their investment managers on an annual basis, covering both engagement and voting actions, where applicable. The Trustee accepts responsibility for how their appointed managers steward assets on their behalf, including the casting of votes in line with each appointed manager's individual voting policy. The Trustee will review the alignment of the Trustee's policies to those of the Plan's investment managers and ensure their managers, or other third parties, use their influence as major institutional investors to carry out the Trustee's rights and duties as a responsible shareholder and asset owner. This includes the expectation that the Plan's appointed managers will engage with underlying investee companies and assets to promote good corporate governance, accountability, and positive change, and that they will provide the Trustee with details of relevant engagement activity to assist in the Trustee's annual review.

The Trustee will engage with the investment managers (relevant persons) as necessary for more information, to ensure that robust active ownership behaviours, reflective of their active ownership policies, are being actioned (relevant matters). This will take the form of emails, calls and ad-hoc meetings, and be supplemented by annual reporting which will be made available to Plan members on request.

From time to time, the Trustee will consider the methods by which, and the circumstances under which, they would monitor and engage with an issuer of debt or equity, an investment manager or another holder of debt or equity, and other stakeholders. The Trustee may engage on matters concerning an issuer of debt or equity, including their performance, strategy, risks, social and environmental impact and corporate governance, the capital structure, and management of actual or potential conflicts of interest.

<u>Members' Views and Non-Financial Factors</u>

Where members make an active decision to share their views with the Trustee on ethical matters, social and environmental impact matters and present and future quality of life matters (defined as "non-financial factors" under the 2018 Regulations), the Trustee will note and discuss these.

<u>Disclosure and Reporting</u>

The Trustee will report to members on an annual basis (via the annual newsletter) the steps taken by the Trustee in acting as a responsible steward of the assets in which the Plan invests. This document will be made publicly available.

<u>Arrangements with Investment Managers</u>

The Trustee monitors the Plan's investments to consider the extent to which the investment strategy and decisions of the investment managers are aligned with the Trustee's policies. This includes monitoring the extent to which investment managers:

- make decisions based on assessments about medium- to long-term financial and non-financial performance of an issuer of debt or equity; and
- engage with issuers of debt or equity to improve their performance in the medium- to long-term.

The Trustee is supported in this monitoring activity by their investment consultant.

The Trustee shares the policies, as set out in this Statement, with the Plan's investment managers, and request that the investment managers review and confirm whether their approach is in alignment with the Trustee's policies.

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

Before appointment of a new investment manager, the Trustee reviews the governing documentation associated with the investment and will consider the extent to which it aligns with the Trustee's policies. Where possible, the Trustee will seek to amend that documentation so that there is more alignment. Where it is not possible to make changes to the governing documentation, for example if the Plan invests in a collective vehicle, then the Trustee will express their expectation to the investment managers by other means (such as through a side letter, in writing, or verbally at Trustee meetings).

The Trustee believes that having appropriate governing documentation, setting clear expectations to the investment managers by other means (where necessary), and regular monitoring of investment managers' performance and investment strategy, is in most cases sufficient to incentivise the investment managers to make decisions that align with the Trustee's policies and are based on assessments of medium- and long-term financial performance.

Where investment managers are considered to make decisions that are not in line with the Trustee's policies, expectations, or the other considerations set out above, the Trustee will typically first engage with the manager but could ultimately replace the investment manager where this is deemed necessary.

If a manager is not meeting performance objectives, or their investment objectives for the mandate have changed, the Trustee will review the fund appointment to ensure it remains appropriate and consistent with the Trustee's wider investment objectives and may ask the manager to review their fees – either the Annual Management Charge or the performance related fee element where relevant – instead of terminating the mandate.

There is typically no set duration for arrangements with investment managers, although the continued appointment all for investment managers will be reviewed periodically, and at least every three years.

The Trustee looks to its 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 consultant's assessment of the manager's idea generation, portfolio construction, implementation and business management. The consultant's manager research ratings assist with due diligence and questioning managers during presentations to the Trustee and are used in decisions around selection, retention and realisation of manager appointments.

Monitoring of Investment Manager Costs

The Trustee is aware of the importance of monitoring the investment managers' total costs and the impact these costs can have on the overall value of the Plan's assets. The Trustee recognises that in addition to annual management charges, there are other costs incurred by investment managers that can increase the overall cost incurred by their investments.

The Trustee receives annual cost transparency reports from their adviser in conjunction with ClearGlass, whom the Trustee has engaged with to collect Plan information. These reports present information in line with prevailing regulatory requirements for investment managers and allows the Trustee to understand exactly what they are paying to their investment managers. They clearly set out on an itemised basis:

- The total amount of investment costs incurred by the Plan;
- The fees paid to the investment managers appointed by the Trustee;

- The amount of portfolio turnover costs (transaction costs) incurred by investment managers;
- Any charges incurred through the use of pooled funds (custody, admin, audit fees etc)
- The impact of costs on the investment return achieved by the Plan.

Targeted portfolio turnover is defined as the expected frequency with which each underlying investment managers' fund holdings change over a year. The Trustee acknowledges that portfolio turnover costs are a necessary cost to generate investment returns and that the level of these costs varies across asset classes and manager. In the context of the Plan's investment arrangements, which include "Buy & Maintain" credit strategies, the expected level of portfolio turnover is low, given that the assets held within these mandates are designed to be held to maturity.

The investment managers monitor the level of portfolio turnover (defined broadly as the amount of purchases plus sales). The Plan's investment consultant monitors this on behalf of the Trustee as part of the manager monitoring they provide to the Trustee and flags to the Trustee where there are concerns.

The Trustee receives investment manager performance reports on a quarterly basis, which present performance information over 3 months, 1 year, 3 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. The Trustee's focus is primarily on long term performance but short term performance is also reviewed.

Evaluation of Investment Manager Performance and Remuneration

The Trustee assesses the (net of all costs) performance of their investment managers on a rolling three-year basis against the specific Fund's investment objectives.

The 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. If the Trustee is dissatisfied, then it will look to replace the manager.

INVESTMENT ADVISORS

Mercer has been selected as investment adviser to the Trustee. It has a mandate to provide the Trustee with a full service designed to ensure that the Trustee is fully briefed on the decisions it needs to take itself and those it needs to delegate. Mercer also provides advice on the decision-making structure. To ensure that the Trustee receives all the services required, Mercer are paid a retainer fee for regular work. Additional project-based work is provided on an agreed fee basis which are negotiated and budgeted for separately.

COMPLIANCE WITH THIS STATEMENT

The Trustee will monitor compliance with this Statement regularly. In particular, it will obtain written confirmation from the investment managers that they have complied with this Statement as supplied to them and the Trustee undertakes to advise the investment managers promptly and in writing of any material change to this Statement.

REVIEW OF THIS STATEMENT

The Trustee will review this statement at least every three years and 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 sponsoring employer. As part of this review, the Trustee will take investment advice and consult with the sponsoring employer over any changes to the SIP.

Schedule 1 – Fund Managers

The fund manager structure and investment objectives for each fund manager ("mandates") are as follows:

<u>Legal & General ('LGIM')</u>

Equities: Multi-Factor
Global equity portfolio, mandated to perform in line with the SciBeta Developed High-Factor-Intensity Multi-Beta (vol, val, mom, pro/inv) Maximum Deconcentration Carbon index.

50% of the allocation is invested in the GBP hedged fund.

Corporate Bonds
To meet a percentage of the Plan's cashflows over the medium-term.
Cash / Liquidity
To maximise income in a way consistent with the preservation of principal and liquidity by the maintenance of a portfolio of high quality short-term "money market" instruments, with a fixed benchmark of SONIA.
<u>Insight</u>

Liability Driven Investment
Investment in a portfolio of leveraged and non-leveraged fixed and inflation linked gilts determined appropriately to match the duration, nature and the cashflow profile of the Plan's liabilities.
Cash / Liquidity
To maximise income in a way consistent with the preservation of principal and liquidity by the maintenance of a portfolio of high quality short-term "money market" instruments, with a fixed benchmark of SONIA.

<u>Scottish Widows</u>

Annuity policies
To meet the liability cashflows for the insured pensioner liabilities as they fall due.

A working balance of cash is held to manage the payment of benefits and expenses. Under normal circumstances it is not the Trustee's intention to hold a significant cash balance, and this is carefully monitored on an ongoing basis.