

Pfizer Group Pension Scheme

Statement of Investment Principles – August 2025

1. Introduction

1.1. For the purpose of this Statement:

- “the Trustee” means PZR Limited. The Law Debenture Pensions Trust Corporation P.L.C. is the Professional Corporate Sole Trustee (“PCST”)
- “the Scheme” means Pfizer Group Pension Scheme
- “Principal Employer” means Pfizer Limited
- “the Financial Conduct Authority” is an independent UK financial regulatory body
- “the Act” means the Pensions Act 1995
- “UK Stewardship Code” sets out the principles of effective stewardship by investors
- “Statement” means Statement of Investment Principles

1.2. The Trustee has prepared this Statement to comply with the requirements of the Act and subsequent regulations to date. It is subject to periodic review by the Trustee and is also reviewed after significant changes in investment policy.

1.3. In preparing this Statement, the Trustee has consulted with the Principal Employer to the Scheme. Under the requirements of the Act, the Trustee has also taken and considered written advice from its investment advisor, Mercer Ltd, whom the Trustee believes to be suitably qualified to provide such advice. The advice received and arrangements implemented are, in the Trustee’s opinion, consistent with the requirements of Section 36 of the Pensions Act 1995 (as amended).

2. Long Term Investment Objective

2.1. The Trustee’s primary objective is to meet benefit obligations in full, as they fall due.

To satisfy this objective, and in addition to its Statutory Funding Objective, the Trustee has established a long-term, lower-risk funding target.

2.2. As the Scheme approaches the Long Term Funding Target, the Trustee believes:

- Dependency on the covenant of the Principal Employer could be steadily and significantly reduced from current levels;
- The key financial risks e.g. asset market, interest rate and inflation risks should be reduced as and when considered appropriate.

3. Risk

3.1. In order to meet its primary objective the Trustee accepts the need to take investment risk in order to target required returns.

3.2. The table shows the risks that have been identified and how these risks are managed:

Type of risk	What is it?	How is it managed?
Mismatching risk	The value of liabilities does not change in the same way as the value of the assets when there are changes in financial and demographic factors. (Demographic factors are changes in the size and age profile of the Scheme's membership)	This risk is taken into account when the investment strategy is set. The Trustee has also appointed a specialist Liability Driven Investment ("LDI") manager, specifically to manage mismatching risk relating to interest rates and inflation. In addition the Trustee has insured the liabilities of some of the pensioner members, which will hedge longevity risks in addition to interest rate and inflation risks for the insured members.
Liquidity risk	The risk that an asset cannot easily be sold or exchanged for cash, without a substantial loss in value. Illiquid assets may also not be able to be sold quickly, because of a lack of ready and willing investors to purchase the asset.	This risk is managed by taking account of the cashflow and liquidity requirements of the Scheme when setting investment strategy. The management and monitoring of liquidity within the portfolio is integrated within the strategic asset allocation process and regular reporting.
Manager risk	The fund managers fail to achieve target investment returns.	The Trustee regularly monitors the performance of its investment managers (or manager of managers) and also takes professional advice in relation to manager performance and prospects.
Risk of lack of diversification	Concentration of investment risk (lack of diversification).	The Trustee aims to construct adequately diversified portfolios. The documents governing the manager appointments include a number of guidelines which, among other things, are designed to ensure that suitably diversified investments are held.
Covenant risk	The Principal Employer may fail.	The Trustee and its advisers consider this risk when the investment strategy is reviewed and on a regular basis. The Trustee uses its covenant adviser to closely monitor the business and assess covenant risk on an ongoing basis, and findings are reviewed each quarter by the Trustee. The Trustee also consulted the Principal Employer on whether the strategy was suitable. As part of their considerations, the Trustee acknowledges the support it receives from the wider Pfizer Group in relation to the Scheme.
Currency risk	Risk is introduced by holding securities denominated in foreign currencies, due to movements in exchange rates.	The Trustee hedges a proportion of the Scheme's overseas currency exposure and considers the currency risk for the investment strategy as a whole and in particular when introducing any new asset classes.

Leverage risk	The use of borrowed money to increase exposure to a portfolio which magnifies both gains and losses. This may be achieved by derivative instruments. The Trustee recognises that derivatives can permit leveraged exposures to be created.	As part of ongoing oversight, leverage ratios and collateral headroom will be monitored by the Trustee, using appropriate processes to manage these where relevant. Managers are obliged to refer matters to the Trustee, where necessary.
Operational risk	The risk of fraud, poor advice or acts of negligence.	The Trustee seeks to minimise this risk by: • Checking and regularly reviewing that all advisers and third-party service providers are suitably qualified and experienced; • Including suitable liability and compensation clauses in all contracts for professional services • Making sure that proper controls are in place.
Environmental, Social and Governance (“ESG”) risk	ESG issues, including climate change, corporate governance and failures of social responsibilities may have substantive impacts on the global economy and subsequently investment returns.	The Trustee seeks to minimise this risk by: • Monitoring and regularly reviewing that advisers and fund managers to the Scheme are suitably experienced to consider the identified risk in the services they provide to the Scheme. • Adopting an objective to reduce the Scheme’s assets’ absolute greenhouse gas emissions over time.

3.3. These risks may be interconnected. As part of any review of the investment strategy, they are assessed quantitatively, where possible, to see how these risks could affect the Scheme. In particular, the mismatching risk is regularly considered as part of the risk review, where all of the risks impacting funding volatility are assessed.

3.4. The above items are in relation to what the Trustee considers ‘financially material considerations’. The Trustee believes the appropriate time horizon for which to assess these considerations will be dependent on the liability profile of the Scheme, including the average duration.

3.5. The Trustee also considers risks qualitatively where explicit modelling cannot be carried out, for example, in respect of the sponsor covenant and operational risks.

4. Investment Strategy

4.1. The Scheme’s assets are invested across 1) a strategic asset allocation and 2) annuities. The Trustee sets the target asset allocation for the strategic asset allocation with the aim of generating sufficient investment returns to satisfy the statutory funding objective and also to achieve the Scheme’s Long Term Funding Target.

4.2. The strategic asset allocation may include:

- **Liquid Growth Assets** such as publicly traded equities;

- **Semi-Liquid Growth Assets** such as trade finance and open-ended unlisted infrastructure equity;
- **Illiquid Growth Assets** such as private debt;
- **Liability Enhancing Assets** to mitigate liability related risk while generating additional income over a government bond of equivalent duration (e.g. buy and maintain credit, high-lease-to-value property and secured finance); and
- **Liability Matching Assets** to provide direct interest rate and inflation liability hedging exposure through Liability Driven Investments (“LDI”) (including underlying assets such as physical gilts, interest rate and inflation swaps, gilt total return swaps and gilt repurchase agreements, and annuities).

4.3. The target allocation for the Scheme’s assets excluding annuities is as follows:

	Target Allocation (%)	Tolerance Range (%)
Liquid Growth	4.0	
Equity exposure	4.0	2 – 6
Semi-Liquid Growth	20.0	
Open-Ended Infrastructure Equity	10.0	5 – 15
Trade Finance	10.0	5 – 15
Illiquid Growth	10.0	
Private Debt ¹	10.0	0 – 15
Liability Enhancing	32.0	
Secured Finance ¹	10.0	0 – 15
Property ²	10.0	5 – 15
Global Buy and Maintain Credit	12.0	7 – 17
Liability Matching	34.0	
LDI ³	34.0	29 – 54
Other	0.0	
Residual cash	0.0	0 – 10
Total	100.0	

Figures may not sum due to rounding.

¹ The Secured Finance and Private Debt mandates are running-off over time and their allocations are therefore expected to fall to nil over the coming years. The lower bound of the tolerance ranges reflect this.

² Focused on properties with high value leases with some inflation protection.

³ Including collateral. The LDI manager retains the discretion to invest excess collateral (above a pre-specified threshold) into Asset Backed Securities (“ABS”). The LDI manager would also be required to disinvest from any ABS that may be held in the portfolio should collateral levels fall below a (lower) pre-specified threshold.

- 4.4. The Trustee considers the asset allocation at each regular meeting and may take action to rebalance towards the strategic benchmark.
- 4.5. The overall portfolio is designed to generate long-term returns in excess of liability-matching gilts.
- 4.6. Changes in the target asset allocations may be, in part, linked to improvements in the funding position, allowing for:
 - The expected period to reach the Long Term Funding Target;
 - The maturity profile of the Scheme (in terms of the relative proportions of liabilities in respect of pensioners and non-pensioners);
 - Projected liability cashflows;
 - The level of disclosed surplus or deficit relative to the Long Term Funding Target;
 - The strength of the covenant of the Principal Employer;
 - The value (if any) of future contribution commitments from the Scheme sponsor and members; and
 - Long-term expected risk and returns on the various assets held.
- 4.7. The strategy is kept under regular review and may deviate from the table above, subject to consultation with the Principal Employer. It should be noted that re-risking, by increasing the overall allocation to Liquid, Semi-Liquid or Illiquid Growth Assets, is not precluded, subject to consultation with the Principal Employer.
- 4.8. The SIP will be updated by the Trustee if any changes are to be made to the target asset allocation of the Scheme as a consequence of any de-risking or re-risking steps taken.
- 4.9. A liability hedging portfolio (or LDI mandate) will be maintained with the aim of reducing the volatility in the Scheme's funding ratio with respect to changes in long-term interest rates and inflation. The level of liability hedging will be assessed and may be changed from time to time, directly driven by factors such as:
 - The Scheme's funding ratio;
 - Market conditions; and
 - The passage of time in the context of the timeframe remaining for the achievement of the long term funding objectives.
- 4.10. The Trustee has taken into account the Scheme's liquidity requirements when implementing its investment strategy and also collateral requirements arising from the Scheme's investments in LDI funds. The Trustee monitors the Scheme's liquidity and collateral requirements on a regular basis and aims to keep sufficient cash reserves as well as hold a portion of assets in liquid investments that can be realised on short notice in order to fulfil cash calls.
- 4.11. The Investment Managers have discretion in the timing of realisation of investments and in considerations relating to the liquidity of those investments within parameters stipulated in the relevant appointment documentation and pooled fund prospectuses.

5. Investment Restrictions

- 5.1. The Scheme may invest in quoted securities of UK and overseas markets including equities, fixed interest, index-linked bonds, cash, hedge funds, private debt and property, either directly or through pooled funds. The Scheme may also make use of derivatives and contracts for difference

for the purpose of efficient portfolio management or to hedge specific risks, as well as derivative based (“synthetic”) equity portfolios to replace physical equity exposure where defined. The LDI portfolio may invest in gilts, index-linked gilts, interest rate and inflation swaps, gilt total return swaps, gilt repo and cash. In addition, specialist currency funds may be utilised to generate additional returns. The Scheme may also purchase annuities.

6. Day to Day Management of the Assets

- 6.1. The Trustee has appointed investment managers which it believes to have particular strengths in the management of the various asset classes. The investment managers have full discretion over the day-to-day management of the assets.
- 6.2. The Trustee’s objective is that the spread of asset types and the investment managers’ policies on investing in individual securities within each asset type will provide adequate diversification of investments such that the asset mix is appropriate for controlling the risks identified in Section 3.2. The Trustee regularly reviews the suitability of these arrangements and of the appointed managers. Following a review, the Trustee may from time to time make adjustments to the asset mix, manager line-up and the degree of active management in accordance with this Statement.
- 6.3. The safe custody of the Scheme’s assets is delegated to professional custodians (either directly or via the use of pooled vehicles).

7. Responsible Investment and Corporate Governance

- 7.1. The Trustee believes that environmental, social, and corporate governance (“ESG”) factors may have a material impact on investment risk and return outcomes. The Trustee also recognises that long-term sustainability issues, including climate change, the transition to a low economy and the potential negative effects of environmental risks beyond carbon management, such as biodiversity loss and water pollution present risks and opportunities that require explicit consideration, as reflected in the Section 3, “Risk”, of this document.
- 7.2. The Trustee recognises that financially material ESG issues, including climate change, corporate governance and failures of social responsibilities could impact the financial interests of the Scheme’s beneficiaries. Accordingly, the Trustee has considered how ESG matters are integrated within investment processes when appointing new fund managers and monitoring existing fund managers.
- 7.3. The Trustee believes that good stewardship can preserve value for companies and markets as a whole.
- 7.4. Having considered their fiduciary duty the Trustee has delegated the evaluation of ESG factors, including climate change considerations, and exercising voting rights and stewardship obligations attached to the investments to the appointed investment managers, in accordance with their own corporate governance policies.
- 7.5. The Trustee monitors how ESG, climate change and stewardship is integrated within investment processes of its investment managers. These issues are monitored by the Trustee, considering the investment consultant’s assessment of how the investment managers embed ESG into their investment processes, and how the managers’ responsible investment philosophies align with the

Trustee's responsible investment policy. This includes the investment managers' policies on voting and engagement. The Trustee will use this assessment in decisions around selection, retention and realisation of manager appointments. Monitoring is undertaken on a regular basis and is documented at least annually to assess the effectiveness of applied approaches.

- 7.6. The Trustee can regularly review the decisions made by their managers, including voting history (in respect of equities) and engagement activity, and can challenge such decisions to try to ensure the best long term performance over the medium to long term. Voting and engagement is reviewed at least annually.
- 7.7. The Trustee takes into consideration non-financial matters when assessing the overall investment strategy and managers. As such, members' views on "non-financial matters" (where "non-financial matters" include members' ethical views separate from financial considerations such as financially material ESG issues) are not explicitly taken into account in the selection, retention and realisation of investments.
- 7.8. 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. Investment restrictions are further elaborated in Section 5, "Investment restrictions", of this document.

8. Investment Manager Appointment, Engagement and Monitoring

- 8.1. The investment managers are appointed by the Trustee based on their capabilities and, therefore, their perceived likelihood of achieving the expected return and risk characteristics required for the asset class for which they are selected.
- 8.2. 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.
- 8.3. The Trustee receives investment manager performance reports on a quarterly basis, which present performance information over a variety of time periods. 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. There is no performance objective for the bulk annuity; the objective of the policy is to meet the liabilities of all members covered by the policy.
- 8.4. 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.
- 8.5. 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.

- 8.6. Some mandates are actively managed and the managers are incentivised through remuneration (via performance related fees, noting that some have hurdle rate structures in place to avoid the Trustee paying additional fees during periods of long term underperformance) and performance targets (an appointment will be reviewed following periods of sustained underperformance). The Trustee will review the appropriateness of using actively managed funds (on an asset class basis) regularly.
- 8.7. The provider of the Scheme's bulk annuity policies is incentivised to achieve the objectives set for it and its associated obligations, by both the contractual documentation in place and the regulatory framework that it is subject to. The provider is remunerated by way of a premium calculated at the time of purchase of the policies.
- 8.8. As the Trustee invests 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.
- 8.9. For the Scheme's segregated mandates, the Trustee has specified criteria in the investment manager agreements for the asset class managers to be in line with the Trustee's specific investment requirements.
 - With respect to the LDI portfolio, the manager has been appointed to manage the assets in line with a Scheme-specific benchmark based on the underlying liabilities of the Scheme.
 - For the Buy and Maintain Credit mandate, the manager has been given guidelines specifying the Trustee's desired portfolio characteristics including permitted investments, credit limits and geographical exposure.
- 8.10. The Trustee adheres to the Cost Transparency Initiative and currently monitors portfolio turnover costs. ClearGlass has been appointed to collect data on the costs of the Scheme's investment managers and prepare a report with the results to be presented to the Trustee, as part of regular governance reviews. The Trustee will engage with a manager if portfolio turnover is higher than expected. This is assessed by comparing portfolio turnover as reported by the investment managers across the same asset class on a year-on-year basis, or relative to the manager's specified portfolio turnover range in the investment guidelines or prospectus (where applicable).
- 8.11. The Trustee is a long term investor and is not looking to change the investment arrangements on a frequent basis.
- 8.12. For open-ended funds in which the Scheme invests, there is no set duration for the manager appointments. 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; or

- the manager appointment has been reviewed and the Trustee is no longer comfortable that the manager can deliver the mandate – see policy statement on realisation of assets.

- 8.13. For closed-ended funds, the Scheme is invested in a manager's fund for the lifetime of the fund. At the time of appointment, the investment managers provided an indication of the expected investment duration of their funds and have the discretion to extend the lifetime of the fund in line with the Investment Management Agreement. In order to maintain a strategic allocation to such asset classes, the Trustee may choose to stay with a manager in a new closed-ended fund for that asset class or appoint a different manager.
- 8.14. The buy-in policies are structured to meet all benefit obligations of the members they cover.

9. Exercise of voting rights

- 9.1. The Trustee has delegated the exercise of voting rights to the investment managers on the basis that voting power will be exercised by them with the objective of preserving and enhancing long term shareholder value. Accordingly, the investment managers have produced written guidelines of their process and practice in this regard. The investment managers are encouraged to vote in line with their guidelines in respect of all resolutions at annual and extraordinary general meetings of companies and are required to provide periodic written reports to the Trustee regarding their exercise of voting rights on the Trustee's behalf. Trustee views on stewardship are further elaborated in the Section 7, "Responsible Investment and Corporate Governance", of this document.

10. Additional Voluntary Contributions

- 10.1. The Trustee has appointed Prudential, Zurich, 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. The Trustee maintains a proportionate approach to reviewing these AVC providers as there are limited courses of action in terms of changing providers.
- 10.2. With-profits funds are investment vehicles offered by life insurance companies that aim to provide stable returns through a mix of assets, smoothing out market fluctuations. They offer members different types of bonuses based on fund performance and guaranteed minimum payouts. Substantial bonuses may be payable at the end of the policy term, but they are not guaranteed. Certain penalties may be applied if a member withdraws the funds invested before the end of the policy term. The Trustee recognises that these contractual features complicate the assessment of ongoing suitability of the with-profits fund. The Trustee therefore send regular communications to members with with-profits policies to ensure they understand their contractual features.
- 10.3. The Trustee undertakes an annual review to assess the AVCs, alongside a triennial review, which considers the continuing suitability of the providers. Should any changes be considered to these arrangements, the Trustee will consult with the Scheme sponsor.
- 10.4. As far as it is possible and practical to do so, the Trustee's stated policies in respect of return objectives and risk management, responsible investment and stewardship, liquidity and arrangements with their appointed investment managers are also applicable to these AVC arrangements.

11. Compliance with this Statement

- 11.1. 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.

12. Review of this Statement

- 12.1. The Trustee will review this Statement in response to any material changes to any aspects of the Scheme, its liabilities, finances and the attitude to risk of the Trustee and the Principal Employer which it judges to have a bearing on the stated investment policy.
- 12.2. This review will occur no less frequently than every three years. Any such review will be based on written, expert investment advice and will be undertaken in consultation with the Principal Employer.

Name: Samantha Pitt

Date: 1 August 2025

Signature: _____

For and on behalf of The Law Debenture Pension Trust Corporation plc