Pfizer Group Pension Scheme (the "Scheme")

Annual Implementation Statement for the Year to 31 March 2024

September 2024

Contents

Section 1

Introduction

This statement sets out how, and the extent to which the Statement of Investment Principles ("SIP") produced by the Trustee has been followed during the year running from 01 April 2023 to 31 March 2024 (the "**Scheme Year**"). This statement has been produced in accordance with the Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018 (as amended) and the guidance published by the Pensions Regulator.

The statement is based on, and should be read in conjunction with, the relevant version of the SIP that was in place for the Scheme Year, the latest of which is dated September 2024.

The following Section of this statement sets out the investment objectives of the Scheme and changes which have been made to the SIP during the Scheme Year, and the extent to which the policies in the Defined Benefit ("DB") Section and Defined Contribution ("DC") Section of the SIP have been followed, respectively.

The Trustee can confirm that all policies, procedures and objectives in relation to the SIP have been followed in the Scheme Year. In conjunction with this, the Trustee also recognises that the DB Section's actual asset allocation may differ from the strategic allocation over time due to the nature and liquidity profile of the underlying assets.

A copy of the SIP is available at https://www.pfizerpensiondirectory.co.uk/.

The last sections of this statement include information on the engagement and key voting activities of the underlying investment managers within the DB and DC arrangements of the Scheme.

Section 2

Statement of Investment Principles

Investment Objectives of the Scheme

DB Section

For the DB Section, the Trustee believes it is important to consider the policies in place in the context of the objectives it has set. The Trustee's primary objective is to meet the benefit obligations in full. To satisfy this objective, and in addition to its Statutory Funding Objective, the Trustee has established a long-term, lower-risk funding target. The Trustee has designed the overall portfolio to generate long-term returns in excess of liability-matching gilts. In seeking to achieve this level of return, the Trustee seeks to manage risks (as set out in section 3.2 of the SIP) appropriately.

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;
- The key financial risks e.g. asset market, interest rate and inflation risks should be progressively reduced as and when considered appropriate.

These are considered holistically by the Trustee over time when making key decisions (e.g. relating to investment strategy) in respect of the Scheme.

DC section

The objectives for the **DC Section of the Scheme** specified in the SIP are as follows:

- To establish a default option which will offer a high-quality solution appropriate for the majority of members saving into the DC Section.
- Alongside the default option, provide a range of self-select funds to meet the diversity of member needs throughout their working lives.
- To provide both the default option and the range of self-select funds at a competitive price, thus allowing members to benefit from retaining a higher share of investment growth on their savings.
- To implement and deliver an attractive and compelling communication and engagement strategy that reflects the needs of members, specially taking into account the nature of the Scheme and the investment arrangements that are provided.
- To explore, with the key stakeholders, the ability to make accessible to members the flexibilities in relation to DC savings that are now available.

- To put in place the necessary governance framework that will allow the ongoing suitability of the DC Section, including the suitability of the investment arrangements, to be monitored over time.

Review of the SIP

During the Scheme Year, the Trustee reviewed and amended the SIP in April 2023 following changes to the investment strategy of the DB Section. The Trustee took the opportunity to review and update the rest of the SIP at the same time. For the DC Section, the SIP incorporates the following main changes:

- The change from a Trustee Board to a Professional Corporate Sole Trustee.
- The change in DC default strategy.
- The inclusion of “Climate Change Risk” explicitly laid out in the relevant sections of the SIP.

After the Scheme Year covered by this statement, the Trustee actively engaged in a review of the SIP to ensure compliance with the regulatory requirements which came into effect on 1 October 2024. This review focused on including the Trustee's DC policy regarding illiquid assets within the SIP. The revised SIP has been finalised and was made available to members on 1 October 2024.

Assessment of how the policies in the SIP have been followed for the Scheme Year

The information provided in this section highlights the work undertaken by the Trustee during the year, and prior to the year where relevant, and sets out how this work followed the Trustee’s policies, procedures and objectives in the SIP that was in force during the Scheme Year (i.e. the SIP dated April 2023), relating to the DB and DC Sections of the Scheme.

In summary, it is the Trustee’s view that the SIP has been followed during the Scheme Year.

Investment Mandates

Securing compliance with the legal requirements about choosing investments

Policy

As required by the legislation, in considering appropriate investments for the Scheme, the Trustee has obtained and considered the written advice of a suitably qualified investment consultant, Mercer Limited ("Mercer"). 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).

DB

How has this policy been met over the Scheme Year?

Before deciding to take investment risk relative to the liabilities, the Trustee has received advice from the Investment Adviser and Scheme Actuary, and held discussions with the Sponsoring Employer where required.

At the end of March 2023 and in June 2023, the Ares Secured Finance portfolio was partially disinvested with the proceeds transferred to the Insight Liability Driven Investment ("LDI") portfolio during Q2 2023 and Q3 2023, respectively, with the view of moving the asset allocation closer towards the strategic benchmark while increasing the Scheme's asset liquidity.

Following the Ares announcement in November 2023 that they will be winding up the Secured Income Fund, four further distributions were received in late December 2023 and in the beginning of 2024. These proceeds have been used to top-up the Insight LDI portfolio.

Over the second half of 2023, the Trustee received advice from Mercer in relation to the repayment of the loan from Lloyds Bank plc.

DC

How has this policy been met over the Scheme Year?

During the Scheme Year, the Trustee reviewed and updated the Investment Adviser's "Investment Consultant objectives".

The Trustee received investment advice during the Scheme Year relating to the transition of the DC assets to the Aon Master Trust in November 2023. After completing the transition of the majority of the assets, c.£2.6m assets were retained in the Scheme due to their links to uncrystallised funds pension lump sum (UFPLS). As of the year ending 31 March 2024, these member assets continue to be held within the Scheme, maintaining the same investment approach as before the transition.

DB	DC
- In November 2023, £24m was disinvested from the LDI portfolio and transferred to Lloyds Bank. - In December 2023 the Trustee partially redeemed assets from the open-ended AXA Global Secured Strategy fund, expected to be paid in four quarterly tranches, beginning at the end of Q4 2023, with the intention to cover the majority of the outstanding balance of the loan. The first of which was redeemed on 29 December 2023 and settled on 29 January 2024. Monies were invested into LDI portfolio. - Over the first quarter of 2024, the Trustee further disinvested £43m and c.£41m from the Insight LDI portfolio (in February 2024 and March 2024, respectively) and transferred to Lloyds Bank to reduce the outstanding balance of the loan.	

Realisation of Investments

Policy

The Trustee’s administrators will realise assets following member requests on retirement or earlier where required. As detailed in the SIP, the Trustee considers the liquidity of the investment in the context of the likely needs of members.

DB	DC
Policy Further details are set out in the following sections of the SIP: • Realisation of Investments (SIP Section 4.12)	**Policy** Further details are set out in the following sections of the SIP: • Objectives (SIP Section 7.1) • Day to Day Management of the Assets (Appendix A section A.5)

DB	DC
How has this policy been met over the Scheme Year? 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. The Trustee has confirmed that the investment managers have followed the stipulated parameters over the year under review. The liquidity of the funds held by the Scheme is dependent on the liquidity characteristics of the asset class. The Scheme holds private investments, which are highly illiquid, but they represent a relatively small percentage of the portfolio. In order to meet benefit payments as they fall due, the Scheme holds cash balances both in the Trustee bank account and with the LDI manager. These cash balances are topped up over time to ensure the available cash does not fall below a pre-determined float. Further, a number of the Scheme's investment managers distribute income over time. The Trustee's administrators worked with the Trustee, Investment Adviser and LDI manager to realise assets following member requests on retirement or earlier where required.	**How has this policy been met over the Scheme Year?** The Trustee receives an administration report on a quarterly basis to confirm that core financial transactions are processed within SLAs and regulatory timelines. As confirmed in the Chair's Statement, the Trustee is satisfied that all requirements were met throughout the year. In selecting assets, the Trustee considers the liquidity of the investments in the context of the likely needs of members. All funds utilised by the DC Section are daily dealt pooled investment vehicles, accessed by an insurance contract and should be realisable based on member demand. There were no liquidity concerns arising in respect of the DC Section's investment fund holdings over the Scheme Year.

Environmental, Social and Governance ("ESG")

Financial and non-financial considerations and how those considerations are taken into account in the selection, retention and realisation of investments

Policy

The Trustee's policy in relation to Responsible Investment and Corporate Governance is set out in section 13 of the SIP.

The Trustee considers financially material considerations in the selection, retention and realisation of investments. Within the funds, consideration of such factors, including environmental, social and governance factors, is delegated to the investment manager.

Investment managers are expected to evaluate these factors, including climate change considerations, exercise voting rights and stewardship obligations attached to the investments in line with their own corporate governance policies and current best practice.

DB and DC

How has this policy been met over the Scheme Year?

The Pension Schemes Act 2021 introduced legislation requiring specified pension schemes to ensure there is effective governance with respect to the effects of climate change. Occupational pension schemes with £1 billion or more in assets are required to have in place effective governance, strategy, risk management, and accompanying metrics and targets for the assessment and management of climate risks and opportunities from 1 October 2022, aligned with the Task Force on Climate-related Disclosures ("TCFD") framework. The Trustee prepared its first TCFD report during the Scheme Year and made it available on a publicly available website.

The Trustee has delegated responsibility for the selection, retention, and realisation of investments to their investment managers and accordingly, the Trustee seeks to manage the risks and opportunities associated with these ESG factors by selecting industry leaders in investment management who are committed to the Principles for Responsible Investment ("UNPRI") (as they apply to the sector in which the manager invests or the strategy pursued by the manager) and against criteria which include ESG considerations. ESG and the level of integration will differ across asset classes and by investment manager.

The Trustee does not require the Scheme's investment managers to take non-financial matters into account in their selection, retention and realisation of investments.

DB Section

The investment performance report is reviewed by the Trustee on a quarterly basis, this includes ratings (both general and specific ESG) from the Investment Adviser. Where rated by Mercer, the majority of the DB managers remained highly rated during the year.

Further, the Trustee has reviewed the Scheme's carbon footprint and produced climate scenario analysis to test the resilience of the investment and funding strategy adopted by the Trustee and assess the potential implication of climate change for the Scheme. This also allowed the Trustee to consider Scheme's progress against climate targets agreed.

The Trustee met with managers across the Scheme year to discuss their approach to ESG, climate change and specific holdings. They met with M&G and CBRE in May 2023 and GSAM in January 2024. Overall, the Trustee deemed the managers' approaches to ESG and climate change to be in line with the SIP.

DC Section

The DC investment performance report is reviewed by the Trustee on a quarterly basis – this includes ratings (both general and specific ESG) from the Investment Consultant. Where rated by Mercer (the Investment Consultant), all of the DC managers remained highly rated during the Scheme Year. Mercer

DB and DC
periodically reports any change in its ESG ratings to the Trustee on an ongoing basis and makes recommendations to the Trustee, as appropriate. During the Scheme year to 31 March 2024 there were no ESG rating changes. ESG ratings are also monitored as part of the annual Value for Members Assessment in respect of the DC Section.

Voting and Engagement Disclosures

The exercise of the rights (including voting rights) attaching to the investments and undertaking engagement activities in respect of the investments (including the methods by which, and the circumstances under which, the Trustee's would monitor and engage with relevant persons about relevant matters).

Policy

The Trustee's policy is to delegate responsibility for the exercising of rights (including voting rights) attaching to the Scheme's investments to the investment managers.

Further details are set out in Section 13 and Section 15 of the SIP, which apply to both the DB and DC Sections of the Scheme. In addition, it is the Trustee's policy to obtain reporting on voting and engagement and to periodically review the reports to ensure the policies are being met.

DB and DC

How has this policy been met over the Scheme Year?

For the year ending 31 March 2024, voting and engagement summary reports from the Scheme DC Section's investment managers were provided to the Trustee for review to ensure that they were aligned with the Trustee's policy. The summary reports include examples for the DC section of engagement activity undertaken by the Scheme's investment managers with investments in equities, a summary of voting activity and a sample of the most significant votes cast on behalf of the Trustee by these investment managers.

The Trustee recognises the importance of being a responsible owner of capital. It believes it is important that there is engagement on ESG matters with investments held on behalf of the Scheme. The Trustee expects its appointed investment managers to carry out this engagement on its behalf and will seek to appoint investment managers whose approach to engagement is consistent with the Trustee beliefs. The Scheme's investment managers use proxy voting services, with more detail present below.

For the DB Section, the Trustee delegates the exercise of their voting rights to the investment managers. The Trustee does not use the direct services of a proxy voter.

During the Scheme Year, voting and engagement summary reports from the Scheme DB Section's investment managers were received by the Investment Adviser on behalf of the Trustee, to ensure that they were aligned with the Trustee's policy.

DB and DC

Section 3 of this report includes voting and engagement activity undertaken by the Scheme's investment managers and sets out a summary of voting activity and the most significant votes cast on behalf of the Trustee by these investment managers. Following the DWP’s consultation response and outcome regarding Implementation Statements in June 2022 (“Reporting on Stewardship and Other Topics through the Statement of Investment Principles and the Implementation Statement: Statutory and Non-Statutory Guidance") one of the areas of interest was the significant vote definition. The most material change was that the Statutory Guidance provides an update on what constitutes a “significant vote” and that trustees were required to include details on why a vote is considered significant and rationale for the voting.

The Trustee defines a significant vote as one that is linked to the Scheme’s stewardship priorities/themes of Size, Environment and Governance:

- **Size**: votes in relation to one of a portfolio’s 10 largest holdings;
- **Climate Change**: e.g. a vote requiring publication of a business strategy aligned with the Paris Agreement, or resolutions on climate related activities that would result in significant biodiversity loss.
- **Broad Governance including D&I**: e.g. votes on proposals that would be at odds with the expectations of the UK Corporate Governance Code (i.e. matters of excessive or inappropriate executive remuneration or lack of board diversity).

The Trustee will keep this definition under consideration based on emerging themes within internal discussions and from the wider industry. The Trustee did not inform the investment managers of what it considered to be a ‘significant vote’ in advance of voting.

The Trustee supports the aims of the UK Stewardship Code and its investment managers are encouraged to report their adherence to the Code. The Trustee might ask managers to present to the group on an ad-hoc basis and may challenge decisions made including voting history and engagement activity. When the investment managers present to the Trustee, they are asked to highlight key Responsible Investment activity and the impact the actions have had on the portfolio.

The Scheme's investment managers within the DB and DC Sections are currently all signatories to the current UK Stewardship Code, with the exception of Ares in the case of the DB Section. Ares is signatories of the United Nations Principles for Responsible Investment (“UNPRI”) and report annually on transparency reports, which they deem to have considerable overlap with the UK Stewardship Code.

With this information, the Trustee believes investment managers are engaging responsibly on their behalf and in line with the Trustee’s investment beliefs.

Monitoring the Investment Manager

Incentivising asset managers to align their investment strategies and decisions with the Trustee's policies

Policy

The Trustee's policy in relation to investments to be held is set out in Sections 4, 13.5 and 14 of the SIP. *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 for which they are selected. 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.*

DB	DC
How has this policy been met over the Scheme Year?	**How has this policy been met over the Scheme Year?**
Most of the investment managers have delivered the expected return and risk profile for the relevant asset classes consistent with the Trustee's objectives and performed in line with expectations during the year under review. A number of the managers with "cash+" or "inflation+" benchmarks underperformed their respective benchmarks over the year (with the exception of AXA Global Secured Assets and AXA Global Secured Strategy which outperformed the target). CBRE confirmed that underperformance over this period, relative to the benchmark, was driven by high inflation and market value movements. M&G stated that underperformance of ICOF V and ICOF VII was driven by the writing down of assets due to default as the issuer was not able to service their debt. The Trustee met with M&G and CBRE in May 2023, and GSAM in January 2024 to discuss performance. Post year end, there was a further meeting with M&G in April 2024 to discuss the reason for underperformance. Overall the Trustee agreed that: the managers had maintained alignment with the SIP, no action needed to be taken to disinvest at this time (to the extent it would be possible, considering the fund / portfolio structure), and they would	The Trustee regularly discusses the continued appointment of the managers on a quarterly basis and is happy that the contractual arrangements in place continue to incentivise the managers to make decisions based on medium to long-term financial and non-financial performance. Some mandates are actively managed and the managers are incentivised through remuneration and pre agreed performance targets (an appointment will be reviewed following periods of sustained underperformance). The Trustee is pro-active in monitoring and will be responsive if required. During the Scheme year, in June 2023, the Trustee met with Insight Investment Management, who discussed the performance, strategy and ESG integration of the Insight Broad Opportunities Fund.

DB	DC
continue to monitor developments closely in anticipation of improved performance going forwards. Some mandates are actively managed and the managers are incentivised through remuneration (via a performance related fee arrangement in one case, with a hurdle rate structure 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.	

Evaluation of asset managers' performance and remuneration for asset management services

Policy

The Trustee's policy is set out in Section 14 of the SIP, which applies to the DB and DC Sections of the Scheme.

DB	DC
How has this policy been met over the Scheme Year?	**How has this policy been met over the Scheme Year?**
The Trustee considered the long-term investment performance of the managers against their specific objectives and was comfortable that the longer term performance remained appropriate.	The Trustee receives investment manager performance reports on a quarterly basis, which present performance information over three months, one year, three years, five years and since inception. The Trustee reviews the absolute performance, relative performance against a suitable index used as the benchmark, and against the underlying manager's stated target performance (over the relevant time period) on a net of fees basis. Whilst, as previously mentioned, the Trustee's focus is on long-term performance, it also takes shorter-term performance into account. Additionally, the Trustee reviews the net performance returns for all funds members are invested in as part of preparing the annual Chair's Statement. If an underlying manager is not meeting performance objectives, or their investment objectives for the fund have changed, the Trustee may review the suitability of the manager and change managers where required. The Trustee also considers its Investment Consultant's views of the investment manager, and is comfortable that the longer term performance and forward-looking capabilities of the Fund managers remained suitable.

Monitoring portfolio turnover costs

Policy

The Trustee's policy is set out in Section 14 of the SIP

DB	DC
How has this policy been met over the Scheme Year?	**How has this policy been met over the Scheme Year?**
The Trustee adhered to the Cost Transparency Initiative, under which ClearGlass collects data on the costs of the Scheme's investment managers as part of annual reviews. The Trustee engages 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). During the Scheme Year, the Trustee engaged with Bridgewater (terminated in March 2023) and ICG investments in respect of an increase in performance fees over the year to 31 December 2022. The Trustee observed that both the Bridgewater and the ICG performance fees were consistent with the arrangements in place. Whenever there was an asset transition at the overall portfolio level, the Trustee received information from its Investment Adviser confirming expected and actual portfolio turnover costs.	The Trustee has received the annual Value for Members report from its investment consultant, Mercer, in Q2 2024 confirming portfolio turnover costs. This is provided on an annual basis. The Trustee does not have an overall portfolio turnover target for the Scheme. In addition, the DC fund transaction costs, using the 'slippage cost methodology' (as defined in the COBS 19.8 of the FCA Handbook), are disclosed in the annual Chair's Statement. The transaction costs for each fund covers the buying, selling, lending and borrowing of the underlying securities in the fund by the investment manager. An investment manager can also factor in anti-dilution mechanisms into the total transaction costs. The Trustee is required to assess these costs for value on an annual basis. However, the Trustee notes a number of challenges in assessing these costs: - No industry-wide benchmarks for transaction costs exist. - Explicit elements of the overall transaction costs are already taken into account when investment returns are reported, so any assessment must also be mindful of the return side of the costs.

The duration of the arrangements with asset managers

Policy

There is no set duration for the manager appointments as set out in Section 14 of the SIP. However, the appointment is regularly reviewed as to its continued suitability and could be terminated either because the Trustee is dissatisfied with the managers' ongoing ability to deliver the mandate promised or because of a change of investment strategy by the Trustee.

DB	DC
How has this policy been met over the Scheme Year?	**How has this policy been met over the Scheme Year?**
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. For closed-ended funds, the Scheme is invested in a manager's fund for the lifetime of the fund.	All the funds are open-ended. The DC Section's funds have no set end date for the arrangement. The DC Section's fund range and default investment option are reviewed triennially. An underlying manager's appointment may be terminated if it is no longer considered optimal nor have a place in the default strategy or general fund range.

Strategic Asset Allocation

Kinds of investments to be held, the balance between different kinds of investments and expected return on investments

DB	DC
Policy	**Policy**
In allocating between different types of investments, the Trustee considers the level of diversification required, illiquidity risk and the level of matching between assets and liabilities, amongst other risks identified in section 3.2 of the SIP. As set out in section 6.2 of the SIP, 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. Section 4 of the SIP details the kinds of investments that the asset mix may include.	As outlined in section 8.1 of the SIP, the Trustee makes available a range of funds and lifestyle strategy options which it believes provide appropriate strategic choices for members' different saving objectives, risk profiles and time horizons. Members themselves determine the fund(s) in which they choose to invest. Members who do not indicate a preference are invested in the default option which includes lifestyling towards taking their benefits at retirement via income drawdown. Members' assets are de-risked as they approach retirement. More information on the default strategy is included in Appendix A – Statement of Investment Principles – Default Option.

DB	DC

DB

How has this policy been met over the Scheme Year?

Over the year, the Trustee adjusted the investment strategy to reflect both the purchase of the bulk annuity and the impact of the gilt crisis on the Scheme in 2022 and early 2023. Additionally, the Trustee assessed how the asset allocation might change over time due to the run-off of illiquid holdings and its impact on the expected return. These actions aim to facilitate discussions with the Sponsoring Employer regarding the 2023 actuarial valuation and establish a long-term funding target that aligns with the Scheme's direction (buy-in/buy-out).

The Trustee has determined an overall benchmark allocation of asset types to target the required level of expected return, together with ranges to trigger discussions on rebalancing should the actual allocation move outside of these ranges, which was divided by:

- "Liquid Growth" assets such as synthetic equities;
- "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); and
- "Liability Matching" assets to provide direct interest rate and inflation liability hedging exposure through Liability Driven Investments ("LDI") (including interest rate and inflation swaps, gilt total return swaps and gilt repurchase agreements).

In April 2023, the overall benchmark allocation of the Scheme's DB Section assets was revised from 10% Liquid Growth, 5% Illiquid Growth, 50% Liability Enhancing and 35% Liability Matching to 7.5% Liquid Growth, 7.5% Illiquid Growth, 50% Liability Enhancing and 35% Liability Matching. Due to the

DC

How has this policy been met over the Scheme Year?

During the Scheme Year, the Trustee has not reviewed the balance of investments within the default arrangement due to the intention to move all DC assets to the Aon Master Trust. After completing the transition of the majority of the assets, c.£2.6m were retained in the Scheme due to their links to uncrystallised funds pension lump sum (UFPLS). As at Scheme Year end, these member assets continue to be held within the Scheme, maintaining the same investment approach as before the transition. The Trustee is working with the Aon Master Trust to also have these remaining members transferred as soon as possible. However, if these members are not transferred shortly, the Trustee will carry out an investment strategy review.

Over the Scheme Year, the Trustee received investment performance reports on a quarterly basis for all of the funds within the fund range. This included fund performance against benchmarks over both short and longer-term periods. Investment performance is reviewed by the Trustee at the quarterly DC Trustee meetings. During the Scheme Year, the investments remained consistent with the policies and objectives as set out in the SIP.

DB	DC
underlying nature and liquidity profile of the assets, the Trustee acknowledges and is comfortable with the fact that the actual asset allocation may not be in line with target at all times. The Trustee aims to apply cashflow experience in such a way as to assist in the realignment of the strategic and actual allocations (where possible) over time.	

Risks, including the ways in which risk are to be measured and managed

DB	DC
Policy The Trustee recognises a number of risks involved in the investment of the assets of the DB Section and that the choice and allocation of investments can help to mitigate these risks. Details of these risks and how they are measured and managed can be found in section 3.2 of the SIP. **How has this policy been met over the Scheme Year?** The Trustee recognises risk (both investment and operational) arise from the Scheme's assets. The Trustee considers both quantitative and qualitative measures for these risks when deciding investment policies, strategic asset allocation and the choice of fund managers / funds / asset classes. The Trustee manages these risks through a combination of retaining expert Investment Advisers, setting the overall investment strategy based on expert advice and with consideration to the circumstances of the Scheme. The Trustee regularly monitors the investment performance of the Scheme's assets, monitoring the relative value of the Scheme's assets and liabilities and communicating with the Sponsoring Employer to understand its position with respect to the Scheme and the Scheme's funding. The Trustee also carried out climate scenario modelling on the investment portfolios to understand the resilience of the investment strategy and funding strategy to potential climate warming pathways. Further information on the outcome of this analysis is included in the Trustee's first Taskforce on	**Policy** The Trustee considers risk (both investment and operational) from a number of perspectives in relation to the self-select funds and the default investment option as detailed in section 9.1 of the SIP. **How has this policy been met over the Scheme Year?** As detailed in the risk table in the SIP, the Trustee considers both quantitative and qualitative measures for these risks when deciding investment policies, strategic asset allocation, the choice of fund managers / funds / asset classes. The Scheme maintains a risk register of the key risks, including the investment risks. This rates the impact and likelihood of the risks and summarises existing mitigations and additional actions. During the Scheme year ending 31 March 2024, the Trustee has continuously monitored the risk register. The risk register for all three Pfizer Group related schemes have been amalgamated for the purpose of ease during reviews and is noted at each quarterly DC Trustee meeting. Law Debenture also ensured that the risk registers accommodate for risks associated with the transition to the Aon Master Trust.

DB	DC
Climate-Related Financial Disclosures (TCFD) report, which is available on the member website. The Scheme also holds a bulk annuity to manage the risks of the liabilities.	

Section 3

Engagement Activity by the Scheme’s Investment Managers

DB

Updated guidance was provided by the DWP in June 2022, which requires trustees to define their key stewardship themes / priorities and to report on significant votes when drafting the Implementation Statement. During the Scheme Year, voting and engagement summary reports from the Scheme’s investment managers were provided to the Trustee for review to ensure that they were aligned with the Trustee’s policy. The following sections include engagement activity undertaken by the Scheme's investment managers. The Trustee has not reported any voting activity or significant votes cast over the Scheme Year because the investment managers have not voted on behalf of the Scheme, given the nature of the investments.

The Trustee recognises the importance of being a responsible owner of capital. It believes it is important that there is engagement on ESG matters with investments held on behalf of Scheme. The Trustee would usually expect its appointed investment managers to carry out this engagement on its behalf and will seek to appoint investment managers whose approach to engagement is consistent with the Trustee beliefs. The Trustee supports the aims of the UK Stewardship Code and its investment managers are encouraged to report their adherence to the Code. The Trustee asks the Scheme’s investment managers to present on an ad-hoc basis and may challenge decisions made, including on voting history and engagement activity. When the investment managers present to the Trustee, they are asked to highlight key sustainable investment activity and the impact the actions have had on the portfolio. This took place during the year as part of the meetings with M&G and CBRE in May 2023, and GSAM in January 2024.

The Trustee delegates the exercise of their voting rights to the investment managers. The Trustee does not use the direct services of a proxy voter. The Scheme's investment managers use proxy voting services. As previously noted, there was no voting activity for the DB Section over the Scheme Year given the nature of the investments.

DC

The following funds contain an allocation to equities.

Self-Select Range	Default Investment Funds
- Aegon BlackRock World (ex-UK) Equity Index Fund - Aegon HSBC Islamic Global Equity Index Fund - Aegon BlackRock Emerging Markets Equity Index Fund - Aegon BlackRock UK Equity Index Fund - Aegon LGIM Future World Global Equity Index Fund	- Pfizer Group Global Equity Fund - Pfizer Group Diversified Growth Fund - Pfizer Group Pre-Drawdown Fund The underlying equity components for the Pfizer Group Global Equity Fund are as follows: o Aegon BlackRock MSCI Currency Hedged World Index Fund o Aegon BlackRock Emerging Markets Equity Index Fund o Aegon LGIM Future World Global Equity Index Fund o Aegon LGIM Future Word Emerging Markets Equity Index Fund The underlying equity components for the Pfizer Group Diversified Growth Fund are: o Aegon BlackRock DC Diversified Growth Fund o Aegon Insight Broad Opportunities Fund The underlying equity components for the Pfizer Group Pre-Drawdown Fund are: o Aegon LGIM Retirement Income Multi-Asset

The following are examples of engagement activity undertaken by the Scheme's investment managers.

DB	DC
ICG Because the Scheme's investment in ICG does not have voting rights attached, there is no voting activity to be reported. ICG engages with its portfolio companies on governance, strategy, risk and performance matters, ensuring that they deliver high standards of corporate responsibility and sustainable business practices. ICG	The Trustee recognises the importance of being a responsible owner of capital. It believes it is important that there is engagement on ESG matters with investments held on behalf of Scheme. The Trustee would usually expect its appointed investment managers to carry out this engagement on its behalf and will seek to appoint investment managers whose approach to engagement is

DB	DC
monitors the ESG performance of investments through its Annual ESG survey, which covers areas such as ESG oversight, risk assessment and management, climate change, and diversity and inclusion, among others. Over the 12 months to 31 March 2024, ICG declined 10 deals on the grounds of unacceptable levels of ESG risk. **M&G Investments** M&G's ICOF V and VII mandates invest in fixed income securities, which have no voting rights attached. M&G have two approaches to their engagement programme: Top-down, pro-active ESG engagement programmes, such as their climate engagement programme; and bottom-up programmes, which include individual company monitoring, ESG portfolio reviews, annual governance meetings, remuneration reviews, controversial resolutions at shareholder meetings, etc. M&G also undertake reactive engagements in light of company news, including on trading, changes to the board, M&A etc. One example is the engagement with Efficio during the fourth quarter of 2023. Efficio has committed to achieving net zero emissions by 2030, encompassing scope 1, 2, and 3 emissions. They are currently focused on accurate reporting before external disclosure. Efficio aims to reduce carbon emissions from business travel by 20% per employee by 2025, as they have identified scope 3 emissions from business flights as the primary contributor to their emissions. While still in the early stages of data capture and without a finalised decarbonisation strategy, Efficio acknowledges their lack of disclosure and has been actively working on ESG initiatives. M&G has encouraged Efficio to include a separate ESG report or section	consistent with the Trustee beliefs. The Scheme's investment managers use proxy voting services, with more detail present below. **LGIM's** Investment Stewardship team uses Institutional Shareholder Services, Inc. (ISS) 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGIM, and they do not outsource any part of the strategic decisions. To ensure their proxy provider votes in accordance with their position on ESG, LGIM have put in place a custom voting policy with specific voting instructions. **BlackRock** subscribes to research from the proxy advisory firms Institutional Shareholder Services (ISS) and Glass Lewis. BlackRock's proxy voting process is led by the BlackRock Investment Stewardship team (BIS), which consists of three regional teams – Americas ("AMRS"), Asia-Pacific ("APAC"), and Europe, Middle East and Africa ("EMEA") - located in seven offices around the world. The analysts with each team will generally determine how to vote at the meetings of the companies they cover. Voting decisions are made by members of the BlackRock Investment Stewardship team with input from investment colleagues as required, in each case, in accordance with BlackRock's Global Principles and custom market-specific voting guidelines. **Insight** uses Minerva Analytics which analyses any resolution against Insight-specific voting policy templates which will determine the direction of the vote. Minerva Analytics monitors company meeting agendas and items to be voted on. Minerva reviews each vote against Insight's specific criteria and provides a recommendation for each item. Insight votes in line with the recommendations of the proxy voting agent and documents where it makes a voting decision against the recommendation. The rationale for, abstaining or voting against the voting recommendation is retained on the Minerva platform on a case-by-case basis.

DB	DC
in their annual report and expects increased ESG disclosure next year as Efficio becomes more comfortable with reporting. **CBRE** The Scheme's holdings with CBRE primarily relate to investments in direct real estate and have no voting rights attached. The primary form of engagement is with the tenants of the portfolio. Engagement is often undertaken on behalf of CBRE by their ESG consultant. During 2023, CBRE engaged directly with 12 tenants in the Scheme's portfolio. All these engagements were related to ESG data collection, and 8 of them were successful in retrieving the data required. One example is the engagement with Travelodge (at their London site) where CBRE Investment Management leveraged their occupier relationships to promote positive engagement outcomes within the fund as the occupier shared their environmental data for the fourth consecutive year. This environmental data was a key component in the 2023 GRESB submission, particularly as this Travelodge site is one of the largest sites in the portfolio by floor area. GRESB is an annual sustainability assessment for real estate investments and this engagement contributed to the portfolio achieving an overall score uplift during the year. **Goldman Sachs Asset Management ('GSAM')** The Scheme's invests in Corporate Bonds with GSAM, which have no voting rights attached. During the year to 31 March 2024, GSAM had a total of 132 engagements with 73 companies, mostly related to ESG issues.	

DB	DC
One example is the engagement with Shell UK, an energy company. Members of the Global Stewardship Team and Fundamental Equity Investment team engaged with the Company's Investor Relations in May 2023 to discuss the company's climate strategy. GSAM had identified the company for engagement under their climate strategy engagement initiative in which they seek to engage with companies in high-impact industries on the implementation of a robust and quantifiable climate transition strategy. In September 2022, the company provided an update on progress towards its stated climate transition targets and confirmed it remains on track to meet its net zero commitments, as well as meet its scope 1 and 2 reduction targets in 2022. The company has not set an absolute scope 3 reduction target and GSAM highlighted the importance of setting and disclosing this target as a key priority. GSAM intend to continue engaging with the company on its climate transition. **Ares** Given the fixed income nature of the Scheme's investment with Ares, there are no voting rights attached. Ares do not currently track engagements at the strategy level. Ares actively monitors and manages a given investment and maintains dialogue with the manager / counterparty on a wide variety of topics (ESG or otherwise) specifically relevant to that investment. The Alternative Credit Team's engagements are done on a case-by-case basis on various relevant topics, if and when deemed appropriate. Ares recognise the importance of their fiduciary and stewardship responsibilities as asset managers. The consideration of relevant ESG factors forms part of the investment process and is the responsibility of the investment team (Alternative Credit and Real	

DB	DC
Estate Debt teams). Investment professionals maintain responsibility and accountability for an investment over its entire life, from diligence to realisation. The team actively monitors and manages a given investment and maintains dialogue with the manager or counterparty on a wide variety of topics (ESG or otherwise) specifically relevant to that investment. **AXA** Given the fixed income nature of the Scheme's investment with AXA, there are no voting rights attached. During 2023, AXA conducted more than 680 engagements (including 'engagements with objectives' and 'sustainability dialogues') with 503 entities. Climate change was the key theme of discussion, with 37% of cases covering this topic, followed by corporate governance and human capital (both with 17% of coverage). Other key themes were resources & ecosystems, public health, social relations and business ethics. **Insight** Given the nature of the investments that the Scheme has with Insight, voting activity is not applicable. Insight has comprehensive details of their engagement activity in their quarterly reporting to the Scheme. As an example, Insight engaged with Société Générale, a leading European financial services group, to address environmental concerns. While Société Générale had a high Insight Prime ESG rating, there were identified weaknesses in its environmental policies compared to peers, particularly in fossil fuel financing, oil and gas exposure, and financed emissions reporting. Insight initially discussed these issues with the bank in October 2022 and followed up in July 2023.	

DB	DC
During the engagement in July 2023, Société Générale informed Insight that the bank would be making an announcement in relation to several of the objectives that Insight set, mainly around its fossil fuel financing policies. Following the announcement in September 2023, Insight engaged with the company again to understand the changes in more detail. These changes related to the bank's oil and gas policy, including setting project financing exclusions for oil and gas and setting a longer-term oil and gas exposure reduction target. Société Générale highlighted that the bank was targeting a 70% reduction in absolute carbon emissions by 2030. For upstream exposure, Société Générale is now targeting a reduction in exposure by 80% by 2030 versus 2019 levels, with an intermediate target of 50% by 2025 (previous target was a 20% reduction by 2025). This new target applies to both oil and gas, which a stronger commitment than peers in terms of gas policy restrictions. To meet the target, Société Générale is ending financing for new greenfield oil and gas fields. On its Arctic oil & gas exclusion, previously, the restriction only applied to Arctic oil project financing due to a large client. Insight flagged this to Société Générale in previous engagements and the bank has now updated its policy so the exclusion also covers gas. The changes made by Société Générale mean Insight has achieved several of their previously stated engagement objectives, such as the Arctic gas exclusion, project financing exclusions for oil and gas and the longer oil and gas exposure reduction target by 2030. Insight continue to monitor and engage with the issuer.	

Section 4

Voting Activity during the Scheme year

To ensure voting behaviour is consistent with the Trustee's beliefs and stewardship priorities, as well as, the Scheme's investment objectives, within equity mandates, the Trustee believes that investment managers should seek to vote on 100% of resolutions. However, the Trustee recognises that some votes will be more significant that others based on their likely financial materiality. The Trustee views the votes on the following as matters that would be a significant vote;

(i) **Size:** size of company holding in fund is taken into consideration.

(ii) **Climate Change:** e.g. a vote requiring publication of a business strategy aligned with the Paris Agreement, or resolutions on climate related activities that would result in significant biodiversity loss.

(iii) **Broad Governance including D&I:** e.g. votes on proposals that would be at odds with the expectations of the UK Corporate Governance Code (i.e. matters of excessive or inappropriate executive remuneration or lack of board diversity).

The Trustee will keep this definition under consideration based on emerging themes within internal discussions and from the wider industry. The Trustee did not inform the investment managers of what it considered to be a 'significant vote' in advance of voting.

Managers have provided examples of significant votes across the funds previously noted as containing equity. It is not possible to disclose all the information received in this statement. Therefore, in line with the above, the Trustee has determined that the vote within the area of climate change or broad governance with the highest allocation in each fund is the most significant for disclosure.

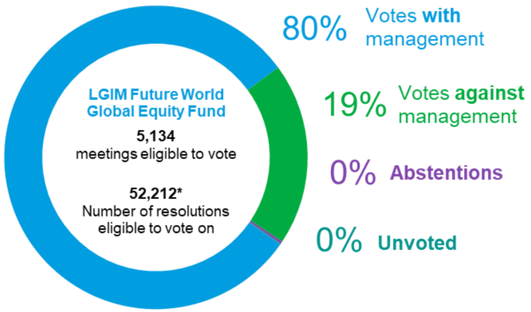
DB

Due to the nature of the funds that the Scheme was invested in over the year, there were no voting rights attached to the funds. Therefore, the Trustee will not report on the voting activity for the DB Section of the Scheme.

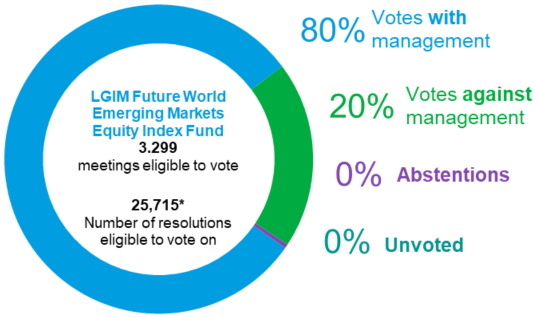
DC

Set out below is a summary of voting activity for this reporting period relating to the relevant strategies in the DC Section of the Scheme. Votes "**for / against** management" assess how active managers are voting for and against management. **Purple** represents **abstention** from voting. Mandates where shareholder voting is not applicable are not included in the list below.

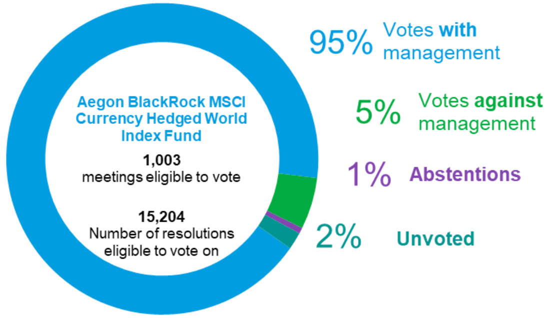
Pfizer Group Global Equity and Diversified Growth Funds – Underlying Funds



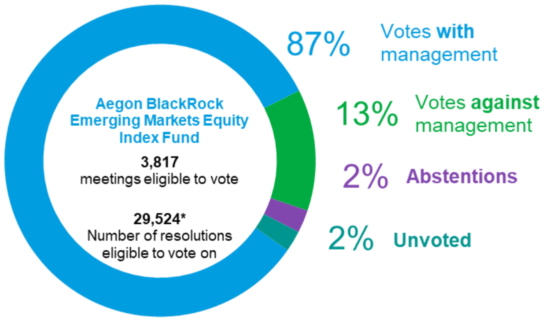
*99.9% of resolutions voted on



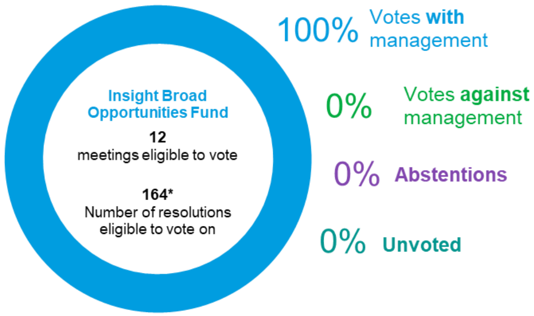
*100.0% of resolutions voted on



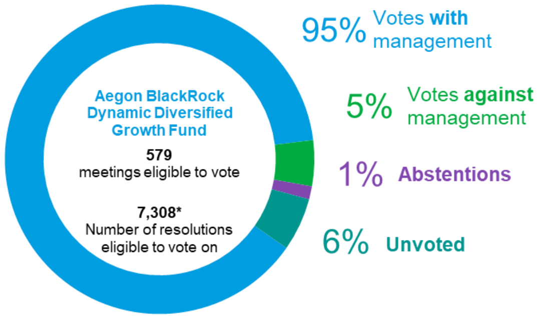
*98.2% of resolutions voted on



*97.7% of resolutions voted on

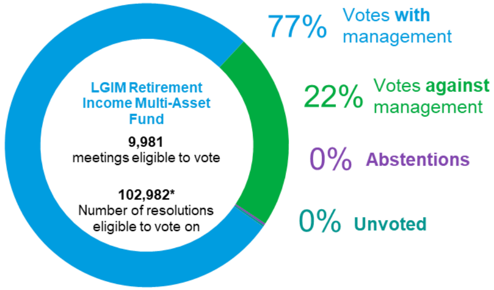


*100.0% of resolutions voted on



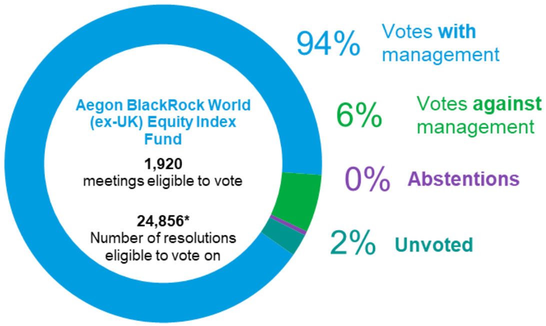
*94.0% of resolutions voted on

Pfizer Group Global Equity and Diversified Growth Funds – Underlying Funds

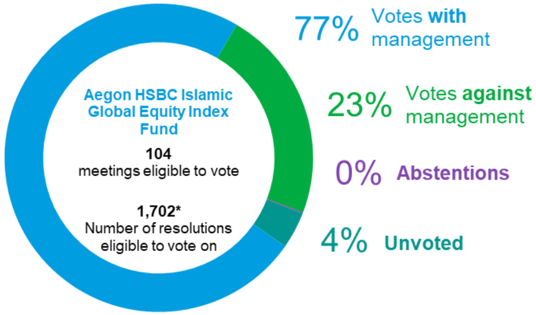


*99.8% of resolutions voted on

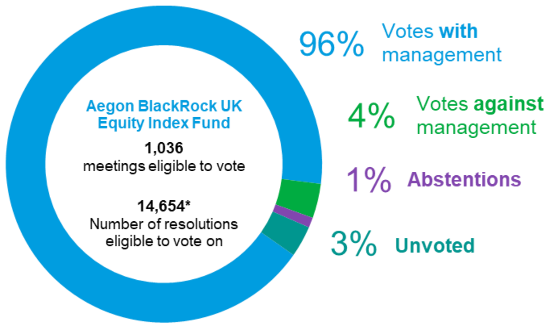
Self-Select Funds



*97.7% of resolutions voted on



*96.0% of resolutions voted on



*96.7% of resolutions voted on

Source: Managers. Figures may not total 100% due to a variety of reasons.

Most significant votes

✗ Resolution not passed ✓ Resolution passed

Fund	Portion of the fund (%)	Company	Date of vote	Resolution	How the Manager voted	Where the manager voted against management, was the intent communicated ahead of the vote?	Rationale of Manager vote	Final outcome following the vote	Why Vote is Significant & Next Steps
Insight Broad Opportunities Fund	0.20	Ecofin US Renewables Infrastructure Trust plc	25 May 2023	Re-elect Patrick O'Donnell Bourke as a director	Voted **For** (voted with management)	Not provided	All board members stand for annual re-election at each AGM. Any potential change to the board could have added further uncertainty during an already volatile period and may not have been in the best interest of the shareholders.	✓	Although not a key area of significance for the Trustee, only two votes were provided by Insight. The Trustee has deemed that this is the most significant of the two as it relates to **governance.** The board announced a review of the company's strategy in September 2023 focusing on the sale of the company's

Fund	Portion of the fund (%)	Company	Date of vote	Resolution	How the Manager voted	Where the manager voted against management, was the intent communicated ahead of the vote?	Rationale of Manager vote	Final outcome following the vote	Why Vote is Significant & Next Steps
									assets in order to maximise value for shareholders. At this stage, no further action is proposed pending the outcome of this strategic review.
LGIM Future World Global Equity Index Fund	2.06	NVIDIA Corporation	22 June 2023	Elect Stephen C. Neal as director.	Voted **Against** (voted against management)	LGIM publicly communicates its vote instructions on its website the day after the company meeting, with a rationale for all votes against management. It is LGIM's policy not to engage with their investee companies in the three weeks prior to an AGM as their engagement is not limited to shareholder meeting topics.	A vote against is applied as LGIM expects a company to have at least one-third women on the board and LGIM expects a board to be regularly refreshed in order to maintain an appropriate mix of independence, relevant skills, experience, tenure, and background.	✓	The Trustee has deemed votes related to **diversity** to be a significant vote. LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and

Fund	Portion of the fund (%)	Company	Date of vote	Resolution	How the Manager voted	Where the manager voted against management, was the intent communicated ahead of the vote?	Rationale of Manager vote	Final outcome following the vote	Why Vote is Significant & Next Steps
									market-level progress.
Aegon BlackRock Diversified Growth Fund	0.25	Amazon.com, Inc.	24 May 2023	Report on Efforts to Reduce Plastic Use.	Voted **Against***	BlackRock endeavors to communicate to companies when they intend to vote against management, either before or just after casting votes in advance of the shareholder meeting.	The company already provides sufficient disclosure and/or reporting regarding this issue, or is already enhancing its relevant disclosures.	×	The Trustee has deemed votes related to **climate change** to be a significant vote. Where concerns are raised either through voting or during engagement, BlackRock monitor developments and assess whether the company has addressed our concerns.

Fund	Portion of the fund (%)	Company	Date of vote	Resolution	How the Manager voted	Where the manager voted against management, was the intent communicated ahead of the vote?	Rationale of Manager vote	Final outcome following the vote	Why Vote is Significant & Next Steps
Aegon BlackRock MSCI Currency Hedged World Index Fund	0.40	Shell Plc	23 May 2023	Request Shell to Align its Existing 2030 Reduction Target Covering the Greenhouse Gas (GHG) Emissions of the Use of its Energy Products (Scope 3) with the Goal of the Paris Climate Agreement.	Voted **Against***	BlackRock endeavors to communicate to companies when they intend to vote against management, either before or just after casting votes in advance of the shareholder meeting.	The request is either not clearly defined, too prescriptive, not in the purview of shareholders, or unduly constraining on the company	×	The Trustee has deemed votes related to **climate change** to be a significant vote. Where concerns are raised either through voting or during engagement, BlackRock monitor developments and assess whether the company has addressed our concerns.
Aegon BlackRock Emerging Markets Equity Index Fund	0.02	Zhejiang Expressway Co., Ltd.	4 May 2023	Amend the Article of Association.	Voted **Against***	BlackRock endeavors to communicate to companies when they intend to vote against management, either before or just after	On balance, BlackRock find that shareholders' rights are likely to be diminished in material ways under the new Charter/Articles/Bylaws.	Withdrawn	The Trustee has deemed votes related to **governance** to be a significant vote. Where concerns are raised either

Fund	Portion of the fund (%)	Company	Date of vote	Resolution	How the Manager voted	Where the manager voted against management, was the intent communicated ahead of the vote?	Rationale of Manager vote	Final outcome following the vote	Why Vote is Significant & Next Steps
						casting votes in advance of the shareholder meeting.			through voting or during engagement, BlackRock monitor developments and assess whether the company has addressed our concerns.
LGIM Future World Emerging Markets Equity Index Fund	0.75	Wuxi Biologics (Cayman) Inc.	27 June 2023	Elect Ge Li as director.	Voted **Against** (voted against management)	LGIM publicly communicates its vote instructions on its website the day after the company meeting, with a rationale for all votes against management. It is LGIM's policy not to engage with their investee companies in the three weeks prior to an AGM as their engagement is not limited to	A vote against is applied as the board is not sufficiently independent which is a critical element for a board to protect shareholders' interests and as LGIM expects a company to have a diverse board, including at least one woman. LGIM expects companies to increase female participation both on the board and in leadership positions over time.	✓	The Trustee has deemed votes related to **diversity** to be a significant vote. LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and

Fund	Portion of the fund (%)	Company	Date of vote	Resolution	How the Manager voted	Where the manager voted against management, was the intent communicated ahead of the vote?	Rationale of Manager vote	Final outcome following the vote	Why Vote is Significant & Next Steps
						shareholder meeting topics.			market-level progress.
LGIM Retirement Income Multi-Asset Fund	0.34	Prologis, Inc.	4 May 2023	Elect Jeffrey L. Skelton as director.	Voted **Against** (voted against management)	LGIM publicly communicates its vote instructions on its website the day after the company meeting, with a rationale for all votes against management. It is LGIM's policy not to engage with their investee companies in the three weeks prior to an AGM as their engagement is not limited to shareholder meeting topics.	A vote against is applied as LGIM expects a company to have at least one-third women on the board and LGIM expects a board to be regularly refreshed in order to maintain an appropriate mix of independence, relevant skills, experience, tenure, and background. A vote against is also applied as the company has an all-male Executive Committee.	Not provided	The Trustee has deemed votes related to **diversity** to be a significant vote. LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.

Source: Managers as at 31 March 2024.
* BlackRock did not provide information on whether the votes were with or against management.