Annual Governance Statement for the Plan Year Ending 31 December 2025

Governance requirements apply to defined contribution (DC) pension schemes, to help members achieve a good outcome from their pension savings. For the Bristol Myers Squibb Pension Plan's ('the Plan') Additional Voluntary Contribution (AVC) and transfers-in arrangement (referred to here as 'the Arrangement'), the Trustee of the Plan is required to produce this yearly statement (which is signed by the Trustee Chair) to describe how these governance requirements have been met in relation to:

- The investment options in which members' funds are invested,
- The requirements for processing financial transactions,
- The charges and transaction costs borne by members and the extent to which they provide members with value, including an illustration of the cumulative effect of these costs and charges on the value of a member's AVCs,
- The investment performance, net of all charges, achieved by each of the investment options, and
- The Trustee's knowledge and understanding.

This statement covers the Plan year from 1 January 2025 to 31 December 2025.

Investments

The Arrangement has never been used by the employer to meet its automatic-enrolment obligations since its primary purpose was to facilitate the payment of AVCs as well as transfers-in of DC benefits from other plans. Due to this, no default investment option has ever been applied to the Arrangement.

The investment strategy for the Arrangement and the Plan as a whole is set out in the Trustee's Statement of Investment Principles. A copy of the latest SIP can be found here:

https://bmspensionplan.co.uk/wp-content/uploads/BMS-SIP-2024.pdf and in the Appendix to this statement.

The provider for the Arrangement is Prudential.

Net Investment Returns (NIR)

The Trustee is required to report on the net investment returns for each fund in which members have assets invested during the Plan year. Net investment returns refers to the returns on funds minus all transaction costs and member borne charges.

The figures for net investment returns used in the table below are based on those provided by Prudential over the past five years and over one year only, as they have not been able to provide the longer term periods.

When preparing this information, the Trustee has taken account of the guidance issued by the Department for Work and Pensions (DWP) titled 'Completing the annual Value for Members assessment and Reporting of Net Investment Returns' dated October 2021 and has not deviated from this.

Plan fund	1 Year NIR (% p.a.) to 31 December 2025	5 Year NIR (% p.a.) to 31 December 2025
Prudential With Profits Fund*	2.5	1.7
Prudential Deposit Fund	0.0	0.0
Prudential International Equity Fund	20.5	11.0
Prudential Long Term Bond Fund	4.2	-9.9
Prudential UK Equity Index Fund	20.9	10.6
Prudential Long Term Gilt Passive Fund	3.3	-12.6

**Does not include performance arising from the final bonus that may apply to members invested under this Fund*

Core financial transactions

Administration of these transactions is undertaken by both the Plan's administrator (WTW) and Prudential, with the former acting as lead administrator in terms of the direct interactions with members.

The Trustee has received assurance from WTW and Prudential that they have taken steps to enable adequate internal controls to try and ensure the Plan's core financial transactions were processed accurately during the Plan year. As there are no contributions being paid into the Arrangement, the core financial transactions are limited to transfers-out, payments of benefits to members/beneficiaries and investment switches.

The processes adopted by WTW to help meet the SLAs included daily monitoring of bank accounts and two individuals checking all investment and banking transactions.

There is an agreed Service Level Agreement (SLA) in place with WTW that applies to the promptness of processing all core financial transaction tasks. WTW aim to complete 95% of tasks within the SLA. Examples of these tasks and the agreed service level are below.

Transaction Type	Description	WTW Service Level
AVC payment of benefits	Ensure that AVC benefits are incorporated in calculations and option statements	5 days
Transfer out	On receipt of appropriate documentation, make the payment	5 days

The administrator has confirmed that they have all the required data to accurately process a member's core financial transaction when requested.

Prudential operates its own internal service standards in place which are set out below with the processing of the core financial transactions set out above falling under 'Claims'. Prudential has shortened some of the timeframes below compared to the previous year.

Journey	Upper Target Days (80% of journeys)	Lower Target Days (97% of Journeys)	Tail Target Days (no more than 1% of journeys)
Bereavements	within 21 days	within 54 days	over 70 days
New Business	within 6 days	within 18 days	over 31 days
Claims	within 7 days	within 16 days	over 30 days
Servicing	within 6 days	within 14 days	over 34 days

Prudential also has an overall target to complete 97% of cases within the upper and lower targets and no more than 1% in the tail target. The Trustee has a process in place for monitoring administration performance, which includes:

- The receipt of quarterly administration reports from WTW that include details of any financial transactions relating to the Arrangement over the quarter and highlights if there have been any issues or delays, so that they can be addressed if needed
- A more in-depth annual review of the WTW's success versus the SLA
- An annual review of Prudential, which considers administration performance including relating to financial transactions

For the reasons noted on pages 2 and 3, the Trustee is satisfied that over the period covered by this statement the majority of the Arrangement's core financial transactions have generally been processed promptly and accurately but note the following:

- Compared to the previous Plan year there has been an improvement in WTW's performance against its SLA targets, despite an increase in the number of retirement requests received.
- Prudential's administration performance improved compared to the previous Plan year, and average service times appear to have been maintained at 'business as usual' levels, despite Prudential reducing the time allowed to meet its service standards targets. Overall Prudential performance was in line with its overall target set out above.
- The Trustee's annual review of administration performance showed that the WTW Administration team completed 85% of core financial transactions for the Arrangements within the SLA (which is an improvement on 70% in the previous year). For the cases that missed their SLA, this was largely due to a change of process where Rothesay as the buy in provider now undertake the member retirement calculations which impacted on the time taken for some cases. WTW and Rothesay have worked together to improve the process and member experience to reduce the chance of similar delays occurring over 2026.

Charges and transaction costs

Member-borne charges and transaction costs

The Trustee is required to set out in this statement the on-going charges borne by members of the Arrangement. These comprise of annual fund management charges plus additional fund expenses, such as custody costs (but excluding transaction costs – see below). This is known as the Total Expense Ratio (TER). The TER is paid by the members and is reflected in the unit price of the funds.

The Trustee is also required to disclose transaction costs that are borne by members. In the context of this statement, the transaction costs shown are those incurred when the Arrangement's fund manager (Prudential) buys and sells assets within each investment fund.

These charges and transaction costs have been supplied by Prudential who is the Plan's fund manager for the Arrangements.

The level of charges and transactions costs applicable to each fund in which members' assets were invested during the Plan year is shown in the table below, both as a percentage and indicative £ cost per £1,000 invested.

Fund	Annual Fund Management Charge % / £ cost per £1,000 invested	Additional Fund Expenses % / £ cost per £1,000 invested	Total Expense Ratio (TER) % / £ cost per £1,000 invested	*Transaction Costs* % / £ cost per £1,000 invested
***Prudential Cash Accumulation With-Profits Fund**	1.00% / £10	0.31% / £3.10	**1.31% / £13.10**	0.11%/£1.10
Prudential Deposit Fund	There are no explicit charges as the monthly interest rate is declared net of charges and Prudential does not disclose the costs for operating this Fund. However, as the Deposit Fund invests in the assets of the above With-Profit Fund then these charges also apply (although indirectly).			0.00%/£0
Prudential International Equity Fund	0.75% / £7.50	0.01% / £0.10	**0.76% / £7.60**	0.18% / £1.80
Prudential Long Term Bond Fund	0.65% / £6.50	0.01% / £0.10	**0.66% / £6.60**	0.05% / £0.50
Prudential UK Equity Index Fund	0.65% / £6.50	0.00% / £0.10	**0.65% / £6.50**	0.33% / £3.30
Prudential Long Term Gilt Passive Fund	0.65% / £6.50	0.01% / £0.10	**0.66% / £6.60**	-0.01% / £0.00

- *The transaction costs shown are over the period from 1st January 2025 to 31st December 2025.*
- *When preparing this section of the statement, the Trustee has taken account of the DWP's statutory guidance on "Reporting costs, charges and other information: guidance for trustees and managers of occupational pension schemes*" and has not deviated from this. *In particular where a negative transaction costs has been reported this is stated as zero.*
- *The costs for managing the Prudential With-Profits Fund are not directly deducted from members' pots but instead are factored into the overall performance of the Fund when Prudential determines the annual bonus rate that will be applied. However, for completeness the Trustee has shown the impact that these costs would have on a member's fund value if these were to be applied directly.*

Illustration of charges and transaction costs

Over a period of time, the charges and transaction costs that apply to a member's investments can reduce the amount available to the member at retirement. In this section, the Trustee sets out illustrations of the cumulative impact of charges and transaction costs on different investment options in the Arrangement. These illustrations have been prepared in accordance with the DWP's statutory guidance on "Reporting costs, charges and other information: guidance for trustees and managers of occupational pension schemes" on the projection of an example member's pension savings. In-line with this guidance, the Trustee has provided illustrations that cover:

- *The fund in which most members and assets are invested – this is the Prudential Cash Accumulation With-Profits Fund*
- *The funds with the lowest and highest charges that apply. To assess this element the Trustee has shown illustrations for the Prudential Deposit Fund and the Prudential With-profits Fund. We note that neither fund has charges that are directly deducted from members fund values however, for the Prudential With-profits Fund, Prudential has confirmed that a total charge of 1.31% was*

deducted from the overall returns of the Fund before declaring the bonus rate and as a result, these charges may have an indirect impact on members.

As each member has a different amount of savings within the Arrangement and the amount of any future investment returns and future costs and charges cannot be known in advance, the Trustee has had to make a number of assumptions about what these might be. These assumptions are explained beneath the table of illustrations.

The “before charges” figures represent the savings projection assuming an investment return with no deduction of member borne charges or transaction costs. The “after charges” figures represent the savings projection using the same assumed investment return but after deducting member borne charges and average transaction costs over time.

	Deposit Fund		**With-Profits Fund**	
End of year	Before charges	After charges	Before charges	After charges
0	8,600	8,600	8,600	8,600
1	8,560	8,560	8,730	8,600
5	8,390	8,390	9,260	8,620
10	8,180	8,180	9,980	8,640
15	7,980	7,980	10,750	8,660
20	7,780	7,780	11,580	8,680

Assumptions

- *The charges used in the illustrations are based on:*
  - *For the Deposit Fund we have assumed no ongoing charges or transaction costs as Prudential has confirmed none apply for this Fund.*
  - *For the With-Profits Fund we have assumed the total investment charge of 1.31% and a transaction cost of 0.14%.*
- *The transaction cost above has been calculated by WTW based on an average over a 5 year period. These average transaction costs are deducted from the above growth rates as part of the calculation of the illustrations. Where transaction costs are negative these are assumed to be zero.*
- *The starting pot size used is £8,600 which is in-line with the median fund value for a Plan member.*
- *The projection is for 17 years, being the approximate duration that the youngest scheme member has until they reach the Plan’s Normal Pension Age of 60.*
- *The annual growth rates before the deduction of the assumed rate of inflation and any costs and charges for each Fund are as follows:*
  - *Deposit: 2%*
  - *With-Profits: 4%*
- *Projected pension account values are shown in today’s terms by assuming future inflation of 2.5% is deducted from the above returns each year.*
- *No additional contributions are assumed.*
- *Values shown are estimates and are not guaranteed.*

Value for members

Each year, the Trustee is required to undertake a ‘value for members’ assessment to gauge the extent to which member borne charges and transaction costs represent good value for members. Under the Arrangement members of the Plan pay charges for some of the Prudential funds that covers all of the services they provide, all other costs under the Plan are met by the Trustee.

It is difficult to determine a precise definition of ‘value’, but the Trustee considers that this broadly means that the combination of costs and charges, and the quality of what is provided in return for these, is appropriate for the Arrangement’s members as a whole, when compared to other options available in the market.

Also, the Trustee appreciates that low cost does not necessarily mean better value and the overall quality of the service received has to be considered in this assessment.

The Trustee is committed to ensuring that the charges deducted from members’ pension savings under the Arrangement continue to represent fair value for members. The Trustee reviews all member-borne charges (including transaction costs where available) annually, with the aim of ensuring members are obtaining value for money given the circumstances of the Arrangement.

The date of the last assessment was May 2026 (in respect of the Plan year covered by this statement) and covered three key areas, namely charges, investment performance and services provided to members (focused on governance, administration, and communications). The assessment applies a rating of either good, fair or poor value to each element. The assessment considered the following areas:

- Consideration on the level of need for the assessment areas outlined above.
- Benchmarking any charges directly paid by members against schemes of a similar nature.
- A review of the Arrangement’s investment fund with consideration to the performance delivered against benchmarks or suitable comparators and the wider benefits provided such as the security of members’ investments.
- A review of the administration performance for the DC related tasks.
- Consideration around the suitability of the governance undertaken for the Arrangements.
- A review of the communications members provided to members.

In this assessment, the Trustee considered, both the quality of those aspects of the Arrangement that members pay for, plus the broader benefits members receive for those they do not pay for.

Overall, the Trustee concluded that members received ‘Fair value’ during the Plan year with no significant poor value areas being identified. A summary of the assessment and the rationale for the overall rating is provided below/on next page.

Plan area	Summary of assessment findings	Overall Value in 2025
Charges	• The majority of members and assets (c.67%) continue to be invested in the With-Profits fund. The costs for managing the Prudential With-Profits Fund are not directly deducted from members’ pots but instead are built into the overall performance of the Fund. The Trustee noted there is a lack of transparency around how these implicit charges impact on the bonuses members receive which	**Fair**

	does make it more challenging for the Trustee and members to fully assess the value of these costs. • C.20% of assets are invested in the Deposit Fund. This Fund earns a variable rate of interest, which is set on the first of each month and is currently in line with the Bank of England base rate. No member costs apply for investing in this Fund as the costs are implicit, and no charges are taken out of the interest rate declared by Prudential. • For the unit-linked funds held by a small number of members, the Trustee benchmarked these against other single employer trust based schemes with DC assets. This showed that these charges were above average compared to the wider market. • Overall, the Trustee concluded that the charges represented **'Fair value'** for members during the Plan year. This reflects the above average charges for some funds but the benefit of the With-Profits and Deposit funds (where the majority of members are invested) as no direct member charges apply.	
Investment	• The With-Profits and Deposit funds, in which nearly all of the assets are invested provided positive absolute returns via the interest rate or bonuses that apply. In addition, the With-Profits Fund has valuable guarantees and both funds come with a very high level of capital security that cannot be replicated via an alternative investment option available. The Trustee noted that higher returns could have been achieved by other fund types over 2025 but agreed that members received a good outcome considering the absolute positive returns delivered and the security the With-profits and Deposit funds offered which considering the age profile of the membership is likely to continue to be valuable. • For the four unit-linked funds, the performance was in-line with their objectives and benchmarks. Overall, we conclude that the investment elements of the Arrangements represented **'Good value'** for members during the Plan year based on the fact the unit linked funds all performed in line with expectation and the With-profits and Deposit Funds delivered positive absolute performance, have valuable guarantees applying and offer very high levels of security for members.	**Good**
Governance, Administration and Communications	**Governance** • Plan members benefit from the Trustee's governance framework for both the Arrangement and the wider Plan, the cost for which is not paid by members of the Arrangement. • The governance includes the Trustee undertaking an annual review of the Arrangement, which includes a review of the administration and investment performance. • The Trustee has an ongoing process of TKU activity that supports its governance of the Arrangement.	**Fair**

	Administration • The Plan's lead administrator (WTW) met its target in 85% of tasks within the Service Level Agreement. Although this remains below the overall service target this is an improvement on the previous year. • Prudential is also involved in part of the Arrangement's administration, with this being paid for by member charges. The reporting received from Prudential indicates the service for the Plan improved during 2025 and is in line with Prudential's target for its performance. However, the Trustee noted that Prudential's targets for its service delivery are slower than seen by other providers in the market. • There was only one DC related complaint which is an improvement on the previous year. • A small number of member tasks took longer than expected with this largely being driven by the implementation of the new process following the buy in with Rothesay. WTW and Rothesay have worked to improve this process so that the risk of these delays is reduced over 2026. **Communications** • Only communications prepared and sent by Prudential are paid for by members of the Arrangement. This includes an annual benefit statement and access to Prudential's online site where they can view their fund value and find more information on the investment choices available. • Members also receive additional communications from the Trustee including an annual newsletter with updates on their Plan benefits including the AVCs. • WTW provide members with information around retirement and transfer options when members are looking to access their Plan benefits. A member helpline is also available to help members with their queries. • The Trustee noted that there remains the potential for more enhanced communication services particularly digital solutions that could be offered through an alternative AVC provider, but the Trustee felt the need from members for these services was potentially low considering the nature of the Arrangement and the levels of engagement seen to date.	

Trustee knowledge and understanding (TKU)

Each Trustee Director and the Trustee board is required to maintain appropriate levels of knowledge and understanding to run the Arrangement and the Plan. Accordingly, each Trustee Director must:

- Be conversant with the Trust Deed and Rules of the Plan, the Plan's Statement of Investment Principles (SIP) and any other document recording policy for the time being adopted by the Trustee relating to the administration of the Arrangement and the Plan more generally,
- Have, to the degree that is appropriate for the purposes of enabling the individual to properly exercise his or her functions as a Trustee Director, knowledge and understanding of the law relating to pensions and trusts and the principles relating to the funding and investment of the assets of occupational pension schemes.

The Trustee has measures in place to comply with the legal and regulatory requirements regarding conversance and knowledge and understanding. Details of how these requirements have been met during the Plan year are set out in the section below.

The Trustee with the help of its advisers, regularly considers the training requirements to identify and address knowledge/skills gaps. The Trustee's advisers proactively raise any changes in governance requirements and other relevant matters as they become aware of them. The Trustee's advisers would typically deliver training on such matters at Trustee's meetings if they were material.

During the period covered by this statement, the Trustee received training or updates on the following topics:

Topic	Date
Legal update	March 2025
Pensions Dashboards	March 2025
Data cleanse transaction work to support the buy-in	March 2025
GMP equalisation	March 2025
Governance requirements following buy-in	May 2025
AVCs - buyout considerations - options available to the Trustee	May 2025
General Code	May 2025
Pensions Dashboards	August 2025
Legal update	August 2025
AVCs - buyout considerations – investment strategies, with profits implications and implementation activity	November 2025
Legal update	November 2025
GMP equalisation	November 2025
Implications of wind up	November 2025

All the Trustee Directors are familiar with and have access to the current Plan governing documentation, including the Trust Deed and Rules (together with any amendments), the SIP and key policies and procedures. In particular, the Trustee refers to the Trust Deed and Rules as part of considering and deciding to make any changes to the Plan and, where relevant, deciding individual member cases. Examples of the Trustee reviewing the Plan documentation includes:

Document	Date
Risk Register	May 2025 & November 2025
Trustee Knowledge and Understanding Policy (as part of General Code compliance)	February 2025
Risk management policy	March 2025
Scheme administration policy	March 2025
DSAR policy	March 2025
Business Continuity Plan / Emergency Action Plan	May 2025
Cyber Security policy	May 2025
Member Communication policy	May 2025
E-signing policy	May 2025
Implementation statement (which considers compliance with the Trustee's policies set out in the SIP)	July 2025
Trustee Induction policy (updated as part of General Code compliance)	August 2025
GDPR Policy	August 2025

The Trustee considers it has sufficient knowledge and understanding of the law relating to pensions and trusts and of the relevant principles relating to the funding and investment of occupational pension schemes to fulfil its duties. The Trustee undertake the following actions:

- All of the Trustee Directors have completed the Pensions Regulator's Trustee Toolkit, which is a free online learning programme from the Pensions Regulator aimed at trustees of occupational pension schemes and designed to help trustees meet the minimum level of knowledge and understanding required by law.
- Regular training was provided over the Plan year with 'hot topics' on relevant developments to the Plan presented at each quarterly Trustee meeting by the Plan's actuarial advisers, and a legal update by the Plan's legal adviser.
- There is an induction process in place for new Trustee Directors (there was one new Trustee Director appointed in 2025). New Trustee Directors follow the Plan's Induction Plan which includes a checklist to guide them through their first six months covering details of the Plan's key documentation with a focus on the documents they should be conversant with and where to find these, completion of the Trustee Toolkit and holding introduction sessions with the Chair and advisers. The new Director appointed has completed this process.
- A training log is maintained by the Plan Secretary and the training and development programme is reviewed at least annually to ensure it is relevant and up to date for individual Trustee Directors and the Trustee Board as a whole.
- Over 2025, the Trustee Board determined its training needs by discussing, together with its advisers, what the key training needs might be based on current activities and situations for the Plan. The training needs identified were covered during 2025 via the training set out above at Trustee meetings throughout the year.
- The Trustee informally considered its effectiveness as a Trustee Board via a peer group assessment with no issues identified.
- Taking into account the knowledge and experience of the Trustee, with the specialist advice (both in writing and whilst attending meetings) received from the appointed professional advisors the Trustee believes it is well placed to exercise its functions as Trustee of the Plan properly and effectively.