STATEMENT OF INVESTMENT PRINCIPLES

VWRI UK Pension Scheme

January 2024

Introduction

This document contains the Statement of Investment Principles ("the SIP") required under Section 35 of the Pensions Act 1995, as amended by the Pensions Act 2004 (the "Act"), for the VWRI UK Pension Scheme ("the Scheme"). It describes the investment policy being pursued by the Trustee of the Scheme and is in compliance with the Government's voluntary code of conduct for Institutional Investment in the UK ("the Myners Principles"). This SIP also reflects the requirements of Occupational Pension Schemes (Investment) Regulations 2005.

VWRI Pension Trustees Ltd ("the Trustee") is responsible for the investment of the Scheme's assets and arranges administration of the Scheme. Where it is required to make an investment decision, the Trustee always receives advice from the relevant advisers first and it believes that this ensures that it is appropriately familiar with the issues concerned.

Declaration

The Trustee confirms that this SIP reflects the principles governing how decisions about investments are made for the Scheme. The Trustee acknowledges that it is responsible, with guidance from the advisers, for ensuring the assets of the Scheme are invested in accordance with these Principles.

Signed .... **Date** 22nd January 2024

For and on behalf of the Trustee of the VWRI UK Pension Scheme

Scheme Governance

The Trustee is responsible for the governance and investment of the Scheme's assets. The Trustee considers that the governance structure set out in this SIP is appropriate for the Scheme as it allows the Trustee to make the important decisions on investment policy, while delegating the day-to-day aspects to the Implementation Manager, Investment Managers or its advisers as appropriate.

Investment Objectives

- The principal objective of the Trustee is to invest the assets of the Scheme to meet its liabilities when they fall due.

- The investment strategy of the Scheme is managed and monitored using a Pensions Risk Management Framework (PRMF) which outlines the funding objectives and risk constraints set by the Trustee. The PRMF is reviewed and monitored by the Trustee on at least a quarterly basis including the expected return on assets as provided by the investment consultant.

- The Trustee's primary funding objective for the Fund is to reach 108% funding using a liability discount rate of Gilts + 50 bps by 2028 while ensuring the investment strategy does not risk the funding level falling by more than 11% in a 1-in-20 downside scenario over the next year, i.e. a risk budget of 11% on a funding-ratio-at-risk (FRaR) (including longevity risk) basis.

- In setting the investment strategy, the Trustee aim to:

    - Target an expected return on assets close to the return required to meet the funding objective.

    - Manage the investment risk including that arising due to mismatch between assets and liabilities and limit the total risk on the Scheme below the 11% FRaR risk budget set in the PRMF.

    - Maintain suitable liquidity of assets such that the Scheme is not forced to buy and sell investments at particular times to pay member benefits or meet potential collateral calls.

Investment Managers

- The Trustee delegates the day-to-day management of the assets to the appropriate investment managers.

- Investment Managers are carefully selected by the Trustee to manage each of the underlying mandates following guidance and written advice from its investment consultant.

- The Scheme pays an annual fee to each manager which along with the mandate's performance targets, benchmarks and restrictions are set out in the respective Investment Management Agreements or pooled fund documentation where applicable.

- The Trustee assesses the managers' performance regularly against a benchmark appropriate to each manager, taking into account the level of risk taken by each manager. To assist the Trustee in assessing performance the investment consultant will provide relevant reporting on a quarterly basis. As part of this process, the Trustee has delegated the detailed monitoring of the Scheme's investment managers to its investment consultant.

- From time to time managers and/or mandates are changed and this is done after due consideration and the receipt of appropriate advice from an investment consultant.

Investment Strategy

Having considered advice from its advisers, and also having due regard for the objectives, the liabilities of the Scheme, the risks of and to the Scheme and the covenant of VWR International Ltd ("Sponsor"), the Trustee has adopted an appropriate investment strategy. The investment strategy is driven by the objectives and constraints from the Pension Risk Management Framework, which helps balance the risks and returns required to reach full funding.

This investment strategy is designed to ensure two criteria are met:

- **Diversification**

  The choice of investments is designed to ensure that the Scheme's investments are adequately diversified given the Scheme's circumstances. The Trustee will monitor the strategy regularly to ensure that they are comfortable with the level of diversification.

- **Suitability**

  The Trustee has taken advice from the advisers to ensure that the asset allocation strategy is suitable for the Scheme, given its liability profile, any legal requirements, regulatory guidance and specifications in the Trust Deed.

Monitoring

Investment Managers

Due to the benefits of cost and ease of implementation, it is the Trustee's preference to invest in pooled investment vehicles. The Trustee recognizes that due to the collective nature of these investments, there is less scope to directly influence how the asset manager invests. However, the Trustee's investment advisers ensure the investment objectives and guidelines of the manager are consistent with that of the Trustee.

When relevant, the Trustee requires its investment managers to invest with a medium to long-term time horizon, and use any rights associated with the investment to drive better long-term outcomes. For some asset classes, the Trustee does not expect the respective asset managers to make decisions based on long-term performance. These may include investments that provide risk reduction through diversification or through hedging, consistent with the Trustee's strategic asset allocation.

When assessing a manager's performance, the focus is on longer-term outcomes and is assessed over a medium to longer-term timeframe, subject to a minimum of three years. The Trustee would not expect to terminate a manager's appointment based purely on short-term performance. However, a manager's appointment could be terminated within a shorter timeframe than three years due to other factors such as a significant change in business structure or the investment team.

Managers are paid an ad valorem fee for a defined set of services. The Trustee reviews the fees annually to confirm they are in line with market practices. The Trustee reviews the portfolio transaction costs and portfolio turnover range of managers periodically, where the data is disclosed and available. The Trustee will then determine whether the costs incurred were within reasonable expectations.

SIP

The Trustee aims to review this SIP annually, or, without delay, following any changes to the investment strategy, and modify it with consultation from their advisers and the Sponsor if deemed appropriate. There will be no obligation to change this SIP as part of such a review.

Risks

The Trustee recognises there are a number of risks involved in investing the assets of the Scheme. These include (but are not limited to) deficit risk, manager risk, liquidity risk, currency risk, interest rate and inflation risk, political risk, sponsor risk and counterparty risk. The Trustee monitors and manages these risks through measures specific to each risk.

The Trustee will keep these risks and how they are measured and managed under regular review.

Other Issues

Statutory Funding Objective

The Trustee will obtain and consider proper advice on the question of whether the investments are satisfactory having regard to both the investment objectives and the requirement to meet statutory funding requirements.

The funding position is reviewed periodically by the Scheme Actuary, with a full actuarial valuation at least every three years.

The Trustee will consider with their advisers, whether the results of these actuarial valuations suggest that any change to investment strategy is necessary to ensure continued compliance with the statutory funding objective.

Responsible Investment

Environmental, Social and Governance Factors ("ESG")

The Trustee incorporates all financially material considerations into decisions on the selection, retention and realisation of investments through strategic asset allocation decisions and the appointment of investment managers, so far as possible.

The Trustee believes that environmental, social and governance factors (including but not limited to climate risk) will be financially material over the time horizon of the Scheme, and should be considered as part of the investment strategy and implementation decisions. This will have varying levels of importance for different types of assets invested in by the Scheme.

On an ongoing basis, the Trustee's investment consultant monitors each asset manager's approach to ESG and regularly reports on this to the Trustee.

When investing in new asset classes, the Trustee assesses, with advice from their advisers, the relevance of ESG-related risks and the most appropriate way to ensure that they are incorporated into the mandate.

Non-financial factors, including ethical views of beneficiaries and members, are not taken into account in investment decision making.

Stewardship Policy

This policy sets out how the Trustee ("We" / "Our") of the VWRI UK Pension Scheme (the "Scheme") practises effective stewardship as part of our fiduciary duty to act in the best financial interests of our members.

We understand good stewardship to be the responsible allocation, management, and oversight of capital to create long-term value for our members, leading to sustainable benefits for the economy, the environment and society. We will aim to use our influence as an owner of assets to ensure that as far as possible best practices are reflected in terms of environmental, social and governance ("ESG") factors, and we will hold our investment managers to account for the effective use of their influence as owners of assets.

Resourcing stewardship

Our approach to stewardship reflects our broad investment approach: our role is to hire investment managers and to hold them to account for delivery. In a similar way, we carry out our stewardship through oversight and challenge of our investment managers rather than ourselves operating as active stewards directly of the underlying assets in which we invest.

The role of the Trustee is to provide oversight of the investment managers, holding them to account for delivery. We hire appropriately skilled investment managers, set clear expectations, assess the quality of their performance, and hold them to account where we identify deficiencies or areas for further improvement.

Our key areas of focus

To best channel our stewardship efforts, we believe that we should focus on a key theme. Our key theme has been selected by assessing its relevance to the Scheme and its members, the financially material risks that they pose, and the maturity and development of thinking within the industry that allows for ease of integration into our approach. Our key theme is **Climate Change.**

Significance of stewardship in appointment and monitoring of investment managers

It is the responsibility of the Trustee to lead our engagements with investment managers. We will not appoint new investment managers that cannot demonstrate the standards to which we hold existing investment managers. These expectations can be summarised as:

- Effective processes for and delivery of stewardship activity, alignment with leading standards, and evidence of positive engagement outcomes related to our key theme;
- Provision of tailored reporting on stewardship activities and outcomes;
- Participation as appropriate in public policy debates and the development of best practices.

We expect our investment managers to provide specific evidence they have acted in accordance with these expectations which should provide us with enough insight to ascertain whether our investment managers are practising effective stewardship that is best aligned with our long-term interests. Where we identify deficiencies we will escalate accordingly, with the ultimate response being the removal of mandates where we believe it is in the interests of our members to do so. We view incremental improvements by our investment managers as the key success measure of our own stewardship activities.

Engagement: expectations and process

We expect investment managers to engage with issuers to maintain or enhance long-term value of our investments and limit negative externalities on the planet and society. We recognise that there is no 'one-size-fits-all' stewardship approach and instead encourage our investment managers to prioritise stewardship opportunities and apply the most suitable/influential engagement strategies based on their in-depth knowledge of a given asset class, sector, geography and/or specific company or other asset.

Investment managers are expected to have robust ESG, climate change, and stewardship policies and processes in place. These are used to define how underlying companies are monitored and engaged with, how progress is measured, and when escalation is required. We expect manager engagement with companies to be underpinned by engagement on public policy matter where relevant. We expect that these assessments and progress in stewardship activities are tracked over time, to maintain continuity of activity and to assess the effectiveness of stewardship delivery. We challenge our investment managers when we feel their engagements are not sufficiently focused on decision-makers such as management or board.

In order to drive corporate change, and where initial engagement has made little progress, we expect our investment managers to escalate engagement accordingly. We allow our investment managers discretion over the appropriate tools to deploy; however, we expect these to be communicated with issuers' management teams. Should there still be little progress made after escalation, we expect our investment managers to consider disinvestment as a final course of action.

Voting: expectations and process

Investment managers are expected to have their own voting policies and the exercise of voting rights on the Scheme's behalf should form part of a wider engagement dialogue. If our investment managers wish to vote contrary to management recommendations, we expect this is communicated and our investment managers' views expressed to the company.

Whereas voting responsibilities are outsourced to our investment managers, we recognise that we have a fiduciary and regulatory responsibility to retain agency in the process. Investment manager oversight is the key mechanism for this, and we therefore hold our investment managers accountable not only for voting activity as a whole, but also how they have voted in significant votes. It is our responsibility to define the significance of votes placed on our behalf, and to be transparent with stakeholders and beneficiaries regarding outcomes.

Significant votes have been defined as votes which meet one or more of the following criteria:

- Votes relating to our key stewardship theme;
- Votes relating to an issuer to which the Scheme has a large £ exposure;
- Votes which may be inconsistent between investment managers; and

Votes identified due to potential controversy, driven by the size and public significance of a company, the nature of the resolution, and the weight of shareholder vote against management recommendation.