

Agilent Technologies LDA UK Limited Retirement Benefits Plan (“the Plan”) Annual Engagement Policy Implementation Statement (forming part of the Trustees’ Annual Report and Financial Statements)

Introduction

This statement sets out how, and the extent to which, the Engagement Policy in the Statement of Investment Principles (‘SIP’) produced by the Trustees and the policy on exercise of rights and a description of voting behaviour (including significant votes) and the use of proxy voting services have been followed during the 12-month period to 30 September 2023. This statement has been produced in accordance with the Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018, the subsequent amendment in The Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019 and the guidance published by the Pensions Regulator.

This Statement does not include consideration of AVC investments as these are not considered significant in relation to the overall investments of the Plan.

Investment Objectives of the Plan

The primary objective of the Plan is to provide pension and lump sum benefits for members on their retirement and/or benefits on death, before or after retirement, for their dependents on a defined benefit basis.

The Trustees, in consultation with the Principal Employer, agreed the following specific objectives to set the employer contribution at a level which is sufficient:

- To build up assets to provide for new benefits of any active members as they are earned.
- To recover any shortfall in assets relative to the value placed on accrued liabilities over the longer term.
- To ensure that there are always sufficient assets of the plan (at their realisable value) to meet 100% of benefits as they fall due for payments to members.

These objectives are not mutually exclusive and in setting long-term investment strategy the Trustees may have to balance achievement of one of these goals against the others.

In setting these objectives, the Trustees recognised that the investment policy required a level of risk to be taken relative to the liabilities.

Investment Objectives of the Plan: Year-end/Post year-end update

In Q3 2023, in anticipation of a potential further buy-in before the calendar year end, the Trustees decided that in light of the Plan's strong funding level, it was appropriate to de-risk the Plan's asset allocation. The decision was made to terminate both the BlackRock World ESG

Equity funds and the IMPAX Global Equity mandate, with the proceeds being invested into the BlackRock LDI mandate. In line with the Plan's mandate with BlackRock, the proceeds were used to manage the LDI mandate according to the agreed targets. The termination of the BlackRock equity mandates took place on 26th September, whilst the disinvestment from Impax took place immediately following the Plan's year end.

Following further analysis and consideration, the Trustees agreed to enter into a further buy-in policy. Post year end, the investments with PIMCO were redeemed and the Plan's assets were rebalanced to better reflect the selected insurer's price lock portfolio. The buy-in was carried out on 13th December, which resulted in the majority of the Plan's assets being invested in insurance policies, with all of the Plan's pension liabilities being insured.

Policy on ESG, Stewardship and Climate Change

The Trustees take into consideration non-financial matters when assessing the overall investment strategy and managers, as such members' views on 'non-financial matters' (where "non-financial matters" include members' ethical views separate from financial considerations such as financially material Environmental Social & Governance ("ESG") issues), are not explicitly taken into account in the selection, retention and realisation of investments.

The Plan's Responsible Investment Policy Document ("RI Policy") outlines the Trustees' policy on Responsible Investment matters. The RI Policy is used as a guide when considering the investment policies of the Plan and should be read in conjunction with the Plan's SIP. This outlines the broader framework of principles governing decisions about investment of the Plan's assets.

The RI Policy includes the Trustees' responsible investment mission statement that responsible investment, good stewardship and environmental, social and governance ('ESG') issues are key considerations when setting investment strategy and how it is implemented. Further, it sets out the Trustees' investment beliefs and details on the implementation of the investment strategy. The Plan's SIP details the corporate governance and environmental, social and ethical considerations of the Plan's investments and the beliefs these are based upon as well as the processes followed by the Trustees in relation to voting rights and stewardship.

When establishing the RI Policy, the Trustees reflected on the output from the Responsible Investment Total Evaluation produced by Mercer. This is an objective evaluation that can be monitored over time and is used to provide a comparison of the Plan's responsible investment approach relative to peers. In September 2022, the Plan was rated as B+. This was an improvement from the previous year's C+ rating, reflecting the switch into BlackRock's ESG focused equity fund and the Impax Global Equity Funds.

The following work was undertaken during the year to 30 September 2023 relating to the Trustees' policy on ESG factors, Stewardship and climate change, and sets out how the Trustees engagement and voting policies were followed and implemented during the year. The Trustees are satisfied that the policies on engagement and voting have been followed during the year.

Engagement

- With the assistance of its investment consultant, Mercer Limited (“Mercer”), the Trustees reviewed the stewardship activity of its investment managers. This is with the exception of the Trustee’s appointed Additional Voluntary Contributions provider, where the assets held form only a small part of the Plan’s total invested assets.
- The investment managers confirmed to the Trustees their compliance with the principles of the UK Stewardship Code and that they have been officially listed as signatories of the UK Stewardship Code 2020.
- The Plan’s investment performance reports were reviewed by the Trustees on a quarterly basis – these reports include ratings (both general and specific to ESG) from the investment consultant. Where managers may not be highly rated from an ESG perspective the Trustees continue to monitor and engage with those managers. The investment performance reports include how each investment manager is delivering against their specific mandates.
- As a result of the ESG and Responsible Investment Total Evaluation reviews in 2022 and 2021, one of the actions agreed by the Trustees was to establish a Responsible Investment Policy document. This was signed in January 2023 and contains the Plans responsible investment mission statement, investment beliefs and details of implementation.
- In setting their investment strategy, the Trustees prioritised funds to enable the Plan to meet its primary objective of ensuring that there are sufficient assets to meet the Plan’s liabilities as they fall due. However, the Trustees recognised that good management of ESG issues can be a key determinant of long-term shareholder value and therefore believe that ESG risk management is important.
- When implementing new funds or new managers the Trustees consider how ESG, climate change and stewardship is integrated within investment processes. No new funds were implemented during the year.
- The Plan’s investment managers provided examples of instances where they had engaged with companies they were invested in/about to invest in which resulted in a positive outcome. These engagement initiatives are driven mainly through regular engagement meetings with the companies that the managers invest in or by voting on resolutions at companies’ Annual General Meetings, related to various governance, social or environmental issues.
- Examples of how engagements were carried out by the Plan’s investment managers over the year are:
 - BlackRock’s engagement with companies focused on key areas such as board quality and effectiveness, climate and natural

capital, strategy purpose, and financial resilience, sustainable incentives aligned with value creation and company impacts on people.

- Impax engaged with underlying companies across the spectrum of ESG related issues such as; climate change and the risks posed, sustainability advice around setting carbon reduction and net zero targets and corporate governance (including board and executive team diversity).
- PIMCO engaged with the issuers on four main themes: climate change, human rights, human capital and natural capital. Key actions they note as particularly important are engaging with companies on their climate goals and plans, due diligence of human rights risk within value chains and understanding the impact of natural capital.

Voting

The Trustees have delegated their voting rights to the investment managers.

Investment managers are expected to provide detailed voting reporting (where applicable) on a regular basis, at least annually. The detailed reports are not currently reviewed by the Trustees, however the Trustees review a summary of the reports compiled by the Plan's investment consultant.

The Trustees do not use the direct services of a proxy voter.

The Department for Work & Pensions released a set of Engagement Policy Implementation Statement requirements on 17 June 2022, "Reporting on Stewardship and Other Topics through the Statement of Investment Principles and the Implementation Statement: Statutory and Non-Statutory Guidance" to be adopted in all Engagement Policy Implementation Statements for schemes with years on or after 1 October 2022. The most material change was that the Statutory Guidance provided an update on what constitutes a "significant vote".

- A significant vote is defined as one that is linked to the Plan's stewardship priorities/themes;
- A vote could also be significant for other reasons, e.g. due to the size of holding;
- Trustees are to include details on why a vote is considered significant and rationale for voting decision.

The Trustees have identified four key themes, which are: Climate Change, Pollution & natural resource degradation, Human rights and Diversity, equity & inclusion. The significant votes covered in this statement have been reported on as they relate to the above stewardship priorities of the Trustees. It is noted that the Trustees' believe a vote is only classified as 'significant' if the underlying holding size within the equity fund is material – which is defined as a holding that has an allocation of over 4% within the respective equity fund.

Over the last 12 months, voting activity on behalf of the Trustees was undertaken by BlackRock and Impax. The Trustees are comfortable with the way managers voted and engaged with investee companies during the year, however, the managers did not provide details of 'next steps' that they took following voting, the Trustees will look to address this in future Statements, as applicable. The Plan has disinvested from the BlackRock World ESG Tracker Funds on 26th September 2023 and the Impax mandate immediately following year-end, with the trades settling on the 29th September 2023 and 5th October 2023 respectively. This statement covers the voting activity for these mandates during the period of investment over the Plan year. A summary of their key activities is shown below.

BlackRock –World ESG Tracker Equity Fund

BlackRock uses the BlackRock Investment Stewardship team (BIS) to vote on its behalf. BlackRock confirmed there was use of a proxy voter throughout the year.

There have been 482 meetings over the year, in which BlackRock was eligible to vote. In these meetings, there were 7,446 proposals, and BlackRock participated in 98% of these. BlackRock voted with management on 97% of the proposals.

The Trustees defined above the areas they deem as significant voting themes. The significant votes, undertaken over the year to 30 September 2023 are summarised as below:

- 1) There were eighty-seven votes on the theme of **climate change** over the year. This consisted of eight-four votes in which BlackRock voted with management, and three vote against management.
- 2) There were four votes on the theme of **pollution and natural resource degradation** over the year. BlackRock voted with management at all proposals.
- 3) There were thirty-two votes on the theme of **human rights** over the year. This consisted of thirty votes in which BlackRock voted with management, and two votes against management.
- 4) There were thirty-four votes on the theme of **Diversity, Equity and Inclusion (DEI)** over the year. This consistent of thirty-two votes in which BlackRock voted with management, and two votes against management.

Impax – Global Equity Opportunities

Impax have noted that they strive to vote on all shares held where it is in the best interest of its clients. Since 2019, Impax has used Glass Lewis as a research tool and its ViewPoint as the platform for proxy voting. Glass Lewis provides Impax with governance research and voting recommendations based on publicly disclosed best practice governance policies. However, Impax will determine its vote based on its voting guidelines and ESG analysis.

Stewardship, including proxy voting and engagement, is not outsourced to external parties or proxy advisors but conducted fully by Impax's investment team. Impax reviews the proxy advisory firms at least annually, mainly to discuss possible process and reporting efficiency improvements, but also to discuss any significant changes to the proxy voting policies of the service provider. Impax reviews the voting outcomes and whether votes have been cast on an ongoing basis.

There have been 41 meetings over the year, in which Impax was eligible to vote. In these meetings, there were 645 proposals, and Impax participated in 100% of these. Impax voted in line with management on 90% of the proposals.

The Trustees defined above the areas they deem as significant voting themes. The significant votes, undertaken over the year to 30 September 2023 are summarized as below:

- 1) There were three votes on the theme of **climate change** over the year. This consisted of two votes in which Impax voted with management, and one vote against management.
- 2) There were no votes on the theme of **pollution and natural resource degradation** over the year.
- 3) There was one vote on the theme of **human rights** over the year. Impax voted against management.
- 4) There were nineteen votes on the theme of **Diversity, Equity and Inclusion (DEI)** over the year. This consists of five votes in which Impax voted with management, and fourteen votes against management.

Significant Votes

The significant votes covered in this statement have been reported on as they relate to significant votes as defined by the Trustees (restricted to any holdings with a weighting of 4% or higher in the respective funds), these are detailed in the table below:

Manager / Fund	Proxy voter used?	Company / Date of vote	% holding within portfolio	Summary of Resolution / For or against management	Criteria for assessing as significant vote	How the manager voted*	Rationale	Outcome / next steps
BlackRock World ESG Tracker Equity Fund	ISS Proxy Exchange used for voting execution.	Microsoft Corporation December 2022	4.3%	Assess and Report on the Company's Retirement Funds' Management of Systemic Climate Risk	Environmental (Climate change)	Against	Company already has policies in place to address these issues.	Outcome – Not passed.
BlackRock World ESG Tracker Equity Fund	ISS Proxy Exchange used for voting execution.	Apple Inc. March 2023	4.8%	Report on Operations in Communist China	Social (Human Rights)	Against	The company already provides sufficient disclosure and/or reporting regarding this issue, or is already enhancing its relevant disclosures.	Outcome – Not passed.
BlackRock World ESG Tracker Equity Fund	ISS Proxy Exchange used for voting execution.	Apple Inc. March 2023	4.8%	Report on Median Gender/Racial Pay Gap	Social (Diversity, Equity and Inclusion)	Against	The company already provides sufficient disclosure and/or reporting regarding this issue, or is already enhancing its relevant disclosures.	Outcome – Not passed.
BlackRock World ESG Tracker Equity Fund	ISS Proxy Exchange used for voting execution.	Microsoft Corporation December 2022	4.3%	Report on Hiring of Persons with Arrest or Incarceration Records	Social (Diversity, Equity and Inclusion)	Against	The company already has policies in place to address these issues.	Outcome – Not passed.

Impax Global Equity Opportunities Fund	<p>Manager does not solely rely on the use of proxy voting.</p> <p>Impax utilizes the proxy research firm of Glass Lewis but they does not rely solely on their research for voting recommendations.</p>	Microsoft Corporation	4.6%	Shareholder Proposal Regarding Managing Climate Risk in Employee Retirement Options	Environmental (Climate change)	For	This is an important question and an issue that companies can and should be more focused on and can lead to more resilient and better returning retirement savings, and warrants shareholder support.	Outcome- Not passed
Impax Global Equity Opportunities Fund	<p>Manager does not solely rely on the use of proxy voting.</p>	Microsoft Corporation	4.6%	Shareholder Proposal Regarding Report on Government Use of Technology	Social (Human Rights)	For	Additional disclosure concerning the company's human rights would be beneficial.	Outcome- Passed
Impax Global Equity Opportunities Fund	<p>Manager does not solely rely on the use of proxy voting.</p>	Microsoft Corporation	4.6%	Shareholder Proposal Regarding Cost Benefit Analysis of Global Diversity and Inclusion Efforts	Social (Diversity, Equity and Inclusion)	Against	The shareholder proposal is considered to be Anti-Social.	Outcome- Not Passed
Impax Global Equity Opportunities Fund	<p>Manager does not solely rely on the use of proxy voting.</p>	Microsoft Corporation	4.6%	Shareholder Proposal Regarding Report on Hiring Practices	Social (Diversity, Equity and Inclusion)	For	We would expect to see this issue further addressed in the company's forthcoming racial equity audit (results due in 2023) and hence support this resolution.	Outcome- Not Passed

Impax Global Equity Opportunities Fund	Manager does not solely rely on the use of proxy voting.	Mastercard Incorporated June 2023	4.5%	Shareholder Proposal Regarding Report on Board Oversight of Discrimination	Social (Diversity, Equity and Inclusion)	Against	The shareholder proposal is considered to be Anti-Social. The proponent is the National Center for Public Policy Research who routinely seeks to discredit companies' ESG efforts.	Outcome- Not Passed
Impax Global Equity Opportunities Fund	Manager does not solely rely on the use of proxy voting.	Mastercard Incorporated June 2023	4.5%	Shareholder Proposal Regarding Cost Benefit Analysis of Global Diversity and Inclusion Efforts	Social (Diversity, Equity and Inclusion)	Against	The shareholder proposal is considered to be Anti-Social. The proponent is Ridgeline Research, on behalf of the American Conservative Values ETF (ACVF)- the ACVF's strategy is to "challenge woke companies and ESG mandates."	Outcome- Not Passed

Note: BlackRock endeavour to communicate to companies when they intend to vote against management, either before or just after casting votes in advance of the shareholder meeting. Impax have not provided details regarding communication of voting to management.