

# **Agilent Technologies LDA UK Limited Retirement Benefits Plan**

## **Statement of Investment Principles**

### **1. Background**

- 1.1 This Statement of Investment Principles (the “Statement”) sets down the principles governing decisions about investments for the Agilent Technologies LDA UK Limited Retirement Benefits Plan (hereinafter referred to as “the Plan”) to meet the requirements of the Pensions Act 1995, as amended by the Pensions Act 2004 and subsequent regulations. In preparing the Statement, the Trustees have consulted with the principal employer to the Plan, and obtained and considered written professional advice from their investment consultants, Mercer Limited (“Mercer”).
- 1.2 The Trustees do not expect to revise this Statement frequently because it covers broad principles. However, the Trustees will review the Statement at least once every two years, and without delay if there are relevant, material changes to the Plan and/or the sponsoring company. These include changes in the Plan’s liabilities and finances and in the attitude to risk of the Trustees or the sponsor company.

### **2. Decision-Making Structure**

- 2.1 The Plan’s assets are held in Trust by the Trustees. The Trustees are responsible for the investment of the Plan’s assets and their investment powers are set out in the Plan’s Trust Deed. The Trustees take some decisions and delegate the balance. When determining which decisions to delegate, the Trustees have taken into account whether they have the appropriate training and are able to secure the necessary expert advice in order to take an informed decision. Further, the Trustees’ ability to effectively execute decisions is also considered.
- 2.2 Overall, the Plan’s investment policy falls into two parts. The strategic management of the assets, which is fundamentally the responsibility of the Trustees acting on advice from their investment consultant, Mercer, and is driven by their investment objective as set out in Section 3 below.
- 2.3 The remaining elements of policy are reflected in the agreements that have been put in place with the insurer of the buy-in policies and the investment manager. The day to day management of the assets is delegated and is described in Section 6.

### **3. Investment Objectives**

- 3.1 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 dependants, on a defined benefit basis.

As a key step to achieving this, the Trustees, following consultation with the Company, entered into bulk annuity contracts issued by Canada Life. Canada Life is authorised by the Prudential Regulation Authority to write contracts of long-term life insurance of

this nature in the UK. All future benefits payable from the Plan will be funded by the bulk annuity policies.

#### 4. **Investment Strategy**

The Trustee's long term objective is to meet its pension obligations by the use of bulk annuity contracts. To this end the Trustees have purchased bulk annuity policies with Canada Life. All pension liabilities are expected to be met by the existing annuity policies.

#### 5. **Investment Risk**

5.1 There are various risks to which any pension plan is exposed. The Trustees consider the following risks to be relevant to their situation in relation to the Plan's investments:

5.1.1 **Counterparty risk.** The principal risk facing the Trustees and Plan members is that Canada Life may default on its obligations under the bulk annuity policies. Before entering into the bulk annuity contracts, the Trustees obtained and carefully considered professional advice regarding the suitability of Canada Life as a provider. In addition the Trustees are aware of regulatory oversight and intervention, and, ultimately that there is a level of protection offered to members by the Financial Services Compensation Scheme ("FSCS") and the Pension Protection Fund ("PPF").

5.1.2 **Liquidity risk.** This is measured by the level of cashflow required by the Plan over a specific period. The Trustees do not expect to be able to obtain cash/liquidity from the bulk annuity policy other than in respect of benefits insured with Canada Life. The Trustees hold the residual assets in a cash fund (BlackRock Sterling Liquidity Fund) which can provide additional liquidity for the Plan when required.

5.1.3 **Lack of diversification.** The Trustees recognise that the decision to invest in bulk annuity contracts with a single provider, whilst reducing operational risks and complexity, represents a concentration of risk. However, after careful scrutiny of the provider prior to transacting, the Trustees are satisfied that the degree of risk taken is acceptable. In addition, Canada Life invest in a diverse portfolio of assets to mitigate this risk.

#### 6. **Day to Day Management of Assets**

##### 6.1 **Main Assets**

The Trustees have appointed Canada Life as their annuity provider, having obtained and considered the written advice from their risk transfer advisor, Willis Towers Watson, who the Trustees consider to be suitably qualified to provide such advice, and their legal advisor.

The Trustees also hold cash within the Trustee Bank Account and the BlackRock Sterling Liquidity Fund to meet ongoing expenses.

In this context, relevant investment advice relates to that provided in accordance with the requirements of Section 36 of the Pensions Act 1995 (as amended).

## 6.2 Individual Manager Objectives

The objective of the BlackRock Sterling Liquidity Fund is to provide capital stability, liquidity and income.

## 6.3 Engagement with the Investment Manager

The majority of Plan assets are invested through the purchase of the bulk annuity policies with Canada Life, the Trustees are unable to incentivise the insurer, remunerate or monitor portfolio turnover costs as these are not applicable to the bulk annuities.

With regards to BlackRock, the Trustees recognise that there is limited ability to engage with BlackRock in the management of a pooled cash fund.

## 6.4 Additional Assets

The Trustees have set up a number of options for members' Additional Voluntary Contributions ("AVC"). The current options are set out in the table below.

Provider	Investment Vehicle
Aegon	Unit-Linked Funds
Santander	Unit-Linked Funds

Note: a portion of Agilent members' AVC investments are held under separate policies linked to a legacy scheme.

Members can choose to invest additional contributions into the Aegon or Santander arrangements which offer a range of unit-linked funds.

Members can choose to switch AVCs between options available to them from time to time, subject to the terms and conditions of each vehicle. At retirement, the accumulated value of a member's AVC can be used to purchase additional pension.

## 6.5 Cashflow Management and Rebalancing

The Plan's principal assets are the bulk annuity policies with Canada Life. As a result, all of the Plan's assets are represented by these policies, with the exception of the residual cash held with BlackRock and the cash held in the Trustees bank account.

The residual cash is being held in order to aid the Trustees in meeting imminent cash outgo in connection with ongoing expenses that are to be met by the Plan.

## **7. Investment Manager Terms and Conditions**

- 7.1 BlackRock is regulated by the Financial Conduct Authority (“FCA”). BlackRock has day to day responsibility for the Plan’s assets held within the Sterling Liquidity Fund. As required by the Financial Services Act 1986, the Trustees have entered into signed Agreements or Policy Documents with the investment manager.

## **8. Realisation of Investments**

- 8.1 Realisation of investments is administered as part of the cashflow management programme. The Trustees have agreed that following the buy-ins with Canada Life, any residual investable assets are to be invested in the BlackRock Sterling Liquidity Fund. Further, any disinvestments required for cashflow management in excess of pension payments are sourced from the BlackRock Sterling Liquidity Fund.

## **9. Corporate Governance and Environmental, Social and Ethical Considerations (“ESG”)**

- 9.1 The Trustees believe that good stewardship and ESG issues may have a material impact on investment risk and return outcomes, and that good stewardship can create and preserve value for companies and markets as a whole. The Trustees also recognise that long-term sustainability issues, particularly climate change, present risks and opportunities. The Trustees have taken into account the expected time horizon of the Plan when considering how to integrate these issues into the investment decision making process.
- 9.2 The Plan’s assets are invested predominantly in annuity contracts with Canada Life. The Trustees are reliant on the policies of Canada Life on responsible investment and corporate governance and may review these policies from time to time as appropriate. To the extent that it is applicable, the Trustees have delegated consideration of ESG issues, engagement and stewardship obligations (including the exercising of voting rights) attached to the investments to Canada Life. Given the investment arrangements, the Trustees recognise that they have low exposure to risks arising from long-term sustainability issues, including climate change.
- 9.3 The Trustees do not consider the ESG policies of the investment manager of the cash fund or the AVC provider and associated investment funds as these are a small proportion of total assets.

## **10. Compliance with this statement**

The Trustee will monitor compliance with this Statement regularly.

## **11. Review of this statement**

- 11.1 The Trustees will review this Statement in response to any material changes to any aspects of the Plan, its liabilities, finances and the attitude to risk of the Trustees and the sponsor company which they judge to have a bearing on the stated investment policy. Any such review will take place every two years, or after any material change

in arrangements. Any such review will be based on written, expert investment advice and will be in consultation with the sponsor company.

**For and on behalf of Agilent Technologies LDA UK Limited Retirement Benefits Plan**

**March 2024**