PerkinElmer (UK) Pension Scheme

Implementation Statement

December 2021

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Section 1: Introduction

This document is the Annual Implementation Statement ("the Statement") corresponding to the PerkinElmer (UK) Pension Scheme's Statement of Investment Principles ("SIP") covering the "Scheme Year" from 1 July 2020 to 30 June 2021.

The purpose of this statement is to:

- Detail any reviews of the SIP the Trustee undertook during the Scheme Year, including the reasons for any changes made to the SIP over the year.

- Set out the extent to which, in the opinion of the Trustee, the SIP was followed during the Scheme Year.

The PerkinElmer (UK) Pension Scheme has a wide range of investments; therefore, the principles and policies in the SIP are intended to be applied in aggregate and proportionately, focusing on areas of maximum impact.

Section 2: SIP review / changes

The SIP was reviewed and updated during the Scheme Year, with an initial revised version being adopted as at September 2020 with a subsequent update as at June 2021.

The updated September SIP reflected the transfer of Equitable Life assets to Utmost Life & Pensions on 1 January 2020 and the Trustee's policies in relation to the new Department for Work and Pensions (DWP) regulations under section 2.3 of the Occupational Pension Schemes (Investment) Regulations 2005 coming into force from 1 October 2020. These new regulations require trustee boards to:

- Set out their policy in relation to their arrangements with their asset managers. This policy must set out the following matters, or explain the reasons as to why the following matters are not set out:
    - how the arrangement with the asset manager incentivises the asset manager to align its investment strategy and decisions with the trustees' investment policies
    - how that arrangement incentivises the asset manager to make decisions based on assessments about medium to long-term financial and non-financial performance of an issuer of debt or equity and to engage with issuers of debt or equity in order to improve their performance in the medium to long-term
    - how the method (and time horizon) of the evaluation of the asset manager's performance and the remuneration for asset management services are in line with the trustees' investment policies
    - how the trustees monitor "portfolio turnover costs" incurred by the asset manager, and how they define and monitor targeted portfolio turnover or turnover range
    - the duration of the arrangement with the asset manager.

The updated June SIP reflected the changes made to the DB section's investment strategy during March 2021 namely the implementation of a Liability Driven Investment ("LDI") strategy and the disinvestment from the Secure Income Asset held with Aviva.

The SIP has been updated again since the end of the last Scheme Year, to take account of further changes to the DB section's investment strategy and the DC section's investment options. This Statement does not cover details of those changes.

Section 3: Adherence to the SIP

The Trustee considers that all policies outlined in the SIP have been adhered to during the Scheme Year. The remainder of this Statement sets out details of how this has been achieved and these details relate to those parts of the SIP which set out the Trustee's policies, and not those which are statements of fact.

The SIP comprises the following sections:

- Introduction
- Scheme objectives
- Investment strategy – DB section
- Investment strategy – DC and AVC sections
- Investment managers
- Managing risk

Introduction

1 - 2. These paragraphs provide factual statements as introductory and background information.

3 - 4. The SIP has been reviewed in the Scheme Year with appropriate written advice and Company consultation.

Scheme objectives

5 - 6. Following the closure of the Scheme to future accrual from 31 March 2020, the Trustee and Company have been working towards securing the liabilities with an insurer. In order to reduce the level of risk within the investment strategy, the Trustee chose to disinvest from equities in August 2019. The proceeds were invested in gilt funds selected to react in a similar way to changes in market conditions as the liabilities will. The Trustee took advice regarding the impact the change in strategy would have on, amongst other things, the level of risk in the Scheme, the expected levels of investment returns and the implications for the funding of the Scheme. Subsequently, in 2021 the Trustee implemented an LDI investment strategy investing in assets that provide a better match to the Scheme's liabilities protecting the funding level further thus giving greater certainty that the assets will be sufficient to secure members' benefits with an insurer.

7. The Trustee recognises the different risks faced by members which could ultimately lead to members accumulating insufficient assets to finance their desired level of consumption in retirement. As such the Trustee seeks to provide members with a diversified range of

investment options to manage and mitigate these risks in order to achieve their retirement objectives.

8. As mentioned above, the Trustee provides DC members with a diversified range of investment options in order for members to be able to meet their investment objectives.

Investment strategy – DB section

9 – 12. These paragraphs contain factual information.

Investment strategy – DC and AVC sections

13 - 16. These paragraphs contain factual information. We note a review of the investment strategy for the Protected Rights and Underpin benefits is being considered.

17. This paragraph provides a summary of the outcome of the previous investment review. A subsequent review of the Scheme's investment strategy was conducted during the Scheme Year which led to the Aegon Growth Tracker (Cash Target) Fund being adopted as the new default investment option. Member assets invested in the previous default, the Aegon Balanced Passive Lifestyle Fund, which targets annuity purchase, were automatically switched to the new default without member consent.

The review also led to the Utmost Life & Pensions assets being transferred to the AEGON arrangement and invested in the new default investment option (Aegon Growth Tracker (Cash Target) Fund).

18. As mentioned above, the Trustee provides a diversified range of investment options in order for members to be able to meet their individual investment objectives according to their risk profile.

19. This is a factual statement.

Investment managers

20-21. The Trustee reviews the investment managers' performance against the funds' objectives and benchmarks using the regular fund performance updates received from Aegon to assess their skill and expertise. The Trustee also received regular updates on the DB asset holdings from BlackRock and Aviva.

22. The Trustee has not had to engage with a manager as a result of not being aligned with the Trustee's policies during the year.

23. The Trustee has received reporting from the Aegon Independent Governance Committee (IGC) to understand their approach to sustainable investment solutions. The IGC have held a number of meetings with Aegon and its investment team to better understand how

Environmental, Social and Governance (ESG) factors are taken into account when Aegon selects and governs fund managers, and are encouraged by the rigour and thought being applied to this key topic.

24. No new managers were considered for appointment by the Trustee over the Scheme Year.

25. The Trustee believes that sustainable investment considerations do not apply to the DB holding of gilts/LDI but are a relevant factor for other DB assets. The Trustee notes that both BlackRock and Aviva report on their adherence to the UK Stewardship Code. See Section 4 for further information on voting and engagement.

26. This is a factual statement.

27. The Trustee has not taken non-financially material considerations into account when setting investment strategy, in line with its policy.

28.This is a factual statement.

29.The Trustee considered the costs and fees associated with disinvesting from the Secure Income asset and implementing the LDI portfolio during the year. The Trustee receives costs and charges reporting in preparing their Annual Governance Statement for the DC section. In addition, an annual Value for Members assessment is undertaken which benchmarks the charges members pay for the investment options against other schemes, in order to understand whether the charges constitute good value.

Managing risk

30. In light of the strong funding position and the decision to secure the DB benefits with an insurer, the Trustee has focused on minimising the risk that the assets will be insufficient to pay the insurer premium – as demonstrated by the implementation of the LDI portfolio during the Scheme Year. The Trustee acknowledges that the time horizon for the DB section of the scheme may be relatively limited and reflects this in decision making.

In respect of the DC and AVC sections, the Trustee recognises the different return requirements and risk tolerance of members depending on their time to retirement and retirement objectives. The Trustee also recognises that some members will have different levels of risk tolerance regardless of their time to retirement.

As such, the Trustee provides a range of investment options (lifestyle options and investment funds) to allow members to invest in a way that balances their risk tolerance and investment objectives.

The Trustee also maintains an ongoing review of the Scheme’s governance and risk exposure including monitoring against the Pensions Regulator’s code of practice and assessment under the annual Chair’s statement.

31. This section provides an overview of the broad range of risks recognised by the Trustee which could affect member outcomes.

The overall DB investment risk is primarily managed through investing in assets which are expected to move in a similar way to the liabilities in response to changing market conditions – this reduces the risk of a deficit appearing. The Trustee has put in place a process for managing the cashflow requirements to ensure that sufficient assets are available to meet outgo as required without drawing excessively from the invested assets. Although the Trustee would note that the Scheme is not expected to be heavily reliant on the sponsor covenant, the Trustee has continued to receive updates on the financial position of the sponsor at Trustee meetings.

The DC/AVC fund risk is managed by offering a range of funds to members with different risk and return profiles and targeting different retirement outcomes. The Trustee has also sought to provide members with managed investment strategies suitable for different retirement objectives and the detailed review of the Scheme's investment strategy focused on the suitability of the Scheme's default option to ensure it remained appropriate to meet member needs.

Section 4: Voting and engagement

The Trustee has not set any specific guidelines around manager voting.

The Trustee invests in pooled investment funds and as set out in the SIP, the Trustee's policy is to delegate the day to day ESG integration and stewardship activities (including voting and engagement) to the investment managers.

The DB section held no investments during the Scheme year which carried voting rights and therefore we have not disclosed any voting information below.

The DC section's investment funds cover a range of asset classes, however this section focuses on the equity investments which have voting rights attached. BlackRock and HSBC have their own voting policies which determine their approach to voting, and the principles they follow when voting on investors' behalf. BlackRock and HSBC also use proxy voting advisors which aid in their decision-making when voting and details are summarised below.

BlackRock use of proxy advisor services
BlackRock subscribes to research from the proxy advisory firms Institutional Shareholder Services (ISS) and Glass Lewis which contribute to, but do not determine, BlackRock's voting decisions which are made by the BlackRock internal stewardship team.

BlackRock primarily uses proxy research firms to synthesise corporate governance information and analysis into a concise, easily reviewable format so that their investment stewardship team can readily identify and prioritise those companies where BlackRock's own additional research and engagement would be beneficial. They do not follow any single proxy research firm's recommendations.

HSBC use of proxy advisor services
HSBC uses Institutional Shareholder Services (ISS) as its proxy voting service provider, for custom recommendations based upon HSBC's voting guidelines and for vote instruction. ISS provides custom recommendations for all companies held, whether in active or passive funds. Custom recommendations on passive holdings are reviewed by the stewardship team for the largest holdings and by active managers for holdings in common.

HSBC have global voting guidelines which protect investor interests and foster good practice, highlighting independent directors, remuneration linked to performance, limits on dilution of existing shareholders and opposition to poison pills.

Investment option	Underlying fund(s)	Voteable meetings	Voteable proposals	Proposals voted on	For votes	Against Votes	Abstain votes	Contrary to proxy advisor
Growth Tracker (Cash Target) Growth Tracker (Flexible Target)	HSBC Developed World Sustainable Equity Index	783	12,147	90.80%	91.40%	8.60%	0%	5.10%
	iShares UK Equity Index	1,204	15,484	99%	93%	6%	2%	0% 8 proposals
	iShares Continental European Equity Index	521	7,826	99%	85%	14%	1%	0% 3 proposals
	iShares North American Equity Index	664	8,142	99%	95%	4%	0%	0%
	iShares Japan Equity Index	507	6,030	100%	97%	2%	0%	1%
	iShares Pacific ex Japan Equity Index	644	5,006	100%	88%	11%	0%	0% 23 proposals
	iShares Emerging Markets Equity Index	2,454	23,094	100%	90%	9%	3%	1%
Balanced Passive Lifestyle	BlackRock Consensus 85	6,350	68,207	99%	91%	8%	2%	0% 541 proposals
Aegon BlackRock US Equity Tracker	ACS US Equity Tracker	612	7,428	99%	95%	4%	0%	0%
Aegon BlackRock European Equity Tracker	ACS Continental European Equity Tracker	452	7,045	99%	85%	14%	1%	0% 2 proposals
Aegon BlackRock UK Equity Tracker	ACS UK Equity Tracker	821	11,089	100%	94%	5%	0%	0% 2 proposals

Note. Figures may not total 100% due to a variety of reasons, such as lack of management recommendation, scenarios where an agenda has been split voted, multiple ballots for the same meeting were voted differing ways, or a vote of 'Abstain' is also considered a vote against management.

As outlined in the SIP, the Trustee recognises the UK Stewardship Code as best practice and monitors the Scheme's investment managers adherence to the Code. BlackRock and HSBC are signatories to the code and further information can be found by following these links:

Blackrock – www.blackrock.com/corporate/literature/fact-sheet/blk-responsible-investment-statementoncompliance-uk-stewardshipcode.pdf

HSBC – https://www.assetmanagement.hsbc.co.uk/en/institutional-investor/about-us/responsible-investing/stewardship

Significant votes

BlackRock do not record significant votes at a fund level and instead publish voting bulletins explaining their vote decision and the engagement and analysis underpinning it, on certain high-profile proposals at company shareholder meetings. Information on these high-profile voting proposals can be found by following this link https://www.blackrock.com/corporate/about-us/investment-stewardship#vote-bulletins

THIS STATEMENT WAS APPROVED BY PERKINELMER (UK) PENSION TRUSTEES LIMITED ON 27 JANUARY 2022.