Statement of Investment Principles - The PerkinElmer (UK) Pension Scheme (November 2021)

Introduction

1 PerkinElmer (UK) Pension Scheme (the 'Scheme') is a Registered Pension Scheme for the purposes of the Finance Act 2004. It has both defined benefit (DB) and defined contribution (DC) sections, as well as providing the facility for members to pay Additional Voluntary Contributions (AVCs).

2 This document is the Statement of Investment Principles ('SIP') made by the Trustee of the Scheme in accordance with the requirements of Section 35 of the Pensions Act 1995 (as amended by the Pensions Act 2004 and regulations made under it).

3 Before finalising this SIP, the Trustee took written advice from the Scheme's Investment Consultant (Towers Watson Limited, a Willis Towers Watson company) and consulted PerkinElmer (UK) Holdings Limited (the 'Employer'). The ultimate power and responsibility for deciding investment policy, however, lies solely with the Trustee.

4 The Trustee will review this SIP at least every three years and without delay after any significant change in investment policy.

Scheme objectives

5 For the DB section of the Scheme, the Trustee has considered (amongst other factors) the nature of the Scheme's liabilities and the Scheme's Statutory Funding Objective (SFO) when deciding on its investment strategy.

6 The Trustee's primary investment objectives for the DB section are to:

a) secure a full buy-out of the Scheme within the next 12-24 months and then wind up the Scheme;

b) ensure sufficient cashflow to meet the following:

- Liabilities arising from GMP equalisation
- Data cleanse adjustment premium
- Costs associated with the wind up.

7 For the DC and AVC sections (other than monies held to meet DC underpins), the investment risk is borne by the member. The Trustee's primary investment objective for these sections is therefore to provide a range of investment options for the members to select from, which broadly satisfy the risk profiles of all members and their retirement needs.

8 The Trustee considers that the investment strategies shown on the following pages will ensure:

- There is a reasonable expectation of meeting its investment objectives, and;
- The assets are appropriately diversified.

Investment strategy – DB section

9 In September 2021, the Trustee purchased a bulk annuity policy (buy-in) with Phoenix Life Limited. This policy covered all members of the Scheme. The key target for the Trustee was to secure the Scheme's liabilities at a cost that left sufficient residual assets to cover the expected future costs and any additional liabilities of the Scheme (for example those resulting from GMP equalisation).

10 Following the buy-in with Phoenix Life Limited, the Trustee is targeting full buy-out within a 12-24 month period. Once the Trustee completes their review of the benefit specification, discretions and a data cleansing exercise, there will be a further transaction to true-up the amount paid and convert the policy to a buy-out.

11 Approximately 9% of the Scheme's assets were retained by the Trustee outside of the bulk annuity policy to cover the expected costs of wind up, future administration expenses and to cover certain benefits linked to the Scheme's guarantees.

12 It was provisionally agreed that the residual assets would be invested in the BlackRock Liquidity Fund.

13 The expected allocation of the Scheme's assets as at 23 September 2021 was:

Fund	Initial Allocation %	Benchmark Index Return
Bulk annuity policy	**91.4**	**N/A**
BlackRock Liquidity Fund	**8.6**	N/A
Total	**100**	

14 The aim of the buy-in policy is to wholly cover the benefits due to all members of the Scheme. The aim of the residual assets is to cover the future expenses and any additional liabilities of the Scheme.

Investment strategy – DC and AVC sections

15 The Trustee provides DC section members with access to the funds shown in the table below having taken advice from Willis Towers Watson.

Scheme section	Provider	Fund Type	Benchmark Index Return
EG&G Protected Rights and underpin units	AEGON	UK Equity Index	FTSE All-Share
		US Equity Index	FTSE All World USA Index
		European Equity Index	FTSE All World Developed Europe (Ex-UK) Index
		Over 15 Years Corporate Bond Index	iboxx £ Non-Gilts Over 15 years Index
		Over 5 Year UK Index-Linked Gilt Index	FTSE UK Gilts Index-Linked Over 5 years Index
EG&G DC Section, non underpin units	AEGON	UK Index Tracker	FTSE All-Share
		Global Equity Tracker	50% FTSE All Share Index 50% FTSE World Ex-UK Index

Scheme section	Provider	Fund Type	Benchmark Index Return
and AVCs and PerkinElmer Section AVCs		Long Gilt Fund	FTSE A British Government over 15 years Index
		Cash Fund	LIBID
		Balanced Passive	ABI Mixed Investment 40% - 85% Shares sector average
		Balanced Passive Lifestyle	ABI Mixed Investment 40% - 85% Shares sector average
		Growth Tracker (Cash Target) *(default fund)*	FTSE All-Share 37.5%; FTSE World ex-UK 37.5%; Markit iBoxx GBP Non Gilts 13.3%; FTSE Gilts All Stocks 9.0%; FTSE Index-Linked Over 5 Years 2.8%
		Growth Tracker (Flexible Target)	FTSE All-Share 37.5%; FTSE World ex-UK 37.5%; Markit iBoxx GBP Non Gilts 13.3%; FTSE Gilts All Stocks 9.0%; FTSE Index-Linked Over 5 Years 2.8%

16 Old ‘Protected Rights’ and underpin accounts which link to DB benefits are invested in a range of AEGON units broadly in line with the historic asset holding of the assets held with BlackRock. No member choice over the investment is available for these units. Note that the investment of the Protected Rights and underpin units is to be reconsidered in light of the short term objective of the Scheme.

17 For normal DC section and AVC funds, members are able to select from the range of funds to best meet their retirement needs and risk appetite. On retirement a member’s benefits can be used to secure a pension with AEGON. Alternatively, members can enter into a drawdown arrangement or purchase an annuity with a different provider or take their benefits as cash.

18 In addition to the above, there are historic AVC arrangements with Legal and General Assurance Society Limited and Aviva Life & Pensions UK Limited covering a small number of members.

19 The Trustee reviewed the investment options for the DC and AVC sections in 2020 to ensure they remain appropriate to meet members’ needs. Based on the membership characteristics and the likelihood that members would use their savings to fund their tax free cash entitlement to avoid commuting their DB pension benefits, the Trustee decided to adopt the Aegon Growth Tracker (Cash Target) Fund as the new default option. Members continue to have access to two alternative lifestyle options which are suitable for members who may wish to purchase an annuity or take their benefits via income drawdown.

20 Where member options are permitted, the Trustee believes that the range of DC funds available allows members to create a portfolio that is appropriate for their own circumstances and risk profile.

21 If an EG&G DC member does not specify their own portfolio of assets then the default is for their contributions to be invested in the AEGON Balanced Passive Lifestyle fund.

Investment managers

22 Under new Regulation applicable from 1 October 2020, the Trustee is required to document their policy in relation to their arrangements with asset managers.

Buy-in policy

23 For the buy-in policy this is as follows:

a The Trustee invests in an annuity contract that matches the liabilities of the Scheme.

b The annuity contract held with Phoenix Life Limited will be monitored to ensure that they continue to deliver what is expected under the contract, which is to provide cashflows aligned with the benefits due to the members covered by the policy.

c The Trustee has appointed the insurer providing the annuity contract with the expectation of a long-term partnership with both the Trustee and the member, following the novation of the annuity contracts into the name of the member at the point of winding up the Scheme. As annuity contracts cannot be traded on the open market, and by definition will perform as expected, the Trustee would not expect to review the insurer's appointment.

24 The Trustee paid a premium to Phoenix Life Limited for the buy-in policy in September 2021. There are no ongoing fees in respect of the policy, although there may be an additional premium to pay once the data cleanse has been completed.

Other assets

25 The Scheme uses multiple managers and mandates to implement its investment policies. The Trustee ensures that, in aggregate, its portfolio is consistent with the policies set out in this Statement, in particular those required under regulation 2(3)(b) of the Occupational Pension Schemes (Investment) Regulations (2005). The Trustee will also ensure that the investment objectives and guidelines of any particular pooled vehicle are consistent with its policies, where relevant to the mandate in question.

26 To maintain alignment, managers are provided with the most recent version of the Scheme's Statement of Investment Principles on appointment and as an when this Statement is updated.

27 Should the Trustee's monitoring process reveal that a manager's portfolio is not aligned with the Trustee's policies, the Trustee will engage with the manager further to encourage alignment. This monitoring process includes specific consideration of the sustainable investment/ESG characteristics of the portfolio and managers' engagement activities. If, following engagement, it is the view of the Trustee that the degree of alignment remains unsatisfactory, the manager will be terminated and replaced.

28 The Trustee's policy is that day-to-day decisions relating to the investment of Scheme assets is left to the discretion of its investment managers. This includes consideration of all financially materially factors, including (but not limited to) those arising from ESG considerations, and explicitly including climate change where relevant. The Trustee explores these issues with its managers to understand how they exercise these duties in practice and receives reports on how these issues are addressed. The Trustee will monitor the performance of each manager relative to its benchmark.

29 When considering the appointment of new managers, and reviewing existing managers, the Trustee, together with its investment consultant, looks to take account of the approach taken by managers with respect to sustainable investing including voting policies and engagement where relevant. The Trustee appoints its investment managers with an expectation of a long-term partnership, which encourages active ownership of the Scheme's assets. When assessing a manager's performance, the focus is on longer-term outcomes, and 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 due to other factors such as a significant change in business structure or the investment team.

30 The Trustee's policy is to delegate responsibility for the exercising of ownership rights (including voting rights) attaching to investments to the investment managers. The Trustee recognises the UK Stewardship Code as best practice and encourages their investment managers to comply with the UK Stewardship Code or explain where they do not adhere to this policy. The Trustee will monitor the

activities of its managers on a regular basis with respect to relevant matters including capital structure of investee companies, actual and potential conflicts, other stakeholders and ESG impact of underlying holdings. However, the Trustee appreciates that its applicability may be limited for certain asset classes.

31 For most of the Scheme's investments, the Trustee expects the investment managers to invest with a medium to long time horizon, and to use their engagement activity to drive improved performance over these periods. The Trustee may select certain investment funds where such engagement is not proportionate, due to the nature of the strategy and/or the investment time horizon underlying decision making. The Trustee's focus is explicitly on financially material considerations. The Trustee's policy at this time is not to take into account non-financially material considerations.

32 Investment Managers are paid an ad valorem fee, in line with normal market practice, for a given scope of services which includes consideration of long-term factors and engagement. Fees linked to investment performance are only used where the Trustee determines that this is in the long term interests of the Scheme, taking into consideration the nature of the investment being considered.

33 The Trustee reviews the costs incurred in managing the Scheme's assets regularly, which includes the costs associated with portfolio turnover. In assessing the appropriateness of the portfolio turnover costs at an individual manager level, the Trustee will have regard to the actual portfolio turnover and how this compares with the expected turnover range for that mandate.

Managing risk

34 The Trustee takes account of all financially material risks and opportunities in consultation with its advisers. All risks and opportunities are considered for materiality and impact within a risk management framework, which for the DC section and AVC funds, takes account of members' investment time horizons and objectives. In respect of the DB section, the Trustee's time horizon reflects the time horizon of the Sponsor's business and the Scheme's maturing liability profile. The Trustee considers sustainable investment factors, such as (but not limited to) those arising from Environmental, Social and Governance (ESG) considerations, including climate change, in the context of this broader risk management framework.

35 The Trustee recognises a number of risks involved in the investment of the Scheme's assets:

Risk	**How is it monitored?**	**How is it mitigated?**
Deficit	■ By assessing the progress of the actual growth of the liabilities relative to the selected investment policy	■ The risk of a deficit is controlled via the buy-in investment and surplus assets
Counterparty	■ Via periodic review of Phoenix Life Limited	■ Through an appropriate level of scrutiny of Phoenix Life Limited and statutory provisions.
Manager	■ Via the deviation of the return relative to the benchmark	■ Investing in mainly passively managed funds
Liquidity	■ By the level of cashflow required by the Scheme over a specified period	■ The Scheme's administrators and Phoenix Life Limited assess the level of cash required to limit the impact of the cash flow requirements on the investment policy and through holding assets of appropriate liquidity

Risk	How is it monitored?	How is it mitigated?
Currency	■ Through the level of exposure to non-Sterling denominated assets	■ The risk of an adverse influence on investments from exchange rate movements is reduced by the diversification of foreign denominated assets across many currencies
Interest rate and inflation	■ By comparing the likely movement in the Scheme's liabilities and assets due to movements in inflation and interest rates	■ Holding assets via the buy-in policy that respond in a similar way to the liabilities to changes in inflation and interest rates
Sponsor	■ By receiving regular financial updates from the Employer and periodic independent covenant assessments	■ Exposure to sponsor risk has been minimised via the investment in the buy-in policy
DC/AVC fund risk	■ Review of default arrangement and investment fund choice to ensure it meets members' risk profile and retirement needs	■ By offering a range of funds to members with different risk profiles and targeting different outcomes at retirement

Approved by the Trustee of the PerkinElmer (UK) Pension Scheme on 21 December 2021.