

Keysight Technologies UK Limited Retirement Benefits Plan (“the Plan”)

Annual Engagement Policy Implementation Statement

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 has been followed during the last 12-month period to 30 September 2022. 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 (as amended), the subsequent amendment in The Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019 and the guidance published by the Pensions Regulator.

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 dependent on a defined benefit basis.

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

- To recover any shortfall in assets relative to the value placed on accrued liabilities on the appropriate low-risk Long Term Funding Target by 2034.
- 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 any 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 recognise that the investment policy requires a level of risk to be taken relative to the liabilities.

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 ESG issues), are not explicitly taken into account in the selection, retention and realisation of investments.

The Plan's SIP includes the Trustees' policy on Environmental, Social and Governance ('ESG') factors, stewardship and climate change. This policy sets out the Trustees' beliefs on ESG and climate change and the processes followed by the Trustees in relation to voting rights and stewardship.

In order to establish these beliefs and produce this policy, in June 2019 the Trustees undertook investment training provided by their investment consultant on responsible investment, which covered ESG factors, stewardship, climate change and ethical investing. Following this training, the Trustees undertook a beliefs survey designed by their investment consultant to assist the Trustees with establishing their policy in this area. The policy was then incorporated into the SIP. The Trustees keep the policies under regular review with the SIP subject to

review at least once every two years, and without delay if there are relevant, material changes to the Plan and/or the sponsoring company.

In March 2021, the Plan invested in a bulk annuity policy whereby c. 40% of total assets were transferred to an insurer. In December 2021, the Trustees agreed to transact an additional bulk annuity policy, whereby c. 9.5% of the Plan's assets were transferred to the insurer. Due to the illiquid nature of the bulk annuity policy, following implementation, the Plan's investments are effectively divided into two sections: the bulk annuity policy (c. 49.5% of assets) and the investible portfolio (c. 50.5% of assets). This document considers only the 50.5% of assets within the investible portfolio.

In April 2022, the Trustees carried out a further review of their ESG beliefs and developed a Responsible Investment Policy. The policy guides the Trustees when making investment decisions and covers the areas of good stewardship of assets, climate risk measurement and improvement as well as the social and environmental considerations and risks of the Plan's investments. The policy also takes into the consideration the views of the sponsoring company on ESG issues.

During 2022, the Trustees also reviewed alternative options for the Plan's growth portfolio. In line with the newly agreed Responsible Investment Policy, the Trustees decided to terminate the existing growth mandates with BlackRock and Insight and invest in a Sustainable Passive Equity Fund with Mercer Global Investments. This change was implemented post the year-end and will be reported on further in next years' implementation statement.

The following work was undertaken during the year to 30 September 2022 relating to the Trustees' policy on ESG factors, Stewardship and climate change, and sets out how the Trustees engagement and voting policies (as set out in the SIP, found in the link below) were followed and implemented during the year.

https://about.keysight.com/en/jobs/UK_Retirement_Plan_Statement_of_Investment_Principles.pdf

Engagement

- The Trustees requested that the investment managers confirm compliance with the principles of the UK Stewardship Code. BlackRock, Insight and PIMCO confirmed that they have been officially listed as signatories of the UK Stewardship Code 2020 that took effect on 1 January 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.
- The Trustees meet with the investment managers approximately annually and can challenge decisions made including voting history (in respect of equities) and engagement activity, and can challenge such decisions to try to ensure the best performance over the medium to long term.
- In September 2022, the Trustees also reassessed how well the Plan is currently integrating ESG considerations through the investment consultant's Responsible Investment Total Evaluation review. This considered the Trustees' responsible investment beliefs, policy, process and portfolio against best practice and considered

potential intervention actions to improve responsible investment integration e.g. undertaking Carbon Footprint Analysis and other climate-related metrics and reviewing and considering implementing allocations to strategies that have a greater focus on ESG and Responsible Investing. The output from this evaluation was also compared with the previous year results to assess how actions taken over the year have impacted the final score for the Plan.

- In setting their investment strategy, the Trustees have prioritised funds which will 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 recognise that good management of ESG issues is 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. As noted above, post year-end, the Trustees implemented a Passive Sustainable Global Equity Fund managed by Mercer. The new fund aims to track an index aligned with the objectives of the Paris Agreement (April 2016), which is in line with the Trustees' RI ESG policy as set out in the SIP. Further details will be provided at the next year's statement.
- 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.
- Over the year, BlackRock's engagement with Companies have focused on key areas such as board composition and effectiveness, climate and natural capital, sustainable incentives aligned with value creation and company impacts on people.
 - For example, BlackRock engaged with POSCO International Corporation in relation to directors being up for election. BlackRock opposed reelections as, whilst recognising the company's efforts and the progress to date, BlackRock believe the company can further improve the management of Environmental & Social risks associated with the production of palm oil.
- Over the year, Insight engaged with underlying companies and industry providers across the spectrum of ESG related issues such as; climate change, natural resource use/impact (e.g. water, biodiversity) and corporate reporting (e.g. audit, accounting, sustainability reporting).
 - As Insight make significant use of derivative instruments in the strategy, they have long been proponents of the development of these markets to help enhance responsible investment and promote adoption. Insight note that they encourage the continual development of the relatively under-provided for ESG index-based instruments where appropriate.
 - Insight engaged with S&P Dow Jones Indices LLC during Q1 2022 on the suitability for further limiting exposure to companies involved in controversial weapons, small arms and military contracting and exposure to oil sands extraction and tobacco related industries in the S&P 500 ESG index. The consultation was organised by S&P Dow Jones Indices and proposed the exclusion of 13 companies representing c. 2% of the index. Insight analysis

suggested that the proposed exclusions could improve ESG outcomes without materially altering the expected risk/return profile.

- PIMCO's credit research analysts engage regularly with the issuers that they cover, for example in the corporate space discussing topics with company management teams related to corporate strategy, leverage, and balance sheet management, as well as ESG related topics such as climate change targets and environmental plans, human capital management, and board qualifications and composition.
 - PIMCO engaged with a multinational conglomerate's Investor Relations team for the company's energy subsidiary to discuss the lack of disclosure on consolidated emissions and setting Greenhouse gases and waste targets. PIMCO urged the company to begin reporting consolidated emissions data and to set decarbonisation and waste reductions targets beyond its energy subsidiary and including the insurance, manufacturing and building materials segments. PIMCO also proposed the company should consider options to phase out coal production earlier than its 2049 target date. As a result of this, the company expressed that they would phase-out coal production earlier than 2049, with over 2/3 of their coal production decommissioned by 2035.
- Finally, the Trustees receive information on the turnover costs being incurred by the Plan's investment managers in order to allow ongoing engagement with the managers.

Voting Activity

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 as compiled by the Plan's consultants. The aim is for these detailed voting reports to be reviewed by the Trustees on an annual basis going forwards as part of a wider ESG review of the Plan's investment managers.

The Trustees expect to be more active in challenging the investment managers in relation to voting and engagement in the future. It is expected that, when the investment managers present to the Trustees at future meetings, the Trustees will ask the investment managers to highlight key voting activity and the impact on the portfolio.

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

Over the last 12 months, voting activity on behalf of the Trustees was undertaken by BlackRock and Insight. A summary of their key activities is shown below.

BlackRock – Passive Equities

BlackRock uses the BlackRock Investment Stewardship team (BIS) to vote on its behalf. BlackRock subscribes to research from the proxy advisory firms Institutional Shareholder Services (ISS) and Glass Lewis, to provide inputs into its voting analysis process. The BIS team's key engagement priorities include: board composition and effectiveness, climate and natural capital, sustainable incentives aligned with value creation and company impacts on people. Key votes undertaken over the year to 30 September 2022 are summarised as below:

1. BlackRock Aquila Life Currency Hedged and Unhedged World (ex UK) Equity Fund

There have been 2,216 meetings over the year, in which BlackRock was eligible to vote. In these meetings, there were 26,666 proposals, in 91% of which BlackRock participated in the vote. BlackRock voted with management on 85% of the proposals.

Significant vote example: Chevron Corporation – BlackRock voted with the Shareholder proposal to oversee and report on Reliability of Methane Emission to be disclosed as BlackRock believed it was in the best interests of shareholders to have access to greater disclosure on this issue.

2. BlackRock Aquila Emerging Markets Fund

There have been 4,479 meetings over the year, in which BlackRock was eligible to vote. In these meetings, there were 35,763 proposals, in 99% of which BlackRock participated in the vote. BlackRock voted with management on 88% of the proposals.

Significant vote example: Tianli Education International Holdings Limited – BlackRock voted against the Board recommendation for the election of Liu Kai Yu Kenneth as Director for the company, as BlackRock expressed concerns surrounding the gender-related diversity at the board level.

3. BlackRock Aquila Life UK Equity Index Fund

There have been 1,096 meetings over the year, in which BlackRock was eligible to vote. In these meetings, there were 14,795 proposals, in 96% of which BlackRock participated in the vote. BlackRock voted with management on 91% of the proposals.

Significant vote example: BHP Group Plc – BlackRock voted with the Board and Shareholder for the proposal to approve the resolution on climate-related lobbying, given it was considered to be directionally aligned with BHP's current approach to industry associations and climate risk management. The resolution focused on requesting the company to strengthen its review of industry associations to ensure that it identifies areas of inconsistency with the Paris Agreement.

Insight - Broad Opportunities Fund

Insight relies on the service of a proxy advisor through a voting platform, Minerva, but have developed and implemented their custom policies and guidelines to oversee these issues. Insight retains the oversight and the decisions made on the voting rights.

Key votes undertaken over the year to 30 September 2022 are summarised as below:

There have been 15 meeting over the year, in which Insight was eligible to vote. In these meetings, there were 172 proposals, in 100% of which Insight participated in the vote. Insight voted in line with management on 100% of the proposals.

Insight have noted that the strategy invests in listed closed-end investment companies with a focus on cash-generative investments in social and public, renewable energy and economic infrastructure sectors. The corporate structure of closed-end investment companies held in the strategy includes an independent board which is responsible for providing an overall oversight function on behalf of all shareholders. This governance framework includes a range of aspects including setting out investment objectives, and on an ongoing basis ensuring that the underlying strategy and portfolio activities within it remain within the agreed framework. This governance framework, i.e. an independent board acting on behalf of shareholders, generally limits contentious issues that can arise with other listed entities. As a result, Insight have voted in line with the recommendations of their proxy voting provider on all occasions.