

Engagement Policy Implementation Statement (“EPIS”)

The MSD Animal Health Pension Scheme (the “Scheme”)

Scheme Year End – 31 December 2024

The purpose of the EPIS is for us, the Trustee of the MSD Animal Health Pension Scheme, to explain what we have done during the year ending 31 December 2024 to achieve certain policies and objectives set out in the Statement of Investment Principles (“SIP”). It includes:

1. How our policies in the SIP about asset stewardship (including both voting and engagement activity) in relation to the Scheme’s investments have been followed during the year; and
2. How we have exercised the voting rights attached to our equity holdings or how these rights have been exercised on our behalf, including the use of any proxy voting advisory services, and the ‘most significant’ votes cast over the reporting year.

Our conclusion

Based on the activity we have undertaken during the year, we believe that the policies set out in the SIP have been implemented effectively.

During the year, the Scheme was primarily invested in liability driven investments. This report does not include commentary on the Scheme’s liability driven investments or cash because of the limited materiality of stewardship to these asset classes.

How voting and engagement policies have been followed

The Scheme is invested entirely in pooled funds, and so the responsibility for voting or engagement is delegated to the Scheme's investment manager, which is in line with the Trustee's policy. However, during the year, the Scheme was primarily invested in liability driven investments. There was no opportunity for the investment manager of the Scheme to implement voting or engagement on behalf of the Trustee. So, this report does not include commentary on the Scheme's liability driven investments or cash because of the limited materiality of stewardship to these asset classes.

Over the reporting year, we monitored the performance of the Scheme's investments on a quarterly basis and received updates on important issues from our investment adviser, Aon Investments Limited ("Aon"). In particular, we received quarterly ESG ratings from Aon for the funds the Scheme is invested in where available.

During the year, we received training on ESG and stewardship topics, and agreed our policies in relation to these.

Each year, we review the voting and engagement policies of the Scheme's investment manager to ensure it aligns with our own policies for the Scheme and help us to achieve them.

The Scheme's stewardship policy can be found in the SIP:

<https://www.mymdspension.com/documents/>

What is stewardship?

Stewardship is investors using their influence over current or potential investees/issuers, policy makers, service providers and other stakeholders to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.

This includes prioritising which Environmental, Social and Governance ("ESG") issues to focus on, engaging with investees/issuers, and exercising voting rights.

Differing ownership structures means stewardship practices often differ between asset classes.