

# Engagement Policy Implementation Statement

## The MSD Animal Health Pension Scheme

The purpose of this Engagement Policy Implementation Statement (“EPIS”) is for us, the Trustee (MSD Pensions Trustee Limited) of The MSD Animal Health Pension Scheme (“the Scheme”), to explain what we have done during the year ended 31 December 2022 to achieve certain policies and objectives set out in the Statement of Investment Principles (“SIP”). It includes

1. Changes made to the SIP over the year and how our policies 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 our voting rights 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.

The EPIS has been produced in accordance with The Pension Protection Fund (Pensionable Service) and Occupational Pension Plans (Investment and Disclosure) (Amendment and Modification) Regulations 2018 (as amended) and the guidance published by the Pensions Regulator.

### How voting and engagement policies have been followed

Responsibility for any asset stewardship is delegated to the Scheme’s investment manager. However, during the year, the Scheme was primarily invested in liability driven investments. There was no opportunity for the investment managers to implement voting or engagement on behalf of the Trustee. So this EPIS 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 Environment Social Governance (“ESG”) ratings from Aon for the funds the Scheme is invested in where available. During the year, we also received training on ESG and stewardship topics.

The SIP was updated during the year to reflect change of investment consultant from Towers Watson Limited to Aon Solution UK Limited.

The Scheme invests in a liability driven investment mandate which consists primarily of government issued bonds, which have no associated voting rights. As such, voting and engagement policies were not relevant to the Scheme through the year ended December 2022.

The Trustee remains responsible for oversight of all strategic matters related to the Scheme, including the approval of the governance and management framework relating to ESG considerations, climate related risks and opportunities. Should the strategy evolve, the Scheme’s investment managers will be monitored to ensure they align with our own policies and help us to achieve them.

The Scheme’s stewardship policy can be found in the SIP by clicking [here](#).

### 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 ESG issues to focus on, engaging with investees/issuers, and exercising voting rights.

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

*Source: UN PRI*