

# Engagement Policy Implementation Statement (“EPIS”)

## Patheon UK Pension Plan Plan year end – 31 March 2024

The purpose of the EPIS is for us, the Trustee of the Patheon UK Pension Plan (the “Plan”), to explain what we have done during the year ending 31 March 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 Plan’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.**

In our view, most of the Plan’s material investment managers were able to disclose good evidence of voting and engagement activity, and the activities completed by our managers align with our stewardship expectations. We also believe that our voting rights have been implemented effectively on our behalf.

We delegate the management of the Plan’s assets to our fiduciary manager, Aon Investments Limited (“AIL”). We believe the activities completed by our fiduciary manager to review the underlying managers’ voting and engagement policies align with our stewardship expectations. We believe our voting rights have been implemented effectively on our behalf. In addition, we are comfortable with the management and the monitoring of ESG integration and stewardship of the underlying managers, including voting rights, has been carried out on our behalf.

## How voting and engagement policies have been followed

The Plan is invested entirely in pooled funds, and so the responsibility for voting and engagement is delegated to the Plan's investment managers, which is in line with our policy. We reviewed the stewardship activity of the material investment managers carried out over the Plan year and in our view, most of the investment managers were able to disclose good evidence of voting and engagement activity. More information on the stewardship activity carried out by the Plan's investment managers can be found in the following sections of this report.

Over the reporting year, we monitored the performance of the Plan's investments on a quarterly basis. We received in depth portfolio updates from our investment adviser, Aon Investments Limited ("Aon"), at quarterly Trustee meetings, covering investment performance, portfolio positioning, and topical updates, including ESG-related updates. In particular, we received quarterly Environmental, Social and Governance ("ESG") ratings from Aon for the funds the Plan is invested in where available.

Each year, we review the annual Stewardship Report provided by our fiduciary manager, AIL. This sets out detailed voting and engagement commentary for each underlying investment manager within the fiduciary investment portfolio and, alongside this EPIS, allows us to assess the actions taken by the AIL-appointed investment managers over the year to ensure they align with our own policies for the Plan and help us to achieve them.

Over the reporting year, we updated our stewardship policy in the Scheme's SIP to align with new guidance issued by the DWP. Updates to the stewardship policy had a particular focus on voting and engagement.

The Plan's stewardship policy can be found in the SIP, which is available here: <https://corporate.thermofisher.com/content/tfcorpsite/us/en/index/corporate-social-responsibility/corporate-governance.html>

## Our Engagement Action Plan

Based on the work we have done for the EPIS, we have decided to take the following steps over the next 12 months:

1. While Legal and General Investment Management Limited ("LGIM") did provide fund-level engagement information this was not in the industry standard Investment Consultants Sustainability Working Group ("ICSWG") template. Our fiduciary manager will continue to engage with LGIM to encourage improvements in its engagement reporting
2. We will meet with our fiduciary manager, AIL, to get a better understanding of how it is monitoring voting practices and engaging with underlying managers on our behalf, and how this helps us fulfil our stewardship policies.
3. We will undertake an annual review of the AIL stewardship report and evaluate how the underlying investment managers' stewardship policies align with those of the Trustee.
4. Where appropriate, we will look for opportunities to develop ESG monitoring of the underlying investment managers.

### 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*

## Our fiduciary manager's engagement activity

We delegate the management of the Plan's assets to our fiduciary manager, AIL. AIL manages the Plan's assets in a range of funds which can include multi-asset, multi-manager and liability matching funds. AIL selects the underlying investment managers on our behalf.

We delegate monitoring of ESG integration and stewardship of the underlying managers to AIL. We have reviewed AIL's latest annual Stewardship Report and we believe it shows that AIL is using its resources to effectively influence positive outcomes in the funds in which it invests.

Over the year, AIL held several engagement meetings with many of the underlying managers in its strategies. AIL discussed ESG integration, stewardship, climate, biodiversity, and modern slavery with the investment managers. AIL provided feedback to the managers after these meetings with the aim of improving the standard of ESG integration across its portfolios.

Over the year, AIL engaged with the industry through white papers, working groups, webinars, and network events, as well as responding to multiple consultations.

During 2023, AIL continued to work to implement its commitment to achieve net zero emissions by 2050, with a 50% reduction by 2030 for its fully delegated clients' portfolios and defined contribution default strategies (relative to baseline year of 2019).

AIL also successfully renewed its signatory status to the 2020 UK Stewardship Code, which is a voluntary code established by the Financial Reporting Council that sets high standards on stewardship for asset owners, investment managers and service providers.

### What is fiduciary management?

Fiduciary management is the delegation of some, or all, of the day-to-day investment decisions and implementation to a fiduciary manager. But the trustees still retain responsibility for setting the high-level investment strategy.

In fiduciary management arrangements, the trustees will often delegate monitoring ESG integration and asset stewardship to its fiduciary manager.

## Our managers' voting activity

Good asset stewardship means being aware and active on voting issues, corporate actions and other responsibilities tied to owning a company's stock. We believe that good stewardship is in the members' best interests to promote best practice and encourage investee companies to access opportunities, manage risk appropriately, and protect shareholders' interests. Understanding and monitoring the stewardship that investment managers practice in relation to the Plan's investments is an important factor in deciding whether a manager remains the right choice for the Plan.

Voting rights are attached to listed equity shares, including equities held in multi-asset funds. We expect the Plan's equity-owning investment managers to responsibly exercise their voting rights.

### Voting statistics

The table below shows the voting statistics for each of the Plan's material funds with voting rights for the year to 31 March 2024.

Funds	Number of resolutions eligible to vote on	% of resolutions voted	% of votes against management	% of votes abstained from
LGIM - Multi-Factor Equity Fund (Hedged and Unhedged)	12,190	99.8%	21.1%	0.2%

Source: LGIM. Please note that the 'abstain' votes noted above are a specific category of vote that has been cast, and are distinct from a non-vote.

### Use of proxy voting advisers

Many investment managers use proxy voting advisers to help them fulfil their stewardship duties. Proxy voting advisers provide recommendations to institutional investors on how to vote at shareholder meetings on issues such as climate change, executive pay and board composition. They can also provide voting execution, research, record keeping and other services.

Responsible investors will dedicate time and resources towards making their own informed decisions, rather than solely relying on their adviser's recommendations.

The table below describes how the Plan's manager uses proxy voting advisers.

Manager	Description of use of proxy voting adviser (in the managers' own words)
LGIM	LGIM's Investment Stewardship team uses Institutional Shareholder Services' ("ISS") 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGIM and we do not outsource any part of the strategic decisions. To ensure our proxy provider votes in accordance with our position on ESG, we have put in place a custom voting policy with specific voting instructions.

Source: Manager

### Significant voting examples

To illustrate the voting activity being carried out on our behalf, we asked the Plan's investment manager to provide a selection of what they consider to be the most significant votes in relation to the Plan's funds. A sample of these significant votes can be found in the appendix to this statement.

### Why is voting important?

Voting is an essential tool for listed equity investors to communicate their views to a company and input into key business decisions. Resolutions proposed by shareholders increasingly relate to social and environmental issues.

Source: UN PRI

### Why use a proxy voting adviser?

Outsourcing voting activities to proxy advisers enables managers that invest in thousands of companies to participate in many more votes than they would without their support.

## Our managers' engagement activity

Engagement is when an investor communicates with current (or potential) investee companies (or issuers) to improve their ESG practices, sustainability outcomes or public disclosure. Good engagement identifies relevant ESG issues, sets objectives, tracks results, maps escalation strategies and incorporates findings into investment decision-making.

The table below shows some of the engagement activity carried out by the Plan's material managers. The managers have provided information for the most recent calendar year available.

Funds	Number of engagements		Themes engaged on at a fund level
	Fund level	Firm level	
LGIM - Multi-Factor Equity Fund (Hedged and Unhedged)	296	2,500	Environment - Climate Impact Pledge; Climate Change Social - Gender Diversity, Income Inequality Governance - Remuneration; Board Composition Other – Corporate Strategy
Barings - Active Short Duration	276	536	Environment - Climate Change; Natural Resource Use/Impact Social - Human and labour rights; Human Capital Management Strategy, Financial & Reporting - Reporting; Strategy/Purpose; Risk Management
Janus Henderson – Asset Backed Securities Strategy	52	1,065	Environment - Climate Change Social - Human Capital Management; Inequality Strategy, Financial & Reporting - Reporting Other - Climate Risk Analysis

Source: Managers.

## Data limitations

At the time of writing, LGIM did provide fund-level engagement information but not in the industry standard ICSWG template.

This report does not include commentary on certain asset classes such as liability driven investments, cash or assets accessed via derivatives (such as synthetic credit), due to the limited materiality of stewardship to these asset classes.

Further, this report does not include the additional voluntary contributions ("AVCs") due to the relatively small proportion of the Plan's assets that are held as AVCs.

## Appendix – Significant Voting Examples

In the table below are some significant vote examples provided by the Plan’s manager. We consider a significant vote to be one which the manager considers significant. Investment managers use a wide variety of criteria to determine what they consider a significant vote, an example of which is outlined in the example below:

<b>LGIM Multi Factor Fund (Hedged and Unhedged)</b>	<b>Company name</b>	The Toronto-Dominion Bank
	<b>Date of vote</b>	20 April 2023
	<b>Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)</b>	0.04
	<b>Summary of the resolution</b>	Resolution 9 - Disclose Transition Plan Towards 2030 Emission Reduction Goals
	<b>How you voted?</b>	For
	<b>Where you voted against management, did you communicate your intent to the company ahead of the vote?</b>	LGIM pre-declared its vote intention for this meeting on the LGIM Blog. As part of this process, a communication was sent to the company ahead of the meeting.
	<b>Rationale for the voting decision</b>	We generally support resolutions that seek additional disclosures on how they aim to manage their financing activities in line with their published targets. We believe detailed information on how a company intends to achieve the 2030 targets they have set and published to the market (the ‘how’ rather than the ‘what’, including activities and timelines) can further focus the board’s attention on the steps and timeframe involved and provides assurance to stakeholders. The onus remains on the board to determine the activities and policies required to fulfil their own ambitions, rather than investors imposing restrictions on the company.
	<b>Outcome of the vote</b>	Fail
	<b>Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome?</b>	LGIM will continue to engage with the company and monitor progress.
	<b>On which criteria have you assessed this vote to be most significant?</b>	Pre-declaration and Thematic – Climate: LGIM considers this vote to be significant as we pre-declared our intention to support. We continue to consider that decarbonisation of the banking sector and its clients is key to ensuring that the goals of the Paris Agreement are met.

Source: Manager