

Implementation Statement

B|Braun Sterilog Limited Pension Scheme

Purpose of this statement

This implementation statement has been produced by the Trustees of the **B|Braun Sterilog Limited Pension Scheme ("the Scheme")** to set out the following information over the year to **31 March 2024**:

- how the Trustees' policies on exercising rights (including voting rights) and engagement activities have been followed over the year.
- the voting activity undertaken by the Scheme's investment managers on behalf of the Trustees over the year, including information regarding the most significant votes.

Stewardship policy

The Trustees' Statement of Investment Principles (SIP) in force at 31 March 2024 describes the Trustees' stewardship policy on the exercise of rights (including voting rights) and engagement activities. However, the SIP was last reviewed in April 2024 and the latest version has been made available online here:

<https://www.bbraun.co.uk/en/company/policies.html#sterilog>

At this time, the Trustees have not set stewardship priorities / themes for the Scheme but will be considering the extent that they wish to do this in due course, in line with other Scheme risks.

How voting and engagement/stewardship policies have been followed

Based on the information provided by the Scheme's investment managers, the Trustees believes that their policies on voting and engagement have been met in the following ways:

- The Scheme invests entirely in pooled funds, and as such delegates responsibility for carrying out voting and engagement activities to the Scheme's fund managers.
- The Trustees, with input from their investment consultant, annually receive and review (as part of producing their Implementation Statement) the voting information and engagement policies from their investment managers, to ensure alignment with the Trustees' own policies. The findings of the Trustees' review are reported in this Implementation Statement which will also be included in the Scheme's Annual Report and Accounts for the year to 31 March 2024.
- Having reviewed the data presented below and in accordance with their policies, the Trustees are comfortable that the actions of the investment managers are in alignment with the Scheme's stewardship policies in relation to voting and engagement activities.

**Prepared by the Trustees of the B|Braun Sterilog Limited Pension Scheme
July 2024**

Voting Data

This section provides a summary of the voting activity undertaken by the investment managers within the Scheme's Growth Portfolio on behalf of the Trustees over the year to 31 March 2024. Voting is not applicable to the Scheme's holdings in the LGIM Absolute Return Bond ("ARB") Fund, LGIM Future World Net Zero Buy and Maintain Fund and the LGIM Matching Core fund range, as these funds invest only in fixed income assets, which have no voting rights.

Manager		LGIM	
Fund name	LGIM World Equity Index Fund		LGIM Diversified Fund
Structure	Pooled		Pooled
Ability to influence voting behaviour of manager	The pooled fund structure means that there is limited scope for the Trustees to influence the manager's voting behaviour.		The pooled fund structure means that there is limited scope for the Trustees to influence the manager's voting behaviour.
No. of eligible meetings	2,982		8,997
No. of eligible votes	37,017		93,090
% of resolutions voted	99.0%		99.8%
% of resolutions abstained	0.1%		0.3%
% of resolutions voted with management ¹	79.1%		76.6%
% of resolutions voted against management ¹	20.8%		23.1%
Proxy voting advisor employed	LGIM's Investment Stewardship team uses ISS's 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGIM and they do not outsource any part of the strategic decisions. To ensure their proxy provider votes in accordance with their position on ESG, they have put in place a custom voting policy with specific voting instructions.		
% of resolutions voted against proxy voter recommendation	15.5%		14.5%

¹ As a percentage of the total number of resolutions voted on

Significant votes

The change in Investment and Disclosure Regulations that came into force from October 2020 requires information on significant votes carried out on behalf of the Trustees over the year to be set out. The guidance does not currently define what constitutes a "significant" vote. However, recent guidance states that a significant vote is likely to be one that is linked to one or more of a scheme's stewardship priorities / themes. At this time, the Trustees have not set stewardship priorities / themes for the Scheme, but will be considering the extent that they wish to do this in due course, in line with other Scheme risks. So, for this Implementation Statement, the Trustees have asked the investment managers to determine what they believe to be a "significant vote". The Trustees have not communicated voting preferences to their investment managers over the period, as the Trustees are yet to develop a specific voting policy. In future, the Trustees will consider the most significant votes in conjunction with any agreed stewardship priorities / themes.

LGIM have provided a selection of 757 and 2254 votes for their World Equity Index Fund and Diversified Fund respectively, which they believe to be significant. In the absence of agreed stewardship priorities / themes, the Trustees have selected 3 votes from each LGIM Fund, that cover a range of themes to represent what it considers the most significant votes cast on behalf of the Scheme. To represent the most significant votes, the votes of the largest holdings relating to each topic are shown below.

A summary of the significant votes provided is set out below.

LGIM World Equity Index Fund

	Vote 1	Vote 2	Vote 3
Company name	Microsoft Corporation	Apple Inc.	Amazon.com, Inc.
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	4.7%	4.2%	1.6%
Summary of the resolution	Elect Director Satya Nadella	Report on Risks of Omitting Viewpoint and Ideological Diversity from EEO Policy	Report on Median and Adjusted Gender/Racial Pay Gaps
How the manager voted	Against	Against	For
Rationale for the voting decision	Joint Chair/CEO: A vote against is applied as LGIM expects companies to separate the roles of Chair and CEO due to risk management and oversight concerns.	Shareholder Resolution - Environmental and Social: A vote against this proposal is warranted, as the company appears to be providing shareholders with sufficient disclosure around its diversity and inclusion efforts and non-discrimination policies, and including viewpoint and ideology in EEO policies does not appear to be a standard industry practice.	A vote in favour is applied as LGIM expects companies to disclose meaningful information on its gender pay gap and the initiatives it is applying to close any stated gap. This is an important disclosure so that investors can assess the progress of the company's diversity and inclusion initiatives. Board diversity is an engagement and voting issue, as we believe cognitive diversity in business – the bringing together of people of different ages, experiences, genders, ethnicities, sexual orientations, and social and economic backgrounds – is a crucial step

	Vote 1	Vote 2	Vote 3
			towards building a better company, economy and society.
Outcome of the vote	n/a	Fail	Fail
Implications of the outcome	LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.		LGIM will continue to engage with the company and monitor progress.
Criteria on which the vote is considered "significant"	LGIM considers this vote to be significant as it is in application of an escalation of their vote policy on the topic of the combination of the board chair and CEO.	LGIM views diversity as a financially material issue for their clients, with implications for the assets they manage on their behalf.	LGIM views gender diversity as a financially material issue for their clients, with implications for the assets they manage on their behalf.

LGIM Diversified Fund

	Vote 1	Vote 2	Vote 3
Company name	Shell Plc	Union Pacific Corporation	Toyota Motor Corp.
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	0.3%	0.2%	0.2%
Summary of the resolution	Approve the Shell Energy Transition Progress	Elect Director Lance M. Fritz	Amend Articles to Report on Corporate Climate Lobbying Aligned with Paris Agreement
How the manager voted	Against	For	For
Rationale for the voting decision	<p>A vote against is applied, though not without reservations. LGIM acknowledge the substantial progress made by the company in meeting its 2021 climate commitments and welcome the company's leadership in pursuing low carbon products. However, they remain concerned by the lack of disclosure surrounding future oil and gas production plans and targets associated with the upstream and downstream operations; both of these are key areas to demonstrate alignment with the 1.5C trajectory.</p> <p>Joint Chair/CEO: While LGIM expects companies to separate the roles of Chair and CEO due to risk management and oversight concerns, a vote in favour is applied in this situation given the company's commitment to separate the Chair and CEO roles in 2023.</p>		<p>LGIM views climate lobbying as a crucial part of enabling the transition to a net zero economy. A vote for this proposal is warranted as LGIM believes that companies should advocate for public policies that support global climate ambitions and not stall progress on a Paris-aligned regulatory environment. LGIM acknowledge the progress that Toyota Motor Corp has made in relation to its climate lobbying disclosure in recent years. However, additional transparency is necessary with regards to the process used by the company to assess how its direct and indirect lobbying activity aligns with its own climate ambitions, and what</p>

		actions are taken when misalignment is identified.	
Outcome of the vote	Pass	n/a	Fail
Implications of the outcome	LGIM continues to undertake extensive engagement with Shell on its climate transition plans	LGIM will continue to engage with investee companies, publicly advocate their position on this issue and monitor company and market-level progress.	LGIM will continue to engage with the company and monitor progress.
Criteria on which the vote is considered "significant"	LGIM expect transition plans put forward by companies to be both ambitious and credibly aligned to a 1.5C scenario. Given the high-profile of such votes, LGIM deem such votes to be significant, particularly when LGIM votes against the transition plan.	Thematic - Board Leadership: LGIM considers this vote to be significant as it is in application of an escalation of their vote policy on the topic of the combination of the board chair and CEO (escalation of engagement by vote).	LGIM believes that companies should use their influence positively and advocate for public policies that support broader improvements of ESG factors including, for example, climate accountability and public health. In addition, LGIM expect companies to be transparent in their disclosures of their lobbying activities and internal review processes involved.

Fund level engagement

The investment managers may engage with investee companies on behalf of the Trustees. The table below provides a summary of the engagement activities undertaken by each manager during the year for the relevant funds.

Engagement activities are limited for the Scheme's LDI and cash funds due to the nature of the underlying holdings, so engagement information for these assets have not been shown.

Manager	LGIM			
Fund name	World Equity Index Fund	Absolute Return Bond Fund	Diversified Fund	Future World Net Zero Buy and Maintain Fund
Number of engagements undertaken on behalf of the holdings in this fund in the year	676	156	1,643	127
Number of entities engaged on behalf of the holdings in this fund in the year	427	75	1,321	71
Number of engagements	2,144			

Manager	LGIM
undertaken at a firm level in the year	

Examples of engagement activity undertaken over the year to 31 March 2024

LGIM, World Equity Index Fund and Diversified Fund

Name of entity: Nucor Corp*

Topic: Climate

Background: Under LGIM's Climate Impact Pledge, they select c.100 'dial-mover' companies for in-depth engagement, using their qualitative framework set out in their sector-specific guides. 'Dial-mover' companies are chosen on their size and potential to galvanise action in their sectors, reflecting LGIM's aim of driving market-level improvements. LGIM were pleased to see that Nucor, one of their 'dial-mover' companies, has announced a net-zero emissions commitment with interim targets and a published decarbonisation plan. Nucor is the largest steel producer in the US and among the top 20 in the world; steel is pivotal to the energy transition, being central to the auto industry and renewable energy infrastructure.

Actions: This is a significant step: while LGIM recognise that corporate decisions are the product of a range of factors, LGIM's engagements under the Climate Impact Pledge are based upon their sector-specific guides and 'red lines', which include a commitment to net-zero operational emissions. LGIM had voted against the Chair of the company in its 2023 AGM for failing to meet this 'red line' at the time, so the announcement of the company's commitment, interim targets and plan are welcome. This not the first time that LGIM have seen a commitment from the company after voting against its Chair: in 2021, they voted against the Chair for a lack of emissions reduction targets and the subsequent year, the company set them, meaning they received no sanctions from LGIM in 2022.