

## 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 Pension Scheme (“the Scheme”) to set out the following information over the year to 31 March 2023:

- 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 during the year ending 31 March 2023 describes the Trustees’ stewardship policy on the exercise of rights (including voting rights) and engagement activities. It was last reviewed in July 2021 and has been made available online here:

<https://www.bbraun.co.uk/content/dam/b-braun/uk/website/documents/policies/sterilog/B.%20Braun%20Sterilog%20Limited%20Pension%20Scheme%20Statement%20of%20Investment%20Principles%20-%20July%202021.pdf>

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 believe 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 2023.
- 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

## 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 2023. Voting is not applicable to the Scheme's holdings in the LGIM Absolute Return Bond ("ARB") Fund and the LGIM Matching Core fund range, as these funds invest only in fixed income assets, which have no voting rights.

Manager	Baillie Gifford	LGIM
<b>Fund name</b>	Baillie Gifford Diversified Growth Fund	LGIM World Equity Index Fund
<b>Structure</b>	Pooled	
<b>Ability to influence voting behaviour of manager</b>	The pooled fund structure means that there is limited scope for the Trustees to influence the manager's voting behaviour.	
<b>No. of eligible meetings</b>	97	3,145
<b>No. of eligible votes</b>	1,061	38,823
<b>% of resolutions voted</b>	97.9%	99.9%
<b>% of resolutions abstained<sup>1</sup></b>	1.0%	0.7%
<b>% of resolutions voted with management<sup>1</sup></b>	95.7%	78.8%
<b>% of resolutions voted against management<sup>1</sup></b>	3.3%	20.5%
<b>Proxy voting advisor employed</b>	Whilst Baillie Gifford are cognisant of proxy advisers' voting recommendations (ISS and Glass Lewis), they vote in line with their in-house policy and not with the proxy voting providers' policies.	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.
<b>% of resolutions voted against proxy voter recommendation</b>	n/a	14.4%

<sup>1</sup> 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 used what the investment managers have determined 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 and Baillie Gifford have provided a selection of 557 and 10 votes, respectively, which they believe to be significant. In the absence of agreed stewardship priorities / themes, the Trustees have selected 3 votes from each manager, 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.

### Baillie Gifford, Diversified Growth Fund

	Vote 1	Vote 2	Vote 3
<b>Company name</b>	CBRE Group, Inc.	Booking Holdings Inc.	Lyft, INC.
<b>Approximate size of fund's holding as at the date of the vote (as % of portfolio)</b>	6.2%	5.8%	0.9%
<b>Summary of the resolution</b>	Shareholder Resolution - Governance	Remuneration	Shareholder Resolution - Social
<b>How the manager voted</b>	Against	Against	For
<b>Rationale for the voting decision</b>	Baillie Gifford opposed a shareholder resolution to lower the threshold for shareholders to call a special meeting as they consider that the existing threshold is appropriate.	Baillie Gifford opposed executive compensation due to concerns with adjustments made to the plan and the granting of retention awards.	Baillie Gifford supported a shareholder proposal requesting further reporting on lobbying activities as they believe the company can make further improvements in this area.
<b>Outcome of the vote</b>	Fail	Fail	Fail
<b>Implications of the outcome</b>	Ahead of voting, Baillie Gifford had an engagement call with the company to discuss the proposed agenda. They were satisfied to learn about the company's efforts to engage with their holders, including the proponent, who according to the company, did not have any particular concerns over CBRE	Baillie Gifford engaged with the company in advance of the AGM, specifically discussing executive compensation. They outlined their concerns that the adjustments to executive pay and the special payments do not align with shareholders' experience or provide appropriate incentives for	In response to the high level of support last year, Lyft has updated its policy on lobbying to add information on board oversight, management governance and a brief trade association policy but it does not meet the oversight and disclosure standard set out by the proponents since it does

	Vote 1	Vote 2	Vote 3
	but backs a lower threshold out of principle. Baillie Gifford intend to follow up with the company later in a year to speak about governance developments.	management. Following that engagement, they decided to oppose the executive compensation resolution and communicated their decision to the company. They intend to re-engage with the company to learn how it intends to respond to the vote outcome and shareholders' concerns.	not provide any information on lobbying expenditures, a list of all trade association memberships and dues or lobbying expenditures made by those associations using Lyft funds. Therefore, Baillie Gifford believe Lyft can go further with disclosures.
<b>Criteria on which the vote is considered "significant"</b>	Baillie Gifford consider this vote to be significant as the resolution received greater than 20% opposition.	Baillie Gifford consider this vote to be significant as the resolution received greater than 20% opposition.	Baillie Gifford consider this vote to be significant because it was submitted by shareholders and received greater than 20% support.

## LGIM, World Equity Index Fund

	Vote 1	Vote 2	Vote 3
<b>Company name</b>	Amazon.com, Inc.	Alphabet Inc.	Meta Platforms, Inc.
<b>Approximate size of fund's holding as at the date of the vote (as % of portfolio)</b>	1.8%	1.2%	0.8%
<b>Summary of the resolution</b>	Resolution 1f - Elect Director Daniel P. Huttenlocher	Resolution 7 - Report on Physical Risks of Climate Change	Resolution 5 - Require Independent Board Chair
<b>How the manager voted</b>	Against	For	LGIM voted in favour of the shareholder resolution (management recommendation: against).
<b>Rationale for the voting decision</b>	A vote against is applied as the director is a long-standing member of the Leadership Development & Compensation Committee which is accountable for human capital management failings.	A vote in favour is applied as LGIM expects companies to be taking sufficient action on the key issue of climate change.	A vote in favour is applied as LGIM expects companies to establish the role of independent Board Chair.
<b>Outcome of the vote</b>	93.3% of shareholders supported the resolution	17.7% of shareholders supported the resolution	16.7% of shareholders supported the resolution
<b>Implications of the outcome</b>	LGIM will continue to engage with investee companies, publicly advocate their position on this issue and monitor company and market-level progress.		
<b>Criteria on which the vote is considered "significant"</b>	LGIM pre-declared its vote intention for this resolution, demonstrating its significance.	LGIM considers this vote significant as it is an escalation of their climate-related engagement activity and their public call for high quality and	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

Vote 1	Vote 2	Vote 3
	credible transition plans to be subject to a shareholder vote.	and CEO (escalation of engagement by vote).

## 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	Baillie Gifford*	LGIM	LGIM
<b>Fund name</b>	Diversified Growth Fund	World Equity Index Fund	Absolute Return Bond Fund
<b>Number of entities engaged on behalf of the holdings in this fund in the year</b>	30	366	69
<b>Number of engagements undertaken at a firm level in the year</b>	1255	1088	1088

\*Baillie Gifford report their engagement data on a calendar year basis, so these figures are for the year to 31 December 2022.

## Examples of engagement activity undertaken over the year to 31 March 2023

### Baillie Gifford, Diversified Growth Fund

**Name of entity:** MP Materials Corporation

**Topic:** Sustainability

**Background:** MP Materials Corporation engages in the ownership and operation of integrated rare earth mining and processing facilities - the company delivers approximately 15% of the global rare earth supply with a long-term focus on Neodymium-Praseodymium, a crucial input to the green energy revolution. Miners can prove divisive on sustainability grounds, but given MP Materials' role in the transition to a greener future, Baillie Gifford continually engage to ensure the company is doing all it can to aid that transition.

Baillie Gifford arranged a meeting with the IR to find out more about the company's approach to sustainability as there is very little public environmental and social disclosure with no disclosed commitments to improve.

**Actions:** This meeting was attended by one of Baillie Gifford's lead Fund Managers and ESG personnel. Given the materiality of certain environmental and social issues to the industry, they were pleased to learn that the company is currently working on its inaugural sustainability report, supported by an external consultant, and following a sustainability consultation with some of the company's key stakeholders. Although early in its sustainability

journey, Baillie Gifford were left with the impression that there is a willingness for the company to learn, to improve existing sustainability credentials and use this as a means by which to extend competitive advantage.

**Outcome and next steps:** Following this engagement, Baillie Gifford updated their proprietary ESG materiality assessment of the company and identified a number of ESG milestones to monitor, which included the timely publication of a credible sustainability report. They were encouraged by the company's commitment to disclosure and transparency.

The company has since published the sustainability report and Baillie Gifford were in further contact to encourage them to include greater disclosure on their monitoring of scope 3 emissions, and to make explicit any ambitions for future emission reduction targets.