Implementation Statement

The Pension Plan of Seiko U.K. Limited

Plan year ended 30 June 2024

Purpose of this statement

This implementation statement has been produced by the Trustee of the Pension Plan of Seiko U.K. Limited ("the Plan") to set out the following information over the year to 30 June 2024:

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

How voting and engagement policies have been followed

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

- The Plan invests entirely in pooled funds, and as such delegates responsibility for carrying out voting and engagement activities to the Plan's fund managers.
- Through preparation of the Implementation Statement, the Trustee has reviewed the stewardship and engagement activities of their investment managers during the year and was satisfied that the policies followed by the managers were reasonable and in alignment with the Trustee's own policies. No remedial action was required during the period.

Stewardship policy

The Trustee's Statement of Investment Principles (SIP) in force at 30 June 2024 describes the Trustee's stewardship policy on the exercise of rights (including voting rights) and engagement activities as follows:

> *"Trustees expect that the investment managers will use their influence as major institutional investors to exercise the Trustees' rights and duties as shareholders, including where appropriate engaging with underlying investee companies to promote good corporate governance, accountability and to understand how those companies take account of ESG issues in their businesses."*

Subsequent to the accounting period, the Trustee's have reviewed the SIP in light of the move to the LGIM Investment only Platform. This took place in August 2024 and has been made available online here: SIP Link

No significant changes were made to the stewardship policy over the year. The Trustee has decided not to set stewardship priorities since the Plan no longer holds any investments with voting rights and has a short time horizon to buy-out, therefore there is limited scope to influence stewardship moving forward. However, the Trustee reviews the stewardship and engagement activities of the investment managers annually.

Prepared by the Trustee of The Pension Plan of Seiko U.K. Limited

December 2024

Voting Data

This section provides a summary of the voting activity undertaken by the investment managers within the Plan's investment portfolio on behalf of the Trustee over the year to 30 June 2024.

Voting only applies to equities held in the portfolio. The Plan's equity investments are held through pooled funds, and as such the investment managers of these funds vote on behalf of the Trustee. Please note that the Plan removed all growth assets from the portfolio in August 2023, but voting data shown below applies to the 12 months to 30 June 2024.

. The cash, gilts, LDI and Buy and Maintain funds held with LGIM have no voting rights and limited ability to engage with key stakeholders given the nature of the mandate.

Manager	Baillie Gifford	BNY Mellon	LGIM
Fund name	Multi Asset Growth Fund	Multi Asset Diversified Return Fund	Global Equity MW(30:70)-75% GBP Hgd
Structure	Pooled	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.		
Does manager vote at a fund level or at a firm-wide level?	Fund	Fund	Fund
No. of eligible meetings	47	117	7,288
No. of eligible votes	547	1,617	73,092
% of resolutions voted	94.88%	100.00%	99.78%
% of resolutions abstained[1]	1.35%	0.00%	0.76%
% of resolutions voted with management[1]	94.99%	94.87%	80.66%
% of resolutions voted against management[1]	3.66%	5.13%	18.58%
Proxy voting advisor employed	ISS and Glass Lewis	ISS	ISS
% of resolutions voted against proxy voter recommendation	Not provided	3.46%	10.13%

[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 Trustee over the year to be set out. The guidance does not currently define what constitutes a "significant" vote. However, recent guidance does state that a significant vote is likely to be one that is linked to one or more of a Plan's stewardship priorities. The Trustee has decided not to set stewardship priorities for the Plan, therefore the Trustee has asked the investment managers to determine what they believe to be a "significant vote". All managers provided 10 votes they deem to be significant. The Trustee has selected 3 votes from each of these managers that demonstrate a variation of the issues on which the managers vote.

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

Baillie Gifford, Multi Asset Growth Fund

	Vote 1	Vote 2	Vote 3
Company name	American Tower Corporation	NextEra Energy, Inc.	Equinix, Inc.
Date of vote	22 May 2024	23 May 2024	23 May 2024
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	1.33%	1.22%	0.96%
Summary of the resolution	Shareholder Resolution - Social	Shareholder Resolution - Climate	Remuneration
How the manager voted	For	For	Against
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	No	No	No
Rationale for the voting decision	Baillie Gifford supported a shareholder resolution requesting the company report, its unadjusted median pay gaps and adjusted pay gaps across race and gender. They believe this type of data provides valuable insight into pay equity and helps to understand the progress the company is making to address inequity. Baillie Gifford believe the company is lagging other US companies, many of whom provide at least adjusted numbers.	Baillie Gifford supported the resolution on climate lobbying as they believe that clear and transparent support for Paris-aligned goals through lobbying is one-way shareholders look to demonstrate consistency with their climate targets.	Baillie Gifford opposed executive compensation as there are overlapping metrics within the short and long term incentive plans, which risks rewarding executives twice for the same performance, and one-year performance periods in the long term incentive plan, which Baillie Gifford don't find to be sufficiently long-term.
Outcome of the vote	Fail	Fail	Pass
Implications of the outcome	Following the AGM Baillie Gifford explained their rationale	Baillie Gifford reached out to the Company to explain why	Baillie Gifford have opposed executive compensation for a

	Vote 1	Vote 2	Vote 3
	for supporting this proposal. The company acknowledge the significant support the proposal received and in response are assessing their ability to report unadjusted and adjusted pay gaps. This is a promising outcome and Baillie Gifford will monitor progress.	they decided to support the resolution. While they welcome the real zero target set, they believe that the lobbying reporting could be improved with identification of misalignment between the company's lobbying activities and its Net Zero goal.	number of years due to ongoing concerns with the stringency of targets under the long term incentive plan. Having already engaged the company on their concerns, Baillie Gifford will reassess the suitability of the plan ahead of the next AGM.
Criteria on which the vote is considered "significant"	This resolution is significant because it was submitted by shareholders and received greater than 20% support.	This resolution is significant because it received greater than 20% opposition.	This resolution is significant because Baillie Gifford opposed remuneration.

BNY Mellon, Multi Asset Diversified Return Fund

	Vote 1	Vote 2	Vote 3
Company name	Shell PLC	AstraZeneca PLC	The Goldman Sachs Group, Inc.
Date of vote	21 May 2024	11 April 2024	24 April 2024
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	1.09%	0.43%	0.36%
Summary of the resolution	Advise Shell to Align its Medium-Term Emissions Reduction Targets Covering the Greenhouse Gas (GHG) Emissions of the Use of its Energy Products (Scope 3) with the Goal of the Paris Climate Agreement	Approve Remuneration Report	Report on Lobbying Payments and Policy
How the manager voted	Against	For	For
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	n/a	n/a	No
Rationale for the voting decision	BNY Mellon did not support a shareholder proposal for a report on GHG (greenhouse gas) emission-reduction targets aligned with the Paris Agreement as they believed the company has disclosed enough information for shareholders to assess the related risks. Moreover, the company has disclosed a partial Scope 3	BNY Mellon decided to support the CEO pay package based on the CEO's proven track record of creating significant value for shareholders and turning around a company once considered beyond recovery. For many years, he has been compensated below global peers in the industry, despite his accomplishments, and has	BNY Mellon supported a shareholder proposal asking for a report on lobbying payments and policy as they felt additional information on the bank's direct and indirect lobbying activities will help shareholders better assess risks and opportunities.

	Vote 1	Vote 2	Vote 3
	target which is considered an appropriate response to the proponent's asks.	also hinted at possibly leaving previously. At this juncture, where execution is critical, BNY Mellon want to avoid any potential disruptions that a change in leadership might bring.	
Outcome of the vote	81.4% Against	95.3% For	39.1% For
Implications of the outcome	As a significant GHG emitter, it is critical for Shell to have a credible transition plan.	The level of support behind this vote signifies shareholder confidence in executive leadership at this juncture. It also brings the company closer to global peers regarding executive pay. BNY Mellon will continue to monitor performance to ensure it aligns with their interests as shareholders.	This is the second consecutive AGM that BNY Mellon have supported this proposal. Even after significant support at the 2023 AGM, gaps still persist with respect to the bank's disclosures around its lobbying payments. Greater transparency around the bank's direct and indirect lobbying activities would be helpful for shareholders to assess if there are any risks that could arise due to these activities. They will continue to voice their views through their voting.
Criteria on which the vote is considered "significant"	While BNY Mellon do find some merits to the proponent's asks and legitimate concerns, aligning Scope 3 targets at Shell to a 1.5 degree scenario would mean a significant loss of customers to competitors. Such a decision is best in the hands of management, and the disclosure of a partial Scope 3 target shows some responsiveness from the company to our concerns, tackling mainly the emissions it directly has control of.	BNY Mellon deem this vote as significant due to its strategic importance, impact on shareholder value, risk of leadership disruption, industry benchmarking, and strong shareholder support. It aligns with their investment case, emphasising the need to retain and compensate effective leadership.	BNY Mellon determined this vote as significant owing to the rarity of a shareholder proposal receiving significant support.

LGIM, Global Equity MW(30:70)-75% GBP Hgd

	Vote 1	Vote 2	Vote 3
Company name	Apple Inc.	Unilever PLC	Alphabet Inc.
Date of vote	28 February 2024	1 May 2024	7 June 2024

	Vote 1	Vote 2	Vote 3
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	2.73%	1.28%	0.95%
Summary of the resolution	Report on Risks of Omitting Viewpoint and Ideological Diversity from EEO Policy	Approve Climate Transition Action Plan	Elect Director John L. Hennessy
How the manager voted	Against	For	Against
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is their policy not to engage with investee companies in the three weeks prior to an AGM as their engagement is not limited to shareholder meeting topics.		
Rationale for the voting decision	LGIM voted against this proposal, 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.	LGIM voted for this proposal as it meets their minimum expectations. This includes the disclosure of scope 1, 2 and material scope 3 GHG emissions and short, medium and long-term GHG emissions reduction targets consistent with a 1.5°C Paris goal. Despite the SBTi recently removing their approval of the company's long-term scope 3 target, LGIM note that the company has recently submitted near term 1.5°C aligned scope 3 targets to the SBTi for validation and therefore at this stage believe the company's ambition level to be adequate.	LGIM voted against this proposal as they expect a board to be regularly refreshed in order to maintain an appropriate mix of independence, relevant skills, experience, tenure, and background. LGIM also expect a company to have at least one-third women on the board. LGIM also expect the Chair of the Committee to have served on the board for no more than 15 years in order to maintain independence and a balance of relevant skills, experience, tenure, and background.
Outcome of the vote	Fail	Pass	Pass
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.		
Criteria on which the vote is considered "significant"	Thematic - Diversity: LGIM views diversity as a financially material issue for their clients, with implications for the assets they manage on their clients behalf.	Thematic - Climate: LGIM is publicly supportive of so called "Say on Climate" votes. They expect transition plans put forward by companies to be both ambitious and credibly aligned to a 1.5C scenario. Given the high-profile nature of such votes, LGIM deem such votes to be significant.	LGIM views gender diversity as a financially material issue for their clients, with implications for the assets they manage on their client's behalf.

Fund level engagement

The investment managers may engage with investee companies on behalf of the Trustee. The table below provides a summary of the engagement activities undertaken by each manager during the year for the relevant funds. The gilt funds have been omitted here as they have limited scope for engagement. The funds were not invested for the full period, however due to availability of data, engagement statistics are provided for the 12 months to 30 June 2024.

Manager	Baillie Gifford	Baillie Gifford	BNY Mellon
Fund name	Multi Asset Growth Fund	Worldwide Global Credit Fund	Multi Asset Diversified Return Fund
Number of engagements undertaken on behalf of the holdings in this fund in the year	8	1	18
Number of entities engaged on behalf of the holdings in this fund in the year	8	1	10
Number of engagements undertaken at a firm level in the year	859	859	37

Manager	LGIM	L&G	LGIM
Fund name	Global Equity MW(30:70)-75% GBP Hgd	Sustainable Property Fund	Future World Net Zero Buy & Maintain Fund
Number of engagements undertaken on behalf of the holdings in this fund in the year	2,470	Not provided	274
Number of entities engaged on behalf of the holdings in this fund in the year	1,608	Not provided	153
Number of engagements undertaken at a firm level in the year	5,003	Not provided	5,003

Where information is not included, it has been requested but has not been provided in a useable format or at all by the investment manager.

Examples of engagement activity undertaken over the year to 30 June 2024

LGIM (firm-level)

Environmental – Anglo American

Objective:

The engagement was focused on restructuring the company's portfolio to focus on copper and high-grade iron ore. Firstly, to clarify the value proposition from Anglo's portfolio of world-class assets by simplifying and focusing on commodities which will most benefit from the energy transition while reducing exposure to commodities with uncertain long-term demand. Additionally, to support the growth of the copper business by strengthening the balance sheet through asset disposals.

Actions:

LGIM first presented ideas around portfolio restructuring to Anglo American in April 2024. However, days later, and before the proposal could be circulated to the management team more broadly, BHP* made an offer to buy Anglo American. LGIM determined that the offer did not constitute good value for money for shareholders and threatened to slow down the pace of copper growth globally. This view was communicated publicly through several newspaper articles, as well as senior executives from BHP and Anglo American. LGIM was subsequently consulted by Anglo American on its defence strategy multiple times, with five meetings with senior management and board members during what is known as the "put up or shut up" period. On 14 May 2024, Anglo American announced its intention to significantly restructure its portfolio by exiting its platinum, diamond, metallurgical coal and nickel businesses and pausing investment in its Woodsmith mine. Later that month, the board announced it had refused BHP's offer. The portfolio restructuring is expected to take between 18 and 24 months to complete

Outcomes:

The outcome of this engagement so far has been collaborative, with a willingness to continue conversations on further, more granular topics related to the energy transition. LGIM will continue to monitor progress on the portfolio re-structuring decisions while continuing to engage on operational excellence, the company's decarbonisation of its own emissions and its low-carbon ventures business

Baillie Gifford, Multi Asset Growth Fund

Environmental – RWE Aktiengesellschaft

Objective:

Baillie Gifford's climate proxy voting guidelines state that any company with fossil fuel activities representing more than 10 per cent of revenues should be disclosing methane emissions as a specific data point and that failure to disclose methane emissions may result in a vote against the responsible director(s). Baillie Gifford met with RWE's Head of ESG and Head of Investor Relations, seeking to understand the importance attached to methane emissions reductions internally and to better assess the appropriateness of the related management arrangements.

Actions:

Baillie Gifford discussed that, after carbon dioxide, all other greenhouse gases collectively account for less than 1.5 per cent of RWE's footprint, so methane is neither a driver of emissions nor a driver for the company's emission reduction activities. As a regulated utility the company has no control over external drivers for short-term power consumption demand (e.g. the unique backdrop of the war in Ukraine and the need for short-term European energy security), and it is not permitted to restrict this; what it does have control over, however, is reshaping its portfolio away from carbon-intensive power generation assets to renewable ones.

Outcome:

Baillie Gifford will not be taking voting action but since they believe the company should be showing leadership, they wrote to the company to restate our position encouraging increased transparency.

BNY Mellon, Multi Asset Diversified Return Fund

Governance – Bayer AG

Objective:

BNY Mellon believes that well-designed incentives favour long-term value creation. A significant part of the long-term grants to the company's executives vest for a below-median performance for the total shareholder return metric. Decreasing this percentage would act as a motivating element to the current executive team to work on bridging the valuation gap with some of the peers and serve our investment case.

Actions:

Bayer AG committed to increase the stringency of the performance threshold under the total shareholder return metric. The lower performance threshold will be increased from 30% to 25% of performance below median, and the company has also increased an upper over-performance threshold of 10% above index performance. In spite of this, BNY Mellon will continue pushing for stricter performance thresholds in order to signal to the company the need to improve the share price.

Outcomes:

The company has taken on board BNY Mellon's feedback from earlier engagements and discussions on this topic. BNY Mellon will monitor the disclosures around the annual general meeting and confirm that the company has followed up on its commitment. If commitment is followed-up on, they would consider the objective achieved and vote in support of the new remuneration policy.