

Implementation Statement

The Pension Plan of Seiko U.K. Limited

Plan year ended 30 June 2023

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 2023:

- 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 October 2021 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 changes to the investment strategy. This took place in October 2023 and has been made available online here: [SIP Link](#)

No significant changes were made to the stewardship policy over the year. At this time, the Trustee has not set stewardship priorities for the Scheme but will be considering the extent that they wish to do this in due course, in line with other Scheme risks.

**Prepared by the Trustee of The Pension Plan of Seiko U.K. Limited
January 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 2023.

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 fully disinvested from their Vanguard and Invesco funds in November 2022 and January 2023 respectively, but voting data shown applies to the 12 months to 30 June 2023.

Manager	Baillie Gifford	BNY Mellon	Invesco	LGIM	Vanguard
Fund name	Multi Asset Growth Fund	Multi Asset Diversified Return Fund	Global Targeted Returns Fund	Global Equity MW(30:70)-75% GBP Hgd	FTSE UK Equity Income Index Fund
Structure	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	Fund	Fund
No. of eligible meetings	57	126	268	6,904	125
No. of eligible votes	594	1,776	3,960	70,780	2,329
% of resolutions voted	96.30%	98.30%	98.46%	99.90%	98.97%
% of resolutions abstained¹	1.05%	0.00%	0.18%*	0.60%	0.04%*
% of resolutions voted with management¹	96.50%	93.30%	95.90%	81.28%	99.91%
% of resolutions voted against management¹	2.45%	6.70%	4.10%	18.12%	0.09%
Proxy voting advisor employed	ISS and Glass Lewis	ISS	ISS and Glass Lewis	ISS	ISS
% of resolutions voted against proxy voter recommendation	Not provided	3.95%	3.13%	10.35%	0.00%

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

* Invesco and Vanguard class abstaining as a vote against management. Totals will not sum to 100%.

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. At this time, the Trustee has not set stewardship priorities for the Plan but will be considering the extent that they wish to do this in due course, in line with other risks. So, for this Implementation Statement, the Trustee has asked the investment managers to determine what they believe to be a "significant vote". All managers except Vanguard provided 10 votes they deem to be significant. The Trustee has selected 3 votes from each of these manager that demonstrate a variation of the issues on which the managers vote. Vanguard only provided 2 significant votes. These have both been included below.

The Trustee and their investment consultants have been working with the managers to improve the availability and quality of information included in future statements.

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	Duke Realty Corporation	Prysmian S.P.A	Nextera Energy, Inc.
Date of vote	28 September 2022	19 April 2023	18 May 2023
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	0.88%	1.44%	0.07%
Summary of the resolution	Say on Pay Frequency	Remuneration	Shareholder Resolution - Governance
How the manager voted	Against	Against	For
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	Yes	Yes	No
Rationale for the voting decision	Baillie Gifford opposed the advisory proposal to approve executive compensation to be paid in connection with the company merger due to concerns regarding single trigger provisions and the introduction of excise tax gross-ups in connection with severance payments.	Baillie Gifford opposed the resolution due to inappropriate use of discretion to increase vesting outcome of the long-term incentive award. They believe the use of discretion should be carefully evaluated and used to support and prioritise the long-term prospects of the business. They were not convinced that this use of discretion met that bar.	Baillie Gifford supported a shareholder resolution requesting a board diversity and qualifications matrix because they believe that shareholders would benefit from individualised information on the skills and qualifications of directors, as well as disclosure on climate-related skills and qualifications.
Outcome of the vote	Fail	Pass	Fail

	Vote 1	Vote 2	Vote 3
Implications of the outcome	While Baillie Gifford were supportive of the proposed merger with Prologis, they were uncomfortable with the compensation arrangements planned for Duke Realty NEOs in connection with the merger and therefore opposed this resolution, which ultimately received 91.64% dissent from shareholders. They also unsuccessfully attempted to engage with the company on its approach to compensation at this year's AGM and will continue to try to do so going forward.	Baillie Gifford will communicate their rationale for voting against the remuneration report. They supported the forward-looking remuneration policy at the meeting, and anticipate supporting the remuneration report next year, but will continue to monitor for further use of discretion.	Baillie Gifford will communicate their decision to support the shareholder resolution with the company and will explain their rationale for doing so. They will monitor for any similar disclosure the company may choose to institute, as although the resolution failed to secure enough support to pass, it did receive support from more than 48% of shareholders.
Criteria on which the vote is considered "significant"	This resolution is significant because it received greater than 20% opposition.	This resolution is significant because it received greater than 20% opposition.	This resolution is significant because it was submitted by shareholders and received greater than 20% support.

BNY Mellon, Multi Asset Diversified Return Fund

	Vote 1	Vote 2	Vote 3
Company name	ConocoPhillips	Bayer AG	Apple Inc.
Date of vote	16 May 2023	28 April 2023	10 March 2023
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	0.94%	0.77%	0.43%
Summary of the resolution	Elect Director Robert A. Niblock	Approve Remuneration Report	Report on Median Gender/Racial Pay Gap
How the manager voted	Against	Against	For
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	BNY Mellon voted against the lead director who they consider to be non-independent owing to excessive tenure, given the roles of chair and chief executive officer are combined.	BNY Mellon voted against executive pay arrangements as they felt the company did not exhibit adequate responsiveness to last year's significant shareholder dissent on executive pay. Further, they voted against executive remuneration arrangements	BNY Mellon supported a shareholder proposal for a report on median gender/racial pay gap, as they believe shareholders would benefit from the pay-gap data, allowing them to measure the company's progress on

	Vote 1	Vote 2	Vote 3
		due to a misalignment between pay and performance.	diversity and inclusion initiatives.
Outcome of the vote	18.9% Against	52.0% For	33.0% For
Implications of the outcome	From the company's point of view the dissent is not sufficient for them to engage with shareholders to discuss improvements in governance structures. However, a good part of the shareholder base has taken cognisance that governance structures in particular the board structure can improve. They feel the dissent would only increase if the company doesn't take necessary steps to address these concerns.	The significant shareholder dissent will push the company to reform its practices and increase its engagement on the topic to improve disclosure and practices.	The result shows significant concern from shareholders around the median gender/racial pay gap at Apple, but not to an extent as to cause the shareholder proposal to pass.
Criteria on which the vote is considered "significant"	BNY Mellon highlighted this vote as significant as they expect to continue recognising their fundamental governance concerns through their voting and engagement activities.	This is a significant vote as, given Bayer's history of controversies, a conservative approach to pay should be taken.	The company was subject to a high number of shareholder proposals surrounding both governance and social aspects where the company is well regarded by investors as requiring improvements. BNY Mellon will continue supporting those shareholder proposals where material for their investment case.

Invesco, Global Targeted Returns Fund

	Vote 1	Vote 2	Vote 3
Company name	Suofeiya Home Collection Co., Ltd.	Ming Yang Smart Energy Group Co., Ltd.	Carlsberg A/S
Date of vote	2 May 2023	17 May 2023	24 Feb 2023
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	>1%	>1%	>1%
Summary of the resolution	Approve Cash Management	Approve External Guarantee	Report on Efforts and Risks Related to Human Rights
How the manager voted	Abstain (Against Management)	Against (Against Management)	Against (In Line With Management)
If the vote was against management, did the manager communicate their		Not provided	

	Vote 1	Vote 2	Vote 3
intent to the company ahead of the vote?			
Rationale for the voting decision	Invesco believe that support is not in shareholders' interests.	Invesco believe that a vote against is warranted because there is lack of disclosure on the pertinent details of this loan guarantee request.	Invesco believe that a vote against this proposal is warranted, as the company has committed to respect human and labour rights in accordance with the United Nations Guiding Principles on Business and Human Rights and has reported and started to take actions accordingly.
Outcome of the vote	Pass	Pass	Fail
Implications of the outcome	The outcome of the vote did not meet Invesco's desired voting intention. They will continue to monitor the company on this issue and engage as necessary.	The outcome of the vote did not meet Invesco's desired voting intention. They will continue to monitor the company on this issue and engage as necessary.	The outcome of the vote meets Invesco's voting intention. Therefore, they didn't take further action beyond their continuous engagement and dialogue with the company, as appropriate.
Criteria on which the vote is considered "significant"	> 1% ownership and includes Key ESG proposal		

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

	Vote 1	Vote 2	Vote 3
Company name	Shell Plc	Berkshire Hathaway Inc.	Amazon.com, Inc.
Date of vote	23 May 2023	6 May 2023	24 May 2023
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	2.11%	0.48%	1.06%
Summary of the resolution	Resolution 25 - Approve the Shell Energy Transition Progress	Resolution 8 - Require Independent Board Chair	Resolution 13 – Report on Median and Adjusted Gender/Racial Pay Gaps
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?	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.		LGIM pre-declared its vote intention for this meeting on the LGIM Blog. As part of this process, a communication was set to the company ahead of the meeting.
Rationale for the voting decision	Climate change: A vote against is applied, though not without reservations. LGIM	Shareholder Resolution - Joint Chair/CEO: A vote in favour is applied as LGIM expects	A vote in favour is applied as LGIM expects companies to disclose meaningful

	Vote 1	Vote 2	Vote 3
	<p>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>companies to establish the role of independent Board Chair.</p>	<p>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 LGIM 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 towards building a better company, economy and society.</p>
Outcome of the vote	Pass (80% support)	Fail (11% support)	Fail (29% support)
Implications of the outcome	<p>LGIM continues to undertake extensive engagement with Shell on its climate transition plans</p>	<p>LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.</p>	<p>LGIM will continue to engage with the company and monitor progress.</p>
Criteria on which the vote is considered "significant"	<p>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 of such votes, LGIM deem such votes to be significant, particularly when LGIM votes against the transition plan.</p>	<p>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).</p>	<p>LGIM views gender diversity as a financially material issue for our clients, with implications for the assets they manage on their behalf.</p>

Vanguard, FTSE UK Equity Income Index Fund

	Vote 1	Vote 2
Company name	BP Plc	J Sainsbury Plc
Date of vote	27 April 2023	7 July 2022
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	Not provided	Not provided
Summary of the resolution	Approve Shareholder Resolution on Climate Change Targets	Shareholder Resolution on Living Wage Accreditation

	Vote 1	Vote 2
How the manager voted	Against	Against
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	Not provided	Not provided
Rationale for the voting decision	Vanguard determined that the proposal addressed material risk(s) and the company had taken sufficient actions and/or had related actions pending to address the proponent request.	Overly prescriptive in dictating company strategy or operations.
Outcome of the vote	Fail	Fail
Implications of the outcome	Not provided	Not provided
Criteria on which the vote is considered "significant"	Not provided	Not provided

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.

Manager	Baillie Gifford	Baillie Gifford	BNY Mellon	Invesco
Fund name	Multi Asset Growth Fund	Worldwide Global Credit Fund	Multi Asset Diversified Return Fund	Global Targeted Returns Fund
Number of engagements undertaken on behalf of the holdings in this fund in the year	22	14	44	86
Number of entities engaged on behalf of the holdings in this fund in the year	16	8	27	72
Number of engagements undertaken at a firm level in the year	518	518	187	255

Manager	LGIM	L&G	Vanguard
Fund name	Global Equity MW(30:70)-75% GBP Hgd	Sustainable Property Fund	FTSE UK Equity Income Index Fund

Manager	LGIM	L&G	Vanguard
Number of engagements undertaken on behalf of the holdings in this fund in the year	874	Not provided	Not provided
Number of entities engaged on behalf of the holdings in this fund in the year	563	Not provided	Not provided
Number of engagements undertaken at a firm level in the year	1,133	Not provided	Not provided (1,391 firms engaged)

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. The Trustee's investment consultants are in discussion with the managers around how this data will be provided in future statements.

Examples of engagement activity undertaken over the year to 30 June 2023

Baillie Gifford, Multi Asset Growth Fund

Environmental/Social – Octopus Renewables Infrastructure Trust plc

Objective:

A recent catch-up meeting with the company prompted a review of Baillie Gifford's internal ESG score for this holding. They opened their engagement with the company by discussing a few key ESG topics with the aim of combining the investment and ESG considerations to understand the materiality of these issues in a business context.

Outcome:

Using the first half of this meeting to cover ESG, Baillie Gifford learnt more about the managers' efforts to protect biodiversity and shared their firmwide involvement in the EU Wind power pilot of the Taskforce on Nature-related Financial Disclosures. As assets under construction have become a recent addition to this fund, they discussed low-carbon building materials and considerations. For example, the foundation types at Ljungbyholm Wind Farm have resulted in substantial savings on wind turbine-embodied carbon. On the social side, there was no significant community opposition to its renewable assets, and it showed evidence of good complaints handling. Linking to the investment case, Baillie Gifford deliberated the portfolio impacts of a potential windfall tax in the UK, given recent press reports.

BNY Mellon, Multi Asset Diversified Return Fund

Shell Plc

BNY Mellon believe that Scope 3 emission reduction should be an integral part of an energy transition plan, and so engaged with the company to emphasise the need to establish targets and plan for a gradual reduction in Scope 3 emissions, the company's largest source of emissions.

Through meeting the Chairman, they sought to understand how Shell's board were looking holistically at the Scope 3 question, in the context of a court case on climate mismanagement, the arrival of a new CEO, and the energy security situation. The Chairman's view on Scope 3 is to highlight first that the company is ahead on its Scope 1 and 2 targets, is not using offsets in its targets, but will spend more on carbon capture.

The board is looking to discuss the opportunity to set and communicate a Scope 3 target in the next 12 months, although have not yet made any commitments. BNY Mellon will vote in shareholder resolutions according to this outcome, as they feel the absence of absolute Scope 3 targets undermines the credibility of their transition plan.

Invesco (firm-level)

Barrick Gold Corporation

Invesco reached out to Barrick Gold to discuss their UN Global Compact Status. Invesco discussed the controversies that triggered the score and what they are now doing to improve their worker relations and work environment for their employees at various mines around the world. Invesco then transitioned into questioning some vague targets to do with their riverine tailing goals, their biodiversity actions plan, and some questions surrounding waste and water management. Barrick emphasised their merger with RAN gold had helped with community relations and overall management of the organisation.

Barrick Gold acknowledged the need for more concrete and quantifiable metrics in certain areas of their sustainability strategy and Invesco now has a much better understanding of why such drastic changes are being made.

LGIM (firm-level)

One example of LGIM's engagement is their ethnicity engagement campaign to tackle the lagging UK and US mid-cap companies of the FTSE 250 and the Russell 1000 indices. In January 2023, they wrote to 95 of these companies who had no ethnic diversity at board level, setting out their expectation to have at least one person of ethnic background on their board by the end of 2024. LGIM have also committed to vote against these companies from 2025 onwards, where their expectation is not met.

Vanguard (firm-level)

Devon Energy Corp.

At the end of 2022, Vanguard had several engagements with energy companies, during which they discussed board self-assessments and evaluations. Vanguard have a board-centric approach to corporate governance, so they regularly seek to understand how boards measure their own effectiveness through full board, committee, or individual director evaluations.

At Devon Energy Corp., a U.S. oil and gas exploration and production company, they met with a member of the board to discuss, among other things, how it carries out board assessments. The director explained that these assessments are conducted annually and led by the lead independent director; they also highlighted how these assessments have informed productive discussions on a range of topics, including the skills and experience needed on the board in the current environment.

While the funds are not prescriptive regarding how board evaluation processes are carried out (for example, whether they are conducted annually or on some other basis, or whether they are conducted by a lead independent director or by an outside party), Vanguard look for companies to clearly articulate these processes in their disclosures. They also look for evaluations to generate meaningful board-level discussion and improvement-oriented action.